

Report of Independent Auditors

To the Board of Directors of
BLife Investment Corporation

We have audited the accompanying balance sheets of BLife Investment Corporation as of November 30, 2009 and August 31, 2010, and the related statements of income and retained earnings, changes in net assets, and cash flows for the six-month period ended November 30, 2009 and the nine-month period ended August 31, 2010, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BLife Investment Corporation at November 30, 2009 and August 31, 2010, and the results of its operations and its cash flows for the six-month period ended November 30, 2009 and the nine-month period ended August 31, 2010 in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying financial statements with respect to the nine-month period ended August 31, 2010 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1.

Ernst & Young Shin Nihon LLC

November 19, 2010

BLife Investment Corporation

Balance Sheets

As of November 30, 2009 and August 31, 2010

	As of November 30, 2009	As of August 31, 2010	
	<i>(Thousands of yen)</i>	<i>(Thousands of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Assets			
Current assets:			
Cash and bank deposits (including trust accounts)	¥ 2,460,517	¥ 8,833,334	\$ 104,462
Rental receivables	89,772	253,233	2,994
Prepaid expenses	161,887	307,412	3,635
Deferred tax assets	237	237	2
Other current assets	482	2,995	35
Allowance for doubtful accounts	(14,958)	(89,902)	(1,063)
Total current assets	<u>2,697,940</u>	<u>9,307,312</u>	<u>110,067</u>
Property and equipment:			
Land	—	22,227,020	262,855
Buildings and structures	—	28,236,532	333,923
Machinery and equipment	—	417,987	4,943
Tools, furniture and fixtures	—	650,917	7,697
Land in trust	29,879,034	73,852,746	873,376
Construction in progress in trust	—	3,759	44
Buildings and structures in trust	22,981,095	67,117,446	793,725
Machinery and equipment in trust	388,293	670,638	7,930
Tools, furniture and fixtures in trust	3,881	278,595	3,294
Less – accumulated depreciation	(1,798,816)	(2,868,974)	(33,928)
Net property and equipment	<u>51,453,488</u>	<u>190,586,672</u>	<u>2,253,863</u>
Investments and other assets:			
Long-term prepaid expenses	112,119	107,022	1,265
Security deposit	10,000	20,212	239
Leasehold rights in trust	—	1,521,476	17,992
Trademark rights	803	2,756	32
Organization expenses	5,881	—	—
Total investments and other assets	<u>128,804</u>	<u>1,651,466</u>	<u>19,530</u>
 Total assets	 <u>¥54,280,233</u>	 <u>¥201,545,451</u>	 <u>\$2,383,460</u>

	As of November 30, 2009	As of August 31, 2010	
	<i>(Thousands of yen)</i>	<i>(Thousands of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Liabilities and net assets			
Current liabilities:			
Trade and other payables	¥ 53,658	¥ 518,063	\$ 6,126
Current portion of long-term loans	12,800,000	208,000	2,459
Accrued expenses	128,306	416,461	4,925
Consumption taxes payable	208	3,361	39
Rent received in advance	128,456	599,093	7,084
Deposits received	9,556	119,200	1,409
Total current liabilities	<u>13,120,186</u>	<u>1,864,180</u>	<u>22,045</u>
Long-term liabilities:			
Long-term loans	15,874,000	28,352,000	335,288
Tenant leasehold and security deposits	—	320,796	3,793
Tenant leasehold and security deposits in trust	846,894	1,815,687	21,472
Rehabilitation obligations	—	96,030,245	1,135,646
Total long-term liabilities	<u>16,720,894</u>	<u>126,518,729</u>	<u>1,496,200</u>
Total liabilities	<u>29,841,081</u>	<u>128,382,909</u>	<u>1,518,246</u>
Net assets:			
Unitholders' equity:			
Unitholders' capital:			
Units authorized: 2,000,000 units			
Units issued and outstanding: 49,260 as of November 30, 2009 and 118,735 as of August 31, 2010			
	24,002,588	24,002,588	283,852
Capital surplus	—	28,241,587	333,982
Retained earnings	436,563	20,918,366	247,378
Total unitholders' equity	<u>24,439,151</u>	<u>73,162,542</u>	<u>865,214</u>
Total net assets	<u>24,439,151</u>	<u>73,162,542</u>	<u>865,214</u>
Total liabilities and net assets	<u><u>¥54,280,233</u></u>	<u><u>¥201,545,451</u></u>	<u><u>\$2,383,460</u></u>

See accompanying notes to financial statements.

BLife Investment Corporation

Statements of Income and Retained Earnings

For the period from June 1, 2009 to November 30, 2009
and for the period from December 1, 2009 to August 31, 2010

	From June 1, 2009 to November 30, 2009	From December 1, 2009 to August 31, 2010	
	<i>(Thousands of yen)</i>	<i>(Thousands of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Operating revenues:			
Rental revenues	¥1,478,694	¥6,491,457	\$ 76,767
Gain on sales of real estate properties	—	22,966	271
Total operating revenues	1,478,694	6,514,424	77,039
Operating expenses:			
Real estate rental expenses	590,123	2,714,048	32,096
Asset management fees	56,899	307,301	3,634
Asset custodian and consignment fees	5,401	20,340	240
Administrative service and consignment fees	20,740	86,347	1,021
Directors' remuneration	4,800	9,000	106
Loss on bad debts	91	—	—
Provision for doubtful accounts	10,690	48,663	575
Other operating expenses	46,989	376,779	4,455
Total operating expenses	735,736	3,562,481	42,129
Operating income	742,957	2,951,942	34,909
Non-operating income (expenses):			
Interest income	493	1,422	16
Interest expense	(202,070)	(889,974)	(10,524)
Financing related expenses	(96,722)	(212,531)	(2,513)
Amortization of organization expenses	(5,881)	(5,881)	(69)
Other, net	(1,037)	318	3
Total non-operating income (expenses)	(305,218)	(1,106,647)	(13,087)
Ordinary income	437,739	1,845,295	21,822
Extraordinary income:			
Gain on negative goodwill	—	19,009,252	224,801
Other	—	64,604	764
Total extraordinary income	—	19,073,856	225,565
Income before income taxes	437,739	20,919,151	247,388
Income taxes:			
Current	1,196	806	9
Net income	436,542	20,918,345	247,378
Retained earnings at beginning of period	21	21	0
Retained earnings at end of period	¥ 436,563	¥ 20,918,366	\$ 247,378

See accompanying notes to financial statements.

BLife Investment Corporation

Statements of Changes in Net Assets

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

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

For the period from December 1, 2009 to August 31, 2010

	For the period from December 31, 2009 to August 31, 2010					
	Net assets					
	Unitholders' equity					Total net assets
	Number of units	Unitholders' capital	Capital surplus	Retained earnings	Total unitholders' equity	
	<i>(Thousands of yen)</i>					
Balance as of November 30, 2009	49,260	¥24,002,588	—	¥ 436,563	¥24,439,151	¥24,439,151
Changes during the fiscal period:						
Increase by merger	69,475	—	¥28,241,587	—	28,241,587	28,241,587
Dividends from retained earnings		—	—	(436,542)	(436,542)	(436,542)
Net income		—	—	20,918,345	20,918,345	20,918,345
Total changes during the fiscal period	69,475	—	28,241,587	20,481,803	48,723,390	48,723,390
Balance as of August 31, 2010	118,735	¥24,002,588	¥28,241,587	¥20,918,366	¥73,162,542	¥73,162,542

For the period from December 1, 2009 to August 31, 2010

	For the period from December 31, 2009 to August 31, 2010					
	Net assets					Total net assets
	Unitholders' equity					
	Number of units	Unitholders' capital	Capital surplus	Retained earnings	Total unitholders' equity	
(Thousands of U.S. dollars)						
Balance as of November 30, 2009	49,260	\$283,852	–	\$5,162	\$289,015	\$289,015
Changes during the fiscal period:						
Increase by merger	69,475	–	\$333,982	–	333,982	333,982
Dividends from retained earnings		–	–	(5,162)	(5,162)	(5,162)
Net income		–	–	247,378	247,378	247,378
Total changes during the fiscal period	69,475	–	333,982	242,216	576,199	576,199
Balance as of August 31, 2010	118,735	\$283,852	\$333,982	\$247,378	\$865,214	\$865,214

See accompanying notes to financial statements.

