

**BLife Investment Corporation**  
**Presentation Material for the 10th Fiscal Period**  
**(September 1, 2010 – February 28, 2011)**

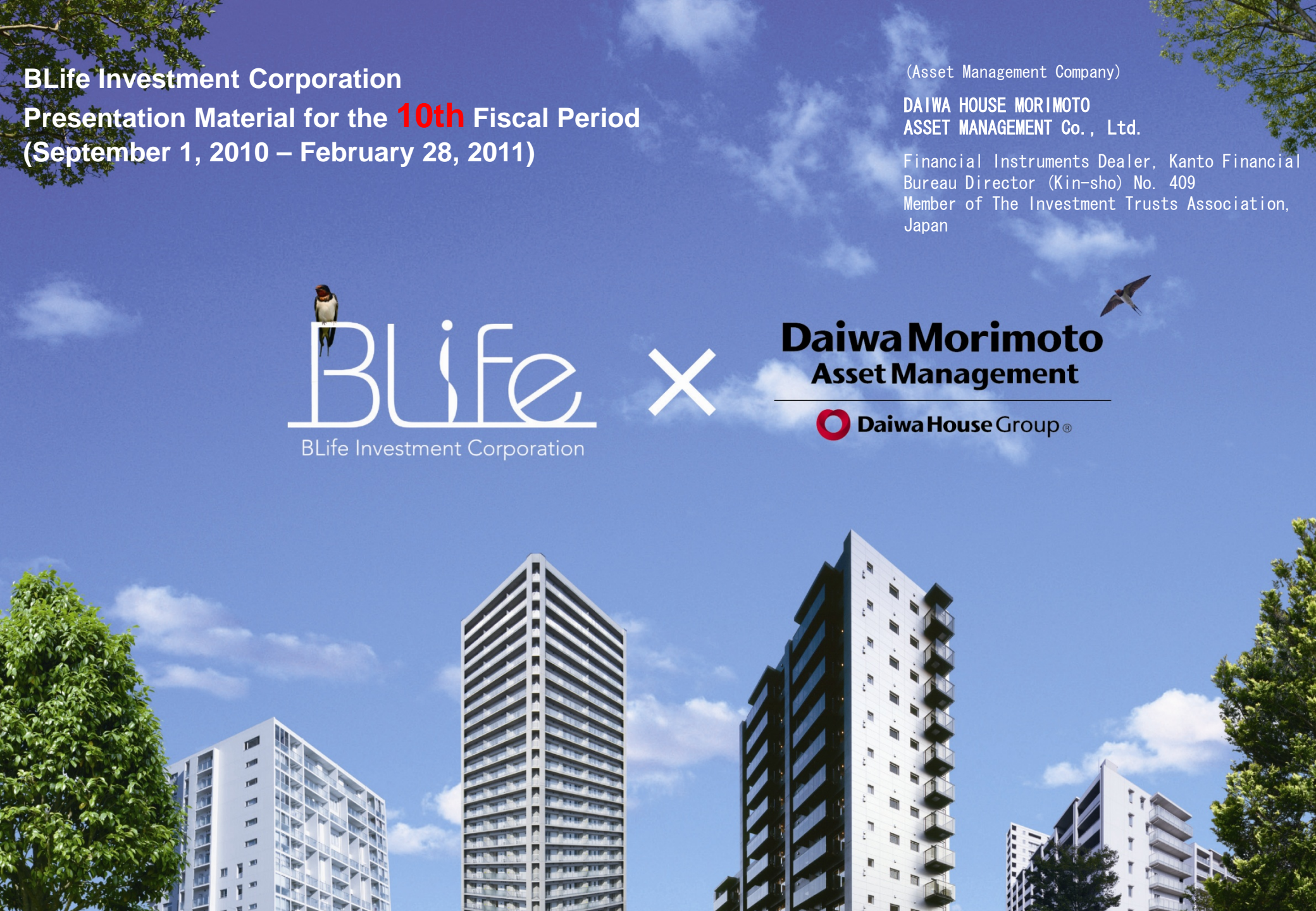
(Asset Management Company)

**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**





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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 36.







# Overview of BLife Investment Corporation

Mainly investing in **residential properties** with relatively stable rent and occupancy rates, we are working in cooperation with our main sponsor, **Daiwa House Group** to secure stable revenue in the medium- to long-term and steadily grow our assets under management. We have achieved strong growth since our **merger** with New City Residence Investment Corporation on April 1, 2010.

(before merger)  
End of Eighth Fiscal Period  
(November 30, 2009)

→

(after merger)  
End of Tenth Fiscal Period  
(as of February 28, 2011)

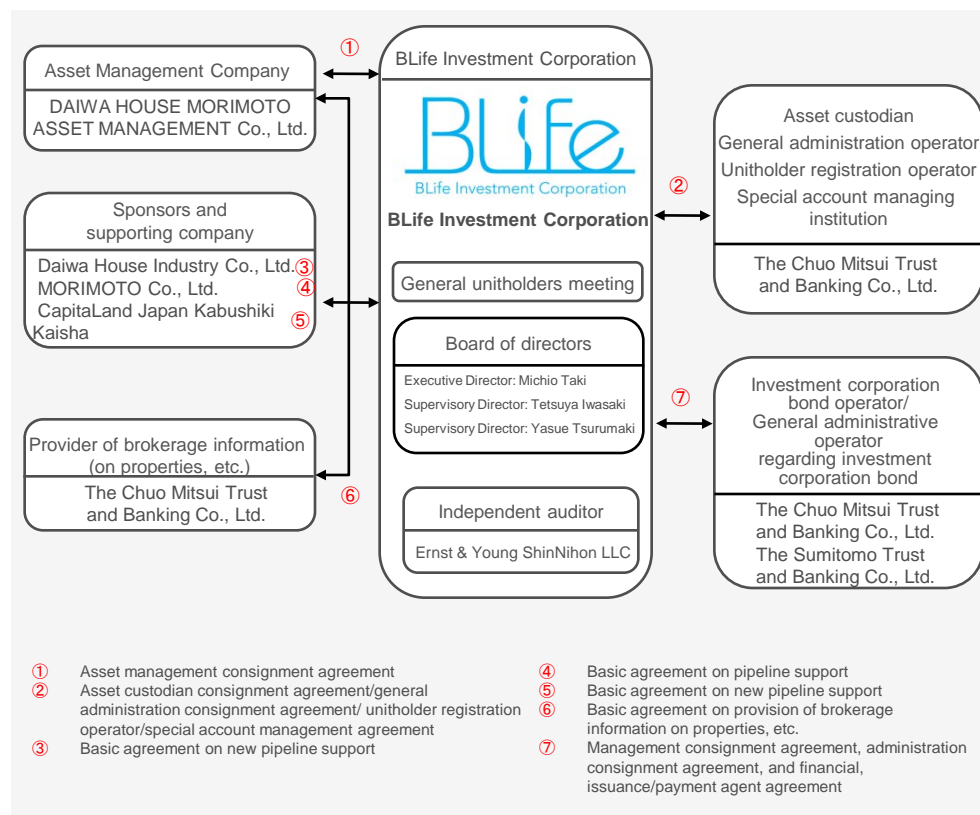
Fiscal Periods	6 months through May and November	6 months through February and August
Number of Owned Properties	24 (22 residential, 2 retail)	121 (119 residential, 2 retail)
Total Assets	54,280 million yen	202,092 million yen
Portfolio Size *1	51,139 million yen	192,176 million yen
Net Assets	24,439 million yen	74,586 million yen
Number of Investment Units	49,260	118,735
Net Assets per Unit (NAV)	496 thousand yen	628 thousand yen
LTV *2	52.8%	61.0%
IPO	March 22, 2006	
Sponsors	Daiwa House Industry, MORIMOTO	

\*1) On an acquisition price basis

\*2) LTV (total interest-bearing liability ratio) = interest-bearing liabilities at end of fiscal period / total assets at end of fiscal period × 100

## Status of Issuer Ratings

Rating Agency	Type	Rating	Announcement Date
Rating and Investment Information, Inc. (R&I)	Issuer rating	A (Stable)	April 1, 2010





# Impact of Great East Japan Earthquake (1)

BLife would like to express its heartfelt sympathy to all those affected by the Great East Japan Earthquake on March 11, 2011.

## ■ Our response since the earthquake

### Status of Damage

There was no human damage.  
To assess physical damage, BLife requested an outside expert to conduct field investigations, etc. on the 101 properties owned by BLife in and north of the Kanto region (at a cost of ¥20.2 million). As a result, no damage significant enough to affect operations was identified. Repairs have already started on some properties.

### Impact on distributions

BLife plans to book earthquake related expenses totaling ¥60.2 million as an extraordinary loss, comprising the cost of the property survey and repair expenses for 39 damaged properties of approximately ¥40 million (equivalent to 0.60% of projected operating revenue for the eleventh fiscal period).  
Distributions will not be affected, as BLife will reverse retained earnings in an amount equivalent to the expenses.

## ■ Status of three portfolio properties in the Tohoku region (total acquisition price of ¥1,920 million, accounting for 1.0% of the portfolio investment)

- Cracks were detected in some exterior walls and floors in common-use areas, but damage was minimal and had no impact on the integrity of the buildings.

	Location	Use	Status	Repair Expenses (estimate)
NCR Kotodaikoen	Aoba-ku, Sendai-shi, Miyagi Prefecture	Residence	Cracks, etc. found in floor of 1F common-use area. No water seeping into building due to tsunami.	¥0.5 million
NCR Ichibancho	Aoba-ku, Sendai-shi, Miyagi Prefecture	Residence	Cracks, etc. found in part of exterior wall. No water seeping into building due to tsunami.	¥1.2 million
NCR Omachi	Aoba-ku, Sendai-shi, Miyagi Prefecture	Residence	Cracks, etc. found in floor of 1F common-use area and part of exterior wall, as well as tiles peeling off, etc. part of the exterior wall. No water seeping into building due to tsunami.	¥2.5 million

## ■ Probable maximum loss (PML) from the earthquake\*

- The PML for portfolio properties as of the end of the tenth fiscal period is low at 3.3%.

(\*The probable maximum loss (PML) from an earthquake is the amount of probable loss of damage based on an 0.21% annual exceedance probability (475-year return period) expressed as a percentage (%) of the replacement cost. However, the earthquake PML for the portfolio is applied to a group of properties within the portfolio, and taking into account the probability of damage to those properties, is calculated based on the probable loss of damage to one or several of those buildings on an 0.21% annual exceedance probability (475-year return period) expressed as a percentage (%) of the replacement cost. BLife is considering taking out earthquake insurance based on the PML values, but at this point has no plans to insure individual real estate assets properties or real estate held in trust with earthquake insurance.



## Impact of Great East Japan Earthquake (2)





# Tenth Fiscal Period (ended February 2011) Highlights

## External and Internal Growth Realized, Financial Stability Enhanced

- 1) Realized external growth and enhanced portfolio quality by replacing assets
- 2) Realized internal growth by increasing occupancy rate
- 3) Reduced interest-bearing liabilities and booked gains after purchasing and retiring rehabilitation obligations (investment corporation bonds, etc.)

### External Growth and Enhanced Portfolio Quality

- In the tenth fiscal period (ended February 2011), 10 properties sold with a total value of ¥13,556 million (acquisition price basis) and sales gain of ¥756 million booked
- Four properties purchased with a total value of ¥13,130 million (acquisition basis), enhancing the quality of the portfolio
- Since the merger, we have sold 14 properties and purchased six, achieving external growth of ¥1,638 million (acquisition basis)

As of April 1, 2010	As of February 28, 2011
129 properties	121 properties
¥190,537 million	¥192,176 million

### Internal Growth

- Rents boosted by increased occupancy rates and a slower decline in rent per unit ⇒ improved profitability

Occupancy rate at end-Feb. 2010	Occupancy rate at end-Aug. 2010	Occupancy rate at end-Feb. 2011
90.0%	93.5%	96.0%

- By adding annual cost reduction of ¥13 million, achieved total cost reduction of ¥73 million combined with previous fiscal term
- Improved operating efficiency by selling smaller properties

Properties sold	Properties purchased
¥1.35 billion/property (Acquisition price basis)/property	¥3.28 billion/property (Acquisition price basis)/property

- Promotion for refurbishment of properties to maintain competitiveness of buildings  
⇒ Refurbished and repaired properties such as NCR Todoroki to maintain and boost competitiveness

### Reduced interest-bearing liabilities and booked gains on retirement by purchase of rehabilitation obligations

- Utilizing funds of ¥10,500 million procured through a five-year unsecured bank loan and cash reserves, BLife purchased and retired a total of ¥11,205 million in rehabilitation obligations at a discount

- This move extended the period of liabilities financing and resulted in the booking of ¥474 million in gains on retirement by purchase of rehabilitation obligations



Reduced liabilities (lowered the LTV level) and lowered future interest expenses at the same time

- Since the merger, BLife has purchased and retired a total of ¥11,794 million in rehabilitation obligations and booked total gains on retirement by purchase of rehabilitation obligations of ¥539 million

### 1) Sharp improvement in distribution per unit

Period ended November 2009: ¥8,862 ➡ Period ended August 2010: ¥15,341 (9-month financial results, equivalent to ¥10,227 for 6-month financial results)

➡ Period ended February 2011: ¥16,880 (versus initial forecast of ¥14,500)

### 2) Set aside retained earnings to boost revenue and stabilize distributions

Tenth fiscal period (ended February 2011): set aside ¥1,241 million from gains on real estate sales and retirement by purchase of rehabilitation obligations as retained earnings (increase in profits from core operations distributed to unitholders)

Eleventh fiscal period (ending August 2011): plan to reverse retained earnings totaling ¥560 million to cover losses on the real estate sales of ¥499 million and earthquake related expenses of ¥60 million



# Tenth Fiscal Period Forecasts and Actual Results

	Ninth Fiscal Period Actual Results (ended Aug. 2010)	Tenth Fiscal Period Forecasts (ended Feb. 2011)	Tenth Fiscal Period Actual Results (ended Feb. 2011)	Differences between forecasts and actual results (ended February 2011)	
<b>Management Period</b>	273 days	181 days	181 days	—	
<b>Operating Revenue</b> [excl. gains on real estate sales] [of which, gains on real estate sales]	6,514 mn yen [6,491 mn yen] [22 mn yen]	7,699 mn yen [6,647 mn yen] [1,052 mn yen]	7,793 mn yen [6,731 mn yen] [1,062 mn yen]	<b>94 mn yen</b> <b>[84 mn yen]</b> [9 mn yen]	Operating revenue <b>+¥94 million</b> ①+②+③=(A) Revenue from rental business (excl. gains on real estate sales) <b>+¥84 million</b> ①+②=(B) Rental income +¥86 million (improvement of occupancy rates) ① Other expenses (¥2 million) ② Gains on real estate sales +¥9 million (sale of NCR Nishi ohori) ③
<b>Operating Income</b> [excl. gains and losses on real estate sales] [of which, losses on real estate sales]	2,951 mn yen [2,928 mn yen]  [—]	3,896 mn yen [2,843 mn yen]  [—] Of which Capital expenditures: ¥130 million + repair expenses of ¥270 million	3,796 mn yen [3,039 mn yen]  [305 mn yen] Of which Capital expenditures: ¥199million + repair expenses of ¥207 million	<b>(100 mn yen)</b> <b>[195 mn yen]</b>  [305 mn yen]	Operating income <b>(¥100 million)</b> (A)+(E) +⑥=(C) <b>[+¥195 million]</b> (B)+(E)=(D) Operating expenses (excl. losses on real estate sales) (¥111 million) ④+⑤=(E) Real estate expenses related to rent business ¥27 million ④ Management fees ¥46 million (incl. special cleaning, etc.) Repair expenses (¥63 million) (booked as capital expenditures) Intermediary commissions (¥12 million) (decrease due to improvement of occupancy rate) Selling, general and administrative expenses (excl. losses on real estate sales) (¥139 million) ⑤ Nondeductible consumption taxes (¥54 million) (decrease on sale of properties=special factor for 10 <sup>th</sup> fiscal period, set to increase in 11 <sup>th</sup> fiscal period) Allowance for doubtful accounts (¥20 million) (decrease in payment arrears) Other expenses (¥17 million) (cost reduction efforts) Reserves (¥40 million) (unused) Losses on real estate sales ¥305 million⑥
<b>Ordinary Income</b> [excl. gains and losses on real estate sales]	1,845 mn yen [1,822 mn yen]	2,774 mn yen [1,721 mn yen]	2,761 mn yen [2,005 mn yen]	<b>(12 mn yen)</b> <b>[283 mn yen]</b>	Ordinary income <b>(¥12 million)</b> (C)+(H)=(F) <b>[+¥283 million]</b> (D)+(H)=(G) Non-operating gains +¥87 million ⑦+⑧=(H), Non-operating income +¥9 million ⑦ Non-operating expenses (¥78 million) ⑧ Interest expenses (¥83 million) (retirement by purchase of rehabilitation obligations, lower expected interest rates) Borrowing related expenses ¥7 million (new borrowings carried out)
<b>Net Income *</b> [excl. gains and losses on real estate sales and gains on retirement by purchase of rehabilitation obligations] [of which, gains and losses on real estate sales and gains on retirement by purchase of rehabilitation obligations]	1,909 mn yen [1,821 mn yen]  [87 mn yen]	2,783 mn yen [1,721 mn yen]  [1,061 mn yen]	3,245 mn yen [2,004 mn yen]  [1,241 mn yen]	<b>461 mn yen</b> <b>[282 mn yen]</b>  [179 mn yen]	Net income <b>+¥461 million</b> (F)+(J)-(income taxes) <b>[+¥282 million]</b> (G)-(income taxes)=(I) Extraordinary income + ¥475 million (increase in gains on retirement by purchase of rehabilitation obligations) (J) [¥179 million] ③+⑥+(J)
<b>Retained Earnings</b>	87 mn yen	1,061 mn yen	1,241 mn yen	179 mn yen	Actual retained earnings of ¥1,241 million is the total of gains of ¥756 million from real estate sales and ¥484 million from retirement by purchase of rehabilitation obligations
<b>Total Distributions</b>	1,821 mn yen	1,721 mn yen	2,004 mn yen	282 mn yen	Increase in profits from core operations (I) fully distributed to unitholders
<b>Distribution per Unit</b> [outstanding investment units issued at end of fiscal period]	15,341 yen [118,735 units]	14,500 yen [118,735 units]	16,880 yen [118,735 units]	2,380 yen [—]	

\*) Net income for the ninth fiscal period (ended August 2010) totaled ¥20,918 million, but to facilitate comparison, net income of ¥1,909 million has been shown after deduction of gain on negative goodwill of ¥19,009 million.



# Improving Portfolio Quality by Replacing Assets (1)

## Criteria for Asset Sales

- BLife plans to strategically dispose of NCR properties being less competitive based on criteria for asset sales, as it succeeded the properties at average cut prices of book value by 24.3% at the merger

### Criteria

Comprehensive assessment of a range of factors including property size (price, leasable area, number of units), location, yields, age of property, occupancy rates, and distance from nearest station

## Tenth Fiscal Period (ended February 2011) Assets Replacement Results

- BLife steadily replaced assets to strengthen its portfolio, leading to a significant improvement in portfolio quality in terms of both NOI and property age
- BLife has gained a strong commitment from its sponsors, and Daiwa House, one of the sponsors, supplied its development properties and warehousing properties at prices significantly below appraisal value
- By utilizing tax-loss carry forwards, BLife allocated all sales gains to retained earnings, which it plans to use to boost revenue and improve stability of distributions (by future property purchases and repayment of debt)

Property Purchased	Acquisition Date	Acquisition Price ① (million yen)	Appraisal Value ② (million yen)	②-① (million yen)	NOI Yield (%) (*1)	Age of Property
Royal Parks Toyosu	2010/11/ 1	7,360	7,550	190	6.41	3.70
IPSE Togoshi	2010/11/ 1	1,770	2,130	360	6.84	2.67
Big Tower Minami Sanjo	2010/11/ 1	1,740	2,130	390	7.87	3.17
Lexington Square Fushimi	2011/ 1/14	2,260	2,490	230	6.84	4.33
Total		13,130	14,300	1,170	6.78	3.60

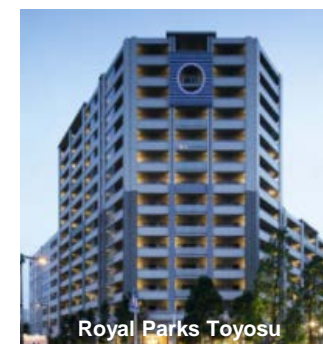
\*1) Net rental income shown in the real estate appraisal report at the time of purchase / acquisition price

Unrealized gains versus real estate appraisal value

Property Sold	Transfer Date	Book Value ① (million yen)	Transfer Price ② (million yen)	②-① (million yen)	NOI Yield (%) (*2)	Age of Property
NCR Kakogawa	2010/ 9/ 7	238	255	16	9.51	10.00
Catherina Mita Towersuite	2010/10/29	10,321	11,700	1,378	6.72	4.24
LM Fuchinobe Honcho	2010/11/29	135	117	(18)	8.11	19.26
NCR Nishi Ohori	2010/12/ 1	224	244	20	4.92	10.55
SH Motosumiyoshi	2010/12/ 7	890	789	(100)	5.94	19.65
LM Maebashi Nishikatahai	2010/12/20	90	70	(20)	8.70	18.85
NCR Odori-koen	2011/ 1/31	484	434	(49)	6.44	10.31
NCR Nishikoen	2011/ 2/ 2	333	330	(3)	5.89	10.32
NCR Negishi	2011/ 2/22	246	231	(15)	4.76	10.64
Goshikiyama Heights	2011/ 2/28	481	400	(81)	9.91	17.54
Total		13,445	14,572	1,126	6.77	6.68

\*2) Total NOI for the past two fiscal periods / acquisition price

Gains on the real estate sale (including costs)



Royal Parks Toyosu



IPSE Togoshi

Reduced age of  
property

Boosted  
profitability





# Improving Portfolio Quality by Replacing Assets (2)

## Planned property sales for the eleventh fiscal period (ending August 2011)

Property Sold	Transfer Date	Book Value ① (million yen)	Transfer Price ② (million yen)	②-① (million yen)
NCR Denenchofu	2011/ 3/30	424	425	1
NCR Minami Aoyama	2011/ 4/18	2,653	2,175	(478)
Total		3,077	2,600	(477)*

\* The figures do not include expenses related to sales.

