

## Overview of Company and Financial Results

### 1. Corporate Profile

The Company was founded by Sam Kaneko in August 1998.

Kaneko graduated from high school and university in the U.S.

For over 30 years, he was based in the U.S. and was engaged in real estate investment activity on behalf of various investors all over the world with main focus on organizing and managing opportunity fund specializing in investing in income producing real estate assets in the U.S and Europe.

In 1998, Kaneko commenced investing in Japanese real estate assets.

In 2001, Kaneko relocated the main investment activity from the U.S. to Japan.

Listing: December 2001 (Heracles 4314)

Employees (consolidated ): Directors: 24, Employees: 155 (stand alone: Directors 6, Employees: 69) [Directors 15, Employees 101 as of December 31, 2006]

Business Description: Real Estate Investment Advisory

Business Policy: Organising, launching, and management of the real estate fund, under the concept of "Growing with the investors".

### 2. Competitive Edge

The only real estate fund management company managing one of the largest capital commitment type of real estate opportunity funds ("1 trillion yen fund" ) in Japan.

1. Ability to execute deals surely and quickly (10 business days). The market recognizes daVinci group as a "sure closer" which is the strong competitive edge in the current seller's market.
2. Investing in most efficient and flexible manner and less relying on company's equity as the funds are organized based on the committed capital from each investor in advance.
3. Maintaining a stabilized organization without a burden of fixed costs as the fund reimburses the 37% of sales and administrative costs. Additionally, the fund provides the opportunity to co-invest along with the company to incentivize management to stay longer.
4. Having a strong source of capital enables to organize and launch a large size opportunity fund as the fund investors consist of pension, foundations, college endowment, insurance company, government, and financial institution whose investment policy is to re-up as long as successful investment return is provided.

### 3. Group Strategies going forward

#### Overview of the real estate market:

1. Real estate market has been deteriorated due to tightening of credit lending by domestic financial institutions, which is completely unrelated to the Subprime loan problem in the US.
2. As soon as domestic financial institutions change their lending policy for credit borrowers, the real estate market will recover as sufficient capital available in Japan. However, it will take at least 1.5 years to 2 years to recover as money supply starts influencing over the real estate market.
3. During this period, real estate market remains with the buyers' market and cap rate should rise due to tightening of credit policy while cost of capital to borrow decline, which results yield gap to be widened. This type of market will be the best opportunity for buyers with sufficient equity capital.

#### Impact of the real estate and real estate related market:

1. More assets in the market will be disposed by developers and fund management companies with difficulties of debt and equity financing.
2. More assets in the market will become available because of more unsettled deals due to buyers' financial difficulties.
3. Possibility of restructuring of J-REITs' stock with a low PBR.
4. Restructuring of real estate industry due to financial difficulties.
5. More investment opportunities will become available through a rapid shifting to buyers' market from sellers' market.
6. Domination of real estate market by buyers with sufficient debt and equity capital.

#### daVinci Group Strategies:

1. Commenced an investment of public securities through the Corporate Opportunity Fund I ("Columbus")(with an equity size of approximately 120 billion yen ) in the 1st quarter of 2008. Seeking a synergy between real estate related know-how in target companies and effectively utilizing capital in our opportunity funds
2. Schedule to organize the Opportunity Fund V ("Nobile")with an equity size of approximately 400 billion yen subsequent to the Opportunity Fund IV ("Kadobe")in the 1st quarter of 2008
3. Concentrate on investments through the Real estate Opportunity fund V and the Corporate Opportunity Fund I in order to establish a basis for 40% growth of net income 2011 and beyond.

**4. Financial Results and 3-year plan**

The below B/S and P/L are prepared based on the equity method for comparison and consistency purpose instead of consolidation with the funds we manage.

**<FY 2007>**

- \* Disposition of the total 17 assets in Opportunity Funds.
- \* Disposition of the total 11 assets in 2 Private Core Funds.
- \* 17.9 billion yen of incentive fee through disposition of the total 28 assets of which 8.9 billion yen will be recognized in 2008 (2007 year end balance for the incentive reserve amount is 9.6 billion yen).
- \* 3.9 billion yen of capital gain through disposition of assets in Opportunity Funds, Core Funds and our subsidiary company.
- \* 8.9 billion yen of management fees mainly from Opportunity Funds.
- \* 4.4 billion yen of other income including rental income from assets owned by our subsidiary company.
- \* 26.4 billion yen of total gross revenue.

