Asset Management Report

Nippon Commercial Investment Corporation

7th Fiscal Period

(March 1, 2009 – August 31, 2009)

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Japan

Ⅰ. Overview of Asset Management

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

Fiscal Period		Third	Fourth	Fifth	Sixth	Seventh
Calendar Period		March 1, 2007 – August 31, 2007	September 1, 2007 – February 29, 2008	March 1, 2008 – August 31, 2008	September 1, 2008 – February 28, 2009	March 1, 2009 – August 31, 2009
Operating revenue	in millions of yen	7,675	8,894	9,777	8,611	8,453
[of which, total revenue from property leasing]	in millions of yen	[7,675]	[8,205]	[8,477]	[8,611]	[8,233]
Operating expenses	in millions of yen	3,358	4,070	4,288	4,771	3,854
[of which, total expenses from property leasing]	in millions of yen	[2,905]	[3,392]	[3,479]	[3,659]	[3,347]
Operating income	in millions of yen	4,317	4,824	5,489	3,840	4,600
Ordinary income	in millions of yen	3,226	3,539	4,097	2,338	2,279
Net income	in millions of yen	3,225	3,538	4,088	2,341	2,273
Total assets	in millions of yen	269,568	291,527	294,472	284,354	277,614
[period-on-period percentage change]	%	[+15.0]	[+8.1]	[+1.0]	[−3.4]	[−2.4]
Net assets	in millions of yen	119,807	119,969	120,621	118,883	118,872
[period-on-period percentage change]	%	[+0.6]	[+0.1]	[+0.5]	[−1.4]	[−0.0]
Unitholders' capital	in millions of yen	116,753	116,753	116,753	116,753	116,753
Total investment units issued and outstanding	investment units	257,400	257,400	257,400	257,400	257,400
Net assets per investment unit	yen	465,452	466,081	468,614	461,860	461,819
Total cash distribution	in millions of yen	3,225	3,538	4,088	2,342	2,273
Net income per investment unit (Note 1)	yen	12,530	13,746	15,883	9,097	8,830
Distribution per investment unit	yen	12,530	13,746	15,883	9,097	8,830
[of which, distribution of earnings per investment unit]	yen	[12,530]	[13,746]	[15,883]	[9,097]	[8,830]
[of which, distribution in excess of earnings per investment unit]	yen	[–]	[–]	[–]	[–]	[–]
Ratio of ordinary income to total assets (Note 2)	%	1.3	1.3	1.4	0.8	0.8
[annualized]	%	[2.5]	[2.5]	[2.8]	[1.6]	[1.6]
Ratio of return on unitholders' equity (Note 3)	%	2.7	3.0	3.4	2.0	1.9
[annualized]	%	[5.4]	[5.9]	[6.7]	[3.9]	[3.8]
Ratio of net assets to total assets at end of the fiscal period (Note 4)	%	44.4	41.2	41.0	41.8	42.8
[period-on-period change]	%	[−6.4]	[−3.2]	[−0.2]	[+0.8]	[+1.0]
Payout ratio (Note 5)	%	99.9	100.0	99.9	100.0	100.0
Depreciation and amortization	in millions of yen	878	955	979	1,020	1,011
Capital expenditures	in millions of yen	395	507	800	265	337
Net operating income (NOI) from property leasing (Note 6)	in millions of yen	5,647	5,768	5,977	5,971	5,897
Funds from operation (FFO) per investment unit (Note 7)	yen	17,220	15,836	15,707	16,382	13,678
FFO multiples (Note 8)	multiples	13	15	7	1	6
Debt service coverage ratio (Note 9)	multiples	7	6	6	4	4
Net income before interest and depreciation (Note 10)	in millions of yen	5,160	5,756	6,422	4,759	4,870
Interest expenses (including interest expenses on investment corporation bonds)	in millions of yen	728	991	1,079	1,116	1,128
Interest-bearing liabilities	in millions of yen	129,100	149,500	151,000	147,637	143,180
Ratio of interest-bearing liabilities to total assets at end of the fiscal period (Note 11)	%	47.9	51.3	51.3	51.9	51.6
Operating days	number of days	184	182	184	181	184

(Note 1) The net income per investment unit was calculated by dividing the net income by the daily weighted average number of investment units issued and outstanding.

(Note 2) Ratio of ordinary income to total assets = Ordinary income ÷ ((Total assets at beginning of the fiscal period + Total assets at end of the fiscal period) ÷ 2) × 100 (rounded to one decimal place)

(Note 3) Ratio of return on unitholders' equity = Net income ÷ ((Net assets at beginning of the fiscal period + Net assets at end of the fiscal period) ÷ 2) × 100 (rounded to one decimal place)

(Note 4) 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 5) Payout ratio = Distribution per investment unit ÷ Net income per investment unit × 100 (rounded down to the nearest one decimal place)
However, the payout ratio for the third through sixth fiscal periods was calculated as follows:
Payout ratio = Total cash distribution ÷ Net income × 100 (rounded down to the nearest one decimal place)

(Note 6) NOI from property leasing = Total revenues from property leasing − Total expenses from property leasing + Depreciation and amortization

(Note 7) FFO per investment unit = FFO ÷ Investment units issued and outstanding at end of the fiscal period (rounded to the nearest yen)
FFO = Net income + Depreciation and amortization + Other amortized expenses − Gain (Loss) on sales of real estate properties

(Note 8) FFO multiples = Investment unit price at end of the fiscal period ÷ Annualized FFO per investment unit (rounded down to the nearest whole number)

Fiscal period	Third	Fourth	Fifth	Sixth	Seventh
Investment unit price at end of the fiscal period (yen)	453,000	478,000	223,100	45,350	167,200

(Note 9) Debt service coverage ratio = Net income before interest and depreciation ÷ Interest expenses (including interest expenses on investment corporation bonds) (rounded to the nearest whole number)

(Note 10) Net income before interest and depreciation = Ordinary income + Expenses not accompanied by cash outlays + Interest expenses

(Note 11) Ratio of interest-bearing liabilities to total assets at end of the fiscal period = Interest-bearing liabilities at end of the fiscal period ÷ Total assets at end of the fiscal period × 100 (rounded to one decimal place)

2. Asset Management in the Seventh Fiscal Period

A. Main Developments of NCI

NCI was established on February 22, 2006 with investments in capital of 100 million 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 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 fiscal period under review (NCI's seventh fiscal period, which is the fiscal period ended August 2009: from March 1, 2009 to August 31, 2009), the number of investment units issued and outstanding totaled 257,400 investment units and unitholders' capital amounted to 116,753 million yen.

B. Investment Environment and Management Performance

In the seventh fiscal period, the Japanese economy continued to see rapid downturn in the economy as corporate earnings, capital investment and production activities, personal consumption, etc. were impacted by global financial market turmoil and economic stagnation. While there were also signs of economic recovery in some aspects as a result of production and exports picking up from around the middle of the seventh fiscal period, the circumstances continued to be severe as there was no end to the deteriorating employment situation and decrease in capital investment from weakening corporate earnings.

In the real estate market, the passive investment and lending stance of Japanese and overseas investors led to sluggish sale and purchase transactions, and the ongoing trends of rising property cap rates for buyers and drop in real estate prices have also caused such impacts as falls in land prices on a national level.

In the office rental market, worsening business performance has placed greater pressure on firms to reduce costs, leading to ongoing moves to reduce, vacate, etc. rental floor space. Consequently, vacancy rates have increased overall and rental rates are also on a downward trend as a result.

Under such circumstances, NCI pursued asset management that is able to generate a stable cash flow by minimizing the decline in earnings based on management decisions that are more prudent than ever before. This was achieved through such measures as securing tenant firms based on a flexible leasing strategy and maintaining occupancy rates by strengthening relations with existing tenants. NCI also sold 1 office property (sale price: 2,550 million yen; gain on sale: 221 million yen) in March 2009, having taken into consideration a comprehensive list of factors, such as current and projected future earnings and projected increases/decreases in asset value of the asset in question, as well as the asset composition, etc. of the entire portfolio.

As a result, as of the end of the seventh fiscal period, NCI's portfolio comprised of 28 office properties and 10 retail properties to total 38 properties with a total leasable floor space of 328,822.39m^2 and occupancy rate of 95.9%.

<History of Acquired Assets>

	March 2009	April 2009	May 2009	June 2009	July 2009	August 2009
Aggregate acquisition price of portfolio assets (in millions of yen)	249,473	249,473	249,473	249,473	249,473	249,473
Number of properties in the portfolio	38	38	38	38	38	38
Total leasable floor space (m^2)	328,982.47	328,982.47	328,982.15	328,982.39	328,867.55	328,822.39
Occupancy rate (%)	95.9	95.5	95.4	95.5	95.6	95.9

(Note) Each is the figure as of the end of the relevant month.

C. Overview of Capital Procurement

During the seventh fiscal period, the Asset Manager's parent company Pacific Holdings, Inc. (hereafter, "PHI") received an order of commencement of corporate reorganization proceedings in March 2009. In effect, NCI has since been without a sponsor. This event has caused substantial impact on NCI's financial management. Moreover, given the rapid change in the external environment surrounding NCI and the effects of the global credit crunch rippling over to the Japanese financial market, among other factors, NCI has been focusing on securing liquidity and reducing interest-bearing liabilities under the recognition that ensuring sound financial management is a task of top priority.

(1) Definitive Registration of Revolving Mortgage

In March 2009, NCI received a notice from security interest holders stating a request for a definitive registration of the revolving mortgage that it had granted and for which a provisional registration was made pursuant to agreements on grant of a revolving mortgage that were executed on December 26, 2008. NCI commenced procedures for the definitive registration in the same month and completed the procedures in July 2009.

Expenses associated with the definitive registration were recorded in the seventh fiscal period in the amount of 637 million yen.

(2) Capital Procurement and Refinancing

In March 2009, in correlation with the sale of 1 portfolio property mentioned earlier in B., NCI repaid a portion of its existing loans (repayment amount: 1,763 million yen) in advance of the principal repayment date based on the basic memorandums of agreement on collateral, dated December 26, 2008. In addition, in the same month, NCI repaid Term Loan I (repayment amount: 15,895 million yen) upon its repayment date and borrowed short-term loans payable in the amount of 13,700 million yen as the refinancing of such. Furthermore, in June 2009, NCI repaid the above short-term loans payable (repayment amount: 13,700 million yen) and borrowed 13,201 million yen (of which, short-term loans payable accounted for 11,888 million yen and long-term loans payable accounted for 1,313 million yen) as the refinancing of such. In each case of refinancing, NCI worked to build a sound financial base through the reduction of interest-bearing liabilities by taking such measures as funding a portion of the repayment with cash on hand.

As a result, the balance of NCI's interest-bearing liabilities at the end of the seventh fiscal period totaled 143,180 million yen borrowed from 19 banks, corporations, etc. Furthermore, the ratio of interest-bearing liabilities to total assets at the end of the seventh fiscal period was 51.6%.

<Changes in the Balance of Interest-Bearing Liabilities>

(in millions of yen)

	End of February 2009	Drawdown	Repayment	End of March 2009	Drawdown	Repayment	End of June 2009	End of August 2009
Short-term loans payable	–	13,700	–	13,700	11,888	13,700	11,888	11,888
Long-term loans payable (Note 1)	120,637	–	17,658 (Note 2)	102,979	1,313	–	104,292	104,292
Investment corporation bonds (Note 1)	27,000	–	–	27,000	–	–	27,000	27,000
Total interest-bearing liabilities	147,637	13,700	17,658	143,679	13,201	13,700	143,180	143,180

(Note 1) Long-term loans payable and investment corporation bonds include the amount that is scheduled for repayment (redemption) within 1 year.
(Note 2) The breakdown of the repayment is 1,763 million yen in repayment in advance of the repayment date and 15,895million yen in repayment upon the repayment date.

The following summarizes the investment corporation bonds and ratings of NCI as of the end of the seventh fiscal period.

<Overview of Investment Corporation Bonds>

Name	Offering Method	Issue Amount (in millions of yen)	Interest Rate	Issue Date	Maturity
First Series Unsecured Investment Corporation Bonds	Private placement	10,000	1.52% p.a.	April 13, 2007	April 13, 2010
Second Series Unsecured Investment Corporation Bonds	Private placement	17,000	1.96% p.a.	April 13, 2007	April 13, 2012
Total	–	27,000	–	–	–

<Status of Issuer Ratings>

Rating Agency	Rating	Details
Rating and Investment Information, Inc. (R&I)	(BB) (Note 1)	Rating Outlook: Negative

(Note 1) The rating was downgraded from (BBB–) to (BB) on March 11, 2009 and remains on the rating monitor (with a view to downgrading).
(Note 2) The rating for investment corporation bonds was downgraded from (BB+) to (BB–) on March 11, 2009 and remains on the rating monitor (with a view to downgrading).