We plan to use funds from the property sales for further property acquisitions and for retirement by purchase of rehabilitation obligations

## List of Properties Sold and Acquired in the Tenth Fiscal Period (ended February 2011) After Merger

	Total of 14 Sold Properties ①	Total of 6 Acquired Properties ②	② - ①	Comment
Total Acquisition Price (a) / Total Sales Price (b)	¥14,221 million	¥15,860 million	¥1,638 million	Achieved external growth
Real Estate Appraisal Values (c)	¥13,631 million *1	¥17,680 million *2	¥4,048 million	Significant increase in appraisal value
Difference Between Total Acquisition Price and Real Estate Appraisal Values (d) [(c) - (b)] ((d) / (b) x 100)	-	¥1,820 million (11.48%)	-	Unrealized gains versus real estate appraisal value
Gains On Real Estate Sales *3	¥779 million	-	-	Gains booked on real estate sales, allocated all gains to retained earnings
Weighted average NOI yield	6.55% *4	6.75% *5	-	Improved profitability
Acquisition Price per Property	¥1,015 million	¥2,643 million	¥1,627 million	Promoted operational and administrative efficiency
Total Units	635 units	831 units	196 units	Progress with portfolio asset diversification
Weighted Average Age of Property	7.05 years	3.33 years	-	Replaced with newer buildings

\*1) Real estate appraisal value at sales date: real estate appraisal value as of end-February 2010 for properties sold in the ninth fiscal period (ended August 2010) and as of end-August 2010 for properties sold in the tenth fiscal period (ended February 2011)

\*2) Real estate appraisal value at acquisition date

\*3) Does not include sales-related expenses

\*4) Weighted average NOI yield for sold assets . . . . (weighted average NOI over the last two fiscal periods for properties sold / acquisition price) given a weighted average based on acquisition price

\*5) Weighted average NOI yield for acquired assets . . . . (net rental income in the real estate appraisal report / acquisition price) given a weighted average based on acquisition price



- BLife's efforts to improve portfolio quality and stability and lower the average age of portfolio properties by implementing assets replacement in accordance with investment criteria.

## Investment Policy

1

Diversifying investment mainly in Area 1 (the five major wards of Tokyo) but also in Area 2 (wards of Tokyo excluding Area 1), where we have a strong track record, and Area 3 (Tokyo Metropolitan Area excluding Area 1 and Area 2)

### Direction of Target Portfolio

- Area 1 →
- Area 2 ↑
- Area 3 ↑
- Area 4 →

2

Investment in family residences, where the Daiwa House Group is strong, mainly for singles

### Direction of Target Portfolio

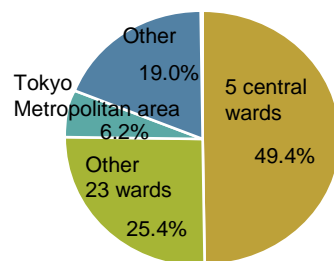
- Single ↑
- DINKS →
- Family ↑

3

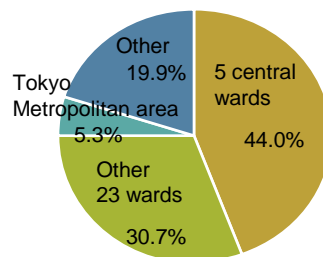
At present, no investments to retail properties are being made

## By Area

April 30, 2010 (Merger)



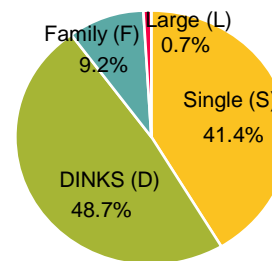
Feb. 28, 2011 (10<sup>th</sup> period)



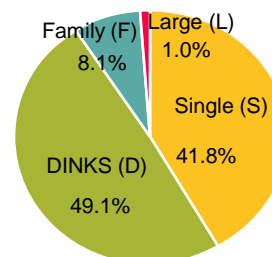
By replacing Catherina Mita Towersuite (NCR) with Royal Parks Toyosu, we are continuing to diversify the property portfolio with superior management results located in Area 2.

## By Type

April 30, 2010 (Merger)



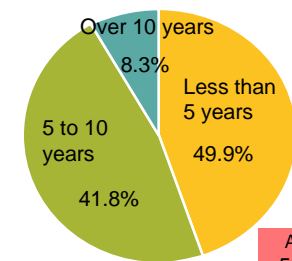
Feb. 28, 2011 (10<sup>th</sup> period)



Investment in the single residence category, which has relatively low rents and strong downward rigidity in occupancy rates and rent, is expanding.

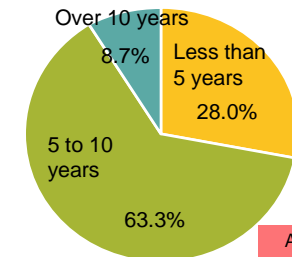
## By Age of Property

April 30, 2010 (Merger)



Average  
5.7 years

Feb. 28, 2011 (10<sup>th</sup> period)



Average  
6.3 years

Ratio of properties built less than five years ago is declining and ratio of properties built between five and ten years ago is increasing.

\*1) Values by area and by age of property are calculated based on acquisition prices. Values by type are calculated based on the number of residential units in each classification.

\*2) Areas are defined as follows: (1) 5 central wards (Area 1): Chiyoda Ward, Chuo Ward, Minato Ward, Shibuya Ward and Shinjuku Ward, (2) Other 23 wards (Area 2): 23 wards of Tokyo excluding Area 1, (3) Tokyo Metropolitan area (Area 3): Tokyo excluding Area 1 and Area 2, Kanagawa Prefecture, Saitama Prefecture and Chiba Prefecture, and (4) Other (Area 4): Other cities with populations of more than approx. 100,000

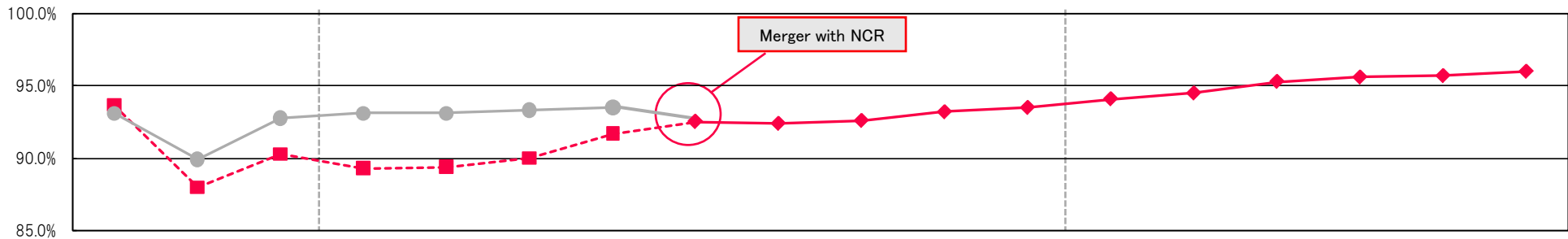
\*3) Types are defined as follows: Single (S): leasable area of less than 30m<sup>2</sup> / DINKS (D): leasable area of 30m<sup>2</sup> ~ 70m<sup>2</sup> / Family (F): leasable area of 70m<sup>2</sup> ~ 100m<sup>2</sup> / Large (L): leasable area of over 100m<sup>2</sup>



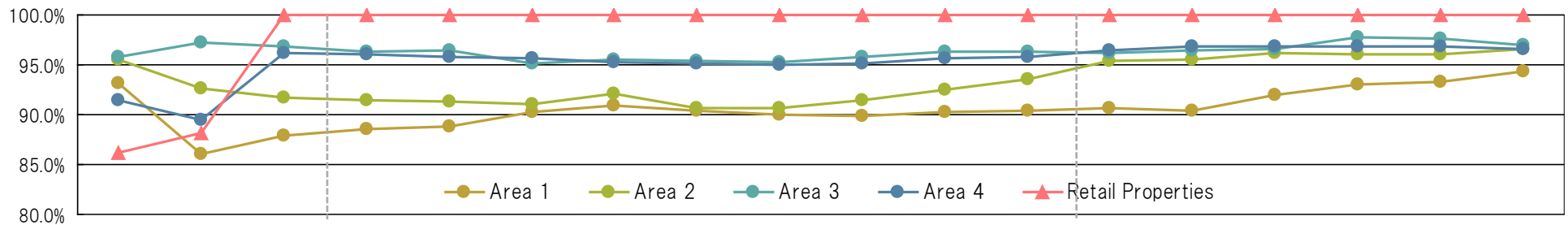
# Transition of Occupancy Rate

## Transition of Portfolio Occupancy Rate

■ pre-merger BLife    ● N C R    ◆ post-merger BLife



## Transition of Occupancy Rate by Residential Property (by area) and Retail Property (modified based on BLife area definition) \*

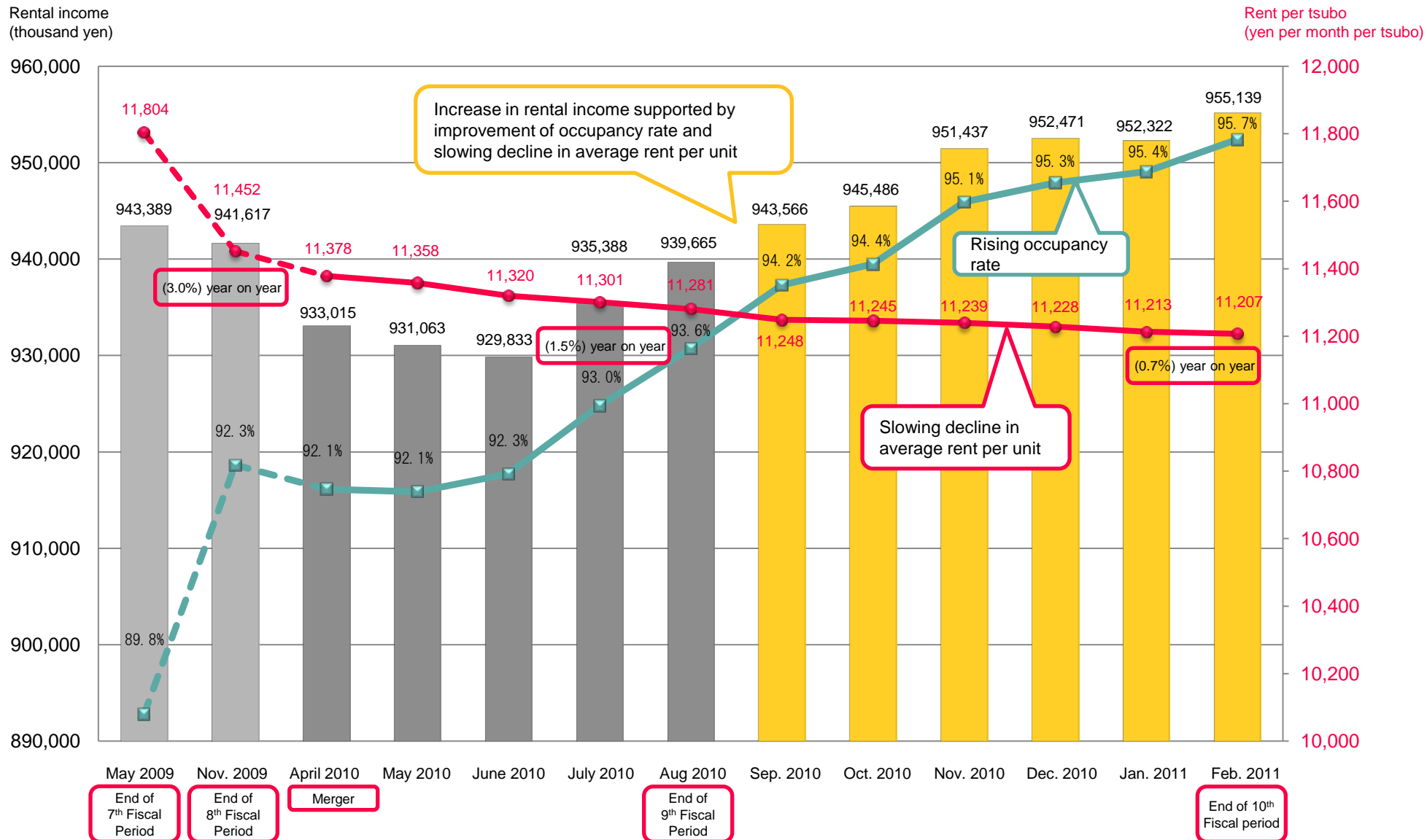


Residential	Area1	93.2%	86.0%	87.9%	88.5%	88.8%	90.2%	90.9%	90.4%	90.0%	89.9%	90.3%	90.4%	90.6%	90.4%	92.0%	93.0%	93.3%	94.3%
	Area2	95.5%	92.6%	91.7%	91.4%	91.3%	91.1%	92.1%	90.7%	90.6%	91.4%	92.5%	93.6%	95.4%	95.5%	96.2%	96.1%	96.0%	96.6%
	Area3	95.8%	97.2%	96.9%	96.3%	96.5%	95.1%	95.5%	95.4%	95.3%	95.8%	96.3%	96.3%	96.2%	96.4%	96.6%	97.7%	97.6%	97.0%
	Area4	91.4%	89.5%	96.2%	96.1%	95.8%	95.6%	95.3%	95.1%	95.0%	95.1%	95.6%	95.8%	96.4%	96.8%	96.9%	96.9%	96.8%	96.6%
	Retail	86.2%	88.1%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		Sixth	Seventh	Eighth	Ninth Fiscal Period								Tenth Fiscal Period						
		Nov. 2008	May 2009	Nov. 2009	Dec. 2009	Jan. 2010	Feb. 2010	March 2010	April 2010	May 2010	June 2010	July 2010	Aug. 2010	Sep. 2010	Oct. 2010	Nov. 2010	Dec. 2010	Jan. 2011	Feb. 2011

\*) The above graph shows occupancy rates by area over the last four fiscal periods for all 129 properties in the portfolio from June 2008 to May 2010 (owned as of May 31, 2010). For June 2010 and beyond, occupancy rates by area are shown for all properties owned as of month's end.



# Transition of Occupancy Rate, Rent per Tsubo, and Rental Income



\*) Based on the rent roll at the end of each month for 113 residential properties (from a total of 121 after excluding six properties transferred via the merger and two commercial properties).





## ■ Boosting profitability

- Portfolio Occupancy Rate for was 96.0% at the end of the tenth fiscal period, up 2.5% from the end of the previous period
- The decline in rent per unit has been slowing since the end of the ninth fiscal period
- Rental income has risen due to the rising occupancy rate and slowing decline in rent per unit

- Occupancy rate for properties in Area 1, which account for 44.0% of the portfolio, was 94.3% at the end of the tenth fiscal period, up 3.9% from the end of the previous period and contributing directly to profit growth
- Rental income from properties in Area 1 increased ¥37.8 million from the previous period \*1

\*1) Calculated based on the month-end rent roll for 44 portfolio properties in Area 1 as of the end of the tenth fiscal period (after excluding IPSE Ichigaya acquired via the merger); five month period after the merger in the ninth fiscal period adjusted to six months to facilitate comparison

## ■ Investing in properties with strong rental demand to create a stable portfolio

- Portfolio average rent is ¥134,850/month \*2, average floor area is 39.95m<sup>2</sup>
- Investing in properties with strong rental demand: 86.5% of portfolio properties have rents less than ¥200,000/month \*2 and 90.9% (Unit basis) have floor areas less than 70m<sup>2</sup> (Single/DINKS-type residences)

\*2) Based on rents including common service fees for occupied properties as of the end of the tenth fiscal period, total rental income for whole buildings and subleased properties divided evenly by floor area.

## ■ Maintaining and enhancing the competitiveness of properties with upgrade work

- Renovation work on NCR Todoroki

Common-use areas: entrance hall, elevators and other areas refurbished  
Total cost: around ¥81 million

Private areas: prefabricated bathrooms and wash basin/vanity units replaced in six units  
Total cost: around ¥14 million



## ■ Efforts for Cost Reduction

- Custodian fee system revised: costs reduced by ¥9 million/year
- Electricity contracts for common-use area revised after installing digital circuit breaker boxes at 43 properties: costs reduced by ¥4 million/year



# Financial Conditions (1) (Reduction of interest-bearing liabilities and retirement gains booked)

- BLife purchased and retired some rehabilitation obligations at a discount with newly obtained loan (Term Loan III)
- All gains on retirement were allocated to retained earnings; retirement of rehabilitation obligations also lowered the LTV level and reduced future interest expenses
- New loan has longer repayment period of five years and narrower loan spread (interest rate fixed at annual rate of 1.4% in March 2011)

Interest-bearing liabilities reduced since merger: ¥2,257 million

Purchased and retired retirement obligations since merger: ¥539 million

(unit: million yen)

	Loan Date	Period	Spread	Secured/ Unsecured	April 1, 2010 At the Merger (A)	August 31, 2010	March 31, 2011 (B)	Difference (B-A)
Term Loan I	March 31, 2010	2.3	100bp	Secured	12,680	12,657	12,588	(92)
Term Loan II	September 30, 2009	2	110bp	Secured	15,932	15,903	15,816	(116)
Term Loan III	December 28, 2010	5	80bp	Unsecured	-	-	10,500	+10,500
Rehabilitation Obligations with Right of Separate Satisfaction	January 5, 2010	2	110bp	Secured	16,318	16,019	16,019	(299)
Rehabilitation Obligations	January 5, 2010	3~5	90~110bp	Unsecured	80,600	80,010	68,349	(12,250)
Total Interest-bearing Liabilities					125,531	124,590	123,273	(2,257)

(941)

(1,317)

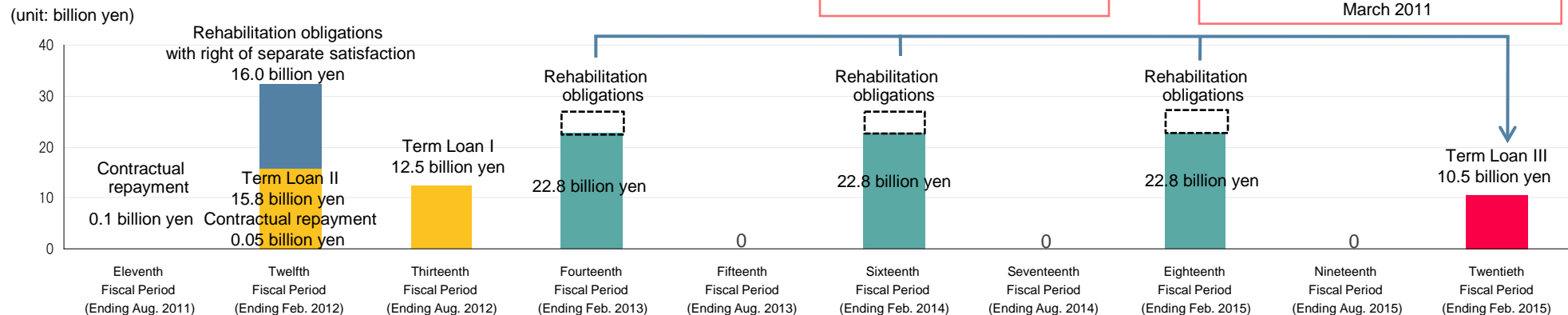
Interest-bearing liabilities reduced  
since merger: ¥2,257 million

