



MID REIT, Inc.

1st Period Results

(Ending Dec. 2006)

MID REIT Management Co., Ltd.

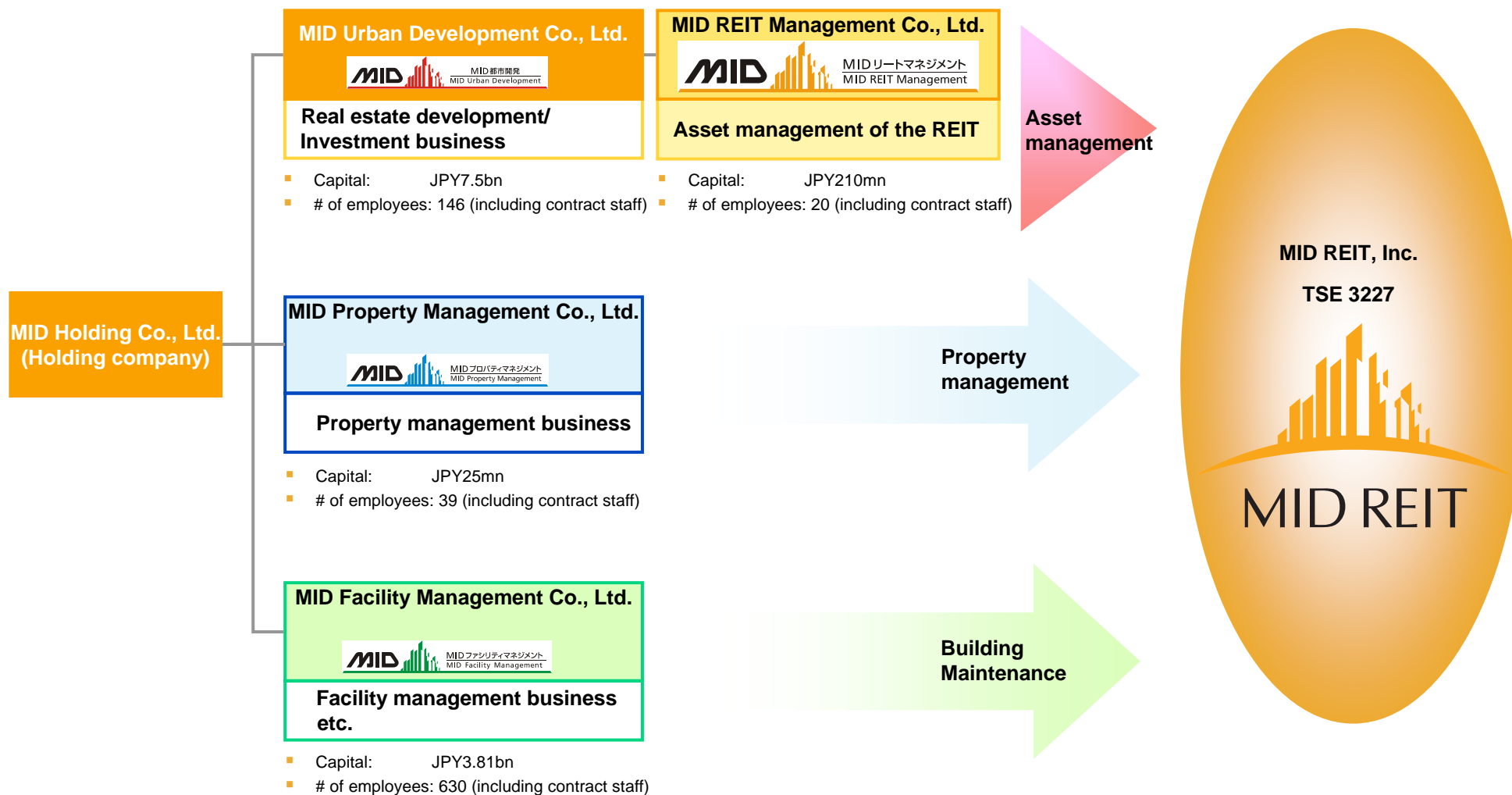




I. Who is MID REIT?



I-① Who is MID REIT?

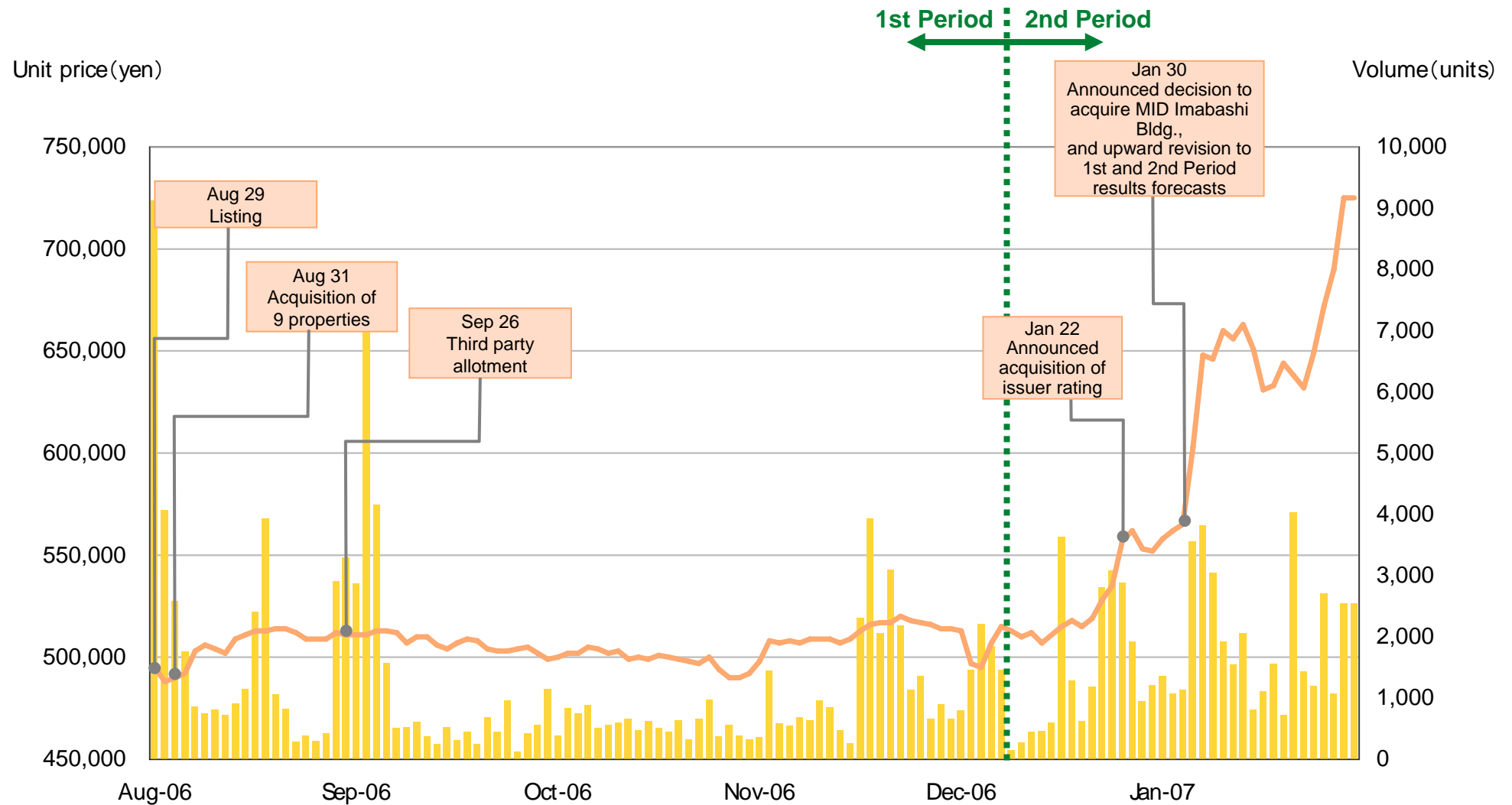


Notes:

- 1 Of the above, concerning the capital amount, this is the amount of capital on the date of the securities filing, and for the # of employees, this is as of 3/31/06, and for the sales volume amount, this is listed as of fiscal year end ending in December 2006.
- 2 As of Dec. 31, 2006, Aetos Japan LLC holds 87.6% of the outstanding common stock of MID Holding Corp., in several funds entrusted for asset management.



I-② Unit price performance



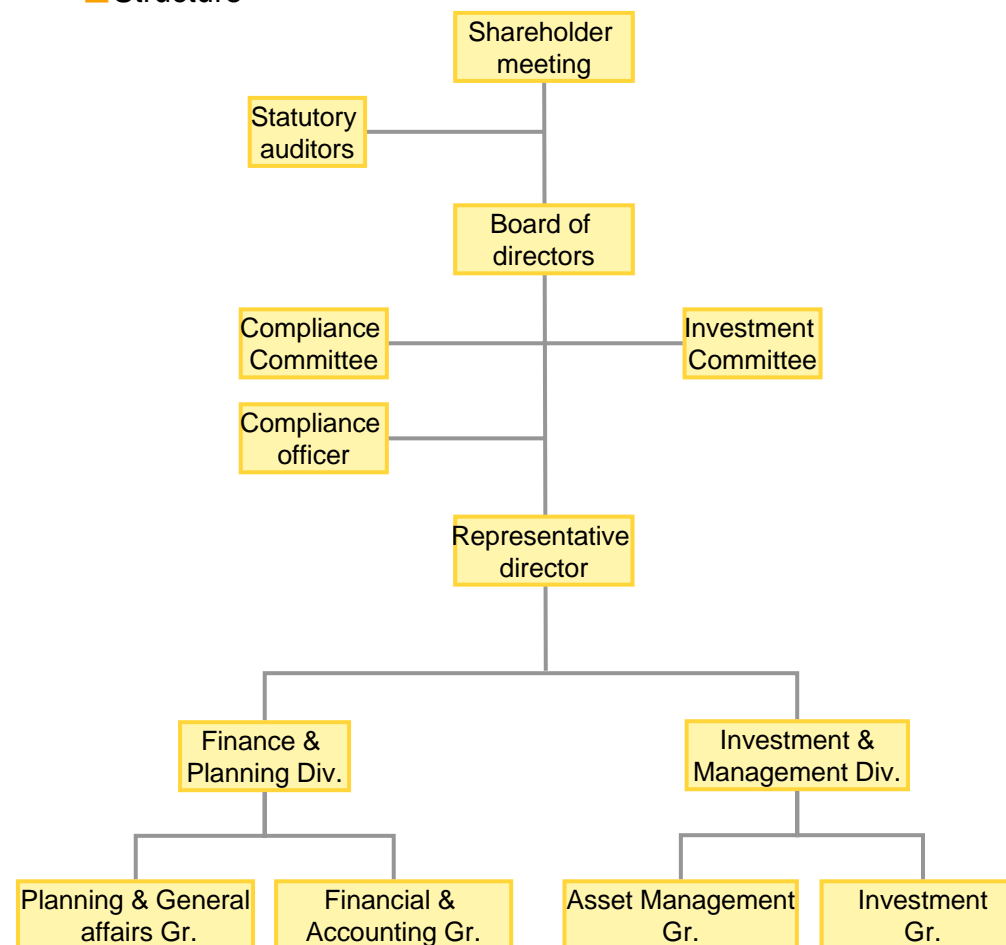
Source : Bloomberg

I-③ Asset manager—MID REIT Management Co., Ltd.