D. Overview of Performance and Distribution

As a result of the abovementioned management, the management performance for the seventh fiscal period was 8,453 million yen in operating revenue, 4,600 million yen in operating income, 2,279 million yen in ordinary income and 2,273 million 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*). NCI decided to distribute the entire amount of unappropriated retained earnings, excluding fractional amounts less than 1 yen in the distribution per investment unit, in the seventh fiscal period. Accordingly, total cash distributions amounted to 2,272,842,000 yen and distribution per investment unit amounted to 8,830 yen.

3. Status of Capital Increase

During the seventh 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 seventh 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 (now known as Pacific Holdings, Inc.) 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 Certificates on the Tokyo Stock Exchange

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

(in yen)

Fiscal Period	Third	Fourth	Fifth	Sixth	Seventh
Settlement of Accounts	August 2007	February 2008	August 2008	February 2009	August 2009
Highest	655,000	504,000	447,000	278,500	197,900
Lowest	442,000	369,000	200,400	43,400	43,500
Price at Beginning of the Fiscal Period (Note)	585,000	451,000	447,000	226,900	46,300
Price at End of the Fiscal Period (Note)	453,000	478,000	223,100	45,350	167,200

(Note) 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.

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*). NCI decided to distribute the entire amount of unappropriated retained earnings, excluding fractional amounts less than 1 yen in the distribution per investment unit, in the seventh fiscal period. Accordingly, total cash distributions amounted to 2,272,842,000 yen and distribution per investment unit amounted to 8,830 yen.

(in yen)

Fiscal Period	Third	Fourth	Fifth	Sixth	Seventh
Calendar Period	March 1, 2007 – August 31, 2007	September 1, 2007 – February 29, 2008	March 1, 2008 – August 31, 2008	September 1, 2008 – February 28, 2009	March 1, 2009 – August 31, 2009
Total unappropriated retained earnings	3,225,343,336	3,538,271,709	4,088,389,697	2,341,579,938	2,272,971,666
Accumulated earnings	121,336	51,309	105,497	12,138	129,666
Total cash distribution	3,225,222,000	3,538,220,400	4,088,284,200	2,341,567,800	2,272,842,000
[Distribution per investment unit]	[12,530]	[13,746]	[15,883]	[9,097]	[8,830]
Of which, total distribution of earnings	3,225,222,000	3,538,220,400	4,088,284,200	2,341,567,800	2,272,842,000
[Distribution of earnings per investment unit]	[12,530]	[13,746]	[15,883]	[9,097]	[8,830]
Of which, total capital reimbursement	–	–	–	–	–
[Capital reimbursement per investment unit]	[–]	[–]	[–]	[–]	[–]

5. Future Management Policy and Key Topics

A. Management Environment

The Japanese economy ahead, amid the worsening employment situation, is expected to continue to be in severe circumstances for the time being. On the other hand, in addition to the effects of a round of stock adjustments and economic policies, the outlook is that an improvement in the external economic environment will mean the economy is expected to be headed for recovery. Meanwhile, there are concerns of further worsening of the employment situation due in part to extremely low production levels. Additionally, as there could also be unforeseen developments, such as impacts from the global financial crisis and concerns of further global economic stagnation, the possibility of downward pressures on the Japanese economy cannot be ruled out. Consequently, there is a need to watch the circumstances with caution.

In the real estate market, a joint public-private fund for stabilization of the real estate market was launched on September 5, 2009. Moreover, with the development of a system for the merger of REITs, revitalization through M&As is also anticipated. Such government policies promoting stabilization of finances and self-sustaining growth of REITs are expected to lead to recovery of the real estate market's appropriate pricing function and prevent asset deflation.

In the office rental market, NCI believes there is the need to closely monitor market trends as the rise in office vacancy rates and downward adjustment in rental rate levels continue due to the decline in office demand in correlation with deteriorating business performance, among other factors. Furthermore, with gradual weakening in the trend to downsize offices also seen in the Tokyo business district at the end of August 2009, there are also views that there will be an end to the rise in office vacancy rates and bottoming out is anticipated from this autumn through the coming spring.

In the retail property rental market as well, retail tenants' sales turnover continues to fall due to the slowdown in personal consumption. While there are judgments being voiced of a macroeconomic recovery as a result of government economic policies and other measures, the employment situation and income level, which are directly hit by personal consumption, are

recognized to remain in severe circumstances.

Under the described investment environment, NCI will conduct asset management aimed at securing stable earnings over the medium to long term based on the following policy.

B. Future Management Policy and Challenges

(1) Selection of a New Sponsor

Since PHI, which is the Asset Manager's parent company and essentially NCI's sponsor (hereafter, the "Current Sponsor"), received an order of commencement of corporate reorganization proceedings in March 2009, NCI, the Asset Manager and the financial advisor (FA) for both companies have been advancing procedures for the selection of the party to which the Current Sponsor's stake in the Asset Manager shall be transferred (hereafter, the "New Sponsor") with the cooperation of NCI's main financial institutions.

In the selection of the New Sponsor, concrete proposals have been received from several Japanese and overseas candidates. After discussions on the content of those proposals with parties concerned, NCI, the Asset Manager and the Current Sponsor's reorganization trustee granted preferential negotiation rights on September 10, 2009 to several Japanese candidates that proposed structures encompassing proposal of a structure for a merger of NCI.

NCI and the Asset Manager have deemed that the selection of the New Sponsor should be conducted by carefully discussing with the FA and the Current Sponsor's reorganization trustee how the selection shall proceed going forward and by examining each of the proposals received from the candidates that have been granted preferential negotiation rights in greater depth from the perspective of maximizing unitholder value. Consequently, discussions will be advanced in accordance with the following schedule:

- Grant of preferential negotiation rights • September 10, 2009
- Grant of exclusive preferential negotiation rights (Note 1) • • • • • • • • • • • • By end of October 2009 (scheduled)
- Execution of agreement on and settlement of transfer of Asset Manager shares (Note 2) • By end of November 2009 (scheduled)

(Note 1) To be granted to 1 candidate that submits a legally binding final written proposal.
(Note 2) In the case of a proposal encompassing a merger of NCI, execution of a letter of intent for a merger, etc. is scheduled to take place by the end of November 2009.

(2) Management Strategy

(i) Value Added Strategy

With respect to office properties, in addition to enhancing the competitiveness of its portfolio assets in the office rental market, NCI will strive to enhance the value of its assets on an ongoing basis by maintaining occupancy rates and rental rate unit prices. Such maintaining of occupancy rates and rental rate unit prices will be derived from NCI engaging in timely renovations to provide a comfortable office environment for its tenants, which will thereby improve the satisfaction level of its tenants.

Moreover, with respect to retail properties, NCI will continue to renovate its facilities to prevent its facilities from becoming obsolete and engage in various promotions, etc., from the perspective of tenants that operate the stores and customers that use the facilities as well as to support the operation of its retail tenants.

(ii) Rental Rate Revisions

Under the management environment described above, NCI will aim to enhance its earnings on an ongoing basis by responding appropriately to rental rate renewals and new contracts. Furthermore, by paying close attention to fluctuations in economic and rental market conditions, and by making management decisions on a timely and case-by-case basis, NCI will work to continue maintaining its high occupancy levels.

(iii) Maintenance and Management of Assets

To maintain and enhance the medium- to long-term value of its portfolio assets, NCI will strive to adequately repair and renew its buildings and facilities based on its long-term repair plans and policies.

(3) Investment Strategy

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.

(4) Financial Strategy

Positioning the minimizing of financing risks as a task of top priority, NCI will be totally devoted to maintaining favorable relations with its financial institutions so as to realize smooth financing even in a financial environment that is in a state of a global credit crunch.

Specifically, in each separate case of financing, 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 financing costs overall. In addition, to minimize refinancing risks, NCI aims to diversify repayment dates and sources of funding. NCI has been committed to diversifying the sources of funding since its listing when it borrowed funds from 10 domestic financial institutions. NCI will seek to maintain smooth relationships, while continuing to procure capital with a view to achieving balance.

Moreover, to address the risks of rising interest rates, NCI will pay close attention to interest rate fluctuations and continue to strive to conduct systematic financial operations by considering the purchase of interest rate caps, execution of interest rate swap agreements and other hedging instruments that hedge interest rate fluctuation risks.

Furthermore, concerning the approximately 53.5 billion yen in loans payable that will become due for repayment in December 2009 and the 10.0 billion yen in investment corporation bonds that will become due for redemption in April 2010, NCI will continue to pursue talks with its main financial institutions and potential new sponsors in parallel with the procedures for selection of the New Sponsor as described in "(1) Selection of a New Sponsor" above. At the same time, NCI will strive to extend the loan term for loans payable and to put redemption measures into practice for investment corporation bonds in view of promoting a stable financial standing for NCI based on an examination of the features of the structure proposed by potential new sponsors.

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. Borrowing of Funds

NCI decided on September 24, 2009 to borrow funds as follows to fund the repayment of existing loans payable in connection with the principal repayment of the concerned existing loans payable becoming due. NCI completed the drawdown of the borrowing on September 28, 2009.

Term Loan 34 (term: 3 months)

Lenders:	Sumitomo Mitsui Banking Corporation The Norinchukin Bank Shinsei Bank, Limited The Chuo Mitsui Trust and Banking Company, Limited Mizuho Corporate Bank, Ltd. Aozora Bank, Ltd. The Sumitomo Trust and Banking Co., Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation Resona Bank, Ltd. Mitsui Sumitomo Insurance Company, Limited
Loan amount:	53,485,136 thousand yen
Interest rate:	JBA 1-month yen TIBOR + 1.50% (The first base interest rate is the rate reasonably determined by the lending financial institutions.) The rate applicable for the period between September 28, 2009 and October 27, 2009 is 1.81000% (Note).
Drawdown date:	September 28, 2009
Repayment date:	December 28, 2009
Collateral/Guarantee:	Secured/Non-guaranteed

(Note) The rate applicable for the most recent period is shown.

B. Repayment of Funds

NCI completed the repayment of the following existing loans payable, the principal repayment of which was due on September 28, 2009, with the loans payable noted in "A. Borrowing of Funds" above and cash reserves.

Term Loan C

Lenders:	Sumitomo Mitsui Banking Corporation Aozora Bank, Ltd. Mizuho Corporate Bank, Ltd. Shinsei Bank, Limited The Sumitomo Trust and Banking Co., Ltd. Resona Bank, Limited Mitsui Sumitomo Insurance Company, Limited The Norinchukin Bank
Repayment amount:	36,606,205 thousand yen (Note 1)
Repayment date:	September 28, 2009
Principal repayment method:	Lump-sum repayment on the principal repayment date

Term Loan D

Lender:	The Chuo Mitsui Trust and Banking Company, Limited
Repayment amount:	3,371,624 thousand yen (Note 2)
Repayment date:	September 28, 2009
Principal repayment method:	Lump-sum repayment on the principal repayment date

Term Loan E

Lender:	The Chuo Mitsui Trust and Banking Company, Limited
Repayment amount:	2,119,307 thousand yen (Note 3)
Repayment date:	September 28, 2009
Principal repayment method:	Lump-sum repayment on the principal repayment date

Term Loan 28

Lender:	The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Repayment amount:	3,504,000 thousand yen
Repayment date:	September 28, 2009
Principal repayment method:	Lump-sum repayment on the principal repayment date

Term Loan 29

Lender:	Mitsubishi UFJ Trust and Banking Corporation
Repayment amount:	3,504,000 thousand yen
Repayment date:	September 28, 2009
Principal repayment method:	Lump-sum repayment on the principal repayment date

Term Loan 30

Lender:	Mizuho Corporate Bank, Ltd.
Repayment amount:	3,504,000 thousand yen
Repayment date:	September 28, 2009
Principal repayment method:	Lump-sum repayment on the principal repayment date

Term Loan 32

Lender:	Shinsei Bank, Limited
Repayment amount:	876,000 thousand yen
Repayment date:	September 28, 2009
Principal repayment method:	Lump-sum repayment on the principal repayment date

Term Loan 33

Lender:	The Shinkumi Federation Bank
Repayment amount:	500,000 thousand yen
Repayment date:	September 28, 2009
Principal repayment method:	Lump-sum repayment on the principal repayment date

(Note 1) NCI has partially repaid in the aggregate 1,394 million yen of the initial 38,000 million yen loan amount on February 26, 2009 and March 24, 2009, prior to the principal repayment date.