Average Life: Extended by two years

Average loan spread: Reduced by 0.2%

(Rehabilitation obligations)  
Average remaining term: three years  
Average loan spread: 1.0%

(Term Loan III)  
Loan term: five years  
Loan spread: 0.8%  
Interest rate fixed at annual rate of 1.40% in  
March 2011





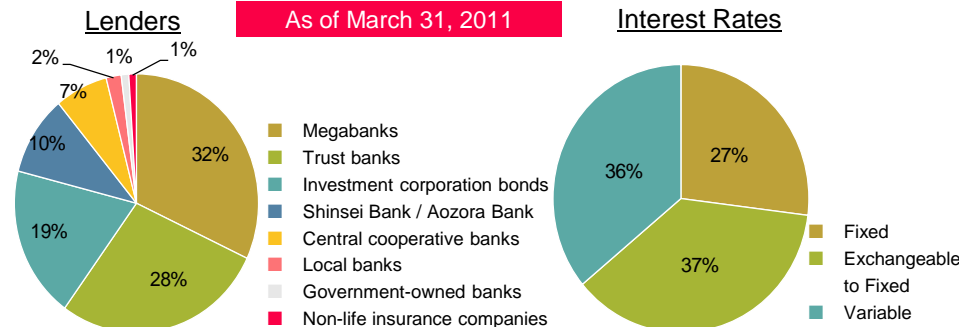
# Financial Conditions (2) (Transactions with financial institutions)

## Financial Strategy

- Building a strong banking structure based on financial institutions closely related to the Daiwa House Group
- Working to reduce interest-bearing liabilities and lower the LTV level

## Status of Interest-bearing Liabilities

(unit: million yen)



No.	Lenders	Balance as of March 31, 2011		Interest Rate	Loan Date	Due Date	Period	Description
Term Loan I	◎Sumitomo Mitsui Banking	12,588	3,534	1.34% (March 31, 2011 ~ June 30, 2011) < Spread 1.0% >	March 31, 2010	July 31, 2012	2.4 years	Secured loan
	◎Chuo Mitsui Trust & Banking		3,534					
	Mizuho Corporate Bank, Ltd.		3,534					
	Bank of Tokyo-Mitsubishi UFJ		1,985					
Term Loan II	◎Sumitomo Mitsui Banking	15,816	3,788	1.44% (March 31, 2011 ~ June 30, 2011) < Spread 1.1% >	September 30, 2009	September 30, 2011	2 years	Secured loan
	◎Chuo Mitsui Trust & Banking		3,788					
	Mizuho Corporate Bank, Ltd.		3,788					
	Bank of Tokyo-Mitsubishi UFJ		2,967					
	Sumitomo Trust & Banking		1,483					
Term Loan III	◎Sumitomo Mitsui Banking	10,500	1,800	1.40% *2 (March 31, 2011 ~ December 28, 2015) < Spread 0.8% >	December 28, 2010	December 28, 2015	5 years	Unsecured loan
	◎Chuo Mitsui Trust & Banking		1,800					
	Mizuho Corporate Bank, Ltd.		1,800					
	Bank of Tokyo-Mitsubishi UFJ		1,800					
	Mitsubishi UFJ Trust and Banking Corporation		1,400					
	Resona Bank, Ltd.,		1,400					
	Shinsei Bank, Limited.		500					
Rehabilitation Obligations with Right of Separate Satisfaction		16,019	—	1.44% < Spread 1.1% >	January 5, 2010	January 31, 2012	2 years	Secured loan
Rehabilitation Obligations		22,782	—	1.24% *3 < Spread 0.9% >	January 5, 2010	January 31, 2013	3 years	Unsecured loan
		22,782	—	1.34% *3 < Spread 1.0% >	January 5, 2010	January 31, 2014	4 years	
		22,784	—	1.72553% (Fixed interest rate) < Spread 1.1% >	January 5, 2010	January 31, 2015	5 years	

**Total Interest-bearing Liabilities**

**123,273**

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

\*2) The interest rate fixed in effect at 1.40% by the interest rate swap agreements.

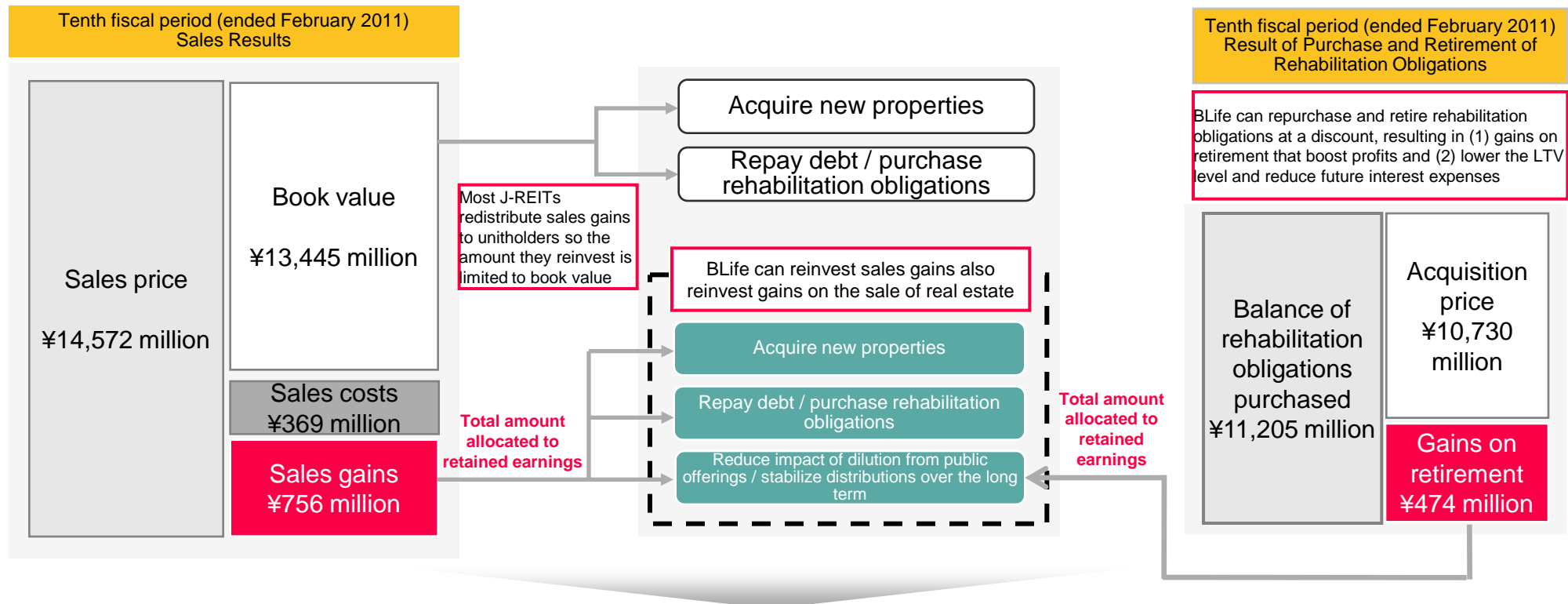
\*3) BLife Investment Corporation may shift to a fixed interest rate without changing the applied spread



# Reinvesting Gains on Real Estate Sales and Stabilizing Distributions by Utilizing Retained Earnings

- In the tenth fiscal period (ended February 2011), we booked total gains on the real estate sales of real estate of ¥756 million yen and gains on the retirement by purchase of rehabilitation obligations of ¥474 million yen; all these gains were transferred allocated to retained earnings using utilizing tax-loss carry forwards (Although the distribution dividend payout ratio of 61.8% did not fulfill J-REIT's conduit requirement, BLife did not pay taxes because it had tax-loss carry forwards of ¥44,523 million yen).
- Retained earnings will allow us to purchase new properties and repay debt, supporting higher distributions in the future
- Retained earnings of ¥20,338 million, including gain on negative goodwill of ¥19,009 million, can be used to stabilize distributions
- We plan to reverse retained earnings totaling ¥560 million to cover losses on the real estate sales of ¥499 million and earthquake related expenses of ¥60.2 million to **avoid any impact on distributions**

## How BLife Reinvests Gains on the Real Estate Sales



**Only BLife has this level of freedom to utilize funds, allowing it to reinvest sales gains and stabilize distributions**

Retained earnings after the payment of distributions for the tenth fiscal period totaled **¥20,338 million**

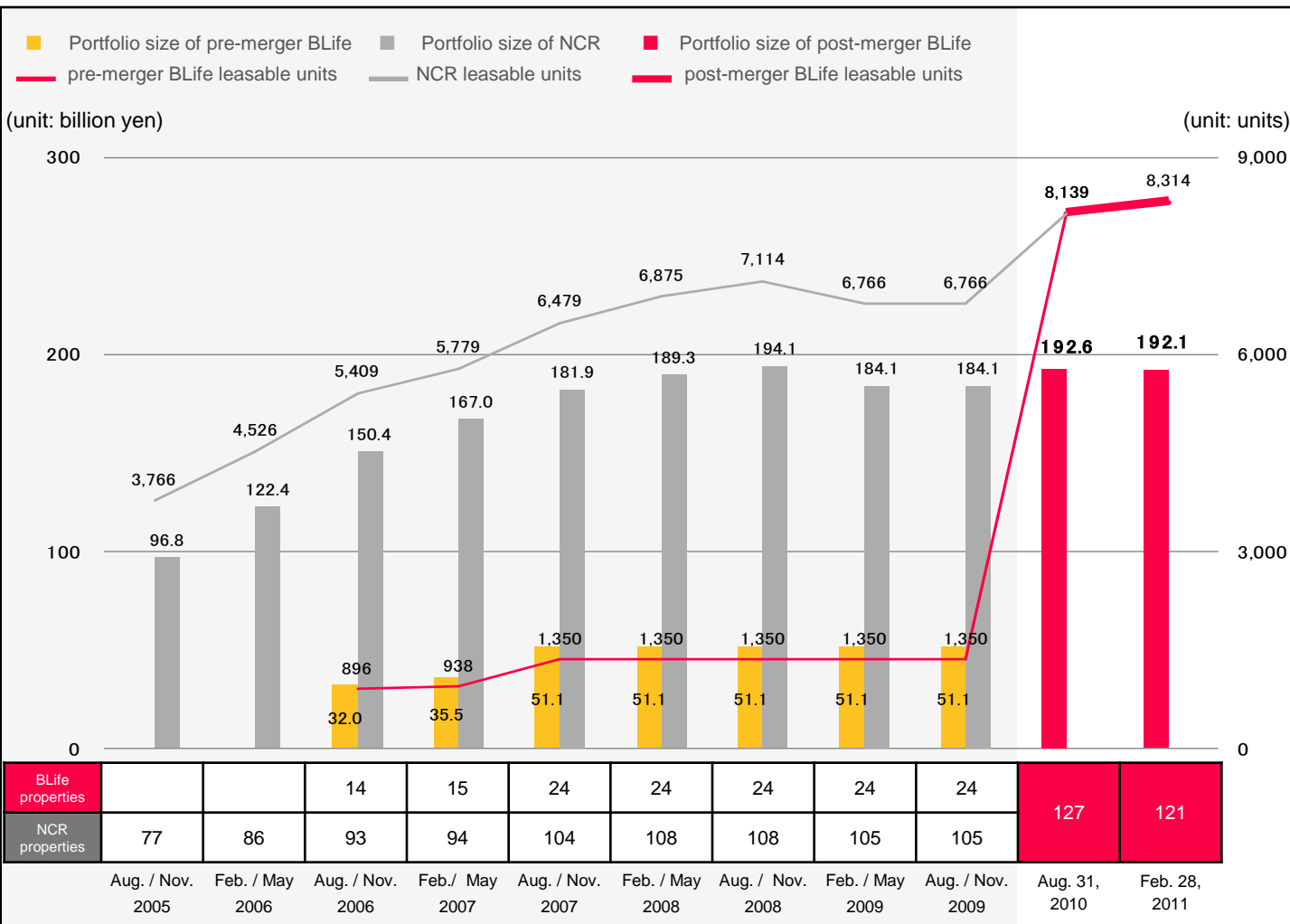
In the eleventh fiscal period, we plan to reverse **¥560 million** from retained earnings to cover losses on the real estate sales





# Future Management Policies

## Transition of Portfolio Size



## Management Policies

### Stage 1

- 1) Improvement of occupancy rate through appropriate rent setting
- 2) Reduction in real estate administration costs
- 3) LTV reduction and portfolio quality improvement by asset replacement
- 4) Promotion of debt retirement by purchase of rehabilitation obligations
- 5) Implementation of policy based on careful monitoring of post-earthquake market trends

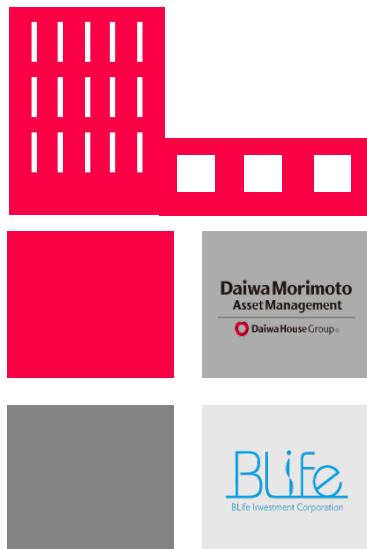
### Stage 2

- 1) Increase capital through public offering and other actions at appropriate time
- 2) External growth by acquisitions focused on properties developed by Daiwa House and properties held by Daiwa House through its warehousing function



# Eleventh Fiscal Period Forecasts(ending August 2011)

	Tenth Fiscal Period Actual Results (A) (ended Feb. 2011)	Eleventh Fiscal Period Forecasts (B) (ending Aug. 2011)	Difference (B)-(A)	Factors behind differences between forecasts and actual results
<b>Management Period</b>	181 days	184 days	3 days	—
<b>Operating Revenue</b> [excluding gains on real estate sales]	7,793 mn yen [6,731 mn yen]	6,587 mn yen [6,587 mn yen]	(1,206 mn yen) [(144 mn yen)]	Average occupancy rate (10 <sup>th</sup> fiscal period) 95% Rental income (¥134 million) (including (¥61 million) due to sale of NCR Minami Aoyama)
<b>Operating Income</b> [excluding gains and losses on real estate sales]	3,796 mn yen [3,039 mn yen]	2,450 mn yen [2,950 mn yen]	(1,345 mn yen) [(89 mn yen)]	Total operating expenses reduced by ¥54 million (excluding losses on the sale of NCR Minami Aoyama) Real estate expense related to rent business (¥79 million) (management fees (¥58 million), commissions (¥21 million)) Total increase in selling, general and administrative expenses ¥24 million (nondeductible consumption tax +¥40 million, other (¥16 million)) (excluding losses on the sale of NCR Minami Aoyama) Losses of ¥500 million booked on the sale of NCR Minami Aoyama
<b>Ordinary Income</b> [excluding gains and losses on real estate sales]	2,761 mn yen [2,005 mn yen]	1,340 mn yen [1,840 mn yen]	(1,420 mn yen) [(164 mn yen)]	Increase in interest expenses by fixing interest rates ¥63 million
<b>Extraordinary Gains / Losses</b>	484 mn yen	(60 mn yen)	(545 mn yen)	Earthquake related expense of ¥60 million booked as extraordinary losses
<b>Net Income</b> <b>(excluding extraordinary</b> <b>gains / losses)</b>	3,245 mn yen [2,004 mn yen]	1,280 mn yen [1,840 mn yen]	(1,965 mn yen) [(163 mn yen)]	
<b>Retained Earnings</b>	1,241 mn yen	(560 mn yen)	—	Losses on property sales and extraordinary losses totaling ¥560 million cancelled out with retained earnings
<b>Total Distributions</b>	2,004 mn yen	1,840 mn yen	(163 mn yen)	
<b>Distribution per Unit</b> [outstanding investment units issued at end of fiscal period]	16,880 yen [118,735 units]	15,500 yen [118,735 units]	(1,380 yen) [ - ]	



# i APPENDIX

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BLife Investment Corporation



- The portfolio investment ratio is 80~100% for residential and 0~20% for retail

## Unit Ratio by Type of Residential Property

Type	Single	DINKS *	Family	Large
Ratio	30~60%	40~60 %	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 <sup>2</sup> ~	3,000m <sup>2</sup> ~	5,000m <sup>2</sup> ~	10,000m <sup>2</sup> ~
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	5 major wards of Tokyo (Chiyoda, Chuo, Minato, Shibuya and Shinjuku Wards)	Portfolio ratio	Residential Retail	40~60% 0~40%
Area 2	Wards of Tokyo excluding Area 1	Portfolio ratio	Residential Retail	20~50% 0~40%
Area 3	Tokyo Metropolitan area (Tokyo excluding Area 1 and Area 2, Kanagawa, Saitama and Chiba Prefectures)	Portfolio ratio	Residential Retail	0~20% 0~70%
Area 4	Other cities with populations of more than approx. 100,000	Portfolio ratio	Residential Retail	0~20% 0~70%





# 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)

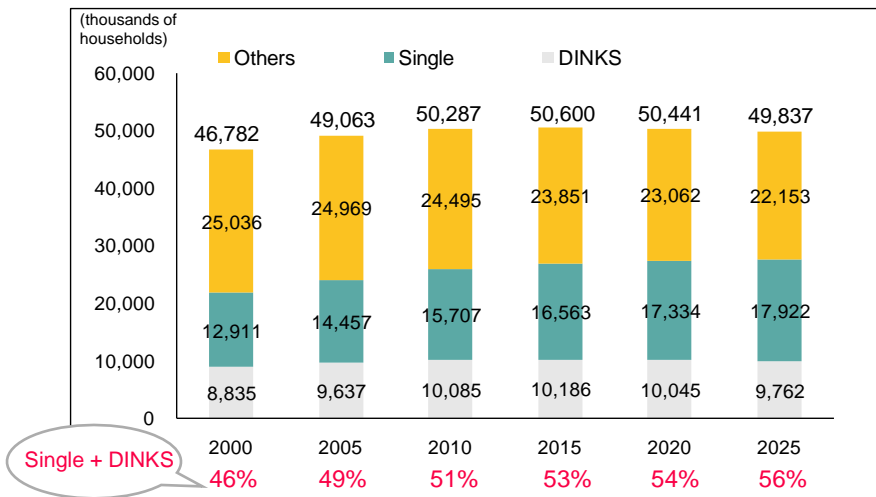
(unit: person)

	May 2003	May 2004	May 2005	May 2006	May 2007	May 2008	May 2009	May 2010	2015 (forecast)
5 major wards	819,010	834,051	846,577	869,392	886,432	902,612	913,250	921,368	915,512
Other 18 wards	7,586,340	7,632,069	7,671,498	7,727,268	7,790,660	7,863,119	7,929,094	7,965,931	8,004,754
23 wards	8,405,350	8,466,120	8,518,075	8,596,660	8,677,092	8,765,731	8,842,344	8,887,299	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	13,057,373	13,075,022

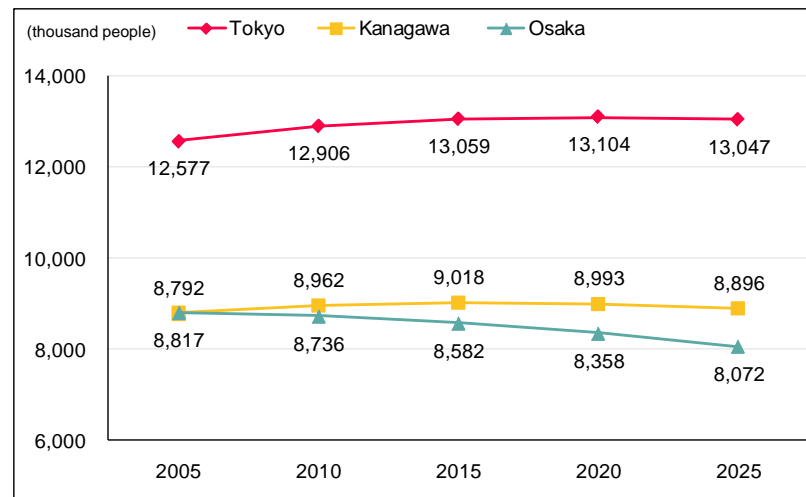
(Source) Households and Population Based on Basic Resident Registration Card by Statistics Division, Bureau of General Affairs, Tokyo Metropolitan Government

\*) The above chart represents the transition of population as of May 1 each year between 2003 and 2015 in the 5 major wards (Chiyoda, Chuo, Minato, Shibuya and Shinjuku), other 18 wards of Tokyo, 23wards 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 house holds 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 forecasts) Estimated Population Transition by Prefecture (Tokyo, Kanagawa and Osaka)



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



(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 4,540,000 yen in Tokyo, 3,284,000 yen in Kanagawa, and 3,107,000 yen in Osaka in fiscal 2007. The figure for Tokyo, which is the major investment area for BLife, is far greater than the national average of 3,059,000 yen. (Source: Personal Income by Prefecture per Capita by the Cabinet Office, announced on February 19, 2010)