**<FY 2008>**

- \* Schedule to launch the Real Estate Opportunity Fund V ("Nobile") with an equity size of 400 billion yen in the 1st quarter of 2008.
- \* Commenced the Corporate Opportunity Fund I ("Columbus") with an equity size of 120 billion yen in the 1st quarter of 2008.
- \* Schedule to organize Core Plus Fund targeting for overseas investors.
- \* Schedule to dispose the total of 42 assets in the Opportunity Fund III ("Mooncoin") and IV ("Kadobe").
- \* Schedule to recognize 15.6 billion yen of incentive fee including 8.8 billion yen from the Opportunity Fund III ("Mooncoin").

**<3-year plan based on FY 2008 >**

Although the net income for FY 2007 exceeded our projection, there are no changes for the 3-year projection starting in FY 2008 which was announced in February 2007. We project the net income of 15.6 billion for FY 2008, 21.9 billion for FY 2009 and 30.7 billion for FY 2010. The basis for the 40% growth is from the expected net proceeds (263.3 billion as of FY 2007 end) mainly in the Real Estate Opportunity Fund III ("Mooncoin") and IV ("Kadobe"). The Real Estate Opportunity Fund V ("Nobile") with an equity size of 400 billion yen is schedule to organize in December 2008. We project 6 billion yen (1.5% of committed equity) of management fees from the Real Estate Opportunity Fund V ("Nobile"). The management fees from the Real Estate Opportunity Fund V ("Nobile") and the Real Estate Opportunity Fund IV ("Kadobe") are the main sources for projected management fees.

	FY. 2004 Actual	FY. 2005 Actual	FY. 2006 Actual	FY. 2007 Actual	FY. 2008 Projection	FY. 2009 Projection	FY. 2010 Projection
<b>[Assets under Management*] JPY in 00 millions</b>							
AUM @ YE.	2,140	4,960	10,049	12,134	21,689	31,759	40,375
Aquisitions	1,641	4,049	6,542	4,127	11,874	13,715	9,785
Dispositions	511	1,229	1,453	2,042	2,319	3,645	1,169
Equity invested	456	1,406	2,790	2,989	5,422	7,939	10,093
<b>[Profit and Loss] JPY in millions</b>							
Gross Revenue	4,156	9,502	20,474	26,449	40,478	52,559	68,184
Opportunity Funds	746	2,637	7,341	7,517	10,171	12,813	13,287
Core Funds and Other	527	1,023	1,111	1,471	2,358	4,082	5,773
Management fees	1,273	3,660	8,452	8,988	12,529	16,895	19,060
Incentive fees	489	2,539	6,873	9,026	15,623	7,556	30,480
Capital Gains	1,568	2,189	3,392	3,993	2,130	15,291	4,695
Others	826	1,114	1,757	4,441	10,196	12,817	13,949
Ordinary profit	2,695	6,990	15,375	18,449	26,597	37,400	54,418
Net income	1,731	4,481	9,125	11,848	15,680	21,952	30,733

**Total 75.8 billion yen** consisting of 53.7 billion yen of incentive fee and 22.1 billion yen of capital gain is to be received during 2008 to 2010. Note that 9.6 billion yen of incentive fee reserve as of end of 2007 is included in 53.7 billion yen

