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# The Merger between United Urban Investment Corporation & Nippon Commercial Investment Corporation

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May , 2010



**United Urban Investment Corporation**



**Nippon Commercial Investment Corporation**



Japan REIT Advisors Co.,Ltd.



**PACIFIC**  
COMMERCIAL

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In this material, definitions of certain words/phrases are as follows:

- LTV: Balance of interest-bearing debt (including investment corporation bonds) / Total amount of assets (Total assets + Value appraised at end of fiscal period – Book value at end of fiscal period)
- Public-Private Fund: Loans borrowed from the Real Estate Market Stabilization Fund (Lending financial institution: [Trustee] The Sumitomo Trust and Banking Co., Ltd. (Real Estate Market Stabilization Fund Account))

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# 1. Background of the Merger

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## Events & Activities to NCI's decision on merger

### Events

March 10, 2009

Sponsor's filing of petition for application of Corporate Reorganization Law

March 27, 2009

Loan refinancing (13.7 billion yen)

June 29, 2009

Loan refinancing (13.2 billion yen)

September 28, 2009

Loan refinancing (53.4 billion yen)

December 28, 2009

Loan refinancing (52.8 billion yen)

March 29, 2010

Loan refinancing (50.3 billion yen)

April 8, 2010

Fund raising from Public-Private Fund for redemption of investment corporation bonds (8.0 billion yen)

April 30, 2010

Loan refinancing (6.3 billion yen)

SMBC and other financial institutions have supported NCI in terms of refinancing based on the fact that new sponsor selection process is ongoing

### Key Events

Contacted over 30 companies. Among them, signed CA with about 20 companies and considered them as potential candidates. Received proposals from several Japanese and non-Japanese candidates (until end of June 2009).

PCC as AM Co. selects financial advisor (May 22, 2009)

NCI selected financial advisor (July 21, 2009)

Preferential negotiation rights granted to (several) Japanese candidates (September 10, 2009)

Marubeni / Credit Suisse selected as final candidate (November 30, 2009)

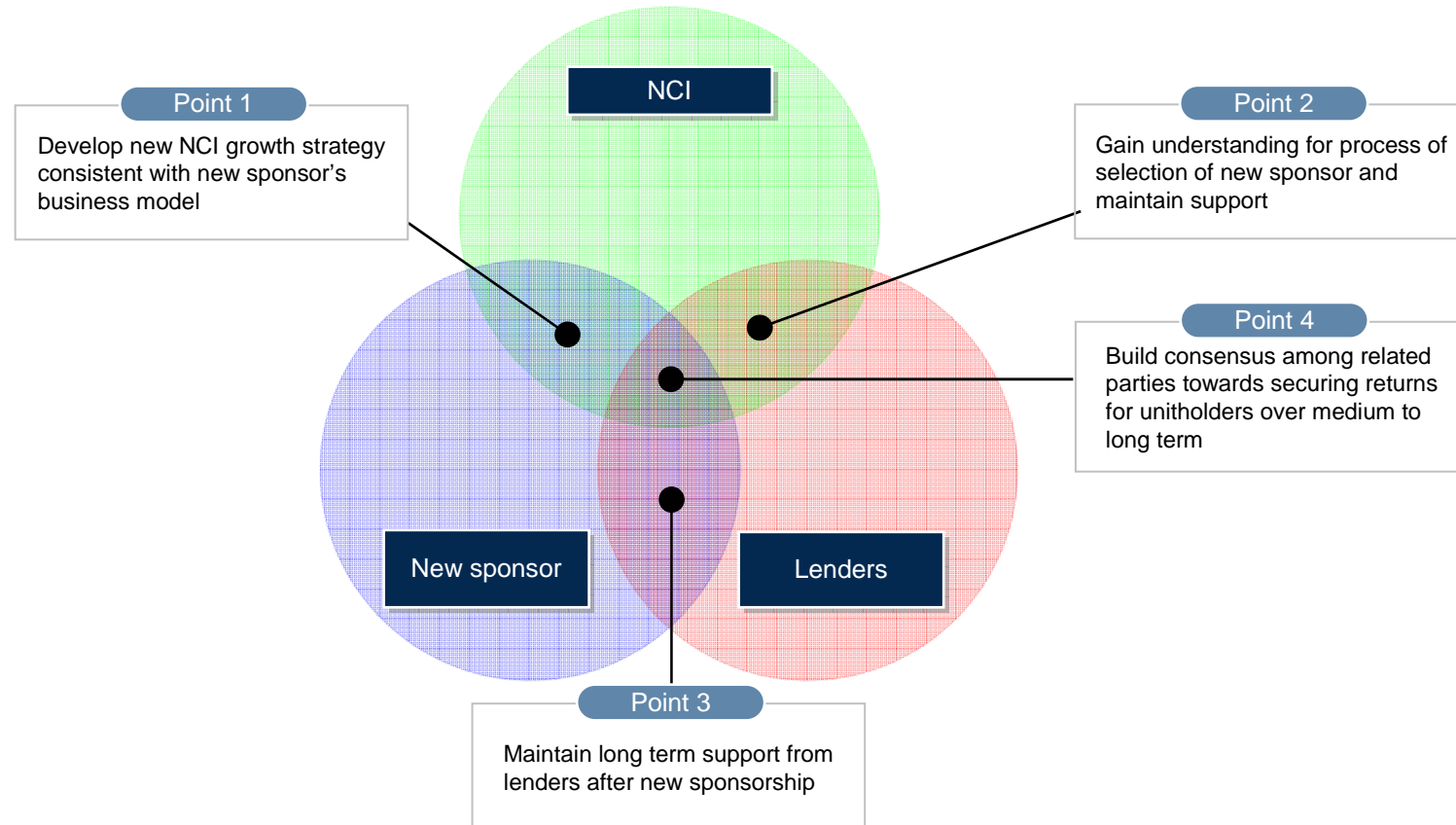
Memorandum of understanding concerning merger with UUR (April 22, 2010)

Signed merger agreement with UUR (May 10, 2010)

# Background of the Selection Process

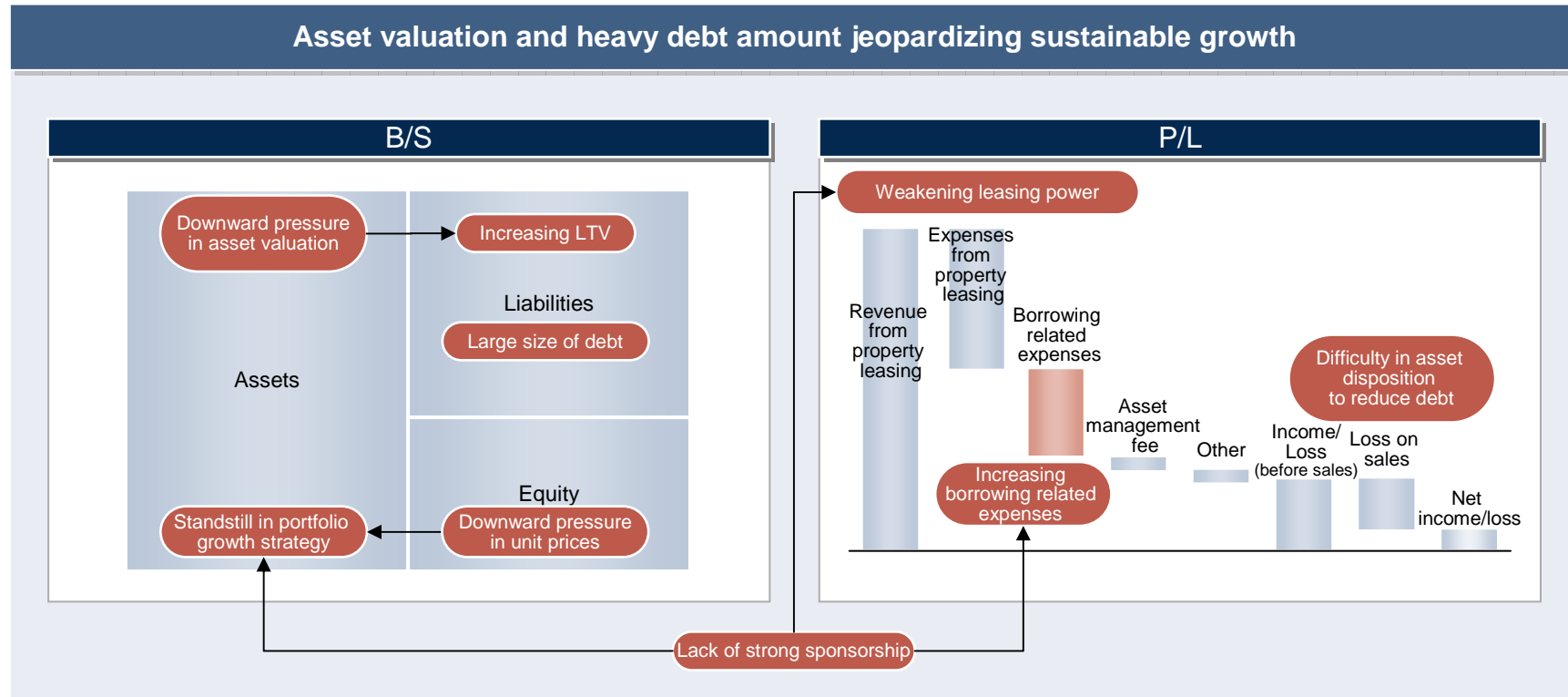
## Top priority items in selection

- Secure mid to long term returns for unitholders
- Sustainable debt financing



**NCI decided on the merger with UUR, which will meet all the abovementioned points, secure mid to long term returns for unitholders and provide stable debt financing under credible new sponsorship**

# Key Difficulties NCI has been Facing



**It is essential for NCI to redeem creditworthiness as soon as possible through support from the new sponsor**

# Background of NCI's Merger



## Nippon Commercial Investment Corporation

### Deterioration of debt financing

- ✓ Decreased creditworthiness due to absence of sponsor  
⇒ Pacific Holdings, Inc. filed a petition for commencement of corporate reorganization proceedings on March 10, 2009
- ✓ Huge amount of interest-bearing debt ⇒ about 134.6 billion yen or LTV of 59.7%
- ✓ Deterioration of conditions of loans, etc. ⇒ The average interest rate of loans was about 1.9%; Interest expense and borrowing related expenses were roughly equal (Note); Borrowed about 50.0 billion yen with a short term of 3 months, etc.
- ✓ Use of the Public-Private Fund ⇒ Borrowings that cannot be refinanced (Note) Fiscal Period Ended February 2010

### Deteriorating asset valuation

- ✓ Since NCI aggressively acquired real estate around 2006 and 2007 when real estate prices were soaring, appraisal values fell significantly later on  
⇒ Book value of 247.5 billion yen vs. Appraisal value of 208.1 billion yen  
⇒ Appraisal loss of 39.4 billion yen
- ✓ A rise in vacancy rates and rent decreases caused by the deterioration of the office market, etc. results in a drop in profitability
- ✓ A drop in real estate appraisal values and profitability increased difficulty in carrying out property sales activities and the possibility of incurring losses