BLife Investment Corporation

Statements of Cash Flows

For the period from June 1, 2009 to November 30, 2009
and for the period from December 1, 2009 to August 31, 2010

	From June 1, 2009 to November 30, 2009	From December 1, 2009 to August 31, 2010	
	(Thousands of yen)	(Thousands of yen)	(Thousands of U.S. dollars)
Cash flows from operating activities			
Income before income taxes	¥ 437,739	¥ 20,919,151	\$ 247,388
Depreciation and amortization	274,149	1,072,736	12,686
Gain on negative goodwill	–	(19,009,252)	(224,801)
Amortization of trademark rights	63	280	3
Amortization of organization expenses	5,881	5,881	69
Interest income	(493)	(1,422)	(16)
Interest expense	202,070	889,974	10,524
Change in rental receivables	(47,745)	14,362	169
Change in accounts receivable, other	–	14,907	176
Change in advance payments	(67,000)	(128,195)	(1,516)
Change in trade payables	(240)	28,383	335
Change in other payables	–	(27,368)	(323)
Change in accrued consumption taxes	(9,313)	794	9
Change in accrued expenses	(9,355)	288,674	3,413
Change in deposits received	(4,268)	37,377	442
Change in rent received in advance	10,808	19,844	234
Change in long-term prepaid expenses	(112,119)	5,097	60
Decrease in disposal of property and equipment in trust	–	662,736	7,837
Change in allowance for doubtful accounts	1,525	33,539	396
Other	(61,864)	(59,739)	(706)
Subtotal	619,835	4,767,762	56,383
Interest received	493	1,422	16
Interest paid	(200,825)	(1,018,707)	(12,047)
Income taxes paid	(372)	(8,461)	(100)
Net cash provided by operating activities	419,129	3,742,016	44,252
Cash flows from investing activities			
Purchases of property and equipment	–	(102,768)	(1,215)
Purchases of property and equipment in trust	(27,872)	(2,877,628)	(34,030)
Proceeds from tenant leasehold and security deposits	–	52,884	625
Payment of tenant leasehold and security deposits	–	(18,261)	(215)
Proceeds from tenant leasehold and security deposits in trust	71,195	204,408	2,417
Payment of tenant leasehold and security deposits in trust	(51,572)	(138,659)	(1,639)
Net cash used in investing activities	(8,249)	(2,880,025)	(34,058)
Cash flows from financing activities			
Proceeds from long-term loans	15,990,000	12,680,000	149,952
Repayment of long-term loans	(16,001,000)	(12,794,000)	(151,300)
Repayment of rehabilitation obligations	–	(888,969)	(10,512)
Dividend payment	(548,670)	(436,799)	(5,165)
Net cash used in financing activities	(559,670)	(1,439,768)	(17,026)
Net increase in cash and cash equivalents	(148,789)	(577,777)	(6,832)
Cash and cash equivalents at beginning of period	2,609,307	2,460,517	29,097
Increase in cash and cash equivalents resulting from merger	–	6,950,594	82,197
Cash and cash equivalents at end of period	¥ 2,460,517	¥ 8,833,334	\$ 104,462

See accompanying notes to financial statements.

BLife Investment Corporation

Notes to Financial Statements

For the period from June 1, 2009 to November 30, 2009
and for the period from December 1, 2009 to August 31, 2010

1. Organization and Basis of Presentation

(a) Organization

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

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

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

The merger was an effective April 1, 2010. After the merger, BLife implemented asset replacement program mainly involving less competitive assets.

Accordingly, at August 31, 2010, BLife owned a portfolio of 127 properties with acquisition costs of ¥192,603 million with a potential rental area of 337,589.55 square meters. The occupancy ratio was 93.5%.

(b) Basis of presentation

The accompanying financial statements have been prepared in accordance with the provisions set forth in the Investment Trust Law, the Financial Instruments and Exchange Law of Japan and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

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

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

From December 1, 2009, the fiscal period-end dates changed from the last day of May and November to the last day of February and August. Accordingly, the current fiscal period commenced on December 1, 2009 and ended on August 31, 2010, a period of nine months.

The U.S. dollar amounts in the accompanying financial statements have been translated from yen amounts solely for the convenience of readers outside Japan and, as a matter of arithmetic computation only, at ¥84.56 = U.S.\$1.00, the rate of exchange prevailing on August 31, 2010. This translation should not be construed as a representation that yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

2. Summary of Significant Accounting Policies

(a) Cash and cash equivalents

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

(b) Property and equipment

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

	From June 1, 2009 to November 30, 2009	From December 1, 2009 to August 31, 2010
Buildings	3 – 60 years	2 – 65 years
Structures	9 – 45 years	6 – 63 years
Machinery and equipment	13 – 29 years	11 – 29 years
Tools, furniture and fixtures	5 – 6 years	2 – 28 years

(c) Organization expenses

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

(d) Revenue recognition

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

(e) Taxes on property and equipment

Property and equipment are subject to various taxes, such as property taxes and city planning taxes. An owner of a property is registered in a record maintained by the local government of the applicable jurisdiction, and taxes are imposed on the owner registered in the record as of January 1, based on an assessment made by the local government. The taxes are determined in April to June each year and are paid in four installments during the year.

When a property is purchased prior to January 1 of any given calendar year, taxes for the previous year are imposed on the seller. BLife pays the seller the corresponding amount of the taxes for the period from the property's transfer date to December 31 of the previous year as included in the purchase price of the property, and capitalizes this amount as a cost of the property.

2. Summary of Significant Accounting Policies (continued)

(Changes in Accounting Policy)

Until the six-month period ended November 30, 2009, BLife had expensed the taxes imposed on properties as property-related expenses every calendar year when paid.

Effective the nine-month period ended August 31, 2010, BLife allocated the yearly property taxes assessed and imposed proportionally to the related period in which they are incurred and ensuing periods.

This change was made to present periodic profit and loss more properly because the variation of periodic profits and losses became larger after the change in BLife's accounting periods to those ending the last days of February and August, while there were no large variations when calculated for the prior accounting periods ending May and November.

Based on the adoption of this change, operating income, ordinary income, and income before income taxes for the nine months ended August 31, 2010 decreased by ¥100,397 thousand (\$1,187 thousand) compared with the amounts that would have been recorded under the prior method.

(f) Income taxes

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

(g) Allowance for doubtful accounts

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

(h) Consumption taxes

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

(i) Trust beneficiary interests

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

(j) Derivatives and hedge accounting

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

caps because its interest-rate agreements met the criteria for deferred hedge accounting.

3. Changes in Accounting Policy

Effective the nine-month period ended August 31, 2010, BLife adopted “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, December 26, 2008) and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, December 26, 2008).

4. Cash and Cash Equivalents

A reconciliation of cash and bank deposits in the accompanying balance sheets and cash and cash equivalents in the accompanying statements of cash flows at November 30, 2009 and August 31, 2010 is as follows:

	As of November 30, 2009	As of August 31, 2010	
	<i>(Thousands of yen)</i>	<i>(Thousands of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Cash and bank deposits	¥598,780	¥4,075,448	\$48,195
Cash in trust and deposits in trust	1,861,737	4,757,886	56,266
Cash and cash equivalents	<u>¥2,460,517</u>	<u>¥8,833,334</u>	<u>\$104,462</u>

Significant Noncash Transactions

Details of assets and liabilities transferred to BLife from NCR as a result of the merger during this period are as follows. The increase in capital surplus from the merger was ¥28,241,587 thousand (\$333,982 thousand).

	As of August 31, 2010	
	<i>(Thousands of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Current assets	¥8,245,423	\$97,509
Non-current assets	139,422,181	1,648,795
Total assets	<u>147,667,604</u>	<u>1,746,305</u>
Current liabilities	1,164,050	13,765
Long-term liabilities	98,137,529	1,160,566
Total liabilities	<u>¥99,301,579</u>	<u>\$1,174,332</u>

5. Lease Transactions

Operating lease transactions as lessor at November 30, 2009 and August 31, 2010 are as follows:

	As of November 30, 2009	As of August 31, 2010	
	<i>(Thousands of yen)</i>	<i>(Thousands of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Future lease payment equivalents			
Due within one year	¥467,524	¥620,639	\$7,339
Due after one year	202,573	718,988	8,502
Total	¥670,098	¥1,339,628	\$15,842

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

Current portion of long-term loans and the long-term loans as of August 31, 2010 consisted of the following:

Lender	As of November 30, 2009	As of August 31, 2010	As of August 31, 2010	Average interest rate (%) (1)	Due on	Use of funds	Note
	<i>(Thousands of yen)</i>	<i>(Thousands of yen)</i>	<i>(Thousands of U.S. dollars)</i>				
Current portion of long-term loans:							
Sumitomo Mitsui Banking Corporation	¥4,228,000	—	—	1.18	March 31, 2010	Refinance or acquisition of real estate in trust	Secured
The Chuo Mitsui Trust and Banking Co., Ltd.	4,228,000	—	—				
Mizuho Bank, Ltd.	4,228,000	—	—				
Sumitomo Mitsui Banking Corporation	27,800	¥27,800	\$328	1.55	September 30, 2011	Refinance or acquisition of real estate in trust	Secured
The Chuo Mitsui Trust and Banking Co., Ltd.	27,800	27,800	328				
Mizuho Bank, Ltd.	27,800	27,800	328				
The Bank of Tokyo -Mitsubishi UFJ, Ltd.	21,720	21,720	256				
The Sumitomo Trust and Banking Co., Ltd.	10,880	10,880	128	1.42	July 31, 2012	Refinance or acquisition of real estate in trust	Secured
Sumitomo Mitsui Banking Corporation	—	25,840	305				
The Chuo Mitsui Trust and Banking Co., Ltd.	—	25,840	305				
Mizuho Bank, Ltd.	—	25,840	305				
The Bank of Tokyo -Mitsubishi UFJ, Ltd.	—	14,480	171				
Subtotal	12,800,000	208,000	2,459	—	—	—	—
Long-term loans:							
Sumitomo Mitsui Banking Corporation	3,802,200	3,781,350	44,717	1.55	September 30, 2011	Refinance or acquisition of real estate in trust	Secured
The Chuo Mitsui Trust and Banking Co., Ltd.	3,802,200	3,781,350	44,717				
Mizuho Bank, Ltd.	3,802,200	3,781,350	44,717				
The Bank of Tokyo -Mitsubishi UFJ, Ltd.	2,978,280	2,961,990	35,028				