# Investment Stance on Residential Properties (1)

## ■ By Area

	Area	Area 1	Area 2	Area 3	Area 4
Current	Definition	5 major wards of Tokyo (Chiyoda Ward, Chuo Ward, Minato Ward, Shibuya Ward and Shinjuku Ward)	Wards of Tokyo excluding Area 1	Tokyo Metropolitan area (Tokyo excluding Area 1 and Area 2, Kanagawa Prefecture, Saitama Prefecture and Chiba Prefecture)	Other cities with populations of more than approx. 100,000
	Investment Policy (Investment Guideline)	40~60%	20~50%	0~20%	0~20%
	BLife's Portfolio  End of Tenth Fiscal Period (as of February 28, 2011)	44.0%	30.7%	5.3%	19.9%




Future	Direction of Target Portfolio				
	Factors etc.	<ul style="list-style-type: none"> <li>High proportion of investment in this area, but offers the potential for strong rent rises once the economy recovers</li> <li>No plans to sell properties, but planning to reduce or maintain relative weighting of investment in this area by acquiring properties in other areas</li> </ul>	<ul style="list-style-type: none"> <li>Area 2 rents are very stable while occupancy rates are stable. Aim to increase the investment balance of this area</li> <li>The strengths of Daiwa House Group can be best utilized in this area</li> </ul>	<ul style="list-style-type: none"> <li>A supply of excellent properties is expected from Daiwa House</li> <li>Study prospect of investing in properties for which Daiwa House Group operates as an ML that guarantees rent</li> </ul>	<ul style="list-style-type: none"> <li>Consider purchasing attractive properties in this area based on property competitiveness, size, and yields</li> </ul>



# Investment Stance on Residential Properties (2)

## ■ By Type

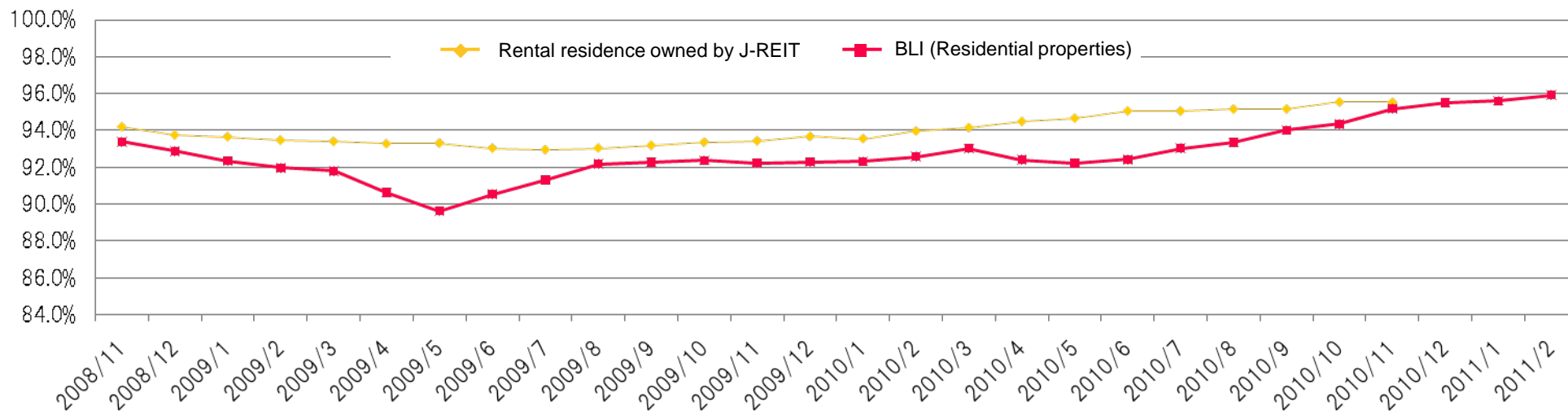
	Type	Single	DINKS	Family	Large
Current	Overview	<ul style="list-style-type: none"> <li>Aimed at mid-level income singles, size less than 30m<sup>2</sup></li> <li>Emphasis on proximity to nearest train station</li> </ul>	<ul style="list-style-type: none"> <li>Aimed at childless dual-income couples and high-level income singles, size between 30m<sup>2</sup> ~ 70m<sup>2</sup></li> <li>Emphasis on proximity to nearest train station</li> </ul>	<ul style="list-style-type: none"> <li>Aimed at mid-level income families, size between 70m<sup>2</sup> ~ 100m<sup>2</sup></li> <li>Emphasis on quiet residential location, full array of cultural facilities and lifestyle convenience</li> </ul>	<ul style="list-style-type: none"> <li>Aimed at wealthy families, size over 100m<sup>2</sup></li> <li>Emphasis on quiet residential location, full array of cultural facilities and lifestyle convenience</li> </ul>
	Investment Policy (Investment Guideline)	30~60%	40~60%	0~20%	0~10%
	BLife's Portfolio (Unit basis) End of Tenth Fiscal Period (as of February 28, 2011)	41.8%	49.1%	8.1%	1.0%

Future	Direction of Target Portfolio				
	Factors etc.	<ul style="list-style-type: none"> <li>Rents are low and downward rigidity of occupancy rates and rent is strong</li> </ul>	<ul style="list-style-type: none"> <li>Investment has been heavily weighted toward DINKS properties, but with the number of households expected to increase in this and the single category, we plan to maintain a certain level of investment in this type of property</li> </ul>	<ul style="list-style-type: none"> <li>A supply of excellent properties is expected from Daiwa House</li> <li>Study prospect of investing in properties for which Daiwa House Group operates as an ML that guarantees rent</li> </ul>	

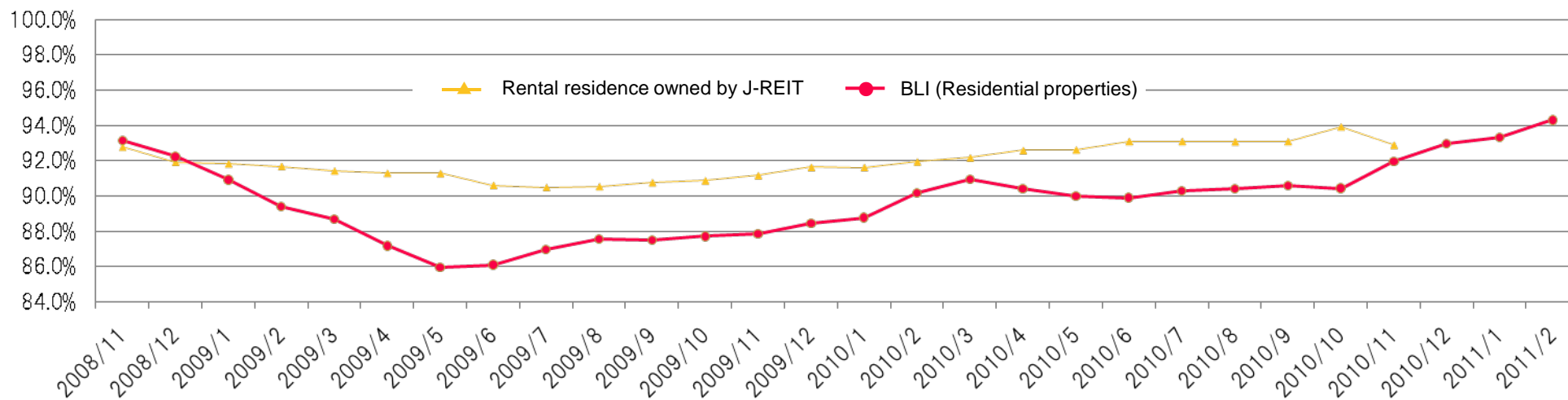


# Transition of Occupancy Rate for the J-REIT Sector

## ■ Transition of Occupancy Rate for Residential Properties (nationwide)



## ■ Transition of Occupancy Rate for Residential Properties (Area 1: Tokyo's five central wards)



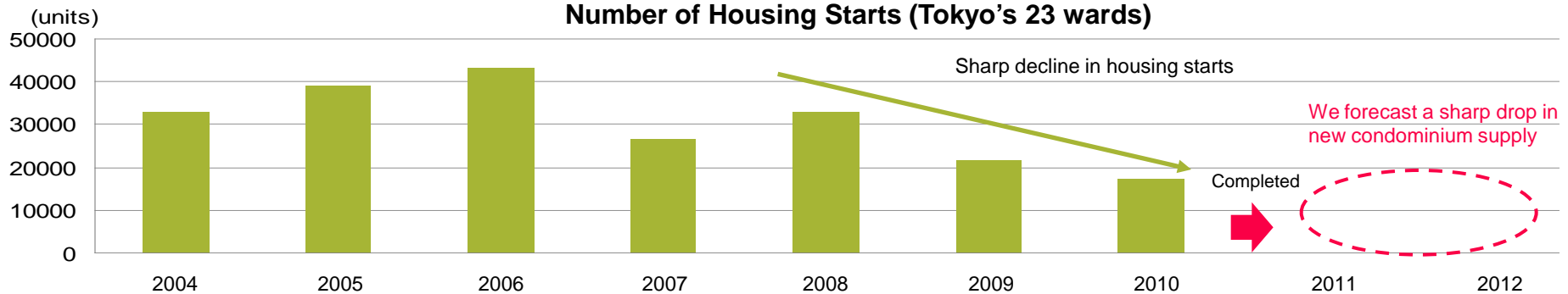
\*) Occupancy rates for J-REIT-owned rental residential properties were calculated by Daiwa House Morimoto Asset Management Co., Ltd. based on average occupancy rates in the J-REIT Property Database (updated March 25, 2011), published by ARES





## Transition of Number of Housing Starts

- Number of starts for rental condominiums in Tokyo's 23 wards in 2010 totaled 17,267 units, down 20.4% year on year
- After peaking in 2006, condominium starts have declined due to the impact of (1) the revised Building Standards Act (2007), which was revised in response to the issue of false quake-resistance data, and (2) the collapse of emerging condominium developers during the financial crisis after Lehman Brothers bankruptcy (2008); we expect the sharp drop in starts through to 2010 to result in a short-term dip in new rental condominium supply from 2011

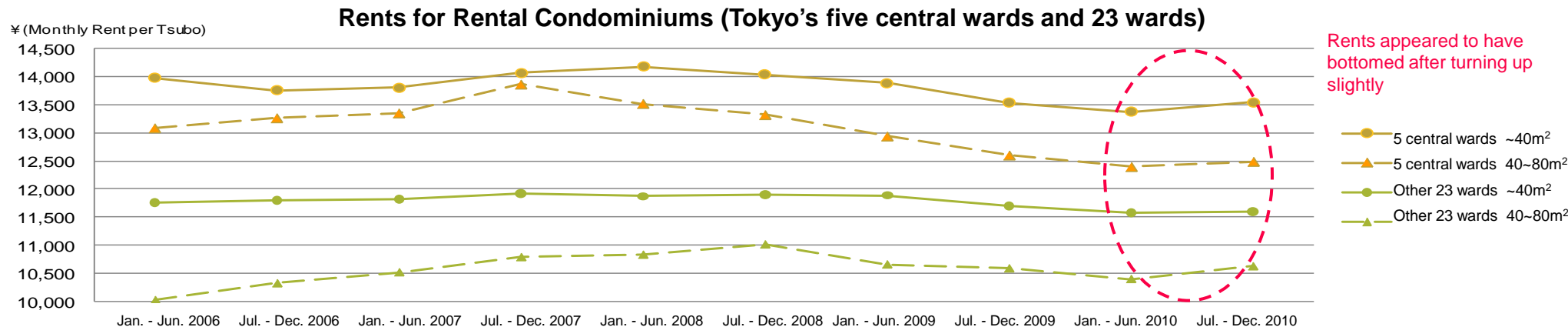


\*1) Created by Leasing Management Consulting Co., Ltd., based on Statistics on Building Starts, Ministry of Land, Infrastructure, Transport and Tourism.

\*2) Shows number of new building starts in Tokyo's 23 wards under "by Owner Occupant Relation: Rented," "by Construction Method: steel-frame reinforced concrete or reinforced concrete."

## Trends in Condominium Rents

- Condominium rents in Tokyo's five central wards and Tokyo's 23 wards declined until 2010 H1 then turned up slightly in 2010 H2, indicating that rents appear to have bottomed



\*1) Source: Daiwa House Morimoto Asset Management Co., Ltd., based on Survey Results of Housing Market Index 2010 H2, published by Japan Real Estate Institute (JREI) on March 11, 2011.

\*2) Adjusted by JREI using base data to show rents for 10-year old condominiums; rents are the amounts paid by tenants excluding management fees and common service fees.



# Real Estate Appraisal Value Comparison Table

(unit: million yen)

(unit: %)

Area	No.	Property Name (Owned properties as of February 28, 2011)	Appraiser *1	Acquisition Price	Book Value at Feb. 28, 2011	Real Estate Appraisal Value		Acquisition Value Comparison	Book Value Comparison	End of Previous Fiscal Period Comparison
						at Aug. 31, 2010	at Feb. 28, 2011			
						③	④			
				①	②			④-①	④-②	④-③
Area 1	1001	Qiz Ebisu	Tanizawa	7,650	7,572	8,110	7,990	340	418	-120
	1002	IPSE Azabujuban Shichimenzaka	Chuo	4,500	4,449	4,170	4,040	-460	-409	-130
	1003	IPSE Shibakoen	Tanizawa	2,630	2,596	2,010	1,950	-680	-646	-60
	1004	IPSE Ginza	Tanizawa	2,520	2,500	1,950	1,920	-600	-580	-30
	1005	Next Form Nishiazabu	Tanizawa	2,220	2,218	1,700	1,620	-600	-598	-80
	1006	IPSE Nihonbashi	Tanizawa	1,200	1,178	1,030	1,020	-180	-158	-10
	1007	IPSE Tokyo EAST	Tanizawa	2,300	2,294	2,000	1,980	-320	-314	-20
	1008	IPSE Azabujuban	Chuo	2,910	2,928	2,590	2,540	-370	-388	-50
	1009	IPSE Azabujuban DUO	Chuo	2,690	2,696	2,430	2,380	-310	-316	-50
	1010	IPSE Shinjuku Natsumezaka	Chuo	1,865	1,868	1,550	1,540	-325	-328	-10
	1011	UNIROYAL Ginza	Tanizawa	1,800	1,799	1,490	1,470	-330	-329	-20
	1012	IPSE Shibuya Tiers	Tanizawa	1,400	1,411	1,100	1,010	-390	-401	-90
	1013	NCR Minami Aoyama *2	Tanizawa	2,660	2,657	2,490	2,410	-250	-247	-80
	1014	NCR Nishi Azabu Twin Tower	Tanizawa	2,352	2,338	2,370	2,290	-62	-48	-80
	1015	NCR Nishi Azabu	Tanizawa	2,143	2,139	2,020	2,020	-123	-119	0
	1016	NCR Ochanomizu	JREI	1,770	1,755	1,770	1,810	40	55	40
	1017	NCR Sangubashi	Tanizawa	1,393	1,394	1,350	1,320	-73	-74	-30
	1018	NCR Nihonbashi East	Tanizawa	1,279	1,268	1,270	1,220	-59	-48	-50
	1019	NCR Nihonbashi West	Tanizawa	1,138	1,127	1,100	1,090	-48	-37	-10
	1020	NCR Ginza Twin I	Tanizawa	932	922	878	873	-59	-49	-5
	1021	NCR Ginza Twin II	Tanizawa	825	817	750	738	-87	-79	-12
	1022	NCR Harajuku	JREI	887	884	835	821	-66	-63	-14
	1023	NCR Yoyogi Uehara	JREI	608	605	564	558	-50	-47	-6
	1024	NCR Sendagaya	JREI	555	555	505	514	-41	-41	9
	1025	NCR Shinjuku 7 chome	JREI	464	462	439	448	-16	-14	9
	1026	NCR Ichigaya Sanaicho	JREI	424	421	374	366	-58	-55	-8
	1027	NCR Nihonbashi Ningyocho I	JREI	947	938	909	909	-38	-29	0
	1028	NCR Nihonbashi Ningyocho II	JREI	1,070	1,059	1,030	1,030	-40	-29	0
	1029	NCR Shin-Ochanomizu	JREI	914	907	872	861	-53	-46	-11
	1030	NCR Nihonbashi Ningyocho III	JREI	1,370	1,357	1,320	1,330	-40	-27	10

Appraisal at Aug. 31, 2010			Appraisal at Feb. 28, 2011			End of Previous Fiscal Period Comparison		
Direct Capitaliza- n Method	DCF Method		Direct Capitaliza- n Method	DCF Method		Direct Capitaliza- n Method	DCF Method	
CR	DR	TCR	CR	DR	TCR	CR	DR	TCR
4.8	5.0	5.1	4.8	5.0	5.1	0	0	0
4.9	4.6	5.2	4.9	4.6	5.2	0	0	0
5.2	5.4	5.5	5.2	5.4	5.5	0	0	0
5.2	5.2	5.5	5.2	5.2	5.5	0	0	0
5.0	(*4)	5.3	5.0	5.1	5.3	0	(*4)	0
5.3	5.4	5.6	5.3	5.4	5.6	0	0	0
5.3	5.4	5.6	5.3	5.4	5.6	0	0	0
4.8	4.5	5.1	4.8	4.5	5.1	0	0	0
4.7	4.4	5.0	4.7	4.4	5.0	0	0	0
5.0	4.7	5.5	5.0	4.7	5.4	0	0	-0.1
5.2	5.3	5.5	5.2	5.3	5.5	0	0	0
5.0	5.2	5.3	5.0	5.2	5.3	0	0	0
5.4	5.2	5.8	5.4	5.2	5.8	0	0	0
5.1	5.2	5.4	5.1	5.2	5.4	0	0	0
5.1	5.2	5.4	5.1	5.2	5.4	0	0	0
5.4	5.2	5.6	5.3	5.1	5.5	-0.1	-0.1	-0.1
5.3	5.5	5.6	5.3	5.5	5.6	0	0	0
5.4	5.4	5.7	5.4	5.4	5.7	0	0	0
5.3	5.4	5.6	5.3	5.4	5.6	0	0	0
5.4	5.4	5.7	5.4	5.4	5.7	0	0	0
5.4	5.4	5.7	5.4	5.4	5.7	0	0	0
5.2	5.0	5.4	5.2	5.0	5.4	0	0	0
5.3	5.1	5.5	5.3	5.1	5.5	0	0	0
5.3	5.1	5.5	5.2	5.0	5.4	-0.1	-0.1	-0.1
5.7	5.5	5.9	5.6	5.4	5.8	-0.1	-0.1	-0.1
5.4	5.2	5.6	5.4	5.2	5.6	0	0	0
5.4	5.2	5.6	5.3	5.1	5.5	-0.1	-0.1	-0.1
5.4	5.2	5.6	5.3	5.1	5.5	-0.1	-0.1	-0.1
5.4	5.2	5.6	5.3	5.1	5.5	-0.1	-0.1	-0.1
5.4	5.2	5.6	5.3	5.1	5.5	-0.1	-0.1	-0.1

CR is CAP Rate, DR is Discount Rate, TCR is Terminal Cap Rate.



