

Asset Management Report

Nippon Commercial Investment Corporation

4th Fiscal Period

(September 1, 2007 – February 29, 2008)

2-11-1 Nagata-cho

Chiyoda-ku, Tokyo

Japan

I . Overview of Asset Management

1. Operating Results and Financial Position of Nippon Commercial Investment Corporation ("NCI")

Fiscal Period		First	Second	Third	Fourth
Calendar Period		February 22, 2006 – August 31, 2006	September 1, 2006 – February 28, 2007	March 1, 2007 – August 31, 2007	September 1, 2007 – February 29, 2008
Operating revenues	in millions of yen	–	5,617	7,675	8,894
(of which, revenues from property leasing)	in millions of yen	(–)	(5,617)	(7,675)	(8,205)
Operating expenses	in millions of yen	9	2,054	3,358	4,070
(of which, expenses from property leasing)	in millions of yen	(–)	(1,852)	(2,905)	(3,392)
Operating income / Operating loss (–)	in millions of yen	–9	3,563	4,317	4,824
Ordinary income / Ordinary loss (–)	in millions of yen	–16	2,478	3,226	3,539
Net income / Net loss (–)	in millions of yen	–9	2,470	3,225	3,538
Total assets	in millions of yen	148	234,361	269,568	291,527
(period-on-period percentage change) (Note 1)	%	(–)	(–)	(+15.0)	(+8.1)
Net assets	in millions of yen	90	119,075	119,807	119,969
(period-on-period percentage change) (Note 1)	%	(–)	(–)	(+0.6)	(+0.1)
Unitholders' capital	in millions of yen	100	116,753	116,753	116,753
Total investment units issued and outstanding	investment units	200	257,400	257,400	257,400
Net assets per investment unit	yen	450,438	462,606	465,453	466,081
Total cash distribution	in millions of yen	–	2,460	3,225	3,538
Net income per investment unit / Net loss per investment unit (–) (Note 2)	yen	–49,562	11,160 (9,682)	12,530	13,746
Distribution per investment unit	yen	–	9,558	12,530	13,746
(of which, distribution of earnings per investment unit)	yen	(–)	(9,558)	(12,530)	(13,746)
(of which, distribution in excess of earnings per investment unit)	yen	(–)	(–)	(–)	(–)
Ratio of ordinary income to total assets / Ratio of ordinary loss to total assets (–) (Note 3)	%	–13.0	2.1	1.3	1.3
(annualized)	%	(–24.9)	(4.9)	(2.5)	(2.5)
Ratio of return on unitholders' equity / Ratio of loss on unitholders' equity (–) (Note 4)	%	–10.4	4.1	2.7	3.0
(annualized)	%	(–19.9)	(9.7)	(5.4)	(5.9)
Ratio of net assets to total assets at end of the fiscal period (Note 5)	%	60.5	50.8	44.4	41.2
(period-on-period change) (Note 1)	%	(–)	(–)	(–6.4)	(–3.2)
Payout ratio (Note 6)	%	–	99.5	99.9	100.0
Depreciation and amortization	in millions of yen	–	678	878	955
Capital expenditures	in millions of yen	–	98	395	507
Net operating income (NOI) from property leasing activities (Note 7)	in millions of yen	–	4,442	5,647	5,768
Funds from operation (FFO) per investment unit (Note 8)	yen	–16,662	13,011	17,220	15,836
FFO multiples (Note 9)	multiples	–	19	13	15
Debt service coverage ratio (Note 10)	multiples	–	10	7	6
Net income before interest and depreciation (Note 11)	in millions of yen	–	3,711	5,160	5,756
Interest expenses (including interest expenses on bonds)	in millions of yen	–	362	728	991
Interest-bearing debt	in millions of yen	–	96,700	129,100	149,500
Ratio of interest-bearing debt to total assets at end of the fiscal period (Note 12)	%	–	41.3	47.9	51.3
Operating days (Note 13)	number of days	–	156	184	182

(Note 1) The period-on-period percentage change in total assets and net assets and the period-on-period change in the ratio of net assets to total assets at end of the fiscal period for the first and second fiscal periods do not serve as useful references and thus are indicated as (–).

(Note 2) The net income (loss) per investment unit was calculated by dividing the net income (loss) by the daily weighted average number of investment units issued and outstanding (first fiscal period: 200 units; second fiscal period: 221,341 units; third and fourth fiscal periods:

257,400 units). Furthermore, for the second fiscal period, the net income per investment unit calculated by the daily weighted average number of investment units issued and outstanding on September 26, 2006, the day actual asset management activities commenced following listing on the Real Estate Investment Trust Section of the Tokyo Stock Exchange, deemed as the beginning of the period (255,146 units) is also shown in parentheses.

- (Note 3) Ratio of ordinary income (loss) to total assets = Ordinary income (loss) ÷ ((Total assets at beginning of the fiscal period + Total assets at end of the fiscal period) ÷ 2) × 100 (rounded to one decimal place)
Further, no asset management activities were, in effect, conducted in the first fiscal period. In addition, asset management activities commenced, in effect, during the second fiscal period on September 26, 2006.
- (Note 4) Ratio of return (loss) on unitholders' equity = Net income (loss) ÷ ((Net assets at beginning of the fiscal period + Net assets at end of the fiscal period) ÷ 2) × 100 (rounded to one decimal place)
- (Note 5) Ratio of net assets to total assets at end of the fiscal period = Net assets at end of the fiscal period ÷ Total assets at end of the fiscal period × 100 (rounded to one decimal place)
- (Note 6) Payout ratio = Total cash distribution ÷ Net income × 100 (rounded down to the nearest one decimal place)
- (Note 7) NOI from property leasing activities = Revenues from property leasing – Expenses from property leasing + Depreciation and amortization
- (Note 8) FFO per investment unit = FFO (= Net income (loss) + Depreciation and amortization + Other amortized expenses – Gain (Loss) on disposal of real estate) ÷ Investment units issued and outstanding at end of the fiscal period (rounded down to the nearest yen)
- (Note 9) FFO multiples = Investment unit price at end of the fiscal period ÷ Annualized FFO per investment unit (rounded down to the nearest whole number)

	Second Fiscal Period	Third Fiscal Period	Fourth Fiscal Period
Investment unit price at end of the fiscal period (yen)	604,000	453,000	478,000

- (Note 10) Debt service coverage ratio = Net income before interest and depreciation ÷ Interest expenses (including interest expenses on bonds) (rounded down to the nearest whole number)
- (Note 11) Net income before interest and depreciation = Ordinary income + Expenses not accompanied by cash outlays + Interest expenses.
- (Note 12) Ratio of interest-bearing debt to total assets at end of the fiscal period = Interest-bearing debt at end of the fiscal period ÷ Total assets at end of the fiscal period × 100 (rounded to one decimal place)
- (Note 13) The operating days of NCI's first and second fiscal periods were as follows:
First fiscal period: 191 days from February 22, 2006 to August 31, 2006 (However, NCI had, in effect, not conducted asset management activities in this fiscal period.)
Second fiscal period: 181 days from September 1, 2006 to February 28, 2007 (NCI had, in effect, conducted asset management activities for 156 days commencing on September 26, 2006.)

2. Asset Management in the Fourth Fiscal Period

A. Main Developments of NCI

NCI was established on February 22, 2006 with paid-in capital of 100,000 thousand yen (200 investment units) in accordance with the Law Concerning Investment Trusts and Investment Corporations (*Toushishintaku Oyobi Toushihoujin ni Kansuru Houritsu*; Law No. 198 of 1951, including amendments thereto; hereafter, the "ITL"). Pacific Commercial Investment Corporation (hereafter, the "asset manager") acted as NCI's promoter. NCI registered with the Kanto Local Finance Bureau in accordance with the ITL on March 22, 2006. Thereafter, on September 26, 2006, NCI issued an additional 245,000 investment units through a public offering and listed its investment units on the Real Estate Investment Trust Section of the Tokyo Stock Exchange (J-REIT Section) where it was assigned a securities identification code of 3229. Moreover, NCI issued an additional 12,200 investment units through a third-party allotment on October 24, 2006.

Consequently, at the end of the fourth fiscal period, the number of investment units issued and outstanding totaled 257,400 investment units and unitholders' capital amounted to 116,753,060 thousand yen.

B. Investment Environment and Management Performance

The modest economic upswing in the Japanese economy continued into the fourth fiscal period. Financial market turmoil stemming from the sharp rise in the percentage of delinquencies in home mortgages of individuals with poor credit history (subprime mortgages) in the U.S. (the so-called subprime mortgage crisis) has spread to the financial instruments market, which include securitization products, and has had a vast impact on not only the U.S. but also international financial markets such that the Japanese stock market has declined considerably. Furthermore, crude oil and raw material prices continued to increase, leading to growing uncertainty over the future impact of such factors on corporate performance. As a result, a slowdown in the expansion of the Japanese economy can be observed.

In addition, with respect to the real estate related financial instruments market, there have been marked decreases in prices primarily in stocks of real estate related companies and real estate investment trust securities due in part to the abovementioned subprime mortgage crisis. Moreover, in light of the growing concern over the increasing losses sustained by financial institutions (especially European and U.S. financial institutions) and other factors, the situation can also be described as one in which the motivation to invest is weak particularly among institutional investors.

In the real estate rental market, the population influx in the central areas of the three largest metropolitan areas as well as other metropolitan areas of Japan and the concentration of Japan's population in these metropolitan areas continues. An increase in demand for Urban Commercial Real Estate in these metropolitan areas has materialized as a result of decreasing office vacancy space and increasing rental rates for new tenants. With the upward trend in office rental rates continuing particularly in downtown Tokyo, NCI strived to achieve internal growth by proactively revising rental rates to higher levels in relation to tenants extending their agreements in the fourth fiscal period, by adequately leveraging the characteristic features of Urban Commercial Real Estate in that they are more responsive to economic conditions and tend to benefit more readily from an increase in demand than other types of real estate.

In the real estate investment market, property acquisitions continue to be difficult and the price of blue-chip properties continues to hover at high levels. Under such circumstances, NCI acquired six properties (total acquisition price: 23,845,000 thousand yen) and sold three properties (total sale price: 4,750,000 thousand yen) during the fourth fiscal period as part of its efforts to review its portfolio, and sought to enhance the quality of its portfolio.

As of February 29, 2008, NCI's portfolio comprised of 32 office properties and 11 retail properties, a total of 43 properties with a total leasable area of 332,476.99m².

History of Acquired Assets

	September 2007	October 2007	November 2007	December 2007	January 2008	February 2008
Aggregate acquisition price of portfolio assets (in thousands of yen)	231,436,000	242,736,000	251,451,000	251,451,000	251,451,000	251,451,000
Number of properties in the portfolio	40	42	43	43	43	43
Total leasable area (m ²)	311,060.44	318,917.78	332,655.82	332,675.50	332,625.46	332,476.99
Occupancy rate (%)	96.8	97.3	97.9	97.9	98.0	97.8

C. Overview of Capital Procurement

During the fourth fiscal period, NCI borrowed a total of 33,500,000 thousand yen to repay an existing loan, the principal repayment of which was due in September 2007, and to secure available funds. At the time of such borrowing, NCI spread out the repayment dates by procuring long-term loans. In addition, NCI borrowed a total of 20,300,000 thousand yen in October and November 2007 to partially fund the acquisitions of trust beneficiary interests in real estate and real estate as well as the expenses associated with such acquisitions. Additionally, in February 2008, NCI entered into an agreement to borrow 1,500,000 thousand yen to partially fund the acquisition of real estate as well as the expenses associated with such acquisition.

As a result, the status of interest-bearing debt of NCI borrowed from 24 banks, corporations, etc., at the end of the fourth fiscal period totaled 149,500,000 thousand yen (of which, short-term loans accounted for 15,000,000 thousand yen, the current portion of long-term loans accounted for 17,000,000 thousand yen, long-term loans accounted for 90,500,000 thousand yen and investment corporation bonds accounted for 27,000,000 thousand yen). Furthermore, the ratio of interest-bearing debt to total assets at the end of the fourth fiscal period was 51.3%.

Of the borrowings, NCI purchased interest rate caps and entered into interest rate swap agreements for long-term loans as a means to hedge interest rate fluctuation risks. NCI hedged interest rate fluctuation risks by purchasing an interest rate cap with 1.05% as the cap on variable interest rates for Term Loans N and O and by entering into an

interest rate swap agreement to set interest rates, in effect, at fixed interest rates of 1.627% for 7,000,000 thousand yen of Term Loan J and 1.61% for 6,000,000 thousand yen of Term Loan J.

Category	Loan Amount (in thousands of yen)	Lender(s) (Name of Financial Institution(s))	Interest Rate	Applicable Interest Rate at End of the Fiscal Period	Drawdown Date	Repayment Date
Term Loan H	1,000,000	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	JBA 3-month yen TIBOR + 0.3%	1.17083%	September 27, 2007	September 27, 2008
		The Chiba Bank, Ltd.				
Term Loan I	16,500,000	Aozora Bank, Ltd.	JBA 3-month yen TIBOR + 0.325%	1.19583%	September 27, 2007	March 27, 2009
		Mizuho Corporate Bank, Ltd.				
		The Bank of Tokyo-Mitsubishi UFJ, Ltd.				
		Shinsei Bank, Limited				
		Mitsubishi UFJ Trust and Banking Corporation				
Term Loan J	13,000,000	The Shinkumi Federation Bank	JBA 3-month yen TIBOR + 0.4%	1.27083%	September 27, 2007	September 27, 2010
		Aozora Bank, Ltd.				
		The Bank of Tokyo-Mitsubishi UFJ, Ltd.				
		Shinsei Bank, Limited				
		Mitsubishi UFJ Trust and Banking Corporation				
Term Loan K	2,000,000	The Sumitomo Trust and Banking Co., Ltd.	4-year yen interest rate swap + 0.49%	1.83125%	September 27, 2007	September 27, 2011
		Aioi Insurance Co., Ltd.				
Term Loan L	1,000,000	Development Bank of Japan	4-year yen interest rate swap + 0.47%	1.81750%	September 27, 2007	September 27, 2011
Term Loan M	12,000,000	Sumitomo Mitsui Banking Corporation	JBA 1-month yen TIBOR + 0.4%	1.02417%	October 30, 2007	October 30, 2008
	3,000,000				November 28, 2007	October 30, 2008
Term Loan N	2,000,000	The Chuo Mitsui Trust and Banking Company, Limited	JBA 3-month yen TIBOR + 0.4%	1.27083%	November 29, 2007	September 27, 2010
Term Loan O	3,300,000	Aozora Bank, Ltd.	JBA 3-month yen TIBOR + 0.4%	1.27167%	November 29, 2007	November 29, 2010
Total	53,800,000	—	—	—	—	—

The following summarizes the investment corporation bonds and ratings of NCI at the end of the fourth fiscal period.

<Overview of Investment Corporation Bonds>

Name	Offering Method	Issue Amount	Interest Rate	Issue Date	Maturity
First Series Unsecured Investment Corporation Bonds	Private placement	10 billion yen	1.52% p.a.	April 13, 2007	April 13, 2010
Second Series Unsecured Investment Corporation Bonds	Private placement	17 billion yen	1.96% p.a.	April 13, 2007	April 13, 2012
Total	—	27 billion yen	—	—	—

<Status of Issuer Ratings>

Rating Agency	Rating	Details
Rating and Investment Information, Inc. (R&I)	A	Rating Outlook: Stable
Moody's Investors Service, Inc. (Moody's)	A3	Rating Outlook: Stable

D. Overview of Performance and Distribution

As a result of the abovementioned management, the performance for the fourth fiscal period increased in both revenue and income, recording 8,894,100 thousand yen in operating revenues, 4,824,107 thousand yen in operating income, 3,539,397 thousand yen in ordinary income and 3,538,150 thousand yen in net income.