Increase in refinancing risk

Uncertainty of Sustainable Operation

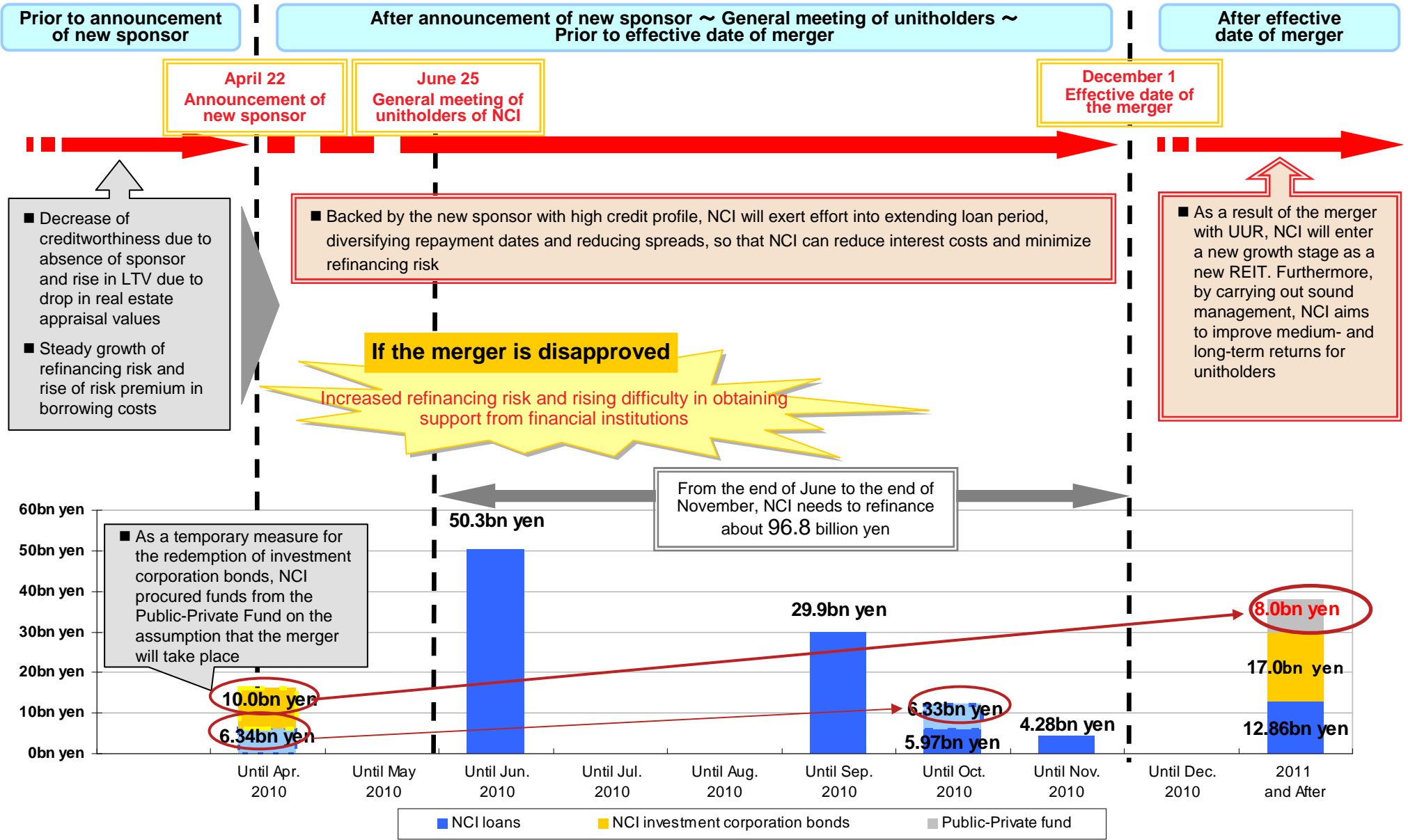
Negative spiral of rise in actual LTV and drop in profitability

To solve the above problems new sponsor selection process started

NCI decided to merge with UUR to leap forward into a new growth stage

Through the merger with UUR, NCI will resolve above two major issues; the new REIT will pursue medium- and long-term returns for unitholders as a going-concern entity

# NCI's Financial Capability





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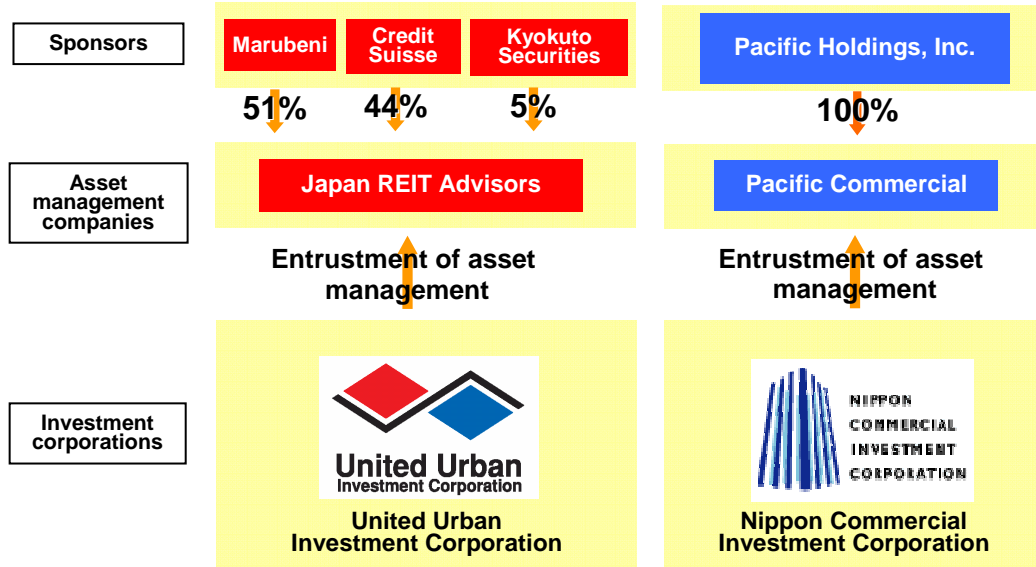
## 2. Overview of the Merger

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# Overview of the Merger


## 《Current》



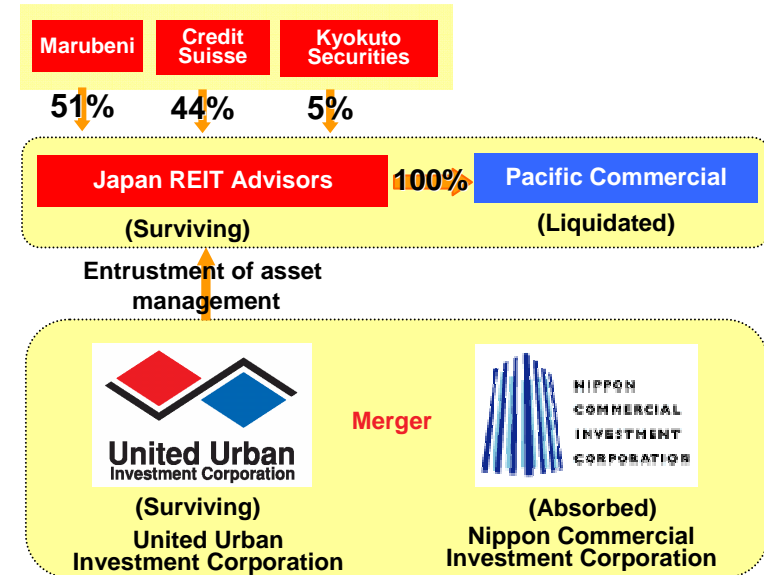
Conversion to a wholly-owned subsidiary



Absorption-type merger



## 《After the Merger》



### Overview of the merger

Absorption-type merger: United Urban Investment Corporation (UUR) will be the surviving company after the merger  
Nippon Commercial Investment Corporation (NCI) will be the absorbed company after the merger

Merger ratio: The plan is UUR:NCI = 1:0.167 (1/6 of a current UUR unit will be allocated for 1 NCI unit)

Merger resolution: At a general meeting of unitholders of NCI, an agenda regarding a merger requires more than 2/3 of the vote  
(At a general meeting of unitholders of UUR, since the merger falls under a "simplified merger," an agenda regarding the merger will not be submitted. Rather, an agenda regarding changes to internal rules (kiyaku) is planned to be submitted)

Unit split: Each UUR unit will be split into 6 units on the effective date of the merger

### Asset management company

Japan REIT Advisors Co., Ltd. (JRA)

\* On June 30, 2010, JRA plans to acquire from Pacific Holdings, Inc. (PHI), the parent company of Pacific Commercial Corporation (PCC), common stocks of PCC owned by PHI. The plan is to submit an agenda regarding termination of the asset management agreement between NCI and PCC at a general meeting of unitholders of NCI.

Apr. 22, 2010 (Thu.)	Execution of a memorandum of understanding concerning the merger between UUR and NCI and a memorandum of understanding regarding the transfer of shares of the asset management company
May 10, 2010 (Mon.)	Executions of a merger agreement between UUR and NCI and an agreement on the transfer of shares of the asset management company
May 11, 2010 (Tue.)	UUR and NCI's joint investor/analyst conference on the merger
June 25, 2010 (Fri.) (planned)	General meeting of unitholders of NCI
June 29, 2010 (Tue.) (planned)	General meeting of unitholders of UUR
June 30, 2010 (Wed.) (planned)	JRA's purchase of all shares of PCC
Nov. 26, 2010 (Fri.) (planned)	Date of NCI's delisting
Dec. 1, 2010 (Wed.) (planned)	Effective date of the merger and record date of division of units
May 31, 2011 (Tue.) (planned)	End of first fiscal period after the merger (15th Fiscal Period of UUR)

《Major preconditions for the merger to come into effect》

- Consent from lenders of UUR and lenders of NCI regarding the merger
- Consent from lenders of NCI regarding release of collateral on NCI's loans
- Consent from lenders of UUR regarding amendment of the basic agreement between UUR & its lenders
- Approval to the merger agreement and termination of the asset management agreement between NCI & PCC at NCI's general meeting of unitholders

## Big leap in asset size

- Increased brand power and market recognition to new (merged) UUR with the significant increase of assets
- Mitigation of risk and the stable revenue as a result of more diversity in properties/regions/tenants, etc.
- Pursuit of cost synergies including the property management's efficiency

## Higher status in the J-REIT market

- New (merged) UUR will become one of the top five in the industry in terms of asset size
- New (merged) UUR's asset size will stand out from others among the diversified J-REITs
- With increase in market cap, new (merged) UUR is expected to be held further more by the institutional investors