# Real Estate Appraisal Value Comparison Table

(unit: million yen)

(unit: %)

Area	No.	Property Name (Owned properties as of February 28, 2011)	Appraiser *1	Acquisition Price	Book Value at Feb. 28, 2011	Real Estate Appraisal Value		Acquisition Value Comparison	Book Value Comparison	End of Previous Fiscal Period Comparison
						at Aug. 31, 2010	at Feb. 28, 2011			
						③	④			
				①	②			④-①	④-②	④-③
Area 1	1031	NCR Jinbocho II	JREI	1,160	1,150	1,110	1,140	-20	-10	30
	1032	NCR Ginza East III	JREI	675	668	632	629	-46	-39	-3
	1033	NCR Shinjuku Gyoen I	Tanizawa	2,720	2,699	2,540	2,540	-180	-159	0
	1034	NCR Takanawadai	JREI	860	854	830	841	-19	-13	11
	1035	NCR Nihonbashi Ningyocho IV	Daiwa	666	660	618	618	-48	-42	0
	1036	NCR Shinjuku Gyoen II	Tanizawa	486	482	447	453	-33	-29	6
	1037	NCR Ginza East IV	Daiwa	400	396	367	367	-33	-29	0
	1038	NCR Takanawadai II	JREI	1,190	1,182	1,150	1,160	-30	-22	10
	1039	NCR Minami Azabu	JREI	642	638	602	582	-60	-56	-20
	1040	NCR Ginza	Tanizawa	2,880	2,862	2,710	2,600	-280	-262	-110
	1041	NCR Nihonbashi Suitengu	Tanizawa	2,707	2,686	2,550	2,550	-157	-136	0
	1042	NCR Takanawa	Tanizawa	7,430	7,386	7,080	6,870	-560	-516	-210
	1043	NCR Higashi Nihonbashi	Chuo	3,520	3,493	3,300	3,320	-200	-173	20
	1045	NCR Shinjuku	Tanizawa	2,950	2,939	2,880	2,880	-70	-59	0
	1046	IPSE Ichigaya	Chuo	940	965	1,200	1,210	270	245	10
Residential Area 1 Subtotal				84,642	84,173	78,992	77,828	-6,814	-6,345	-1,164
Area 2	2001	Meguro Kamurozaka Residencia	Daiwa	4,500	4,385	3,950	3,740	-760	-645	-210
	2002	IPSE Toritsudaigaku	Chuo	648	629	554	505	-143	-124	-49
	2003	Comfort Time Otsuka	Tanizawa	779	765	694	694	-85	-71	0
	2004	IPSE Yukigaya	Tanizawa	1,110	1,097	1,020	1,010	-100	-87	-10
	2005	IPSE Yutenji	Chuo	1,450	1,442	1,320	1,300	-150	-142	-20
	2006	IPSE Otsuka	Chuo	1,480	1,467	1,390	1,390	-90	-77	0
	2007	IPSE Kikukawa	Tanizawa	817	811	697	691	-126	-120	-6
	2008	NCR Meguro	JREI	844	850	772	780	-64	-70	8
	2009	NCR Otsuka	JREI	1,040	1,029	978	981	-59	-48	3
	2010	NCR Jiyugaoka	JREI	1,200	1,193	1,150	1,160	-40	-33	10
	2011	NCR Mejiro East	Chuo	988	980	926	927	-61	-53	1
	2012	NCR Ikebukuro	Daiwa	2,570	2,548	2,370	2,300	-270	-248	-70
	2013	NCR Kaname-cho	Tanizawa	1,140	1,130	1,050	1,030	-110	-100	-20
	2014	NCR Shinagawa Seaside Tower	Tanizawa	7,380	7,303	6,940	6,950	-430	-353	10

Appraisal at Aug. 31, 2010			Appraisal at Feb. 28, 2011			End of Previous Fiscal Period Comparison		
Direct Capitalizatio n Method	DCF Method		Direct Capitalizatio n Method	DCF Method		Direct Capitalizatio n Method	DCF Method	
CR	DR	TCR	CR	DR	TCR	CR	DR	TCR
5.4	5.2	5.6	5.3	5.1	5.5	-0.1	-0.1	-0.1
5.5	5.2	5.8	5.4	5.1	5.7	-0.1	-0.1	-0.1
5.3	5.4	5.6	5.3	(*)5	5.6	0	(*)5	0
5.3	5.1	5.5	5.2	5.0	5.4	-0.1	-0.1	-0.1
5.6	5.4	5.8	5.6	5.4	5.8	0	0	0
5.3	5.5	5.6	5.3	5.5	5.6	0	0	0
5.6	5.4	5.8	5.6	5.4	5.8	0	0	0
5.3	5.1	5.5	5.2	5.0	5.4	-0.1	-0.1	-0.1
5.2	5.0	5.4	5.2	5.0	5.4	0	0	0
5.2	5.3	5.5	5.2	5.3	5.5	0	0	0
5.4	5.4	5.7	5.4	5.4	5.7	0	0	0
5.3	5.6	5.6	5.3	5.6	5.6	0	0	-0.1
5.3	5.5	5.6	5.3	5.5	5.6	0	0	0
5.1	4.8	5.6	5.1	4.8	5.5	0	0	-0.1
5.2	5.0	5.4	5.2	5.0	5.4	0	0	0
6.0	5.7	6.5	6.0	5.7	6.4	0	0	-0.1
5.5	5.6	5.8	5.5	5.6	5.8	0	0	0
5.4	5.5	5.7	5.4	5.5	5.7	0	0	0
4.9	4.6	5.4	4.9	4.6	5.3	0	0	-0.1
5.1	4.8	5.6	5.1	4.8	5.5	0	0	-0.1
5.5	5.5	5.8	5.5	5.5	5.8	0	0	0
5.6	5.3	5.8	5.5	5.2	5.7	-0.1	-0.1	-0.1
5.6	5.4	5.8	5.6	5.4	5.8	0	0	0
5.3	5.1	5.5	5.2	5.0	5.4	-0.1	-0.1	-0.1
5.5	5.2	6.0	5.5	5.2	5.9	0	0	-0.1
5.5	5.3	5.7	5.5	5.3	5.7	0	0	0
5.4	5.6	5.7	5.4	5.6	5.7	0	0	0
5.4	5.4	5.7	5.4	5.4	5.7	0	0	0

CR is CAP Rate, DR is Discount Rate, TCR is Terminal Cap Rate.



# Real Estate Appraisal Value Comparison Table

(unit: million yen)

(unit: %)

Area	No.	Property Name (Owned properties as of February 28, 2011)	Appraiser *1	Acquisition Price	Book Value at Feb. 28, 2011	Real Estate Appraisal Value		Acquisition Value Comparison	Book Value Comparison	End of Previous Fiscal Period Comparison
						at Aug. 31, 2010	at Feb. 28, 2011			
						③	④			
				①	②			④-①	④-②	④-③
Area 2	2015	NCR Yakumo	Tanizawa	857	854	789	764	-93	-90	-25
	2016	NCR Togoshiekimae	JREI	1,560	1,551	1,560	1,570	10	19	10
	2017	NCR Todoroki	JREI	1,210	1,312	1,180	1,180	-30	-132	0
	2018	NCR Honjo Azumabashi	Tanizawa	996	987	936	930	-66	-57	-6
	2019	NCR Kitazawa	JREI	742	736	697	712	-30	-24	15
	2020	NCR Monzennakacho	Tanizawa	503	497	444	444	-59	-53	0
	2021	NCR Denenchofu *3	JREI	425	424	414	423	-2	-1	9
	2023	NCR Kamiikedai	JREI	198	196	190	190	-8	-6	0
	2024	NCR Morishita	JREI	832	824	778	792	-40	-32	14
	2025	NCR Wakabayashi koen	Daiwa	776	771	726	726	-50	-45	0
	2026	NCR Asakusabashi	Chuo	792	784	738	747	-45	-37	9
	2027	NCR Iriya	Chuo	546	541	547	548	2	7	1
	2028	NCR Ueno Tower	Tanizawa	2,641	2,613	2,390	2,330	-311	-283	-60
	2029	NCR Morishita West	Tanizawa	686	679	682	688	2	9	6
	2030	NCR Minowa	Tanizawa	1,430	1,416	1,360	1,330	-100	-86	-30
	2031	NCR Jiyugaoka West	Tanizawa	533	530	500	493	-40	-37	-7
	2032	NCR Nakano	JREI	1,060	1,051	1,060	1,060	0	9	0
	2033	NCR Yoga	Tanizawa	923	918	943	944	21	26	1
	2034	NCR Sumiyoshi	Tanizawa	948	938	949	858	-90	-80	-91
	2035	NCR Monzennakacho East	JREI	2,160	2,143	2,110	2,150	-10	7	40
	2036	NCR Oshiage	Tanizawa	1,100	1,089	1,070	1,030	-70	-59	-40
	2037	NCR Kuramae	Tanizawa	1,260	1,248	1,240	1,240	-20	-8	0
	2038	IPSE Nakanobu	Chuo	1,790	1,836	2,150	2,160	370	324	10
	2039	Royal Parks Toyosu *11	Chuo	7,360	7,732	7,550	7,640	280	-92	90
	2040	IPSE Togoshi *11	Chuo	1,770	1,812	2,130	2,130	360	318	0
Residential Area 2 Subtotal				59,044	59,109	56,944	56,537	-2,507	-2,572	-407
Area 3	3001	Cosmo Heim Musashikosugi	Chuo	1,674	1,684	1,550	1,530	-144	-154	-20
	3002	IPSE Tsurumi	Chuo	666	666	659	658	-8	-8	-1
	3003	NCR Funabashi Honcho	Tanizawa	704	698	671	672	-32	-26	1
	3005	NCR Toyoda	Tanizawa	864	856	849	847	-17	-9	-2

Appraisal at Aug. 31, 2010			Appraisal at Feb. 28, 2011			End of Previous Fiscal Period Comparison		
Direct Capitalizatio n Method	DCF Method		Direct Capitalizatio n Method	DCF Method		Direct Capitalizatio n Method	DCF Method	
CR	DR	TCR	CR	DR	TCR	CR	DR	TCR
5.3	5.5	5.6	5.3	5.5	5.6	0	0	0
5.5	5.3	5.7	5.4	5.2	5.6	-0.1	-0.1	-0.1
5.7	5.5	5.9	5.7	5.5	5.9	0	0	0
5.6	5.6	5.9	5.6	5.6	5.9	0	0	0
5.4	5.2	5.6	5.3	5.1	5.5	-0.1	-0.1	-0.1
5.8	5.8	6.1	5.8	5.8	6.1	0	0	0
5.9	5.7	6.1	5.8	5.6	6.0	-0.1	-0.1	-0.1
6.1	5.7	6.3	6.1	5.7	6.3	0	0	0
5.5	5.3	5.7	5.4	5.2	5.6	-0.1	-0.1	-0.1
5.5	5.3	5.7	5.5	5.3	5.7	0	0	0
5.7	5.4	6.2	5.7	5.4	6.1	0	0	-0.1
6.0	5.7	6.5	6.0	5.7	6.4	0	0	-0.1
5.4	5.5	5.7	5.4	5.5	5.7	0	0	0
5.5	5.6	5.8	5.5	5.6	5.8	0	0	0
5.4	(*)6	5.7	5.4	(*)6	5.7	0	0	0
5.4	5.2	5.6	5.3	5.1	5.5	-0.1	-0.1	-0.1
5.4	5.6	5.7	5.4	5.6	5.7	0	0	0
5.4	(*)7	5.7	5.4	5.5	5.7	0	(*)7	0
5.4	5.2	5.6	5.3	5.1	5.5	-0.1	-0.1	-0.1
5.6	(*)8	5.9	5.6	(*)8	5.9	0	0	0
5.5	(*)9	5.8	5.5	(*)9	5.8	0	0	0
5.3	5.0	5.8	5.3	5.0	5.7	0	0	-0.1
5.9	5.6	6.4	5.9	5.5	6.4	0	-0.1	0
5.5	5.2	6.0	5.5	5.2	5.9	0	0	-0.1
6.1	5.8	6.6	6.1	5.8	6.6	0	0	0
6.0	5.7	6.5	6.0	5.7	6.5	0	0	0
6.1	(*)10	6.4	6.1	(*)10	6.4	0	0	0
6.8	6.9	7.1	6.8	6.9	7.1	0	0	0

CR is CAP Rate, DR is Discount Rate, TCR is Terminal Cap Rate.



# Real Estate Appraisal Value Comparison Table

(unit: million yen)

(unit: %)

Area	No.	Property Name (Owned properties as of February 28, 2011)	Appraiser *1	Acquisition Price	Book Value at Feb. 28, 2011	Real Estate Appraisal Value		Acquisition Value Comparison	Book Value Comparison	End of Previous Fiscal Period Comparison
						at Aug. 31, 2010	at Feb. 28, 2011			
						③	④			
				①	②			④-①	④-②	④-③
Area 3	3006	NCR Nishi Funabashi	JREI	783	775	688	688	-95	-87	0
	3007	NCR Maihama	Tanizawa	670	663	615	588	-82	-75	-27
	3008	NCR Ichikawamyoden	Tanizawa	671	665	659	649	-22	-16	-10
	3009	NCR Kumegawa	JREI	480	474	404	408	-72	-66	4
	3010	NCR Urayasu	Tanizawa	592	586	588	566	-26	-20	-22
	3011	NCR Minamigyotoku I	Tanizawa	543	537	537	521	-22	-16	-16
	3012	NCR Minamigyotoku II	Tanizawa	385	381	380	370	-15	-11	-10
	3013	NCR Nogeayama	JREI	325	322	272	269	-56	-53	-3
	3014	NCR Minamirinkan	JREI	363	358	321	321	-42	-37	0
	3017	Park Terrance Ichikawa	JREI	461	455	456	465	4	10	9
Residential Area 3 Subtotal				9,181	9,119	8,649	8,552	-629	-567	-97
Area 4	4001	Fourteen Hills East Tower	Chuo	1,920	1,882	1,600	1,470	-450	-412	-130
	4008	Aprile Tarumi	JREI	1,340	1,323	1,240	1,250	-90	-73	10
	4009	Crest Kusatsu	Tanizawa	3,004	2,953	2,720	2,720	-284	-233	0
	4010	NCR Honmachi East	Tanizawa	1,490	1,470	1,440	1,440	-50	-30	0
	4011	NCR Shin-Umeda	Tanizawa	1,376	1,357	1,350	1,360	-16	3	10
	4012	NCR Abeno	Tanizawa	4,368	4,328	4,010	3,990	-378	-338	-20
	4013	NCR Otedori	Tanizawa	300	296	272	272	-28	-24	0
	4014	NCR Sakae	Chuo	1,010	999	1,000	999	-11	0	-1
	4015	NCR Nipponbashi Kouzu	Tanizawa	3,570	3,521	3,320	3,320	-250	-201	0
	4016	NCR Maruyama Urasando	Tanizawa	411	407	402	412	1	5	10
	4017	NCR Maruyama Omotesando	Tanizawa	1,740	1,722	1,670	1,640	-100	-82	-30
	4018	NCR Hakataekihigashi	Tanizawa	960	950	904	901	-59	-49	-3
	4019	NCR Shinsaibashi East Tower	Chuo	3,400	3,356	3,410	3,390	-10	34	-20
	4020	NCR Sannomiya	Daiwa	1,230	1,215	1,230	1,230	0	15	0
	4021	NCR Kotodaikoen	Daiwa	481	475	468	462	-19	-13	-6
	4022	NCR Ichibancho	Daiwa	783	775	742	742	-41	-33	0
	4023	NCR Omachi	Daiwa	656	647	591	591	-65	-56	0
	4024	NCR Uemachidai	Daiwa	2,190	2,166	2,190	2,190	0	24	0
	4025	NCR Higobashi Tower	Chuo	2,670	2,642	2,660	2,660	-10	18	0

Appraisal at Aug. 31, 2010			Appraisal at Feb. 28, 2011			End of Previous Fiscal Period Comparison		
Direct Capitalization Method	DCF Method		Direct Capitalization Method	DCF Method		Direct Capitalization Method	DCF Method	
CR	DR	TCR	CR	DR	TCR	CR	DR	TCR
6.5	6.3	6.7	6.5	6.3	6.7	0	0	0
6.0	6.0	6.3	6.0	6.0	6.3	0	0	0
6.0	6.2	6.4	6.0	6.2	6.4	0	0	0
6.5	6.3	6.7	6.5	6.3	6.7	0	0	0
6.0	6.0	6.4	6.0	6.0	6.4	0	0	0
6.0	6.0	6.3	6.0	6.0	6.3	0	0	0
6.0	6.0	6.3	6.0	6.0	6.3	0	0	0
6.1	5.9	6.3	6.2	6.0	6.4	0.1	0.1	0.1
6.4	6.2	6.6	6.4	6.2	6.6	0	0	0
6.4	6.2	6.6	6.4	6.2	6.6	0	0	0
6.1	5.8	6.6	6.1	5.8	6.6	0	0	0
6.8	6.6	7.0	6.8	6.6	7.0	0	0	0
7.7	7.8	8.0	7.7	7.8	8.0	0	0	0
6.1	6.2	6.4	6.1	6.2	6.4	0	0	0
6.2	6.3	6.5	6.2	6.3	6.5	0	0	0
6.1	6.2	6.4	6.1	6.2	6.4	0	0	0
6.2	6.3	6.5	6.2	6.3	6.5	0	0	0
6.0	5.7	6.5	6.0	5.7	6.5	0	0	0
6.2	6.3	6.5	6.2	6.3	6.5	0	0	0
6.3	6.3	6.6	6.3	6.3	6.6	0	0	0
6.3	6.3	6.6	6.3	6.3	6.6	0	0	0
6.3	6.5	6.6	6.3	6.5	6.6	0	0	0
5.9	5.6	6.4	5.9	5.6	6.4	0	0	0
6.4	6.2	6.6	6.4	6.2	6.6	0	0	0
6.5	6.5	6.7	6.5	6.5	6.7	0	0	0
6.5	6.5	6.7	6.5	6.5	6.7	0	0	0
6.0	5.8	6.2	6.0	5.8	6.2	0	0	0
5.9	5.6	6.4	5.9	5.6	6.4	0	0	0

CR is CAP Rate, DR is Discount Rate, TCR is Terminal Cap Rate.



# Real Estate Appraisal Value Comparison Table

(unit: million yen)

(unit: %)

Area	No.	Property Name (Owned properties as of February 28, 2011)	Appraiser *1	Acquisition Price	Book Value at Feb. 28, 2011	Real Estate Appraisal Value		Acquisition Value Comparison	Book Value Comparison	End of Previous Fiscal Period Comparison
						at Aug. 31, 2010	at Feb. 28, 2011			
						③	④			
Area 4	4026	Big Tower Minami Sanjo *11	Daiwa	1,740	1,787	2,130	2,130	390	343	0
	4027	Lexington Square Fushimi *11	JREI	2,260	2,330	2,490	2,490	230	160	0
	Residential Area 4 Subtotal			36,899	36,600	35,839	35,659	-1,240	-941	-180
Area 3	8001	INAGEYA Yokohama Nishigaoka	JREI	1,000	1,047	868	869	-131	-178	1
Area 4	8002	FOLEO TOWN Tsutsui	Daiwa	1,410	1,428	1,160	1,130	-280	-298	-30
Retail Properties Subtotal				2,410	2,475	2,028	1,999	-411	-476	-29
Owned Assets of the Tenth Fiscal Period Total				192,176	191,477	182,452	180,575	-11,601	-10,902	-1,877

Appraisal at Aug. 31, 2010			Appraisal at Feb. 28, 2011			End of Previous Fiscal Period Comparison		
Direct Capitalization Method	DCF Method		Direct Capitalization Method	DCF Method		Direct Capitalization Method	DCF Method	
CR	DR	TCR	CR	DR	TCR	CR	DR	TCR
6.3	6.1	6.5	6.3	6.1	6.5	0	0	0
6.3	6.1	6.5	6.3	6.1	6.5	0	0	0
6.1	5.7	6.2	6.1	5.7	6.2	0	0	0
6.7	6.5	7.2	6.7	6.5	7.2	0	0	0

CR is CAP Rate, DR is Discount Rate, TCR is Terminal Cap Rate.

\*1) Under "Appraiser," "Tanizawa" is Tanizawa Sogo Appraisal Co., Ltd. "Chuo" is Chuo Real Estate Appraisal Co., Ltd. "Daiwa" is Daiwa Real Estate Appraisal Co., Ltd. and "JREI" is Japan Real Estate Institute.

\*2) Transferred on April 18, 2011.

\*3) Transferred on March 30, 2011.

\*4) The Discount Rate (DR) is 5.0% for 1 to 5 years after appraisal dates and 5.1% for 6 to 11 years. The Discount Rate change from the previous fiscal period is 0.1% for 1 to 5 years after appraisal dates and 0.0% for 6 to 11 years.

\*5) The Discount Rate (DR) is 5.4% for 1 to 10 years after appraisal dates and 5.5% for the 11th year. The Discount Rate change from the previous fiscal period is 0.0% for 1 to 10 years after appraisal dates and 0.1% for the 11th year.

\*6) The Discount Rate (DR) is 5.6% for 1 to 10 years after appraisal dates and 5.5% for the 11th year.

\*7) The Discount Rate (DR) is 5.7% for 1 to 10 years after appraisal dates and 5.5% for the 11th year. The Discount Rate change from the previous fiscal period is -0.2% for 1 to 10 years after appraisal dates and 0.0% for the 11th year.

\*8) The Discount Rate (DR) is 5.9% for 1 to 10 years after appraisal dates and 5.7% for the 11th year.

\*9) The Discount Rate (DR) is 5.6% for 1 to 10 years after appraisal dates and 5.5% for the 11 years.

\*10) The Discount Rate (DR) is 6.3% for 1 to 4 years after appraisal dates and 5.9% for 5 to 11 years..

\*11) Real Estate Appraisal Value at August 31, 2010 for the properties acquired at 10<sup>th</sup> Fiscal Period are based on real estate appraisal as of acquisition. For IPSE Togoshi and Big Tower Minami Sanjo, values are those as of September 1, 2010, for Royal Parks Toyosu, values are those as of September 30, 2010 and for Lexington Square Fushimi, values are those as of November 30, 2010.

\*12) Under direct capitalization method, net operating income for a single period is capitalized by capitalization rate to determine estimated properties value. Under DCF method, future net operating income during multiple consecutive periods and residual value that are discounted to the present value according to the time of occurrence, are summed together to determine estimated properties value.