Company Overview (As of Dec 31, 2006)		
Name	MID REIT Management Co., Ltd.	
Location	Dojimahama 1-4-4, Kita-ku, Osaka	
Establishment	September 1, 2005	
Capital	JPY 210 mn	
Shareholder	MID Urban Development Co., Ltd.(100%)	
# of employees	20 (including contract staff)	
Officers	President & CEO	Kenji Kamio
	Director	Masayuki Irie
	Director	Hiroshi Uemura
	Statutory Director	Noriyuki Iijima
	Statutory Auditor	Yoshito Tanaka
Business Description	Asset management of Investment trust	
Regulatory approval	Discretionary transaction agent license (Minister of Land, Infrastructure and Transportation, Approval No 50) License for asset management of investment trust (Prime Minister, No64) Real estate agent license (Governor of Osaka Prefecture (1), No51806)	

Structure





I-④ Investment Highlights



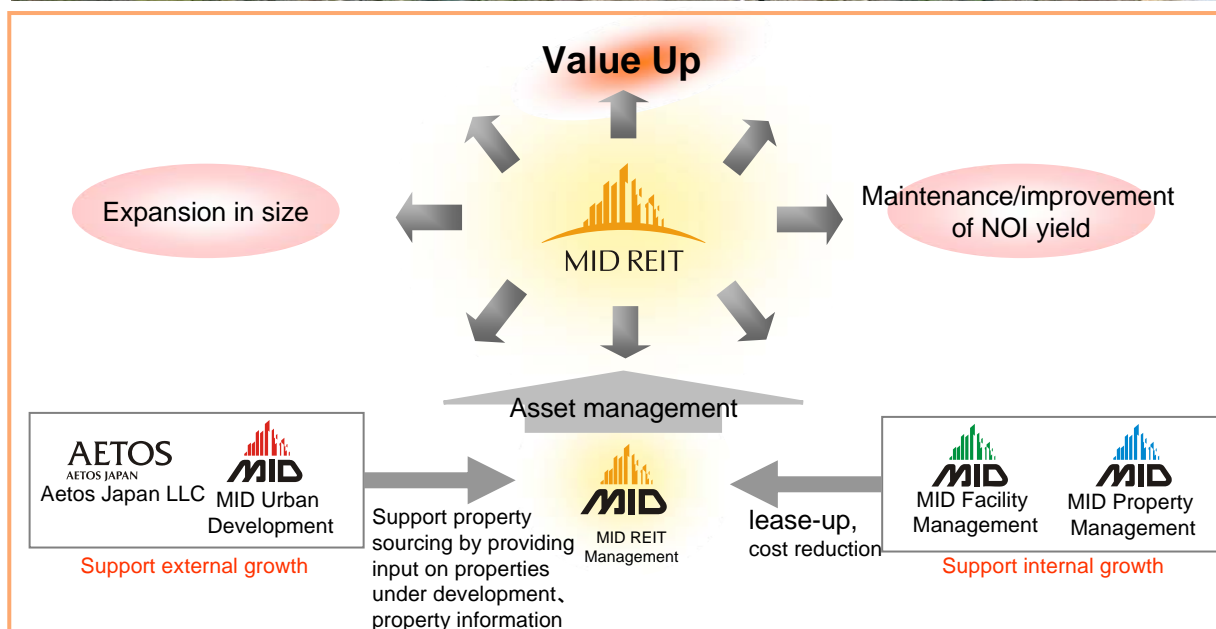
Focusing on Osaka area
and office properties

- More than **70%** of the portfolio to be invested in **Osaka area**, which is one of the best economic sizes in Japan
- More than **70%** of the portfolio to be invested in **Office properties**, which have numerous opportunities for investment, and are investment subjects with liquidity and stability

Consisting of OBP's
large-scale office buildings



Utilizing the collective
capacity of the MID group
and
cooperation with AETOS





II . 1st Period Results Highlights

Ⅱ－① Track record since listing date (Aug 29, 2006)



			1st Period (Jun 1, 2006 – Dec 31, 2006)	2nd Period (Note1) (Jan 1, 2007 – Jun 30, 2007)
1	Dividends (see p.15)		<p>Aug 29, 2006 DPU (E) for 1st Period JPY8,495 DPU (E) for 2nd Period JPY12,809</p>	<p>DPU (A) for 1st Period JPY 9,951 (vs. forecast up 17.1%)</p> <p>Jan 30, 2007: Dividends for 2nd Period revised to JPY 13,540 (vs. forecast up 5.7%)</p>
2	Growth performance (see p.16-28 for growth strategy)	External growth (see p.26–28)	<p>Aug 31, 2006 Initial acquisition of 9 properties Total portfolio worth JPY146.4bn</p>	<p>Jan 30, 2007 acquisition of MID Imabashi Bldg. determined Total portfolio size :JPY149.7bn (as of Apr 3, 2007)</p>
		Internal growth (see p.22–25)	<p>Aug 31, 2006 Occupancy rate of initially acquired 9 properties at time of acquisition 98.6%</p>	<p>Occupancy rate as of Dec 31, 2006 99.2%</p>
3	Financial strategy (see p.29–31)		<p>Aug 31, 2006 Raised through loans : JPY61.3bn (incl. JPY40.0bn shifted to fixed rates)</p>	<p>LTV as of Dec 31, 2006 36.9%</p> <p>Jan 22, 2007 R&I issuer rating acquired A (stable)</p>
4	Market cap (see p.4 for unit price performance)		<p>Aug 29, 2006 At listing : JPY89.1bn</p> <p>Sep 26, 2006 post third party allotment: JPY93.8bn(Note2)</p>	<p>Dec 29, 2006 JPY 94.5bn</p> <p>Feb 16, 2007 JPY 116bn</p>

Notes:

1 Data for 2nd Period as of Feb 16, 2007

2 Implemented together with the public offering at listing



Ⅱ-② 1st Period Results highlights



	1st Period (A) (Jun 1, 2006 - Dec 31, 2006)	Forecasts on 1st Period Announced on Aug 29, 2006	Difference	
Net operating days	123days	123days	—	
Operating income	JPY4,129mn	JPY4,111mn	JPY18mn	Increase in rental income and occupancy
Operating profit	JPY2,385mn	—	—	■ reduction in repairs costs (JPY14mn)
Income before taxes	JPY1,829mn	JPY1,609mn	JPY220mn	■ correction in amount of interest paid (JPY109mn)
Net income	JPY1,827mn	JPY1,607mn	JPY220mn	■ correction in amount of IPO-related expenses (JPY46mn)
DPU	JPY9,951	JPY8,495	JPY1,456	■ increase in retained earnings JPY1,162 ■ effect from reduction in # of units to be issued (189,200 units → 183,625units) JPY294

II—③ Financial and accounting highlights



Indices		1st Period (A) (Note1) (Jun 1, 2006– Dec 31, 2006)	Comments
Net operating days		123days	—
NOI from property leasing		JPY3,276mn (JPY2,914mn)	Property income + Depreciation & Amortization
	adjusted to the whole period (Note 2)	JPY4,861mn (JPY4,323mn)	
NOI yield from property leasing (p.a.)		6.6% (5.9%)	NOI from property leasing (annualized)/Total acquisition cost of properties held at year end
Funds from operations (FFO)		JPY2,379mn (JPY2,016mn)	Net income + Depreciation & Amortization
	adjusted to the whole period (Note 2)	JPY3,530mn (JPY2,992mn)	
FFO per unit		JPY12,957 (JPY10,982)	FFO / Total units outstanding
	adjusted to the whole period (Note 2)	JPY19,225 (JPY16,295)	
Return on assets (ROA)		3.3%	Income before taxes [annualized]/(Total assets at beginning of period (Note 3)+Total assets at end of period)/2
Return on Equity (ROE)		6.0%	Net income [annualized]/(NAV at beginning of period (Note 3)+NAV at end of period)/2
NAV per unit		JPY502,110	NAV at end of period/Total units outstanding
Loan to Value (LTV)		36.9%	Interest-bearing debt at end of period/Total assets at end of period
Debt service coverage ratio (DSCR)		9.9	Net income before interest and depreciation/Interest expense
Price book-value ratio (PBR)		1.03	Unit Price (Closing price on Dec 29)/NAV per unit
Price earning ratio (PER)		17.4	Unit Price (Closing price on Dec 29)/Net income per unit
FFO multiple		13.3	Unit Price (Closing price on Dec 29)/FFO per unit

Notes:

- Figures in brackets indicate figures that include estimated charge for the period including real estate taxes for the 9 properties that were initially acquired such as property tax and city planning tax (Net operating days: JPY362mn, adjusted to period: JPY538mn, annualized: JPY1,076mn)
- Calculated by 1st Period (A)/123days*365days/2
- Indicates total assets and NAV as of Aug 31, 2006 which is the actual date of management start of the initially acquired 9 properties

II-④ Income Statement

Income Statement

(JPY'000)

Description	1 st Period (Jun 1, 2006 - Dec 31, 2006)		
			(%)
1. Operating income			
Property income	3,890,090		
other property income	239,851	4,129,941	100.0
2. Operating expenses			
Property expenses	1,405,284		
Asset management fees	293,679		
Asset custody fees	2,000		
Administration fees	16,296		
Compensation paid to directors	12,600		
Other operating expenses	14,933	1,744,795	42.2
Operating profit		2,385,146	57.8
3. non-operating income			
Interest income	131	131	0.0
4. Non-operating expenses			
Interest expense	266,799		
Loan related expenses	49,910		
Amortization of initial expenses	17,155		
Issue costs of new units	95,812		
Expenses related to listing of new units	118,269		
Other non-operating expenses	8,136	556,085	13.5
Income before taxes		1,829,193	44.3
EBIT		1,829,193	44.3
Income taxes	1,975		
Tax adjustments	△40	1,935	0.1
Net income		1,827,257	44.2
Unappropriated retained earnings		1,827,257	

Details of property income

(JPY'000)

Rent	3,082,142
CAM	701,836
Parking income	106,111

Details of property expenses

(JPY'000)

Property management fees	447,733
Utilities	321,101
Insurance premium	12,353
Maintenance & repairs	41,097
Depreciation & Amortization	552,094
Real estate taxes	0 (Note 1)
Other Property expenses	30,904

Note:

- 1 Acquisition cost of the initially acquired 9 properties includes property tax and city planning tax and therefore these taxes are not reported under Property expenses

II –⑤ Balance sheet

■ Balance sheet

(JPY'000)

Description	1st Period (as of Dec 31, 2006)		(%)
(ASSETS)			
I Current assets			
Cash and deposits		9,651,314	
Entrusted cash and deposits		6,602,045	
Notes receivable		210,921	
Consumption tax receivable		2,284,362	
Prepaid expenses		29,880	
Deferred tax assets		40	
Total Current assets		18,778,565	11.3
II Non-current assets			
1.PPE			
Entrusted buildings	47,536,817		
Total depreciation and amortization	△551,747	46,985,069	
Tools, Furniture & Fixtures	4,179		
Total depreciation and amortization	△331	3,847	
Landed property		100,233,860	
NET PPE		147,222,777	88.5
2.Intangible assets			
Software		1,466	
Total intangible assets		1,466	0.0
3.Investment & Management			
Security deposits		10,000	
Long-term Prepaid expenses		256,027	
Total investments and other assets		266,027	0.2
Total non-current assets		147,490,271	88.7
Total Assets		166,268,837	100.0

Incl. Capex accrued during the period 81,667 thousand yen
(see p.42 for details on properties)

(JPY'000)

Description	1st Period (as of Dec 31, 2006)		(%)
(LIABILITIES)			
I Current liabilities			
Accounts payable-trade		220,200	
Accounts payable		373,341	
Accrued expenses		4,422	
Accrued income taxes		1,949	
Rent received in advance		730,943	
other Current liabilities		280,329	
Total Current liabilities		1,611,186	1.0
II Non-current liabilities			
Long-term debt		61,300,000	
Safety and guaranty deposits received		8,513,761	
Tenant leasehold and security deposits		2,644,017	
Total Non-current liabilities		72,457,779	43.5
Total Liabilities		74,068,965	44.5
(SHAREHOLDERS' EQUITY)			
I Shareholders' equity			
1.Total investment		90,372,613	54.4
2.Retained earnings			
Unappropriated retained earnings		1,827,257	
Total retained earnings		1,827,257	1.1
Total shareholders' equity		92,199,871	55.5
Total Shareholders' Equity		92,199,871	55.5
Total Liabilities and Shareholders' Equity		166,268,837	100.0

######



III. Results Forecast



III Results forecast in the 2nd and 3rd Period



Items	1st Period (A) (Jun 1, 2006– Dec 31, 2006)	(Reference) 1st Period (A) adjusted to the whole period (Note 1)
Net operating days	123 days	
Operating income	JPY4,129mn	JPY6,127mn
Income before taxes	JPY1,829mn	JPY2,714mn
Net income	JPY1,827mn	2,711mn
DPU	JPY9,951	JPY14,764