The Sumitomo Trust and Banking Co., Ltd.	1,489,120	1,480,960	17,513				
Sumitomo Mitsui Banking Corporation	—	3,527,700	41,718				
The Chuo Mitsui Trust and Banking Co., Ltd	—	3,527,700	41,718	1.42	July 31, 2012	Refinance or acquisition of real estate in trust	Secured
Mizuho Bank, Ltd.	—	3,527,700	41,718				
The Bank of Tokyo -Mitsubishi UFJ, Ltd.	—	1,981,900	23,437				
Subtotal	15,874,000	28,352,000	335,288	—	—	—	—
Total	¥28,674,000	¥28,560,000	\$337,748	—	—	—	—

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

7. Collateral Pledged and Secured Liabilities

	As of November 30, 2009	As of August 31, 2010	
	(Thousands of yen)	(Thousands of yen)	(Thousands of U.S. dollars)
Pledged assets:			
Cash in trust and deposits in trust	¥1,861,737	¥2,863,714	\$33,866
Buildings in trust	21,246,822	36,375,894	430,178
Structures in trust	22,026	255,525	3,021
Machinery and equipment in trust	302,775	323,191	3,822
Tools, furniture and fixtures in trust	2,829	93,667	1,107
Land in trust	29,879,034	42,425,169	501,716
Leasehold rights in trust	—	954,737	11,290
Total	¥53,315,226	¥83,291,900	\$985,003

	As of November 30, 2009	As of August 31, 2010	
	(Thousands of yen)	(Thousands of yen)	(Thousands of U.S. dollars)
Secured liabilities:			
Current portion of long-term loans	¥ 12,800,000	¥ 208,000	\$2,459
Long-term loans	15,874,000	28,352,000	335,288
Rehabilitation obligations	—	16,019,513	189,445
Total	¥28,674,000	¥44,579,513	\$527,193

8. Details of Rental Revenues and Expenses

	From June 1, 2009 to November 30, 2009	From December 1, 2009 to August 31, 2010	
	<i>(Thousands of yen)</i>	<i>(Thousands of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Real estate rental revenues:			
Rental income	¥1,281,981	¥5,981,535	\$70,737
Common service fees	23,063	124,888	1,476
Subtotal	1,305,045	6,106,424	72,214
Other rental revenues:			
Facility charges	44,206	154,795	1,830
Incidental revenues	15,190	31,737	375
Other rental business revenues	114,251	198,500	2,347
Subtotal	173,648	385,033	4,553
Total rental revenues	1,478,694	6,491,457	76,767
Real estate rental expenses:			
Management fees	164,686	748,557	8,852
Utilities	23,159	91,815	1,085
Taxes and public dues	50,125	383,582	4,536
Repairs	5,216	89,923	1,063
Insurance premiums	3,015	11,579	136
Restoration costs	42,972	157,827	1,866
Custodian fees	14,385	60,545	716
Depreciation and amortization	274,149	1,072,736	12,686
Other operating expenses	12,412	97,482	1,152
Total real estate rental expenses	590,123	2,714,048	32,096
Rental income	¥888,570	¥3,777,409	\$44,671

Details of Gain on Sales of Real Estate Properties

	From December 1, 2009 to August 31, 2010	
	<i>(Thousands of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Park Terrace Shioyaki		
Revenue from sale of real estate	¥185,000	\$2,187
Cost of real estate sales	158,479	1,874
Other sales expenses	7,830	92
Gain on sales of real estate	18,690	221
Park Terrace Horie		
Revenue from sale of real estate	125,000	1,478
Cost of real estate sales	119,638	1,414
Other sales expenses	3,675	43
Gain on sales of real estate	1,686	19
LM Higashi Oume Daisan		
Revenue from sale of real estate	81,000	957
Cost of real estate sales	77,588	917

Other sales expenses	2,448	28
Gain on sales of real estate	963	11
New City Residence Shonan		
Revenue from sale of real estate	318,000	3,760
Cost of real estate sales	307,030	3,630
Other sales expenses	9,344	110
Gain on sales of real estate	1,625	19

Transactions with major unit holders

Business transaction

Real estate acquired ¥2,730,000 thousand (\$32,284 thousand)

9. Business Combination

For the period from December 1, 2009 to August 31, 2010

1. Details of merger

(a) Name of the acquired company

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

(b) Business type

Real estate property management

(c) Purpose of merger

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

(d) Date of merger

April 1, 2010

(e) Type of merger

This merger was an absorption-type merger, following which BLife became the surviving company, and NCR was dissolved.

(f) Name of new entity following merger

BLife Investment Corporation

9. Business Combination (continued)

(g) Background to merger

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

2. Period of the acquired company's results included in the financial statements

From April 1, 2010 to August 31, 2010

3. Acquisition cost and breakdown of the acquired company

	<i>(Thousands of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Consideration for acquisition		
Fair value of BLife's investment units issued on the acquisition date	¥28,241,587	\$333,982
Expenses directly required for the acquisition		
Merger-related compensations	1,115,185	13,188
Acquisition cost	<u>¥29,356,773</u>	<u>\$347,170</u>

4. Basis of merger ratio calculation

(a) Investment unit exchange ratio

BLife issued 0.23 of an investment unit for each NCR investment unit.

9. Business Combination (continued)

(b) Calculation basis

- (1) The merger ratio was reviewed based primarily on the following valuations, including comparative company analysis, discounted cash flow (DCF) analysis, market net asset value analysis, and EPS accretion/dilution analysis.
- (2) The merger ratio was mutually agreed upon by BLife and NCR, following consultations based on the report on merger ratio calculation submitted by the financial advisor, Morgan Stanley Japan Securities Co., Ltd., to BLife's asset management company, appointed by BLife and based on advice by Citi Group Global Markets Japan Inc., appointed by NCR as its financial advisor.

(c) Number of investment units issued

69,475 units

5. Distribution of acquisition cost

(a) Assets acquired and liabilities assumed as of the acquisition date

	<i>(Thousands of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Current assets	¥8,245,423	\$97,509
Non-current assets	139,422,181	1,648,795
Total assets	147,667,604	1,746,305
Current liabilities	1,164,050	13,765
Long-term liabilities	98,137,529	1,160,566
Total liabilities	¥99,301,579	\$1,174,332

(b) Amount, source, and accounting method of negative goodwill

Amount of negative goodwill

¥19,009,252 thousand (\$224,801 thousand)

Source

The negative goodwill was attributable to the difference between the fair value of NCR's net assets on the acquisition date and the cost of acquisition.

Accounting method

Immediately recognized as an extraordinary income for this period

6. Approximate estimates of impact on the statement of income for the fiscal period ending August 31, 2010, assuming that the business combination had been completed on the first day of the fiscal period

	<i>(Millions of yen)</i>	<i>(Millions of U.S. dollars)</i>
Operating revenues	¥3,538	\$41
Ordinary income	1,242	14
Net income	9,012	106

9. Business Combination (continued)

(Calculation method of the approximate estimates and material assumptions)

Approximate estimate of impact was calculated based on the difference between the approximate amounts of operating revenues and profit/loss accounts, assuming that the business combination had been completed on the first day of the fiscal period, and the actual amounts of operating revenues and profit/loss accounts stated in the acquired company's statement of income.

The approximate estimates of impact stated above have not been audited and certified.

10. Financial Instruments

For the period from December 1, 2009 to August 31, 2010

1. Status of Financial Instruments

(a) Policy for the use of financial instruments

As a policy, when acquiring real estate and other properties, as well as when repaying its obligations, BLife raises necessary funds through loans from banks, issuance of investment corporation bonds, issuance of investment units, etc. As for financing efforts, BLife carefully pays attention to the long-term, cost effectiveness and soundness of the financial instruments, while considering the diversification of financial methods and repayment deadlines.

BLife may use derivative financial instruments for such purposes as hedging interest rate fluctuation risk, but does not engage in speculative transactions using these instruments. Currently, BLife does not engage in any derivative transactions.

Surplus funds can be invested in securities or monetary claims, however, as a current policy of BLife, they are deposited in interest-bearing accounts.

(b) Details of financial instruments, related risks and risk management system

Asset management companies stipulate basic provisions of risk management in their risk management rules.

Long-term loans and rehabilitation obligations are used to finance such efforts as acquisition of real estate and repayment of loans. These financial instruments are exposed to liquidity risk, though BLife controls such risk by maintaining the ratio of interest-bearing debt to total assets under a certain percentage, diversifying repayment deadlines, and retaining a certain amount of highly liquid cash and deposits.

For floating rate borrowings exposed to the risk of interest rate fluctuations, BLife, in order to reduce the impact caused by rising interest rates, closely watches the movement of interest rates, and intends to increase the ratio of fixed rate loans, etc.

Deposits are exposed to credit risks, including collapse of the financial institutions where deposits are made, and, thus, are managed through the use of liquid deposits.

10. Financial Instruments (continued)

(c) Supplementary explanation concerning fair value of financial instruments

The fair values of financial instruments are determined by market prices, and in the case of financial instruments without observable market prices, reasonable estimates are included in valuation. Since certain assumptions are used to measure applicable fair values, the amounts are subject to change under the different assumptions.