**[Balance Sheet] JPY in millions**

Cash & Cash equivalents	2,859	5,841	14,956	24,808	10,415	30,363	26,455
Investments	13,732	14,519	35,828	48,946	84,168	112,770	148,127
Other assets	1,935	2,450	6,043	10,655	6,330	17,111	10,773
<b>Total assets</b>	<b>18,526</b>	<b>22,810</b>	<b>56,826</b>	<b>84,409</b>	<b>100,913</b>	<b>160,244</b>	<b>185,355</b>
<b>[Liabilities]</b>							
Short and Long -term borrowings	8,580	7,320	21,625	25,225	39,110	34,054	72,887
Other liabilities	1,528	4,032	14,167	24,686	11,625	54,060	9,605
<b>Total liabilities</b>	<b>10,108</b>	<b>11,352</b>	<b>35,792</b>	<b>49,911</b>	<b>50,735</b>	<b>88,114</b>	<b>82,492</b>
Minority interest	17	86	—	—	—	—	—
Share holders equity	8,401	11,372	20,644	33,540	49,220	71,172	101,905
Others	—	—	390	958	958	958	958
<b>[Total shareholders' equity]</b>	<b>8,401</b>	<b>11,372</b>	<b>21,034</b>	<b>34,498</b>	<b>50,178</b>	<b>72,130</b>	<b>102,863</b>
<b>Total liabilities &amp; shareholders' equity</b>	<b>18,526</b>	<b>22,810</b>	<b>56,826</b>	<b>84,409</b>	<b>100,913</b>	<b>160,244</b>	<b>185,355</b>
<b>** EPS (Yen)</b>	<b>1,193</b>	<b>2,900</b>	<b>5,940</b>	<b>7,692</b>	<b>10,144</b>	<b>14,202</b>	<b>19,882</b>
<b>ROE</b>	<b>29%</b>	<b>45%</b>	<b>56%</b>	<b>44%</b>	<b>38%</b>	<b>37%</b>	<b>36%</b>
<b>Net interest bearing liabilities</b>	<b>5,721</b>	<b>1,479</b>	<b>6,669</b>	<b>418</b>	<b>28,696</b>	<b>3,692</b>	<b>46,433</b>

\*\* EPS for FY. 2004 and FY. 2005 are adjusted by the 5-for-1 stock split declared on March 4, 2006.

The treasury stock of 9,611 shares out of 30,044 shares was used to acquire the Quantum Group Holdings Pty Ltd in Australia (now called the daVinci Advisors Australia Pty. Ltd) in July 07. The 3rd Quarter ending balance of the treasury stock is 20,433 shares and the 07 year end balance of total outstanding shares (excluding the treasury stock) is 1,545,741 shares.

Overview of Funds under Management

5. Overview of Opportunity Funds as of December 31, 2007

a. Realized & Unrealized Portfolios

Unit: JPY in billions

Fund (Real Estate Opportunity Fund)	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Initial Invest- ment	Assets Acquired	Assets Disposed	Total Investment	Equity Invested	Realized Proceeds(1)	Unrealized Proceeds(2)	Total Proceeds (6+7)	Net Proceeds (8-5)	U/W (3) Multiple on Investment	M-T-M (4) Multiple on Investment	U/W IRR (5)	M-T-M IRR (5)	Exit Date
Ballista (DJREP I) I	Nov-02	22	22	79.7	21.5	49.0	0.0	49.0	27.5	1.80x	2.28x	33%	71%	Jul-06
Mikonos (DJREP II) II	Mar-04	22	22	52.1	12.8	33.6	0.0	33.6	20.8	1.58x	2.63x	32%	73%	Dec-07
Mooncoin (DJREP III) III	Nov-04	60	27	464.1	119.7	114.3	170.5	284.8	165.1	1.54x	2.38x	34%	50%	Apr-12
Kadobe (DJREP IV) IV	Mar-06	40	7	569.4	116.5	20.7	245.3	266.0	149.5	1.74x	2.28x	25%	44%	under investing
<b>Total</b>		<b>144</b>	<b>78</b>	<b>1165.3</b>	<b>270.6</b>	<b>217.6</b>	<b>415.8</b>	<b>633.4</b>	<b>362.8</b>	<b>1.66x</b>	<b>2.34x</b>	<b>30%</b>	<b>52%</b>	

314.6  
Sum of the Expected Net Proceeds from Mooncoin (DJREP III), Kadobe (DJREP IV)

- (1) Realized Proceeds: Distributions by dispositions and refinancing of properties
- (2) Unrealized Proceeds: Remaining value of equity for properties not sold
- (3) U/W: Underwriting
- (4) M-T-M: Mark to Market
- (5) Investment Returns are before asset management fees, fund-level expenses, Japanese withholding taxes and carry