Forecast on 2nd Period (Jan 1, 2007–Jun 30, 2007)	Forecast on 3rd Period (Jul 1, 2007–Dec 31, 2007)
181 days	184 days
JPY6,129mn	JPY6,173mn
JPY2,487mn	2,231mn
JPY2,486mn	2,229mn
JPY13,540	JPY12,143

Precondition and factors

Notes:

- 1st Period (A)/123days*365days/2
- All the above figures are based on the assumption that the # of units outstanding in each period is 183,625 units
- The above forecasts are based on certain criteria for calculation and reflect the situation as of Feb 22, 2007. Actual Operating income, Ordinary profit, Net income and Dividend per unit may change depending on the occupancy level of existing properties or changes in rent, acquisition/disposal of properties, changes in the property market environment, changes to the environment surrounding MID REIT going forward. Also, our forecast shall not be construed as a guarantee of Dividend amount paid to our investors

Operating days of MID Imabashi Bldg.
89 days

- Increase in Maintenance & repairs costs
1st P (A) 2nd P(E)
JPY41mn → JPY203mn
- Property tax, City planning tax appropriated for 2nd Period
JPY 285mn

Operating days of MID Imabashi Bldg.
184 days

- Increase in utilities cost due to seasonal factors
2nd P(E) 3rd P(E)
JPY439mn → JPY547mn
- Property tax, City planning tax appropriated for 3rd Period
JPY571mn



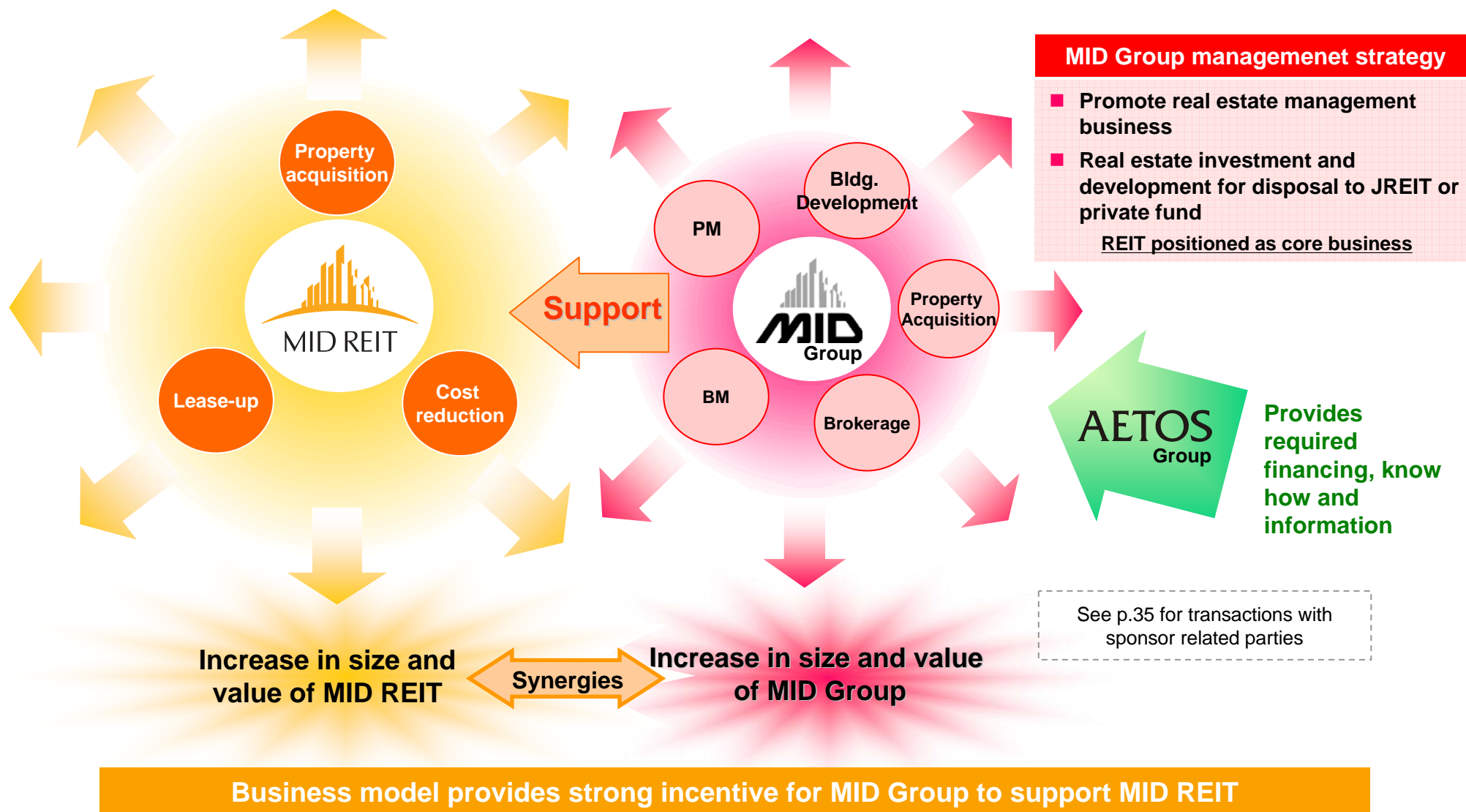
IV. Growth strategy



IV–1. Collaboration with sponsors

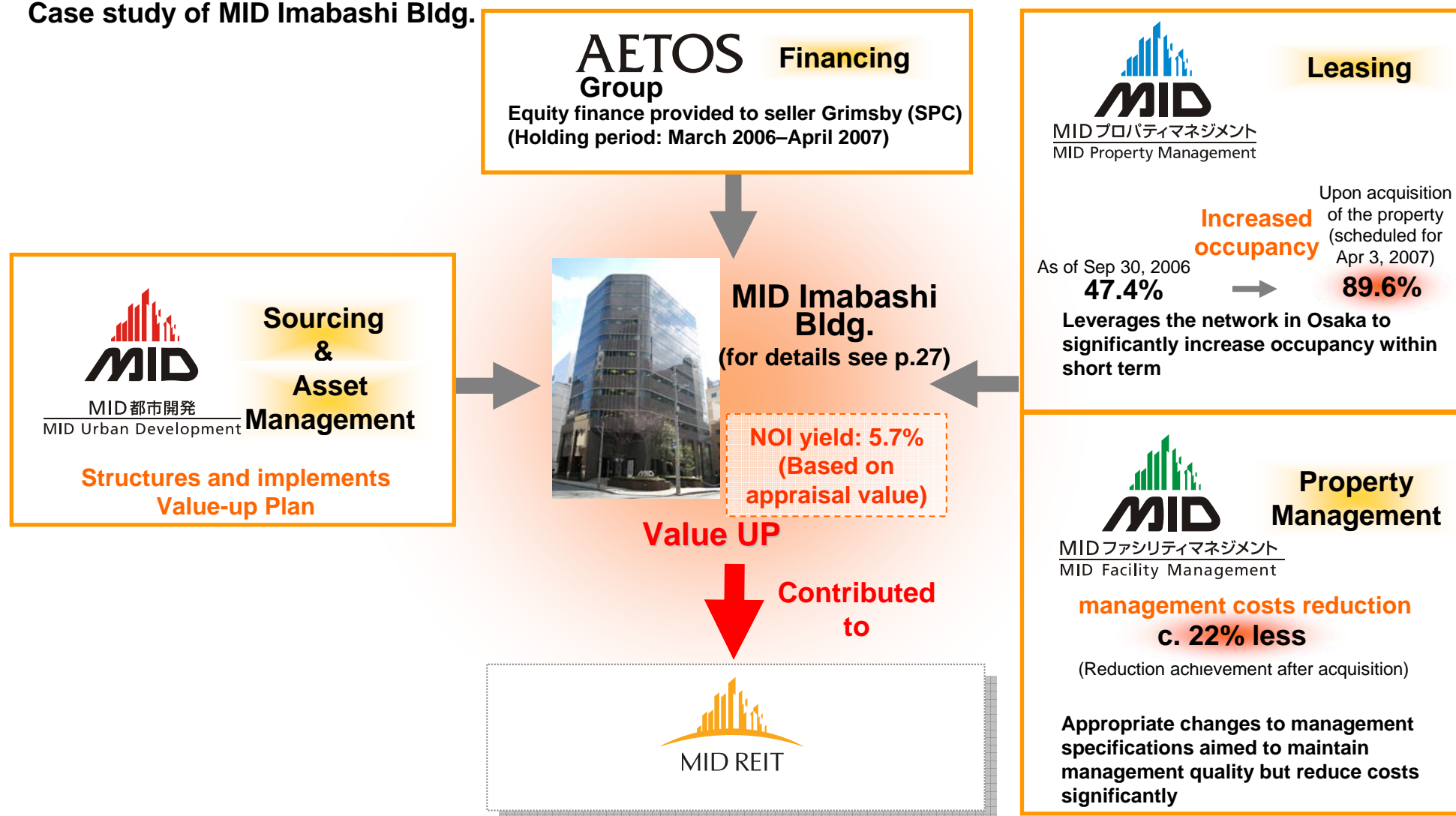


IV-1-① Positioning of the REIT within MID Group



IV-1-② Collaboration with the sponsors

Case study of MID Imabashi Bldg.



Bring together MID Group's collective strengths to increase value within short term
⇒ quality properties provided to MID REIT at appropriate prices

IV-1-③ Overview of MID Urban Development

MID Urban Development

- Head Office: Dojimahama1-4-4, Kita-ku, Osaka
- Capital: JPY7.5bn
- # of directors & employees: 858 (incl. group companies, as of Dec 31, 2006)
- Business Description: Real estate development, investment, asset management, brokerage, condominium development etc.



Development project



Kitahama MID Bldg. (tentative name)

- Location: Doshomachi, Chuo-ku, Osaka
- GFA: 14,973m² (scheduled)
- Floor: above ground 18fl, below ground 1fl
- Scheduled completion: Mar 2008(E)

Properties under asset management

- developed properties
- sourced properties



Kawagoe Bldg. [Osaka] ●



Manabe Doshomachi Bldg. [Osaka] ●



MID Kyobashi Bldg. [Osaka] ●



Moriguchi MID Bldg. [Osaka] ●



Shinsaibashi MID Bldg. [Osaka] ●



Wakayama MID Bldg. [Wakayama] ●



Kujo MID Bldg. [Kyoto] ●



MID Kita Sanjo Bldg. [Hokkaido] ●



Hiroshima MID Bldg. [Hiroshima] ●



Fukuoka MID Bldg. [Fukuoka] ●

Note: None of the above properties are scheduled to be acquired by MID REIT at this moment

IV-1-④ AETOS Group

- **Aetos Capital LLC** (established in 1999, representative is James Allwin), an investment advisory company based in New York.
- **Aetos Japan LLC** was established as a subsidiary company of Aetos Capital, handling asset management of the Aetos Capital Asia Fund from Aetos Capital LLC.