In principle, NCI intends to distribute as dividend such amount as it determines, which shall be in excess of 90% of its distributable income as defined in Article 67-15 of the Special Taxation Measures Law (*Sozei Tokubetsu Sochi Hou*). Accordingly, NCI decided to distribute the entire amount of unappropriated income for the fiscal period, excluding fractional amounts less than 1 yen, in the fourth fiscal period; total cash distributions amounted to 3,538,220,400 yen and distribution per investment unit amounted to 13,746 yen.

3. Status of Capital Increase

During the fourth fiscal period, NCI did not increase or make other change to its capital and there is, therefore, no change in the unitholders' capital and such. The following table summarizes the change in the number of investment units issued and outstanding and in the amount of unitholders' capital up to the end of the fourth fiscal period.

Date	Description	Investment Units Issued and Outstanding (investment units)		Unitholders' Capital (in thousands of yen)		Notes
		Increase / Decrease	Balance	Increase / Decrease	Balance	
February 22, 2006	Incorporation through private placement	200	200	100,000	100,000	(Note 1)
September 26, 2006	Capital increase through public offering	245,000	245,200	111,119,750	111,219,750	(Note 2)
October 24, 2006	Capital increase through third-party allotment	12,200	257,400	5,533,310	116,753,060	(Note 3)

(Note 1) NCI was established using capital contributed by Pacific Management Corporation at an issue price of 500,000 yen per investment unit.

(Note 2) NCI issued additional investment units through a public offering at an issue price of 470,000 yen per investment unit (issue price to underwriters: 453,550 yen per investment unit) to procure funds for acquiring new properties and commenced its asset management activities.

(Note 3) NCI issued additional investment units with Daiwa Securities SMBC Co. Ltd. as the allottee at an issue price of 453,550 yen per investment unit.

Price History of Investment Units on the Tokyo Stock Exchange

The following table shows the highest and lowest prices (based on the closing price) of NCI's investment units on the Real Estate Investment Trust Section of the Tokyo Stock Exchange for each fiscal period.

(in yen)				
Fiscal Period	First (Note 1)	Second	Third	Fourth
Settlement of Accounts	August 2006	February 2007	August 2007	February 2008
Highest	—	670,000	655,000	504,000
Lowest	—	461,000	442,000	369,000
Price at Beginning of the Fiscal Period (Note 2)	—	472,000	585,000	451,000
Price at End of the Fiscal Period (Note 2)	—	604,000	453,000	478,000

(Note 1) NCI listed its investment units on the Real Estate Investment Trust Section of the Tokyo Stock Exchange on September 26, 2006. This item is not applicable since NCI had not yet listed its investment units as of August 31, 2006.

(Note 2) The price at the beginning of the fiscal period and the price at the end of the fiscal period show the closing prices on the first date of the fiscal period and the last date of the fiscal period, respectively. However, for the second fiscal period, the price at the beginning of the fiscal period shown is the closing price on the date of listing (September 26, 2006).

4. Distribution Performance

In principle, NCI intends to distribute as dividend such amount as it determines, which shall be in excess of 90% of its distributable income as defined in Article 67-15 of the Special Taxation Measures Law (*Sozei Tokubetsu Sochi Hou*). Accordingly, NCI decided to distribute the entire amount of unappropriated income for the fiscal period, excluding fractional amounts less than 1 yen, in the fourth fiscal period; total cash distributions amounted to 3,538,220,400 yen and distribution per investment unit amounted to 13,746 yen.

(in yen)

Fiscal Period	First	Second	Third	Fourth
Calendar Period	February 22, 2006 – August 31, 2006	September 1, 2006 – February 28, 2007	March 1, 2007 – August 31, 2007	September 1, 2007 – February 29, 2008
Total unappropriated income at end of the fiscal period / Total unappropriated loss at end of the fiscal period (–)	–9,912,436	2,460,319,770	3,225,343,336	3,538,271,709
Accumulated earnings	–9,912,436	90,570	121,336	51,309
Total cash distribution	–	2,460,229,200	3,225,222,000	3,538,220,400
(Distribution per investment unit)	(–)	(9,558)	(12,530)	(13,746)
Of which, total distribution of earnings	–	2,460,229,200	3,225,222,000	3,538,220,400
(Distribution of earnings per investment unit)	(–)	(9,558)	(12,530)	(13,746)
Of which, total capital reimbursement	–	–	–	–
(Capital reimbursement per investment unit)	(–)	(–)	(–)	(–)

5. Future Management Policy and Key Topics

A. Management Environment

In the office rental market, as of the end of February 2008, the vacancy rates in downtown Tokyo hovered at a low level ranging between 2% and 3% (Source: Miki Shoji Co., Ltd.'s "Latest Office Building Market Information (for Tokyo)" (March 2008)) and the rental rates for new tenants have also been on the rise since 2005. The supply of large properties in downtown Tokyo in fiscal year 2008 is expected to decrease to about half that of 2007 and the tight demand and supply condition is expected to continue for the foreseeable future. Furthermore, the trend of rebuilding, redeveloping, etc., of offices is also accelerating in the central areas of the urban areas of Osaka and Nagoya, and NCI believes it is necessary to monitor future trends in such areas. In this environment, NCI forecasts that the office rental market will generally continue to remain strong in the three largest metropolitan areas, with Tokyo showing such trend the most.

In addition, with respect to the real estate investment market, changes in the stance taken by financial institutions towards financing real estate investments have been observed due to the credit crunch triggered by the subprime mortgage crisis, and disparities are starting to be seen in transaction prices as well depending on various factors, such as the location, size and grade of the real estate. Nevertheless, the demand for blue-chip properties in downtown Tokyo remains high and real estate prices in such areas will continue to hover at higher levels. Amid such circumstances, NCI anticipates that polarization in the real estate investment market will deepen in the future.

Moreover, NCI believes that it is necessary to keep an eye on the state of the Japanese economy, which continues to be surrounded by several uncertainties, such as the slowdown of the U.S. economy, rising raw material and crude oil prices, and exchange rate fluctuations. The impact of a slowdown in growth of the Japanese economy on corporate earnings and personal consumption trends is also uncertain, and depending on the circumstances, NCI may experience a decrease in rent revenues due to poor performance of its tenant companies, decrease in sales of retail properties, etc. Accordingly, NCI recognizes the importance of understanding aspects that influence the Japanese economy.

Taking into consideration the abovementioned circumstances, NCI will attain steady growth by continuing to manage assets while building a portfolio that is capable of generating stable cash flow.

B. Future Management Policy and Challenges

(1) Management Strategy

(i) Brand Strategy

To enhance the competitiveness of its portfolio assets in the office rental market, NCI is introducing the "Pacific Marks" brand in succession to the name of properties whose quality is higher in terms of size, location, facilities,

etc. Through the introduction of these renovations, in addition to renaming properties to the “Pacific Marks” brand name, NCI will create synergies that elevate our brand name in the office rental market, thereby enhance overall asset value, and improve competitiveness in soliciting tenants.

(ii) Renovation

NCI will strive to improve its occupancy rates and rental rate unit prices by proactively engaging in renovations to provide a comfortable office environment for its tenants and by improving the satisfaction level of its tenants as a result of such renovations.

In particular, NCI will make an effort to renovate rental properties from the perspective of tenants that operate stores and customers that use the facilities as a means of improving the value while maintaining a level of comfort and ease.

(iii) Rental Rate Revisions

Under the management environment described above, NCI aims to enhance its earnings by responding positively to rental rate extensions and new rental rate contracts. Furthermore, in light of the characteristic that the renewal period for many office tenant lease agreements is every two years, NCI will work on negotiating higher rental rates with its existing tenants on an ongoing basis.

(2) Investment Strategy

(i) Acquire New Properties

NCI seeks to maximize the value of its investment units by securing stable earnings over the medium to long term and steadily increasing its portfolio size without being vulnerable to temporary market situations. For this purpose, NCI is dedicated to securing blue-chip properties by optimally capitalizing on the support of its sponsor and support line agreement partner Pacific Management Corporation (PMC), as well as the PMC Group, while also expanding independent channels for acquiring properties.

(ii) Improve the Quality of the Portfolio

Pursuant to its investment policy, NCI intends to focus its investment activity primarily on office and retail properties located in the three largest metropolitan areas as well as other metropolitan areas (particularly in the central areas). In addition, NCI intends to invest in office properties and retail properties located in central areas so that such investments account for 70% or more of the entire portfolio (based on acquisition price). In light of the domestic and global economic conditions and fluctuations in the real estate market, NCI intends to improve the quality of its portfolio taking into consideration the profitability and future potential of individual properties while focusing its attention on highly profitable properties and large properties.

(3) Financial Strategy

To minimize interest rate fluctuation risks, NCI strives to achieve a balance in such areas as long and short loan terms and fixed and variable interest rates, while also working to reduce overall financing costs. In addition, to minimize refinancing risks, NCI aims to diversify repayment dates and sources of funding through such measures as issuing investment corporation bonds. NCI has been committed to diversifying the sources of funding since its listing when it borrowed funds from ten domestic financial institutions. NCI will seek to form smooth relationships, while continuing to procure capital with a view to achieving balance.

Moreover, to address the risks of rising interest rates, NCI will continue to conduct systematic financial operations through the purchase of interest rate caps, execution of interest rate swap agreements and other instruments that hedge interest rate fluctuation risks.

6. Material Events Occurred Subsequent to the Settlement of Accounts

The following are the material events involving NCI that have occurred after the settlement of its accounts.

A. Acquisition of 2 properties

NCI completed the acquisition of the following specified asset (San-Esu Building) on March 3, 2008, which it decided to acquire on December 20, 2007. In addition, NCI decided to acquire additional compartmentalized ownership of the following specified asset (Towa Hamamatsucho Building) on March 25, 2008, and completed the acquisition on March 27, 2008.

The following summarizes the concerned specified assets.

Property no.:	Office A-30
Property name:	San-Esu Building
Acquisition price (Note 1):	5,100,000 thousand yen
Location (Note 2):	Shinjuku ward, Tokyo
Asset type:	Real estate
Use:	Office property
Date on which the purchase agreement was entered into:	December 21, 2007
Acquisition date:	March 3, 2008

Property no.:	Office A-26
Property name:	Towa Hamamatsucho Building
Acquisition price (Note 1):	242,200 thousand yen
Location (Note 2):	Minato ward, Tokyo
Asset type:	Real estate (Note 3)
Use:	Office property
Date on which the purchase agreement was entered into:	March 27, 2008
Acquisition date:	March 27, 2008

(Note 1) "Acquisition price" indicates the purchase price excluding the consumption tax, local consumption tax, fixed property tax and city planning tax amounts for which the acquisition price would be adjusted and excluding other acquisition costs.

(Note 2) "Location" indicates the smallest independent administrative district of the region where the applicable property is located.

(Note 3) After acquiring the compartmentalized ownership, NCI entrusted and added the compartmentalized ownership to the trust that holds title to the concerned property already owned by NCI as of the same date.

B. Sale of 2 properties

Pursuant to the policy stipulated in its Articles of Incorporation, NCI decided on February 28, 2008 to sell the following assets taking into consideration a comprehensive list of factors, such as current and projected future earnings and projected increases/decreases in asset value of each property, as well as the asset composition, etc., of the entire portfolio. NCI completed the sale of these assets as of March 3, 2008.

The following is a summary of the concerned specified assets.

Property no.:	Office A-14
Property name:	Pacific City Hamamatsucho
Sale price (Note 1):	2,538,000 thousand yen
Location (Note 2):	Minato ward, Tokyo
Asset type:	Trust beneficiary interests in real estate
Use:	Office property

Date on which the sale agreement was entered into: March 3, 2008
Sale date: March 3, 2008
Buyer: OS Co., Ltd.
Impact on income / loss: Approximately 657 million yen is expected to be recorded as gain on disposal of real estate.

Property no.: Office A-18
Property name: Gotanda Metallion Building
Sale price (Note 1): 2,012,000 thousand yen
Location (Note 2): Shinagawa ward, Tokyo
Asset type: Trust beneficiary interests in real estate
Use: Office property
Date on which the sale agreement was entered into: March 3, 2008
Sale date: March 3, 2008
Buyer: OS Co., Ltd.
Impact on income / loss: Approximately 644 million yen is expected to be recorded as gain on disposal of real estate.

(Note 1) "Sale price" indicates the sale price excluding the consumption tax, local consumption tax, fixed property tax and city planning tax amounts for which the sale price would be adjusted and excluding other sale costs.
(Note 2) "Location" indicates the smallest independent administrative district of the region where the applicable property is located.

C. Borrowing of Funds

NCI decided on February 28, 2008 to borrow funds as follows to fund the acquisitions of real estate as outlined above in A. Acquisition of Assets, as well as to pay the expenses associated with such acquisitions. NCI completed the drawdown of the borrowing as of March 3, 2008.

Term Loan P (term: 7 months)

Lender: The Sumitomo Trust and Banking Co., Ltd.
Loan amount: 1,500,000 thousand yen
Interest rate: JBA 1-month yen TIBOR + 0.4%
The rate applicable for the period between March 3, 2008 and March 26, 2008 is 1.20083%.
Drawdown date: March 3, 2008
Repayment date: September 29, 2008
Collateral: Unsecured
Guarantee: Non-guaranteed

(Additional Information) Changes in the Names of Portfolio Assets

(1) Changes to "Pacific Marks" Brand

To enhance the competitiveness of its portfolio assets in the office rental market, NCI is introducing the "Pacific Marks" brand to the name of properties whose quality is higher in terms of size, location, facilities, etc. Having obtained consent from existing tenants, NCI concluded that as part of its brand strategy the following property names will be changed, which NCI deems are commensurate to the "Pacific Marks" brand.

Property No.	Name of Portfolio Asset		Date of Change
	New Name	Old Name	
Office A-5	Pacific Marks Nishi-Shinjuku	Pacific City Nishi-Shinjuku	April 1, 2008
Office A-4	Pacific Marks Tsukishima	Pacific Square Tsukishima	May 1, 2008
Office A-25	Pacific Marks Kawasaki	Kawasaki East One Building	
Office A-28	Pacific Marks Aobadai	Jomo Aobadai Building	

(2) Change to Name, Brand, etc. of Prior Titleholder

In relation to properties using the name, brand, etc., of prior titleholders from among the portfolio assets, NCI decided to change the name of the following property in the fourth fiscal period after carefully studying features of the property in an effort to eliminate the image, etc., of the prior titleholders.

Property No.	Name of Portfolio Asset		Date of Change
	New Name	Old Name	
Retail A-6	Albore Jingumae	FLEG Jingumae	May 1, 2008

II. Overview of NCI

1. Overview of Capital

Item	First Fiscal Period (As of August 31, 2006)	Second Fiscal Period (As of February 28, 2007)	Third Fiscal Period (As of August 31, 2007)	Fourth Fiscal Period (As of February 29, 2008)
Total number of investment units authorized (units)	2,000,000	2,000,000	2,000,000	2,000,000
Total number of investment units issued and outstanding (units)	200	257,400	257,400	257,400
Unitholders' capital (yen)	100,000,000	116,753,060,000	116,753,060,000	116,753,060,000
Number of unitholders (person(s))	1	11,369	9,692	8,864

2. Matters related to Investment Units

Principal unitholders as of February 29, 2008 are as follows.

Name	No. of Investment Units Held (units)	Percentage to Total Investment Units Issued and Outstanding (%)
NikkoCiti Trust and Banking Corporation (Investment Trust Account)	19,240	7.47
Japan Trustee Services Bank, Ltd. (Trust Account)	14,023	5.44
Pacific Management Corporation	12,400	4.81
State Street Bank and Trust Company	10,934	4.24
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	9,296	3.61
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,761	3.40
UBS AG London Asia Equities	6,225	2.41
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	6,135	2.38
Credit Suisse First Boston Europe PB Sec. INT Non-Treaty Client	4,807	1.86
Deutsche Bank AG London PB Non-Treaty Clients 613	4,680	1.81
Total	96,501	37.49

(Note) The percentage (of the number of investment units held) to total investment units issued and outstanding is rounded down to the nearest two decimal places.