Total Expected Net Proceeds from Funds under Management

Unit: JPY in billions

Fund	daVinci equity share	Total Net Proceeds	Periodical Allocation of Net Proceeds		Details of Net Proceeds from FY07			
			Up to FY07	From FY 08	Investors	daVinci		
						Incentive Fees	Capital Gain	Total
Mooncoin (DJREP III)	10.85%	165.1	52.0	113.0	80.6	22.6	9.8	32.4
Kadobe (DJREP IV)	16.76%	149.5	(0.8)	150.3	100.1	30.1	20.2	50.2
<b>Total of 2 Funds</b>		<b>314.6</b>	<b>51.2</b>	<b>263.3</b>	<b>180.7</b>	<b>52.7</b>	<b>30.0</b>	<b>82.6</b>

In the total net proceeds of 314.6 billion yen, 263.3 billion yen will be realized in 2008, 2009 and 2010 (the balance of 51.2 billion yen had been recognized by 2007). daVinci will receive 82.6 billion yen out of 314.6 billion yen of net proceeds including the incentive fee of 52.7 billion yen and the capital gain of JPY 30.0 billion yen. The total proceeds of 82.6 billion yen will be recognize for 3 years starting in 2008. The schedule for the recognition of incentive fee and capital gain in each year is described in the financial projection for 2008 through 2010 on the page 2.

b. YTD AUM Summary

Unit: JPY in billions

	DJREP I & II ⇒		DJREP III ⇒		DJREP IV ⇒		DJREP V ⇒		
	YE. 2002	YE. 2003	YE. 2004	YE. 2005	YE. 2006	YE. 2007	YE. 2008	YE. 2009	YE. 2010
Acquisitions	12.8	42.5	138.7	289.6	535.5	184.5	900.0	900.0	900.0
Dispositions	-	1.4	46.2	98.0	66.1	152.7	213.5	364.5	116.9
<b>AUM</b>	<b>12.8</b>	<b>53.9</b>	<b>146.4</b>	<b>338.0</b>	<b>807.4</b>	<b>839.2</b>	<b>1,525.7</b>	<b>2,061.2</b>	<b>2,844.3</b> ← (A)

c. Disposition Summary

Unit: JPY in billions

Exit to:	da Vinci Portfolio	Properties Disposed	Aveg. months held	Total Investments	Equity Invested	Realized Proceeds	Investment Multiple	Realized IRR***
Third Pary REIT	15	63	30	76.2	31.3	55.7	1.78x	24%
daVinci REIT	34	22	17	79.7	21.5	49.0	2.28x	71%
daVinci Core Funds	36	22	21	52.1	12.8	33.6	2.63x	74%
Third Parties	56	27	10	128.4	22.3	78.1	2.60x	131%
<b>Total (# of assets)</b>	<b>141</b>	<b>141</b>	<b>22</b>	<b>354.9</b>	<b>90.8</b>	<b>224.2</b>	<b>2.47x</b>	<b>71%</b>

\*\*\* Total weighted average IRR before asset management fees, fund-level expenses, Japanese withholding taxes and carry

**6. Private Core Funds and Public Core Funds (J-REIT)**

- Schedule to organize new Core Funds targeting for overseas investors in addition to the funds targeting for domestic investors previously.
- High investment demand in income producing assets in Tokyo and Tokyo vicinity from overseas investors due to short supply, low cost of debt capital, and positive yield gap. Schedule to organize a Core Plus Fund with a total investment size of 100 billion yen targeting for overseas investors in December 2008.
- Core Plus Fund is intend to add additional assets from Real Estate Opportunity Funds in order to achieve an external growth.