2. Fair Value of Financial Instruments

The book value on the balance sheet, fair value and the difference as of August 31, 2010 are as follows.

	<i>(Thousands of yen)</i>		
	<u>Book Value</u>	<u>Fair Value</u>	<u>Difference</u>
(1) Cash and bank deposits (including trust accounts)	¥ 8,833,334	¥8,833,334	—
(2) Current portion of long-term loans	208,000	208,000	—
(3) Long-term loans	28,352,000	28,352,000	—
(4) Rehabilitation obligations	96,030,245	96,030,245	—

	<i>(Thousands of U.S. dollars)</i>		
	<u>Book Value</u>	<u>Fair Value</u>	<u>Difference</u>
(1) Cash and bank deposits (including trust accounts)	\$104,462	\$104,462	—
(2) Current portion of long-term loans	2,459	2,459	—
(3) Long-term loans	335,288	335,288	—
(4) Rehabilitation obligations	1,135,646	1,135,646	—

(Note 1) Methods of calculating the fair values of financial instruments.

(1) Cash and bank deposits (including trust accounts)

These instruments are settled in the short term and their fair values are approximately equal to their book values, thus, the measurement is based on their book values.

(2) Current portion of long-term loans

These instruments carry floating interest rates, and their fair values are approximately equal to their book values, thus, the measurement is based on their book values.

(3) Long-term loans

These instruments carry floating interest rates, and their fair values are approximately equal to their book values, thus, the measurement is based on their book values.

(4) Rehabilitation obligations

These instruments carry floating interest rates, and their fair values are approximately equal to their book values, thus, the measurement is based on their book values.

10. Financial Instruments (continued)

(Note 2) Amount of redemption (scheduled) for monetary claims after August 31, 2010.

	Within one year	
	<i>(Thousands of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Cash and bank deposits (including trust accounts)	¥8,833,334	\$104,462

(Note 3) Amount of redemption (scheduled) for long-term loans and rehabilitation obligations after August 31, 2010.

		<i>(Thousands of yen)</i>			
	Within one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years
Current portion of long-term loans	¥208,000	—	—	—	—
Long-term loans	—	¥28,352,000	—	—	—
Rehabilitation obligations	—	16,019,513	¥26,669,677	¥26,669,677	¥26,671,376

		<i>(Thousands of U.S. dollars)</i>			
	Within one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years
Current portion of long-term loans	\$2,459	—	—	—	—
Long-term loans	—	\$335,288	—	—	—
Rehabilitation obligations	—	189,445	\$315,393	\$315,393	\$315,413

(Additional Information)

Effective the nine-month period ended August 31, 2010, BLife adopted “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, March 10, 2008) and “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 10, 2008).

11. Investment and Rental Properties

For the period from December 1, 2009 to August 31, 2010

BLife owns residential housing for lease in Tokyo and other areas for the purpose of earning rental revenues. The book value on the balance sheet of these rental and other real estate properties, the fair value and the difference as of August 31, 2010 are as follows.

	<i>(Thousands of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Book value on balance sheets		
Balance at end of prior period	¥51,453,488	\$608,484

Change during the period	140,654,659	1,663,371
Balance at end of the period	192,108,148	2,271,856
Fair value at end of the period	181,119,100	2,141,900

(Note 1) The book value on the balance sheet is the acquisition cost less accumulated depreciation.

(Note 2) Change from prior period is mainly attributable to the increase resulting from the merger (¥139,518,577 thousand) (\$1,649,935 thousand). Decrease from prior period (¥662,736 thousand) (\$7,837 thousand) was primarily caused by the sale of 4 properties.

(Note 3) The fair value at end of the period presents the value assessed by a third-party real estate appraiser.

The profit or loss regarding rental and other real estate properties for the fiscal period ended August 31, 2010 is as shown in the “8. Details of Rental Revenues and Expenses.”

(Additional Information)

Effective the nine-month period ended August 31, 2010, BLife adopted the “Accounting Standard for Disclosures about Fair Value of Investment and Rental Property” (ASBJ Statement No.20, November 28, 2008) and the “Guidance on Accounting Standard for Disclosures about Fair Value of Investment and Rental Property” (ASBJ Guidance No.23, November 28, 2008).

12. Deferred Income Taxes

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

	As of November 30, 2009	
	<i>(Thousands of yen)</i>	
Deferred tax assets:		
Current assets:		
Allowance for doubtful accounts	¥3,196	
Accrued enterprise taxes	28	
Subtotal	3,225	
Valuation reserve	(2,987)	
Total deferred tax assets	¥237	
Net deferred tax assets - current	¥237	
	As of August 31, 2010	
	<i>(Thousands of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Deferred tax assets - current:		
Allowance for doubtful accounts	¥25,996	\$307
Valuation difference from the time of merger (Bad debts expenses, etc.)	6,230	73
Others (Accrued amounts payable, etc.)	23,295	275
Subtotal-Deferred tax assets - current	55,521	656
Valuation reserve	55,283	653
Total deferred tax assets - current	¥237	\$2
Net deferred tax assets - current	¥237	\$2

Deferred tax assets - non-current:		
Valuation difference from the time of merger (Long-term prepaid expenses, etc.)	9,390	111
Valuation difference from the time of merger (Land, Buildings)	2,648,458	31,320
Loss carryforward assumed at the time of merger	18,903,854	223,555
Subtotal	<u>21,561,703</u>	<u>254,987</u>
Deferred tax liabilities - non-current:		
Valuation difference from the time of merger (other)	252	2
Valuation difference from the time of merger (Land, Buildings)	2,691,744	31,832
Subtotal	<u>2,691,996</u>	<u>31,835</u>
Valuation reserve	18,869,706	223,151
Total deferred tax assets - non-current	<u>¥0</u>	<u>\$0</u>
Net deferred tax assets - non-current	<u>¥0</u>	<u>\$0</u>

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

	From June 1, 2009 to November 30, 2009	From December 1, 2009 to August 31, 2010
Statutory tax rate	39.33%	39.33%
(Adjustment)		
Tax-deductible dividends paid	(39.22)	—
Deduction of loss carryforward assumed at the time of merger	—	(0.84)
Gain on negative goodwill	—	(37.86)
Other	0.16	(0.63)
Effective tax rates after applying deferred income tax accounting	<u>0.27%</u>	<u>0.00%</u>

13. Related Party Transactions

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

- 1) Controlling investors and major corporate investors
Not applicable.
- 2) Directors and major individual investors
Not applicable.
- 3) Subsidiaries
Not applicable.

13. Related Party Transactions (continued)

4) Affiliates

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

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

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

(b) For the period from December 1, 2009 to August 31, 2010

1) Controlling investors and major corporate investors

Attribute	Name	Location	Capital (Millions of yen) (Millions of U.S. dollars)	Business type or occupation	Ownership percentage of investment units (Owned)	Type of relationship		Transaction type	Transaction amount (Thousands of yen) (Thousands of U.S. dollars)	Line item	Balance at end of period (Thousands of yen) (Thousands of U.S. dollars)
						Position of director(s) serving concurrently	Business relationship				
Major unitholder	DAIWA HOUSE INDUSTRY Co., Ltd.	Osaka City, Osaka	¥110,120 (\$1,302)	Construction industry	15.88	—	Major unitholder	Acquisition of real estate	¥2,730,000 (\$32,284)	—	— (—)

(Note 1) In the above table, consumption taxes are not included.

(Note 2) As for acquisition of real estate, the acquisition price determined based on third - party institution's appraisal value.

2) Directors and major individual investors

Not applicable.

3) Subsidiaries

Not applicable.

4) Affiliates

Attribute	Name	Location	Capital (Millions of yen) (Millions of U.S. dollars)	Business type or occupation	Ownership percentage of investment units (Owned)	Type of relationship		Transaction type	Transaction amount (Thousands of yen) (Thousands of U.S. dollars)	Line item	Balance at end of period (Thousands of yen) (Thousands of U.S. dollars)
						Position of director(s) serving concurrently	Business relationship				
Affiliates	DAIWA HOUSE MORIMOTO ASSET MANAGEMENT Co., Ltd.	Chiyoda-ku, Tokyo	¥300 (\$3)	Asset management	—	—	Consigned asset- management operations	Asset- management compensation payment	¥1,439,079 (\$17,018)	Accrued operating expenses payable	¥257,448 (\$3,044)
	DAIWAROYAL CO., LTD	Chiyoda-ku, Tokyo	¥500 (\$5)	Real estate property management	—	—	Consigned property lease management	Consignment of lease management	¥3,616 (\$42)	Accrued operating expenses payable	¥437 (\$5)
	DH Leasing LLC	Chiyoda-ku, Tokyo	¥3 (\$0)	Real estate property management	—	—	Property lease and management	Master lease fee	¥942 (\$11)	Trade and other payables	¥927 (\$10)

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

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

14. Per Unit Information

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

Net assets per unit	¥496,125
Net income per unit	¥8,861

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

- (b) The following table summarizes information about net assets per unit at August 31, 2010 and net income per unit for the period from December 1, 2009 to August 31, 2010:

Net assets per unit	¥616,183	\$7,286
Net income per unit	¥237,562	\$2,809

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

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

	From June 1, 2009 to November 30, 2009	From December 1, 2009 to August 31, 2010	
	<i>(Thousands of yen)</i>	<i>(Thousands of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Net income	¥436,542	¥20,918,345	\$247,378
Amount not attributable to common unitholders	—	—	—
Current net income attributable to common units	¥436,542	¥20,918,345	\$247,378
Average number of investment units during the period (in units)	49,260	88,054	88,054

15. Net Assets

BLife shall maintain net assets of at least ¥50,000 thousand (\$591 thousand) as required by Clause 4 of Article 67 of the Investment Trust Law.