# Portfolio (as of February 28, 2011)

Area *1	No.	Property Name *2	Address	Leasable Area (m <sup>2</sup> )	Leasable Units (units)	Acquisition Price (mn yen) *3	Acquisition Price Ratio (%) *4	Appraisal Values (mn yen) *5
Area 1	1001	Qiz Ebisu	4-3-1 Ebisu, Shibuya Ward, Tokyo	5,250.52	93	7,650	4.0	7,990
	1002	IPSE Azabujuban Shichimenzaka	2-7-5 Azabu Juban, Minato Ward, Tokyo	3,493.83	96	4,500	2.3	4,040
	1003	IPSE Shibakoen	3-32-10 Shiba, Minato Ward, Tokyo	2,707.51	75	2,630	1.4	1,950
	1004	IPSE Ginza	1-14-13 Ginza, Chuo Ward, Tokyo	2,226.42	67	2,520	1.3	1,920
	1005	Next Form Nishiazabu	3-13-3 Nishi Azabu, Minato Ward, Tokyo	1,621.59	24	2,220	1.2	1,620
	1006	IPSE Nihonbashi	11-2 Nihonbashi Kabutocho, Chuo Ward, Tokyo	1,458.73	51	1,200	0.6	1,020
	1007	IPSE Tokyo East	3-27-5 Hatchobori, Chuo Ward, Tokyo	2,969.57	59	2,300	1.2	1,980
	1008	IPSE Azabujuban	2-10-1 Azabu Juban, Minato Ward, Tokyo	2,400.00	51	2,910	1.5	2,540
	1009	IPSE Azabujuban DUO	2-21-2 Azabu Juban, Minato Ward, Tokyo	2,094.58	66	2,690	1.4	2,380
	1010	IPSE Shinjuku Natsumezaka	10 Kikuicho, Shinjuku Ward, Tokyo	1,917.62	41	1,865	1.0	1,540
	1011	UNIROYAL Ginza	1-23-4 Ginza, Chuo Ward, Tokyo	1,817.56	61	1,800	0.9	1,470
	1012	IPSE Shibuya Tiers	29-21 Sakuragaokacho, Shibuya Ward, Tokyo	1,123.80	30	1,400	0.7	1,010
	1013	NCR Minami Aoyama *7	6-10-9 Minami Aoyama, Minato Ward, Tokyo	3,473.28	62	2,660	1.4	2,410
	1014	NCR Nishi Azabu Twin Tower	2-26-20 Nishi Azabu, Minato Ward, Tokyo	3,296.44	60	2,352	1.2	2,290
	1015	NCR Nishi Azabu	1-3-12 Nishi Azabu, Minato Ward, Tokyo	2,802.62	37	2,143	1.1	2,020
	1016	NCR Ochanomizu	3-24-1 Kanda Ogawamachi, Chiyoda Ward, Tokyo	2,507.30	44	1,770	0.9	1,810
	1017	NCR Sangubashi	4-52-12 Yoyogi, Shibuya Ward, Tokyo	1,898.47	26	1,393	0.7	1,320
	1018	NCR Nihonbashi East	2-8-13 Nihonbashi Kakigaracho, Chuo Ward, Tokyo	1,940.94	62	1,279	0.7	1,220
	1019	NCR Nihonbashi West	1-38-16 Nihonbashi Kakigaracho, Chuo Ward, Tokyo	1,858.34	55	1,138	0.6	1,090
	1020	NCR Ginza Twin I	3-10-10 Irifune, Chuo Ward, Tokyo	1,444.52	40	932	0.5	873
	1021	NCR Ginza Twin II	2-6-4 Irifune, Chuo Ward, Tokyo	1,244.54	33	825	0.4	738
	1022	NCR Harajuku	3-55-3 Sendagaya, Shibuya Ward, Tokyo	1,225.26	21	887	0.5	821
	1023	NCR Yoyogi Uehara	1-17-16 Uehara, Shibuya Ward, Tokyo	811.95	25	608	0.3	558
	1024	NCR Sendagaya	2-9-10 Sendagaya, Shibuya Ward, Tokyo	803.03	21	555	0.3	514
	1025	NCR Shinjuku 7 chome	7-17-16 Shinjuku, Shinjuku Ward, Tokyo	957.60	23	464	0.2	448
	1026	NCR Ichigaya Sanaicho	21 Ichigaya Sanaicho, Shinjuku Ward, Tokyo	694.16	21	424	0.2	366
	1027	NCR Nihonbashi Ningyocho I	7-15 Nihonbashi Tomizawacho, Chuo Ward, Tokyo	1,747.90	32	947	0.5	909
	1028	NCR Nihonbashi Ningyocho II	8-12 Nihonbashi Tomizawacho, Chuo Ward, Tokyo	1,826.80	38	1,070	0.6	1,030
	1029	NCR Shin-Ochanomizu	2-3-4 Kanda Awajicho, Chiyoda Ward, Tokyo	1,308.38	32	914	0.5	861
	1030	NCR Nihonbashi Ningyocho III	12-11 Nihonbashi Tomizawacho, Chuo Ward, Tokyo	2,117.46	63	1,370	0.7	1,330



# Portfolio (as of February 28, 2011)

Area *1	No.	Property Name *2	Address	Leasable Area (m <sup>2</sup> )	Leasable Units (units)	Acquisition Price (mn yen) *3	Acquisition Price Ratio (%) *4	Appraisal Values (mn yen) *5
Area 1	1031	NCR Jinbocho II	2-40-8 Kanda Jimbocho, Chiyoda Ward, Tokyo	1,628.80	60	1,160	0.6	1,140
	1032	NCR Ginza East III	2-8-8 Irifune, Chuo Ward, Tokyo	972.51	41	675	0.4	629
	1033	NCR Shinjuku Gyoen I	2-14-4 Shinjuku, Shinjuku Ward, Tokyo	3,594.16	108	2,720	1.4	2,540
	1034	NCR Takanawadai	3-4-12 Takanawa, Minato Ward, Tokyo	1,147.44	32	860	0.4	841
	1035	NCR Nihonbashi Ningyocho IV	3-5-6 Higashi Nihonbashi, Chuo Ward, Tokyo	1,105.20	48	666	0.3	618
	1036	NCR Shinjuku Gyoen II	1-29-15 Shinjuku, Shinjuku Ward, Tokyo	668.79	27	486	0.3	453
	1037	NCR Ginza East IV	3-10-8 Irifune, Chuo Ward, Tokyo	681.00	20	400	0.2	367
	1038	NCR Takanawadai II	3-5-6 Takanawa, Minato Ward, Tokyo	1,567.84	40	1,190	0.6	1,160
	1039	NCR Minami Azabu	2-2-27 Minami Azabu, Minato Ward, Tokyo	882.67	24	642	0.3	582
	1040	NCR Ginza	8-18-2 Ginza, Chuo Ward, Tokyo	3,494.42	96	2,880	1.5	2,600
	1041	NCR Nihonbashi Suitengu	2-1 Nihonbashi Koamicho, Chuo Ward, Tokyo	4,602.95	88	2,707	1.4	2,550
	1042	NCR Takanawa	2-17-12 Takanawa, Minato Ward, Tokyo	10,408.26	169	7,430	3.9	6,870
	1043	NCR Higashi Nihonbashi	9-14 Nihonbashi Yokoyamacho, Chuo Ward, Tokyo	6,442.28	103	3,520	1.8	3,320
	1045	NCR Shinjuku	2-6-11 Shinjuku, Shinjuku Ward, Tokyo	3,150.80	122	2,950	1.5	2,880
	1046	IPSE Ichigaya	14-4 Ichigaya Yakujimachi, Shinjuku Ward, Tokyo	1,546.34	50	940	0.5	1,210
Area 2	2001	Meguro Kamurozaka Residencia	4-31-23 Nishi Gotanda, Shinagawa Ward, Tokyo	4,967.97	125	4,500	2.3	3,740
	2002	IPSE Toritsudaigaku	1-4-1 Midorigaoka, Meguro Ward, Tokyo	863.70	30	648	0.3	505
	2003	Comfort Time Otsuka	2-19-7 Kita Otsuka, Toshima Ward, Tokyo	1,204.61	55	779	0.4	694
	2004	IPSE Yukigaya	2-13-3 Higashi Yukigaya, Ota Ward, Tokyo	1,542.30	52	1,110	0.6	1,010
	2005	IPSE Yutenji	2-14-21 Yutenji, Meguro Ward, Tokyo	1,380.35	29	1,450	0.8	1,300
	2006	IPSE Otsuka	3-17-4 Minami Otsuka, Toshima Ward, Tokyo	1,871.70	70	1,480	0.8	1,390
	2007	IPSE Kikukawa	2-1-12 Kikukawa, Sumida Ward, Tokyo	1,168.18	43	817	0.4	691
	2008	NCR Meguro	2-1-13 Meguro, Meguro Ward, Tokyo	1,414.73	26	844	0.4	780
	2009	NCR Otsuka	2-32-20 Higashi Ikebukuro, Toshima Ward, Tokyo	1,784.50	54	1,040	0.5	981
	2010	NCR Jiyugaoka	1-20-1 Jiyugaoka, Meguro Ward, Tokyo	1,472.47	40	1,200	0.6	1,160
	2011	NCR Meiji East	2-8-16 Takada, Toshima Ward, Tokyo	1,658.90	29	988	0.5	927
	2012	NCR Ikebukuro	3-1-12 Nishi Ikebukuro, Toshima Ward, Tokyo	3,644.35	87	2,570	1.3	2,300
	2013	NCR Kaname-cho	5-26-10 Nishi Ikebukuro, Toshima Ward, Tokyo	1,624.06	73	1,140	0.6	1,030
	2014	NCR Shinagawa Seaside Tower	4-10-18 Higashi Shinagawa, Shinagawa Ward, Tokyo	12,732.35	208	7,380	3.8	6,950
	2015	NCR Yakumo	2-20-5 Yakumo, Meguro Ward, Tokyo	1,276.91	18	857	0.4	764



# Portfolio (as of February 28, 2011)

Area *1	No.	Property Name *2	Address	Leasable Area (m <sup>2</sup> )	Leasable Units (units)	Acquisition Price (mn yen) *3	Acquisition Price Ratio (%) *4	Appraisal Values (mn yen) *5
Area 2	2016	NCR Togoshiekimae	1-7-16 Hiratsuka, Shinagawa Ward, Tokyo	2,014.12	64	1,560	0.8	1,570
	2017	NCR Todoroki	1-16-7 Nakamachi, Setagaya Ward, Tokyo	2,863.78	22	1,210	0.6	1,180
	2018	NCR Honjo Azumabashi	3-7-11 Honjo, Sumida Ward, Tokyo	2,255.88	35	996	0.5	930
	2019	NCR Kitazawa	1-15-5 Kitazawa, Setagaya Ward, Tokyo	1,220.16	15	742	0.4	712
	2020	NCR Monzennakacho	1-17-12 Fukuzumi, Koto Ward, Tokyo	887.94	31	503	0.3	444
	2021	NCR Denenchofu *8	5-35-15 Denenchofu, Ota Ward, Tokyo	1,066.08	17	425	0.2	423
	2023	NCR Kamiikedai	1-4-15 Kamiikedai, Ota Ward, Tokyo	414.45	12	198	0.1	190
	2024	NCR Morishita	1-16-12 Morishita, Koto Ward, Tokyo	1,383.90	38	832	0.4	792
	2025	NCR Wakabayashi koen	4-39-4 Wakabayashi, Setagaya Ward, Tokyo	1,425.43	23	776	0.4	726
	2026	NCR Asakusabashi	2-16-21 Yanagibashi, Taito Ward, Tokyo	1,537.84	32	792	0.4	747
	2027	NCR Iriya	3-1-28 Shitaya, Taito Ward, Tokyo	1,415.15	22	546	0.3	548
	2028	NCR Ueno Tower	1-15-5 Kita Ueno, Taito Ward, Tokyo	4,197.66	102	2,641	1.4	2,330
	2029	NCR Morishita West	2-12-11 Shin Ohashi, Koto Ward, Tokyo	1,275.60	40	686	0.4	688
	2030	NCR Minowa	5-24-4 Negishi, Taito Ward, Tokyo	2,406.41	78	1,430	0.7	1,330
	2031	NCR Jiyugaoka West	7-14-13 Todoroki, Setagaya Ward, Tokyo	857.32	28	533	0.3	493
	2032	NCR Nakano	2-12-13 Arai, Nakano Ward, Tokyo	1,613.86	42	1,060	0.6	1,060
	2033	NCR Yoga	1-3-12 Tamagawadai, Setagaya Ward, Tokyo	1,472.38	45	923	0.5	944
	2034	NCR Sumiyoshi	2-8-11 Sumiyoshi, Koto Ward, Tokyo	1,362.60	60	948	0.5	858
	2035	NCR Monzennakacho East	2-2-9 Tomioka, Koto Ward, Tokyo	3,038.98	94	2,160	1.1	2,150
	2036	NCR Oshiage	3-5-2 Mukojima, Sumida Ward, Tokyo	1,785.24	60	1,100	0.6	1,030
	2037	NCR Kuramae	3-9-4 Kuramae, Taito Ward, Tokyo	1,994.93	67	1,260	0.7	1,240
Area 3	2038	IPSE Nakanobu	4-7-11 Nakanobu, Shinagawa Ward, Tokyo	2,421.82	83	1,790	0.9	2,160
	2039	Royal Parks Toyosu	3-5-21 Toyosu, Koto Ward, Tokyo	18,112.03	276	7,360	3.8	7,640
	2040	IPSE Togoshi	5-2-1 Togoshi, Shinagawa Ward, Tokyo	2,629.59	120	1,770	0.9	2,130
	3001	Cosmo Heim Musashikosugi	2-8 Kizuki Isecho, Nakahara Ward, Kawasaki City, Kanagawa Prefecture	4,208.83	59	1,674	0.9	1,530
	3002	IPSE Tsurumi	3-5-10 Tsurumi Chuo, Tsurumi Ward, Yokohama City, Kanagawa Prefecture	1,452.09	32	666	0.3	658
	3003	NCR Funabashi Honcho	4-4-8 Honcho, Funabashi City, Chiba Prefecture	1,496.40	86	704	0.4	672
	3005	NCR Toyoda	3-2-23 Asahigaoka, Hino City, Tokyo	3,630.55	67	864	0.4	847



# Portfolio (as of February 28, 2011)

Area *1	No.	Property Name *2	Address	Leasable Area (m <sup>2</sup> )	Leasable Units (units)	Acquisition Price (mn yen) *3	Acquisition Price Ratio (%) *4	Appraisal Values (mn yen) *5
Area 3	3006	NCR Nishi Funabashi	4-19-16 Nishifuna, Funabashi City, Chiba Prefecture	1,597.32	81	783	0.4	688
	3007	NCR Maihama	5-14-17 Fujimi, Urayasu City, Chiba Prefecture	1,287.72	61	670	0.3	588
	3008	NCR Ichikawamyoden	2-14-20 Shioyaki, Ichikawa City, Chiba Prefecture	1,218.00	58	671	0.3	649
	3009	NCR Kumegawa	1-12-1 Honcho, Higashi Murayama City, Tokyo	2,013.93	31	480	0.2	408
	3010	NCR Urayasu	3-30-4 Arai, Ichikawa City, Chiba Prefecture	1,074.53	51	592	0.3	566
	3011	NCR Minamigyotoku I	4-1-26 Minami Gyotoku, Ichikawa City, Chiba Prefecture	1,031.81	49	543	0.3	521
	3012	NCR Minamigyotoku II	4-1-5 Minami Gyotoku, Ichikawa City, Chiba Prefecture	724.63	35	385	0.2	370
	3013	NCR Nogeyama	1-6 Hinodecho, Naka Ward, Yokohama City, Kanagawa Prefecture	744.90	30	325	0.2	269
	3014	NCR Minamirinkan	2-11-16 Minami Rinkan, Yamato City, Kanagawa Prefecture	1,489.44	29	363	0.2	321
	3017	Park Terrance Ichikawa	1-24-3 Ichikawa, Ichikawa City, Chiba Prefecture	876.89	40	461	0.2	465
Area 4	4001	Fourteen Hills East Tower	1-11-29 Shin Sakae, Naka Ward, Nagoya City, Aichi Prefecture	3,548.48	131	1,920	1.0	1,470
	4008	Aprile Tarumi	7-3-1 Takamaru, Tarumi Ward, Kobe City, Hyogo Prefecture	6,545.25	99	1,340	0.7	1,250
	4009	Crest Kusatsu	5-3-27 Kasayama, Kusatsu City, Shiga Prefecture	13,452.80	540	3,004	1.6	2,720
	4010	NCR Honmachi East	1-3-7 Kyutaromachi, Chuo Ward, Osaka City, Osaka Prefecture	3,471.39	117	1,490	0.8	1,440
	4011	NCR Shin-Umeda	6-8-21 Nakatsu, Kita Ward, Osaka City, Osaka Prefecture	3,279.90	108	1,376	0.7	1,360
	4012	NCR Abeno	2-4-37 Abenosuji, Abeno Ward, Osaka City, Osaka Prefecture	10,832.11	153	4,368	2.3	3,990
	4013	NCR Otedori	2-4-15 Otedori, Chuo Ward, Osaka City, Osaka Prefecture	860.48	31	300	0.2	272
	4014	NCR Sakae	4-16-10 Sakae, Naka Ward, Nagoya City, Aichi Prefecture	2,836.00	73	1,010	0.5	999
	4015	NCR Nipponbashi Kouzu	2-4-6 Kouzu, Chuo Ward, Osaka City, Osaka Prefecture	9,334.47	262	3,570	1.9	3,320
	4016	NCR Maruyama Urasando	21-1-47 Minami 2 Jo Nishi, Chuo Ward, Sapporo City, Hokkaido	1,522.89	36	411	0.2	412
	4017	NCR Maruyama Omotesando	21-2-1 Kita 1 Jo Nishi, Chuo Ward, Sapporo City, Hokkaido	6,100.31	146	1,740	0.9	1,640
	4018	NCR Hakataekihigashi	5-31 Hiemachi, Hakata Ward, Fukuoka City, Fukuoka Prefecture	3,061.60	115	960	0.5	901
	4019	NCR Shinsaibashi East Tower	1-15-25 Shimanouchi, Chuo Ward, Osaka City, Osaka Prefecture	8,747.40	133	3,400	1.8	3,390



# Portfolio (as of February 28, 2011)

Area *1	No.	Property Name *2	Address	Leasable Area (m <sup>2</sup> )	Leasable Units (units)	Acquisition Price (mn yen) *3	Acquisition Price Ratio (%) *4	Appraisal Values (mn yen) *5
Area 4	4020	NCR Sannomiya	3-2-31 Isobedori, Chuo Ward, Kobe City, Hyogo Prefecture	3,071.60	112	1,230	0.6	1,230
	4021	NCR Kotodaikoen	3-10-24 Kokubuncho, Aoba Ward, Sendai City, Miyagi Prefecture	1,684.10	50	481	0.3	462
	4022	NCR Ichibancho	1-6-27, 30 Ichibancho, Aoba Ward, Sendai City, Miyagi Prefecture	2,800.32	68	783	0.4	742
	4023	NCR Omachi	2-5-8 Omachi, Aoba Ward, Sendai City, Miyagi Prefecture	2,149.08	72	656	0.3	591
	4024	NCR Uemachidai	4-1-12 Uehonmachi Nishi, Chuo Ward, Osaka City, Osaka Prefecture	5,415.39	69	2,190	1.1	2,190
	4025	NCR Higobashi Tower	1-2-24 Tosabori, Nishi Ward, Osaka City, Osaka Prefecture	6,230.20	194	2,670	1.4	2,660
	4026	Big Tower Minami Sanjo	2-15-1 Minami Sanjo Higashi, Chuo Ward, Sapporo City, Hokkaido	8,661.19	179	1,740	0.9	2,130
	4027	Lexington Square Fushimi	1-8-49, Nishiki, Naka-ku, Nagoya City, Aichi Prefecture	7,022.69	123	2,260	1.2	2,490
Total of Residential Properties (119 properties)				334,669.10	8,302	189,766	98.7	178,576
Area 3	8001	INAGEYA Yokohama Nishigaoka	1-2-1 Nishigaoka, Izumi Ward, Yokohama City, Kanagawa Prefecture	2,343.26	1	1,000	0.5	869
Area 4	8002	FOLEO TOWN Tsutsui	531-1 Tsutsuimachi, Yamato Koriyama City, Nara Prefecture	4,022.27	11	1,410	0.7	1,130
Total of Retail Properties (2 properties)				6,365.53	12	2,410	1.3	1,999
<b>Total Owned Assets (121 properties)</b>				<b>341,034.63</b>	<b>8,314</b>	<b>192,176</b>	<b>100.0</b>	<b>180,575</b>

\*1) "Area 1" indicated in the Area column means Chiyoda Ward, Chuo Ward, Minato Ward, Shibuya Ward and Shinjuku Ward of Tokyo. "Area 2" means the wards of Tokyo excluding Area 1. "Area 3" means the Tokyo Metropolitan area (Tokyo excluding Area 1 and Area 2, Kanagawa Prefecture, Saitama Prefecture and Chiba Prefecture). "Area 4" means other cities (areas with populations more than approx. 100,000).