[Scheduled sales month]	[Estimated sales value]
daVinci RF1: 2008	19.4 billion yen
Office Core Fund I: 2012	<u>56.1 billion yen</u>
	75.5 billion yen

Unit: JPY in billions

	YE. 2002	YE. 2003	YE. 2004	YE. 2005	YE. 2006	YE. 2007	YE. 2008	YE. 2009	YE. 2010
Acquisitions	-	11.8	45.3	107.1	85.9	202.4	287.4	471.5	78.5
Dispositions	-	-	-	11.3	47.7	39.1	18.4	-	-
<b>AUM</b>	-	11.8	57.1	152.9	191.1	354.3	623.3	1,094.8	1173.3 ← (B)

**7. Total Assets under Management "AUM"**

Unit: JPY in billions

	YE. 2002	YE. 2003	YE. 2004	YE. 2005	YE. 2006	YE. 2007	YE. 2008	YE. 2009	YE. 2010
<b>Opportunity Funds</b>	12.8	53.9	146.4	338.0	807.4	839.2	1,525.7	2,061.2	2,844.3 ← (A)
<b>Core Funds</b>		11.8	57.1	152.9	191.1	354.3	623.3	1,094.8	1,173.3 ← (B)
Others	55.2	35.3	10.5	5.1	6.4	19.9	19.9	19.9	19.9
<b>Total AUM</b>	<b>68.0</b>	<b>101.0</b>	<b>214.0</b>	<b>496.0</b>	<b>1,004.9</b>	<b>1,213.4</b>	<b>2,168.9</b>	<b>3,175.9</b>	<b>4,037.5</b>
Acquisitions	45.0	53.8	164.1	404.9	654.2	412.7	1,187.4	1,371.5	978.5
Dispositions	18.0	20.8	51.1	122.9	145.3	204.2	231.9	364.5	116.9

**8. Schedule for Formation of Opportunity Funds**
**Corporate Opportunity Fund I ("Columbus")**
**Fund Overview:**

- \* Target equity amount : approx. 120 billion yen
- \* Target investment amount: approx. 200 billion yen
- \* First closing: January 31, 2008
- \* Equity investors break down:
  - Overseas investors: 100 billion yen
  - daVinci Advisors: 20 billion yen
- \* Based on Capital Call
- \* Investment period: 3 years after the final closing
- \* Fund mgt. period: Closed end fund-  
10 years maximum including investment period
- \* Investment mgt. fee: 1.5% per annum on the total committed equity  
(Note: 1.5 % per annum on the invested equity for the first 8 months)
- \* Reimbursement fee: Up to 1.5% on the total committed equity
- \* Target assets: Domestic public securities in real estate related companies