## "Negative Goodwill" and its utilization

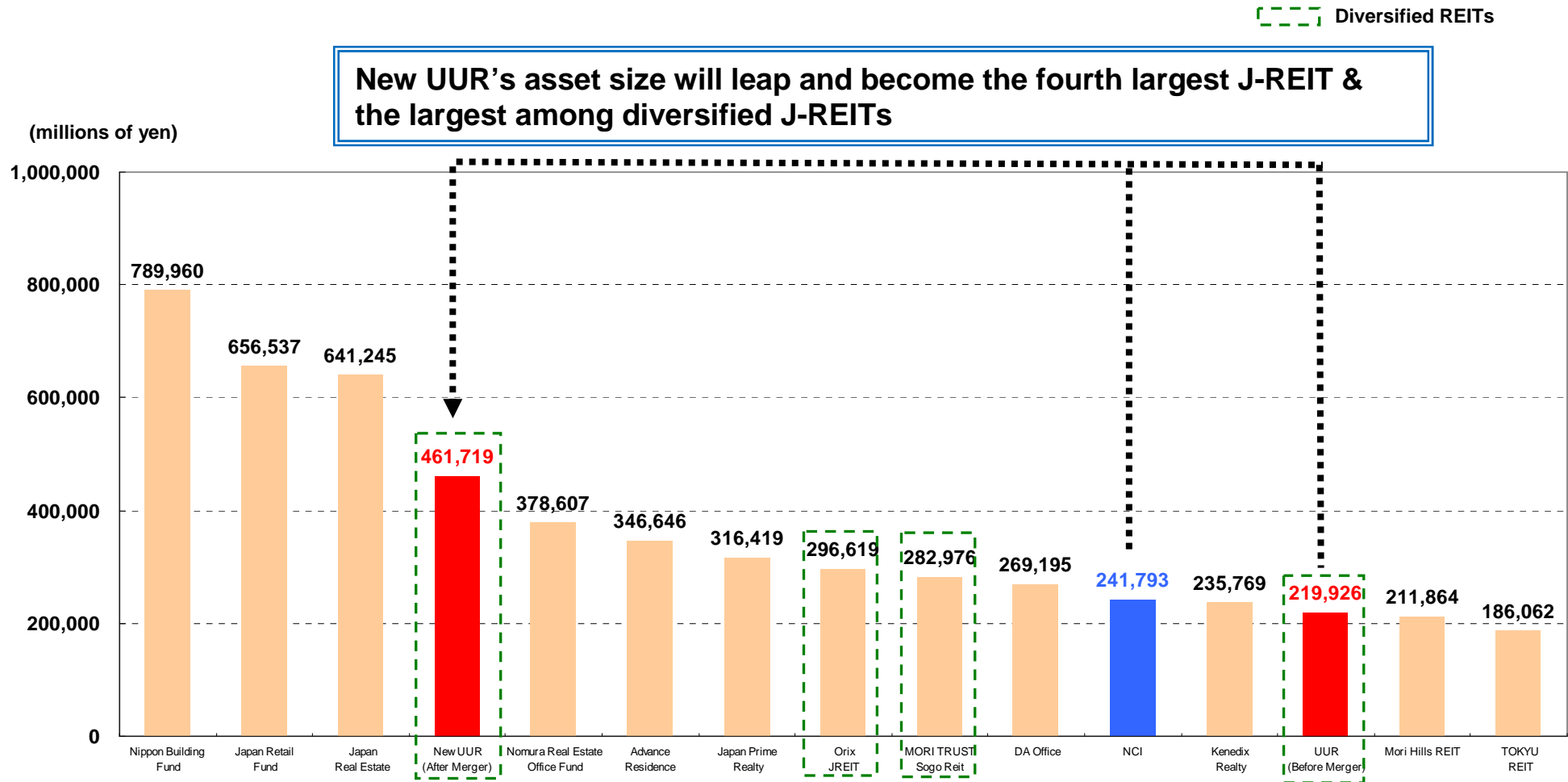
- More strategic and flexible shuffle of its portfolio properties with the long term perspective
- Better ability to deal with impairment risk (aversion of unwilling sale of first-class properties)
- Maintain flexibility in distribution policy, in case of equity offering

## Improving liquidity of investment units

- Stability of unit price due to increase in number of issued investment units and trading volume in the market resulted from unit split and allocation of the new investment units
- Increase of the investors' base due to the easiness of trading with the decline of price per unit

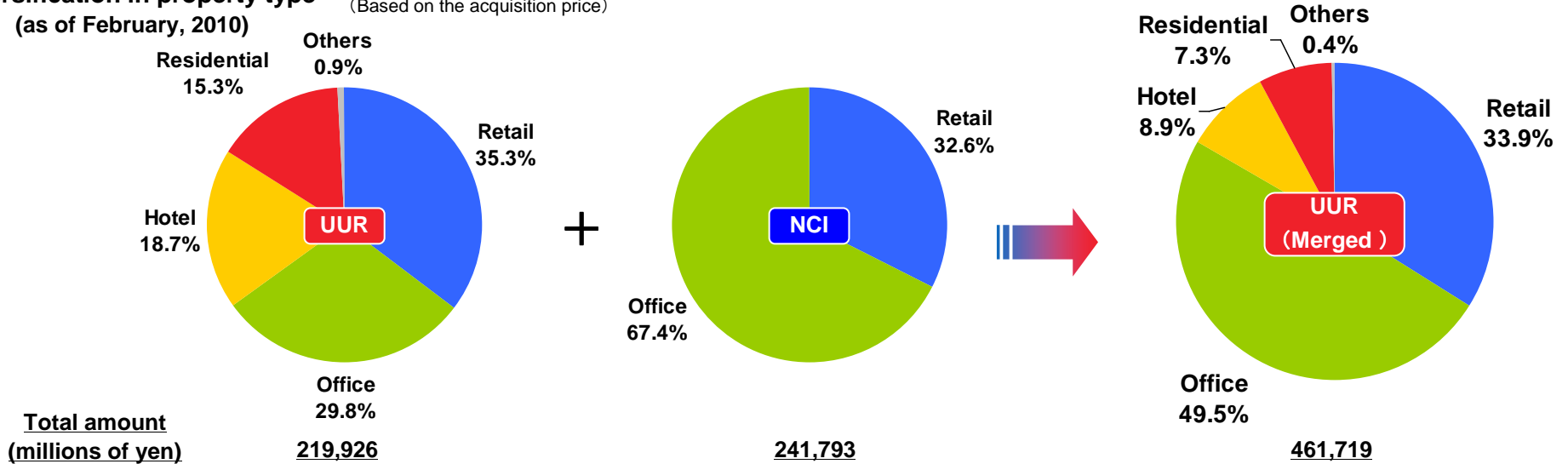
**Our goal is to become a major player in the J-REIT market and real estate market by realizing maximum synergies with respect to the various aspects of investment corporation management, and to maximize returns for unitholders by securing stable revenue over the medium and long term**

◆ Comparison of Asset Value (Based on Acquisition Price)

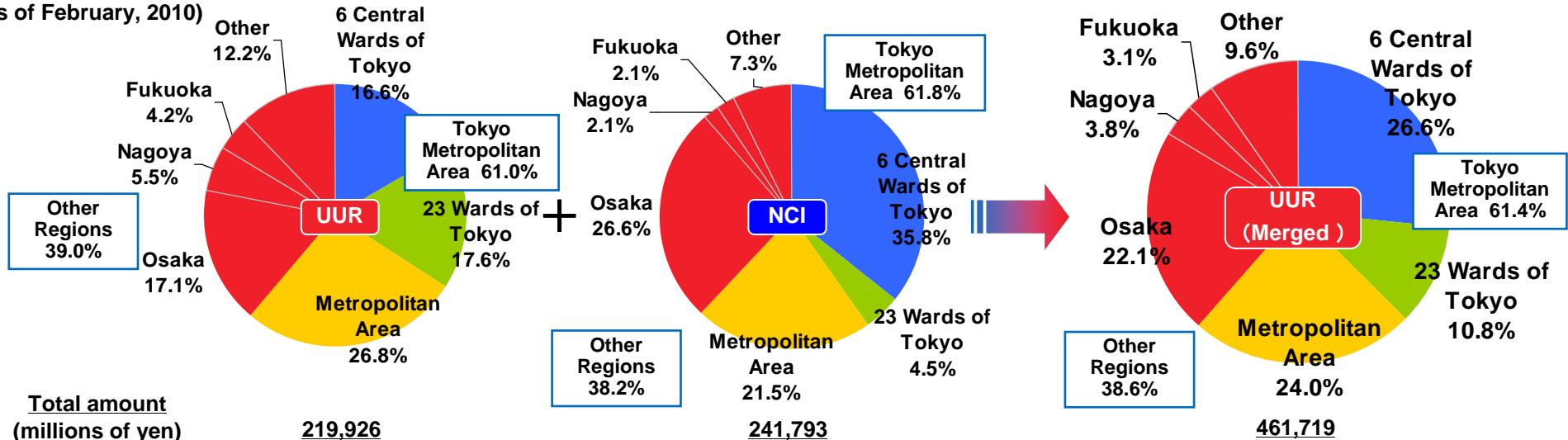


(Note) The abovementioned graph is based on the asset value of each REIT as of May 7, 2010 (please refer to the disclosed materials of each REIT) and for the figure for the new UUR, a simple sum was used.

## Diversification in property type (as of February, 2010) (Based on the acquisition price)

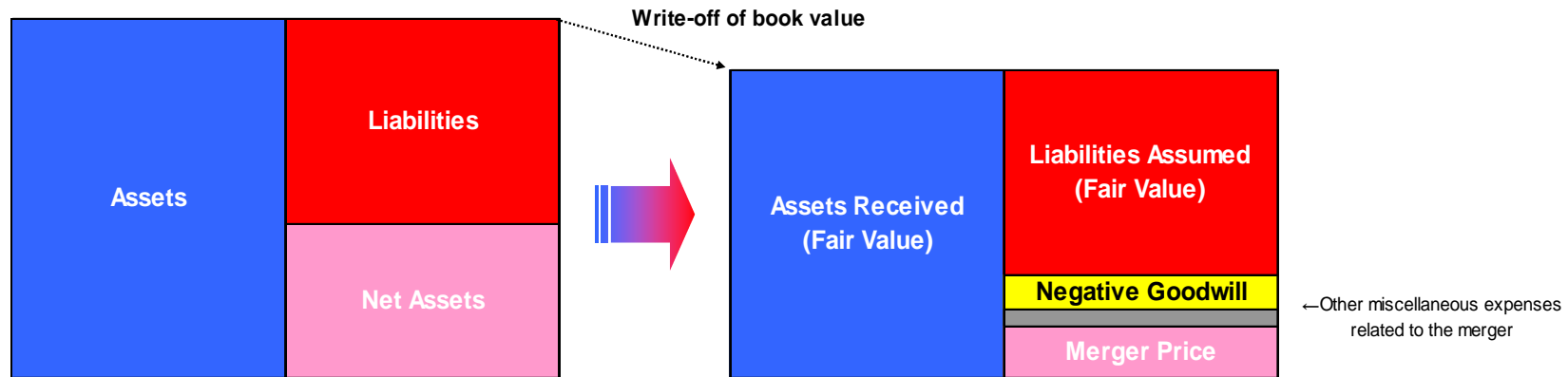


## Geographic dispersion (as of February, 2010) (Based on the acquisition price)



## ◆ Book Value Adjustment

- ✓ After receiving NCI's assets, the real estate book value will be reduced from **247.5 billion yen** (Note 1) to **170.4 billion yen** (Note 2) (a write-off of about 31.1%)
  - Based on the purchase method, both “assets received” and “liabilities assumed” will be evaluated using fair value at the time of succession



## ◆ Amount of “Negative Goodwill”

- ✓ As a result of the merger, “negative goodwill” of **about 13.0 billion yen** (Note 3) is expected to arise
  - Formula for calculating negative goodwill:  $\text{Negative goodwill} = \text{Assets received (Fair Value)} - \text{Liabilities assumed (Fair Value)} - \text{Merger price} - \text{Other miscellaneous expenses related to the merger}$

## ◆ Accounting Procedures for “Negative Goodwill”

- ✓ Negative goodwill will be posted as extraordinary profit in the income statements for the fiscal period during which the merger takes place
- ✓ Negative goodwill is tax exempt since it does not constitute income for taxation purposes. However, of the gain in negative goodwill, the number of months in a fiscal period / 1,200 will be added to the denominator of the formula used to determine whether conduit requirements (formula for determining if cash distributions exceed 90% of distributable profit) are satisfied every fiscal period for the next 100 years
- ✓ In the event that a capital loss on sales of properties arises, or a temporary decrease of net income per unit occurs due to reasons such as dilution accompanying the issuance of new investment units, cash distributions can be equalized by utilizing negative goodwill

Note 1: Figure in the financial results of NCI for the fiscal period ended February 2010.