\*2) In the Property Name column, "NCR" means New City Residence.

\*3) "Acquisition price" does not include expenses related to acquisition, settlement of taxes and public charges and consumption taxes. For properties formerly owned by NCR, the table shows the agreed book value at the time of the merger (appraisal value as of February 28, 2010); amounts rounded to ¥ million units.

\*4) "Acquisition Price Ratio" column indicates the ratio of each acquisition price against the total acquisition price. The figures are rounded to the first decimal place.

\*5) "Appraisal Values" column indicates real estate appraisal values as of February 28, 2011. Amounts rounded to ¥ million units.

\*6) The leasable area of 8002 (S-2) INAGEYA Yokohama Nishigaoka is larger than the total floor area of 2,221.32 m<sup>2</sup> 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.

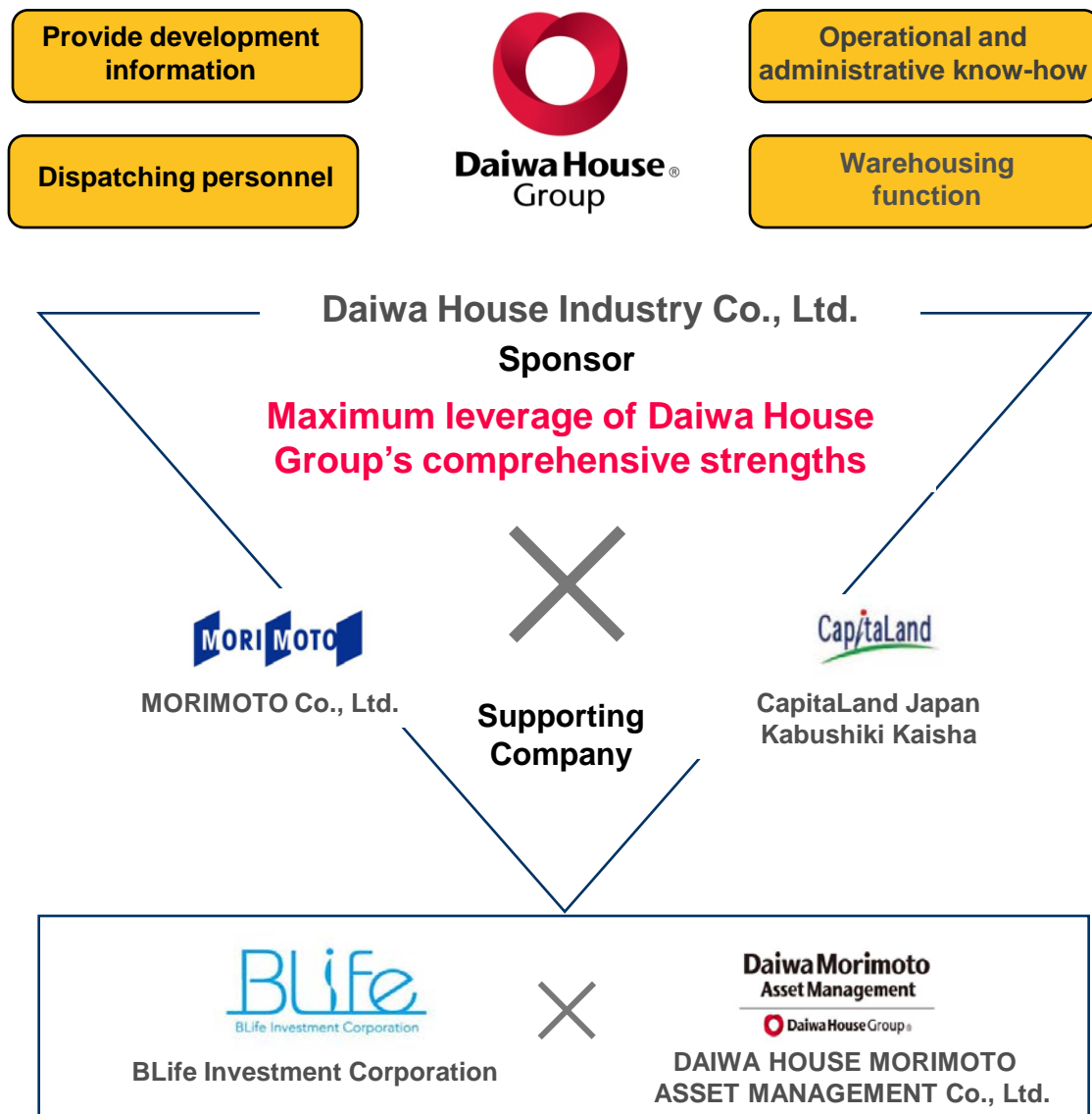
For IPSE Togoshi and Big Tower Minami Sanjo, values are those as of September 1, 2010, for Royal Parks Toyosu, values are those as of September 30, 2010, and for Lexington Square Fushimi, values are those as of November 30, 2010.

\*7) Transferred on April 18, 2011.

\*8) Transferred on March 30, 2011.



# Sponsors and Supporting Company



## ■ Daiwa House Industry Co., Ltd.

### Comprehensive strengths from planning and development to management and tenant leasing

- 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 18,860 investment units of BLife (15.8% share)

## ■ MORIMOTO Co., Ltd.

- 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

## ■ CapitaLand Japan Kabushiki Kaisha \*

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

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





# Overview of the Leading Sponsor: Daiwa House Group



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

## Selected Financial Data (consolidated basis)

(unit: million yen)

	March 2008	March 2009	March 2010	March 2011 (Forecast)
Net Sales	1,709,254	1,690,956	1,609,883	1,660,000
Operating Income	89,120	73,580	62,714	85,000
Ordinary Income	61,290	39,855	60,036	80,000
Net Income	13,079	4,170	19,113	36,000
Total Assets	1,791,052	1,810,573	1,916,927	-

## 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

### Royal Parks Wakabadai

Location	2-chome, Wakabadai, Inagi City, Tokyo
Access	1-minute walk from Wakabadai Station on the Keio Sagami-hara Line
Total Units	170 units
Structure/size	RC/14 floors
Floor Plan	2DK~3LDK
Floor Area	67.15m <sup>2</sup> ~139.47m <sup>2</sup>
Completed	November 2009



### Royal Parks Umejima

Location	5-chome, Umeda, Adachi Ward, Tokyo
Access	5-minute walk from Umejima Station on the Tobu Isezaki Line
Total Units	91 units
Structure/size	RC/8 floors
Floor Plan	Studio~1LDK~3LDK+DEN
Floor Area	40.46m <sup>2</sup> ~129.96m <sup>2</sup>
Completed	September 2010



**Daiwa House  
Industry**  
Planning /  
development  
*D-Room Chintai*

**Daiwa Service \*3**  
BM  
Apartments

ダイワハウスの賃貸住宅

**D-room**

**Daiwa Living \*1**  
PM / BM / ML  
Bundled lease system  
*D-Room plaza*  
*D-Residence*  
*D-Room Stay*

**Daiwa Estate \*2**  
LM

\*1) Wholly-owned subsidiary of Daiwa House Industry Co., Ltd.; it manages a total of more than 269,621 units (as of February 28, 2011).

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

\*3) Wholly-owned subsidiary of Daiwa House Group

BLife Investment Corporation



## ■ Support from Daiwa House

- Dispatches personnel to the management company and provides information and preferential negotiation rights on residential properties, etc.
- Subscribed to ¥3 billion of an NCR capital increase through third-party allotment and support for BLife in negotiations with the financial institutions
- Established a limited liability company (DH Leasing LLC) to take over from companies previously acting as master lease companies for NCR properties
- Provided warehousing function



**Support stable management**



**Helped seal the merger with NCR  
under the support of financial institutions**



**Reduce costs and improve stability of the leasing scheme**



**Support strategically and flexible external growth**

### Acquisition from Daiwa House on June 29, 2010



#### IPSE Ichigaya

Address : Ichigaya Yakuojimachi, Shinjuku Ward, Tokyo

Total Units: 50  
Structure, Floors : RC, 5F  
Access: 5-minute walk from Ushigome Yanagicho Station on the Toei Subway Oedo Line

#### IPSE Nakanobu

Address : 4-chome, Nakanobu, Shinagawa Ward, Tokyo

Total Units: 83 (of which 1 is a store)  
Structure, Floors : RC, 12F  
Access: 1-minute walk from Nakanobu Station on the Toei Subway Asakusa Line

### Acquisition from Daiwa House on November 1, 2010



#### IPSE Togoshi

Address : 5-chome, Togoshi, Shinagawa Ward, Tokyo

Total Units: 120  
Structure, Floors : SRC, 14F  
Access: 5-minute walk from Togoshi Station on the Toei Subway Asakusa Line

#### Big Tower Minami Sanjo

Address : 2-chome Minami 3-Jo Higashi, Chuo Ward, Sapporo City, Hokkaido

Total Units: 179  
Structure, Floors : SRC, 31 F / B1F  
Access: 5-minute walk from Bus Center-mae Station on the Sapporo City Subway Tozai Line

### Acquisition from Daiwa House on January 14, 2011



#### Lexington Square Fushimi

Address : 1-chome Nishiki, Naka Ward, Nagoya City, Aichi Prefecture

Total Units: 123  
Structure, Floors: RC, 15F  
Access: 5-minute walk from Kokusai Center Station on the Nagoya City Subway Sakuradori Line



# Summary of Financial Results

	Fourth Fiscal Period (ended Nov. 2007)	Fifth Fiscal Period (ended May 2008)	Sixth Fiscal Period (ended Nov. 2008)	Seventh Fiscal Period (ended May 2009)	Eighth Fiscal Period (ended Nov. 2009)	Ninth Fiscal Period (ended Aug. 2010)	Tenth Fiscal Period (ended Feb. 2011)	Variation Between Ninth Fiscal Period
Management Period	183 days	183 days	183 days	182 days	183 days	274 days	181 days	(93 days)
Operating Revenue	1,551 mn yen	1,658 mn yen	1,675 mn yen	1,558 mn yen	1,478 mn yen	6,514 mn yen	7,793 mn yen	1,279 mn yen
[gains on real estate sales]	6 mn yen	—	—	—	—	22 mn yen	1,062 mn yen	1,039 mn yen
Operating Income	909 mn yen	977 mn yen	949 mn yen	854 mn yen	742 mn yen	2,951 mn yen	3,796 mn yen	844 mn yen
Ordinary Income	637 mn yen	654 mn yen	619 mn yen	549 mn yen	437 mn yen	1,845 mn yen	2,761 mn yen	916 mn yen
Net Income	637 mn yen	653 mn yen	612 mn yen	548 mn yen	436 mn yen	20,918 mn yen	3,245 mn yen	(17,672 mn yen)
Distribution Per Unit	12,936 yen	13,262 yen	12,434 yen	11,138 yen	8,862 yen	15,341 yen	16,880 yen	1,539 yen
Payout Ratio * 1	100.0%	100.0%	100.0%	100.0%	100.0%	6.5%	61.8%	55.3%
Outstanding Investment Units Issued at End of Fiscal Period	49,260 units	49,260 units	49,260 units	49,260 units	49,260 units	118,735 units	118,735 units	—
Real Estate Lease Business Revenue	1,545 mn yen	1,658 mn yen	1,675 mn yen	1,558 mn yen	1,478 mn yen	6,491 mn yen	6,731 mn yen	240 mn yen
Real Estate Expenses Related To Rent Business	509 mn yen	529 mn yen	550 mn yen	542 mn yen	590 mn yen	2,714 mn yen	2,982 mn yen	268 mn yen
Real Estate Lease Business Income	1,035 mn yen	1,128 mn yen	1,125 mn yen	1,016 mn yen	888 mn yen	3,777 mn yen	3,748 mn yen	(28 mn yen)
Rent NOI	1,307 mn yen	1,401 mn yen	1,398 mn yen	1,289 mn yen	1,162 mn yen	4,850 mn yen	4,895 mn yen	45 mn yen
NOI Yield * 2	5.10%	5.47%	5.45%	5.06%	4.53%	4.99%	5.13%	0.14%

## <Portfolio at End of Fiscal Period>

Number of Owned Properties	24	24	24	24	24	127	121	(6)
Total Acquisition Price *2	51,139 mn yen	51,139 mn yen	51,139 mn yen	51,139 mn yen	51,139 mn yen	192,603 mn yen	192,176 mn yen	(427 mn yen)
Leasable Units	1,350 units	1,350 units	1,350 units	1,350 units	1,350 units	8,139 units	8,314 units	175 units
	[store: 30units]	[store: 30units]	[store: 30units]	[store: 30units]	[store: 30units]	[store: 63units]	[store: 67 units]	[store: 4 units]
Properties Acquired (Transferred) in The Fiscal Period *3	10/ 16,078 mn yen	—	—	—	—	107/ 142,128 mn yen	4/ 13,130 mn yen	(103)/ (128,998 mn yen)
Properties Sold in the Fiscal Period *3	1/ 480 mn yen	—	—	—	—	4/ 709 mn yen	10/ 14,572 mn yen	6/ 13,863 mn yen
Average Occupancy Rate in the Fiscal Period *4	95.9%	96.1%	94.4%	89.9%	89.2%	90.1%   92.8%	95.1%	
Occupancy Rate at End of Fiscal Period	96.7%	95.4%	93.7%	88.0%	90.3%	93.5%	96.0%	2.5%

\*1) Dividend payout ratio excluding gain on negative goodwill as part of the merger in the ninth fiscal period is 70.8%.

\*2) NOI yield is calculated by dividing the rent NOI (lease business revenue + other lease business revenue – real estate expenses related to rent business + depreciation and amortization), pro rata over 365 days, from the total acquisition price of the end of each period.  
However, for the ninth fiscal period and tenth fiscal period, NOI yield is calculated using the average acquisition price of the period calculated based on the number of the days of each property owned.

\*3) 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.

\*4) For average occupancy rates in the ninth fiscal period, the left figure shows the rate from December 31, 2009 through March 31, 2010, while the right figure shows the rate from April 30, 2010 through August 31, 2010 after the merger with NCR.



# Selected Financial Data

	Fourth Fiscal Period (ended Nov. 2007)	Fifth Fiscal Period (ended May 2008)	Sixth Fiscal Period (ended Nov. 2008)	Seventh Fiscal Period (ended May 2009)	Eighth Fiscal Period (ended Nov. 2009)	Ninth Fiscal Period (ended Aug. 2010)	Tenth Fiscal Period (ended Feb. 2011)	Variation Between Ninth Fiscal Period
Management Period	183 days	183 days	183 days	182 days	183 days	274 days	181 days	(93 days)
Total Assets	55,534 mn yen	55,546 mn yen	54,618 mn yen	54,456 mn yen	54,280 mn yen	201,545 mn yen	202,092 mn yen	546 mn yen
Net Assets	24,642 mn yen	24,667 mn yen	24,615 mn yen	24,551 mn yen	24,439 mn yen	73,162 mn yen	74,586 mn yen	1,424 mn yen
Unitholders' Capital	24,002 mn yen	24,002 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	49,260 units	49,260 units	49,260 units	49,260 units	49,260 units	118,735 units	118,735 units	—
Net Assets Per Unit	500,247 yen	500,752 yen	499,712 yen	498,402 yen	496,125 yen	616,183 yen	628,176 yen	11,993 yen
Distribution Per Unit	12,936 yen	13,262 yen	12,434 yen	11,138 yen	8,862 yen	15,341 yen	16,880 yen	1,539 yen
Payout Ratio * 1	100.0%	100.0%	100.0%	100.0%	100.0%	6.5%	61.8%	55.3%
Return on Assets (ROA) *2	2.7%	2.3%	2.2%	2.0%	1.6%	1.9%	2.8%	0.9%
Return on Equity (ROE) *3	5.1%	5.3%	5.0%	4.5%	3.6%	57.1%	8.9%	(48.2%)
Net Asset Ratio at End of Fiscal Period *4	44.4%	44.4%	45.1%	45.1%	45.0%	36.3%	36.9%	0.6%
Number of Properties	24	24	24	24	24	127	121	(6)
Leasable 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]	1,350 units [Store: 30 units]	8,139 units [Store: 63 units]	8,314 units [Store: 67 units]	175 units [Store: 4 units]
Leasable Area *5	57,656.70m <sup>2</sup> [Store: 10,450.47m <sup>2</sup> ]	57,657.42m <sup>2</sup> [Store: 10,450.47m <sup>2</sup> ]	57,660.40m <sup>2</sup> [Store: 10,450.47m <sup>2</sup> ]	57,660.40m <sup>2</sup> [Store: 10,450.47m <sup>2</sup> ]	57,660.40m <sup>2</sup> [Store: 10,450.47m <sup>2</sup> ]	337,589.55m <sup>2</sup> [Store: 12,521.02m <sup>2</sup> ]	341,034.63m <sup>2</sup> [Store: 13,898.46m <sup>2</sup> ]	3,445.08m <sup>2</sup> [Store: 1,377.44m <sup>2</sup> ]
Average Occupancy Rate in the Fiscal Period *6	95.9%	96.1%	94.4%	89.9%	89.2%	90.1%   92.8%	95.1%	
Occupancy Rate at End of Fiscal Period	96.7%	95.4%	93.7%	88.0%	90.3%	93.5%	96.0%	2.5%
Current Depreciation and Amortization	271 mn yen	272 mn yen	272 mn yen	273 mn yen	274 mn yen	1,072 mn yen	1,146 mn yen	74 mn yen
Rent NOI *7	1,307 mn yen	1,401 mn yen	1,398 mn yen	1,289 mn yen	1,162 mn yen	4,850 mn yen	4,895 mn yen	45 mn yen
FFO Per Unit *8	18,450 yen	18,916 yen	18,095 yen	16,818 yen	14,548 yen	24,427 yen	26,541 yen	2,114 yen
Debt Service Coverage Ratio *9	6.2x	5.3x	4.7x	4.8x	4.5x	25.7x	6.0x	(19.7x)
Total Interest-bearing Liabilities	29,495 mn yen	29,488 mn yen	28,685 mn yen	28,685 mn yen	28,674 mn yen	124,590 mn yen	123,325 mn yen	(1,264 mn yen)
LTV (interest-bearing liabilities/total assets)	53.1%	53.1%	52.5%	52.7%	52.8%	61.8%	61.0%	(0.8%)

\*1) Dividend payout ratio excluding gains on negative goodwill as part of the merger in the ninth fiscal period is 70.8%.

\*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 8001 INAGEYA Yokohama Nishigaoka, which was acquired in the fourth fiscal period and is continually owned at the end of the tenth fiscal period is larger than the total floor area of 2,221.32m<sup>2</sup> 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) For average occupancy rates in the ninth fiscal period, the left figure shows the rate from December 31, 2009 through March 31, 2010, while the right figure shows the rate from April 30, 2010 through August 31, 2010 after the merger with NCR.

\*7) Rent NOI = Lease business revenue + other lease business revenue - real estate expenses related to rent business + depreciation and amortization

\*8) FFO per unit = (Net income + depreciation and amortization + other amortization expenses - gains on real estate sales)/ total outstanding investment units issued (for the ninth fiscal period, gain on negative goodwill and other extraordinary income are deducted from net income)

\*9) Debt service coverage ratio = Net income before interest amortization/interest expenses. The debt service coverage ratio excluding gain on negative goodwill as part of the merger in the ninth fiscal period is 4.4 times.