(Note 2) NCI has partially repaid in the aggregate 128 million yen of the initial 3,500 million yen loan amount on February 26, 2009 and March 24, 2009, prior to the principal repayment date.

(Note 3) NCI has partially repaid in the aggregate 81 million yen of the initial 2,200 million yen loan amount on February 26, 2009 and March 24, 2009, prior to the principal repayment date.

Ⅱ. Overview of NCI

1. Overview of Capital

Item	Third Fiscal Period (as of August 31, 2007)	Fourth Fiscal Period (as of February 29, 2008)	Fifth Fiscal Period (as of August 31, 2008)	Sixth Fiscal Period (as of February 28, 2009)	Seventh Fiscal Period (as of August 31, 2009)
Total number of investment units authorized (units)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Total number of investment units issued and outstanding (units)	257,400	257,400	257,400	257,400	257,400
Unitholders' capital (yen)	116,753,060,000	116,753,060,000	116,753,060,000	116,753,060,000	116,753,060,000
Number of unitholders (persons)	9,692	8,864	9,682	11,760	11,582

2. Matters related to Investment Units

Principal unitholders as of August 31, 2009 are as follows.

Name	Number of Investment Units Held (units)	Percentage to Total Investment Units Issued and Outstanding (%) (Note 1)
NikkoCiti Trust and Banking Corporation (Investment Trust Account)	20,303	7.88
Goldman Sachs International	16,552	6.43
Japan Trustee Services Bank, Ltd. (Trust Account)	14,525	5.64
Pacific Holdings, Inc. (Note 2)	12,400	4.81
Deutsche Bank AG London PB Non-Treaty Clients 613	11,045	4.29
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	10,296	4.00
The Master Trust Bank of Japan, Ltd. (Trust Account)	10,118	3.93
Northern Trust Company (AVFC) Sub Account American Client	9,064	3.52
The Fuji Fire and Marine Insurance Co., Ltd.	8,137	3.16
OM01 SSB Client Omnibus	6,174	2.39
Total	118,614	46.08

(Note 1) 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.

(Note 2) Pacific Holdings, Inc. filed a petition to commence corporate reorganization proceedings with the Tokyo District Court on March 10, 2009 and received an order of commencement of corporate reorganization proceedings from said Court on March 31, 2009.

3. Matters related to Directors

The names of directors, etc. as of August 31, 2009 are as follows.

Title	Name	Principal Concurrent Positions, etc. Held	Total Compensation of Each Director, etc. during the Fiscal Period (in thousands of yen)
Executive Director	Tomohiro Makino	Representative Director, OFFICE MAKINO Corporation	4,800
Supervisory Director	Masaharu Hino	Partner, Masaharu Hino Law Office	4,500
	Tsutomu Kuribayashi	Partner, Kuribayashi Sogo Law Office	
	Junya Iwasaki	Executive Director, Minoli Kaikei	
Accounting Auditor	KPMG AZSA & Co.	–	12,500

(Note 1) The executive director and 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 2) Neither the executive nor supervisory directors own investment units of NCI in their own name or the name of another.

4. Asset Manager, Asset Custodian and General Administrators

The following are the asset manager, asset custodian and general administrators as of August 31, 2009.

Outsourced Responsibility	Name
Asset manager	Pacific Commercial Corporation
Asset 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 administration of the organization)	Mitsubishi UFJ Trust and Banking Corporation
General administrator (special account manager)	Mitsubishi UFJ Trust and Banking Corporation
General administrator (administrative matters relating to investment corporation bonds)	Mizuho Corporate Bank, Ltd.

Ⅲ. Portfolio Assets of NCI

The following summarizes NCI's portfolio assets as of August 31, 2009.

1. Composition of NCI Properties

Asset Type	Use (Note 1)	Investment Target Geographic Region (Note 1)	Total Amount Owned (in thousands of yen) (Note 2)	Ratio to Total Assets (Note 3)
Beneficiary Right of Real Estate in Trust	Office Properties	Urban Area of Tokyo	98,655,458	35.5%
		Urban Area of Osaka and Urban Area of Nagoya	35,170,133	12.7%
		Other Metropolitan Areas	3,468,498	1.2%
	Retail Properties	Kanto Large Metropolitan Area	24,742,757	8.9%
		Kansai Large Metropolitan Area	36,296,298	13.1%
		Chukyo Large Metropolitan Area	–	–
		Other Large Metropolitan Areas	6,872,012	2.5%
Real Estate	Office Properties	Urban Area of Tokyo	38,205,352	13.8%
		Urban Area of Osaka and Urban Area of Nagoya	–	–
		Other Metropolitan Areas	–	–
	Retail Properties	Kanto Large Metropolitan Area	–	–
		Kansai Large Metropolitan Area	3,153,530	1.1%
		Chukyo Large Metropolitan Area	8,039,129	2.9%
		Other Large Metropolitan Areas	1,450,102	0.5%
Deposits and Other Assets			21,560,736	7.8%
Total Assets			277,614,005	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 of August 31, 2009 (the book value after depreciation in the case of real estate properties).
(Note 3) "Ratio to Total Assets" indicates the ratio of the total amount owned of the applicable assets to the total amount of assets (rounded to one decimal place).

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	19,062,881	6.9%
			Office A-2	Pacific Marks Shinjuku ParkSide	15,587,418	5.6%
			Office A-3	Pacific Marks Tsukiji	11,436,589	4.1%
			Office A-4	Pacific Marks Tsukishima	8,174,376	2.9%
			Office A-5	Pacific Marks Nishi-Shinjuku	8,028,012	2.9%
			Office A-6	Pacific Marks Yokohama East	7,064,052	2.5%
			Office A-7	Pacific Marks Shin-Urayasu	4,692,258	1.7%
			Office A-8	Oomori City Building	3,860,968	1.4%
			Office A-9	Akasaka Hikawa Building	3,501,924	1.3%
			Office A-10	Pacific Marks Shibuya-Koendoori	3,149,125	1.1%
			Office A-11	Pacific Marks Nihonbashi-Tomizawacho	2,634,092	0.9%
			Office A-12	Pacific Marks Akasaka-mitsuke	2,464,823	0.9%
			Office A-15	Yokohama Aioicho Building	1,713,008	0.6%
			Office A-16	Pacific Marks Shin-Yokohama	1,638,293	0.6%
			Office A-22	Pacific Marks Shinkawa	3,545,171	1.3%
			Office A-24	Pacific Marks Mejiro	2,089,579	0.8%
			Office A-25	Pacific Marks Kawasaki	15,683,620	5.6%
			Office A-26	Towa Hamamatsucho Building	7,483,888	2.7%
			Office A-27	Lila Hijirizaka	4,465,530	1.6%
			Office A-28	Pacific Marks Aobadai	3,168,200	1.1%
			Office A-29	Otsuka HT Building	2,077,126	0.7%
			Office A-30	Pacific Marks Shinjuku south-gate	5,339,877	1.9%
		Office A Subtotal			136,860,810	49.3%
		Urban Area of Osaka and Urban Area of Nagoya	Office B-1	Pacific Marks Nishi-Umeda	8,788,580	3.2%
			Office B-2	Pacific Marks Higobashi	5,804,847	2.1%
			Office B-3	Nagoya-Nishiki City Building	5,308,538	1.9%
			Office B-4	Pacific Marks Esaka	15,268,168	5.5%
		Office B Subtotal			35,170,133	12.7%
		Other Metropolitan Areas	Office C-1	Pacific Marks Sapporo Kita-ichijo	2,239,931	0.8%
			Office C-2	Shin-Sapporo Center Building	1,228,567	0.4%
		Office C Subtotal			3,468,498	1.2%
	Office Properties Subtotal				175,499,441	63.2%
	Retail Properties in Central Areas	Kanto Large Metropolitan Area	Retail A-6	Albore Jingumae	2,623,694	0.9%
		Kansai Large Metropolitan Area	Retail A-1	Shinsaibashi OPA Honkan	32,705,042	11.8%
			Retail A-2	Shinsaibashi OPA Kireikan	3,591,256	1.3%
		Other Large Metropolitan Areas	Retail A-3	PACIFIQUE Tenjin	3,689,047	1.3%
			Retail A-4	Albore Tenjin	1,450,102	0.5%
			Retail A-7	Albore Sendai	3,182,965	1.1%
		Retail A Subtotal			47,242,106	17.0%
	Central Area Subtotal				222,741,547	80.2%
Suburban Area	Suburban Multi-Tenant Retail Properties	Kanto Large Metropolitan Area	Retail B-1	Mallage Kashiwa	17,596,841	6.3%
		Kansai Large Metropolitan Area	Retail B-2	Bellfa Uji	3,153,530	1.1%
		Retail B Subtotal			20,750,371	7.5%
	Suburban Single-Tenant Retail Properties	Kanto Large Metropolitan Area	Retail C-2	Nitori Yokohama Kariba I.C.	4,522,223	1.6%
		Chukyo Large Metropolitan Area	Retail C-1	Ito-Yokado Owariasahi	8,039,128	2.9%
		Retail C Subtotal			12,561,351	4.5%
	Retail Properties Subtotal				80,553,828	29.0%
	Suburban Area Subtotal				33,311,722	12.0%
Deposits and Other Assets					21,560,736	7.8%
Total Portfolio					277,614,005	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 of August 31, 2009 (the book value after depreciation in the case of real estate properties).

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

2. Principal Assets Owned

The following summarizes the principal assets owned by NCI (the 10 properties with the highest book value at the end of the fiscal period) as of August 31, 2009.

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 Total Revenue from Property Leasing (Note 5)	Primary Use
Retail A-1	Shinsaibashi OPA Honkan	32,705,042	27,025.42	27,025.42	100.0%	8.6%	Retail property
Office A-1	Hitachi High-Tech Building	19,062,881	15,781.64	15,610.58	98.9%	5.8%	Office property
Retail B-1	Mallage Kashiwa	17,596,841	40,017.77	38,346.25	95.8%	9.3%	Retail property
Office A-25	Pacific Marks Kawasaki	15,683,620	7,379.96	6,601.29	89.4%	4.1%	Office property
Office A-2	Pacific Marks Shinjuku ParkSide	15,587,418	11,480.61	10,975.93	95.6%	5.6%	Office property
Office B-4	Pacific Marks Esaka	15,268,168	20,088.58	19,885.58	99.0%	6.7%	Office property
Office A-3	Pacific Marks Tsukiji	11,436,589	5,971.45	5,971.45	100.0%	3.7%	Office property
Office B-1	Pacific Marks Nishi-Umeda	8,788,580	11,035.23	10,542.53	95.5%	4.5%	Office property
Office A-4	Pacific Marks Tsukishima	8,174,376	9,336.27	6,262.70	67.1%	2.5%	Office property
Retail C-1	Ito-Yokado Owariasahi	8,039,128	54,606.34	54,606.34	100.0%	2.9%	Retail property
Total		152,342,643	202,723.27	195,828.07	96.6%	53.7%	

(Note 1) Each amount under "Book Value" is rounded 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 in trust or real estate held directly by NCI that may be leased.

(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 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 Total Revenue from Property Leasing" indicates the ratio of the revenue from property leasing of the applicable asset to the total amount of revenue from property leasing (rounded to one decimal place).