Note 2: This figure is based on an estimate made by UUR and is not a final figure after audits are performed. Said estimate is not a guarantee of its realization and the actual result may be significantly larger or smaller, depending on fluctuations in real estate appraisal values on the record date, which is one day prior to the effective date of the merger, or various other factors.

Note 3: This figure is based on an estimate made by UUR based on the unit price of UUR as of May 7, 2010 and is not a final figure after audits are performed. The actual result may be significantly larger or smaller, depending on fluctuations in unit prices, or various other factors.

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### 3. Future Strategy of New (Merged) UUR

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- ◆ UUR will keep its current strategies after the merger and seeks the stable performance.

## Strategic External Growth

Deliberate integrated investment decision based on intrinsic value of each property with consideration of economic conditions and market trends



## Stable Internal Growth

Mid-to-long term stable internal growth through high occupancy ratio, tenant satisfaction enhancement and continuous cost reduction



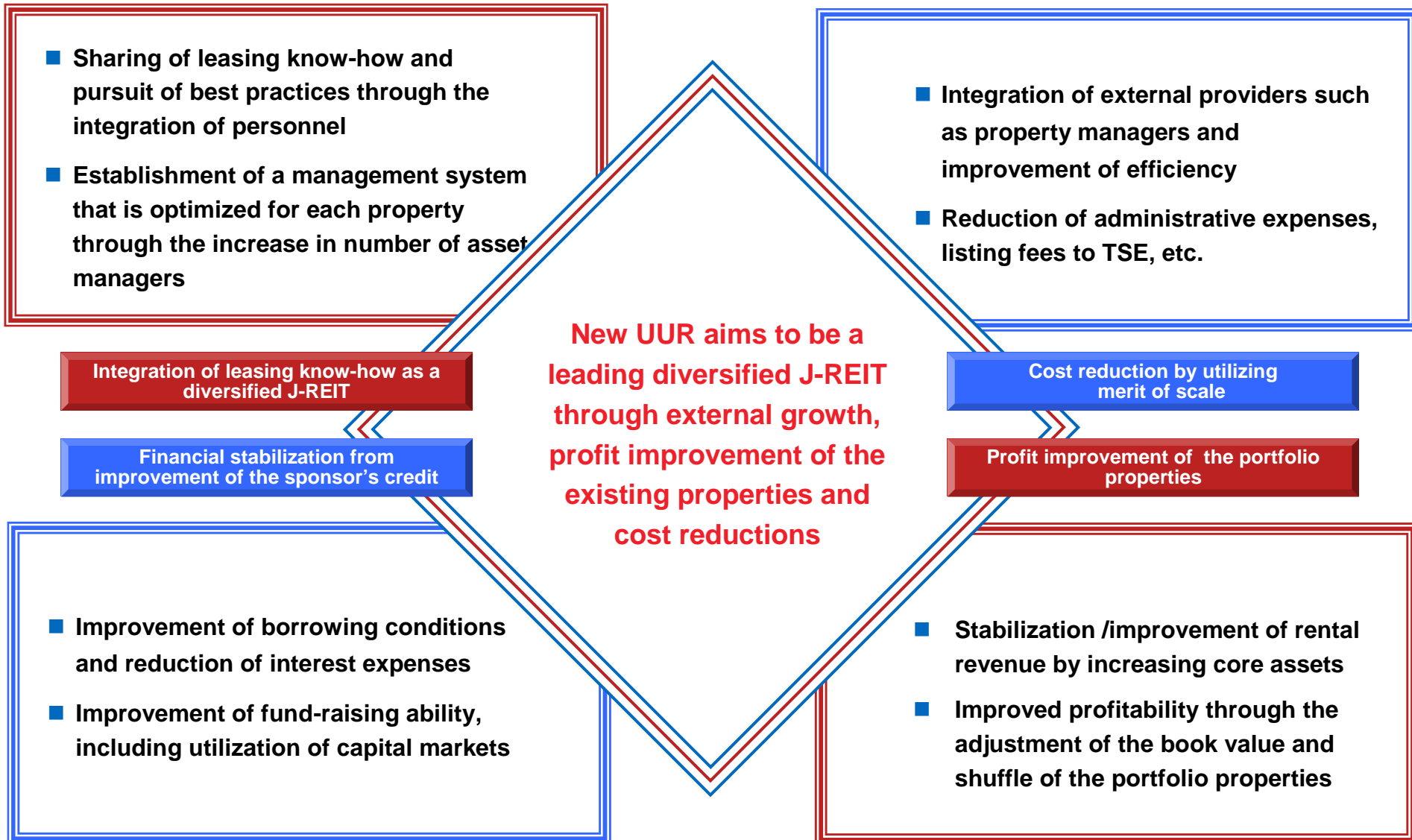
## Conservative Financial Policy

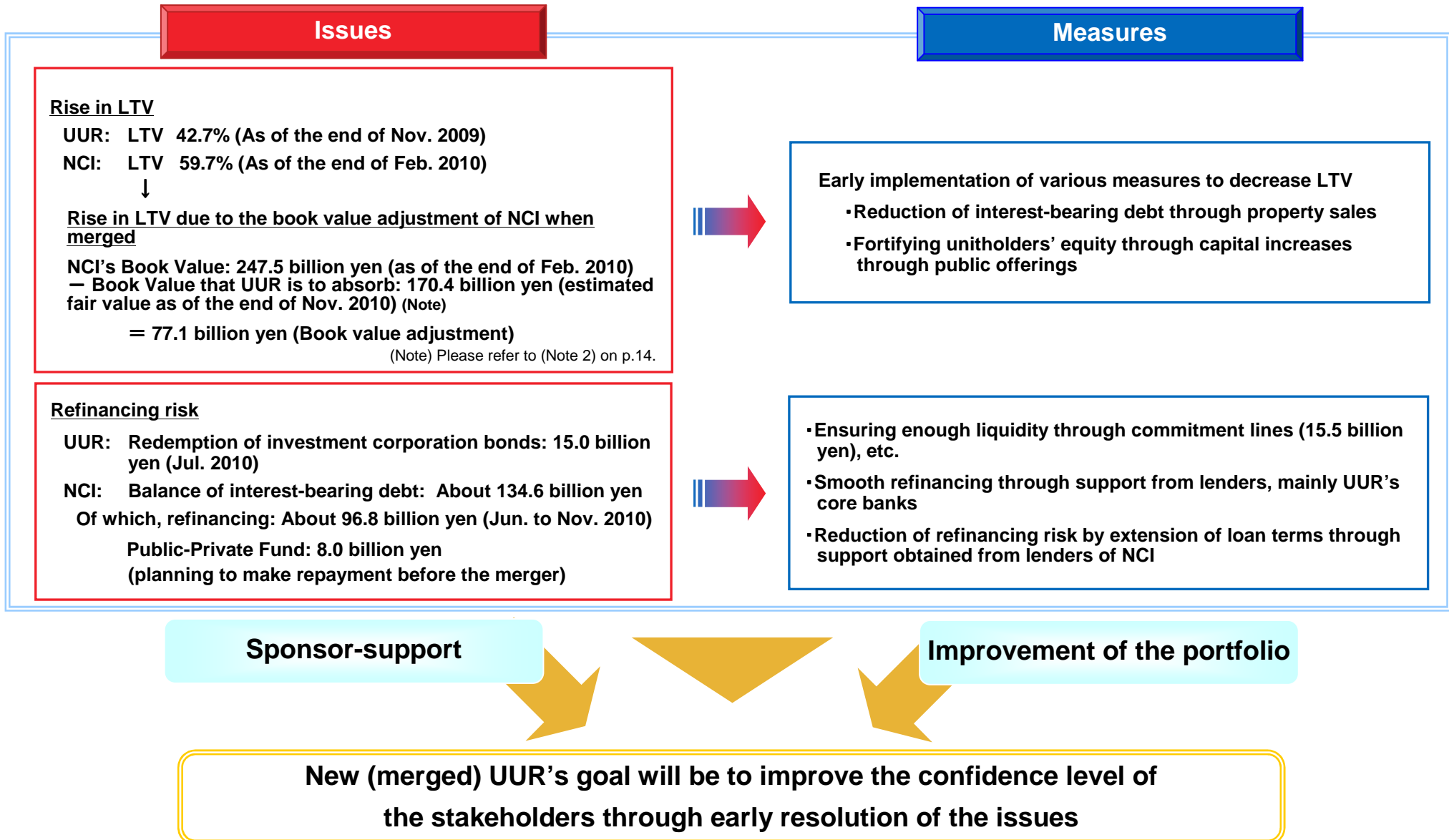
Long-term fixed borrowings and conservative gearing to mitigate risk and form robust financial standing to cope with drastic changes in the market