3. Matters related to Directors

The names of directors, etc., as of February 29, 2008 are as follows.

Title	Name	Primary Duties	Total Compensation of Each Director during the Fiscal Period (in thousands of yen)
Executive Director	Tomohiro Makino (Note 1)	Chief Executive Officer and President, Pacific Commercial Investment Corporation	1,800
Supervisory Director	Masaharu Hino (Note 2)	Partner, Masaharu Hino Law Office	2,760
Supervisory Director	Tsutomu Kuribayashi (Note 2)	Partner, Kuribayashi Sogo Law Office	
Supervisory Director	Junya Iwasaki (Note 2)	Executive Director, Minoli Kaikei	
Supervisory Director	Hiroshi Nemoto (Note 3)	Representative Partner, Clifix Certified Public Tax Accountants' Corporation	
Accounting Auditor	KPMG AZSA & Co.	—	12,000

- (Note 1) Tomohiro Makino was elected executive director at NCI's second general meeting of unitholders held on February 21, 2008.
- (Note 2) Masaharu Hino, Tsutomu Kuribayashi and Junya Iwasaki were elected supervisory directors at NCI's second general meeting of unitholders held on February 21, 2008.
- (Note 3) Hiroshi Nemoto's term of office as supervisory director of NCI expired on February 22, 2008.
- (Note 4) Tomohiro Makino serves concurrently as the chief executive officer and president of Pacific Commercial Investment Corporation, the asset manager of NCI, and as executive director of NCI. The approval of the Commissioner of the Financial Services Agency for concurrently holding these positions was obtained on February 17, 2006 pursuant to Article 13 of the ITL prior to amendments in accordance with Article 5 of the Law for Amending the Securities and Exchange Law and Other Financial Laws (*Shouken Torihiki Hou Nado no Ichibu wo Kaiseisuru Houritsu*, Law No. 65 of 2006; hereafter, the "SEL Amendment Law"). The supervisory directors may also be directors of corporations other than those listed above, but none of said corporations or those listed above are related to NCI.
- (Note 5) Neither the executive nor supervisory directors own investment units of NCI in their own name or the name of another.

4. Asset Manager, Custodian and General Administrators

The following are the asset manager, custodian and general administrators as of February 29, 2008.

Outsourced Responsibility	Name
Asset manager	Pacific Commercial Investment Corporation
Custodian	The Sumitomo Trust and Banking Co., Ltd.
General administrator (accounting matters)	Heiseikaikeisha Tax Co.
General administrator (transfer agent)	Mitsubishi UFJ Trust and Banking Corporation
General administrator (administrative matters relating to NCI)	Mitsubishi UFJ Trust and Banking Corporation

III. Portfolio Assets of NCI

The following summarizes NCI's portfolio assets as of February 29, 2008.

1. Composition of NCI Properties

Area (Note 1)	Use / Type (Note 1)	Investment Target Geographic Region (Note 1)	Property No.	Property Name	Total Amount Owned (in thousands of yen) (Note 2)	Ratio to Total Assets (Note 3)
Central Area	Office Properties	Urban Area of Tokyo	Office A-1	Hitachi High-Tech Building	19,031,213	6.5%
			Office A-2	Pacific Marks Shinjuku ParkSide	15,645,226	5.4%
			Office A-3	Pacific Marks Tsukiji	11,503,104	3.9%
			Office A-4	Pacific Square Tsukishima (Note 4)	8,183,700	2.8%
			Office A-5	Pacific Marks Nishi-Shinjuku (formerly, Pacific City Nishi-Shinjuku) (Note 4)	7,948,685	2.7%
			Office A-6	Pacific Marks Yokohama East	7,118,707	2.4%
			Office A-7	Business Court Shin-Urayasu	4,763,556	1.6%
			Office A-8	Oomori City Building	3,905,182	1.3%
			Office A-9	Akasaka Hikawa Building	3,525,129	1.2%
			Office A-10	Pacific Marks Shibuya-Koendoori	3,162,801	1.1%
			Office A-11	Pacific Marks Nihonbashi-Tomizawacho	2,643,667	0.9%
			Office A-12	Pacific Marks Akasaka-mitsuke	2,479,532	0.9%
			Office A-13	Urban Square Yaesu Building	2,221,767	0.8%
			Office A-14	Pacific City Hamamatsucho	1,790,448	0.6%
			Office A-15	Yokohama Aioicho Building	1,743,423	0.6%
			Office A-16	Pacific Marks Shin-Yokohama	1,671,682	0.6%
			Office A-18	Gotanda Metallion Building	1,296,064	0.4%
			Office A-20	Maruishi Shinbashi Building	1,164,674	0.4%
			Office A-22	Pacific Marks Shinkawa	3,626,521	1.2%
			Office A-23	Pacific Marks Uchikanda	2,132,889	0.7%
			Office A-24	Pacific Marks Mejiro	2,095,749	0.7%
			Office A-25	Kawasaki East One Building (Note 4)	15,751,462	5.4%
			Office A-26	Towa Hamamatsucho Building	7,275,627	2.5%
			Office A-27	Lila Hijirizaka	4,484,064	1.5%
			Office A-28	Jomo Aobadai Building (Note 4)	3,179,722	1.1%
			Office A-29	Otsuka HT Building	2,085,450	0.7%
			Office A Sub-Total		140,430,044	48.2%
		Urban Area of Osaka and Urban Area of Nagoya	Office B-1	Snow Crystal Building	8,903,124	3.1%
			Office B-2	Pacific Marks Higobashi	5,813,535	2.0%
			Office B-3	Nagoya-Nishiki City Building	5,350,357	1.8%
		Other Metropolitan Areas	Office B-4	Pacific Marks Esaka	15,310,817	5.3%
			Office B Sub-Total		35,377,833	12.1%
		Other Metropolitan Areas	Office C-1	Pacific Marks Sapporo Kita-ichijo	2,259,034	0.8%
			Office C-2	Shin-Sapporo Center Building	1,236,856	0.4%
			Office C Sub-Total		3,495,890	1.2%
		Office Properties Sub-Total			179,303,767	61.5%
	Retail Properties in Central Areas	Kanto Large Metropolitan Area	Retail A-6	FLEG Jingumae (Note 4)	2,629,730	0.9%
			Retail A-1	Shinsaibashi OPA Honkan	32,901,925	11.3%
		Kansai Large Metropolitan Area	Retail A-2	Shinsaibashi OPA Kireikan	3,626,783	1.2%
			Retail A-3	PACIFIQUE Tenjin	3,702,888	1.3%
		Other Large Metropolitan Areas	Retail A-4	Albore Tenjin	1,457,635	0.5%
			Retail A-5	Tenjin Yoshida Building	1,183,121	0.4%
			Retail A-7	Albore Sendai	3,230,541	1.1%
		Retail A Sub-Total			48,732,623	16.7%
	Central Area Sub-Total				228,036,390	78.2%
Suburban Area	Suburban Multi-Tenant Retail Properties	Kanto Large Metropolitan Area	Retail B-1	Mallage Kashiwa	15,580,624	5.3%
		Kansai Large Metropolitan Area	Retail B-2	Bellfa Uji	3,242,140	1.1%
		Retail B Sub-Total			18,822,764	6.5%
	Suburban Single-Tenant Retail Properties	Kanto Large Metropolitan Area	Retail C-2	Keiyo D2 Kariba I.C.	4,563,029	1.6%
		Chukyo Large Metropolitan Area	Retail C-1	Ito-Yokado Owariasahi	8,164,341	2.8%
		Retail C Sub-Total			12,727,370	4.4%
	Retail Properties Sub-Total				80,282,757	27.5%
Suburban Area Sub-Total					31,550,134	10.8%
Deposits and Other Assets					31,940,863	11.0%
Total Portfolio					291,527,387	100.0%

(Note 1) Classified according to the investment policy of NCI.

(Note 2) "Total Amount Owned" indicates the amount recorded on the balance sheets as at February 29, 2008 (the book value after depreciation in the case of real estate).

(Note 3) "Ratio to Total Assets" indicates the ratio of the total amount owned of the applicable asset to the total amount of assets (rounded to one decimal place).

(Note 4) The names of the portfolio assets were changed, effective April 1, 2008 and May 1, 2008. Please refer to "I. Overview of Asset Management; 6. Material Events Occurred Subsequent to the Settlement of Accounts; (Additional Information) Changes in the Names of Portfolio Assets" for details.

2. Principal Assets Owned

The following is a summary of the principal assets owned by NCI (the ten properties with the highest book value at the end of the fiscal period).

Property No.	Property Name	Book Value (in thousands of yen) (Note 1)	Leasable Floor Space (m ²) (Note 2)	Leased Floor Space (m ²) (Note 3)	Occupancy Rate at End of the Fiscal Period (Note 4)	Ratio to Gross Revenues from Property Leasing (Note 5)	Primary Use
Retail A-1	Shinsaibashi OPA Honkan	32,901,925	27,025.42	27,025.42	100.0%	8.1%	Retail property
Office A-1	Hitachi High-Tech Building	19,031,213	15,781.64	15,781.64	100.0%	5.2%	Office property
Office A-25	Kawasaki East One Building (Note 6)	15,751,462	7,378.83	7,378.83	100.0%	4.3%	Office property
Office A-2	Pacific Marks Shinjuku ParkSide	15,645,226	11,575.22	11,575.22	100.0%	6.2%	Office property
Retail B-1	Mallage Kashiwa	15,580,624	34,552.22	33,816.12	97.9%	8.9%	Retail property
Office B-4	Pacific Marks Esaka	15,310,817	20,075.18	18,642.11	92.9%	6.7%	Office property
Office A-3	Pacific Marks Tsukiji	11,503,104	5,971.45	5,971.45	100.0%	3.6%	Office property
Office B-1	Snow Crystal Building	8,903,124	11,034.79	11,034.79	100.0%	4.7%	Office property
Office A-4	Pacific Square Tsukishima (Note 6)	8,183,700	9,336.27	9,336.27	100.0%	3.8%	Office property
Retail C-1	Ito-Yokado Owariasahi	8,164,341	54,606.34	54,606.34	100.0%	3.1%	Retail property
	Total	150,975,536	197,337.36	195,168.19	98.9%	54.6%	

(Note 1) Each amount under "Book Value" is rounded down to the nearest thousand yen. Accordingly, the entered amounts do not necessarily add up to the total value.

(Note 2) "Leasable Floor Space" indicates the floor space of the portion acquired by NCI within each real estate held in trust or real estate held directly by NCI.

(Note 3) "Leased Floor Space" indicates the portion of the leasable floor space for which a lease agreement has been concluded with an end-tenant. As a general rule, the floor space that is leased is indicated to be the floor space set forth in the applicable lease agreement. For real estate held in trust, this refers to the lease agreement between the trustee or master lessee and the end-tenant. For real estate held directly by NCI, this refers to the lease agreement between NCI or master lessee and the end-tenant. However, in the case of lease agreements that were entered into in tsubo values upon signing, the leased floor space indicated is the value arrived at after the relevant tsubo value for the floor space set forth in the applicable lease agreement is divided by 0.3025 and then rounded to two decimal places.

(Note 4) "Occupancy Rate at End of the Fiscal Period" indicates the value arrived at when the result of dividing the leased floor space by the leasable floor space is expressed as a percentage and rounded to one decimal place.

(Note 5) "Ratio to Gross Revenues from Property Leasing" indicates the ratio of the revenues from property leasing of the applicable asset to the gross amount of revenues from property leasing (rounded to one decimal place).

(Note 6) The name of the portfolio asset was changed, effective May 1, 2008. Please refer to "I. Overview of Asset Management; 6. Material Events Occurred Subsequent to the Settlement of Accounts; (Additional Information) Changes in the Names of Portfolio Assets" for details.

3. Itemization of Real Estate and Other Assets

As of February 29, 2008, the itemization of assets owned by NCI is as follows.

Property No.	Property Name	Location	Form of Ownership	Appraisal Price at End of the Fiscal Period (in thousands of yen) (Note 1)
Office A-1	Hitachi High-Tech Building	1-24-14 Nishi-Shinbashi, Minato-ku, Tokyo	Trust beneficiary interests in real estate	19,000,000
Office A-2	Pacific Marks Shinjuku ParkSide	4-15-7 Nishi-Shinjuku, Shinjuku-ku, Tokyo	Trust beneficiary interests in real estate	17,400,000
Office A-3	Pacific Marks Tsukiji	3-3-8 Irifune, Chuo-ku, Tokyo	Trust beneficiary interests in real estate	11,700,000
Office A-4	Pacific Square Tsukishima (Note 2)	1-15-7 Tsukishima, Chuo-ku, Tokyo	Real estate	9,670,000
Office A-5	Pacific Marks Nishi-Shinjuku (formerly, Pacific City Nishi-Shinjuku) (Note 2)	3-2-7 Nishi-Shinjuku, Shinjuku-ku, Tokyo	Trust beneficiary interests in real estate	10,300,000
Office A-6	Pacific Marks Yokohama East	3-4 Sakae-cho, Kanagawa-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests in real estate	9,200,000