3. Itemization of Real Estate and Other Assets

As of August 31, 2009, 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)
Office A-1	Hitachi High-Tech Building	1-24-14 Nishi-Shinbashi, Minato-ku, Tokyo	Beneficiary right of real estate in trust	17,010,000
Office A-2	Pacific Marks Shinjuku ParkSide	4-15-7 Nishi-Shinjuku, Shinjuku-ku, Tokyo	Beneficiary right of real estate in trust	15,560,000
Office A-3	Pacific Marks Tsukiji	3-3-8 Irifune, Chuo-ku, Tokyo	Beneficiary right of real estate in trust	10,400,000
Office A-4	Pacific Marks Tsukishima	1-15-7 Tsukishima, Chuo-ku, Tokyo	Real estate	8,050,000
Office A-5	Pacific Marks Nishi-Shinjuku	3-2-7 Nishi-Shinjuku, Shinjuku-ku, Tokyo	Beneficiary right of real estate in trust	8,100,000
Office A-6	Pacific Marks Yokohama East	3-4 Sakae-cho, Kanagawa-ku, Yokohama-shi, Kanagawa	Beneficiary right of real estate in trust	8,220,000
Office A-7	Pacific Marks Shin-Urayasu	1-9-2 Mihama, Urayasu-shi, Chiba	Beneficiary right of real estate in trust	5,210,000
Office A-8	Oomori City Building	1-1-10 Ohmori-Kita, Ota-ku, Tokyo	Beneficiary right of real estate in trust	4,320,000
Office A-9	Akasaka Hikawa Building	6-18-3 Akasaka, Minato-ku, Tokyo	Beneficiary right of real estate in trust	3,250,000
Office A-10	Pacific Marks Shibuya-Koendoori	1-6-3 Jinnan, Shibuya-ku, Tokyo	Beneficiary right of real estate in trust	2,840,000
Office A-11	Pacific Marks Nihonbashi-Tomizawacho	10-18 Tomizawa-cho, Nihonbashi, Chuo-ku, Tokyo	Beneficiary right of real estate in trust	2,470,000
Office A-12	Pacific Marks Akasaka-mitsuke	3-20-6 Akasaka, Minato-ku, Tokyo	Real estate	2,560,000

Property No.	Property Name	Location	Form of Ownership	Appraisal Price at End of the Fiscal Period (in thousands of yen) (Note)
Office A-15	Yokohama Aioicho Building	6-104-2 Aioi-cho, Naka-ku, Yokohama-shi, Kanagawa	Beneficiary right of real estate in trust	1,300,000
Office A-16	Pacific Marks Shin-Yokohama	3-18-20 Shin-Yokohama, Kohoku-ku, Yokohama-shi, Kanagawa	Beneficiary right of real estate in trust	1,830,000
Office A-22	Pacific Marks Shinkawa	1-5-17 Shinkawa, Chuo-ku, Tokyo	Beneficiary right of real estate in trust	3,710,000
Office A-24	Pacific Marks Mejiro	3-14-3 Mejiro, Toshima-ku, Tokyo	Beneficiary right of real estate in trust	2,030,000
Office A-25	Pacific Marks Kawasaki	11-1 Ekimae-Honcho, Kawasaki-ku, Kawasaki-shi, Kanagawa	Real estate	12,000,000
Office A-26	Towa Hamamatsucho Building	2-6-2 Hamamatsu-cho, Minato-ku, Tokyo	Beneficiary right of real estate in trust	6,650,000
Office A-27	Lila Hijirizaka	3-4-9 and 3-4-10 Mita, Minato-ku, Tokyo	Real estate	3,830,000
Office A-28	Pacific Marks Aobadai	3-10-1 Aobadai, Meguro-ku, Tokyo	Beneficiary right of real estate in trust	2,130,000
Office A-29	Otsuka HT Building	3-43-1 Minami-Otsuka, Toshima-ku, Tokyo	Real estate	1,680,000
Office A-30	Pacific Marks Shinjuku south-gate	4-2-16 Shinjuku, Shinjuku-ku, Tokyo	Real estate	3,900,000
Office B-1	Pacific Marks Nishi-Umeda	2-6-13 Umeda, Kita-ku, Osaka-shi, Osaka	Beneficiary right of real estate in trust	9,950,000
Office B-2	Pacific Marks Higobashi	1-10-8 Edobori, Nishi-ku, Osaka-shi, Osaka	Beneficiary right of real estate in trust	5,400,000
Office B-3	Nagoya-Nishiki City Building	1-6-5 Nishiki, Naka-ku, Nagoya-shi, Aichi	Beneficiary right of real estate in trust	4,010,000
Office B-4	Pacific Marks Esaka	9-1 Toyotsu-cho, Suita-shi, Osaka	Beneficiary right of real estate in trust	13,000,000
Office C-1	Pacific Marks Sapporo Kita-ichijo	7-4-4 Kita Ichi-jo Nishi, Chuo-ku, Sapporo-shi, Hokkaido	Beneficiary right of real estate in trust	2,230,000
Office C-2	Shin-Sapporo Center Building	6-2-15 Atsubetsu Chuo Ichi-jo, Atsubetsu-ku, Sapporo-shi, Hokkaido	Beneficiary right of real estate in trust	1,160,000
Retail A-1	Shinsaibashi OPA Honkan	1-4-3 Nishi-Shinsaibashi, Chuo-ku, Osaka-shi, Osaka	Beneficiary right of real estate in trust	29,200,000
Retail A-2	Shinsaibashi OPA Kireikan	1-9-2 Nishi-Shinsaibashi, Chuo-ku, Osaka-shi, Osaka	Beneficiary right of real estate in trust	3,080,000
Retail A-3	PACIFIQUE Tenjin	2-4-11 Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka	Beneficiary right of real estate in trust	3,070,000
Retail A-4	Albore Tenjin	2-6-24 Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka	Real estate	1,210,000
Retail A-6	Albore Jingumae	5-27-7 Jingumae, Shibuya-ku, Tokyo	Beneficiary right of real estate in trust	2,200,000
Retail A-7	Albore Sendai	2-4-5 Chuo, Aoba-ku, Sendai-shi, Miyagi	Beneficiary right of real estate in trust	2,930,000
Retail B-1	Mallage Kashiwa	2-3-1 Oyamadai, Kashiwa-shi, Chiba	Beneficiary right of real estate in trust	11,100,000
Retail B-2	Bellfa Uji	48 Shimizu, Makishima-cho, Uji-shi, Kyoto	Real estate	2,350,000
Retail C-1	Ito-Yokado Owariasahi	116-4 Ishihara, Minami-Harayama-cho, Owariasahi-shi, Aichi	Real estate	6,380,000
Retail C-2	Nitori Yokohama Kariba I.C.	164-1 and 164-30 Kariba-cho, Hodogaya-ku, Yokohama-shi, Kanagawa	Beneficiary right of real estate in trust	3,240,000
Total				227,560,000

(Note) "Appraisal Price at End of the Fiscal Period" is rounded to the nearest thousand yen. Accordingly, the entered amounts do not necessarily add up to the total value.

Property No.	Property Name	Sixth Fiscal Period (from September 1, 2008 to February 28, 2009)				Seventh Fiscal Period (from March 1, 2009 to August 31, 2009)			
		Total No. of Tenants at End of the Fiscal Period (Note 1)	Occupancy Rate at End of the Fiscal Period (Note 2)	Revenue from Property Leasing during the Fiscal Period (in thousands of yen) (Note 3)	Ratio to Total Revenue from Property Leasing (Note 4)	Total No. of Tenants at End of the Fiscal Period (Note 1)	Occupancy Rate at End of the Fiscal Period (Note 2)	Revenue from Property Leasing during the Fiscal Period (in thousands of yen) (Note 3)	Ratio to Total Revenue from Property Leasing (Note 4)
Office A-1	Hitachi High-Tech Building	– [2]	100.0%	480,355	5.6%	– [1]	98.9%	479,141	5.8%
Office A-2	Pacific Marks Shinjuku ParkSide	1 [10]	91.6%	535,272	6.2%	1 [11]	95.6%	465,058	5.6%
Office A-3	Pacific Marks Tsukiji	1 [1]	100.0%	301,549	3.5%	1 [1]	100.0%	301,025	3.7%
Office A-4	Pacific Marks Tsukishima	– [4]	67.1%	338,805	3.9%	– [4]	67.1%	203,245	2.5%
Office A-5	Pacific Marks Nishi-Shinjuku	1 [18]	93.4%	279,974	3.3%	1 [20]	93.8%	263,723	3.2%
Office A-6	Pacific Marks Yokohama East	1 [13]	100.0%	339,906	3.9%	1 [10]	79.7%	329,991	4.0%
Office A-7	Pacific Marks Shin-Urayasu	1 [7]	100.0%	253,497	2.9%	1 [9]	100.0%	256,111	3.1%
Office A-8	Oomori City Building	1 [8]	100.0%	177,716	2.1%	1 [8]	100.0%	177,847	2.2%
Office A-9	Akasaka Hikawa Building	1 [1]	100.0%	117,812	1.4%	1 [1]	100.0%	122,900	1.5%
Office A-10	Pacific Marks Shibuya-Koendoori	1 [1]	100.0%	86,520	1.0%	1 [1]	100.0%	86,520	1.1%
Office A-11	Pacific Marks Nihonbashi-Tomizawacho	1 [8]	100.0%	78,488	0.9%	1 [8]	100.0%	86,061	1.0%
Office A-12	Pacific Marks Akasaka-mitsuke	– [6]	94.4%	74,924	0.9%	– [7]	100.0%	77,513	0.9%
Office A-13	Urban Square Yaesu Building (Note 5)	– [10]	100.0%	96,743	1.1%	– [–]	–	15,377	0.2%
Office A-15	Yokohama Aioicho Building	1 [12]	75.9%	69,109	0.8%	1 [13]	78.3%	60,080	0.7%
Office A-16	Pacific Marks Shin-Yokohama	1 [9]	78.4%	72,066	0.8%	1 [9]	83.9%	76,198	0.9%
Office A-20	Maruishi Shinbashi Building (Note 6)	– [–]	–	44,959	0.5%	– [–]	–	–	–
Office A-22	Pacific Marks Shinkawa	1 [9]	100.0%	147,672	1.7%	1 [9]	100.0%	138,550	1.7%
Office A-23	Pacific Marks Uchikanda (Note 6)	– [–]	–	83,046	1.0%	– [–]	–	–	–
Office A-24	Pacific Marks Mejiro	1 [3]	100.0%	73,421	0.9%	1 [3]	100.0%	73,511	0.9%
Office A-25	Pacific Marks Kawasaki	– [36]	93.9%	352,176	4.1%	– [35]	89.4%	333,576	4.1%
Office A-26	Towa Hamamatsucho Building	1 [16]	100.0%	227,522	2.6%	1 [16]	100.0%	229,661	2.8%
Office A-27	Lila Hijirizaka	– [15]	100.0%	150,780	1.8%	– [15]	100.0%	153,943	1.9%
Office A-28	Pacific Marks Aobadai	1 [5]	88.7%	85,171	1.0%	1 [5]	88.7%	76,013	0.9%
Office A-29	Otsuka HT Building	– [6]	100.0%	61,224	0.7%	– [6]	100.0%	62,530	0.8%
Office A-30	Pacific Marks Shinjuku south-gate	– [10]	88.1%	83,993	1.0%	– [11]	100.0%	96,505	1.2%
Office B-1	Pacific Marks Nishi-Umeda	1 [24]	94.7%	396,413	4.6%	1 [24]	95.5%	373,431	4.5%
Office B-2	Pacific Marks Higobashi	1 [17]	92.1%	212,009	2.5%	1 [17]	92.1%	211,804	2.6%
Office B-3	Nagoya-Nishiki City Building	1 [12]	95.1%	171,544	2.0%	1 [12]	95.1%	161,345	2.0%
Office B-4	Pacific Marks Esaka	1 [27]	97.4%	544,155	6.3%	1 [31]	99.0%	553,568	6.7%
Office C-1	Pacific Marks Sapporo Kita-ichijo	1 [11]	96.7%	110,435	1.3%	1 [12]	97.8%	109,503	1.3%
Office C-2	Shin-Sapporo Center Building	1 [18]	100.0%	69,299	0.8%	1 [17]	96.6%	68,278	0.8%
Retail A-1	Shinsaibashi OPA Honkan	1 [1]	100.0%	663,319	7.7%	1 [1]	100.0%	709,388	8.6%
Retail A-2	Shinsaibashi OPA Kireikan	1 [1]	100.0%	87,768	1.0%	1 [1]	100.0%	87,768	1.1%
Retail A-3	PACIFIQUE Tenjin	1 [11]	65.3%	112,479	1.3%	1 [12]	65.4%	93,502	1.1%
Retail A-4	Albore Tenjin	– [6]	100.0%	42,594	0.5%	– [6]	100.0%	41,536	0.5%
Retail A-5	Tenjin Yoshida Building (Note 6)	– [–]	–	38,067	0.4%	– [–]	–	–	–
Retail A-6	Albore Jingumae	– [1]	100.0%	53,221	0.6%	– [1]	100.0%	51,351	0.6%
Retail A-7	Albore Sendai	1 [5]	100.0%	123,687	1.4%	1 [5]	100.0%	124,267	1.5%
Retail B-1	Mallage Kashiwa	1 [96]	97.2%	769,654	8.9%	1 [97]	95.8%	761,836	9.3%
Retail B-2	Bellfa Uji	1 [29]	85.6%	228,618	2.7%	1 [34]	96.9%	210,552	2.6%