**Maximize unitholders' value by securing stability of revenue in a mid- to long-term**

# Direct Effects of the Merger





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## 4. Reference Materials

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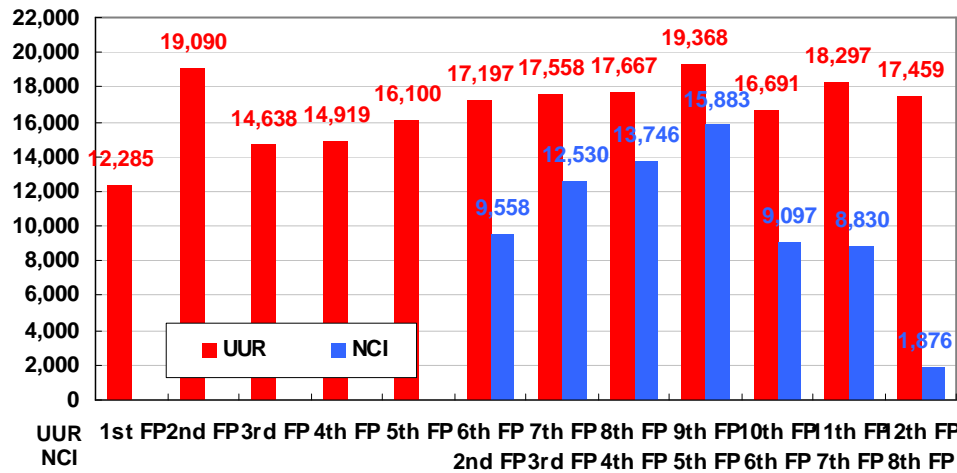
# Overview of the Investment Corporation

	UUR	NCI
<b>Corporate Name</b>	United Urban Investment Corporation	Nippon Commercial Investment Corporation
<b>Representative</b>	Yasuhiro Tanaka, Executive Officer	Tomohiro Makino, Executive Director
<b>Supervisory Officer</b>	Masakazu Watase Toshio Kenmochi	Masaharu Hino Tsutomu Kuribayashi Junya Iwasaki
<b>Date of Listing</b>	December 22, 2003	September 26, 2006
<b>Ticker</b>	8960	3229
<b>Total Unitholders' Equity</b>	108,310 millions of yen	116,753 millions of yen
<b>Number of Units Outstanding</b>	201,300 units	257,400 units
<b>Fiscal Period</b>	6 months ending on May 31 and November 30	6 months ending on February 28 and August 31
<b>Asset Management Company</b>	Japan REIT Advisors Co., Ltd.	Pacific Commercial Corporation
<b>Sponsor (Shareholders)</b>	Marubeni Corporation (51%) Credit Suisse Principal Investments (44%) Kyokuto Securities (5%)	Pacific Holdings, Inc. (100%)
<b>Portfolio (Based on the acquisition price)</b>	50 properties, 219,926 millions of yen	37 properties, 241,793 millions of yen
<b>Appraisal value</b>	219.8 billions of yen (November 31, 2009)	208.1 billions of yen (February 28, 2010)
<b>Market Capitalization</b>	118,968 millions of yen (as of May 7th 2010)	25,662 millions of yen (as of May 7th 2010)
<b>Interest-bearing debt</b>	101,800 millions of yen	134,612 millions of yen

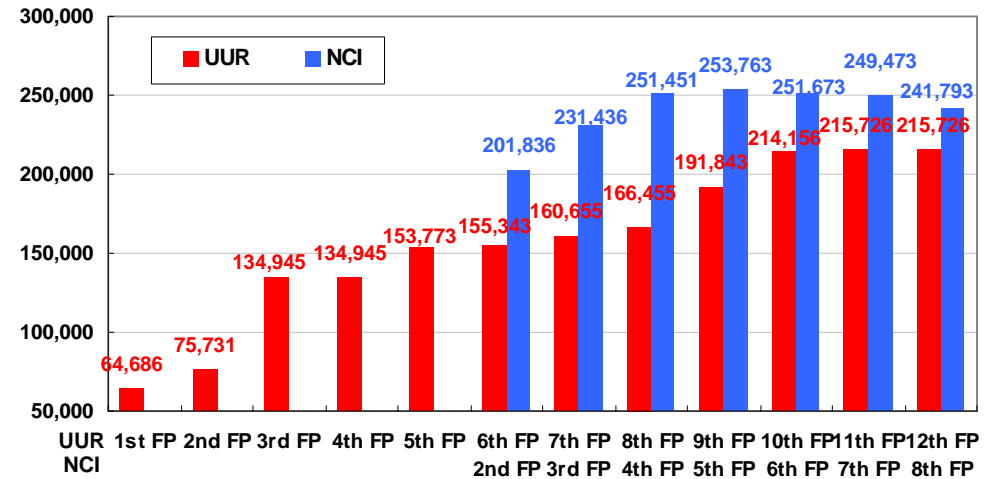
(Note) As of May 11, 2010 unless indicated otherwise

# Comparison: UUR & NCI ①

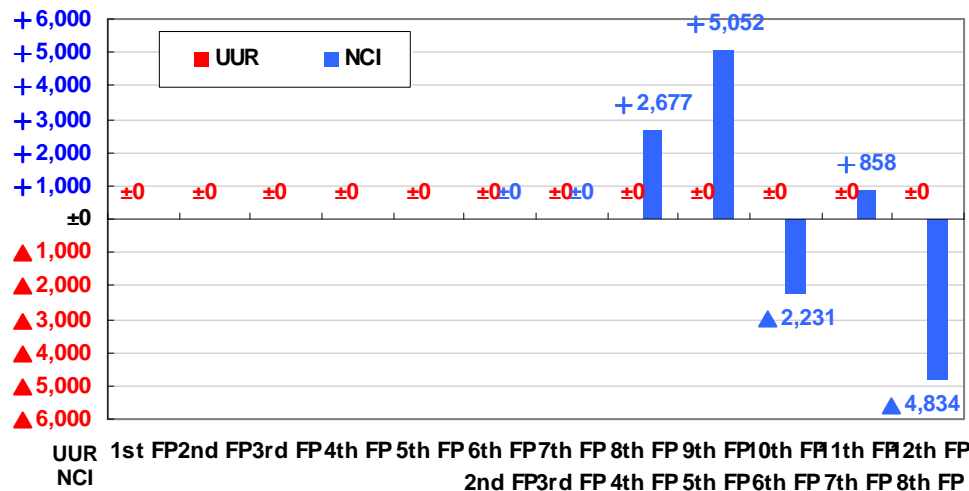
Cash distribution per unit



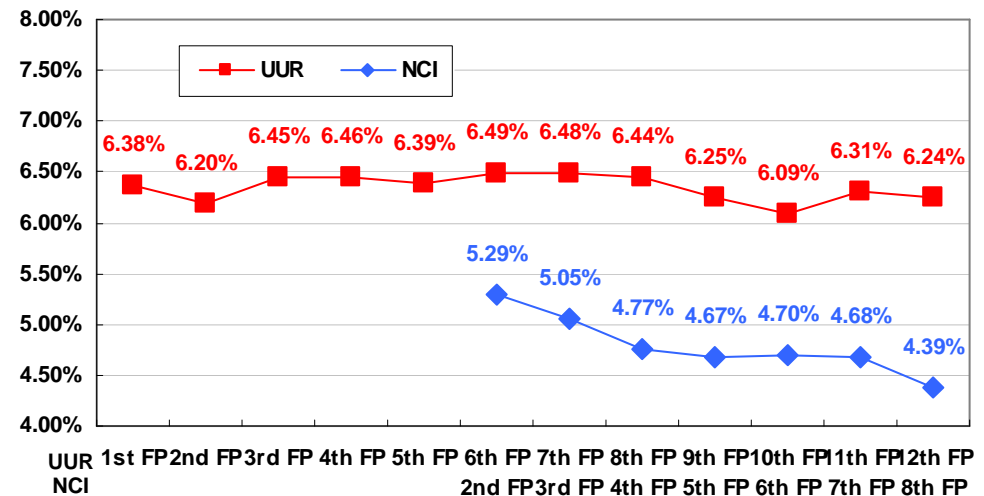
Total assets (Based on the acquisition price)



PL by the sales of the properties per unit



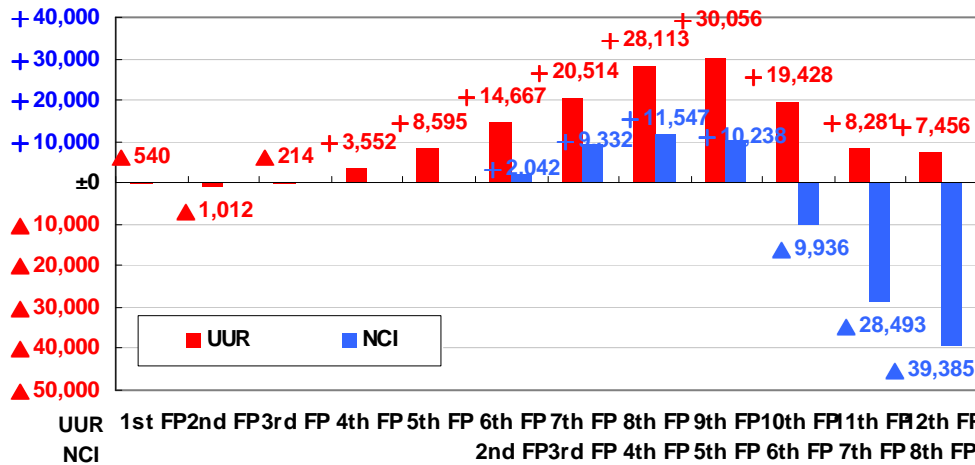
Adjusted NOI Yield (note)



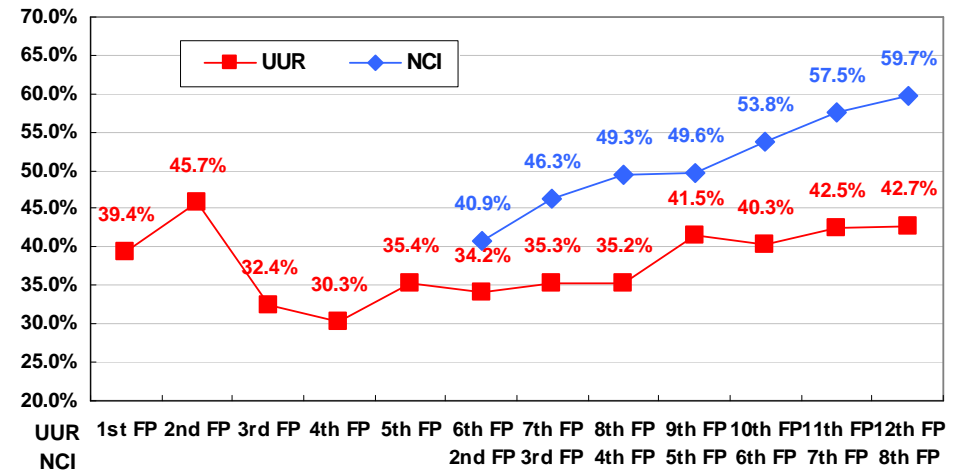
(note) These figures are not calculated on the same method due to the difference of two investment corporations' accounting policies.