**Real Estate Opportunity Fund V ("Nobile")**
**Fund Overview:**

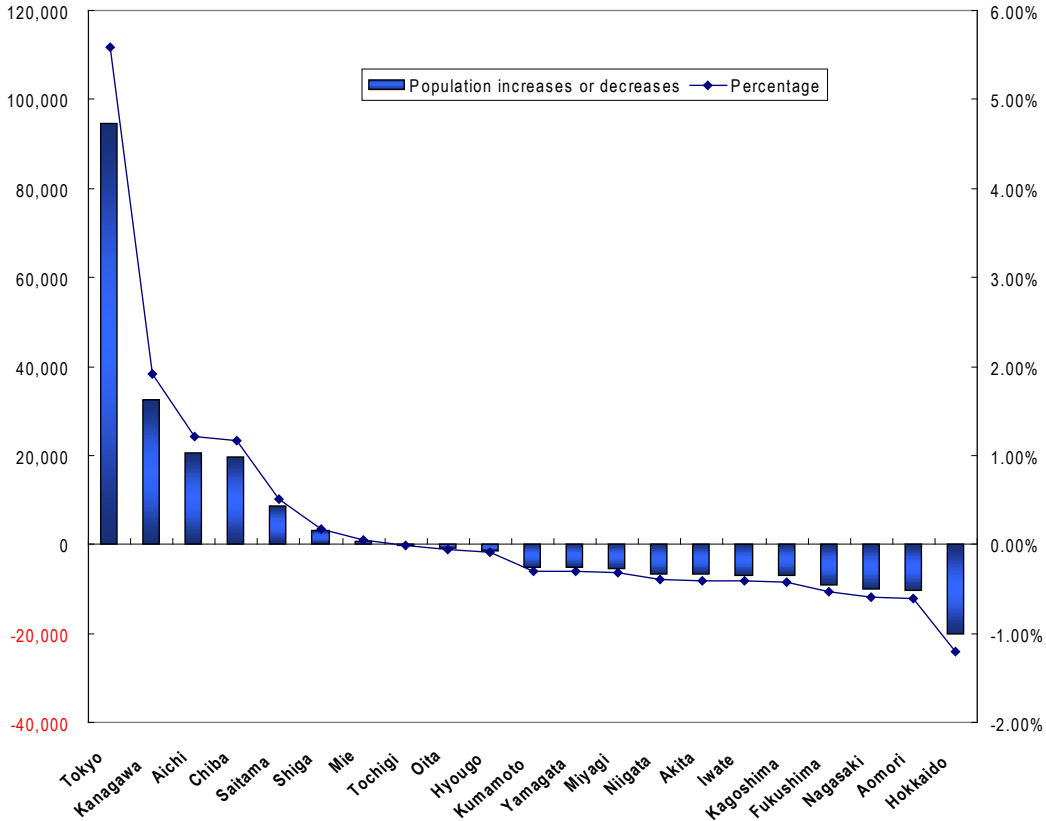
- \* Target equity amount: approx. 400 billion yen
- \* Target investment amount: approx. 1.6 trillion yen
- \* First closing: 2nd Quarter of 2008
- \* Equity investors break down:
  - Overseas investors: 220 billion yen
  - Domestic investors: 110 billion yen
  - daVinci Advisors: Not less than lesser of 15% of the total committed capital and 60 billion yen
- \* Based on Capital Call
- \* Investment period: 3 years after the final closing
- \* Fund mgt. period: Closed end fund-  
10 years maximum including investment period
- \* Investment mgt. fee: 1.5% per annum on the total committed equity
- \* Reimbursement fee: Up to 1.5% on the total committed equity
- \* Target assets: Income producing assets in Tokyo and Tokyo vicinity

**9 Population movement in 2007**

Tokyo Area (Tokyo, Saitama, Chiba and Kanagawa) has increased its population by 155,000 in 2007  
 3 prefectures with the most population increases (in persons):

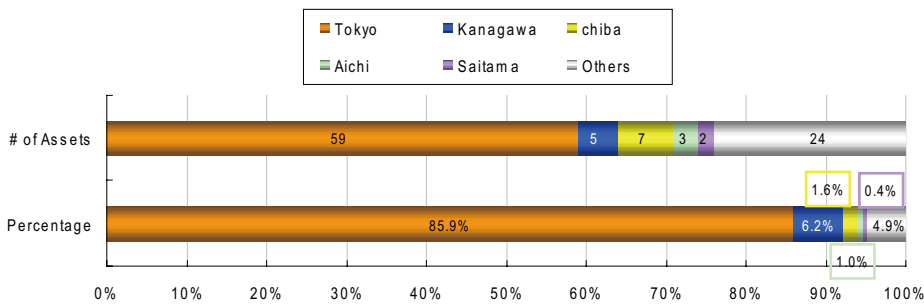
1st	Tokyo	94,500
2nd	Kanagawa	32,474
3rd	Aichi	20,520

Source: Ministry of Internal Affairs and Communications

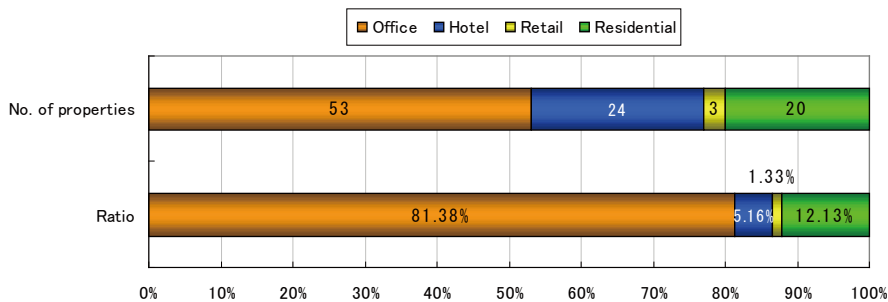


**10. The property location of Opportunity Funds ( as of 2007 end)**

Approximately 95% of investments by Opportunity Funds is in Tokyo and Tokyo vicinity