16. Significant Subsequent Events

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

Cash dividends

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

(Method of calculation of cash dividends)

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

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

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

- (b) For the period from December 1, 2009 to August 31, 2010

Cash dividends

On October 15, 2010, BLife's Board of Directors approved a resolution for the payment of cash dividends of ¥15,341 per unit, aggregating to ¥1,821,513,635 (\$21,541,078), to unitholders of record as of August 31, 2010.

(Method of calculation of cash dividends)

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

For this fiscal period, BLife recognized a gain on negative goodwill resulting from the merger with NCR. And, since NCR's loss carryforward was transferred to BLife, the provision set forth under Article 67-15 of the Special Taxation Measures Law does not apply. Accordingly, as the maximum integral multiple of the 118,735 units issued, BLife set income available for distribution of dividends at ¥1,821,513,635 (\$21,541,078), which is the amount of the unappropriated income at the end of this fiscal period less ¥19,009,252,032 (\$224,801,939) gain on negative goodwill, ¥22,966,049 (\$271,594) of gain on sale of real estate and ¥64,591,122 (\$763,849) of gain on redemption of rehabilitation obligations.

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

16. Significant Subsequent Events (continued)

BLife disposed of the following assets.

Property Name	New City Residence Kakogawa
Sales Price (Thousands of yen) (Thousands of U.S. dollars)	¥255,000 (\$3,015)
Book Value (Thousands of yen) (Thousands of U.S. dollars)	¥238,986 (As of August 31, 2010) (\$2,826)
Buyer	K.K. Kadoya Shokai
Asset Type	Beneficiary right in trust that places real estate in trust
Sales Date	September 7, 2010

Property Name	Catherina Mita Towersuite (New City Residence)
Sales Price (Thousands of yen) (Thousands of U.S. dollars)	¥11,700,000 (\$138,363)
Book Value (Thousands of yen) (Thousands of U.S. dollars)	¥10,344,519 (As of August 31, 2010) (\$122,333)
Buyer	TMK in Japan
Asset Type	Beneficiary right in trust that places real estate in trust
Sales Date	October 29, 2010

(Note) Excluding such amounts as expenses related to sale, amount equivalent to reimbursement of taxes and dues, etc., and amount equivalent to consumption taxes.

BLife acquired the following assets on November 1, 2010.

Property Name	Royal Parks Toyosu
Acquisition Price (Thousands of yen) (Thousands of U.S. dollars)	¥7,360,000 (\$87,038)
Asset Type	Beneficiary right in trust that places real estate in trust
Seller	Royal Parks Toyosu K.K.
Construction completion date	February 2007
Structure	RC structure with flat roof
Usage	Condominium, childcare center and store

Property Name	IPSE Togoshi
Acquisition Price (Thousands of yen) (Thousands of U.S. dollars)	¥1,770,000 (\$20,931)
Asset Type	Beneficiary right in trust that places real estate in trust
Seller	Daiwa House Industry Co., Ltd.
Construction completion date	February 2008
Structure	SRC structure with flat roof
Usage	Condominium, parking space, bicycle-parking space

Property Name	Big Tower Minami Sanjo
Acquisition Price (Thousands of yen) (Thousands of U.S. dollars)	¥1,740,000 (\$20,577)
Asset Type	Beneficiary right in trust that places real estate in trust
Seller	Daiwa House Industry Co., Ltd.
Construction completion date	September 2007
Structure	RC structure with flat roof
Usage	Condominium

(Note) Excluding such amounts as expenses related to acquisition, amount equivalent to reimbursement of taxes and dues, etc., and amount equivalent to consumption taxes.

17. Supplementary Information

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

a) Details of Merger

1) Name of the acquired company

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

2) Business type

Real estate property management

3) Purpose of merger

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

4) Date of merger

April 1, 2010

5) Type of merger

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

6) Name of new entity following merger

BLife Investment Corporation

7) Background to merger

① BLife and Daiwa House Industry have been supporting NCR as a sponsor to help NCR restructure and avoid bankruptcy.

② BLife's directors shall continue to be appointed directors of new investment corporation after the merger, with no changes. NCR's directors shall be replaced with those who will be appointed by Daiwa House Industry prior to merger, to ensure the control of BLife and Daiwa House Industry over NCR.

③ Daiwa House Industry has acquired the shares of NCR by undertaking an allocation of new shares to third-party solely to help ensure a smooth rehabilitation of NCR.

④ Ostensibly, NCR has retained the largest ratio of voting rights. However, BLife has substantially led a series of capital increase schemes for NCR prior to the merger, and when deducting that capital increase by BLife, BLife's investors will hold a relatively larger ratio of voting rights than NCR, and Daiwa House Industry will become the largest holder of voting rights among shareholders.

17. Supplementary Information (continued)

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

(Millions of yen)

Operating revenues	5,324
Net loss	(3,237)
Total assets	193,814
Net assets	80,488

b) Basis of Merger Ratio Calculation:

1) Investment unit exchange ratio

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

2) Calculation basis

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

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

3) Number of investment units to be issued

69,475 units (scheduled)

18. Changes in Investment Units Issued

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

Date	Type	Investment units issued (Units)		Total unitholders' capital (Millions of yen)		Comments
		Change in quantity	Balance	Amount of change	Balance	
June 7, 2005	Inaugural private offering	600	600	¥ 300	¥ 300	(Note 1)
December 19, 2005	Third-party allotment	2,860	3,460	¥ 1,430	¥ 1,730	(Note 2)
March 20, 2006	Capital increase by public offering	37,800	41,260	¥18,238	¥19,968	(Note 3)
March 2, 2007	Third-party allotment	8,000	49,260	¥ 4,034	¥24,002	(Note 4)
April 1, 2010	Merger	69,475	118,735	0	¥24,002	(Note 5)

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

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

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

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

(Note 5) BLife merger with NCR on April 1, 2010.

19. Other Supplementary Information

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

1) Detailed Schedule of Portfolio

Not applicable.

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

(Thousands of yen)

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

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

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

3) General Overview of Detailed Schedule of Real Estate

(Thousands of yen)

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

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

19. Other Supplementary Information (continued)

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

1. Increase in buildings in trust

(Thousands of yen)

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

2. Increase in structures in trust

(Thousands of yen)

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

4) Detailed Schedule of Other Specific Assets

Not applicable.

5) Detailed Schedule of Investment Corporation Bonds

Not applicable.

19. Other Supplementary Information (continued)

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

6) Detailed Schedule of Loans

Classification	Lender	Balance at end of prior period (Thousands of yen)	Increase during the period (Thousands of yen)	Decrease during the period (Thousands of yen)	Balance at end of the period (Thousands of yen)	Average interest rate (Note 1)	Repayment deadline	Purpose of use	Comments
Current portion of long-term loans	Mizuho Bank, Ltd.	¥4,037,000	–	¥4,037,000	–	1.43699% (Note 3)	September 30, 2009	(Note 5)	Secured without warranty
	Sumitomo Mitsui Banking Corporation	4,037,000	–	4,037,000	–				
	The Chuo Mitsui Trust and Banking Co., Ltd.	4,037,000	–	4,037,000	–				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,945,000	–	1,945,000	–				
	Shinsei Bank, Ltd.	1,945,000	–	1,945,000	–				
	Mizuho Bank, Ltd.	4,228,000	–	–	¥4,228,000	1.27011% (Note 2)	March 31, 2010	(Note 5)	Secured without warranty
	Sumitomo Mitsui Banking Corporation	4,228,000	–	–	4,228,000				
	The Chuo Mitsui Trust and Banking Co., Ltd.	4,228,000	–	–	4,228,000				
	Mizuho Bank, Ltd.	–	¥27,800	–	27,800	1.63636% (Note 4)	September 30, 2011 (Note 4)	(Note 5)	Secured without warranty
	Sumitomo Mitsui Banking Corporation	–	27,800	–	27,800				
	The Chuo Mitsui Trust and Banking Co., Ltd.	–	27,800	–	27,800				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	–	21,720	–	21,720				
	The Sumitomo Trust and Banking Co., Ltd.	–	10,880	–	10,880				
	Subtotal	28,685,000	116,000	16,001,000	12,800,000	–	–	–	–
Long-term loans	Mizuho Bank, Ltd.	–	3,830,000	27,800	3,802,200	1.63636% (Note 4)	September 30, 2011 (Note 4)	(Note 5)	Secured without warranty
	Sumitomo Mitsui Banking Corporation	–	3,830,000	27,800	3,802,200				
	The Chuo Mitsui Trust and Banking Co., Ltd.	–	3,830,000	27,800	3,802,200				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	–	3,000,000	21,720	2,978,280				
	The Sumitomo Trust and Banking Co., Ltd.	–	1,500,000	10,880	1,489,120				
	Subtotal	–	15,990,000	116,000	15,874,000	–	–	–	–
Total		¥28,685,000	¥16,106,000	¥16,117,000	¥28,674,000	–	–	–	–

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

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

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

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

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

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

(Thousands of yen)

Classification	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years
Long-term loans	15,874,000	–	–	–

19. Other Supplementary Information (continued)

(b) For the period from December 1, 2009 to August 31, 2010

1) Detailed Schedule of Portfolio

Not applicable.