Property No.	Property Name	Location	Form of Ownership	Appraisal Price at End of the Fiscal Period (in thousands of yen) (Note 1)
Office A-7	Business Court Shin-Urayasu	1-9-2 Mihama, Urayasu-shi, Chiba	Trust beneficiary interests in real estate	5,980,000
Office A-8	Oomori City Building	1-1-10 Ohmori-Kita, Ota-ku, Tokyo	Trust beneficiary interests in real estate	4,740,000
Office A-9	Akasaka Hikawa Building	6-18-3 Akasaka, Minato-ku, Tokyo	Trust beneficiary interests in real estate	3,690,000
Office A-10	Pacific Marks Shibuya-Koendoori	1-6-3 Jinnan, Shibuya-ku, Tokyo	Trust beneficiary interests in real estate	3,210,000
Office A-11	Pacific Marks Nihonbashi-Tomizawacho	10-18 Tomizawa-cho, Nihonbashi, Chuo-ku, Tokyo	Trust beneficiary interests in real estate	2,670,000
Office A-12	Pacific Marks Akasaka-mitsuke	3-20-6 Akasaka, Minato-ku, Tokyo	Real estate	2,740,000
Office A-13	Urban Square Yaesu Building	2-4-13 Yaesu, Chuo-ku, Tokyo	Real estate	3,280,000
Office A-14	Pacific City Hamamatsucho	1-10-11 Hamamatsu-cho, Minato-ku, Tokyo	Trust beneficiary interests in real estate	2,520,000
Office A-15	Yokohama Aioicho Building	6-104-2 Aioi-cho, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests in real estate	1,770,000
Office A-16	Pacific Marks Shin-Yokohama	3-18-20 Shin-Yokohama, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests in real estate	2,370,000
Office A-18	Gotanda Metallion Building	5-21-15 Higashi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interests in real estate	2,000,000
Office A-20	Maruishi Shinbashi Building	5-7-12 Shinbashi, Minato-ku, Tokyo	Trust beneficiary interests in real estate	1,320,000
Office A-22	Pacific Marks Shinkawa	1-5-17 Shinkawa, Chuo-ku, Tokyo	Trust beneficiary interests in real estate	3,890,000
Office A-23	Pacific Marks Uchikanda	2-12-6 Uchikanda, Chiyoda-ku, Tokyo	Trust beneficiary interests in real estate	2,540,000
Office A-24	Pacific Marks Mejiro	3-14-3 Mejiro, Toshima-ku, Tokyo	Trust beneficiary interests in real estate	2,300,000
Office A-25	Kawasaki East One Building (Note 2)	11-1 Ekimae-Honcho, Kawasaki-ku, Kawasaki-shi, Kanagawa	Real estate	14,300,000
Office A-26	Towa Hamamatsucho Building	2-6-2 Hamamatsu-cho, Minato-ku, Tokyo	Trust beneficiary interests in real estate	7,140,000
Office A-27	Lila Hijirizaka	3-4-10 Mita, Minato-ku, Tokyo	Real estate	4,350,000
Office A-28	Jomo Aobadai Building (Note 2)	3-10-1 Aobadai, Meguro-ku, Tokyo	Trust beneficiary interests in real estate	2,930,000
Office A-29	Otsuka HT Building	3-43-1 Minami-Otsuka, Toshima-ku, Tokyo	Real estate	2,030,000
Office B-1	Snow Crystal Building	2-6-13 Umeda, Kita-ku, Osaka-shi, Osaka	Trust beneficiary interests in real estate	11,400,000
Office B-2	Pacific Marks Higobashi	1-10-8 Edobori, Nishi-ku, Osaka-shi, Osaka	Trust beneficiary interests in real estate	6,124,000
Office B-3	Nagoya-Nishiki City Building	1-6-5 Nishiki, Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interests in real estate	5,240,000
Office B-4	Pacific Marks Esaka	9-1 Toyotsu-cho, Suita-shi, Osaka	Trust beneficiary interests in real estate	15,200,000
Office C-1	Pacific Marks Sapporo Kita-ichijo	7-4-4 Kita Ichi-jo Nishi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests in real estate	2,420,000
Office C-2	Shin-Sapporo Center Building	6-2-15 Atsubetsu Chuo Ichi-jo, Atsubetsu-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests in real estate	1,280,000
Retail A-1	Shinsaibashi OPA Honkan	1-4-3 Nishi-Shinsaibashi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests in real estate	32,100,000
Retail A-2	Shinsaibashi OPA Kireikan	1-9-2 Nishi-Shinsaibashi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests in real estate	3,560,000
Retail A-3	PACIFIQUE Tenjin	2-4-11 Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests in real estate	4,230,000
Retail A-4	Albore Tenjin	2-6-24 Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka	Real estate	1,390,000
Retail A-5	Tenjin Yoshida Building	2-1-53 Daimyo, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests in real estate	1,190,000
Retail A-6	FLEG Jingumae (Note 2)	5-27-7 Jingumae, Shibuya-ku, Tokyo	Trust beneficiary interests in real estate	2,530,000
Retail A-7	Albore Sendai	2-4-5 Chuo, Aoba-ku, Sendai-shi, Miyagi	Trust beneficiary interests in real estate	3,120,000
Retail B-1	Mallage Kashiwa	2-3-1 Oyamadai, Kashiwa-shi, Chiba	Trust beneficiary interests in real estate	13,300,000
Retail B-2	Bellfa Uji	48 Shimizu, Makishima-cho, Uji-shi, Kyoto	Real estate	2,950,000
Retail C-1	Ito-Yokado Owariasahi	116-4 Ishihara, Minami-Harayama-cho, Owariasahi-shi, Aichi	Real estate	7,630,000

Property No.	Property Name	Location	Form of Ownership	Appraisal Price at End of the Fiscal Period (in thousands of yen) (Note 1)
Retail C-2	Keiyo D2 Kariba I.C.	164-1 and 164-30 Kariba-cho, Hodogaya-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests in real estate	4,430,000
Total				271,134,000

(Note 1) Each amount is rounded down to the nearest thousand yen. Accordingly, the entered amounts do not necessarily add up to the total value.

(Note 2) The names of the portfolio assets were changed, effective April 1, 2008 and May 1, 2008. Please refer to "I. Overview of Asset Management; 6. Material Events Occurred Subsequent to the Settlement of Accounts; (Additional Information) Changes in the Names of Portfolio Assets" for details.

Property No.	Property Name	Third Fiscal Period (March 1, 2007 – August 31, 2007)				Fourth Fiscal Period (September 1, 2007 – February 29, 2008)			
		Total No. of Tenants at End of the Fiscal Period (Note 1)	Occupancy Rate at End of the Fiscal Period	Revenues from Property Leasing during the Fiscal Period (in thousands of yen) (Note 2)	Ratio to Gross Revenues from Property Leasing (Note 3)	Total No. of Tenants at End of the Fiscal Period (Note 1)	Occupancy Rate at End of the Fiscal Period	Revenues from Property Leasing during the Fiscal Period (in thousands of yen) (Note 2)	Ratio to Gross Revenues from Property Leasing (Note 3)
Office A-1	Hitachi High-Tech Building	– (2)	100.0%	425,864	5.5%	– (2)	100.0%	424,522	5.2%
Office A-2	Pacific Marks Shinjuku ParkSide	1 (11)	100.0%	500,088	6.5%	1 (11)	100.0%	506,705	6.2%
Office A-3	Pacific Marks Tsukiji	1 (1)	100.0%	284,805	3.7%	1 (1)	100.0%	291,537	3.6%
Office A-4	Pacific Square Tsukushima (Note 4)	– (5)	100.0%	408,297	5.3%	– (5)	100.0%	315,494	3.8%
Office A-5	Pacific Marks Nishi-Shinjuku (formerly, Pacific City Nishi-Shinjuku) (Note 4)	1 (19)	100.0%	288,899	3.8%	1 (19)	100.0%	288,310	3.5%
Office A-6	Pacific Marks Yokohama East	1 (12)	95.6%	316,828	4.1%	1 (11)	93.5%	319,807	3.9%
Office A-7	Business Court Shin-Urayasu	1 (8)	100.0%	234,619	3.1%	1 (8)	100.0%	253,453	3.1%
Office A-8	Oomori City Building	1 (8)	100.0%	154,521	2.0%	1 (8)	100.0%	174,433	2.1%
Office A-9	Akasaka Hikawa Building	1 (1)	100.0%	116,732	1.5%	1 (1)	100.0%	117,544	1.4%
Office A-10	Pacific Marks Shibuya-Koendoori	1 (1)	100.0%	85,447	1.1%	1 (1)	100.0%	84,000	1.0%
Office A-11	Pacific Marks Nihonbashi-Tomizawacho	1 (7)	100.0%	81,984	1.1%	1 (7)	100.0%	84,129	1.0%
Office A-12	Pacific Marks Akasaka-mitsuke	– (7)	100.0%	77,596	1.0%	– (7)	100.0%	77,763	0.9%
Office A-13	Urban Square Yaesu Building	– (10)	100.0%	89,136	1.2%	– (9)	100.0%	88,891	1.1%
Office A-14	Pacific City Hamamatsucho	1 (7)	100.0%	68,805	0.9%	1 (8)	83.8%	78,906	1.0%
Office A-15	Yokohama Aioicho Building	1 (14)	92.6%	65,401	0.9%	1 (13)	80.9%	70,322	0.9%
Office A-16	Pacific Marks Shin-Yokohama	1 (10)	100.0%	86,614	1.1%	1 (10)	100.0%	88,085	1.1%
Office A-17	Pearl Iidabashi Building (Note 5)	1 (7)	100.0%	70,306	0.9%	1 (–)	–	34,777	0.4%
Office A-18	Gotanda Metallion Building	1 (10)	100.0%	66,989	0.9%	1 (10)	100.0%	68,442	0.8%
Office A-19	Iwamotocho 163 Building (Note 5)	1 (4)	100.0%	52,704	0.7%	– (–)	–	25,317	0.3%
Office A-20	Maruishi Shinbashi Building	1 (6)	100.0%	40,857	0.5%	1 (6)	100.0%	40,766	0.5%
Office A-21	TS Hodogaya Building (Note 5)	1 (10)	86.3%	40,956	0.5%	– (–)	–	20,633	0.3%
Office A-22	Pacific Marks Shinkawa	1 (9)	100.0%	138,255	1.8%	1 (9)	100.0%	140,096	1.7%
Office A-23	Pacific Marks Uchikanda	1 (9)	100.0%	81,037	1.1%	1 (9)	100.0%	81,484	1.0%
Office A-24	Pacific Marks Mejiro	1 (3)	100.0%	74,942	1.0%	1 (3)	100.0%	74,117	0.9%
Office A-25	Kawasaki East One Building (Note 4)	– (37)	94.7%	167,360	2.2%	– (39)	100.0%	353,444	4.3%
Office A-26	Towa Hamamatsucho Building	–	–	–	–	1 (15)	100.0%	123,951	1.5%
Office A-27	Lila Hijirizaka	–	–	–	–	– (13)	92.6%	90,292	1.1%
Office A-28	Jomo Aobadai Building (Note 4)	–	–	–	–	1 (5)	100.0%	42,927	0.5%
Office A-29	Otsuka HT Building	–	–	–	–	– (6)	100.0%	28,996	0.4%

Property No.	Property Name	Third Fiscal Period (March 1, 2007 – August 31, 2007)				Fourth Fiscal Period (September 1, 2007 – February 29, 2008)			
		Total No. of Tenants at End of the Fiscal Period (Note 1)	Occupancy Rate at End of the Fiscal Period	Revenues from Property Leasing during the Fiscal Period (in thousands of yen) (Note 2)	Ratio to Gross Revenues from Property Leasing (Note 3)	Total No. of Tenants at End of the Fiscal Period (Note 1)	Occupancy Rate at End of the Fiscal Period	Revenues from Property Leasing during the Fiscal Period (in thousands of yen) (Note 2)	Ratio to Gross Revenues from Property Leasing (Note 3)
Office B-1	Snow Crystal Building	1 (29)	99.2%	378,484	4.9%	1 (30)	100.0%	389,615	4.7%
Office B-2	Pacific Marks Higobashi	1 (15)	81.3%	153,631	2.0%	1 (15)	89.9%	165,849	2.0%
Office B-3	Nagoya-Nishiki City Building	1 (12)	93.6%	164,317	2.1%	1 (13)	100.0%	166,757	2.0%
Office B-4	Pacific Marks Esaka	1 (30)	93.9%	413,066	5.4%	1 (28)	92.9%	545,980	6.7%
Office C-1	Pacific Marks Sapporo Kita-ichijo	1 (11)	95.6%	106,995	1.4%	1 (11)	81.8%	101,147	1.2%
Office C-2	Shin-Sapporo Center Building	1 (18)	100.0%	69,387	0.9%	1 (18)	100.0%	69,734	0.8%
Retail A-1	Shinsaibashi OPA Honkan	1 (1)	100.0%	672,865	8.8%	1 (1)	100.0%	663,299	8.1%
Retail A-2	Shinsaibashi OPA Kireikan	1 (1)	100.0%	88,943	1.2%	1 (1)	100.0%	87,768	1.1%
Retail A-3	PACIFIQUE Tenjin	1 (13)	93.6%	143,330	1.9%	1 (11)	73.4%	154,465	1.9%
Retail A-4	Albore Tenjin	– (6)	100.0%	37,386	0.5%	– (6)	100.0%	42,757	0.5%
Retail A-5	Tenjin Yoshida Building	1 (5)	75.3%	59,168	0.8%	1 (6)	85.7%	30,543	0.4%
Retail A-6	FLEG Jingumae (Note 4)	– (1)	100.0%	54,125	0.7%	– (1)	100.0%	53,221	0.6%
Retail A-7	Albore Sendai	–	–	–	–	1 (5)	100.0%	59,201	0.7%
Retail B-1	Mallage Kashiwa	1 (80)	98.4%	796,760	10.4%	1 (86)	97.9%	732,557	8.9%
Retail B-2	Bellfa Uji	1 (28)	70.7%	259,544	3.4%	1 (31)	94.8%	231,378	2.8%
Retail C-1	Ito-Yokado Owariasahi	– (1)	100.0%	257,920	3.4%	– (1)	100.0%	254,956	3.1%
Retail C-2	Keiyo D2 Kariba I.C.	–	–	–	–	1 (1)	100.0%	66,733	0.8%
Total		(469)	96.7%	7,674,963	100.0%	(501)	97.8%	8,205,103	100.0%

(Note 1) "Total No. of Tenants at End of the Fiscal Period" indicates "1" if there is a master lease agreement and "–" if there is no master lease agreement. The number of end-tenants for the applicable property is shown in parentheses. The entry is 1 tenant when 1 tenant leases multiple rental units.

(Note 2) "Revenues from Property Leasing during the Fiscal Period" indicates the revenues from property leasing of the applicable real estate, etc. for the relevant fiscal period (rounded down to the nearest thousand yen).

(Note 3) "Ratio to Gross Revenues from Property Leasing" is the ratio of revenues from property leasing of the applicable property to the revenues from property leasing of the entire portfolio (rounded to one decimal place).

(Note 4) The names of the portfolio assets were changed, effective April 1, 2008 and May 1, 2008. Please refer to "I. Overview of Asset Management; 6. Material Events Occurred Subsequent to the Settlement of Accounts; (Additional Information) Changes in the Names of Portfolio Assets" for details.

(Note 5) These properties were sold as of November 27, 2007.

4. Table of Contract Amount, etc. and Status of Market Prices of Specified Transactions

As of February 29, 2008, the contract amount, etc., and the status of market prices of NCI's specified transactions are as follows.

Table of Contract Amount, etc., and Status of Market Prices of Specified Transactions

Account	Type	Contract Amount, etc. (in thousands of yen) (Note 1)		Market Price (in thousands of yen) (Note 2)
			Of which, exceeds 1 year	
Transaction other than market transaction	Interest rate cap transaction	30,000,000	30,000,000	16,334
Transaction other than market transaction	Interest rate cap transaction	8,000,000	8,000,000	5,205
Transaction other than market transaction	Interest rate cap transaction	11,500,000	–	898
Transaction other than market transaction	Interest rate cap transaction	5,500,000	–	3,152
Transaction other than market transaction	Interest rate cap transaction	1,500,000	1,500,000	1,315
Transaction other than market transaction	Interest rate cap transaction	2,000,000	2,000,000	1,301
Transaction other than market transaction	Interest rate cap transaction	2,200,000	2,200,000	1,279

Account	Type	Contract Amount, etc. (in thousands of yen) (Note 1)		Market Price (in thousands of yen) (Note 2)
			Of which, exceeds 1 year	
Transaction other than market transaction	Interest rate swap transaction	5,000,000	5,000,000	-149,703
Transaction other than market transaction	Interest rate swap transaction	7,000,000	7,000,000	-72,235
Transaction other than market transaction	Interest rate swap transaction	6,000,000	6,000,000	-55,781
Transaction other than market transaction	Interest rate cap transaction	2,000,000	2,000,000	5,199
Transaction other than market transaction	Interest rate cap transaction	3,300,000	3,300,000	11,947
Total		84,000,000	67,000,000	-231,089

(Note 1) The contract amount, etc. of the interest rate swap transaction shown is based on notional principal.

(Note 2) Valued by the counterparty to the concerned transaction agreement at an amount calculated based on the going rate of interest, etc.

5. Other Assets

Type	Issue	Total Face Value (in thousands of yen)	Book Value (in thousands of yen)	Accrued Interest (in thousands of yen)	Accrued Interest Prepaid	Valuation (in thousands of yen)	Unrealized Gain / Loss	Remarks
Japanese Government Bonds	Treasury Bills (No. 422)	10,000	9,978	-	-	9,978	-	Deposited as operating guarantees.
Negotiable Deposits	-	2,500,000	2,500,000	3,740	-	2,500,000	-	
Total	-	2,510,000	2,509,978	3,740	-	2,509,978	-	

IV. Capital Expenditures for Owned Real Estate

1. Scheduled Capital Expenditures

The principal capital expenditures associated with repairs, construction, and related matters that are expected to arise with respect to real estate, etc., as of February 29, 2008 are as follows.

The expected construction amount provided below includes the portion accounted for in accounting costs.