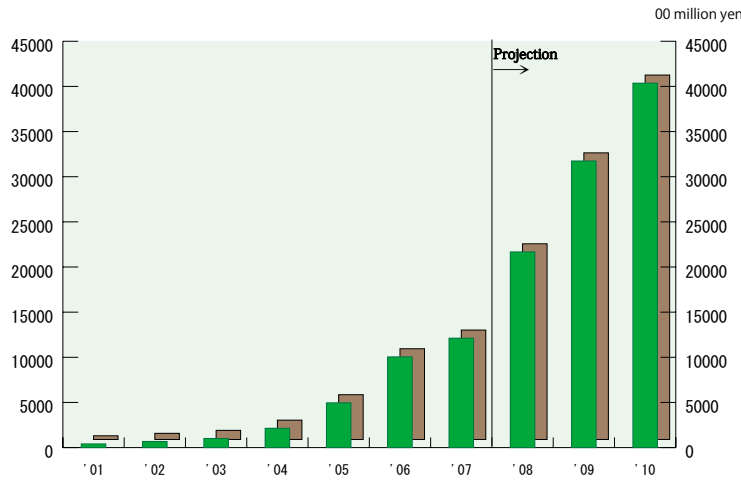


Approximately more than 80% of investments by Opportunity Funds is in office

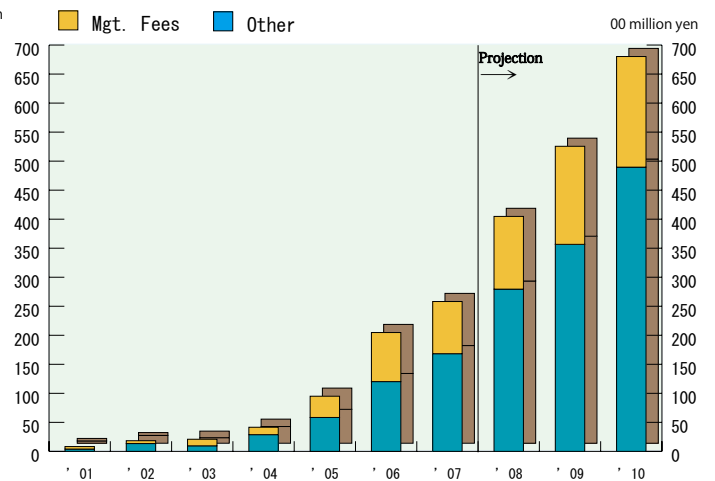


11. Financial Results since IPO

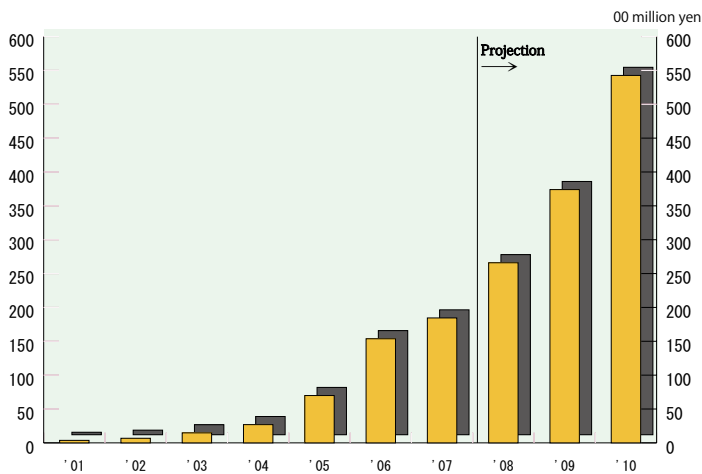
Assets Under Management



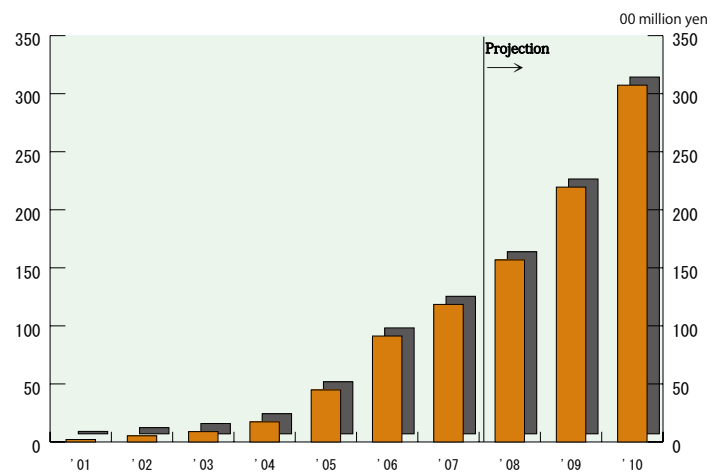
Consolidated Gross Revenue



Consolidated Ordinary Profit



Consolidated Net Income



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## Financial Statement for the year ended 2007

### Consolidated Balance Sheet

unit: 00 million Yen (rounded up)

		2007 Year End				
		Equity method		variance	Consolidated	
<b>Assets</b>						
I	Current Assets					
	1 Cash and Cash Equivalents	24,808	29%	25,464	50,272	6%
	2 Investment in Real Estate	17,307	21%	680,315	697,621	80%
	3 Others	7,319	9%	37,080	44,399	5%
	Total Current Assets	49,433	59%	742,859	792,292	91%
II	Fixed Assets					
	1 Fixed Assets	790	1%	132	922	0%
	2 Intangible Assets	1,496	2%	230	1,726	0%
	3 Investment and Other Assets	32,690	39%	46,771	79,461	9%
	Total Fixed Assets	34,976	41%	47,133	82,109	9%
<b>Total Assets</b>		<b>84,409</b>	<b>100%</b>	<b>789,995</b>	<b>874,404</b>	<b>100%</b>
<b>Liabilities</b>						
I	Current Liabilities					
	1 Short term borrowings	13,220	16%	61,623	74,842	9%
	2 Others	18,609	22%	26,525	45,134	5%
	Total Current Liabilities	31,829	38%	88,147	119,976	14%
II	Long term Liabilities					
	3 Long term borrowings	12,006	14%	503,002	515,008	59%