Property No.	Property Name	Sixth Fiscal Period (from September 1, 2008 to February 28, 2009)				Seventh Fiscal Period (from March 1, 2009 to August 31, 2009)			
		Total No. of Tenants at End of the Fiscal Period (Note 1)	Occupancy Rate at End of the Fiscal Period (Note 2)	Revenue from Property Leasing during the Fiscal Period (in thousands of yen) (Note 3)	Ratio to Total Revenue from Property Leasing (Note 4)	Total No. of Tenants at End of the Fiscal Period (Note 1)	Occupancy Rate at End of the Fiscal Period (Note 2)	Revenue from Property Leasing during the Fiscal Period (in thousands of yen) (Note 3)	Ratio to Total Revenue from Property Leasing (Note 4)
Retail C-1	Ito-Yokado Owariasahi	– [1]	100.0%	242,768	2.8%	– [1]	100.0%	242,786	2.9%
Retail C-2	Nitori Yokohama Kariba I.C.	1 [1]	100.0%	132,000	1.5%	1 [1]	100.0%	266,615	3.2%
Total		[471]	96.0%	8,610,731	100.0%	[475]	95.9%	8,232,609	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) "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 of the applicable property at the end of the relevant fiscal period is expressed as a percentage and rounded to one decimal place.
(Note 3) "Revenue from Property Leasing during the Fiscal Period" indicates the revenue from property leasing of the applicable real estate property for the relevant fiscal period (rounded to the nearest thousand yen).
(Note 4) "Ratio to Total Revenue from Property Leasing" is the ratio of revenue from property leasing of the applicable property to the revenue from property leasing of the entire portfolio (rounded to one decimal place).
(Note 5) This property was sold on March 24, 2009.
(Note 6) These properties were sold on February 26, 2009.

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

As of August 31, 2009, 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 and Foreign Exchange Contract 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	28,606,205	–	–
	Interest rate cap transaction	8,000,000	–	–
	Interest rate cap transaction	1,500,000	–	–
	Interest rate cap transaction	1,871,624	–	–
	Interest rate cap transaction	2,119,307	–	–
	Interest rate swap transaction	4,816,606	4,816,606	(135,389)
	Interest rate swap transaction	6,523,176	6,523,176	(48,892)
	Interest rate swap transaction	6,000,000	6,000,000	(43,671)
	Interest rate cap transaction	1,926,642	1,926,642	46
	Interest rate cap transaction	3,178,960	3,178,960	315
Total		64,542,520	22,445,384	(227,591)

(Note 1) The contract amount, etc. shown is based on notional principal, etc.
(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	Principal portion of Separate Trading of Registered Interest and Principal Securities (STRIPS) (5 years; No. 69)	10,000	9,811	–	–	9,875	–	Deposited as operating guarantees.
Total		10,000	9,811	–	–	9,875	–	

Ⅳ. Capital Expenditures for Owned Real Estate

1. Scheduled Capital Expenditures

The principal capital expenditures in connection with repairs, construction, and related matters that are expected to arise with respect to owned real estate properties as of August 31, 2009 are as follows.

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

Property No.	Name of Real Estate Property (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-8	Oomori City Building (Ota-ku, Tokyo)	Replacement of automated parking lot	April 2009 – November 2009	87,000	3,000	3,000
Office A-9	Akasaka Hikawa Building (Minato-ku, Tokyo)	Installation of individual air-conditioning systems	August 2009 – January 2010	170,000	52,620	52,620
Office A-9	Akasaka Hikawa Building (Minato-ku, Tokyo)	Replacement of central monitoring system	August 2009 – January 2010	28,000	–	–
Retail A-3	PACIFIQUE Tenjin (Fukuoka-shi, Fukuoka)	Change of entry to compartment 101	December 2009 – December 2009	16,500	–	–
Retail B-1	Mallage Kashiwa (Kashiwa-shi, Chiba)	Interior finishing work to introduce eating/drinking outlets	February 2010 – February 2010	45,000	–	–

2. Capital Expenditures during the Fiscal Period

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

Property No.	Name of Real Estate Property (Location)	Purpose	Implementation Period	Construction Amount Paid (in thousands of yen)
Office A-1	Hitachi High-Tech Building (Minato-ku, Tokyo)	Renovation of toilets	May 2009 – August 2009	41,215
Office A-4	Pacific Marks Tsukishima (Chuo-ku, Tokyo)	Replacement of intercom system of private-use portion	March 2009 – March 2009	9,313
Office B-1	Pacific Marks Nishi-Umeda (Osaka-shi, Osaka)	Renovation of multi-level parking lot	August 2009 – August 2009	8,477
Retail A-3	PACIFIQUE Tenjin (Fukuoka-shi, Fukuoka)	Renovation of rooftop	June 2009 – August 2009	14,916
Retail C-1	Ito-Yokado Owariasahi (Owariasahi-shi, Aichi)	Renovation of indoor toilets	June 2009 – July 2009	9,503
Other capital expenditures				253,628
Total				337,052

3. Reserves for Long-term Repair Plans

(in thousands of yen)

Calendar Period	Third Fiscal Period March 1, 2007 – August 31, 2007	Fourth Fiscal Period September 1, 2007 – February 29, 2008	Fifth Fiscal Period March 1, 2008 – August 31, 2008	Sixth Fiscal Period September 1, 2008 – February 28, 2009	Seventh Fiscal Period March 1, 2009 – August 31, 2009
Balance of reserves at end of the previous fiscal period	105,962	301,489	349,436	336,633	274,120
Reserves in the fiscal period under review	292,986	281,895	208,055	233,538	279,814
Reversal of reserves in the fiscal period under review	97,459	233,948	220,858	296,051	142,635
Amount carried forward to the next fiscal period	301,489	349,436	336,633	274,120	411,299

Ⅴ. Expenses and Liabilities

1. Itemization of Expenses for Management, etc.

(in thousands of yen)

Item	Sixth Fiscal Period September 1, 2008 – February 28, 2009	Seventh Fiscal Period March 1, 2009 – August 31, 2009
(a) Asset management fee (Note 1)	379,192	377,286
(b) Asset custody fee	14,398	13,859
(c) Administrative service fees	30,302	29,232
(d) Directors' compensations	9,300	9,300
(e) Audit fee	12,000	12,500
(f) Compensations (Note 2)	35,273	15,976
(g) Other operating expenses (expenses related to NCI's operations)	57,271	49,145
Total	537,736	507,298

(Note 1) In addition to the above, there was an asset management fee for the acquisition of properties that was individually incorporated in the acquisition cost of real estate properties of 17,680 thousand yen in the sixth fiscal period, and there was an asset management fee that was deducted from the gain on sales of real estate properties of 19,750 thousand yen in the sixth fiscal period and 12,750 thousand yen in the seventh fiscal period.

(Note 2) In addition to the above, there was an attorney's fee for the acquisition of properties that was individually incorporated in the acquisition cost of real estate properties of 3,955 thousand yen in the sixth fiscal period, and there was an attorney's fee that was deducted from the gain on sales of real estate properties of 2,759 thousand yen in the sixth fiscal period and 689 thousand yen in the seventh fiscal period.

2. Loans Payable

The following summarizes the status of loans payable as of August 31, 2009.

Account			Drawdown Date	Balance at End of Sixth Fiscal Period (in thousands of yen)	Balance at End of Seventh 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 payable	Term Loan V (Note 2)	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	March 27, 2009	–	–	1.93%	June 29, 2009	(Note 3)	(Note 4)	(Note 5)
	Term Loan W (Note 2)	Mitsubishi UFJ Trust and Banking Corporation	March 27, 2009	–	–	1.93%	June 29, 2009	(Note 3)	(Note 4)	(Note 5)
	Term Loan X (Note 2)	Mizuho Corporate Bank, Ltd.	March 27, 2009	–	–	1.93%	June 29, 2009	(Note 3)	(Note 4)	(Note 5)
	Term Loan Y (Note 2)	Aozora Bank, Ltd.	March 27, 2009	–	–	1.93%	June 29, 2009	(Note 3)	(Note 4)	(Note 5)
	Term Loan Z (Note 2)	Shinsei Bank, Limited	March 27, 2009	–	–	1.93%	June 29, 2009	(Note 3)	(Note 4)	(Note 5)
	Term Loan 27 (Note 2)	The Shinkumi Federation Bank	March 27, 2009	–	–	1.93%	June 29, 2009	(Note 3)	(Note 4)	(Note 5)
	Term Loan 28	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	June 29, 2009	–	3,504,000	1.33%	Sept. 28, 2009	(Note 3)	(Note 4)	(Note 5)
	Term Loan 29	Mitsubishi UFJ Trust and Banking Corporation	June 29, 2009	–	3,504,000	1.33%	Sept. 28, 2009	(Note 3)	(Note 4)	(Note 5)
	Term Loan 30	Mizuho Corporate Bank, Ltd.	June 29, 2009	–	3,504,000	1.33%	Sept. 28, 2009	(Note 3)	(Note 4)	(Note 5)
	Term Loan 32	Shinsei Bank, Limited	June 29, 2009	–	876,000	1.33%	Sept. 28, 2009	(Note 3)	(Note 4)	(Note 5)
	Term Loan 33	The Shinkumi Federation Bank	June 29, 2009	–	500,000	1.33%	Sept. 28, 2009	(Note 3)	(Note 4)	(Note 5)
	Subtotal			–	11,888,000					
Current portion of long-term loans payable	Term Loan C	The Norinchukin Bank	Sept. 27, 2006	9,776,102	9,633,212	1.18%	Sept. 27, 2009	(Note 3)	(Note 4)	(Note 5)
		Sumitomo Mitsui Banking Corporation		8,798,491	8,669,891					
		Shinsei Bank, Limited		4,888,051	4,816,606					
		Aozora Bank, Ltd.		3,910,441	3,853,285					
		The Sumitomo Trust and Banking Co., Ltd.		3,910,441	3,853,285					
		Resona Bank, Limited		2,932,830	2,889,963					
		Mizuho Corporate Bank, Ltd.		1,955,220	1,926,642					
		Mitsui Sumitomo Insurance Company, Limited		977,610	963,321					
	Term Loan D	The Chuo Mitsui Trust and Banking Company, Limited	Nov. 29, 2006	3,421,635	3,371,624	1.18%	Sept. 27, 2009	(Note 3)	(Note 4)	(Note 5)
	Term Loan E	The Chuo Mitsui Trust and Banking Company, Limited	Dec. 22, 2006	2,150,742	2,119,307	1.18%	Sept. 27, 2009	(Note 3)	(Note 4)	(Note 5)
	Term Loan I	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Sept. 27, 2007	3,910,441	–	1.09%	March 27, 2009	(Note 3)	(Note 4)	(Note 5)
		Mizuho Corporate Bank, Ltd.		3,910,441	–					
		Mitsubishi UFJ Trust and Banking Corporation		3,910,441	–					
		The Shinkumi Federation Bank		1,955,220	–					
		Aozora Bank, Ltd.		1,466,415	–					
		Shinsei Bank, Limited		977,610	–					
	Term Loan S	Sumitomo Mitsui Banking Corporation	Oct. 30, 2008	6,745,510	6,646,916	1.19%	April 30, 2010	(Note 3)	(Note 4)	(Note 5)
	Subtotal			65,597,641	48,744,052					
Short-term loans payable subtotal				65,597,641	60,632,052					