Aetos Japan, LLC

- Established: 2001
- Location: (Main office) 1209 Orange Street, Wilmington, New Castle, Delaware, U.S.A.
(Branch) Tokyo Minato Atago 2-5-1 Atago Green Hills MORI Tower 24, 27
- Management performance:
 - <Fund #1>
Total investment size of c. JPY 360bn
investments completed in March 2005
 - < Fund # 2>
Total investment size of c. JPY 1,000bn
Equity finance completed in Sep 2005

Selective property investment of Aetos Group



Chikusan Kaikan Bldg.
[Chuo-ku, Tokyo]
(sold)



Plaza Mikado Bldg.
[Minato-ku, Tokyo]
(sold)



Shinwa Bldg.
[Shinjuku-ku, Tokyo]
(sold)



Osaka ekimae #3 Bldg.
[Kita-ku, Osaka]
(divided interest)



Osaka ekimae #4 Bldg.
[Kita-ku, Osaka]
(divided interest)



Osaka Obayashi Bldg.
[Chuo-ku, Osaka]

Note: None of the above properties are scheduled to be acquired by MID REIT at this moment



IV–2. Internal growth

IV-2-① 1st Period achievement —Increase of occupancy rate

Type	Area	Prop. #	Prop. name	Leasable area (m ²)	Occupancy as of Aug 31, 2006 (%)	Occupancy as of Dec 31, 2006 (%)	Difference (Points)
Office	Osaka area	1	Twin 21	82,475.86	98.5	98.7	+0.2
		2	Matsushita IMP Bldg.	36,836.49	94.1	97.3	+3.2
		3	Matsushita Denko Bldg.	12,684.52	100.0	100.0	-
		4	Midosuji MID Bldg.	16,186.37	100.0	100.0	-
		5	Higashinoda MID Bldg.	5,098.10	100.0	100.0	-
	Other major cities	6	Kyobashi MID Bldg.	5,175.77	93.7	95.9	+2.2
		7	MID Shibakanasugibashi Bldg.	1,989.27	100.0	100.0	-
	Subtotal			160,446.38	97.7	98.6	+0.9
Non-office	Osaka area	8	Konami Sport Club Kyobashi	9,586.26	100.0	100.0	-
	Other major cities	9	AEON Tsudanuma Shopping Center	101,542.52	100.0	100.0	-
	Subtotal			111,128.78	100.0	100.0	-
Total				271,575.16	98.6	99.2	+0.6

< Factors that have contributed to increased occupancy >

- new occupancy
1,593m²(482 Tsubo)
- expansion of leased area by existing tenants
309m²(93 Tsubo)
- cancellation
▲437m²(132 Tsubo)
- decrease in leased area of existing tenants
0m²(0 Tsubo)
- Increase in total leased area
1,465m²(443 Tsubo)

Low turn over rate

Increased occupancy by attracting new tenants and tapping the needs of existing tenants for more space within the same building through co-operation with the property management company

IV-2-② Issues for 2nd Period and after — Efforts for rent revision

Details on the leasing contracts in the 1st Period (based on rents)

Prop. name		Leasing contracts subject to renewal by Dec 31, 2008		Leasing contracts and Term leasing contracts subject to renewal after Jan 2009 (Note 2)
			Contracts with rents below the market level by more than 10% (Note 1)	
Twin 21	Office	27.7%	5.5%	72.3%
	Retail	82.0%	23.7%	18.0%
Matsushita IMP Bldg.	Office	56.4%	2.8%	43.6%
	Retail	47.9%	12.8%	52.1%
Matsushita Denko Bldg.		—	—	100%
Midosuji MID Bldg.		—	—	100%
Higashinoda MID Bldg.		—	—	100%
Kyobashi MID Bldg.		100%	22.8%	—
MID Shibakanasugibashi Bldg.		100%	100%	—
Konami Sport Club Kyobashi		—	—	100%
AEON Tsudanuma Shopping Center		—	—	100%

**Efforts for increasing rents to market levels
(catch-up) when renewals are due**

Notes:

- 1 Based on analysis of rent levels for new contracts in neighboring areas as of Dec 31, 2006 by data acquired through interview of major brokers
- 2 Including contracts with covenants that allow for rent revision outside of the contract renewal period and thus provide the possibility to revise rent by Dec 31, 2008 through mutual agreement

IV-2-③ Other efforts

Facility revitalization through events — Examples of events held at Twin 21 atrium



Recording of a TV program



Christmas concert



“Atrium Jack” advertisement

Tenant satisfaction survey

- Tenants of following buildings were surveyed :
Twin 21, Matsushita IMP Bldg.,
Kyobashi MID Bldg.
- Survey conducted from
Dec 1, 2006 to Dec 25, 2006
(Results report received on Jan 31, 2007)
- # of sampling 168 tenants
- Survey conducted by:
AD Dentsu Osaka Inc. & Dentsu Research

Outcome of the survey —level of CSI (Note 1) (abstract)

Factor	CSI
Good ambient environment	74.4点
Good behavior of staff	72.0点
Speedy FM response	72.0点
Cleanness and tidiness	71.2点
Attitude of PM person	67.5点
Good management by management center	64.9点

Factor	CSI
Security measures	61.9点
Quality performance of buildings towards tenants	58.2点
Satisfaction level of common area	53.6点
Satisfaction level of multi facility	49.7点

Identify issues

Efforts for structuring an action plan for revitalization of retail centers based on appropriate capital investment and improved services

Note 1 CSI (Customer Satisfaction Index): Customers were asked to assess the facilities and services of the buildings. Each item is evaluated on a 100-point scale, after making adjustments to the gap between needs (expectation) and satisfaction level

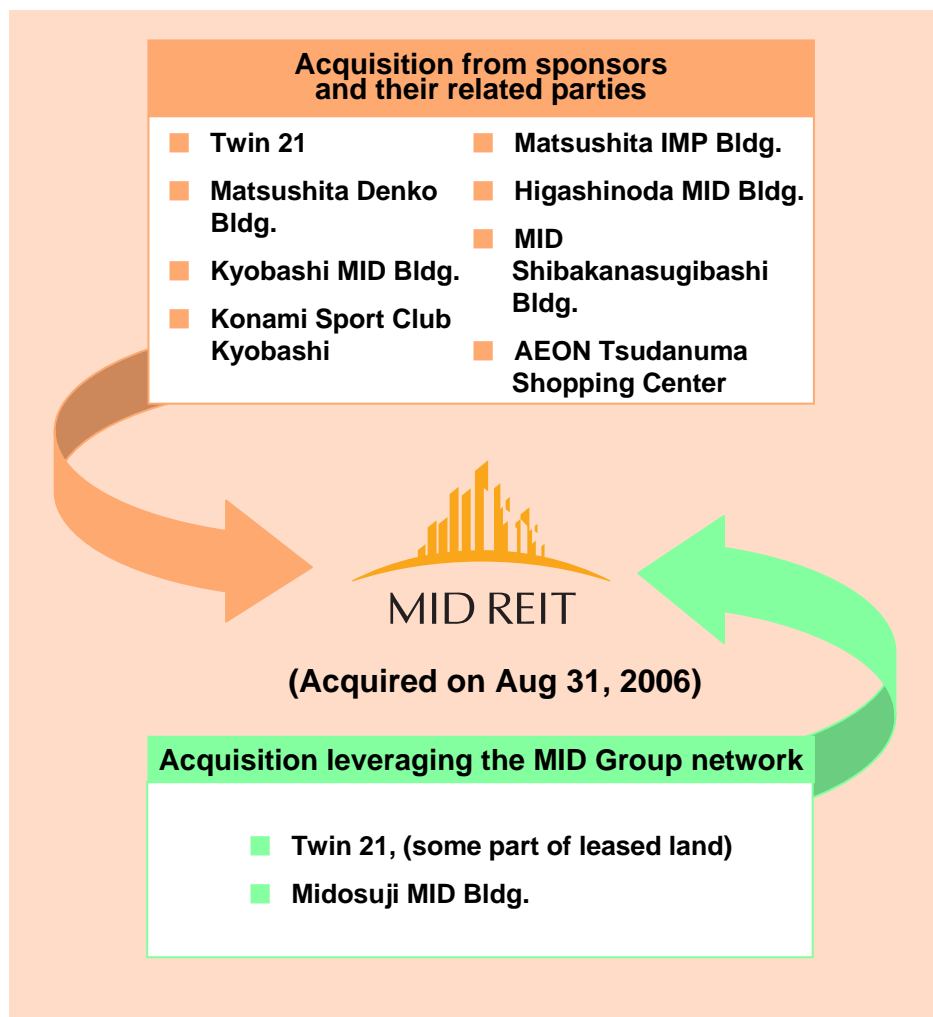


IV–3. External growth

IV-3-① Properties acquired in current Period



Acquisitions in the 1st Period



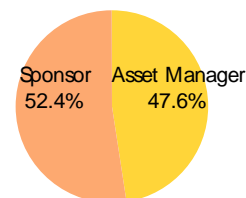
Efforts for acquisition of new properties in the 1st period

of property information 338

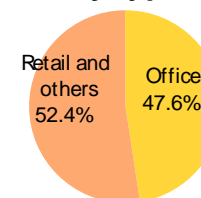
reviewed 15
acquisition decided 1

Breakdown of property information

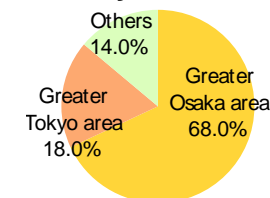
By channel



By type



By area



Property to be acquired in the 2nd Period



MID Imabashi Bldg.

- Location :Imabashi, Chuo-ku, Osaka
- Use of building: Office building
- GFA: 7,482m²
- Acquisition price: 3,270mn
- Planned acquisition date: Apr 3, 2007
- NOI yield: 5.7% (Based on appraised value)

IV-3-② Future strategies

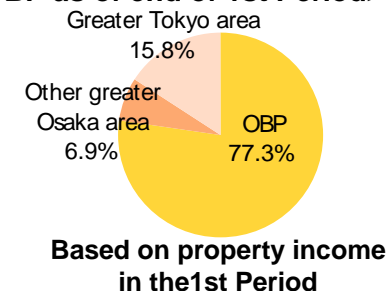
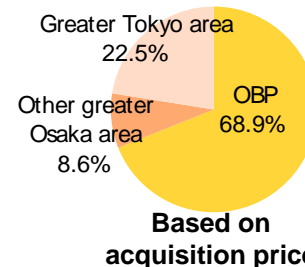
Issues

- mitigate concentration on “OBP”
- deal with factors that may lead to profit decline (property tax effect etc.)

Response

Acquire quality properties at appropriate prices

<Reference: concentration on OBP as of end of 1st Period>



Target long-term and stable growth of EPS

Image of external growth leveraging unused loan capacity up to LTV (Note 1)

- Simulation of impact on property acquisition capabilities and dividends by changes in LTV level

LTV limited to 60% in principle under financial policy

LTV at end of 1st Period 36.9%

- CASE: LTV assumed to be in the 40%, based on conditions for years without extraordinary items

Debt finance c.JPY30bn(LTV46.5%)

Property acquisition capabilities excluding OBP (c. JPY30.0bn)

Contribution to Dividends: c.JPY1,600 - JPY2,000/unit

Concentration on OBP(based on acquisition price): c. 56%

<preconditions for property acquisition>
 • NOI yield: assumed level 5.0–5.5%
 • NOI: JPY1.50bn–1.65bn p.a.
 • available for distribution: JPY600mn–JPY750mn p.a.

Appropriated for acquisition of MID Imabashi Bldg. JPY3.3bn

B/S of MID REIT (illustrated)

New acquisitions c. JPY30bn

Non-current assets JPY147.5bn

Current assets JPY18.8bn (incl. deposit release JPY8.5bn)

New debt c. JPY30bn

Debt JPY 61.3bn

NAV JPY92.2bn

Tenant & guaranty deposits JPY11.2bn

other JPY1.6bn

Note 1 The chart illustrates a case whereby unused loan capacity up to LTV is used to raise funds for acquisition of new properties through debt, to use such funds for acquisition of new properties in line with the above assumptions. However, the chart shall not be construed as a guarantee or commitment to achieve the above illustrated growth level going forward, or contribution to dividends or mitigation of concentration on OBP



V . Financial strategy

V Financial summary—Loans ①

Breakdown of debt

Type	Lenders		Borrowing date	Year end balance	Average interest rate (Note 1)	Repayment by	Repayment method	Usage	Remarks
Long-term debt	Term loan (2yrs) (Note 2)	Mizuho Corporate Bank, Sumitomo T&B, Sumitomo Mitsui Bank, Shinsei Bank, Resona Bank, Bank of Ikeda, Hyakugo Bank, Yamaguchi Bank, Tokyo Marine & Nichido Fire Insurance	Aug 31, 2006	JPY21.3bn	0.763%	Aug 31, 2008	Bullet payment	(Note 4)	secured
	Term loan (3yrs) (Note 2) (Note 3)	Mizuho Corporate Bank, Sumitomo T&B, Sumitomo Mitsui Bank, Shinsei Bank, Resona Bank, Mitsubishi UFJ T&B, Aozora Bank, Bank of Ikeda, Sampo Japan	Aug 31, 2006	JPY20.0bn	1.447%	Aug 31, 2009	Bullet payment	(Note 4)	secured
	Term loan (4yrs) (Note 2) (Note 3)	Mizuho Corporate Bank, Sumitomo T&B, Sumitomo Mitsui Bank, Shinsei Bank, Resona Bank, Aozora Bank, Bank of Ikeda,	Aug 31, 2006	JPY20.0bn	1.699%	Aug 31, 2010	Bullet payment	(Note 4)	secured
	Total		—	JPY61.3bn	1.292%	—	—	—	—

Notes:

- 1 Average interest rate shows the weighted average interest rate with figures rounded to three decimal places. For loans which were hedged against interest rate fluctuation risks through interest rate swap, we have stated the weighted average interest rate which reflects such swap
- 2 Term loans (2yrs, 3yrs, 4yrs respectively) are co-financed by the banks in the list
- 3 Term loans (3yrs, 4yrs respectively) are hedged against interest fluctuation risks through interest rate swap
- 4 Funds are used for purchase of beneficiary interests in real estate trust, etc.