# Comparison: UUR & NCI②

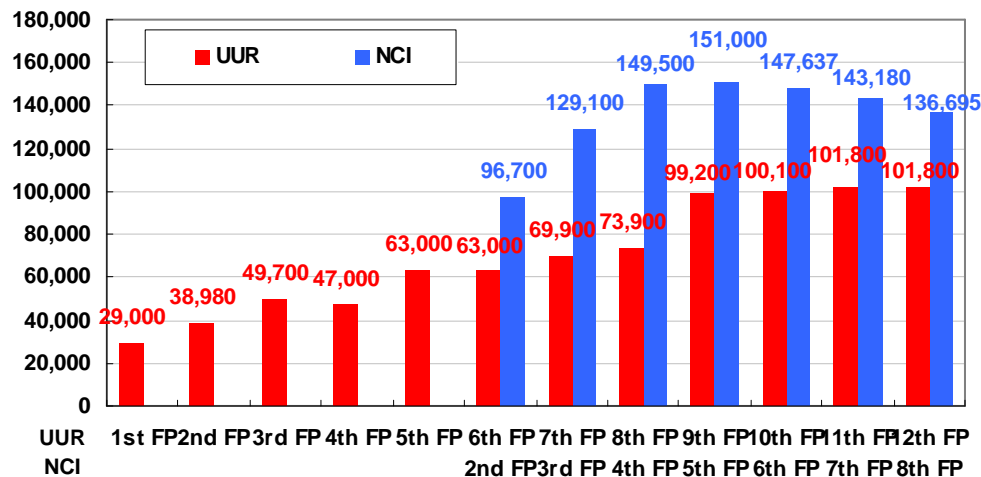
## Unrealized Capital Gain (note 1)



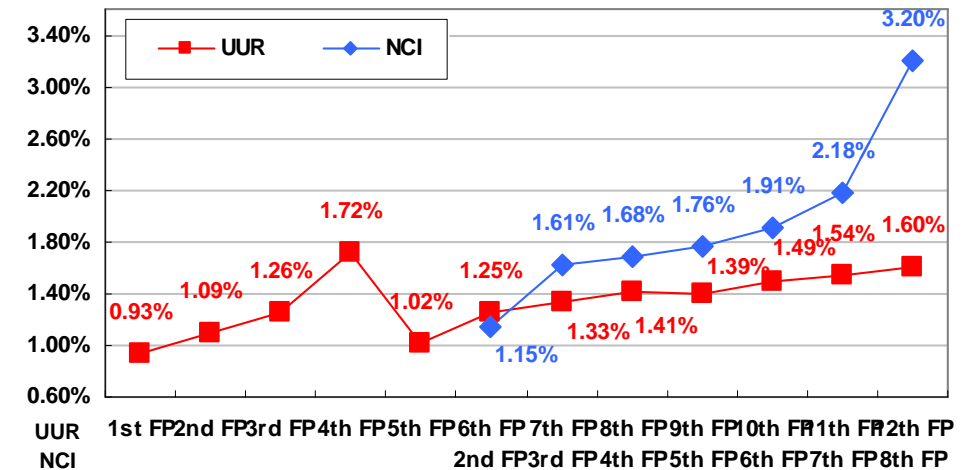
## LTV



## Interest-bearing debt



## Weighted average interest rate of interest bearing debts (note 2)



(note 1) Difference between the periodical appraisal value and the book value at the end of FP

(note 2) Interest Expenses + Commissions on Loans + Interest Expenses on corporate bonds + Amortization of corporate bonds issuance expenses / Balance of interest bearing debts X days of each fiscal period.

# UUR: Portfolio Properties<sup>①</sup> (as of May 11th 2010)

Property type	No.	Property Name	Location	Acquisition price (millions of yen)	Site Area (㎡)	Total Floor Space (㎡)	Leasable Floor Space (㎡)	Date of Acquisition
Retail	A1	Daiei Himonya	Tokyo Metropolitan Area	15,300	5,249.86	27,032.50	26,655.66	12/25/2003
	A2	Joy Park Izumigaoka	Other Region(Osaka)	6,770	10,368.45	29,250.71	13,306.45	12/22/2003
	A3	Daimaru Peacock Ashiya-Kawanishi Ten	Other Region(Hyogo)	769	3,455.30	1,488.28	1,558.80	12/22/2003
	A4	Re-LAND Shopping Center	Tokyo Metropolitan Area	5,200	5,198.20	12,944.65	12,968.85	9/17/2004
	A5	AEON MALL Uki Value	Other Region(Kumamoto)	11,100	173,498.31	63,058.78	72,073.39	12/3/2004
	A6	TENJIN LUCE	Other Region(Fukuoka)	6,500	1,138.66	5,369.70	4,194.57	4/14/2006
	A7	Yamada Denki Tecc Land Sakai Honten	Other Region(Osaka)	3,210	10,702.86	8,637.63	8,637.63	4/28/2006
	A8	Miyamae Shopping Center	Tokyo Metropolitan Area	5,312	6,937.54	17,338.54	10,487.92	2/19/2007
	A9	KONAMI SPORTS CLUB Korigaoka	Other Region(Osaka)	2,040	4,120.00	6,381.40	8,627.58	6/29/2007
	A10	ACTIOLE minami ikebukuro	Tokyo Metropolitan Area	3,760	320.39	2,265.15	2,081.50	9/27/2007
	A11	Tip's Machida Building	Tokyo Metropolitan Area	4,100	1,596.82	8,075.04	6,715.75	12/27/2007
	A12	Daiei Takarazuka-Nakayama	Other Region(Hyogo)	4,284	16,330.14	16,729.60	16,729.60	1/30/2008
	A13	maricom-ISOGO·SYSTEM PLAZA-YOKOHAMA(Site) (retail portion)	Tokyo Metropolitan Area	6,883	53,363.57	—	30,453.73	2/18/2008
	A14	ACTIOLE Kannai	Tokyo Metropolitan Area	2,410	375.17	2,238.82	1,938.56	6/30/2008
Office	B1	T&G Hamamatsu-Cho Building	Tokyo Metropolitan Area	2,257	453.81	3,296.58	2,422.93	12/26/2003
	B2	SK Nagoya Building	Other Region(Nagoya)	5,400	1,361.96	11,795.38	8,708.52	12/26/2003
	B3	Fukuoka Eartheon Building	Other Region(Fukuoka)	2,080	1,358.91	6,079.35	4,934.39	12/26/2003
	B4	Marumasu Koujimachi Building	Tokyo Metropolitan Area	2,350	703.24	5,218.55	2,612.42	3/29/2004
	B5	Rokuban-Cho K Building	Tokyo Metropolitan Area	2,150	689.7	4,031.14	4,031.14	3/30/2004
	B6	Shin-Osaka Central Tower (office portion)	Other Region(Osaka)	14,279	7,265.79	58,882.64	27,256.64	12/2/2004
	B7	Kawasaki Toshiba Building	Tokyo Metropolitan Area	19,200	8,615.20	51,254.06	36,118.31	12/20/2004
	(A13)	maricom-ISOGO·SYSTEM PLAZA-YOKOHAMA(Site) (office portion)	Tokyo Metropolitan Area	5,021	—	—	22,214.65	2/18/2008
	B8	Haseman Building Toyochō	Tokyo Metropolitan Area	8,500	3,262.50	10,768.11	7,540.30	6/30/2008
B9	FOUR SEASONS BLDG	Tokyo Metropolitan Area	4,200	690.93	6,318.81	5,000.54	12/25/2009	
Hotel	C1	Shinjuku Washington Hotel-Honkan	Tokyo Metropolitan Area	21,100	6,215.31	59,985.37	53,317.45	12/22/2003
	(B6)	Shin-Osaka Central Tower (hotel portion)	Other Region(Osaka)	9,721	—	—	18,727.96	12/2/2004



# UUR: Portfolio Properties② (as of May 11th 2010)

Property type	No.	Property Name	Location	Acquisition price (millions of yen)	Site Area (㎡)	Total Floor Space (㎡)	Leasable Floor Space (㎡)	Date of Acquisition
Hotel	C2	Toyoko Inn Shinagawa-Eki Takanawaguchi	Tokyo Metropolitan Area	1,884	482.10	2,928.94	3,088.85	2/18/2005
	C3	MZ BLD.	Tokyo Metropolitan Area	3,800	1,304.44	7,708.88	6,670.21	4/10/2008
	C4	Hotel Route Inn Yokohama Bashamichi	Tokyo Metropolitan Area	4,720	970.83	6,610.51	7,139.44	6/30/2008
Residential	D1	T&G Higashi-Ikebukuro Mansion	Tokyo Metropolitan Area	2,021	398.82	3,300.18	2,603.22	12/26/2003
	D2	T&G Yotsuya Mansion	Tokyo Metropolitan Area	1,355	777.40	2,081.19	1,679.10	12/26/2003
	D3	Excellia Magome	Tokyo Metropolitan Area	697	371.29	1,110.97	914.98	12/26/2003
	D4	Komazawa Court	Tokyo Metropolitan Area	1,680	2,943.33	3,580.44	3,741.17	12/26/2003
	D5	Ropponmatsu Court	Other Region(Fukuoka)	757	1,738.67	3,294.36	3,294.36	12/26/2003
	D6	Sky Court Shiba-Daimon	Tokyo Metropolitan Area	1,175	233.66	1,486.38	1,486.38	10/15/2004
	D7	Maison Ukima	Tokyo Metropolitan Area	3,530	6,456.64	12,691.43	12,691.43	10/26/2004
	D8	Narashino Residence	Tokyo Metropolitan Area	1,140	3,948.67	6,840.86	6,840.86	10/26/2004
	D9	Aprile Shin-Ohgi Ichibankan	Other Region(Hyogo)	3,031	3,329.45	12,700.44	12,700.44	4/13/2005
	D10	UUR Court Sapporo Kitanjo	Other Region(Hokkaido)	1,278	1,249.45	6,588.72	4,790.50	3/16/2006
	D11	Soga Dormitory	Tokyo Metropolitan Area	620	1,990.13	2,931.14	2,931.14	2/8/2006
	D12	Higashikurume Dormitory	Tokyo Metropolitan Area	480	2,635.52	1,397.61	1,397.61	2/8/2006
	D13	Nanzan Court Ichigoukan	Other Region(Nagoya)	1,070	2,423.12	3,551.60	3,576.74	3/30/2006
	D14	Nanzan Court Nigoukan	Other Region(Nagoya)	450	1,137.18	1,762.40	1,890.51	3/30/2006
	D15	CLIO Bunkyo Koishikawa	Tokyo Metropolitan Area	3,170	814.54	5,871.77	4,097.51	4/28/2006
	D16	GRAND-ROUGE Sakae	Other Region(Nagoya)	1,570	1,009.16	3,912.49	3,697.38	11/30/2006
	D17	GRAND-ROUGE Sakae II	Other Region(Nagoya)	1,300	674.34	3,172.34	2,579.89	12/26/2007
	D18	MA Sendai Building	Other Region(Sendai)	3,440	3,656.44	12,642.98	11,525.36	9/24/2008
	D19	UUR Court Nagoya Meieki	Other Region(Nagoya)	1,473	639.17	3,207.39	2,958.45	9/30/2008
	D20	UUR Court Sapporo Shinoro Ichibankan	Other Region(Hokkaido)	870	3,340.48	6,255.74	6,271.74	11/11/2008
	D21	Park Site IZUMI	Other Region(Nagoya)	900	336.55	2,196.97	2,067.95	11/21/2008
	D22	UUR Court Osaka Jusohommachi	Other Region(Osaka)	1,570	1,266.32	4,166.73	3,650.00	2/26/2009
Others	E1	Lilycolor Tohoku Branch	Other Region(Sendai)	2,050	5,457.02	8,693.79	9,271.16	5/29/2006
<b>Total</b>				<b>219,926</b>	<b>372,857.34</b>	<b>549,127.04</b>	<b>532,871.62</b>	