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

Not applicable.

3) General Overview of Detailed Schedule of Real Estate

(Thousands of yen)

Type of asset		Balance at end of prior period	Increase by merger	Increase during the period	Decrease during the period	Balance at end of the period	Less accumulated depreciation or accumulated amortization	Depreciation or amortization for the period	Net book value at end of the period
Tangible fixed assets	Buildings	–	¥27,993,990	¥5,167	–	¥27,999,157	¥ 227,417	¥227,417	¥27,771,739
	Structures	–	237,375	–	–	237,375	1,980	1,980	235,394
	Machinery and equipment	–	417,987	–	–	417,987	5,993	5,993	411,994
	Tools, furniture and fixtures	–	650,917	–	–	650,917	20,313	20,313	630,604
	Land	–	22,227,020	–	–	22,227,020	–	–	22,227,020
	Buildings in trust	¥22,954,983	42,474,255	1,423,574	¥286,493	66,566,319	2,480,414	774,659	64,085,905
	Structures in trust	26,112	500,590	29,285	4,862	551,126	9,915	5,867	541,211
	Machinery and equipment in trust	388,293	262,691	22,746	3,092	670,638	107,631	22,167	563,006
	Tools, furniture and fixtures in trust	3,881	270,867	4,845	998	278,595	15,306	14,336	263,289
	Land in trust	29,879,034	43,916,142	1,382,176	1,324,606	73,852,746	–	–	73,852,746
	Construction in progress in trust	–	–	3,759	–	3,759	–	–	3,759
	Total	¥53,252,305	¥138,951,839	¥2,871,555	¥1,620,053	¥193,455,646	¥2,868,974	¥1,072,736	¥190,586,672
Intangible fixed assets	Leasehold rights in trust	–	¥1,521,476	–	–	¥1,521,476	–	–	¥1,521,476
	Trademark rights	¥803	2,233	–	–	3,036	–	¥280	2,756
	Total	¥803	¥1,523,708	–	–	¥1,524,512	–	¥280	¥1,524,232

19. Other Supplementary Information (continued)

(b) For the period from December 1, 2009 to August 31, 2010 (continued)

(Thousands of U.S. dollars)

Type of asset		Balance at end of prior period	Increase by merger	Increase during the period	Decrease during the period	Balance at end of the period	Less accumulated depreciation or accumulated amortization		Net book value at end of the period
								Depreciation or amortization for the period	
Tangible fixed assets	Buildings	—	\$331,054	\$61	—	\$331,115	\$ 2,689	\$2,689	\$328,426
	Structures	—	2,807	—	—	2,807	23	23	2,783
	Machinery and equipment	—	4,943	—	—	4,943	70	70	4,872
	Tools, furniture and fixtures	—	7,697	—	—	7,697	240	240	7,457
	Land	—	262,855	—	—	262,855	—	—	262,855
	Buildings in trust	\$271,463	502,297	16,835	\$3,388	787,208	29,333	9,161	757,874
	Structures in trust	308	5,919	346	57	6,517	117	69	6,400
	Machinery and equipment in trust	4,591	3,106	268	36	7,930	1,272	262	6,658
	Tools, furniture and fixtures in trust	45	3,203	57	11	3,294	181	169	3,113
	Land in trust	353,347	519,348	16,345	15,664	873,376	—	—	873,376
	Construction in progress in trust	—	—	44	—	44	—	—	44
	Total	\$629,757	\$1,643,233	\$33,958	\$19,158	\$2,287,791	\$33,928	\$12,686	\$2,253,863
Intangible fixed assets	Leasehold rights in trust	—	\$17,992	—	—	\$17,992	—	—	\$17,992
	Trademark rights	\$9	26	—	—	35	—	\$3	32
	Total	\$9	\$18,019	—	—	\$18,028	—	\$3	\$18,025

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

1. Increase in buildings in trust

(Thousands of yen)

Name of property	Name of project	Type of tangible fixed asset	Amount
IPSE Ichigaya	Building work	Building in trust	¥348,002
IPSE Ichigaya	Electric facilities construction	Installation of equipment for building in trust	29,962
IPSE Ichigaya	Plumbing sanitary	Installation of equipment for building in trust	41,305
IPSE Ichigaya	Work on air conditioning	Installation of equipment for building in trust	23,755
IPSE Ichigaya	Elevating equipment work	Installation of equipment for building in trust	10,658
IPSE Nakanobu	Building work	Building in trust	779,718
IPSE Nakanobu	Electric facilities construction	Installation of equipment for building in trust	47,102
IPSE Nakanobu	Plumbing sanitary	Installation of equipment for building in trust	74,034
IPSE Nakanobu	Work on air conditioning	Installation of equipment for building in trust	52,360
New City Residence Funabashi Honcho	Restoration of waterproof roof	Building in trust	2,230
IPSE Azabujuban Shichimenzaka	Carpet replacement	Building in trust	3,068
Total			¥1,412,199

19. Other Supplementary Information (continued)

(b) For the period from December 1, 2009 to August 31, 2010 (continued)

(Thousands of U.S. dollars)

Name of property	Name of project	Type of tangible fixed asset	Amount
IPSE Ichigaya	Building work	Building in trust	\$4,115
IPSE Ichigaya	Electric facilities construction	Installation of equipment for building in trust	354
IPSE Ichigaya	Plumbing sanitary	Installation of equipment for building in trust	488
IPSE Ichigaya	Work on air conditioning	Installation of equipment for building in trust	280
IPSE Ichigaya	Elevating equipment work	Installation of equipment for building in trust	126
IPSE Nakanobu	Building work	Building in trust	9,220
IPSE Nakanobu	Electric facilities construction	Installation of equipment for building in trust	557
IPSE Nakanobu	Plumbing sanitary	Installation of equipment for building in trust	875
IPSE Nakanobu	Work on air conditioning	Installation of equipment for building in trust	619
New City Residence Funabashi Honcho	Restoration of waterproof roof	Building in trust	26
IPSE Azabujuban Shichimenzaka	Carpet replacement	Building in trust	36
Total			\$16,700

2. Increase in structures in trust

(Thousands of yen)

Name of property	Name of project	Type of tangible fixed asset	Amount
IPSE Ichigaya	Exterior construction	Structures in trust	¥13,923
IPSE Nakanobu	Exterior construction	Structures in trust	3,656
New City Residence Meguro	Asphalt paving work	Structures in trust	3,481
New City Residence Meguro	Embankment planting	Structures in trust	2,802
New City Residence Meguro	Gate replacement	Structures in trust	3,943
Total			¥27,807

(Thousands of U.S. dollars)

Name of property	Name of project	Type of tangible fixed asset	Amount
IPSE Ichigaya	Exterior construction	Structures in trust	\$164
IPSE Nakanobu	Exterior construction	Structures in trust	43
New City Residence Meguro	Asphalt paving work	Structures in trust	41
New City Residence Meguro	Embankment planting	Structures in trust	33
New City Residence Meguro	Gate replacement	Structures in trust	46
Total			\$328

19. Other Supplementary Information (continued)

(b) For the period from December 1, 2009 to August 31, 2010 (continued)

3. Increase in machinery and equipment in trust*(Thousands of yen)*

Name of property	Name of project	Type of tangible fixed asset	Amount
IPSE Ichigaya	Mechanical parking	Machinery and equipment in trust	¥22,746
Total			¥22,746

(Thousands of U.S. dollars)

Name of property	Name of project	Type of tangible fixed asset	Amount
IPSE Ichigaya	Mechanical parking	Machinery and equipment in trust	\$268
Total			\$268

4. Increase in tools, furniture and fixtures in trust*(Thousands of yen)*

Name of property	Name of project	Type of tangible fixed asset	Amount
Crest Kusatsu	Installation for Digital Terrestrial Television Broadcasting	Tools, furniture and fixtures in trust	¥2,502
Total			¥2,502

(Thousands of U.S. dollars)

Name of property	Name of project	Type of tangible fixed asset	Amount
Crest Kusatsu	Installation for Digital Terrestrial Television Broadcasting	Tools, furniture and fixtures in trust	\$29
Total			\$29

5. Increase in land in trust*(Thousands of yen)*

Name of property	Name of project	Type of tangible fixed asset	Amount
IPSE Ichigaya	Land	Land in trust	¥506,890
IPSE Nakanobu	Land	Land in trust	875,285
Total			¥1,382,176

(Thousands of U.S. dollars)

Name of property	Name of project	Type of tangible fixed asset	Amount
IPSE Ichigaya	Land	Land in trust	\$5,994
IPSE Nakanobu	Land	Land in trust	10,351
Total			\$16,345

19. Other Supplementary Information (continued)

(b) For the period from December 1, 2009 to August 31, 2010 (continued)

6. Increase in buildings

(Thousands of yen)

Name of property	Name of project	Type of tangible fixed asset	Amount
New City Residence Minami Aoyama	Toilet replacement	Installing building equipment	¥1,350
Total			¥1,350

(Thousands of U.S. dollars)

Name of property	Name of project	Type of tangible fixed asset	Amount
New City Residence Minami Aoyama	Toilet replacement	Installing building equipment	\$15
Total			\$15

4) Detailed Schedule of Other Specific Assets

Not applicable.