# Balance Sheets

## Assets

(unit: thousand yen)

Category	Ninth Fiscal Period (as of August 31, 2010)		Tenth Fiscal Period (as of February 28, 2011)		Variation
	Amount	Share (%)	Amount	Share (%)	
Assets					
Current assets					
Cash and deposits	4,075,448		4,873,568		798,120
Cash and deposits in trust	4,757,886		4,712,065		(45,820)
Operating accounts receivable	253,233		217,572		(35,660)
Prepaid expenses	307,412		238,796		(68,616)
Deferred tax assets	237		-		(237)
Other	2,995		11,653		8,657
Allowance for doubtful accounts	(89,902)		(54,343)		35,558
Total current assets	9,307,312	4.6	9,999,312	4.9	691,999
Noncurrent assets					
Property, plant and equipment					
Buildings	27,999,157		28,006,405		7,247
Accumulated depreciation	(227,417)		(505,826)		(278,408)
Buildings, net	27,771,739		27,500,578		(271,161)
Structures	237,375		239,617		2,241
Accumulated depreciation	(1,980)		(4,385)		(2,404)
Structures, net	235,394		235,231		(162)
Machinery and equipment	417,987		417,987		-
Accumulated depreciation	(5,993)		(13,238)		(7,245)
Machinery and equipment, net	411,994		404,749		(7,245)
Tools, furniture and fixtures	650,917		651,534		616
Accumulated depreciation	(20,313)		(44,625)		(24,311)
Tools, furniture and fixtures, net	630,604		606,908		(23,695)
Land	22,227,020		22,227,020		-
Buildings in trust	66,566,319		70,164,944		3,598,624
Accumulated depreciation	(2,480,414)		(3,152,833)		(672,419)
Buildings in trust, net	64,085,905		67,012,111		2,926,205
Structures in trust	551,126		526,587		(24,538)
Accumulated depreciation	(9,915)		(16,300)		(6,384)
Structures in trust, net	541,211		510,287		(30,923)
Machinery and equipment in trust	670,638		1,013,637		342,998
Accumulated depreciation	(107,631)		(132,646)		(25,014)
Machinery and equipment in trust, net	563,006		880,990		317,983
Tools, furniture and fixtures in trust	278,595		276,202		(2,393)
Accumulated depreciation	(15,306)		(31,249)		(15,942)
Tools, furniture and fixtures in trust, net	263,289		244,952		(18,336)
Land in trust	73,852,746		70,332,856		(3,519,890)
Construction in progress in trust	3,759		-		(3,759)
Total property, plant and equipment	190,586,672	94.6	189,955,688	94.0	(630,983)



# Balance Sheets

## Assets

(unit: thousand yen)

Category	Ninth Fiscal Period (as of August 31, 2010)		Tenth Fiscal Period (as of February 28, 2011)		Variation
	Amount	Share (%)	Amount	Share (%)	
Assets					
Intangible assets					
Leasehold rights in trust	1,521,476		1,521,476		-
Right of trademark	2,756		2,471		(285)
Total intangible assets	1,524,232	0.7	1,523,947	0.8	(285)
Investments and other assets					
Long-term prepaid expenses	107,022		162,683		55,661
Guarantee deposits	20,212		10,030		(10,182)
Lease deposits in trust	-		440,769		440,769
Total investments and other assets	127,234	0.1	613,482	0.3	486,248
Total noncurrent assets	192,238,139	95.4	192,093,119	95.1	(145,020)
Deferred assets					
Deferred organization expenses	-		-		-
Total deferred assets	-	0.0	-	0.0	-
Total assets	201,545,451	100.0	202,092,431	100.0	546,979





# Balance Sheets

## Liabilities and Net Assets

(unit: thousand yen)

Category	Ninth Fiscal Period (as of August 31, 2010)		Tenth Fiscal Period (as of February 28, 2011)		Variation
	Amount	Share (%)	Amount	Share (%)	
<b>Liabilities</b>					
Current liabilities					
Operating accounts payable	386,214		486,155		99,941
Current portion of long-term loans payable	208,000		15,937,000		15,729,000
Accounts payable-other	131,647		105,667		(25,979)
Accrued expenses	416,461		465,710		49,248
Income taxes payable	201		605		403
Accrued consumption taxes	3,361		125,606		122,244
Advances received	599,093		570,539		(28,553)
Deposits received	119,200		288,127		168,927
Current portion of rehabilitation debt	-		16,019,513		16,019,513
Total current liabilities	1,864,180	0.9	33,998,925	16.8	32,134,745
Non current liabilities					
Long-term loans payable	28,352,000		23,019,000		(5,333,000)
Tenant leasehold and security deposits	320,796		309,164		(11,631)
Tenant leasehold and security deposits in trust	1,815,687		1,646,610		(169,077)
Asset retirement obligations	-		182,308		182,308
Rehabilitation debt	96,030,245		68,349,850		(27,680,394)
Total noncurrent liabilities	126,518,729	62.8	93,506,935	46.3	(33,011,793)
Total liabilities	128,382,909	63.7	127,505,860	63.1	(877,048)
<b>Net assets</b>					
Unitholders' equity					
Unitholders' capital	24,002,588		24,002,588		-
Surplus					
Capital surplus	28,241,587		28,241,587		-
Unappropriated retained earnings (undisposed loss)	20,918,366		22,342,395		1,424,028
Total surplus	49,159,954		50,583,982		1,424,028
Total unitholders' equity	73,162,542	36.3	74,586,570	36.9	1,424,028
Valuation and translation adjustments					
Deferred gains or losses on hedges	-		-		-
Total valuation and translation adjustments	-	0.0	-	0.0	-
Total net assets	73,162,542	36.3	74,586,570	36.9	1,424,028
Total liabilities and net assets	201,545,451	100.0	202,092,431	100.0	546,979

## Notes and Remarks for Tenth Fiscal Period

(unit: million yen)

<b>1. Cash and deposits</b>	
Investment corporation title	4,873
Trust bank title	4,712
(of which, equivalent to deposit)	1,955
Balance	7,629
<b>2. Interest-bearing liabilities</b>	
Total interest-bearing liabilities	123,325
<b>3. Allowance for doubtful accounts</b>	
Total allowance for doubtful accounts	54
<b>4. Change in unitholders' capital</b>	
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 *1	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
April 1, 2010 *2	-	24,002,588,000	69,475	118,735

\*1) BLife Investment Corporation was established on June 7, 2005.

\*2) Following the merger with New City Residence Investment Corporation (NCR), for each investment unit of NCR, 0.23 investment unit of BLife was allotted and issued.



# Statements of Income

(unit: thousand yen)

Category	Ninth Fiscal Period (December 1, 2009 – August 31, 2010) Amount	Tenth Fiscal Period (September 1, 2010 – February 28, 2011) Amount	Variation
Operating revenue			
Lease business revenue	6,106,424	6,379,861	273,437
Other lease business revenue	385,033	351,627	(33,405)
Gain on sales of real estate properties	22,966	1,062,372	1,039,406
Total operating revenue	6,514,424	7,793,862	1,279,438
Operating expenses			
Expenses related to rent business	2,714,048	2,982,619	268,570
Asset management fee	-	305,960	305,960
Asset custody fee	307,301	460,163	152,861
Administrative service fees	20,340	20,120	(219)
Directors' compensations	86,347	65,923	(20,424)
Asset management fee	9,000	6,600	(2,400)
Provision of allowance for doubtful accounts	48,663	-	(48,663)
Other operating expenses	376,779	156,443	(220,336)
Total operating expenses	3,562,481	3,997,830	435,349
Operating income	2,951,942	3,796,031	844,088
Non-operating income			
Interest income	1,422	782	(639)
Reversal of allowance for doubtful accounts	-	6,957	6,957
Other	1,885	1,737	(147)
Total non-operating income	3,307	9,477	6,169
Non-operating expenses			
Interest expenses	889,974	880,074	(9,900)
Borrowing related expenses	212,531	162,205	(50,326)
Amortization of deferred organization expenses	5,881	-	(5,881)
Other	1,567	1,768	201
Total non-operating expenses	1,109,955	1,044,048	(65,906)
Ordinary income	1,845,295	2,761,460	916,165
Extraordinary income			
Gain on retirement by purchase of rehabilitation obligations	-	474,900	474,900
Settlement received	-	9,500	9,500
Gain on negative goodwill	19,009,252	-	(19,009,252)
Other	64,604	523	(64,080)
Total extraordinary income	19,073,856	484,924	(18,588,932)
Income before income taxes	20,919,151	3,246,384	(17,672,767)
Income taxes-current	806	605	(201)
Income taxes-deferred	-	237	237
Total income taxes	806	842	36
Net income	20,918,345	3,245,541	(17,672,803)
Retained earnings brought forward	21	19,096,853	19,096,831
Unappropriated retained earnings (undisposed loss)	20,918,366	22,342,395	1,424,028

## Financial statements pertaining to distribution of funds

(unit: yen)

Category	Ninth Fiscal Period (December 1, 2009 – August 31, 2010) Amount	Tenth Fiscal Period (September 1, 2010 – February 28, 2011) Amount	Variation
I. Unappropriated retained earnings	20,918,366,929	22,342,395,099	1,424,028,170
II. Distribution amount [Distribution per investment unit]	1,821,513,635 [15,341]	2,004,246,800 [16,880]	182,733,165 [1,539]
III. Reserve for distribution	-	20,338,145,558	20,338,145,558
IV. Retained earnings carried forward	19,096,853,294	2,741	(19,096,850,553)

## Breakdown of Real Estate Lease Business Revenue and Expenses

(unit: thousand yen)

Category	Ninth Fiscal Period (December 1, 2009 – August 31, 2010)	Tenth Fiscal Period (September 1, 2010 – February 28, 2011)	Variation
A. Real estate lease business revenue			
Lease business revenue			
Rent income	5,981,535	6,223,225	241,689
Common service fees	124,888	156,636	31,747
Subtotal	6,106,424	6,379,861	273,437
Other lease business revenue			
Facility charges	154,795	162,093	7,298
Incidental revenue	31,737	27,258	(4,479)
Other lease business revenue	198,500	162,276	(36,224)
Subtotal	385,033	351,627	(33,405)
Total real estate lease business revenue	6,491,457	6,731,489	240,031
B. Real estate expenses related to rent business			
Expenses related to rent business			
Management fees	748,557	807,438	58,881
Utility expenses	91,815	104,456	12,641
Tax and public charges	383,582	322,956	(60,625)
Repair expenses	89,923	207,308	117,385
Insurance expenses	11,579	11,607	27
Restoration cost	157,827	193,478	35,650
Custodian fees	60,545	60,407	(137)
Depreciation and amortization	1,072,736	1,146,885	74,148
Other operating expenses	97,482	128,080	30,598
Total real estate expenses related to rent business	2,714,048	2,982,619	268,570
C. Real estate lease business income (A – B)	3,777,409	3,748,870	(28,538)



# Statements of Cash Flows

(unit: thousand yen)

(unit: thousand yen)

Category	Ninth Fiscal Period (December 1, 2009 – August 31, 2010)	Tenth Fiscal Period (September 1, 2010 – February 28, 2011)
Net cash provided by (used in) operating activities		
Income before income taxes	20,919,151	3,246,384
Depreciation and amortization	1,072,736	1,146,885
Gain on negative goodwill	(19,009,252)	-
Gain on retirement by purchase of rehabilitation obligations	-	(474,900)
Amortization of trademark rights	280	285
Amortization of Organization expenses	5,881	-
Interest income	(1,422)	(782)
Interest expenses	889,974	880,074
Decrease (increase) in operating accounts receivable	14,362	35,660
Decrease (increase) in accounts receivable-other	14,907	1,563
Decrease (increase) in prepaid expenses	(128,195)	68,616
Increase (decrease) in operating accounts payable	28,383	99,941
Increase (decrease) in accounts payable-other	(27,368)	(30,901)
Increase (decrease) in accrued consumption taxes	794	122,244
Increase (decrease) in accrued expenses	288,674	33,375
Increase (decrease) in deposits received	37,377	101,842
Increase (decrease) in advances received	19,844	(28,553)
Decrease (increase) in long-term prepaid expenses	5,097	(55,661)
Decrease in tangible fixed assets in trust due to sales	662,736	13,445,128
Loss on retirement of noncurrent assets	-	3,249
Decrease (increase) in guarantee deposits	-	10,212
Decrease (increase) of guarantee deposits in trust	-	(440,799)
Increase (decrease) in allowance for doubtful accounts	33,539	(35,558)
Other, net	(59,739)	(66,282)
Subtotal	4,767,762	18,062,022
Interest income received	1,422	782
Interest expenses paid	(1,018,707)	(864,201)
Income taxes paid	(8,461)	409
Net cash provided by (used in) operating activities	3,742,016	17,199,014

Category	Ninth Fiscal Period (December 1, 2009 – August 31, 2010)	Tenth Fiscal Period (September 1, 2010 – February 28, 2011)
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(102,768)	(10,106)
Purchase of property, plant and equipment in trust	(2,877,628)	(13,773,141)
Proceeds from tenant leasehold and security deposits	52,884	51,868
Repayments of tenant leasehold and security deposits	(18,261)	(15,125)
Proceeds from tenant leasehold and security deposits in trust	204,408	304,669
Repayments of tenant leasehold and security deposits in trust	(138,659)	(398,307)
Net cash provided by (used in) investing activities	(2,880,025)	(13,840,142)
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	12,680,000	10,500,000
Repayment of long-term loans payable	(12,794,000)	(104,000)
Repayment of rehabilitation debt	(888,969)	(11,185,980)
Dividends paid	(436,799)	(1,816,591)
Net cash provided by (used in) financing activities	(1,439,768)	(2,606,572)
Net increase (decrease) in cash and cash equivalents	(577,777)	752,299
Cash and cash equivalents at beginning of period	2,460,517	8,833,334
Increase in cash and cash equivalents resulting from merger	6,950,594	-
Cash and cash equivalents at end of period	8,833,334	9,585,634



# Major Unitholders (as of February 28, 2011)

## Major Unitholders of BLife

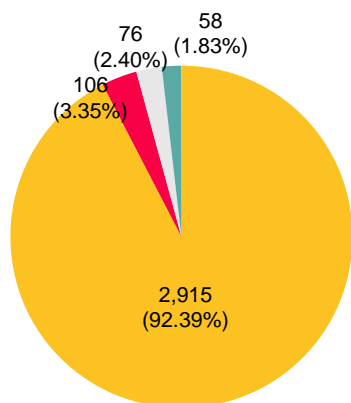
Name	Number of Units Held (units)	Percentage of Total (%)
Japan Trustee Services Bank, Ltd. (investment account)	19,338	16.28
Daiwa House Industry Co., Ltd.	18,860	15.88
The Nomura Trust and Banking Co., Ltd. (investment trust account)	10,983	9.25
Trust & Custody Services Bank, Ltd. (securities investment trust account)	9,485	7.98
The Master Trust Bank of Japan, Ltd. (investment account)	6,751	5.68
The Chuo Mitsui Trust and Banking Company, Limited	4,600	3.87
DBS Vickers (HK) Ltd Clients	3,450	2.90
CapitaLand Japan Investments Private Limited	2,385	2.00
BNP-Paribas Securiitiesservices Luxembourg-Jasdec Securities	2,259	1.90
Nomura Bank (Luxembourg) S.A.	2,099	1.76

## Shareholders in the Asset Manager

Name	Number of Shares Held (units)	Percent age 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

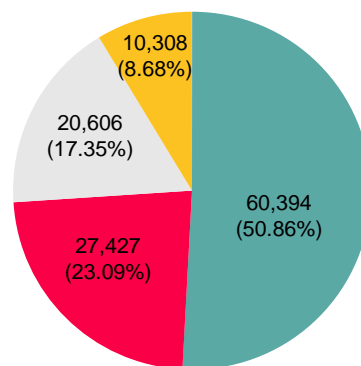
### Number of Unitholders

Total number of unitholders: 3,155



### Number of Investment Units

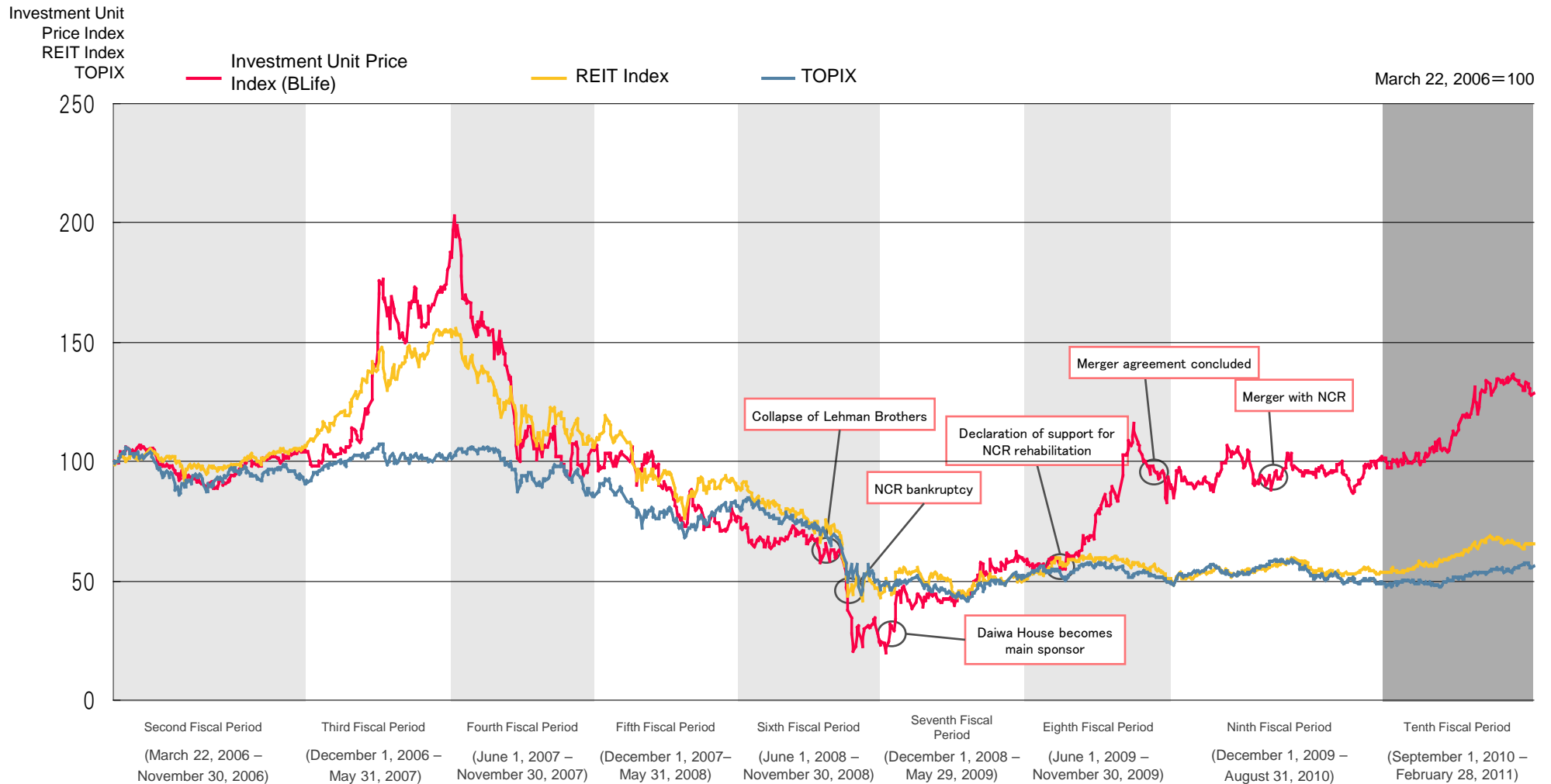
Outstanding investment units issued: 118,735 units



- Individuals and others
- Foreign corporations and individuals
- Other domestic corporations
- Financial institutions (including securities companies)



# Movement of Investment Unit Prices



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





# Portfolio: Photos and Profiles



1001

## 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)



1002

## 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)



1004

## IPSE Ginza

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



1034

## New City Residence Takanawadai

Address: 3-4-12 Takanawadai, Minato Ward, Tokyo  
Access: 4-minute walk from Takanawadai Station on the Toei Asakusa Line  
Floors: 9  
Completed: February 23, 2004  
Leasable Units: 32



1041

## New City Residence Nihonbashi Suitengu

Address: 2-1 Nihonbashi Koamicho, Chuo Ward, Tokyo  
Access: 5-minute walk from Suitengu Station on the Hanzomon Line  
Floors: 12  
Completed: July 25, 2005  
Leasable Units: 88



1046

## IPSE Ichigaya

Address: 14-4 Yaku Oji-machi, Shinjuku Ward, Tokyo  
Access: 5-minute walk from Ushigome Yanagi-cho Station on the Toei Oedo Line  
Floors: 6 (and 1 basement floor)  
Completed: August 29, 2008  
Leasable Units: 50



2001

## 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



2006

## 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



2014

## New City Residence Shinagawa Seaside Tower

Address: 4-10-18 Higashi Shinagawa, Shinagawa Ward, Tokyo  
Access: 5-minute walk from Shinagawa Seaside Station on the Rinkai Line  
Floors: 25  
Completed: November 15, 2005  
Leasable Units: 208



2038

## IPSE Nakanobu

Address: 4-7-11 Nakanobu, Shinagawa Ward, Tokyo  
Access: 2-minute walk from Nakanobu Station on the Toei Asakusa Line  
Floors: 12  
Completed: May 12, 2008  
Leasable Units: 83 (of which 1 is store)



3002

## IPSE Tsurumi

Address: 3-5-10 Tsurumi Chuo, Tsurumi Ward, Yokohama City, Kanagawa Prefecture  
Access: 9-minute walk from Keikyū Tsurumi Station on the Keikyū Line  
Floors: 6  
Completed: February 20, 2006  
Leasable Units: 32



4025

## New City Residence Higobashi Tower

Address: 1-2-24 Tosabori, Nishi Ward, Osaka City, Osaka Prefecture  
Access: 2-minute walk from Higobashi Station on the Yotsubashi Line  
Floors: 21  
Completed: March 14, 2007  
Leasable Units: 194





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