Account			Drawdown Date	Balance at End of Sixth Fiscal Period (in thousands of yen)	Balance at End of Seventh 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 payable	Term Loan F (Tranche A)	Sumitomo Mitsui Banking Corporation	March 30, 2007	1,466,416	1,444,982	1.27%	March 30, 2012	(Note 3)	(Note 4)	(Note 5)
		Sompo Japan Insurance Inc.		977,610	963,321					
		The Sumitomo Trust and Banking Co., Ltd.		977,610	963,321					
		The Mie Bank, Ltd.		977,610	963,321					
		The Hiroshima Bank, Ltd.		488,805	481,661					
	Term Loan F (Tranche B)	Daido Life Insurance Company	March 30, 2007	1,955,220	1,926,642	2.00%	March 30, 2012	(Note 3)	(Note 4)	(Note 5)
	Term Loan G	Daido Life Insurance Company	June 26, 2007	1,955,220	1,926,642	2.31%	June 26, 2012	(Note 3)	(Note 4)	(Note 5)
	Term Loan J	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Sept. 27, 2007	3,910,441	3,853,285	1.18%	Sept. 27, 2010	(Note 3)	(Note 4)	(Note 5)
		Mitsubishi UFJ Trust and Banking Corporation		3,910,441	3,853,285					
		Shinsei Bank, Limited		1,955,220	1,926,642					
		Aozora Bank, Ltd.		1,955,220	1,926,642					
		The Sumitomo Trust and Banking Co., Ltd.		977,610	963,321					
	Term Loan K	National Mutual Insurance Federation of Agricultural Cooperatives	Sept. 27, 2007	977,610	963,321	1.96%	Sept. 27, 2011	(Note 3)	(Note 4)	(Note 5)
		Aioi Insurance Co., Ltd.		977,610	963,321					
	Term Loan L	Development Bank of Japan Inc.	Sept. 27, 2007	977,610	963,321	1.95%	Sept. 27, 2011	(Note 3)	(Note 4)	(Note 5)
	Term Loan N	The Chuo Mitsui Trust and Banking Company, Limited	Nov. 29, 2007	1,955,220	1,926,642	1.18%	Sept. 27, 2010	(Note 3)	(Note 4)	(Note 5)
	Term Loan O	Aozora Bank, Ltd.	Nov. 29, 2007	3,226,114	3,178,960	1.17%	Nov. 29, 2010	(Note 3)	(Note 4)	(Note 5)
	Term Loan Q	Development Bank of Japan Inc.	July 25, 2008	1,955,220	1,926,642	2.11%	Sept. 27, 2011	(Note 3)	(Note 4)	(Note 5)
	Term Loan R	Sumitomo Mitsui Banking Corporation	Sept. 29, 2008	9,776,102	9,633,212	1.65%	Sept. 29, 2010	(Note 3)	(Note 4)	(Note 5)
		Aozora Bank, Ltd.		3,910,441	3,853,285					
		The Bank of Tokyo-Mitsubishi UFJ, Ltd.		488,805	481,661					
	Term Loan T	Sumitomo Mitsui Banking Corporation	Oct. 30, 2008	6,354,466	6,261,588	1.64%	Oct. 29, 2010	(Note 3)	(Note 4)	(Note 5)
	Term Loan U	The Sumitomo Trust and Banking Co., Ltd.	Sept. 29, 2008	2,932,831	2,889,964	1.65%	Sept. 29, 2010	(Note 3)	(Note 4)	(Note 5)
	Term Loan 31	Aozora Bank, Ltd.	June 29, 2009	–	1,313,000	2.06%	Nov. 29, 2010	(Note 3)	(Note 4)	(Note 5)
	Long-term loans payable subtotal			55,039,451	55,547,982					
Total				120,637,092	116,180,034					

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

(Note 2) The concerned loans payable were drawn down in the following amounts on March 27, 2009 and repaid in full on June 29, 2009.
Term Loan V: 3,524,000 thousand yen; Term Loan W: 3,524,000 thousand yen; Term Loan X: 3,524,000 thousand yen;
Term Loan Y: 1,321,000 thousand yen; Term Loan Z: 881,000 thousand yen; Term Loan 27: 926,000 thousand yen

(Note 3) Lump-sum repayment on repayment date.

(Note 4) Each loan payable is used to fund the acquisition of beneficiary rights of real estate in trust or real estate as well as to pay the expenses associated with such acquisition, or to fund the refinancing of loans payable.

(Note 5) Secured and non-guaranteed.
The properties that are pledged as collateral are all assets owned by NCI.

3. Investment Corporation Bonds

The following summarizes the status of investment corporation bonds issued as of August 31, 2009.

Issue	Issue Date	Balance at End of Sixth Fiscal Period (in thousands of yen)	Balance at End of Seventh 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 Properties and Asset Related Securities

Property No.	Property Name	Acquisition		Sale			
		Acquisition Date	Acquisition Value (in thousands of yen)	Sale Date	Sale Value (in thousands of yen) (Note 1) (Note 2)	Book Value (in thousands of yen) (Note 1)	Gain (Loss) on Sales (in thousands of yen) (Note 1)
Office A-13	Urban Square Yaesu Building	–	–	Mar. 24, 2009	2,550,000	2,233,034	220,722
Total		–	–	–	2,550,000	2,233,034	220,722

(Note 1) Each amount is rounded to the nearest thousand yen.
(Note 2) "Sale Value" indicates the sale price provided for in the sale agreement, etc.

2. Sale and Purchase of Other Assets

	Buy		Sell		Balance at End of Seventh Fiscal Period	
Asset Type	No. of Coupons, etc.	Amount (in thousands of yen)	No. of Coupons, etc.	Amount (in thousands of yen)	No. of Coupons, etc.	Amount (in thousands of yen)
Bonds	1	9,789	–	–	1	9,811
Total	1	9,789	–	–	1	9,811

(Note) The amount indicates the price due, and does not include accrued interest and various other costs.

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

3. Appraisal of Price, etc. of Specified Assets

A. Real Estate Properties

	Asset Type	Property No.	Property Name	Sale Date	Sale Value (in thousands of yen) (Note 1) (Note 2)	Appraisal Price (in thousands of yen) (Note 1) (Note 3)
Sales	Real estate	Office A-13	Urban Square Yaesu Building	March 24, 2009	2,550,000	3,050,000
	Total				2,550,000	3,050,000

(Note 1) Each amount is rounded to the nearest thousand yen.
(Note 2) "Sale Value" indicates the sale price provided for in the sale agreement, etc.
(Note 3) Appraisal of 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.

B. Other Assets

Asset Type	Transaction Date	Transaction Partner	Notional Principal of Partial Cancellation Portion (in thousands of yen) (Note 1)	Notional Principal After Partial Cancellation (in thousands of yen) (Note 1)	Amount Due for Cancellation (in thousands of yen) (Note 1)	Comparable Price for Appraisal (in thousands of yen) (Note 1) (Note 2)
Interest rate swap partial cancellation transaction	March 24, 2009	Sumitomo Mitsui Banking Corporation	71,445	4,816,606	2,145	1,986
	March 24, 2009	The Sumitomo Trust and Banking Co., Ltd.	185,756	6,523,175	2,992	2,636
Total			257,201	11,339,781	5,137	4,622

Asset Type	Transaction Date	Transaction Partner	Notional Principal of Partial Cancellation Portion (in thousands of yen) (Note 1)	Notional Principal After Partial Cancellation (in thousands of yen) (Note 1)	Amount Due for Cancellation (in thousands of yen) (Note 1)	Comparable Price for Appraisal (in thousands of yen) (Note 1) (Note 2)
Interest rate cap partial cancellation transaction	March 24, 2009	The Sumitomo Trust and Banking Co., Ltd.	542,980	28,606,205	38	81
	March 24, 2009	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	50,011	1,871,624	–	8
	March 24, 2009	Mitsubishi UFJ Trust and Banking Corporation	31,436	2,119,307	154	5
	March 24, 2009	Mitsubishi UFJ Trust and Banking Corporation	28,578	1,926,642	206	118
	March 24, 2009	Aozora Bank, Ltd.	47,154	3,178,960	18	203
Total			700,159	37,702,738	416	415

(Note 1) Each amount is rounded 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," at the time of sale of the asset. 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	–	2,550,000
	Of which, price for purchase from related parties and major shareholders	Of which, price for sale to related parties and major shareholders
	– [–%]	– [–%]

B. Amount of Fees Paid

(in thousands of yen)

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 2)
		Payee	Amount Paid (B) (in thousands of yen)	
Business consignment expenses	27,803	Nippon Commercial Properties Corporation	1,260	4.5%

(Note 1) Related parties and major shareholders are related parties of the Asset Manager as designated in Article 201, Paragraph 1 of the ITL and Article 123 of the Enforcement Order of the ITL and 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). During the seventh fiscal period, NCI paid fees to Nippon Commercial Properties Corporation as shown.

(Note 2) 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 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 UNITHOLDERS' EQUITY, 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 figures for monetary amounts and rounds off ratios to the nearest specified unit.

2. Notice

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

Date of Meeting of the Board of Directors	Approved/Resolved Item	Description of Approved/Resolved Item
July 21, 2009	Entering into financial advisor agreement	NCI resolved to select a financial advisor to be proactively involved in the procedures for selecting the Asset Manager's parent company and to develop and implement an appropriate financial strategy based on NCI's future management policy and business plan.

KPMG

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 August 31, 2009 and February 28, 2009 and the related statements of income, changes in net assets and cash flows for each of the six months ended August 31, 2009 and February 28, 2009 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 August 31, 2009 and February 28, 2009, and the results of its operations and its cash flows for each of the six months ended August 31, 2009 and February 28, 2009 in conformity with accounting principles generally accepted in Japan.

Without qualifying our opinion, we draw attention to the following:
As discussed in Note 12 to the financial statements, Nippon Commercial Investment Corporation borrowed funds and repaid loans.

KPMG AZSA & Co.

Tokyo, Japan
October 15, 2009

KPMG AZSA & Co., an audit corporation incorporated under the Japanese Certified Public Accountants Law and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

Semiannual Financial Report

Nippon Commercial Investment Corporation

7th Fiscal Period

(March 1, 2009– August 31, 2009)

1-14-1 Kanda Jinbo-cho,
Chiyoda-ku, Tokyo
Japan

FINANCIAL Summary

For the 7th Period from March 1, 2009 to August 31, 2009.

<Results of Operations>

Selected Financial Data

(Yen in thousands)

	7th. Period	6th. Period	5th. Period	4th. Period	3rd. Period
Operating revenues	¥ 8,453,331	¥ 8,610,731	¥ 9,777,117	¥ 8,894,101	¥ 7,674,963
Operating expenses	3,853,813	4,771,052	4,288,232	4,069,993	3,358,371
Operating income	4,599,518	3,839,679	5,488,885	4,824,108	4,316,592
Income before income taxes	2,278,923	2,337,896	4,097,030	3,539,397	3,226,452
Net Income	2,272,960	2,341,474	4,088,338	3,538,151	3,225,253
Total assets	277,614,005	284,354,405	294,472,109	291,527,387	269,567,525
Total net assets	118,872,315	118,882,791	120,621,183	119,969,289	119,807,477
Unitholders' capital	116,753,060	116,753,060	116,753,060	116,753,060	116,753,060
Number of units issued (units)	257,400	257,400	257,400	257,400	257,400
Total net assets per unit (Yen)	461,819	461,860	468,614	466,081	465,453
Cash distribution	2,272,842	2,341,568	4,088,284	3,538,220	3,225,222
Distribution per unit (Yen)	8,830	9,097	15,883	13,746	12,530
Net operating income from property leasing activities	5,897,367	5,971,152	5,976,692	5,768,049	5,647,145
FFO（Funds From Operations）per unit (Yen)	13,678	16,383	15,707	15,836	17,220
Debt service coverage ratio (times)	4.3	4.3	6.0	5.8	7.0
Number of days	184	181	184	182	184

Funds from Operations

(Yen in thousands)

	7th. Period	6th. Period
Income before income taxes	2,278,923	2,337,896
Adjustments:		
Depreciation	1,011,359	1,019,508
Amortization	451,236	285,206
Net gain（loss）on sales of investments in real estate	220,722	(574,314)
FFO	**3,520,796**	**4,216,924**

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)

	7th. Period	6th. Period
Retained earnings	2,272,972	2,341,580
Undistributed earnings	130	12
Cash Distribution	2,272,842	2,341,568
(per unit) (Yen)	**8,830**	**9,097**

Number of properties for the periods presented

NCI had 38 properties as of August 31, 2009.