Property No.	Name of Real Estate (Location)	Purpose	Scheduled Implementation Period	Expected Construction Amount (in thousands of yen)		
				Total Amount	Amount Paid during the Fiscal Period	Amount Already Paid
Office A-1	Hitachi High-Tech Building (Minato ward, Tokyo)	Replacement of air-conditioning systems	March 2008 - March 2008	92,950	-	-
Office A-4	Pacific Square Tsukishima (Note) (Chuo ward, Tokyo)	Re-caulking of joints of exterior walls	July 2008 - August 2008	65,000	-	-
Office A-5	Pacific Marks Nishi-Shinjuku (formerly, Pacific City Nishi-Shinjuku) (Note) (Shinjuku ward, Tokyo)	Replacement of automatic control system	May 2008 - August 2008	123,525	-	-
Office A-8	Omori City Building (Ota ward, Tokyo)	Replacement of automated parking lot	August 2008 - August 2008	70,000	-	-
Office B-4	Pacific Marks Esaka (Suita city, Osaka)	Renovation of exterior walls	May 2008 - August 2008	140,000	-	-

(Note) The names of the portfolio assets were changed, effective April 1, 2008 and May 1, 2008. Please refer to "I. Overview of Asset Management; 6. Material Events Occurred Subsequent to the Settlement of Accounts; (Additional Information) Changes in the Names of Portfolio Assets" for details.

2. Capital Expenditures during the Fiscal Period

The following are construction amounts that are considered to be capital expenditures paid by NCI during the fourth fiscal period.

Property No.	Property Name (Location)	Purpose	Implementation Period	Construction Amount Paid (in thousands of yen)
Office A-1	Hitachi High-Tech Building (Minato ward, Tokyo)	Replacement of air-conditioning systems	September 2007 – February 2008	94,799
Office A-2	Pacific Marks Shinjuku ParkSide (Shinjuku ward, Tokyo)	Renewal of common-use portion	October 2007 – November 2007	31,973
Office A-5	Pacific Marks Nishi-Shinjuku (formerly, Pacific City Nishi-Shinjuku) (Note) (Shinjuku ward, Tokyo)	Renovation of toilets in common-use portion	February 2008 – February 2008	13,938
Office A-7	Business Court Shin-Urayasu (Urayasu city, Chiba)	Replacement of central monitoring system	November 2007 – February 2008	73,165
Office B-4	Pacific Marks Esaka (Suita city, Osaka)	Installation of water-saving automatic flushing device for toilet basin	December 2007 – December 2007	19,355
Retail B-1	Mallage Kashiwa (Kashiwa city, Chiba)	Installation of device to automatically shut-off the existing shutters in the event of an evacuation	October 2007 – November 2007	61,200
Other capital expenditures				212,263
Total				506,693

(Note) The name of the portfolio asset was changed, effective April 1. Please refer to "I. Overview of Asset Management; 6. Material Events Occurred Subsequent to the Settlement of Accounts; (Additional Information) Changes in the Names of Portfolio Assets" for details.

3. Reserves for Long-term Repair Plans

(in thousands of yen)

Calendar Period	First Fiscal Period	Second Fiscal Period	Third Fiscal Period	Fourth Fiscal Period
	February 22, 2006 – August 31, 2006	September 1, 2006 – February 28, 2007	March 1, 2007 – August 31, 2007	September 1, 2007 – February 29, 2008
Balance of reserves at end of the previous fiscal period	–	–	105,962	301,489
Reserves in the fiscal period under review	–	105,962	292,986	281,895
Reversal of reserves in the fiscal period under review	–	–	97,459	233,948
Amount carried forward to the next fiscal period	–	105,962	301,489	349,436

V. Expenses and Liabilities

1. Itemization of Expenses for Management, etc.

(in thousands of yen)

Item	Third Fiscal Period	Fourth Fiscal Period
	March 1, 2007 – August 31, 2007	September 1, 2007 – February 29, 2008
(a) Asset management fee (Note 1)	329,370	511,947
(b) Custodian fee	13,236	14,319
(c) General administration fee	29,376	35,048

Item	Third Fiscal Period	Fourth Fiscal Period
	March 1, 2007 – August 31, 2007	September 1, 2007 – February 29, 2008
(d) Directors' compensation	3,000	4,560
(e) Compensation paid (Note 2)	16,903	23,740
(f) Accounting auditors' compensation	10,000	12,000
(g) Other expenses (expenses related to NCI's operations)	50,633	76,170
Total	452,518	677,784

(Note 1) In addition to the above, there was an asset management fee for the acquisition of properties of 303,250 thousand yen in the third fiscal period and 207,060 thousand yen in the fourth fiscal period, which amounts were individually incorporated in the acquisition cost of real estate, etc., and there was an asset management fee that was deducted from the gain on disposal of real estate of 23,750 thousand yen in the fourth fiscal period.

(Note 2) In addition to the above, there was an attorney's fee for the acquisition of properties of 2,917 thousand yen in the third fiscal period and 12,071 thousand yen in the fourth fiscal period, which amounts were individually incorporated in the acquisition cost of real estate, etc., and there was an attorney's fee that was deducted from the gain on disposal of real estate of 766 thousand yen in the fourth fiscal period.

2. Borrowings

The following summarizes the status of borrowings as of February 29, 2008.

	Account		Drawdown Date	Balance at End of Third Fiscal Period (in thousands of yen)	Balance at End of Fourth Fiscal Period (in thousands of yen)	Average Interest Rate (Note 1)	Repayment Date	Repayment Method	Use	Remarks
	Name of Loan	Lender(s)								
Short-term loans	Term Loan A	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Sept. 27, 2006	9,000,000	—	1.01%	Sept. 27, 2007	(Note 2)	(Note 3)	(Note 4)
		Mitsubishi UFJ Trust and Banking Corporation		9,000,000	—					
		Mizuho Corporate Bank, Ltd.		4,500,000	—					
		Shinsei Bank, Limited		4,500,000	—					
		Aozora Bank, Ltd.		3,600,000	—					
		The Sumitomo Trust and Banking Co., Ltd.		1,800,000	—					
	Term Loan H	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Sept. 27, 2007	—	500,000	1.16%	Sept. 27, 2008	(Note 2)	(Note 3)	(Note 4)
		The Chiba Bank, Ltd.		—	500,000					
	Term Loan M (Note 3)	Sumitomo Mitsui Banking Corporation	Oct. 30, 2007	—	14,000,000	1.09%	Oct. 30, 2008	(Note 2)	(Note 3)	(Note 4)
			Nov. 28, 2007							
Sub-total				32,400,000	15,000,000					
Current portion of long-term loans	Term Loan B	Sumitomo Mitsui Banking Corporation	Sept. 27, 2006	9,000,000	9,000,000	1.19%	Sept. 27, 2008	(Note 2)	(Note 3)	(Note 4)
		The Sumitomo Trust and Banking Co., Ltd.		3,000,000	3,000,000					
		Aozora Bank, Ltd.		2,000,000	1,000,000					
		The 77 Bank, Ltd.		1,000,000	1,000,000					
		The Ibaraki Bank, Ltd.		1,000,000	1,000,000					
		The Shinwa Bank, Ltd.		1,000,000	1,000,000					
		The Nishi-Nippon City Bank, Ltd.		—	1,000,000					
	Sub-total			17,000,000	17,000,000					
	Short-term loans sub-total				49,400,000	32,000,000				
Long-term loans	Term Loan C	The Norinchukin Bank	Sept. 27, 2006	10,000,000	10,000,000	1.24%	Sept. 27, 2009	(Note 2)	(Note 3)	(Note 4)
		Sumitomo Mitsui Banking Corporation		9,000,000	9,000,000					
		Shinsei Bank, Limited		5,000,000	5,000,000					
		Aozora Bank, Ltd.		4,000,000	4,000,000					
		The Sumitomo Trust and Banking Co., Ltd.		4,000,000	4,000,000					
		Resona Bank, Limited		3,000,000	3,000,000					
		Mizuho Corporate Bank, Ltd.		2,000,000	2,000,000					
		Mitsui Sumitomo Insurance Company, Limited		1,000,000	1,000,000					
	Term Loan D	The Chuo Mitsui Trust and Banking Company, Limited	Nov. 29, 2006	3,500,000	3,500,000	1.24%	Sept. 27, 2009	(Note 2)	(Note 3)	(Note 4)
	Term Loan E	The Chuo Mitsui Trust and Banking Company, Limited	Dec. 22, 2006	2,200,000	2,200,000	1.24%	Sept. 27, 2009	(Note 2)	(Note 3)	(Note 4)

	Account		Drawdown Date	Balance at End of Third Fiscal Period (in thousands of yen)	Balance at End of Fourth Fiscal Period (in thousands of yen)	Average Interest Rate (Note 1)	Repayment Date	Repayment Method	Use	Remarks
	Name of Loan	Lender(s)								
Long-term loans	Term Loan F (Tranche A)	Sumitomo Mitsui Banking Corporation	March 30, 2007	2,500,000	1,500,000	1.34%	March 30, 2012	(Note 2)	(Note 3)	(Note 4)
		Sompo Japan Insurance Inc.		1,000,000	1,000,000					
		The Sumitomo Trust and Banking Co., Ltd.		1,000,000	1,000,000					
		The Mie Bank, Ltd.		—	1,000,000					
		The Hiroshima Bank, Ltd.		500,000	500,000					
	Term Loan F (Tranche B)	Daido Life Insurance Company		2,000,000	2,000,000	1.87%	March 30, 2012	(Note 2)	(Note 3)	(Note 4)
	Term Loan G	Daido Life Insurance Company	June 26, 2007	2,000,000	2,000,000	2.26%	June 26, 2012	(Note 2)	(Note 3)	(Note 4)
	Term Loan I	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Sept. 27, 2007	—	4,000,000	1.18%	March 27, 2009	(Note 2)	(Note 3)	(Note 4)
		Mizuho Corporate Bank, Ltd.			4,000,000					
		Mitsubishi UFJ Trust and Banking Corporation			4,000,000					
		The Shinkumi Federation Bank			2,000,000					
		Aozora Bank, Ltd.			1,500,000					
		Shinsei Bank, Limited			1,000,000					
	Term Loan J	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Sept. 27, 2007	—	4,000,000	1.26%	Sept. 27, 2010	(Note 2)	(Note 3)	(Note 4)
		Mitsubishi UFJ Trust and Banking Corporation			4,000,000					
		Shinsei Bank, Limited			2,000,000					
		Aozora Bank, Ltd.			2,000,000					
		The Sumitomo Trust and Banking Co., Ltd.			1,000,000					
	Term Loan K	National Mutual Insurance Federation of Agricultural Cooperatives	Sept. 27, 2007	—	1,000,000	1.83%	Sept. 27, 2011	(Note 2)	(Note 3)	(Note 4)
		Aioi Insurance Co., Ltd.			1,000,000					
	Term Loan L	Development Bank of Japan	Sept. 27, 2007	—	1,000,000	1.82%	Sept. 27, 2011	(Note 2)	(Note 3)	(Note 4)
	Term Loan N	The Chuo Mitsui Trust and Banking Company, Limited	Nov. 29, 2007	—	2,000,000	1.20%	Sept. 27, 2010	(Note 2)	(Note 3)	(Note 4)
	Term Loan O	Aozora Bank, Ltd.	Nov. 29, 2007	—	3,300,000	1.20%	Nov. 29, 2010	(Note 2)	(Note 3)	(Note 4)
Long-term loans sub-total				52,700,000	90,500,000					
Total				102,100,000	122,500,000					

(Note 1) "Average Interest Rate" indicates the borrowing interest rate for the respective lenders (rounded to two decimal places).

(Note 2) Lump-sum repayment on repayment date.

(Note 3) Each borrowing is used to fund the acquisition of trust beneficiary interests in real estate or real estate, as well as to pay the expenses associated with such acquisition, or to fund the refinancing of borrowings.

(Note 4) Unsecured and non-guaranteed.

(Note 5) NCI drew down 12,000,000 thousand yen on October 30, 2007 and 3,000,000 thousand yen on November 28, 2007. Furthermore, on December 28, 2007, NCI repaid a portion (1,000,000 thousand yen) in advance of the repayment date.

3. Investment Corporation Bonds

The following summarizes the status of investment corporation bonds as of February 29, 2008.

Issue	Issue Date	Balance at End of Third Fiscal Period (in thousands of yen)	Balance at End of Fourth Fiscal Period (in thousands of yen)	Interest Rate	Maturity	Redemption Method	Use	Remarks
First Series Unsecured Investment Corporation Bonds	April 13, 2007	10,000,000	10,000,000	1.52%	April 13, 2010	(Note 1)	(Note 2)	(Note 3)
Second Series Unsecured Investment Corporation Bonds	April 13, 2007	17,000,000	17,000,000	1.96%	April 13, 2012	(Note 1)	(Note 2)	(Note 3)
Total	—	27,000,000	27,000,000	—	—	—	—	—

(Note 1) Lump-sum repayment on repayment date.

(Note 2) The funds are used to fund the acquisition of specified assets and the repayment of borrowings.

(Note 3) Ranking pari passu among the investment corporation bonds; private placement to less than 50 investors with restrictions on splits and on resale to non-qualified institutional investors.

4. Short-term Investment Corporation Bonds

Not applicable.

VI. Sale and Purchase during the Fiscal Period

1. Sale and Purchase of Real Estate and Asset Related Securities

Property No.	Property Name	Acquisition		Sale			
		Acquisition Date	Acquisition Value (in thousands of yen) (Note 1) (Note 2)	Sale Date	Sale Value (in thousands of yen) (Note 1) (Note 3)	Book Value (in thousands of yen) (Note 1)	Gain / Loss on Disposal (in thousands of yen) (Note 1)
Office A-26	Towa Hamamatsucho Building	Oct. 30, 2007	7,000,000	—	—	—	—
Office A-27	Lila Hijirizaka	Oct. 30, 2007	4,300,000	—	—	—	—
Office A-28	Jomo Aobadai Building (Note 4)	Nov. 28, 2007	3,050,000	—	—	—	—
Office A-29	Otsuka HT Building	Nov. 29, 2007	2,000,000	—	—	—	—
Retail A-7	Albore Sendai	Nov. 29, 2007	3,100,000	—	—	—	—
Retail C-2	Keiyo D2 Kariba I.C.	Nov. 30, 2007	4,395,000	—	—	—	—
Office A-17	Pearl Iidabashi Building	—	—	Nov. 27, 2007	2,560,000	1,605,442	863,475
Office A-19	Iwamotocho 163 Building	—	—	Nov. 27, 2007	1,404,000	1,145,740	206,798
Office A-21	TS Hodogaya Building	—	—	Nov. 27, 2007	786,000	1,138,340	−381,275
Total			23,845,000	—	4,750,000	3,889,522	688,998

(Note 1) Each amount is rounded down to the nearest thousand yen.

(Note 2) "Acquisition Value" indicates the purchase price provided for in the purchase agreement, etc., exclusive of various costs required with the applicable real estate, etc. (brokerage fees, taxes and dues, etc.).

(Note 3) "Sale Value" indicates the sale price provided for in the sale agreement, etc.

(Note 4) The name of the portfolio asset was changed, effective May 1, 2008. Please refer to "I. Overview of Asset Management; 6. Material Events Occurred Subsequent to the Settlement of Accounts; (Additional Information) Changes in the Names of Portfolio Assets" for details.

2. Sale and Purchase of Other Assets

Not applicable.

The majority of principal assets other than the above real estate and asset related securities are bank deposits and deposits held in trust within trust properties.