Credit line

Type	Lenders	Credit line	Available period	Use of funds
Basic agreement of credit line	Mizuho Corporate Bank, Sumitomo T&B, Sumitomo Mitsui Bank, Shinsei Bank	JPY10.0bn	Aug 31, 2006 – Aug 31, 2007	Future acquisition and payment of related expenses

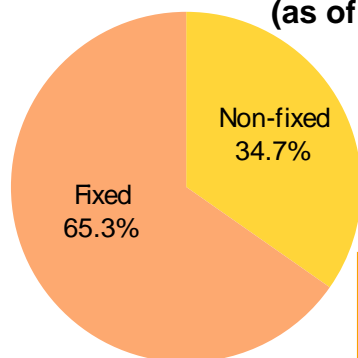


V Financial condition— Details on debt ②



Ratio of fixed/floating rate

(as of Dec 31, 2006)

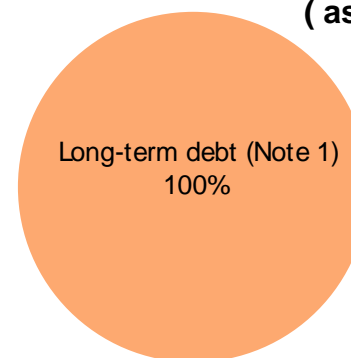


Weighted average
interest rate : 1.29%

Duration: 2.98yrs

Ratio of Long-term/short-term debt

(as of Dec 31, 2006)

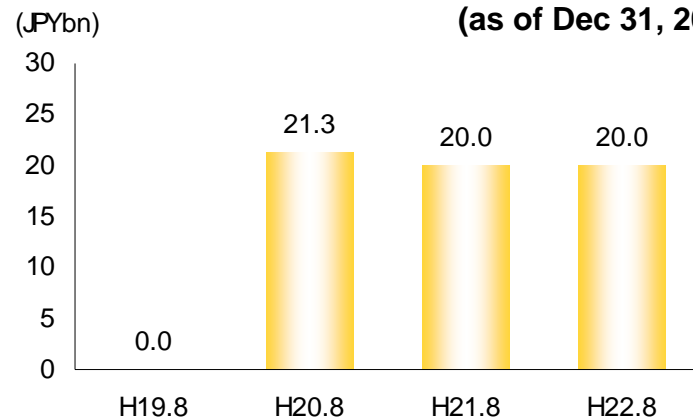


Note:

1 Long-term debt has maturities that are longer than one year

Diversification of repayment dates

(as of Dec 31, 2006)



Rating acquisition



A (Stable)

Research & Investment Institution Inc.

- Rating agency: R&I
- Obtained : issuer rating
- Obtained date : Jan 22, 2007

Issues for 2nd Period and after

- hedge against interest rate hike through fixed from floating on long-term debts with interest and cascading of repayment dates
- shift to non-secured debts to increase ability to flexibility raise funds



VI. Corporate Governance



VI-① Corporate governance scheme



Administration of the scheme by Asset manager

1 st Period of the REIT (Jun 1, 2006- Dec 31, 2006)			
Decision making body	# of meetings held	Total # of resolutions	Total # of reports
Compliance Committee	6	16	7
Investment Committee	12	28	16
Board of Directors	12	47	27

Administration of the scheme by the REIT and increased monitoring of the asset manager

1 st Period of the REIT (Jun 1, 2006- Dec 31, 2006)			
MID REIT Board of Directors	# of meetings held	Total # of resolutions	Total # of reports
	10	27	27

【Increased monitoring of asset manager】

- Non double-hatting by Executive Directors of the REIT and asset manager's president to ensure check and balance function
- Business audit by supervisory directors
physical inspection of documents, on-site inspection of assets managed by the REIT, interviews to employees of asset manager on execution of duties based on the audit plan drafted by supervisory directors
- Cooperation with the financial auditor
Audit report meetings held in each accounting period (For 1st Period, held on Feb 5, 2007)

Detailed, transparent and highly objective corporate governance structure



VI-② Compliance Scheme of Asset Manager



Basic Idea about Compliance

MID REIT Management fully recognizes its social responsibilities and mission as an investment trust management company and commits itself to positioning and exercise thorough compliance as its key management principle to manage assets of the REIT in a manner that is appropriate and fair

Action Guideline

MID REIT Management aims to contribute to the sound growth of J-REITs through management of the assets for MID REIT, its investment corporation, and implementation of internal control measures based on self-responsibility to pursue fairness and transparency in its business. MID REIT Management not only recognizes compliance as a rule that dictates compliance with the laws and regulations but as a scheme that defines the thought and attitude for commitment to sustainable growth of the company through integrity and fairness in its business activities and fulfilment of social responsibilities

Specific Initiatives

Compliance Officer

Appointment of a compliance officer who is responsible for compliance and establishment of a compliance scheme within the company to heighten the consciousness of directors and employees for compliance with the laws and regulations and other rules, and monitor/supervise their compliance in their day-to-day work

Compliance Committee

Aimed to communicate and ensure compliance with the laws and regulations, rules, and others; and examine/resolve on important matters including the basics of compliance and conflicts of interests.

Compliance Committee structured of the Compliance Officer, Directors and Auditors of the REIT, and independent professional advisors designated by the Board. Requirements for resolution include attendance by more than 2/3 of members with voting rights (mandatory attendance for Compliance Officer), approval by more than 2/3 of members with voting rights, and approval by independent professional advisors .

Compliance rules and training

"Compliance rules" created to serve as internal rules that define the basics of compliance, and "Compliance program" created as guideline for their execution. Also, a "Manual on Compliance" distributed to all directors and employees as guidebook.

Regular hosting of compliance training sessions (9 times by end of 1st Period) and online distribution of "Compliance News" (36 times by end of 1st Period) to familiarize directors and employees with the compliance procedures and raise their awareness of compliance.

Checking system for transactions with sponsor related parties

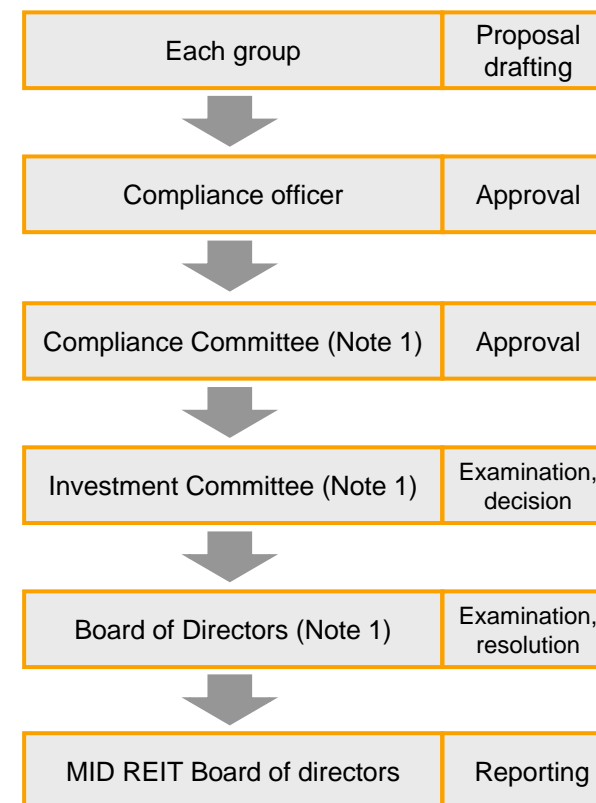
《transaction and property selection criteria (policy)》

Property acquisition/sale	<ul style="list-style-type: none"> Transaction has to comply with following criteria: Acquisition price \leq appraised value, appraised value \leq disposal value
Property leasing	<ul style="list-style-type: none"> Leasing terms must be appropriate and fair measured by prevailing market conditions
Sale/leasing agent commissions	<ul style="list-style-type: none"> Commissions must be within limits set by the Building Lots and Building Transaction Business Law
Commissioning of portfolio/property management	<ul style="list-style-type: none"> examine comprehensively if company to be commissioned satisfies required conditions and terms and if fee level is appropriate
Contracting of construction works (JPY1mn +)	<ul style="list-style-type: none"> check that quotations are not notably different from quotations by third parties

《Definition of sponsor related parties》

- (a) interested persons as defined by the Investment Trust Law
- (b) shareholders of asset manager; subsidiaries/affiliates of the shareholders of the asset manager by consolidated accounting standards
- (c) Funds who have entrusted Aetos Capital LLC with fund management, asset management or investment advisory services
- (d) SPCs in which (a) or (c) holds a 20% stake through investment, Tokumei Kumiai investment, or senior investment

《Decision-making process》



Note:

1 Those who have status as board of the sponsor company (excl. loan employee or employee after transfer) cannot join resolutions

Strict checking system and detailed examination material in place for transactions with sponsor related parties



VII. Appendix. 1

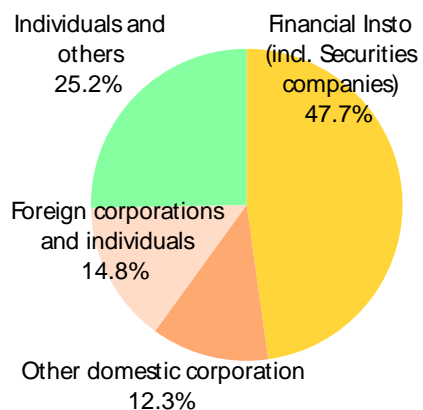


VII-① Unitholder details

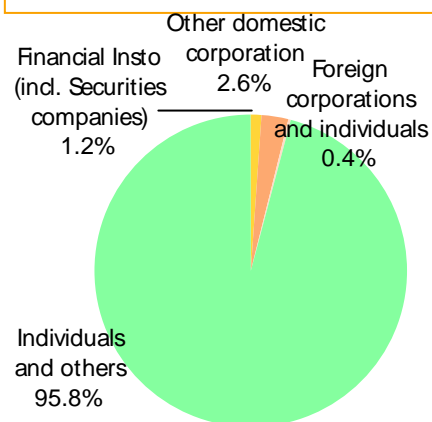


■ Distribution of units (as of Dec 31, 2006)

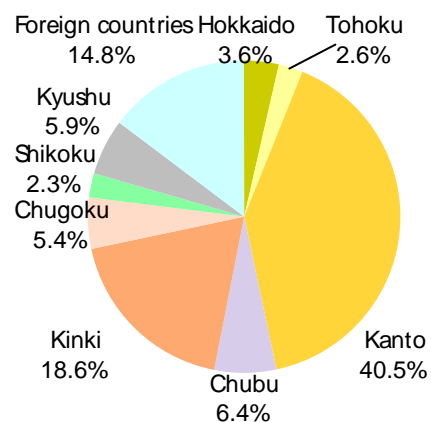
Breakdown of units by investor type based on number of units



Breakdown of investors by investor type based on number of investors



Breakdown of units by region based on their number



■ Top 10 unitholders (as of Dec 31, 2006)

Name	# of units owned (units)	Ratio of ownership to total unit outstanding (%)
NikkoCiti Trust and Banking Corporation (Investment trust account)	13,521	7.36
MID Urban Development	9,200	5.01
CGML London Equity	9,100	4.96
Japan Trustee Services Bank (Trust account)	7,716	4.20
Hiroshima Bank	6,837	3.72
Bank of Ikeda	5,950	3.24
Morgan Stanley & Co., Inc.	5,245	2.86
North Pacific Bank	4,580	2.49
Shinwa Bank	3,213	1.75
Joyo Bank	2,940	1.60