# NCI: Portfolio Properties① (as of May 11, 2010)

Property type	No.	Property Name	Location	Acquisition price (millions of yen)	Site Area (㎡)	Total Floor Space (㎡)	Leasable Floor Space (㎡)	Date of Acquisition
Office	A1	Hitachi High-Tech Building	Tokyo Metropolitan Area	18,100	3,464.39	22,952.71	15,781.64	09/28/2006
	A2	Pacific Marks Shinjuku ParkSide	Tokyo Metropolitan Area	15,100	3,201.80	19,802.22	11,418.92	09/26/2006
	A3	Pacific Marks Tsukiji	Tokyo Metropolitan Area	11,100	1,339.07	6,936.48	5,971.45	09/26/2006
	A4	Pacific Marks Tsukishima	Tokyo Metropolitan Area	8,080	3,302.07	14,507.92	9,336.27	09/28/2006
	A6	Pacific Marks Yokohama East	Tokyo Metropolitan Area	7,110	2,525.41	15,387.49	10,793.68	09/27/2006
	A7	Pacific Marks Shin-Urayasu	Tokyo Metropolitan Area	4,700	2,876.94	15,017.17	8,708.62	09/27/2006
	A8	Oomori City Building	Tokyo Metropolitan Area	3,920	1,041.44	6,550.12	4,929.82	09/28/2006
	A9	Akasaka Hikawa Building	Tokyo Metropolitan Area	3,385	1,328.93	4,795.06	3,438.23	09/26/2006
	A10	Pacific Marks Shibuya-Koendoori	Tokyo Metropolitan Area	3,050	428.62	1,972.43	1,972.43	09/27/2006
	A11	Pacific Marks Nihonbashi-Tomizawacho	Tokyo Metropolitan Area	2,550	549.25	3,627.03	2,631.17	09/26/2006
	A12	Pacific Marks Akasaka-mitsuke	Tokyo Metropolitan Area	2,450	390.86	1,895.87	1,675.13	09/28/2006
	A15	Yokohama Aioicho Building	Tokyo Metropolitan Area	1,710	1,040.76	7,511.49	2,440.86	09/27/2006
	A16	Pacific Marks Shin-Yokohama	Tokyo Metropolitan Area	1,700	475.00	4,141.89	3,137.42	09/27/2006
	A22	Pacific Marks Shinkawa	Tokyo Metropolitan Area	3,540	949.85	6,058.75	4,116.33	11/29/2006
	A24	Pacific Marks Mejiro	Tokyo Metropolitan Area	2,008	311.07	1,413.80	1,266.92	12/22/2006
	A25	Pacific Marks Kawasaki	Tokyo Metropolitan Area	15,100	1,183.52	10,494.86	7,381.36	05/30/2007
	A26	Towa Hamamatsucho Building	Tokyo Metropolitan Area	7,242	1,401.61	8,331.90	4,788.32	10/30/2007
	A27	Lila Hijirizaka	Tokyo Metropolitan Area	4,300	1,474.05	6,598.52	4,255.02	10/30/2007
	A28	Pacific Marks Aobadai	Tokyo Metropolitan Area	3,050	701.83	3,215.11	2,486.40	11/28/2007
	A29	Otsuka HT Building	Tokyo Metropolitan Area	2,000	455.94	2,317.67	1,794.71	11/29/2007
A30	Pacific Marks Shinjuku south-gate	Tokyo Metropolitan Area	5,100	257.87	2,038.70	1,751.69	03/03/2008	

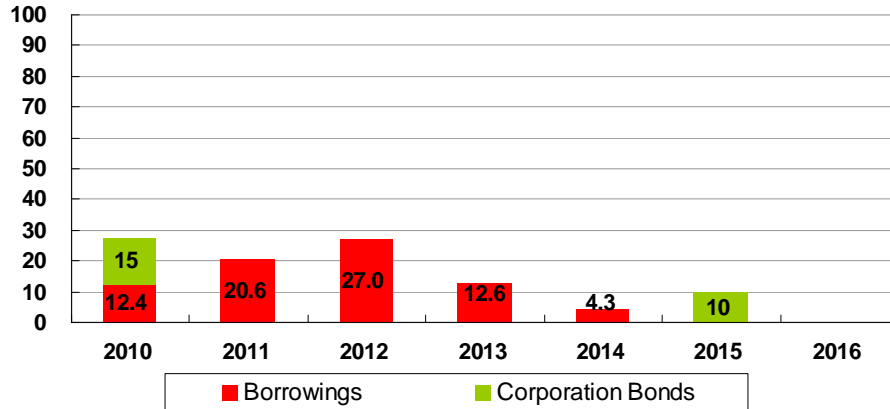
# NCI: Portfolio Properties② (as of May 11, 2010)

Property type	No.	Property Name	Location	Acquisition price (millions of yen)	Site Area (㎡)	Total Floor Space (㎡)	Leasable Floor Space (㎡)	Date of Acquisition
Office	B1	Pacific Marks Nishi-Umeda	Other Region(Osaka)	8,950	2,053.30	16,142.54	11,035.17	9/27/2006
	B2	Pacific Marks Higobashi	Other Region(Osaka)	5,573	1,284.23	9,596.62	7,621.89	9/26/2006
	B3	Nagoya-Nishiki City Building	Other Region(Nagoya)	5,180	1,342.54	8,219.53	5,617.28	9/26/2006
	B4	Pacific Marks Esaka	Other Region(Osaka)	14,500	3,929.31	33,316.53	20,047.39	4/17/2007
	C1	Pacific Marks Sapporo Kita-ichijo	Other Region(Hokkaido)	2,250	987.04	6,048.97	4,761.87	9/27/2006
	C2	Shin-Sapporo Center Building	Other Region(Hokkaido)	1,225	1,940.08	3,725.13	2,797.68	9/27/2006
Retail	A1	Shinsaibashi OPA Honkan	Other Region(Osaka)	31,800	2,430.23	25,865.61	27,025.42	9/26/2006
	A2	Shinsaibashi OPA Kireikan	Other Region(Osaka)	3,500	870.97	4,923.95	4,858.61	9/26/2006
	A3	PACIFIQUE Tenjin	Other Region(Fukuoka)	3,700	1,111.43	5,065.54	2,986.30	9/28/2006
	A4	Albore Tenjin	Other Region(Fukuoka)	1,440	165.75	943.45	882.64	9/28/2006
	A6	Albore Jingumae	Tokyo Metropolitan Area	2,525	308.02	816.60	952.31	11/16/2006
	A7	Albore Sendai	Other Region(Sendai)	3,100	736.01	4,082.94	3,147.29	11/29/2007
	B1	Mallage Kashiwa	Tokyo Metropolitan Area	17,310	86,065.83	54,689.28	40,017.79	9/27/2006
	B2	Bellfa Uji	Other Region(Kyoto)	3,200	19,620.19	34,689.06	14,823.49	9/27/2006
	C1	Ito-Yokado Owariasahi	Other Region(Aichi)	7,850	34,612.39	56,371.77	54,606.34	9/27/2006
	C2	Nitori Yokohama Kariba I.C.	Tokyo Metropolitan Area	4,395	7,093.66	10,628.44	11,345.09	11/30/2007
<b>Total</b>				<b>241,793</b>	<b>193,251.26</b>	<b>440,693.15</b>	<b>322,602.95</b>	

# Maturity Ladder of Interest-Bearing Debt

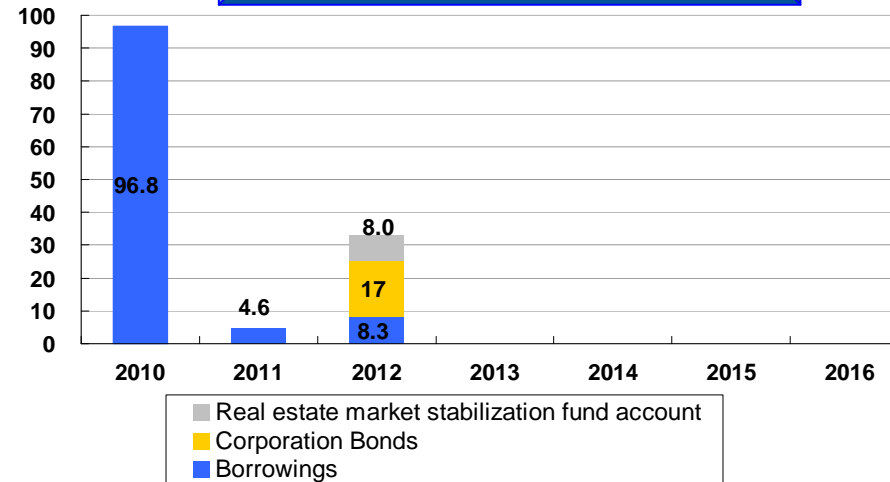
(billions of yen)

## UUR: Maturity Ladder



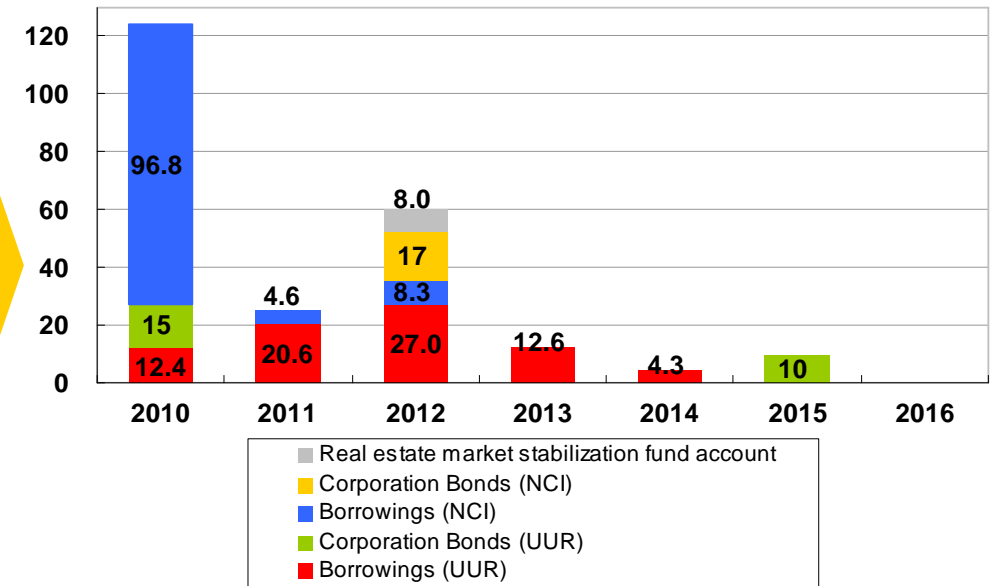
(billions of yen)