	4 Other	6,077	7%	53,366	59,442	7%
	Total Long term Liabilities	18,083	21%	556,367	574,450	66%
<b>Total Liabilities</b>		<b>49,911</b>	<b>59%</b>	<b>644,515</b>	<b>694,426</b>	<b>79%</b>
<b>Net Assets</b>						
	Profit or Loss in Mark to Market	(286)	0%	0	(285)	0%
	Minority interest in Investment	1,244	1%	145,480	146,724	17%
	Share holders equity	33,540	40%	0	33,540	4%
<b>Total Net Assets</b>		<b>34,498</b>	<b>41%</b>	<b>145,480</b>	<b>179,978</b>	<b>21%</b>
<b>Total Liabilities and Net Assets</b>		<b>84,409</b>	<b>100%</b>	<b>789,995</b>	<b>874,404</b>	<b>100%</b>

### Consolidated Income Statement

		2007 Year End				
		Equity method		variance	Consolidated	
	Gross Revenue	26,449	100%	250,542	276,991	100%
	Cost of Goods Sold	4,825	18%	161,456	166,282	60%
	Gross Margin of Profit	21,624	82%	89,086	110,710	40%
	Sales and Administrative Costs	2,847	11%	157	3,004	1%
	Operating Profit	18,777	71%	88,929	107,706	39%
	Other Income	488	2%	668	1,156	0%
	Other Costs	816	3%	24,743	25,559	9%
	Ordinary Profit	18,449	70%	64,854	83,303	30%
	Corporate Tax	6,537	25%	1,855	8,392	3%
	Gain or Loss in Minority interest	64	0%	62,999	63,063	23%
<b>Net income</b>		<b>11,848</b>	<b>45%</b>	<b>0</b>	<b>11,848</b>	<b>4%</b>

Note: we have decided to consolidate the funds we manage since FY 2006 financial results.

The above financial statement was prepared based on both equity method and consolidated method for comparison purpose