3. Verification of Price, etc. of Specified Assets

A. Real Estate, Etc.

	Asset Type	Property No.	Property Name	Acquisition Date	Acquisition Value (in thousands of yen) (Note 1) (Note 2)	Appraisal Price (in thousands of yen) (Note 1) (Note 4)
Acquisitions	Real estate held in trust	Office A-26	Towa Hamamatsucho Building	October 30, 2007	7,000,000	7,000,000
	Real estate	Office A-27	Lila Hijirizaka	October 30, 2007	4,300,000	4,330,000
	Real estate held in trust	Office A-28	Jomo Aobadai Building (Note 5)	November 28, 2007	3,050,000	2,920,000
	Real estate	Office A-29	Otsuka HT Building	November 29, 2007	2,000,000	2,030,000
	Real estate held in trust	Retail A-7	Albore Sendai	November 29, 2007	3,100,000	3,100,000
	Real estate held in trust	Retail C-2	Keiyo D2 Kariba I.C.	November 30, 2007	4,395,000	4,410,000
	Total				23,845,000	23,790,000

	Asset Type	Property No.	Property Name	Sale Date	Sale Value (in thousands of yen) (Note 1) (Note 3)	Appraisal Price (in thousands of yen) (Note 1) (Note 4)
Sales	Real estate held in trust	Office A-17	Pearl Idabashi Building	November 27, 2007	2,560,000	1,880,000
	Real estate held in trust	Office A-19	Iwamotocho 163 Building	November 27, 2007	1,404,000	1,270,000
	Real estate held in trust	Office A-21	TS Hodogaya Building	November 27, 2007	786,000	1,190,000
	Total				4,750,000	4,340,000

(Note 1) Each amount is rounded down to the nearest thousand yen.

(Note 2) "Acquisition Value" indicates the purchase price provided for in the purchase agreement, etc., exclusive of various costs required with the applicable real estate, etc. (brokerage fees, taxes and dues, etc.).

(Note 3) "Sale Value" indicates the sale price provided for in the sale agreement, etc.

(Note 4) Appraisal of the price, etc., of the above specified assets is conducted by KPMG AZSA & Co., in accordance with The Japanese Institute of Certified Public Accountants' Industry Audit Practice Committee Statement No. 23 "Appraisal of Price, etc., of Specified Assets by Investment Trusts and Investment Corporations." NCI has received a copy of the appraisal report for the concerned appraisal from the asset manager.

(Note 5) The name of the portfolio asset was changed, effective May 1, 2008. Please refer to "I. Overview of Asset Management; 6. Material Events Occurred Subsequent to the Settlement of Accounts; (Additional Information) Changes in the Names of Portfolio Assets" for details.

B. Other Assets

Asset Type	Agreement Execution Date	Agreement Partner	Interest		Notional Principal (in thousands of yen) (Note 1)	Appraisal Price (in thousands of yen) (Note 1) (Note 2)
			Fixed Interest Payable	Variable Interest Receivable		
Interest rate swap transaction	September 21, 2007	The Sumitomo Trust and Banking Co., Ltd.	1.627%	JBA 3-month yen TIBOR + 0.4%	7,000,000	-9,839
Interest rate swap transaction	September 21, 2007	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1.61%	JBA 3-month yen TIBOR + 0.4%	6,000,000	-14,991
Total					13,000,000	-24,830

Asset Type	Transaction Date	Transaction Partner	Strike Rate	Amount of Premium Paid (in thousands of yen) (Note 1)	Appraisal Price (in thousands of yen) (Note 1) (Note 2)
Interest rate cap transaction	November 26, 2007	Mitsubishi UFJ Trust and Banking Corporation	1.05%	13,800	11,004
Interest rate cap transaction	November 28, 2007	Aozora Bank, Ltd.	1.05%	23,760	16,989
Total				37,560	27,993

(Note 1) Each amount is rounded down to the nearest thousand yen.

(Note 2) Appraisal of the price, etc., of the above specified assets is conducted by certified public accountant Hitoshi Kumagai, in accordance with The Japanese Institute of Certified Public Accountants' Industry Audit Practice Committee Statement No. 23 "Appraisal of Price, etc. of Specified Assets by Investment Trusts and Investment Corporations." NCI has received a copy of the appraisal report for the concerned appraisal from the asset manager.

4. Status of Transactions with Related Parties and Major Shareholders

A. Transactions

(in thousands of yen)

Account	Purchase / Sale Price, etc.	
	Purchase Price, etc.	Sale Price, etc.
Aggregate Value	23,845,000	4,750,000
	Of which, price for purchase from related parties and major shareholders (Note 2)	Of which, price for sale to related parties and major shareholders (Note 2)
	15,695,000 (65.8%)	- (-%)
Breakdown of status of transactions with related parties (Note 1)		
Falco Credit Management Y.K.	11,300,000 (47.3%)	- (-%)
Fine Street Three Y.K.	4,395,000 (18.4%)	- (-%)

(Note 1) Of the related parties of the asset manager with which NCI has concluded an asset management agreement as designated in Article 201 of the ITL and the major shareholders of the asset manager as defined in Article 29-4, Paragraph 2 of the Financial Instruments and Exchange Law (*Kinyuu Shouhin Torihiki Hou*, Law No. 25 of 1948, including amendments thereto; hereafter, the "FIEL"), NCI transacted with Fine Street Three Y.K. during the fourth fiscal period.

(Note 2) The amount in parentheses indicates the ratio of the price for purchase from/sale to the applicable related party or major shareholder to the aggregate value of purchase price/sale price (rounded down to the nearest one decimal place).

B. Amount of Fees Paid

Account	Total Amount of Fees Paid (A) (in thousands of yen)	Breakdown of Status of Transactions with Related Parties and Major Shareholders (Note 1)		Ratio to Total Amount (B) ÷ (A) (Note 3)
		Payee	Amount Paid (B) (in thousands of yen)	
Brokerage fee for the purchase and sale of trust beneficiary interests (Note 2)	853,910	Pacific Management Corporation	583,000	68.2%
Business consignment expense	28,812	Nippon Commercial Properties Corporation	521	1.8%

(Note 1) Of the related parties of the asset manager with which NCI has concluded an asset management agreement as designated in Article 201 of the ITL and the major shareholders of the asset manager as defined in Article 29-4, Paragraph 2 of the FIEL, NCI transacted with Pacific Management Corporation during the fourth fiscal period.

(Note 2) The brokerage fee for the purchase of trust beneficiary interests that was paid upon property acquisition is incorporated in the acquisition cost of the applicable real estate held in trust.

(Note 3) Rounded down to the nearest one decimal place.

5. Transactions with the Asset Manager relating to the Concurrent Businesses of the Asset Manager

Not applicable since NCI's asset manager (Pacific Commercial Investment Corporation) does not conduct any concurrent businesses in the type I financial instruments business, type II financial instruments business, real estate brokerage, or real estate syndication.

VII. Accounting

1. Assets, Liabilities, Principal, Profits and Losses

Please refer to the attached BALANCE SHEETS, STATEMENTS OF INCOME, STATEMENTS OF CHANGES IN NET ASSETS, NOTES TO FINANCIAL STATEMENTS and STATEMENTS OF CASH DISTRIBUTIONS.

2. Change in Method for Calculating Depreciation

Not applicable.

3. Change in Real Estate Valuation Method

Not applicable.

VIII. Other

1. Use of Fractions of Monetary Amounts and Ratios

Unless otherwise indicated, this report rounds down figures for monetary amounts and rounds off ratios to the nearest specified unit.

2. Notice

General Meeting of Unitholders

NCI held its second general meeting of unitholders on February 21, 2008. The following table summarizes the primary items for which resolutions were resolved at such general meeting of unitholders.

Agenda	Description of Resolved Item
Partial Amendments to the Articles of Incorporation	Resolutions on changes concerning the following items were ratified. (1) Changes to the wording are being made in light of amendments to the ITL and other laws and ordinances applicable to investment corporations in accordance with the implementation of the SEL Amendment Law and the Law for Abolishing and Amending the Related Laws to Implement the Law for Amending the Securities and Exchange Law and Other Financial Laws (<i>Shouken Torihiki Hou Nado no Ichibu wo Kaiseisuru Houritsu no Shikou ni Tomonau Kankei Houritsu no Seibi Nado ni Kansuru Houritsu</i> ; Law No. 66 of 2006; hereafter, the “SEL Coordination Law”). (2) Amendments are being made to the investment restrictions set forth in the Articles of Incorporation, which currently restrict investments in real estate located outside of Japan, in order for NCI to establish specific investment standards and respond flexibly (as necessary) in the event that regulations on the investments in real estate located outside of Japan and in assets that are primarily backed by such real estate are re-evaluated and restrictions on investments in such real estate or assets are relaxed or eliminated. (3) Amendments are being made to the maximum amount of compensation for supervisory directors so that NCI can adjust the level of compensation for supervisory directors in line with their increased responsibilities and functions, which include performing the checks-and-balances function of the board of directors. (4) Furthermore, in addition to changing the wording, other necessary changes are being made to update the articles.
Approval of Partial Amendments to the Asset Management Agreement	Resolutions on changes concerning the following items were ratified. (1) Changes to the wording of the Asset Management Agreement executed on February 22, 2006 are being made in light of the amendments made to the ITL and other laws and ordinances applicable to investment corporations in accordance with the implementation of the SEL Amendment Law and the SEL Coordination Law. (2) In accordance with the partial amendments to the Articles of Incorporation outlined above, amendments to the investment restrictions, changes in wording and other necessary changes are being made.
Appointment of An Executive Director	Tomohiro Makino was appointed as executive director.
Appointment of Three Supervisory Directors	Three persons – Masaharu Hino, Tsutomu Kuribayashi and Junya Iwasaki – were appointed as supervisory directors.

Meeting of NCI's Board of Directors

The following table summarizes the primary contracts for which execution, amendment, etc., were approved by NCI's board of directors in the fourth fiscal period.

Date of Meeting of the Board of Directors	Approved/Resolved Item	Description of Approved/Resolved Item
January 22, 2008	Partial Amendments to the Asset Management Agreement	Prior to inclusion on the agenda at the abovementioned second general meeting of unitholders, a resolution was resolved by NCI's Board of Directors with respect to the items listed under “Approval of Partial Amendments to the Asset Management Agreement” in the above table.

Semiannual Financial Report

Nippon Commercial Investment Corporation

4th Fiscal Period

(September 1, 2007 – February 29, 2008)

4/F Sanno Park Tower
2-11-1 Nagata-cho
Chiyoda-ku, Tokyo
Japan



Independent Auditors' Report

To the Board of Directors of
Nippon Commercial Investment Corporation:

We have audited the accompanying balance sheets of Nippon Commercial Investment Corporation as of February 29, 2008 and August 31, 2007 and the related statements of income, changes in net assets and cash flows for each of the six months ended February 29, 2008 and August 31, 2007 expressed in Japanese yen. These financial statements are the responsibility of the Company's management. Our responsibility is to independently 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 Nippon Commercial Investment Corporation as of February 29, 2008 and August 31, 2007, and the results of its operations and its cash flows for each of the six months ended February 29, 2008 and August 31, 2007 in conformity with accounting principles generally accepted in Japan.

Without qualifying our opinion, we draw attention to the following:

As discussed in Note 10 to the financial statements, Nippon Commercial Investment Corporation acquired two properties, sold two properties, and borrowed funds.

KPMG AZSA & Co.

Tokyo, Japan
April 14, 2008

FINANCIAL Summary

For the 4th Period from September 1, 2007 to February 29, 2008

<Results of Operations>

Selected Financial Data

	(Yen in thousands)			
	4th. Period	3rd. Period	2nd. Period	1st. Period
Operating revenues	¥ 8,894,101	¥ 7,674,963	¥ 5,616,519	¥ -
Operating expenses	4,069,993	3,358,371	2,053,677	9,633
Operating income (loss)	4,824,108	4,316,592	3,562,842	(9,633)
Income (loss) before income taxes	3,539,397	3,226,452	2,477,796	(16,205)
Net Income (loss)	3,538,151	3,225,253	2,470,232	(9,912)
Total assets	291,527,387	269,567,525	234,360,856	148,868
Total net assets	119,969,289	119,807,477	119,074,707	90,088
Unitholders' capital	116,753,060	116,753,060	116,753,060	100,000
Number of units issued (units)	257,400	257,400	257,400	200
Total net assets per unit (Yen)	466,081	465,453	462,606	450,438
Cash distribution	3,538,220	3,225,222	2,460,230	-
Distribution per unit (Yen)	13,746	12,530	9,558	-
Net operating income from property leasing activities	5,768,049	5,647,145	4,442,547	-
FFO (Funds From Operations) per unit (Yen)	15,836	17,220	13,011	(16,662)
Debt service coverage ratio (times)	5.8	7.0	10.2	-
Number of days	182	184	181	191

The term for the 1st Period is 191 days from February 22, 2006 to August 31, 2006 and we had no property.

The term for the 2nd Period is 181 days from September 1, 2006 to February 28, 2007 however, we began operating substantially from September 26, 2006.

The term for the 3rd Period is 184 days from March 1, 2007 to August 31, 2007.

The term for the 4th Period is 182 days from September 1, 2007 to February 29, 2008.

Funds from Operations

	(Yen in thousands)	
	4th. Period	3rd. Period
Income before income taxes	3,539,397	3,226,452
Adjustments:		
Depreciation	955,242	878,120
Amortization	270,643	327,807
Net gain on sales of investments in real estate	688,998	-
FFO	4,076,284	4,432,379

FFO (Funds From Operations) is computed as income before income taxes (computed in accordance with generally accepted accounting principles in Japan), excluding gains and losses from sales of real estate, plus real estate related depreciation and other amortization.

Distribution for the Current Period

	(Yen in thousands)	
	4th. Period	3rd. Period
Retained earnings	3,538,272	3,225,343
Undistributed earnings	52	121
Cash Distribution	3,538,220	3,225,222
(per unit) (Yen)	13,746	12,530

Number of properties for the periods presented

NCI had 43 properties as of February 29, 2008.