Note:

1 Ratio of ownership to total unit outstanding is rounded to three decimal places

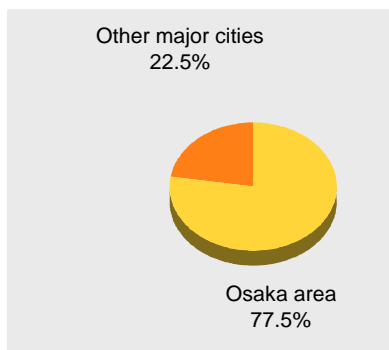


VII-② Portfolio diversification

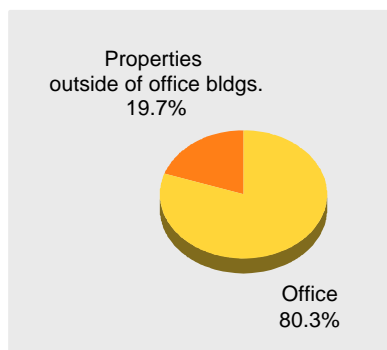


As of December 31, 2006

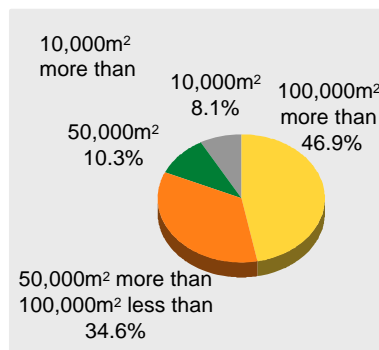
By area



By type



By size (GFA)



Note 1: The ratios are the ratios for the scheduled acquisition price totals by classification towards the total scheduled acquisition price, and are listed rounded off to the 2nd place. As such, there may be cases where these do not add up to 100.00% for the totals.

Osaka Business Park (OBP)

Matsushita Denko Bldg.



Matsushita IMP Bldg.

Twin 21

Midosuji MID Bldg.

Konami Sports Club Kyobashi

Higashinoda MID Bldg.

MID Shibakanasugibashi Bldg.

Kyobashi MID Bldg.

AEON Tsudanuma Shopping Center



VII-③ MID REIT portfolio



As of December 31, 2006

As of December 31, 2006										
Type	Area	Prop. #	Prop. name	Location	Appraised value (JPYmn)	Acquisition price (Note 1) (JPYmn)	Investment ratio (Note 2) (%)	Completion date	Leasable space (m ²)	PML (%)
Office	Osaka area	1	Twin 21 (Note 3)	Chuo-ku, Osaka	68,907	68,700	46.9	3/86	82,475.86	3.2
		2	Matsushita IMP Bldg.	Chuo-ku, Osaka	24,600	24,600	16.8	2/93, added on to in 11/03	36,838.58	3.0
		3	Matsushita Denko Bldg.	Chuo-ku, Osaka	7,620	7,620	5.2	8/74	12,684.52	7.0
		4	Midosuji MID Bldg.	Chuo-ku, Osaka	7,520	7,500	5.1	10/80	16,186.37	13.4
		5	Higashinoda MID Bldg.	Miyakojima-ku, Osaka	2,300	2,300	1.6	2/00	5,098.10	6.7
	Other major cities	6	Kyobashi MID bldg.	Chuo-ku, Tokyo	5,690	5,690	3.9	5/81, added on to in 3/82	5,175.77	14.7
		7	MID Shibakanasugibashi Bldg.	Minato-ku, Tokyo	1,160	1,160	0.8	1/95	1,989.27	8.8
Sub-total				—	117,797	117,570	80.3	—	160,448.47	—
Non-office	Osaka area	8	Konami Sports Club Kyobashi	Miyakojima-ku, Osaka	2,780	2,780	1.9	6/99	9,586.26	8.9
	Other major cities	9	AEON Tsudanuma Shopping Center	Narashino-shi, Chiba	26,100	26,100	17.8	9/03	101,542.52	6.5
Sub-total				—	28,880	28,880	19.7	—	111,128.78	—
Total				—	146,677	146,450	100.0	—	271,577.25	2.9

Notes:

1 "Acquisition price" states the sale price which is stated in the sales contract for the Trust beneficiary interests (expenses related to the transaction, property tax and consumption tax are not included)

2 "Investment ratio (%)" is listed rounded off to the 2nd place. As such, there may be cases where these do not add up to 100.00% for the totals.

3 Twin21 and Twin21(parial limited rights land) are listed as one property.

VII-④ Portfolio value at end of period

As of December 31, 2006

As of December 31, 2006				Acquisition value (A) (JPYmn) (Note 1)	Appropriated to BS (JPYmn) (Note 2)	Appraisal value (B) (JPYmn) (Note 3)	Change (B/A-1) (%)	
Type	Area	Prop. #	Prop. name					Appraisal company
Office	Osaka area	1	Twin 21 (Note 4)	68,700	68,995	70,900	3.2	Morii Appraisal & Investment Consulting Inc.
		2	Matsushita IMP Bldg.	24,600	24,735	25,100	2.0	Tanizawa Sogo Appraisal Co., Ltd.
		3	Matsushita Denko Bldg.	7,620	7,656	7,620	0.0	Morii Appraisal & Investment Consulting Inc.
		4	Midosuji MID Bldg.	7,500	7,581	8,180	9.1	Tanizawa Sogo Appraisal Co., Ltd.
		5	Higashinoda MID Bldg.	2,300	2,316	2,360	2.6	Tanizawa Sogo Appraisal Co., Ltd.
	Other major cities	6	Kyobashi MID bldg.	5,690	5,753	5,970	4.9	Tanizawa Sogo Appraisal Co., Ltd.
		7	MID Shibakanasugibashi Bldg.	1,160	1,174	1,180	1.7	Tanizawa Sogo Appraisal Co., Ltd.
Sub-total				117,570	118,213	121,310	3.2	—
Non-office	Osaka area	8	Konami Sports Club Kyobashi	2,780	2,798	2,780	0.0	Daiwa Real Estate Appraisal Corp.
	Other major cities	9	AEON Tsudanuma Shopping Center	26,100	26,210	26,100	0.0	Daiwa Real Estate Appraisal Corp.
Sub-total				28,880	29,008	28,880	0.0	—
Total				146,450	147,222	150,190	2.6	—

Notes:

- 1 "Acquisition value" states the sale price which is stated in the sales contract for the Trust beneficiary interests (expenses related to the transaction, property tax and consumption tax are not included)
- 2 "Appropriated toBS" state the acquisition price (and expenses related thereto) of Land, Building, Structure, Machines & equipment, Tools, furniture& fixtures and Construction in progress added up less Total depreciation of such assets
- 3 "Appraisal value" state the values that appear in the appraisal reports of Tanizawa, Morii Appraisal & Investment Consulting, and Daiwa Real Estate Appraisal as of Dec 31, 2006 which are based on MID REIT's rules on calculation, methods and criteria for asset appraisal defined in the Business Regulations (Kiyaku) and rules of the Investment Trust Association (Toshin Kyokai)
- 4 Includes the Trust beneficiary interest of Twin 21 (partial ownership of leased land)



VII-⑤ Overview of key tenants



As of December 31, 2006

Tenant	Industry	Tenant of	Expiration of contract (Note 1)	Leased area (m ²)	Ratio within total rent area (Note 2)
Aeon	Retail	AEON Tsudanuma Shopping Center	Sep 29, 2023	101,542.52	37.7%
Matsushita Electric Industrial	Electrical equipment	Twin 21	Mar 31, 2009	40,989.73	15.2%
		Matsushita IMP Bldg.	Mar 31, 2007	4,326.51	1.6%
		Kyobashi MID Bldg.	May 31, 2008	2,804.00	1.0%
Human Academy (Note 3)	Services	Midosuji MID Bldg.	—	16,186.37	6.0%
Matsushita Electric Works	Electrical equipment	Matsushita Denko Bldg.	Mar 31, 2009	12,684.52	4.7%
Konami Sports & Life (Note 3)	Services	Konami Sport Club Kyobashi	—	9,586.26	3.6%
Nippon Computer Systems	Information & Communication	Matsushita IMP Bldg.	Apr 30, 2014	5,632.24	2.1%
Kumagai Gumi (Note 3)	Construction	Higashinoda MID Bldg.	—	5,098.10	1.9%
Asahi Breweries	Food	Matsushita IMP Bldg.	Mar 31, 2009	4,531.23	1.7%
Mizushima & Aoyama	Services	Matsushita IMP Bldg.	Jun 30, 2008	3,773.39	1.4%
Sohgo Security Services (Alsok)	Services	Matsushita IMP Bldg.	Mar 31, 2009	2,816.12	1.0%
Total				209,970.99	78.0%

Notes :

1 Expiration date of the contract with the largest leased area stated if there are multiple leasing contracts

2 Ratio within total rent area is rounded to the second decimal place. Therefore, figures may not add up to the total in the “Total” column

3 No statement on Expiration date when consent for disclosure could not be obtained from tenant

VII-⑥ Cashflow from properties in the 1st Period



(JPY'000)

Property name	Twin 21	Matsushita IMP Bldg.	Matsushita Denko Bldg.	Midosuji MID Bldg. (Note2)	Higashinoda MID Bldg. (Note2)	Kyobashi MID Bldg.	MID Shibakanasu gibashi Bldg.	Konami Sport Club Kyobashi (Note2)	AEON Tsudanuma Shopping Center	1st Period Total
Operating days	123 days	123 days	123 days	123 days	123 days	123 days	123 days	123 days	123 days	
Occupancy rate (Note4)	98.7%	97.3 %	100.0 %	100.0 %	100.0 %	95.9 %	100.0 %	100.0 %	100.0 %	99.2 %
Rent	1,475,612	525,390	176,301	—	—	111,541	26,690	—	483,870	3,082,142
CAM	440,788	208,239	35,403	—	—	17,405	—	—	—	701,836
Parking	60,020	33,306	2,903	—	—	4,642	1,451	—	—	106,111
Property income	1,976,420	766,936	214,607	—	—	133,589	28,142	—	483,870	3,890,090
Utilities	114,343	81,217	21,159	—	—	5,112	—	—	—	221,832
Other income	9,835	7,054	720	—	—	408	—	—	—	18,018
Other property income	124,178	88,271	21,879	—	—	5,521	—	—	—	239,851
①Revenue from Properties	2,100,599	855,208	236,487	—	—	139,110	28,142	—	483,870	4,129,941
Management fee	237,867	131,594	32,918	—	—	17,320	959	—	8,160	447,733
Commissions payment	—	—	—	—	—	—	—	—	—	—
Utilities	182,432	105,495	24,486	—	—	8,659	—	—	1,423	321,101
Real estate taxes	—	—	—	—	—	—	—	—	—	—
Insurance premium	5,877	3,126	548	—	—	259	101	—	—	12,353
Maintenance and repairs	15,933	18,799	1,376	—	—	244	—	—	—	41,097
Other property expenses	17,497	12,676	374	—	—	343	12	—	—	30,904
②Property expenses	459,608	271,692	59,702	—	—	26,827	1,072	—	9,583	853,190
③NOI (①—②)	1,640,991	583,515	176,784	143,042	56,443	112,283	27,069	62,333	474,287	3,276,751
④Depreciation & Amortization	252,293	147,485	24,201	18,301	8,487	10,155	3,935	12,554	74,679	552,094
⑤Property income	1,388,697	436,030	152,582	124,741	47,956	102,127	23,133	49,779	399,607	2,724,657
Capex	9,919	44,901	620	3,100	—	23,127	—	—	—	81,667

Notes:

1 Amounts of less than the nearest thousand yen are rounded

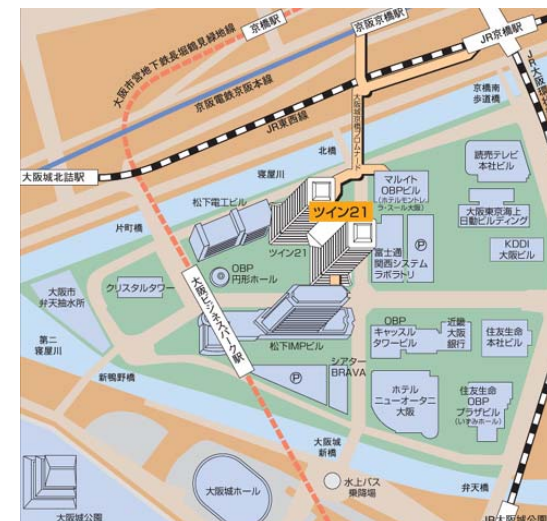
2 No detailed statement except for NOI, Depreciation & Amortization, and Property income as we could not obtain tenants' consent to disclosure of other data, however, total includes not only NOI, Depreciation & Amortization, and Property income, but also other values

3 Accounting period ending on Dec 31, 2006 starts on Jun 1, 2006 which is 214 operating days, but actual operation of assets started on Aug 31, 2006 which is 123 operating days

4 Occupancy rate states the level as of Dec 31, 2006

VII-⑦ MID REIT portfolio Part1

Twin 21



- Type: Office
- Location: Chuo-ku, Osaka
- Anticipated acquisition price: JPY61.7bn

- Land space
(Including land to right): 28,163.07m²
- Leasable floor space: 82,475.86m²
- Construction completed: 03/86

- 38 story, 150 meter high twin towers
- One of Osaka's land mark properties
- These are made up of the 'OBP Panasonic Tower', which is occupied by Matsushita Electric Industrial, and the 'MID Tower', which is occupied by various major corporations and embassies
- Directly connected to the Osaka Castle Kyobashi promenade and the Kyobashi Station, which is one of Osaka's biggest terminal stations

Office

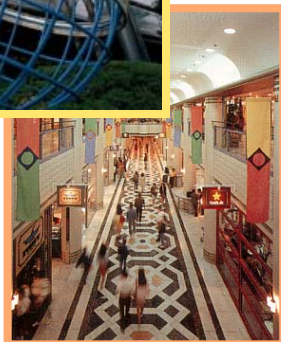
Properties outside of office properties

VII-⑧ MID REIT portfolio Part2

Matsushita IMP Bldg.



- Type: Office
- Location: Chuo-ku, Osaka
- Anticipated acquisition price: JPY24.6bn
- Land space: 14,968.25m²
- Leasable space: 36,836.49m²
- Construction completed: 2/90, added on in 11/03



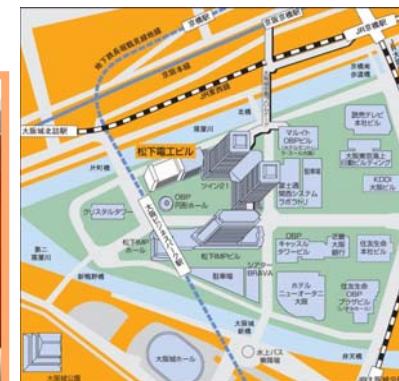
- 26-story multi-purpose sky scraper, with large office floor space as the core, as well as business facilities and event halls etc.
- Centralized operations with the connection through the Skyway connecting to Twin 21 next door
- Directly connected to the OBP station of the Osaka Municipal subway Nagahori-Trusumi line

■ Office
■ Properties outside of office properties

Matsushita Denko Bldg.



- Type: Office
- Location: Chuo-ku, Osaka
- Anticipated acquisition price: JPY7.62bn
- Land space: 3,698.55m²
- Leasable space: 12,684.52m²
- Construction completed: 8/74



- A building which has spacious floor space of over 12,000m² in leasable space, where Matsushita Denko has been the tenant since its completion
- In floors 1–3 there is the 'National Center Osaka', which is a show room of Matsushita Denko, and along with the 'Panasonic Center Osaka' of Matsushita Electric Industrial, in Twin 21, these function as the information distribution bases for the Matsushita Group in Osaka

VII-⑨ MID REIT portfolio Part3

Midosuji MID Bldg.



- Type: Office
- Location: Chuo-ku, Osaka
- Anticipated acquisition price: JPY7.5bn
- Land space: 1,705.26m²
- Leasable space: 16,186.37m²
- Construction completed: 10/80



- Located 100m north of the 'Shinsaibashi Station' of the Osaka municipal subway Midosuji Line, being a commercial area with lots of mid to high skyscrapers and office properties surrounding the area
- There is huge attractiveness with the visibility, the flourishing area, and the convenient access
- The exterior is also an elaborate design

AEON Tsudanuma Shopping Center



- Type: Retail
- Location: Narashino-shi, Chiba
- Anticipated acquisition price: JPY26.1bn
- Land space: 29,397.03m²
- Leasable space: 101,542.52m²
- Construction completed: 9/03



- Huge commercial facility directly connected to the 'Shin-Tsudanuma Station' on the Shin-Keisei line
- Urban shopping center with 1 basement floor and 5 upper floor, with 80 specialty shops supported by the core store 'JUSCO Tsudanuma'
- Located a 3 minute walk from the 'Tsudanuma Station' on the JR Sobu line

VII-⑩ MID REIT portfolio Part4

Higashinoda MID Bldg.



- Type: Office
- Location: Toshima-ku, Osaka
- Anticipated acquisition price: JPY2.3bn
- Land space: 1,062.53m²
- Leasable space: 5,098.10m²
- Construction completed: 2/00

- Located near the 'Kyobashi' station on the Osaka municipal subway Nagahori-Tsurumi line, positioned within walking distance from the 'Kyohashi' station of the JR Kanjo line and the Keihan line

Kyobashi MID Bldg.



- Type: Office
- Location: Chuo-ku, Tokyo
- Anticipated acquisition price: JPY5.69bn
- Land space: 926.53m²
- Leasable space: 5,175.77m²
- Construction completed: 5/81, added on to in 3/82

- Located in the Kyobashi area, which is the main office area in the ward, 50m south east of the 'Takara-cho' station on the Asakusa subway line
- It is in a great location facing the 'Showa Dori (street)'

Konami Sport Club Kyobashi



- Type: Retail
- Location: Toshima-ku, Osaka
- Anticipated acquisition price: JPY2.78bn
- Land space: 2,339.35m²
- Leasable space: 9,586.26m²
- Construction completed: 6/99

- Located very near the 'Kyobashi' station on the Osaka municipal subway Nagahori-Tsurumi line, positioned within walking distance of 2 minutes from the 'Kyohashi' station of the JR Kanjo line and the Keihan line
- Located in an area of high potential for gathering clients for a sports club

MID Shibakanasugibashi Bldg.



- Type: Office
- Location: Minato-ku, Tokyo
- Anticipated acquisition price: JPY1.16bn
- Land space: 430.21m²
- Leasable space: 1,989.27m²
- Construction completed: 1/95

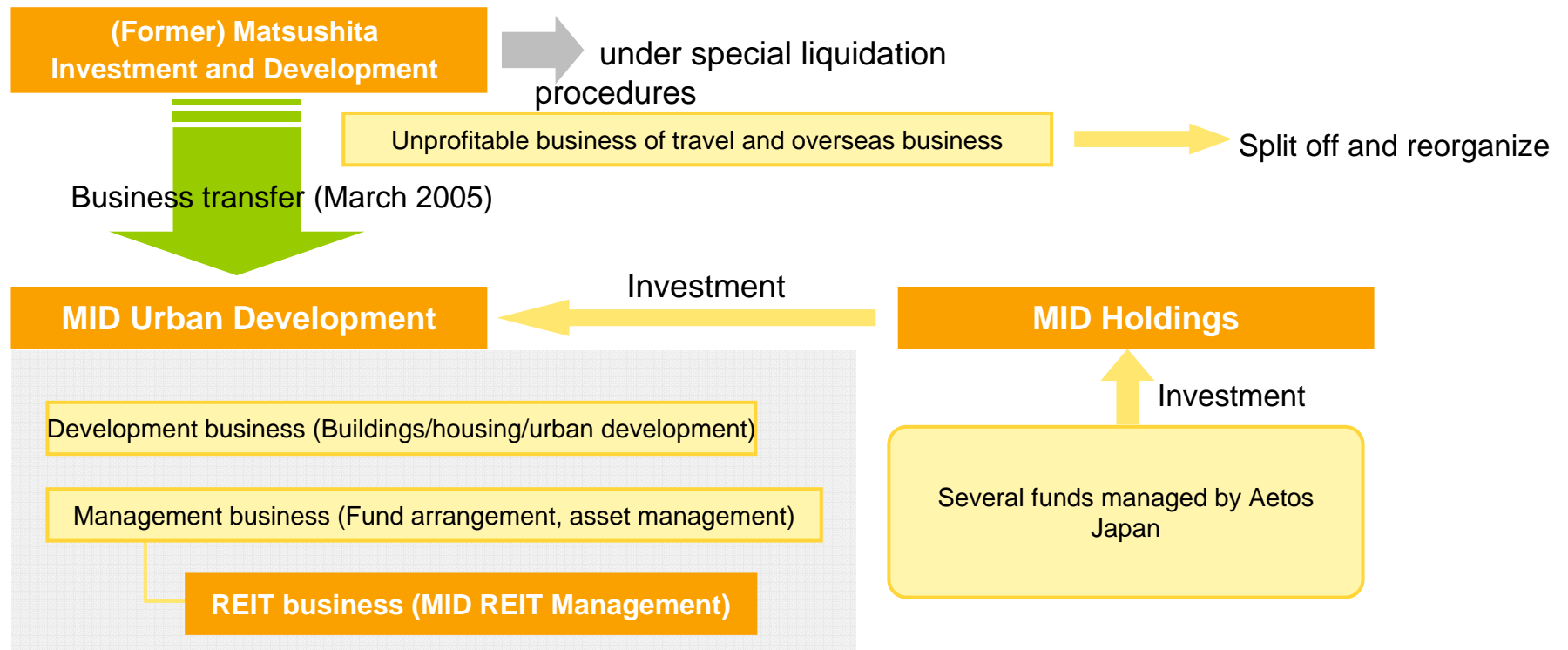
- It is positioned in a great location for access and visibility, facing highway 15, with an entrance of 36 meters, being 450 south of the 'Daimon' station on the Asakusa and Oedo subway lines
- Great demand for office space in this area



VII-⑪ Reorganization of the former Matsushita Investment and Development



The Matsushita Investment and Development Group, which preceded the MID Group, worked in the real estate related industry, the travel industry and overseas businesses, with the core lying in the Matsushita Investment and Development (currently Toyohide Industrial KK), and the investors in the company are mainly those related parties and companies related to Mr. Konosuke Matsushita, deceased, normally, and also, Matsushita Electric Industrial as well holds 31% of the outstanding common stock of the company. Subsequently, the Matsushita Investment and Development Group established MID Holdings, and in March of 2005, as a part of the business restructuring, in order to improve the worsening financial status, due to excess investments etc. in the travel industry and overseas businesses of Matsushita Investment and Development, which had come under the umbrella of this holding company, the real estate related business of the company was transferred to another business under the umbrella of the said holding company (the said company, at the time of the business transfer, while using the trade name of Matsushita Investment and Development, in September 2005, this was changed to the current trade name of MID Urban Development), where it is now part of the MID Group currently.