## NCI: Maturity Ladder



## New UUR: Maturity Ladder (simple aggregation)

(billions of yen)



# Details of UUR Loans (as of May 11, 2010)

Classification	Lender(s)	Balance (Billions of yen)	Interest rate	Drawdown Date	Repayment Date	Remarks
Medium term	The Sumitomo Trust and Banking Co., Ltd., Mizuho Corporate Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd.	124	1.20861%	February 18, 2008	December 20, 2010	Unsecured/Unguaranteed/ Fixed rate of interest
Medium term	Mizuho Corporate Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd.	40	1.33256%	April 10, 2008	June 20, 2011	Unsecured/Unguaranteed/ Fixed rate of interest
Medium term	The Sumitomo Trust and Banking Co., Ltd.	30	0.99545%	December 22, 2008	June 20, 2011	Unsecured/Unguaranteed/ JBA 3-month yen TIBOR+0.55%
Medium term	The Sumitomo Trust and Banking Co., Ltd., Mizuho Corporate Bank, Ltd.	17	1.67585%	February 26, 2009	June 20, 2011	Unsecured/Unguaranteed/ Fixed rate of interest
Medium term	Mitsubishi UFJ Trust and Banking Corporation	20	1.35914%	December 21, 2009	December 20, 2011	Unsecured/Unguaranteed/ Fixed rate of interest
Long term	National Mutual Insurance Federation of Agricultural Cooperatives	34	1.89500%	April 28, 2006	December 20, 2011	Unsecured/Unguaranteed/ Fixed rate of interest
Long term	Aozora Bank, Ltd., Mizuho Corporate Bank, Ltd.	25	1.86167%	December 20, 2006	December 20, 2011	Unsecured/Unguaranteed/ Fixed rate of interest
Long term	The Norinchukin Bank	40	0.89545%	December 20, 2006	December 20, 2011	Unsecured/Unguaranteed/ JBA 3-month yen TIBOR+0.45%
Medium term	Development Bank of Japan Inc.	9	1.63568%	November 11, 2008	June 20, 2012	Unsecured/Unguaranteed/ Fixed rate of interest
Medium term	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	44	1.44618%	December 27, 2007	June 20, 2012	Unsecured/Unguaranteed/ Fixed rate of interest
Medium term	Sumitomo Mitsui Banking Corporation	45	1.48031%	January 30, 2008	June 20, 2012	Unsecured/Unguaranteed/ Fixed rate of interest
Medium term	The Sumitomo Trust and Banking Co., Ltd.	30	1.04545%	December 22, 2008	June 20, 2012	Unsecured/Unguaranteed/ JBA 3-month yen TIBOR+0.60%
Long term	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	40	1.66432%	September 27, 2007	December 20, 2012	Unsecured/Unguaranteed/ Fixed rate of interest
Long term	Aozora Bank, Ltd., Shinsei Bank, Limited, Saitama Resona Bank, Limited, The Dai-ichi Mutual Life Insurance Company, Mitsui Sumitomo Insurance Company, Limited, The Sumitomo Trust and Banking Co., Ltd.	102	1.67119%	December 20, 2007	December 20, 2012	Unsecured/Unguaranteed/ Fixed rate of interest
Medium term	Aozora Bank, Ltd., The Shinkumi Federation Bank, The Bank of Fukuoka, Ltd., Sumitomo Mitsui Banking Corporation, ORIX Trust and Banking Corporation Saitama Resona Bank, Limited, Mizuho Trust & Banking Co., Ltd.	91.5	1.64157%	December 21, 2009	June 20, 2013	Unsecured/Unguaranteed/ Fixed rate of interest
Long term	The Sumitomo Trust and Banking Co., Ltd.	34	1.14545%	December 22, 2008	December 20, 2013	Unsecured/Unguaranteed/ JBA 3-month yen TIBOR+0.70%
Long term	Sumitomo Mitsui Banking Corporation, Mizuho Corporate Bank, Ltd., The Sumitomo Trust and Banking Co., Ltd., Mizuho Trust & Banking Co., Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd.	42.5	1.97537%	December 21, 2009	December 20, 2014	Unsecured/Unguaranteed/ Fixed rate of interest
Total		768				

(Note) Borrowings are classified by term. In principle, short-term borrowings are borrowings with a repayment date of less than one year from the drawdown date, medium-term borrowings are those with a repayment date of between one and five years from the drawdown date, and long-term borrowings are those with a repayment date in excess of five years.

Moreover, the rates applicable for the period between March 23, 2010 and June 21, 2010 are shown for the interest rates of floating rate loans.

# Details of NCI Loans (as of May 11, 2010)

Classification	Lender(s)	Balance (Billions of yen)	Interest Rate	Drawdown Date	Repayment Date
Short term	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.	503.0	2.05545%	March 29, 2010	June 29, 2010
Medium term	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mitsubishi UFJ Trust and Banking Corporation, Shinsei Bank, Limited, Aozora Bank, Ltd., The Sumitomo Trust and Banking Co., Ltd.	119.4	0.99545%	September 27, 2007	September 27, 2010
Medium term	The Chuo Mitsui Trust and Banking Company, Limited	18.4	0.99545%	November 29, 2007	September 27, 2010
Medium term	Sumitomo Mitsui Banking Corporation, Aozora Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd.	133.2	1.45727%	September 29, 2008	September 29, 2010
Medium term	The Sumitomo Trust and Banking Co., Ltd.	27.6	1.45727%	September 29, 2008	September 29, 2010
Short term	Sumitomo Mitsui Banking Corporation	63.3	2.03385%	April 30, 2010	October 29, 2010
Medium term	Sumitomo Mitsui Banking Corporation	59.7	1.54636%	October 30, 2008	October 29, 2010
Medium term	Aozora Bank, Ltd.	12.5	1.94545%	June 29, 2009	November 29, 2010
Medium term	Aozora Bank, Ltd.	30.3	0.99545%	November 29, 2007	November 29, 2010
Medium term	National Mutual Insurance Federation of Agricultural Cooperatives, Aioi Insurance Co., Ltd.	18.4	1.98125%	September 27, 2007	September 27, 2011
Medium term	Development Bank of Japan Inc.	9.2	1.96750%	September 27, 2007	September 27, 2011
Medium term	Development Bank of Japan Inc.	18.4	2.10670%	July 25, 2008	September 27, 2011
Long term	Sumitomo Mitsui Banking Corporation, Sompo Japan Insurance Inc., The Sumitomo Trust and Banking Co., Ltd., The Hiroshima Bank, Ltd., The Mie Bank, Ltd.	45.9	1.09455%	March 30, 2007	March 30, 2012
Long term	Daido Life Insurance Company	18.4	2.02000%	March 30, 2007	March 30, 2012
Long term	Daido Life Insurance Company	18.4	2.40750%	June 26, 2007	June 26, 2012
Medium term	[Trustee] The Sumitomo Trust and Banking Co., Ltd. (real estate market stabilization fund account)	80.0	4.31645%	April 8, 2010	September 18, 2012
Total		1176.1			

(Note) Borrowings are classified by term. In principle, short-term borrowings are borrowings with a repayment date of less than one year from the drawdown date, medium-term borrowings are those with a repayment date of between one and five years from the drawdown date, and long-term borrowings are those with a repayment date in excess of five years.

Moreover, the rates applicable for the date of this document are shown for the interesting rates of floating rate loans.

# Major Unitholders

UUR (as of November 30, 2009)				NCI (as of February 28, 2010)			UUR after Merger				
Unitholder Name		Number of Units Held (units)	Percentage of Units Held	Unitholder Name		Number of Units Held (units)	Percentage of Units Held	Unitholder Name		Number of Units Held (units)	Percentage of Units Held
1	Japan Trustee Services Bank, Ltd. (trust account)	17,044	8.47%	1	NikkoCiti Trust and Banking Corporation (Trust Account)	19,792	7.69%	1	NCT Trust and Banking Corporation (Trust Account)	117,826	8.04%
2	NikkoCiti Trust and Banking Corporation (investment trust account)	16,339	8.12%	2	Goldman Sachs International	16,917	6.57%	2	Japan Trustee Services Bank, Ltd. (Trust Account)	115,478	7.88%
3	Trust & Custody Services Bank, Ltd. (investment trust account)	14,740	7.32%	3	Japan Trustee Services Bank, Ltd. (Trust Account)	13,214	5.13%	3	Trust & Custody Services Bank, Ltd. (investment trust account)	90,137	6.15%
4	The Master Trust Bank of Japan, Ltd. (trust account)	10,724	5.33%	4	Pacific Holdings, Inc.(received court order of commencement of corporate rehabilitation proceedings)	12,400	4.82%	4	The Master Trust Bank of Japan Ltd. (Trust Account)	72,857	4.97%
5	The Nomura Trust and Banking Co., Ltd. (investment trust account)	7,166	3.56%	5	Deutsche Bank AG London PB Non-Treaty Clients 613	10,276	3.99%	5	The Nomura Trust and Banking Co., Ltd. (Trust Account)	52,538	3.59%
6	THE FUJI FIRE AND MARINE INSURANCE COMPANY, LIMITED	7,082	3.52%	6	The Nomura Trust and Banking Co., Ltd. (Trust Account)	9,542	3.71%	6	THE FUJI FIRE AND MARINE INSURANCE COMPANY, LIMITED	50,629	3.46%
7	The Bank of Ikeda, Ltd.	5,567	2.77%	7	Northern Trust Company (AVFC) Sub Account American Client	8,986	3.49%	7	The Bank of Ikeda, Ltd.	33,402	2.28%
8	North Pacific Bank, Ltd.	4,626	2.30%	8	The Master Trust Bank of Japan Ltd. (Trust Account)	8,513	3.31%	8	North Pacific Bank, Ltd.	27,756	1.89%
9	Merrill Lynch Japan Securities Co., Ltd.	4,415	2.19%	9	THE FUJI FIRE AND MARINE INSURANCE COMPANY, LIMITED	8,137	3.16%	9	Merrill Lynch Japan Securities Co., Ltd.	26,490	1.81%
10	THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT	4,239	2.11%	10	BNP Paribas Securities Services Singapore/ BP2S Sydney/ Jasdec/ Australian Residents	6,472	2.51%	10	THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT	25,434	1.74%
Total of top 10 Unitholders		91,942	45.67%	Total of top 10 Unitholders		114,249	44.39%	Total of top 10 Unitholders		612,547	41.81%
Total of all Unitholders		91,942	45.67%	Total of all Unitholders		114,249	44.39%	Total of all Unitholders		612,547	41.81%

(Note1) The information above is based on the status of unitholders at the end of the fiscal period as of November 30, 2009 for UUR and February 28, 2010 for NCI. Moreover, percentage of units held in UUR after the merger is calculated as a simple sum of number of units held after factoring in the merger ratio and the division of units to be implemented with the merger (rounded to two decimal place).

(Note2) NikkoCiti Trust and Banking Corporation has changed its trade name to NCT Trust and Banking Corporation as of March 1, 2010.

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