Property Name	Acquisition Price (in millions of yen) (Note 2)	Location (Note 3)	Asset Type	Usage	Date of Purchase Agreement	Acquisition Date
Hitachi High-Tech Building	18,100	Minato ward, Tokyo	Trust beneficial interest in real estate	Office property	August 3, 2006	September 28, 2006
Pacific Marks Shinjuku ParkSide	15,100	Shinjuku ward, Tokyo	Trust beneficial interest in real estate	Office property	August 3, 2006	September 26, 2006
Pacific Marks Tsukiji	11,100	Chuo ward, Tokyo	Trust beneficial interest in real estate	Office property	August 3, 2006	September 26, 2006
Pacific Square Tsukishima (Note 1)	8,080	Chuo ward, Tokyo	Real estate	Office property	August 3, 2006	September 28, 2006
Pacific City Nishi-Shinjuku (Note 1)	7,680	Shinjuku ward, Tokyo	Trust beneficial interest in real estate	Office property	August 3, 2006	September 28, 2006
Pacific Marks Yokohama East	7,110	Yokohama city, Kanagawa	Trust beneficial interest in real estate	Office property	August 3, 2006	September 27, 2006
Business Court Shin-Urayasu	4,700	Urayasu city, Chiba	Trust beneficial interest in real estate	Office property	August 3, 2006	September 27, 2006
Oomori City Building	3,920	Ota ward, Tokyo	Trust beneficial interest in real estate	Office property	August 3, 2006	September 28, 2006
Akasaka Hikawa Building	3,385	Minato ward, Tokyo	Trust beneficial interest in real estate	Office property	August 3, 2006	September 26, 2006
Pacific Marks Shibuya-Koendoori	3,050	Shibuya ward, Tokyo	Trust beneficial interest in real estate	Office property	August 3, 2006	September 27, 2006
Pacific Marks Nihonbashi -Tomizawacho	2,550	Chuo ward, Tokyo	Trust beneficial interest in real estate	Office property	August 3, 2006	September 26, 2006
Pacific Marks Akasakamitsuke	2,450	Minato ward, Tokyo	Real estate	Office property	August 3, 2006	September 28, 2006
Urban Square Yaesu Building	2,200	Chuo ward, Tokyo	Real estate	Office property	August 3, 2006	September 28, 2006
Pacific City Hamamatsucho	1,730	Minato ward, Tokyo	Trust beneficial interest in real estate	Office property	August 3, 2006	September 28, 2006
Yokohama Aioicho Building	1,710	Yokohama city, Kanagawa	Trust beneficial interest in real estate	Office property	August 3, 2006	September 27, 2006
Pacific Marks Shin-Yokohama	1,700	Yokohama city, Kanagawa	Trust beneficial interest in real estate	Office property	August 3, 2006	September 27, 2006
Gotanda Metallion Building	1,300	Shinagawa ward, Tokyo	Trust beneficial interest in real estate	Office property	August 3, 2006	September 27, 2006
Maruishi Shinbashi Building	1,120	Minato ward, Tokyo	Trust beneficial interest in real estate	Office property	August 3, 2006	September 27, 2006
Pacific Marks Shinkawa	3,540	Chuo ward, Tokyo	Trust beneficial interest in real estate	Office property	November 28, 2006	November 29, 2006
Pacific Marks Uchikanda	2,060	Chiyoda ward, Tokyo	Trust beneficial interest in real estate	Office property	November 28, 2006	November 29, 2006
Pacific Marks Mejiro	2,008	Toshima ward, Tokyo	Trust beneficial interest in real estate	Office property	December 22, 2006	December 22, 2006
Kawasaki East One Building (Note 1)	15,100	Kawasaki City, Kanagawa	Real estate	Office property	April 20, 2007	May 30, 2007
Towa Hamamatsucho Building	7,000	Minato ward, Tokyo	Trust beneficial interest in real estate	Office property	October 30, 2007	October 30, 2007
Lila Hijirizaka	4,300	Minato ward, Tokyo	Real estate	Office property	October 30, 2007	October 30, 2007
Jomo Aobadai Building (Note 1)	3,050	Meguro ward, Tokyo	Trust beneficial interest in real estate	Office property	November 28, 2007	November 28, 2007
Otsuka HT Building	2,000	Toshima ward, Tokyo	Real estate	Office property	November 29, 2007	November 29, 2007
Snow Crystal Building	8,950	Osaka city, Osaka	Trust beneficial interest in real estate	Office property	August 3, 2006	September 27, 2006
Pacific Marks Higobashi	5,573	Osaka city, Osaka	Trust beneficial interest in real estate	Office property	August 3, 2006	September 26, 2006
Nagoya-Nishiki City Building	5,180	Nagoya city, Aichi	Trust beneficial interest in real estate	Office property	August 3, 2006	September 26, 2006
Pacific Marks Esaka	14,500	Suita City, Osaka	Trust beneficial interest in real estate	Office property	April 17, 2007	April 17, 2007
Pacific Marks Sapporo Kita 1 jo	2,250	Sapporo city, Hokkaido	Trust beneficial interest in real estate	Office property	August 3, 2006	September 27, 2006
Shin-Sapporo Center Building	1,225	Sapporo city, Hokkaido	Trust beneficial interest in real estate	Office property	August 3, 2006	September 27, 2006
Shinsaibashi OPA Honkan	31,800	Osaka city, Osaka	Trust beneficial interest in real estate	Retail property	August 3, 2006	September 26, 2006
Shinsaibashi OPA Kireikan	3,500	Osaka city, Osaka	Trust beneficial interest in real estate	Retail property	August 3, 2006	September 26, 2006

Property Name	Acquisition Price (in millions of yen) (Note 2)	Location (Note 3)	Asset Type	Usage	Date of Purchase Agreement	Acquisition Date
PACIFIQUE Tenjin	3,700	Fukuoka city, Fukuoka	Trust beneficial interest in real estate	Retail property	August 3, 2006	September 28, 2006
Albore Tenjin	1,440	Fukuoka city, Fukuoka	Real estate	Retail property	August 3, 2006	September 28, 2006
Tenjin Yoshida Building	1,120	Fukuoka city, Fukuoka	Trust beneficial interest in real estate	Retail property	August 3, 2006	September 27, 2006
FLEG Jingumae (Note 1)	2,525	Shibuya ward, Tokyo	Trust beneficial interest in real estate	Retail property	November 16, 2006	November 16, 2006
Albore Sendai	3,100	Sendai city, Miyagi	Trust beneficial interest in real estate	Retail property	November 29, 2007	November 29, 2007
Mallage Kashiwa	15,100	Kashiwa city, Chiba	Trust beneficial interest in real estate	Retail property	August 3, 2006	September 27, 2006
Bellfa Uji	3,200	Uji city, Kyoto	Real estate	Retail property	August 3, 2006	September 27, 2006
Ito-Yokado Owariasahi	7,850	Owariasahi city, Aichi	Real estate	Retail property	August 3, 2006	September 27, 2006
Keiyo D2 Kariba I.C.	4,395	Yokohama city, Kanagawa	Trust beneficial interest in real estate	Retail property	November 30, 2007	November 30, 2007
Total	251,451					

(Note 1) "Property Name" was changed, effective April 1, 2008 and effective May 1, 2008.

(Note 2) "Acquisition Price" is the purchase price stated on the beneficial interest purchase agreement or the real estate purchase agreement (excluding an amount equivalent to consumption tax, etc.) rounded down to the nearest million yen.

(Note 3) "Location" indicates the smallest independent administrative district of the area where the property is located.

Total debt summary and debt maturity schedule

NCI's total debt summary as of February 29, 2008 and August 31, 2007 and debt maturity schedule as of February 29, 2008 are as follows:

<u>Debt Summary</u>		(Yen in millions)	
		As of February 29, 2008	As of August 31, 2007
Secured		—	—
Unsecured		149,500	129,100
	Total	149,500	129,100
Fixed Rate		118,000	96,700
Floating Rate		31,500	32,400
	Total	149,500	129,100

Debt Maturity Schedule

Year	As of February 29, 2008	% of Total
within 1 year	32,000	21.4%
1 to 2 years	60,200	40.3%
2 to 3 years	28,300	18.9%
3 to 4 years	3,000	2.0%
4 to 5 years	26,000	17.4%
Total	149,500	100.0%

Above numbers include the amount of bonds issued.

Capitalization

Date	Remarks	Units outstanding		Paid-in capital	
		Increase	Balance	Increase	Balance
		(number of units)		(Yen in millions)	
February 22, 2006	Incorporated private offering	200	200	100	100
September 26, 2006	Initial Public Offering	245,000	245,200	111,120	111,220
October 24, 2006	Allocation of new units to third party	12,200	257,400	5,533	116,753

Investment Portfolio

NCI has acquired 6 properties in the 4th Period as follows:

Property Name	Acquisition Value (in millions of yen) (Note 2)	Location (Note 3)	Asset Type	Usage	Date of Purchase Agreement	Acquisition Date
Towa Hamamatsucho Building	7,000	Minato ward, Tokyo	Trust beneficial interest in real estate	Office property	October 30, 2007	October 30, 2007
Lila Hijirizaka	4,300	Minato ward, Tokyo	Real estate	Office property	October 30, 2007	October 30, 2007
Jomo Aobadai Building (Note 1)	3,050	Meguro ward, Tokyo	Trust beneficial interest in real estate	Office property	November 28, 2007	November 28, 2007
Otsuka HT Building	2,000	Toshima ward, Tokyo	Real estate	Office property	November 29, 2007	November 29, 2007
Albore Sendai	3,100	Sendai city, Miyagi	Trust beneficial interest in real estate	Retail property	November 29, 2007	November 29, 2007
Keiyo D2 Kariba I.C.	4,395	Yokohama city, Kanagawa	Trust beneficial interest in real estate	Retail property	November 30, 2007	November 30, 2007
Total	23,845					

(Note 1) "Property Name" was changed, effective April 1, 2008 and effective May 1, 2008.

(Note 2) "Acquisition Price" is the purchase price stated on the beneficial interest purchase agreement or the real estate purchase agreement (excluding an amount equivalent to consumption tax, etc.) rounded down to the nearest million yen.

(Note 3) "Location" indicates the smallest independent administrative district of the area where the property is located.

NCI has sold 3 properties in the 4th Period as follows:

Property Name	Sale Value (in millions of yen) (Note 4)	Location (Note 5)	Asset Type	Usage	Date of Sales Agreement	Sale Date
Pearl Idabashi Building	2,560	Chiyoda ward, Tokyo	Trust beneficial interest in real estate	Office property	November 27, 2007	November 27, 2007
Iwamotocho 163 Building	1,404	Chiyoda ward, Tokyo	Trust beneficial interest in real estate	Office property	November 27, 2007	November 27, 2007
TS Hodogaya Building	786	Yokohama city, Kanagawa	Trust beneficial interest in real estate	Office property	November 27, 2007	November 27, 2007
Total	4,750					

(Note 4) "Sale Value" is the purchase price stated on the beneficial interest sales agreement or the real estate sales agreement (excluding an amount equivalent to consumption tax, etc.) rounded down to the nearest million yen.

(Note 5) "Location" indicates the smallest independent administrative district of the area where the property is located.

NIPPON COMMERCIAL INVESTMENT CORPORATION
BALANCE SHEETS

As of February 29, 2008 and August 31, 2007.

	As of February 29, 2008 (Yen in thousands)	As of August 31, 2007 (Yen in thousands)
ASSETS		
Investments in real estate (including trust accounts)		
Land	¥ 201,542,118	¥ 185,732,342
Depreciable property	58,662,971	54,825,763
Construction in progress	10,784	-
Investments in real estate	260,215,873	240,558,105
Accumulated depreciation	(2,458,531)	(1,555,417)
Investments in real estate, net	257,757,342	239,002,688
Other investments		
Leasehold rights	1,839,966	56,784
Cash and cash equivalents (including trust accounts)	28,233,575	29,266,815
Rent receivables	149,872	175,478
Consumption tax receivables	-	35,290
Investment securities	2,509,978	9,941
Deferred tax assets	210,546	125,479
Long-term prepaid expenses	207,125	212,354
Security deposits paid	84,649	84,649
Prepaid expenses	364,585	348,811
Derivatives	4,050	67,031
Organization costs	32,900	38,541
Bonds issuance costs	107,897	125,308
Other assets	24,902	18,356
TOTAL ASSETS	¥ 291,527,387	¥ 269,567,525
LIABILITIES and NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	¥ 1,538,738	¥ 1,312,200
Received in advance	1,239,909	1,174,959
Short-term loans	15,000,000	32,400,000
Current portion of long-term loans	17,000,000	-
Income taxes payable	56	325
Consumption taxes payable	11,112	-
Bonds	27,000,000	27,000,000
Long-term loans	90,500,000	69,700,000
Security deposits received (including trust accounts)	18,626,626	17,931,286
Derivatives	235,139	-
Other liabilities	406,518	241,278
TOTAL LIABILITIES	171,558,098	149,760,048
NET ASSETS:		
Unitholders' capital	116,753,060	116,753,060
Units authorized ; 2,000,000 units		
Units issued and outstanding ;		
257,400 units as of August 31, 2007		
257,400 units as of February 29, 2008		
Retained Earnings	3,538,272	3,225,343
Unrealized losses on hedging derivatives, net of taxes	(322,043)	(170,926)
TOTAL NET ASSETS	119,969,289	119,807,477
TOTAL LIABILITIES and NET ASSETS	¥ 291,527,387	¥ 269,567,525

The accompanying notes to financial statements are an integral part of these balance sheets.

NIPPON COMMERCIAL INVESTMENT CORPORATION
STATEMENTS OF INCOME

For the six months ended February 29, 2008 and August 31, 2007.

	4th period ended February 29, 2008 (Yen in thousands)	3rd period ended August 31, 2007 (Yen in thousands)
OPERATING REVENUES		
Rental income	¥ 8,205,103	¥ 7,674,963
Gain on sales of investments in real estate	688,998	—
Total operating revenues	8,894,101	7,674,963
OPERATING EXPENSES		
Property operating expenses		
Asset and property management fee	690,110	636,382
Repairs and maintenance	132,575	95,487
Real estate taxes and insurance	688,330	459,090
Other operating expenses	926,039	836,859
Total property operating expenses	2,437,054	2,027,818
Real estate depreciation	955,156	878,034
General and administrative expenses	677,783	452,519
Total operating expenses	4,069,993	3,358,371
OPERATING INCOME	4,824,108	4,316,592
Interest and other income	83,006	63,261
Interest expenses on loans	(749,282)	(541,898)
Interest expenses on bonds	(241,271)	(186,104)
Other financing costs	(247,592)	(307,658)
Amortization of organization costs	(5,640)	(5,640)
Amortization of bonds issuance costs	(17,411)	(14,509)
Other expenses	(106,521)	(97,592)
INCOME BEFORE INCOME TAXES	3,539,397	3,226,452
INCOME TAXES		
Current	1,049	2,619
Deferred	197	(1,420)
NET INCOME	¥ 3,538,151	¥ 3,225,253

Earnings per unit:

Net income (in Yen)	¥ 13,746	¥ 12,530
Weighted average number of units outstanding	257,400	257,400

The accompanying notes to financial statements are an integral part of these statements.

NIPPON COMMERCIAL INVESTMENT CORPORATION
STATEMENTS OF CHANGES IN NET ASSETS
For the six months ended February 29, 2008 and August 31, 2007.

	Number of units	Unitholders' equity			(Yen in thousands)	
		Unitholders' capital	Retained earning	Total unitholders' equity	Unrealized losses on hedging derivatives, net of taxes	Net assets
Balance as of February 28, 2007	257,400	¥ 116,753,060	¥ 2,460,320	¥ 119,213,380	¥ (138,673)	¥ 119,074,707
Cash distributions paid			(2,460,230)	(2,460,230)		(2,460,230)
Net income			3,225,253	3,225,253		3,225,253
Net changes during the period					(32,253)	(32,253)
Balance as of August 31, 2007	257,400	¥ 116,753,060	¥ 3,225,343	¥ 119,978,403	¥ (170,926)	¥ 119,807,477
Cash distributions paid			(3,225,222)	(3,225,222)		(3,225,222)
Net income			3,538,151	3,538,151		3,538,151
Net changes during the period					(151,117)	(151,117)
Balance as of February 29, 2008	257,400	¥ 116,753,060	¥ 3,538,272	¥ 120,291,332	¥ (322,043)	¥ 119,969,289

The accompanying notes to financial statements are an integral part of these statements.

NIPPON COMMERCIAL INVESTMENT CORPORATION
STATEMENTS OF CASH FLOWS

For the six months ended February 29, 2008 and August 31, 2007.