5) Detailed Schedule of Investment Corporation Bonds

Please refer to the following 7) Detailed Rehabilitation Obligations

6) Detailed Schedule of Loans

Classification	Lender	Balance at end of prior period (Thousands of yen) (Thousands of U.S. dollars)	Increase during the period (Thousands of yen) (Thousands of U.S. dollars)	Decrease during the period (Thousands of yen) (Thousands of U.S. dollars)	Balance at end of the period (Thousands of yen) (Thousands of U.S. dollars)	Average interest rate (Note 1)	Repayment deadline	Purpose of use	Comments
Current portion of long-term loans	Sumitomo Mitsui Banking Corporation	¥4,228,000 (\$50,000)	—	¥4,228,000 (\$50,000)	—	1.18%	March 31, 2010	(Note 2)	Secured without warranty
	The Chuo Mitsui Trust and Banking Co., Ltd.	4,228,000 (50,000)	—	4,228,000 (50,000)	—				
	Mizuho Bank, Ltd.	4,228,000 (50,000)	—	4,228,000 (50,000)	—				
	Sumitomo Mitsui Banking Corporation	27,800 (328)	¥20,850 (\$246)	20,850 (246)	¥27,800 (\$328)	1.55%	September 30, 2011	(Note 2)	Secured without warranty
	The Chuo Mitsui Trust and Banking Co., Ltd.	27,800 (328)	20,850 (246)	20,850 (246)	27,800 (328)				
	Mizuho Bank, Ltd.	27,800 (328)	20,850 (246)	20,850 (246)	27,800 (328)				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	21,720 (256)	16,290 (192)	16,290 (192)	21,720 (256)				
	The Sumitomo Trust and Banking Co., Ltd.	10,880 (128)	8,160 (96)	8,160 (96)	10,880 (128)				
	Sumitomo Mitsui Banking Corporation	—	32,300 (381)	6,460 (76)	25,840 (305)	1.42%	July 31, 2012	(Note 2)	Secured without warranty
	The Chuo Mitsui Trust and Banking Co., Ltd.	—	32,300 (381)	6,460 (76)	25,840 (305)				
	Mizuho Bank, Ltd.	—	32,300 (381)	6,460 (76)	25,840 (305)				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	—	18,100 (214)	3,620 (42)	14,480 (171)				
	Subtotal	12,800,000 (151,371)	202,000 (2,388)	12,794,000 (151,300)	208,000 (2,459)	—	—	—	—

Classification		Balance at end of prior period (Thousands of yen) (Thousands of U.S. dollars)	Increase during the period (Thousands of yen) (Thousands of U.S. dollars)	Decrease during the period (Thousands of yen) (Thousands of U.S. dollars)	Balance at end of the period (Thousands of yen) (Thousands of U.S. dollars)	Average interest rate (Note 1)	Repayment deadline	Purpose of use	Comments
Long-term loans	Sumitomo Mitsui Banking Corporation	3,802,200 (44,964)	—	20,850 (246)	3,781,350 (44,717)	1.55%	September 30, 2011	(Note 2)	Secured without warranty
	The Chuo Mitsui Trust and Banking Co., Ltd.	3,802,200 (44,964)	—	20,850 (246)	3,781,350 (44,717)				
	Mizuho Bank, Ltd.	3,802,200 (44,964)	—	20,850 (246)	3,781,350 (44,717)				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,978,280 (35,220)	—	16,290 (192)	2,961,990 (35,028)				
	The Sumitomo Trust and Banking Co., Ltd.	1,489,120 (17,610)	—	8,160 (96)	1,480,960 (17,513)				
	Sumitomo Mitsui Banking Corporation	—	3,560,000 (42,100)	32,300 (381)	3,527,700 (41,718)	1.42%	July 31, 2012	(Note 2)	Secured without warranty
	The Chuo Mitsui Trust and Banking Co., Ltd.	—	3,560,000 (42,100)	32,300 (381)	3,527,700 (41,718)				
	Mizuho Bank, Ltd.	—	3,560,000 (42,100)	32,300 (381)	3,527,700 (41,718)				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	—	2,000,000 (23,651)	18,100 (214)	1,981,900 (23,437)				
	Subtotal	15,874,000 (187,724)	12,680,000 (149,952)	202,000 (2,388)	28,352,000 (335,288)	—	—	—	—
Total		¥28,674,000 (\$339,096)	¥12,882,000 (\$152,341)	¥12,996,000 (\$153,689)	¥28,560,000 (\$337,748)	—	—	—	—

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

(Note 2) To be used as acquisition funds for real estate properties in trust, or to refinance such funds.

(Note 3) Scheduled payment per year for long-term loans within a period of 5 years from the end of the fiscal period is as follows;

(Thousands of yen)

Classification	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years
Long-term loans	28,352,000	—	—	—

(Thousands of U.S. dollars)

Classification	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years
Long-term loans	335,288	—	—	—

7) Detailed Schedule of Rehabilitation Obligations

Classification		Date of modification of rights	Balance at end of prior period (Thousands of yen) (Thousands of U.S. dollars)	Increase during the period (Thousands of yen) (Thousands of U.S. dollars)	Decrease during the period (Note 2) (Thousands of yen) (Thousands of U.S. dollars)	Balance at end of the period (Thousands of yen) (Thousands of U.S. dollars)	Average interest rate (Note 3)	Repayment deadline	Purpose of use	Comments
Rehabilitation obligations with right of separate satisfaction	The Chuo Mitsui Trust and Banking Co., Ltd.	January 5, 2010 (Note 1)	—	¥4,381,929 (\$51,820)	¥80,393 (\$950)	¥4,301,536 (\$50,869)	1.51%	January 31, 2012	(Note 4)	Secured without warranty
	Aozora Bank, Ltd.		—	4,306,378 (50,926)	79,007 (934)	4,227,371 (49,992)				
	The Sumitomo Trust and Banking Co., Ltd.		—	2,342,065 (27,697)	42,968 (508)	2,299,096 (27,188)				
	Mitsubishi UFJ Trust and Banking Corporation		—	2,266,515 (26,803)	41,582 (491)	2,224,932 (26,311)				
	Resona Bank, Ltd.		—	2,266,515 (26,803)	41,582 (491)	2,224,932 (26,311)				
	The Hyakugo Bank		—	755,505 (8,934)	13,860 (163)	741,644 (8,770)				
	Subtotal		—	16,318,908 (192,986)	299,395 (3,540)	16,019,513 (189,445)	—	—	—	—
Rehabilitation obligations (Loans)	The Norinchukin Bank	January 5, 2010 (Note 1)	—	3,039,055 (35,939)	—	3,039,055 (35,939)	1.41%	January 31, 2013	(Note 4)	Unsecured without warranty
			—	3,039,055 (35,939)	—	3,039,055 (35,939)		January 31, 2014		
			—	3,039,249 (35,941)	—	3,039,249 (35,941)		January 30, 2015		
	Aozora Bank, Ltd.		—	2,353,146 (27,828)	—	2,353,146 (27,828)	1.41%	January 31, 2013		
			—	2,353,146 (27,828)	—	2,353,146 (27,828)		January 31, 2014		
			—	2,353,296 (27,829)	—	2,353,296 (27,829)		January 30, 2015		
	The Chuo Mitsui Trust and Banking Co., Ltd.		—	2,124,156 (25,120)	—	2,124,156 (25,120)	1.41%	January 31, 2013		
			—	2,124,156 (25,120)	—	2,124,156 (25,120)		January 31, 2014		
			—	2,124,291 (25,121)	—	2,124,291 (25,121)		January 30, 2015		
	Sumitomo Mitsui Banking Corporation		—	1,883,861 (22,278)	—	1,883,861 (22,278)	1.41%	January 31, 2013		
			—	1,883,861 (22,278)	—	1,883,861 (22,278)		January 31, 2014		
			—	1,883,981 (22,279)	—	1,883,981 (22,279)		January 30, 2015		
	Mizuho Bank, Ltd.		—	1,215,486 (14,374)	—	1,215,486 (14,374)	1.41%	January 31, 2013		
			—	1,215,486 (14,374)	—	1,215,486 (14,374)		January 31, 2014		
			—	1,215,563 (14,375)	—	1,215,563 (14,375)		January 30, 2015		
	The Sumitomo Trust and Banking Co., Ltd.		—	1,093,835 (12,935)	—	1,093,835 (12,935)	1.41%	January 31, 2013		
			—	1,093,835 (12,935)	—	1,093,835 (12,935)		January 31, 2014		
			—	1,093,905 (12,936)	—	1,093,905 (12,936)		January 30, 2015		
	Mizuho Trust & Banking Co., Ltd.		—	914,707 (10,817)	—	914,707 (10,817)	1.41%	January 31, 2013		
			—	914,707 (10,817)	—	914,707 (10,817)		January 31, 2014		
			—	914,765 (10,817)	—	914,765 (10,817)		January 30, 2015		
	Development Bank of Japan Inc.		—	516,666 (6,110)	—	516,666 (6,110)	1.41%	January 31, 2013		
			—	516,666 (6,110)	—	516,666 (6,110)		January 31, 2014		
			—	516,699 (6,110)	—	516,699 (6,110)		January 30, 2015		