Property Name	Acquisition Price (Yen in millions) (Note 1)	Location (Note 2)	Asset Type	Usage	Date of Purchase Agreement	Acquisition Date
Hitachi High-Tech Building	18,100	Minato-ku, Tokyo	Trust beneficial interest in real estate	Office property	August 3, 2006	September 28, 2006
Pacific Marks Shinjuku Park Side	15,100	Shinjuku-ku, Tokyo	Trust beneficial interest in real estate	Office property	August 3, 2006	September 26, 2006
Pacific Marks Tsukiji	11,100	Chuo-ku, Tokyo	Trust beneficial interest in real estate	Office property	August 3, 2006	September 26, 2006
Pacific Marks Tsukishima	8,080	Chuo-ku, Tokyo	Real estate	Office property	August 3, 2006	September 28, 2006
Pacific Marks Nishi-Shinjuku	7,680	Shinjuku-ku, Tokyo	Trust beneficial interest in real estate	Office property	August 3, 2006	September 28, 2006
Pacific Marks Yokohama East	7,110	Yokohama-shi, Kanagawa	Trust beneficial interest in real estate	Office property	August 3, 2006	September 27, 2006
Pacific Marks Shin-Urayasu	4,700	Urayasu-shi, Chiba	Trust beneficial interest in real estate	Office property	August 3, 2006	September 27, 2006
Oomori City Building	3,920	Ota-ku, Tokyo	Trust beneficial interest in real estate	Office property	August 3, 2006	September 28, 2006
Akasaka Hikawa Building	3,385	Minato-ku, Tokyo	Trust beneficial interest in real estate	Office property	August 3, 2006	September 26, 2006
Pacific Marks Shibuya-Koendoori	3,050	Shibuya-ku, Tokyo	Trust beneficial interest in real estate	Office property	August 3, 2006	September 27, 2006
Pacific Marks Nihonbashi -Tomizawacho	2,550	Chuo-ku, Tokyo	Trust beneficial interest in real estate	Office property	August 3, 2006	September 26, 2006
Pacific Marks Akasakamitsuke	2,450	Minato-ku, Tokyo	Real estate	Office property	August 3, 2006	September 28, 2006
Yokohama Aioicho Building	1,710	Yokohama-shi, Kanagawa	Trust beneficial interest in real estate	Office property	August 3, 2006	September 27, 2006
Pacific Marks Shin-Yokohama	1,700	Yokohama-shi, Kanagawa	Trust beneficial interest in real estate	Office property	August 3, 2006	September 27, 2006
Pacific Marks Shinkawa	3,540	Chuo-ku, Tokyo	Trust beneficial interest in real estate	Office property	November 28, 2006	November 29, 2006
Pacific Marks Mejiro	2,008	Toshima-ku, Tokyo	Trust beneficial interest in real estate	Office property	December 22, 2006	December 22, 2006
Pacific Marks Kawasaki	15,100	Kawasaki-shi, Kanagawa	Real estate	Office property	April 20, 2007	May 30, 2007
Towa Hamamatsucho Building	7,242	Minato-ku, Tokyo	Trust beneficial interest in real estate	Office property	October 30, 2007	October 30, 2007
Lila Hijirizaka	4,300	Minato-ku, Tokyo	Real estate	Office property	October 30, 2007	October 30, 2007
Pacific Marks Aobadai	3,050	Meguro-ku, Tokyo	Trust beneficial interest in real estate	Office property	November 28, 2007	November 28, 2007
Otsuka HT Building	2,000	Toshima-ku, Tokyo	Real estate	Office property	November 29, 2007	November 29, 2007
Pacific Marks Shinjuku south-gate	5,100	Shinjyuku-ku, Tokyo	Real estate	Office property	December 21, 2007	March 3, 2008
Pacific Marks Nishi-Umeda	8,950	Osaka-shi, Osaka	Trust beneficial interest in real estate	Office property	August 3, 2006	September 27, 2006
Pacific Marks Higobashi	5,573	Osaka-shi, Osaka	Trust beneficial interest in real estate	Office property	August 3, 2006	September 26, 2006
Nagoya-Nishiki City Building	5,180	Nagoya-shi, Aichi	Trust beneficial interest in real estate	Office property	August 3, 2006	September 26, 2006
Pacific Marks Esaka	14,500	Suita-shi, Osaka	Trust beneficial interest in real estate	Office property	April 17, 2007	April 17, 2007
Pacific Marks Sapporo Kita 1 jo	2,250	Sapporo-shi, Hokkaido	Trust beneficial interest in real estate	Office property	August 3, 2006	September 27, 2006
Shin-Sapporo Center Building	1,225	Sapporo-shi, Hokkaido	Trust beneficial interest in real estate	Office property	August 3, 2006	September 27, 2006
Shinsaibashi OPA Honkan	31,800	Osaka-shi, Osaka	Trust beneficial interest in real estate	Retail property	August 3, 2006	September 26, 2006
Shinsaibashi OPA Kireikan	3,500	Osaka-shi, Osaka	Trust beneficial interest in real estate	Retail property	August 3, 2006	September 26, 2006
PACIFIQUE Tenjin	3,700	Fukuoka-shi, Fukuoka	Trust beneficial interest in real estate	Retail property	August 3, 2006	September 28, 2006
Albore Tenjin	1,440	Fukuoka-shi, Fukuoka	Real estate	Retail property	August 3, 2006	September 28, 2006
Albore Jingumae	2,525	Shibuya-ku, Tokyo	Trust beneficial interest in real estate	Retail property	November 16, 2006	November 16, 2006
Albore Sendai	3,100	Sendai-shi, Miyagi	Trust beneficial interest in real estate	Retail property	November 29, 2007	November 29, 2007
Mallage Kashiwa	17,310	Kashiwa-shi, Chiba	Trust beneficial interest in real estate	Retail property	August 3, 2006	September 27, 2006

Property Name	Acquisition Price (Yen in millions) (Note 1)	Location (Note 2)	Asset Type	Usage	Date of Purchase Agreement	Acquisition Date
Bellfa Uji	3,200	Uji-shi, Kyoto	Real estate	Retail property	August 3, 2006	September 27, 2006
Ito-Yokado Owariasahi	7,850	Owariasahi-shi, Aichi	Real estate	Retail property	August 3, 2006	September 27, 2006
Nitori Yokohama Kariba I.C.	4,395	Yokohama-shi, Kanagawa	Trust beneficial interest in real estate	Retail property	November 30, 2007	November 30, 2007
Total	249,473					

(Note 1) "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 2) "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 August 31, 2009 and February 28, 2009 and debt maturity schedule as of August 31, 2009 are as follows:

Debt Summary

(Yen in millions)

	As of August 31, 2009	As of February 28, 2009
Secured	116,180	120,637
Unsecured	27,000	27,000
Total	**143,180**	**147,637**
Fixed Rate	100,212	101,298
Floating Rate	42,968	46,339
Total	**143,180**	**147,637**

Debt Maturity Schedule

Year	As of August 31, 2009	% of Total
within 1 year	70,632	49.3%
1 to 2 years	42,061	29.4%
2 to 3 years	30,487	21.3%
Total	**143,180**	**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 sold 1 property in the 7th Period as follows:

Property Name	Sale Value (Yen in millions) (Note 1)	Location (Note 2)	Asset Type	Usage	Date of Sales Agreement	Sale Date
Urban Square Yaesu Building	2,550	Chuo-ku, Tokyo	Real estate	Office property	March 24, 2009	March 24, 2009
Total	2,550					

(Note 1) "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 2) "Location" indicates the smallest independent administrative district of the area where the property is located.

NIPPON COMMERCIAL INVESTMENT CORPORATION

BALANCE SHEETS

As of August 31, 2009 and February 28, 2009

	As of August 31, 2009 (Yen in thousands)	As of February 28, 2009 (Yen in thousands)
ASSETS		
Investments in real estate (including trust accounts)		
Land	¥ 199,643,868	¥ 201,369,550
Depreciable property	59,857,879	60,068,775
Construction in progress	150,294	5,933
Investments in real estate	259,652,041	261,444,258
Accumulated depreciation	(5,288,444)	(4,317,767)
Investments in real estate, net	254,363,597	257,126,491
Other investments		
Leasehold rights	1,839,966	1,839,966
Cash and deposits (including trust accounts)	20,398,960	21,021,544
Rent receivables	154,590	160,677
Investment securities	9,811	3,109,987
Deferred tax assets	109,990	153,032
Long-term prepaid expenses	80,677	227,175
Security deposits paid	82,404	84,649
Prepaid expenses	465,251	497,927
Derivatives	—	1,868
Organization costs	15,980	21,620
Bonds issuance costs	55,664	73,075
Other assets	37,115	36,394
TOTAL ASSETS	**¥ 277,614,005**	**¥ 284,354,405**
LIABILITIES and NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	¥ 1,488,557	¥ 1,392,087
Received in advance	1,163,162	1,197,534
Current portion of bonds	10,000,000	—
Short-term loans	11,888,000	—
Current portion of long-term loans	48,744,052	58,852,131
Income taxes payable	—	2,599
Consumption taxes payable	75,078	126,394
Bonds	17,000,000	27,000,000
Long-term loans	55,547,983	61,784,961
Security deposits received (including trust accounts)	11,155,018	13,964,533
Derivatives	227,591	243,285
Other liabilities	1,452,249	908,090
TOTAL LIABILITIES	**158,741,690**	**165,471,614**
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 February 28, 2009 and August 31, 2009		
Retained Earnings	2,272,972	2,341,580
Unrealized losses on hedging derivatives, net of taxes	(153,717)	(211,849)
TOTAL NET ASSETS	**118,872,315**	**118,882,791**
TOTAL LIABILITIES and NET ASSETS	**¥ 277,614,005**	**¥ 284,354,405**

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 August 31, 2009 and February 28, 2009

	7th period ended August 31, 2009 (Yen in thousands)	6th period ended February 28, 2009 (Yen in thousands)
OPERATING REVENUES		
Rental income	¥ 8,232,609	¥ 8,610,731
Gain on sales of investments in real estate	220,722	—
Total operating revenues	8,453,331	8,610,731
OPERATING EXPENSES		
Property operating expenses		
Asset and property management fee	689,830	718,929
Repairs and maintenance	143,018	177,533
Real estate taxes and insurance	572,195	750,626
Other operating expenses	930,199	992,491
Total property operating expenses	2,335,242	2,639,579
Loss on sales of investments in real estate	—	574,314
Real estate depreciation	1,011,273	1,019,423
General and administrative expenses	507,298	537,736
Total operating expenses	3,853,813	4,771,052
OPERATING INCOME	4,599,518	3,839,679
Interest and other income	19,349	33,612
Interest expenses on loans	(883,158)	(876,183)
Interest expenses on bonds	(245,259)	(239,941)
Other financing costs	(428,185)	(262,155)
Mortgaging related expenses	(636,972)	—
Amortization of organization costs	(5,640)	(5,640)
Amortization of bonds issuance costs	(17,411)	(17,411)
Other expenses	(123,319)	(134,065)
INCOME BEFORE INCOME TAXES	2,278,923	2,337,896
INCOME TAXES		
Current	605	10,071
Deferred	5,358	(13,649)
NET INCOME	¥ 2,272,960	¥ 2,341,474
Earnings per unit:		
Net income (in Yen)	¥ 8,830	¥ 9,097
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 August 31, 2009 and February 28, 2009

(Yen in thousands)

	Number of units	Unitholders' equity				
		Unitholders' capital	Retained earning	Total unitholders' equity	Unrealized losses on hedging derivatives, net of taxes	Net assets
Balance as of August 31, 2008	257,400	¥ 116,753,060	¥ 4,088,390	¥ 120,841,450	¥ (220,267)	¥ 120,621,183
Cash distributions paid			(4,088,284)	(4,088,284)		(4,088,284)
Net income			2,341,474	2,341,474		2,341,474
Net changes during the period					8,418	8,418
Balance as of February 28, 2009	257,400	¥ 116,753,060	¥ 2,341,580	¥ 119,094,640	¥ (211,849)	¥ 118,882,791
Cash distributions paid			(2,341,568)	(2,341,568)		(2,341,568)
Net income			2,272,960	2,272,960		2,272,960
Net changes during the period					58,132	58,132
Balance as of August 31, 2009	257,400	¥ 116,753,060	¥ 2,272,972	¥ 119,026,032	¥ (153,717)	¥ 118,872,315

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 August 31, 2009 and February 28, 2009

	7th period ended August 31, 2009 (Yen in thousands)	6th period ended February 28, 2009 (Yen in thousands)
Cash Flows from Operating Activities		
Income before income taxes	¥ 2,278,923	¥ 2,337,896
Depreciation	1,011,359	1,019,508
Amortization of organization costs	5,640	5,640
Amortization of other financing costs	428,185	262,155
Amortization of bond issuance costs	17,411	17,411
Interest and other income	(9,009)	(33,264)
Interest expenses	1,128,417	1,116,124
Changes in assets and liabilities		
Decrease in investments in real estate due to sale	2,233,034	4,453,913
Rent receivables	6,086	31,614
Prepaid expenses	(201,833)	(48,363)
Accounts payable and accrued expenses	118,961	(730,064)
Consumption taxes payable	(51,033)	70,515
Received in advance	(34,372)	(65,602)
Deposit received	9,082	2,495
Long-term period expenses	(46,945)	(567,051)
Derivatives	81,991	87,810
Others	160	(587)
Sub-total	6,976,057	7,960,150
Interest received	12,755	37,367
Interest paid	(1,151,685)	(1,022,021)
Income taxes paid	(5,149)	(6,113)
Net cash provided by operating activities	5,831,978	6,969,383
Cash Flows from Investing Activities		
Proceeds from sales of investment securities	1,510,000	5,000,000
Purchase of investment securities	(9,789)	(1,500,000)
Purchases of real estate (including trust accounts)	(481,697)	(2,537,923)
Proceeds from security deposits (including trust accounts)	433,019	473,225
Repayment of security deposits (including trust accounts)	(2,703,188)	(4,943,374)
Other	(5,059)	(13,356)
Net cash used in investing activities	(1,256,714)	(3,521,428)
Cash Flows from Financing Activities		
Proceeds from short-term loans	25,588,000	—
Repayment of short-term loans	(13,700,000)	(14,500,000)
Proceeds from long-term loans	1,313,000	30,900,000
Repayment of long-term loans	(17,658,057)	(19,762,908)
Distributions to unitholders	(2,340,791)	(4,086,432)
Net cash used in financing activities	(6,797,848)	(7,449,340)
Net Decrease in Cash and Cash Equivalents	(2,222,584)	(4,001,385)
Cash and Cash Equivalents at beginning of Period	22,621,544	26,622,929
Cash and Cash Equivalents at end of Period	¥ 20,398,960	¥ 22,621,544

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 August 31, 2009 and February 28, 2009.