	4th period ended February 29, 2008 (Yen in thousands)	3rd period ended August 31, 2007 (Yen in thousands)
Cash Flows from Operating Activities		
Income before income taxes	¥ 3,539,397	¥ 3,226,452
Depreciation	955,242	878,120
Amortization of organization costs	5,640	5,640
Amortization of other financing costs	247,592	307,658
Amortization of bond issuance costs	17,411	14,509
Interest and other income	(54,625)	(49,253)
Interest expenses	990,553	728,002
Loss on disposal of property and equipment	22,161	4,355
Changes in assets and liabilities		
Decrease in investments in real estate due to sale	3,889,522	-
Rent receivables	25,606	(49,428)
Consumption tax receivables	35,290	2,483,276
Prepaid expenses	(84,117)	901
Accounts payable and accrued expenses	167,059	389,333
Consumption taxes payable	11,112	-
Received in advance	64,949	167,155
Deposit received	5,643	(9,897)
Long-term period expenses	(173,455)	(299,153)
Long-term advance taxes	(564)	282
Derivatives	61,740	97,592
Others	511	2,007
Sub-total	9,726,667	7,897,551
Interest received	55,992	44,131
Interest paid	(935,152)	(478,541)
Income taxes paid	(4,973)	(7,881)
Net cash provided by operating activities	8,842,534	7,455,260
Cash Flows from Investing Activities		
Purchase of investment securities	(2,500,000)	(9,927)
Purchases of real estate (including trust accounts and leasehold rights)	(25,404,677)	(31,581,541)
Proceeds from security deposits	-	10,000
Proceeds from security deposits (including trust accounts)	1,351,465	1,661,848
Repayment of security deposits (including trust accounts)	(496,532)	(390,895)
Other	(4,886)	-
Net cash used in investing activities	(27,054,630)	(30,310,515)
Cash Flows from Financing Activities		
Proceeds from short-term loans	16,000,000	-
Repayment of short-term loans	(33,400,000)	(3,600,000)
Proceeds from long-term loans	37,800,000	9,000,000
Proceeds from bonds	-	27,000,000
Payment of bonds issuance costs	-	(139,818)
Distributions to unitholders	(3,221,144)	(2,453,426)
Net cash provided by financing activities	17,178,856	29,806,756
Net (Decrease) Increase in Cash and Cash Equivalents	(1,033,240)	6,951,501
Cash and Cash Equivalents at beginning of Period	29,266,815	22,315,314
Cash and Cash Equivalents at end of Period	¥ 28,233,575	¥ 29,266,815

The accompanying notes to financial statements are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

Nippon Commercial Investment Corporation

For the six months ended February 29, 2008 and August 31, 2007

Note 1. Organization and Basis of Presentation

Organization

Nippon Commercial Investment Corporation (hereinafter "NCI") was established on February 22, 2006, with ¥100 million of capital contribution by Pacific Commercial Investment Corporation under the Law Concerning Investment Trusts and Investment Corporations of Japan (Investment Trust Law of Japan).

Registration with the Kanto Local Finance Bureau of the Ministry of Finance was completed on March 22, 2006. On September 26, 2006, NCI was listed on the J-REIT section of the Tokyo Stock Exchange, specializing in office and retail property investments in Japan, and started its portfolio investment.

As of February 29, 2008, NCI owned 43 properties.

Basis of Presentation

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

The accompanying financial statements have been restructured and translated into English (with some expanded descriptions and inclusions) from the audited financial statements of NCI prepared in accordance with Japanese GAAP. Some supplementary information included in the statutory Japanese language financial statements, but not required for fair presentation, is not presented in the accompanying financial statements. NCI has not prepared consolidated financial statements, as it has no subsidiaries.

In preparing the accompanying financial statements, certain reclassifications and modifications have been made in the financial statements issued domestically in order to present them in a form that is more familiar to readers outside of Japan.

Note 2. Summary of Significant Accounting Policies

a) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposit placed with banks and short-term investments, which are highly liquid, readily convertible to cash, and with an insignificant risk of price fluctuation, with original maturities of three months or less.

b) Investment securities

Held-to-maturity securities are stated at amortized cost method (straight-line method).

Non marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method.

c) Investments in real estate (including trust accounts)

Investment properties and beneficial interest in properties in trust are recorded at cost, which includes the allocated purchase price and related costs and expenses for acquisition of the properties and the beneficial interests of properties in trust.

Depreciation of these properties, except for land, is calculated on a straight-line basis over the estimated useful lives of the assets ranging as stated below:

Buildings	22-65 years
Building improvements	2-47 years
Structures	7-63 years

Machinery and equipment	5-30 years
Furniture and fixtures	3-25 years

d) Leasehold rights and long-term prepaid expenses

Leasehold rights and long-term prepaid expenses are amortized on a straight-line basis.

e) Organization costs and bonds issuance costs

Organization costs are amortized using the straight-line method over five (5) years.

Bonds issuance costs are amortized using the straight-line method over the issuance period of the bonds.

Unit issuance costs are charged to income when incurred.

f) Taxes on real estate

Taxes on real estate, such as property taxes and city planning taxes, are recorded as property operating expenses when they incur.

NCI pays the seller of the properties the corresponding tax amount for the period from the properties transfer date to December 31 of that year as included in the purchase price of each property, and capitalizes such amount as the cost of the property. For the 4th period ended February 29, 2008, taxes on real estate of ¥11,137 thousand were capitalized as the cost of the property. Similarly, for the 3rd period ended August 31, 2007, taxes on real estate of ¥75,865 thousand were capitalized as the cost of the property.

g) Accounting treatment of beneficial interests in trust assets including real estate

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

h) Income taxes

Deferred tax assets and liabilities are computed based on the differences between the financial statement and income tax basis of assets and liabilities utilizing the applicable statutory tax rate.

Note 3. Secured Assets

As of February 29, 2008 and August 31, 2007, the assets were pledged as collateral for the security deposits received as follows:

	(Yen in thousands)	
	<u>As of February 29, 2008</u>	<u>As of August 31, 2007</u>
Pledged assets:		
Land	¥5,078,552	¥5,078,552
Buildings	2,372,109	2,400,819
<u>Building improvements</u>	<u>589,699</u>	<u>607,306</u>
Total	<u>¥8,040,360</u>	<u>¥8,086,677</u>
Security deposits secured by the pledged assets:		
Security deposits received (including trust accounts)	¥4,254,856	¥4,255,932

Note 4. Short-term loans and long-term debt

Short-term loans comprise of the following:

	(Yen in thousands)	
	As of February 29, 2008	As of August 31, 2007
Unsecured loans from banks:		
with interest ranging from 1.01% to 1.16%	¥ 15,000,000	—
with interest 0.97%	—	¥32,400,000
Total	<u>¥ 15,000,000</u>	<u>¥32,400,000</u>

Long-term debt comprise of the following:

	(Yen in thousands)	
	As of February 29, 2008	As of August 31, 2007
Unsecured loans, representing obligations to banks:		
Due 2008 with interest 1.19%	¥17,000,000	—
Due 2008 with interest 1.02%	—	¥17,000,000
Due 2009 to 2012 with interest ranging from 1.18% to 2.26%	90,500,000	—
Due 2009 to 2012 with interest ranging from 1.07% to 2.26%	—	52,700,000
Unsecured 1.52% bonds, due 2010	10,000,000	10,000,000
Unsecured 1.96% bonds, due 2012	17,000,000	17,000,000
Total	<u>¥ 134,500,000</u>	<u>¥96,700,000</u>

The annual maturities of long-term debt as of February 29, 2008 were as follows:

	(Yen in thousands)
Due after 1 to 2 years	¥60,200,000
Due after 2 to 3 years	28,300,000
Due after 3 to 4 years	3,000,000
Due after 4 to 5 years	26,000,000
After 5 years	—
Total	<u>¥117,500,000</u>

Note 5. Credit Facility

a) Uncommitted basis

NCI has a basic agreement for a credit facility of up to 15,000 million yen.

As of February 29, 2008, no funds were raised based on this credit facility agreement.

b) Committed basis

NCI entered into a commitment line agreement for a credit facility of up to 15,000 million yen.

As of February 29, 2008, no funds were raised based on this commitment line agreement.

Note 6. Unitholders' Equity

NCI maintains at least ¥50 million as the minimum net assets as required by the Investment Trust Law of Japan.

Note 7. Operating revenues and expenses

Operating revenues and expenses related to property leasing for the 4th period ended February 29, 2008 and the 3rd period ended August 31, 2007 were as follows:

	(Yen in thousands)	
	4th Period	3rd Period
Revenues from property leasing:		
Rental:		
Rental revenues	¥5,984,788	¥ 5,432,166
Common area changes	1,082,823	988,462

Parking lots	264,152	255,470
Facility changes	61,118	52,783
Others	663,024	572,217
Subtotal	8,055,905	7,301,098
Other revenues related to property leasing:		
Incidental income	11,052	8,361
Miscellaneous income	138,146	365,504
Subtotal	149,198	373,865
Total revenues from property leasing	8,205,103	7,674,963
Rental expenses:		
Assets and property management fees	690,110	636,382
Repairs and maintenance	132,575	95,487
Real estate taxes	673,492	444,566
Insurance	14,838	14,524
Other operating expenses	926,039	836,859
Real estate depreciation	955,156	878,034
Total rental expenses	3,392,210	2,905,852
Operating income from property leasing activities	<u>¥ 4,812,893</u>	<u>¥ 4,769,111</u>

Note 8. Per Unit Information

Net assets per unit as of February 29, 2008 and August 31, 2007 were ¥466,081 and ¥465,453, respectively.

Note 9. Income Taxes

Significant components of deferred tax assets and liabilities were as follows:

	(Yen in thousands)	
	As of February 29, 2008	As of August 31, 2007
Deferred tax assets:		
Accrued business office taxes	¥ 1,230	¥ 1,313
Accrued enterprise taxes	22	137
Unrealized losses on hedging derivatives	209,294	124,029
Total deferred tax assets	210,546	125,479
Net deferred tax assets	<u>¥210,546</u>	<u>¥125,479</u>

The effective tax rates on NCI's income as well as the applicable statutory tax rates are reflected as follows:

	Rate	
	4th Period	3rd Period
Japanese statutory income tax rate	39.39%	42.05%
Adjustments:		
Cash distributions	△39.38%	△42.03%
Other	0.02%	0.02%
Effective income tax rate	<u>0.04%</u>	<u>0.04%</u>

NCI has a policy of making distributions in excess of 90% of distributable income for a fiscal period to qualify for conditions set forth in the Special Taxation Measures Law of Japan to achieve a deduction of distributions for income tax purposes. Based on this policy, NCI treated the distribution as a tax allowable distribution as defined in the Special Taxation Measures Law of Japan.

In accordance with the distribution policy prescribed in NCI's articles of incorporation, NCI intends to distribute approximately 100% of its distributable income for each period. NCI also intends to make regular distributions to unitholders with respect to its fiscal periods, at the end of February and August of each year.

Note 10. Transactions with Related Parties

(4th Period)

Classification	Name	Address	Principal business or occupation	Share of units owned	Nature of transaction	Amount of transaction (Yen in thousands)	Account	Balance at end of period (Yen in thousands)
The asset manager's parent company	Pacific Management Corporation	Chiyoda ward, Tokyo	Real estate investment fund business	4.8%	Brokerage for beneficial interests in real estate trust	583,000 (Note 1)	—	—
The custodian company	The Sumitomo Trust & Banking Co., Ltd.	Chiyoda ward, Tokyo	Trust & Banking	—	Trustee of Trust beneficial interests in real estate trust	20,236 (Note 2)	—	—
					Repayment of short-term loans	1,800,000	Short-term loans	—
					Borrowing of long-term loans	1,000,000	Current portion of long-term loans	3,000,000
							Long-term loans	6,000,000
					Interest expenses	62,142	Accrued expenses	24,683

Notes:

1. The breakdown of the amount of transaction is 488,000 thousand yen in trust beneficiary interests purchase brokerage fee associated with the acquisition of property that was included in the book value of the relevant real estate and 95,000 thousand yen in trust beneficiary interests purchase brokerage fee that was deducted from the gain on sales of investments in real estate.
2. The trust fee includes 10,000 thousand yen in trust fee related to the initial trust that is included in the book value of the relevant real estate and 2,000 thousand yen in trust fee that was deducted from the gain on sales of investments in real estate.
3. Consumption taxes are not included in transaction amounts and included in the outstanding balances at the period-end, if relevant.
4. The transaction terms and conditions are determined based on actual market conditions.

(3rd Period)

Classification	Name	Address	Principal business or occupation	Share of units owned	Nature of transaction	Amount of transaction (Yen in thousands)	Account	Balance at end of period (Yen in thousands)
The asset manager's parent company	Pacific Management Corporation	Chiyoda ward, Tokyo	Real estate investment fund business	4.8%	Brokerage for beneficial interests in real estate trust	456,750 (Note 1)	—	—
The custodian company	The Sumitomo Trust & Banking Co., Ltd.	Chiyoda ward, Tokyo	Trust & Banking	—	Trustee of Trust beneficial interests in real estate trust	8,100	—	—
					Repayment of short-term loans	200,000	Short-term loans	1,800,000
					Borrowing of long-term loans	1,000,000	Long-term loans	8,000,000
					Interest expenses	47,428	Accrued expenses	18,140

Notes:

1. The amount of transaction is included in book value of each property.
2. Consumption taxes are not included in transaction amounts and included in the outstanding balances at the period-end, if relevant.

Note 11. Significant Subsequent Events

a) Cash distribution

As of April 14, 2008, the Board of Directors of NCI resolved to effect payment of a cash distribution of ¥13,746 per unit aggregating ¥3,538,220 thousand to unitholders of record on February 29, 2008.

b) Acquisition of 2 properties

NCI completed the acquisition of the following specified asset (San-Esu Building) on March 3, 2008, which it decided to acquire on December 20, 2007. In addition, NCI decided to acquire additional compartmentalized ownership of the following specified asset (Towa Hamamatsucho Building) on March 25, 2008, and completed the acquisition on March 27, 2008.

Property Name	Acquisition Price (in thousands of yen) (Note 1)	Location (Note 2)	Asset Type	Usage	Date of Purchase Agreement	Acquisition Date
San-Esu Building	5,100,000	Shinjuku ward, Tokyo	Real estate	Office property	December 21, 2007	March 3, 2008
Towa Hamamatsucho Building	242,200	Minato ward, Tokyo	Real estate (Note 3)	Office property	March 27, 2008	March 27, 2008

(Note 1) "Acquisition price" indicates the purchase price excluding the consumption tax, local consumption tax, property tax and city planning tax amounts for which the acquisition price would be adjusted and excluding other incidental costs.

(Note 2) "Location" indicates the smallest independent administrative district of the region where the applicable property is located.

(Note 3) After acquiring the compartmentalized ownership, NCI entrusted the compartmentalized ownership to a trust that holds title to the other compartmentalized ownership of the same property entrusted by NCI.

c) Sale of 2 properties

Pursuant to the policy stipulated in its Articles of Incorporation, NCI decided on February 28, 2008 to sell the following assets taking various factors into consideration, such as current and projected future earnings and projected increases/decreases in asset value of each property, as well as the asset composition, etc. of the entire portfolio. NCI completed the sale of these assets as of March 3, 2008.

Property Name	Sale Price (in thousands of yen) (Note 1)	Location (Note 2)	Asset Type	Usage	Date of Sales Agreement	Sale Date	Buyer	Impact on Income / loss
Pacific City Hamamatsucho	2,538,000	Minato ward, Tokyo	Trust beneficial interest in real estate	Office property	March 3, 2008	March 3, 2008	OS Co.,Ltd.	Approximately 657,000 thousands yen is expected to be recorded as gain on disposal of real estate.
Gotanda Metallion Building	2,012,000	Shinagawa ward, Tokyo	Trust beneficial interest in real estate	Office property	March 3, 2008	March 3, 2008	OS Co.,Ltd.	Approximately 644,000 thousands yen is expected to be recorded as gain on disposal of real estate.

(Note 1) "Sale price" indicates the sale price excluding the consumption tax, local consumption tax, property tax and city planning tax amounts for which the sale price would be adjusted and excluding other sale incidental costs.

(Note 2) "Location" indicates the smallest independent administrative district of the region where the applicable property is located.

d) Borrowing of Funds

NCI decided on February 28, 2008 to borrow funds as follows to fund the acquisitions of real estate as outlined above in b) Acquisition of 2 properties, as well as to pay the expenses associated with such acquisitions. The loan was executed as of March 3, 2008.

Term Loan P (term: 7 months)

Lenders:	The Sumitomo Trust and Banking Co., Ltd.
Loan amount:	1,500,000 thousand yen
Interest rate:	JBA 1-month TIBOR + 0.4%
	The rate applicable for the period between March 3, 2008 and March 26, 2008 is 1.20083%.
Drawdown date:	March 3, 2008
Repayment date:	September 29, 2008
Collateral:	Unsecured
Guarantee:	Non-guaranteed