Classification		Date of modification of rights	Balance at end of prior period (Thousands of yen) (Thousands of U.S. dollars)	Increase during the period (Thousands of yen) (Thousands of U.S. dollars)	Decrease during the period (Note 2) (Thousands of yen) (Thousands of U.S. dollars)	Balance at end of the period (Thousands of yen) (Thousands of U.S. dollars)	Average interest rate (Note 3)	Repayment deadline	Purpose of use	Comments
Rehabilitation obligations (Investment corporation bonds)	Mitsubishi UFJ Trust and Banking Corporation	January 5, 2010 (Note 1)	—	455,817 (5,390)	—	455,817 (5,390)	1.41%	January 31, 2013	—	—
			—	455,817 (5,390)	—	455,817 (5,390)		January 31, 2014		
			—	455,846 (5,390)	—	455,846 (5,390)		January 30, 2015		
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		—	425,537 (5,032)	—	425,537 (5,032)	1.41%	January 31, 2013		
			—	425,537 (5,032)	—	425,537 (5,032)		January 31, 2014		
			—	425,564 (5,032)	—	425,564 (5,032)		January 30, 2015		
	Resona Bank, Ltd.		—	364,727 (4,313)	—	364,727 (4,313)	1.41%	January 31, 2013		
			—	364,727 (4,313)	—	364,727 (4,313)		January 31, 2014		
			—	364,751 (4,313)	—	364,751 (4,313)		January 30, 2015		
	Mitsui Sumitomo Insurance Company, Limited		—	303,883 (3,593)	—	303,883 (3,593)	1.41%	January 31, 2013		
			—	303,883 (3,593)	—	303,883 (3,593)		January 31, 2014		
			—	303,902 (3,593)	—	303,902 (3,593)		January 30, 2015		
	The Chiba Bank, Ltd.		—	303,879 (3,593)	—	303,879 (3,593)	1.41%	January 31, 2013		
			—	303,879 (3,593)	—	303,879 (3,593)		January 31, 2014		
			—	303,898 (3,593)	—	303,898 (3,593)		January 30, 2015		
	North Pacific Bank, Ltd.		—	151,949 (1,796)	—	151,949 (1,796)	1.41%	January 31, 2013		
			—	151,949 (1,796)	—	151,949 (1,796)		January 31, 2014		
			—	151,959 (1,797)	—	151,959 (1,797)		January 30, 2015		
	Shinsei Bank, Limited.		—	151,944 (1,796)	—	151,944 (1,796)	1.41%	January 31, 2013		
			—	151,944 (1,796)	—	151,944 (1,796)		January 31, 2014		
			—	151,954 (1,797)	—	151,954 (1,797)		January 30, 2015		
Subtotal			—	45,896,945 (542,773)	—	45,896,945 (542,773)	—	—	—	—
Rehabilitation obligations (Investment corporation bonds)	First Series Unsecured Investment Corporation Bonds (Note 5)	January 5, 2010 (Note 1)	—	4,404,151 (52,083)	—	4,404,151 (52,083)	1.41%	January 31, 2013	(Note 7)	Unsecured without warranty
			—	4,404,151 (52,083)	—	4,404,151 (52,083)		January 31, 2014		
			—	4,404,432 (52,086)	—	4,404,432 (52,086)		January 30, 2015		
	Second Series Unsecured Investment Corporation Bonds (Note 6) (Note 12)		—	3,800,668 (44,946)	—	3,800,668 (44,946)	1.41%	January 31, 2013	(Note 8)	
			—	3,800,668 (44,946)	—	3,800,668 (44,946)		January 31, 2014		
			—	3,800,910 (44,949)	—	3,800,910 (44,949)		January 30, 2015		
	Third Series Unsecured Investment Corporation Bonds (Note 6)		—	1,586,460 (18,761)	158,646 (1,876)	1,427,814 (16,885)	1.41%	January 31, 2013		
			—	1,586,460 (18,761)	158,646 (1,876)	1,427,814 (16,885)		January 31, 2014		
			—	1,586,561 (18,762)	158,656 (1,876)	1,427,905 (16,886)		January 30, 2015		
	Subtotal			—	29,374,466 (347,380)	475,948 (5,628)	28,898,518 (341,751)	—	—	

Classification		Date of modification of rights	Balance at end of prior period (Thousands of yen) (Thousands of U.S. dollars)	Increase during the period (Thousands of yen) (Thousands of U.S. dollars)	Decrease during the period (Note 2) (Thousands of yen) (Thousands of U.S. dollars)	Balance at end of the period (Thousands of yen) (Thousands of U.S. dollars)	Average interest rate (Note 3)	Repayment deadline	Purpose of use	Comments
Rehabilitation obligations (Other obligations)	Ikebukuro TM LLC	January 5, 2010 (Note 1)	—	1,738,385 (20,558)	—	1,738,385 (20,558)	1.41%	January 31, 2013	—	Unsecured without warranty
			—	1,738,385 (20,558)	—	1,738,385 (20,558)		January 31, 2014		
			—	1,738,496 (20,559)	—	1,738,496 (20,559)		January 30, 2015		
	Cryxis (Note 9)		—	37,874 (447)	37,874 (447)	—	0.71%	January 31, 2013	—	
			—	37,874 (447)	37,874 (447)	—		January 31, 2014		
			—	37,876 (447)	37,876 (447)	—		January 30, 2015		
	Subtotal	—	5,328,893 (63,019)	113,625 (1,343)	5,215,267 (61,675)	—	—	—	—	
Total	—	¥96,919,214 (\$1,146,159)	¥888,969 (\$10,512)	¥96,030,245 (\$1,135,646)	—	—	—	—		

(Note 1) NCR's rehabilitation plan (hereinafter referred to as "Rehabilitation Plan") filed at the Tokyo District Court as of November 9, 2009 was also approved at the creditors' meeting held on December 9, 2009. Approval by the Tokyo District Court was received as of the same day, and the order of confirmation of the Rehabilitation Plan became final and binding on January 5, 2010. Under the Rehabilitation Plan, terms and conditions for rehabilitation obligations with rights of separate satisfaction have been amended based on the agreement on rights of separate satisfaction made on October 13, 2009, and for other rehabilitation obligations, terms and conditions have been amended pursuant to the provisions stipulated in the Rehabilitation Plan.

(Note 2) Rehabilitation obligations with rights of separate satisfaction have decreased as a result of repayments following the sales of collateral properties. The Third Series Unsecured Investment Corporation Bonds have been reduced through retirement by purchase, and other rehabilitation obligations have decreased as a result of mergers accompanied by debt factoring by BLife.

(Note 3) Average interest rates are loan interest rates (weighted average during the applicable term) of the corresponding lenders or investment corporation bonds, and are rounded off to the nearest second decimal place.

(Note 4) The loan was made for use in funding repayment of loans, or to purchase real estates and real estate trust beneficiary rights.

(Note 5) Limited only to qualified institutional investors, and with special pari passu conditions among specified BLife investment corporation bonds.

(Note 6) With special pari passu conditions among specified BLife investment corporation bonds.

(Note 7) These bonds were issued to finance funds for repayment of loans, and for purchase of real estate trust beneficiary rights.

(Note 8) These bonds were used as funds for repayment of short-term loans.

(Note 9) Former business name: CBRE Residential Management K.K.

(Note 10) With regard to each rehabilitation obligation, excluding those with rights of separate satisfaction, a fixed interest rate has been applied to the balance of principals with maturity of January 30, 2015 (¥26,671,376 thousand at end of the period) (\$315,413 thousand). Also, though a floating interest rate is currently applied as of the end of this period for the unpaid principal balances with maturity dates of January 31, 2013, and January 31, 2014 (¥26,669,677 thousand for respective balance at the end of this period) (\$315,393 thousand), BLife can replace it with a fixed interest rate without changing the spread.

(Note 11) Scheduled payment per year for rehabilitation obligation within a period of 5 years from the end of the fiscal period is as follows. (There are no balances for which the repayment is scheduled within one year.)

(Thousands of yen)				
Classification	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years
Rehabilitation obligations with rights of separate satisfaction	¥16,019,513	—	—	—
Rehabilitation obligations (Loans)	—	¥15,298,656	¥15,298,656	¥15,299,631
Rehabilitation obligations (investment corporation bonds)	—	9,632,635	9,632,635	9,633,248
Rehabilitation obligations (others)	—	1,738,385	1,738,385	1,738,496
Total	¥16,019,513	¥26,669,677	¥26,669,677	¥26,671,376

<i>(Thousands of U.S. dollars)</i>				
Classification	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years
Rehabilitation obligations with rights of separate satisfaction	\$189,445	—	—	—
Rehabilitation obligations (Loans)	—	\$180,920	\$189,920	\$180,932
Rehabilitation obligations (investment corporation bonds)	—	113,914	113,914	113,922
Rehabilitation obligations (others)	—	20,558	20,558	20,559
Total	\$189,445	\$315,393	\$315,393	\$315,413

(Note 12) BLife retired by purchase some of the Second Series Unsecured Investment Corporation Bonds (¥95,018 thousand) (\$1,123 thousand) on September 15, 2010, and some of the Third Series Unsecured Investment Corporation Bonds (¥475,948 thousand) (\$5,628 thousand) on November 19, 2010.