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 August 31, 2009, NCI owned 38 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, expect 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	2-25 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.

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 7th period ended August 31, 2009 and the 6th period ended February 28, 2009 , the property taxes and city planning taxes, etc. that was included in the acquisition cost of real estate properties is nil.

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 August 31, 2009 and February 28, 2009, the assets were pledged as collateral for the loans and the security deposits received as follows:

(Yen in thousands)

	As of August 31, 2009	As of February 28, 2009
Pledged assets:		
Cash and deposits (including trust accounts)	¥14,865,423	¥17,284,929
Land (including trust accounts)	199,643,868	201,369,550
Depreciable property (including trust accounts), net	54,569,435	55,751,008
Total	¥ 269,078,726	¥ 274,405,487
Loans and Security deposits secured by the pledged assets:		
Short-term loans	¥11,888,000	—
Current portion of long-term loans	48,744,052	¥58,852,131
Long-term loans	55,547,983	61,784,961
Security deposits received (including trust accounts)	428,061	429,151
Total	¥ 116,608,096	¥ 121,066,243

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

Short-term debts comprise of the following:

(Yen in thousands)

	As of August 31, 2009	As of February 28, 2009
Secured loans from banks:		
Due 2009 to 2010 with interest ranging from 1.09% to 1.33%	¥60,632,052	—
Unsecured 1.52% bonds, due 2010	10,000,000	—
Total	¥70,632,052	—

Long-term debt comprise of the following:

(Yen in thousands)

	As of August 31, 2009	As of February 28, 2009
Secured loans, representing obligations to banks:		
Due 2009 to 2012 with interest ranging from 1.15% to 2.26%	—	¥120,637,092
Due 2010 to 2012 with interest ranging from 1.18% to 2.31%	¥55,547,983	—
Unsecured 1.52% bonds, due 2010	—	10,000,000
Unsecured 1.96% bonds, due 2012	17,000,000	17,000,000
Total	¥72,547,983	¥147,637,092

The annual maturities of long-term debt as of August 31, 2009 were as follows:

	(Yen in thousands)
Due after 1 to 2 years	¥42,061,486
Due after 2 to 3 years	30,486,497
Total	¥ 72,547,983

Note 5. Credit Facility

Uncommitted basis

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

As of August 31, 2009, no funds were raised based on this credit facility agreement.

Note 6. Unitholders' Equity

NCI maintains at least 50 million yen 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 7th period ended August 31, 2009 and the 6th period ended February 28, 2009 were as follows:

(Yen in thousands)

	7th Period	6th Period
Revenues from property leasing:		
Rental:		
Rental revenues	¥5,974,971	¥6,244,046
Common area change	1,006,598	1,055,214
Parking lots	261,665	267,736
Facility changes	74,034	68,160
Others	649,896	709,230
Subtotal	7,967,164	8,344,386
Other revenues related to property leasing:		
Incidental income	6,387	10,578
Miscellaneous income	259,058	255,767
Subtotal	265,445	266,345
Total revenues from property leasing	8,232,609	8,610,731

Rental expenses:		
Assets and property management fees	689,830	718,929
Repairs and maintenance	143,018	177,533
Real estate taxes	557,704	736,319
Insurance	14,491	14,306
Other operating expenses	930,199	992,491
Real estate depreciation	1,011,273	1,019,423
Total rental expenses	3,346,515	3,659,001
Operating income from property leasing activities	¥ 4,886,094	¥ 4,951,730

Note 8. Per Unit Information

Net assets per unit as of August 31, 2009 and February 28, 2009 were ¥461,819 and ¥461,860 , respectively.

Note 9. Cash and Cash equivalents

Cash and cash equivalents, as of August 31,2009 and February 28, 2009 consisted of the follows:

(Yen in thousands)

	As of August 31, 2009	As of February 28, 2009
Cash and deposits (including trust accounts)	¥20,398,960	¥21,021,544
Short-term investment securities	—	1,600,000
Cash and cash equivalents	¥ 20,398,960	¥ 22,621,544

Note10. Income Taxes

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

(Yen in thousands)

	As of August 31, 2009	As of February 28, 2009
Deferred tax assets:		
Accrued business office taxes	¥1,320	¥1,330
Accrued enterprise taxes	—	766
Amount equivalent to accrued property taxes	—	8,841
Amount equivalent to accrued real estate acquisition taxes	1,915	4,758
Deposits received	5,034	—
Unrealized losses on hedging derivatives	99,649	137,333
Other	2,072	4
Total deferred tax assets	109,990	153,032
Net deferred tax assets	¥ 109,990	¥ 153,032

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

	Rate	
	7th Period	6th Period
Japanese statutory income tax rate	39.33%	39.39%
Adjustments:		
Cash distributions	△39.10%	△39.45%
Other	0.03%	△0.09%
Effective income tax rate	0.26%	△0.15%

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 11. Transactions with Related Parties

(7th 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 custodian company	The Sumitomo Trust and Banking Co., Ltd.	Chiyoda-ku, Tokyo	Trust and banking	–	Trustee of Trust beneficial interests in real estate trust	6,300	–	–
					Repayment of current portion of long-term loans	57,156	Current portion of long-term loans	3,853,285
					Repayment of long-term loans	71,445	Long-term loans	4,816,606
					Interest expenses	77,924	Accrued expenses	39,127

(Note 1) Consumption taxes are not included in transaction amounts and are included in the outstanding balances at the period-end.
(Note 2) The transaction terms and conditions are determined based on actual market conditions.

(6th 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 custodian company	The Sumitomo Trust and Banking Co., Ltd.	Chiyoda-ku, Tokyo	Trust and banking	–	Trustee of Trust beneficial interests in real estate trust	15,550 (Note 1)	–	–
					Repayment of current portion of long-term loans	3,089,559	Current portion of long-term loans	3,910,441
					Borrowing of long-term loans	3,000,000	Long-term loans	4,888,050
					Repayment of long-term loans	111,949		
					Interest expenses	74,939	Accrued expenses	38,238
					Provision of collateral for NCI's loans	8,798,491 (Note 2)	–	–

(Note 1) The trust fee includes 6,000 thousand yen in trust fee that was included in the loss on sales of investments in real estate and 1,500 thousand yen in trust fee associated with the grant of collateral.
(Note2) Concerning the provision of collateral for NCI's loans payable, following the revision to NCI's issuer rating by Moody's Investors Service, Inc. on October 1, 2008, collateral has been provided pursuant to the master agreement, dated September 25, 2006, entered into between NCI and the lenders.
(Note 3) Consumption taxes are not included in transaction amounts and are included in the outstanding balances at the period-end.
(Note 4) The transaction terms and conditions are determined based on actual market conditions.

Note 12. Significant Subsequent Events

a) Cash distribution

As of October 15, 2009, the Board of Directors of NCI resolved to effect payment of a cash distribution of ¥8,830 per unit aggregating ¥2,272,842 thousand to unitholders of record on August 31, 2009.

b) Borrowings of Funds

NCI decided on September 24, 2009 to borrow funds as follows to fund the repayment of funds in connection with the principal repayment of the existing loans payable becoming due. NCI executed on September 28, 2009.

Term Loan 34 (term: 3 months)

Lenders:	Sumitomo Mitsui Banking Corporation The Norinchukin Bank Shinsei Bank, Limited The Chuo Mitsui Trust and Banking Company, Limited Mizuho Corporate Bank, Ltd. Aozora Bank, Ltd. The Sumitomo Trust and Banking Co., Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation Resona Bank, Ltd. Mitsui Sumitomo Insurance Company, Limited
Loan amount:	53,485,136 thousand yen
Interest rate:	JBA 1-month yen TIBOR + 1.50% (The first base interest rate is the rate reasonably determined by the lending financial institutions.) The rate applicable for the period between September 28, 2009 and October 27, 2009 is 1.81000% (Note).
Drawdown date:	September 28, 2009
Repayment date:	December 28, 2009
Collateral/Guarantee:	Secured/Non-guaranteed

(Note) The rate applicable for the most recent period is shown.

c) Repayment of Loans

NCI completed the repayment of the following existing loans, the principal repayment of which was due on September 28, 2009, with the loans noted in “b) Borrowing of Funds” above and cash reserves.

(1)Term Loan C

Lenders:	Sumitomo Mitsui Banking Corporation Aozora Bank, Ltd. Mizuho Corporate Bank, Ltd. Shinsei Bank, Limited The Sumitomo Trust and Banking Co., Ltd. Resona Bank, Limited Mitsui Sumitomo Insurance Company, Limited The Norinchukin Bank
Repayment amount:	36,606,205 thousand yen (Note 1)
Repayment date:	September 28, 2009
Principal repayment method:	Lump-sum repayment on the principal repayment date

(2)Term Loan D

Lender:	The Chuo Mitsui Trust and Banking Company, Limited
Repayment amount:	3,371,624 thousand yen (Note 2)
Repayment date:	September 28, 2009
Principal repayment method:	Lump-sum repayment on the principal repayment date

(3)Term Loan E

Lender:	The Chuo Mitsui Trust and Banking Company, Limited
Repayment amount:	2,119,307 thousand yen (Note 3)
Repayment date:	September 28, 2009
Principal repayment method:	Lump-sum repayment on the principal repayment date

(4)Term Loan 28

Lender:	The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Repayment amount:	3,504,000 thousand yen
Repayment date:	September 28, 2009

Principal repayment method: Lump-sum repayment on the principal repayment date

(5)Term Loan 29

Lender: Mitsubishi UFJ Trust and Banking Corporation
Repayment amount: 3,504,000 thousand yen
Repayment date: September 28, 2009
Principal repayment method: Lump-sum repayment on the principal repayment date

(6)Term Loan 30

Lender: Mizuho Corporate Bank, Ltd.
Repayment amount: 3,504,000 thousand yen
Repayment date: September 28, 2009
Principal repayment method: Lump-sum repayment on the principal repayment date

(7)Term Loan 32

Lender: Shinsei Bank, Limited
Repayment amount: 876,000 thousand yen
Repayment date: September 28, 2009
Principal repayment method: Lump-sum repayment on the principal repayment date

(8)Term Loan 33

Lender: The Shinkumi Federation Bank
Repayment amount: 500,000 thousand yen
Repayment date: September 28, 2009
Principal repayment method: Lump-sum repayment on the principal repayment date

(Note 1) NCI has partially repaid in the aggregate 1,394 million yen of the initial 38,000 million yen loan amount on February 26, 2009 and March 24, 2009, prior to the principal repayment date.
(Note 2) NCI has partially repaid in the aggregate 128 million yen of the initial 3,500 million yen loan amount on February 26, 2009 and March 24, 2009, prior to the principal repayment date.
(Note 3) NCI has partially repaid in the aggregate 81 million yen of the initial 2,200 million yen loan amount on February 26, 2009 and March 24, 2009, prior to the principal repayment date.