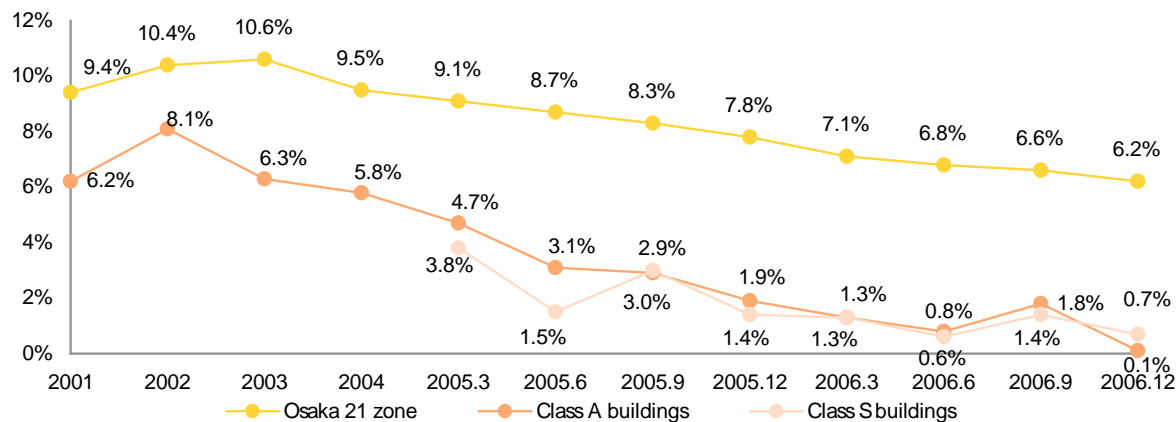




VIII. Appendix. 2 (Osaka market data)

VIII-① Changes in office building vacancy rates

Changes in vacancy rates in Osaka's office zone



Ranking of vacancy rates in Osaka office area (December 2006)

Ranking	Area	Vacancy rates
1	OBP	0.8%
2	Umeda	1.7%
3	Yodoyabashi	1.2%
4	Dojima, Nakanoshima	2.9%
5	Nakatsu	4.6%

	Criteria of Class A buildings	Criteria of Class S buildings
Location	Standard features of Class A Office Buildings Located in well-established office areas in Osaka City, namely in Chuo-ku, Kita-ku, Nishi-ku, and Yodogawa-ku	Standard features of Class S Office Buildings Located in areas, including those listed on the left, which are well-known office building areas
Proximity	Within 5 minutes walk of the station ticket gates	The same as for Class A Buildings
Total floor area	Generally over 16,529m ² (5,000 tsubo)	Over 33,058m ² (10,000 tsubo)
Typical floor plate area	Over 661m ² (200 tsubo)	Over 992m ² (300 tsubo)
Building age	Less than 21 years old	Less than 11 years old
Building features	Ceiling height: higher than 2.6m, air conditioning adjustable for multiple zones within each floor. Under floor wiring: 3 WAY or free access, 24 hour building access	Facilities of a higher grade than Class A Office Buildings
Others	-	As a rule Class S Buildings should meet the standards listed above, however all factors will be taken into consideration, including whether the building is a landmark, its functionality and grade

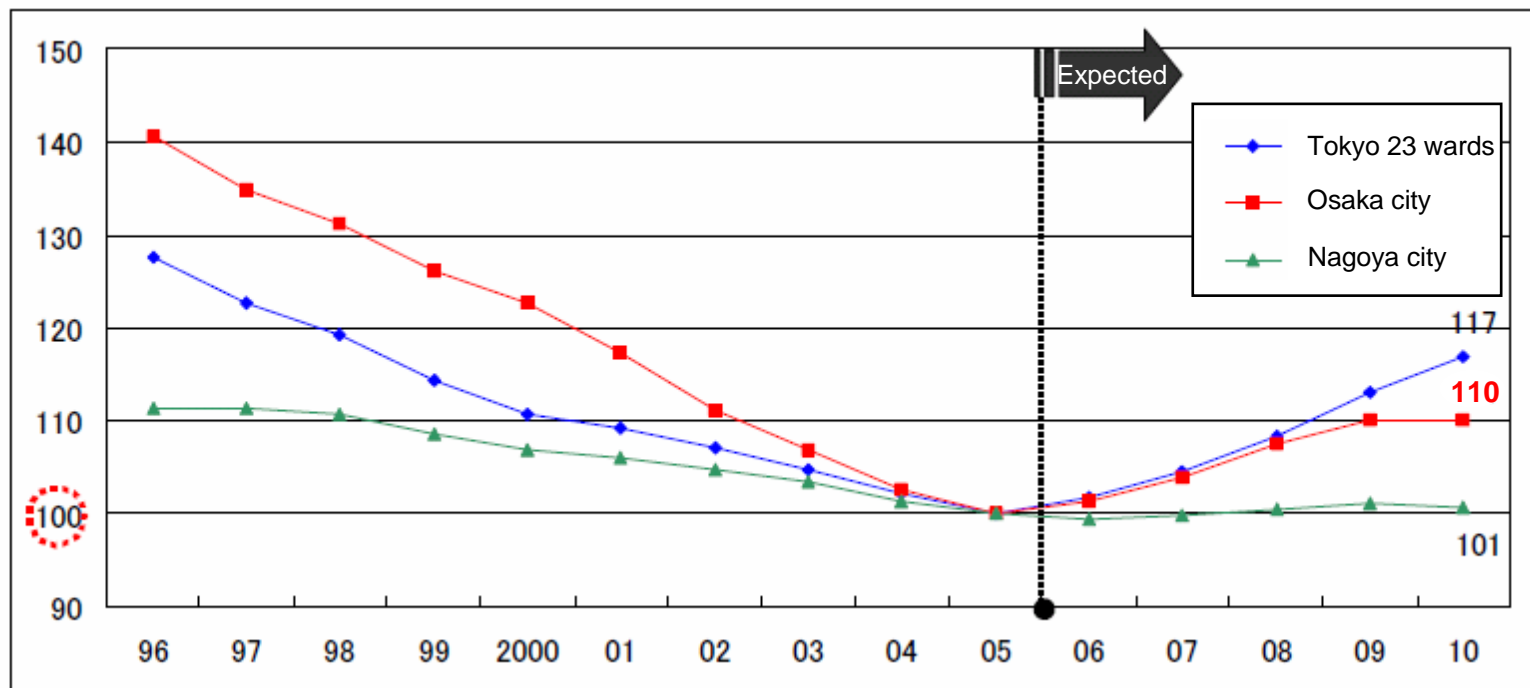
Note:

- Osaka 21 Zone comprises key office areas in Osaka such as Yodoyabashi, Kitahama, Honmachi, Sakaisuji Honmachi, Tenmabashi, Tanimachi 4-chome, OBP, Higobashi, Nishihonmachi, Yotsubashi, Shinsaibashi, Nagahoribashi, Namba, Umeda, Dojima/Nakanoshima, Nishi-Tenma/Minamimorimachi, Nakatsu, Fukushima, Shin-Osaka, Tennoji/Abeno, Esaka

Source: Ikoma Data Service System "Office market update (YE Dec 2006), Kinki edition" (Jan 9, 2007)

VIII-② Changes in office building rent levels

Changes in office rent for three major cities (value in 2005=100)



Note: Changes in rent indices: Real rent in each year (solicited rent + investment return on deposits (deposits x 6%)) indexed to 2005=100

Source: Ikoma Data Service System "Update on the office market conditions in the 3 major and key regional cities 2006"(Jun 21, 2006)



VIII-③ New supply of office buildings



■ New construction of office buildings from 2007 to 2012 (Key office areas in Osaka)

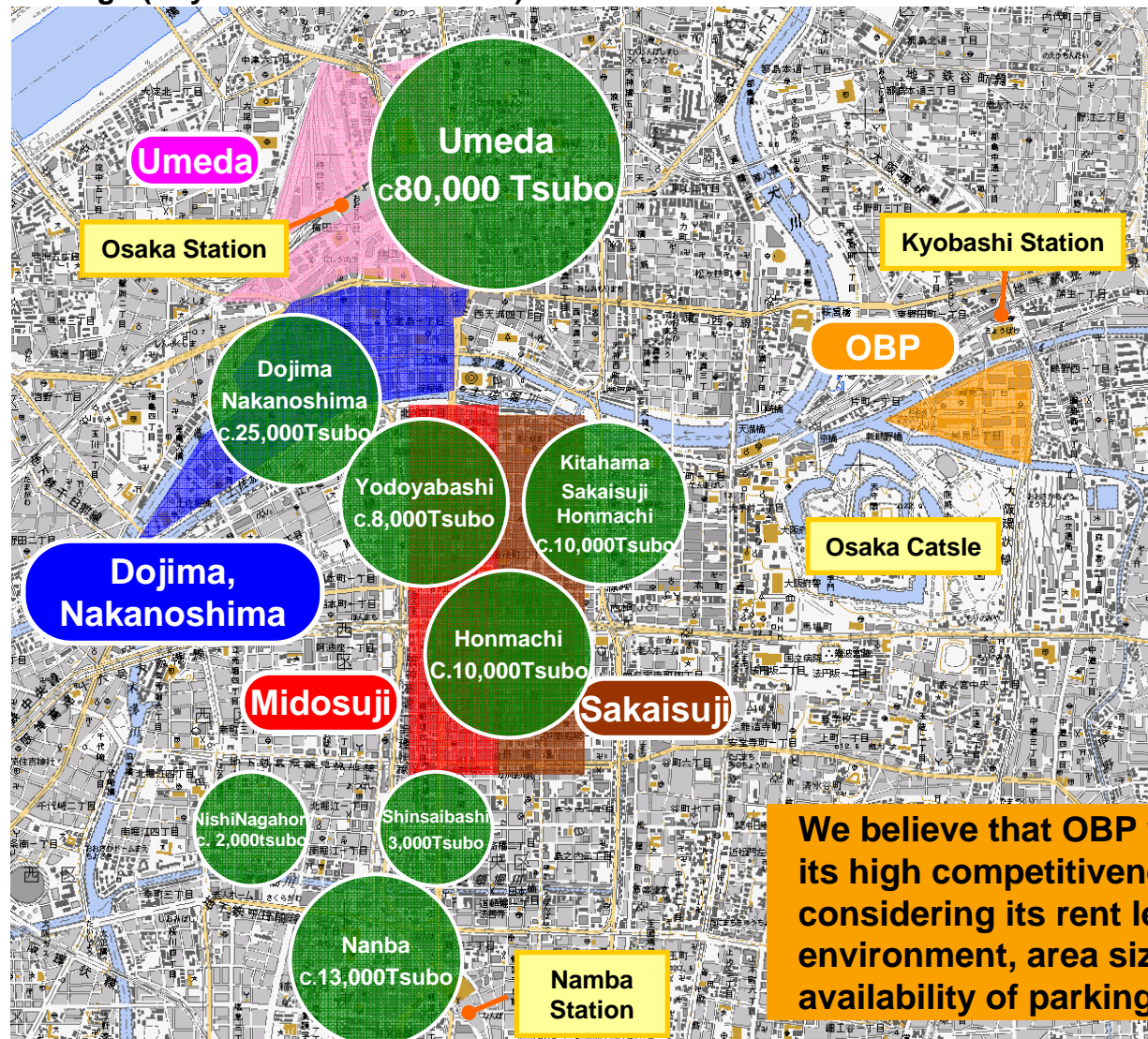
In Tsubo, () in m²

Completion in	Leased area		Area	Remarks
	Total			
2007	23,700 (78,300)	3,100 (10,300)	Nishinagahori	
		1,100 (3,500)	Shin Osaka Minami	
		800 (2,800)	Shin Osaka Kita	
		4,000 (13,100)	Honmachi	
		1,900 (6,200)	Shinsaibashi	
		6,500 (21,600)	Umeda	
		1,600 (5,200)	Dojima, Nakanoshima	
		4,700 (15,600)	Umeda	
2008	30,400 (100,500)	4,200 (13,700)	Shin Osaka Kita	
		3,100 (10,200)	Kitahama	(tentative name) Kitahama MID Bldg.
		7,600 (25,200)	Yodoyabashi	
		4,000 (13,200)	Sakaisuji Honmachi	
		9,100 (30,200)	Umeda	
		2,400 (8,000)	Sakaisuji Honmachi	
2009	54,600 (180,400)	14,600 (48,300)	Dojima, Nakanoshima	
		20,800 (68,800)	Umeda	
		6,400 (21,200)	Honmachi	
		12,800 (42,100)	Namba	
2010	10,000 (33,100)	10,000 (33,100)	Umeda	
2011	29,200 (96,500)	6,800 (22,400)	Umeda	
		22,400 (74,100)	Umeda	
2012	8,400 (27,800)	8,400 (27,800)	Dojima, Nakanoshima	

Source :MID REIT Management

VIII-④ New supply of office buildings

■ New supply of leased area from 2007 to 2012, through new construction of office buildings (Key office areas in Osaka)

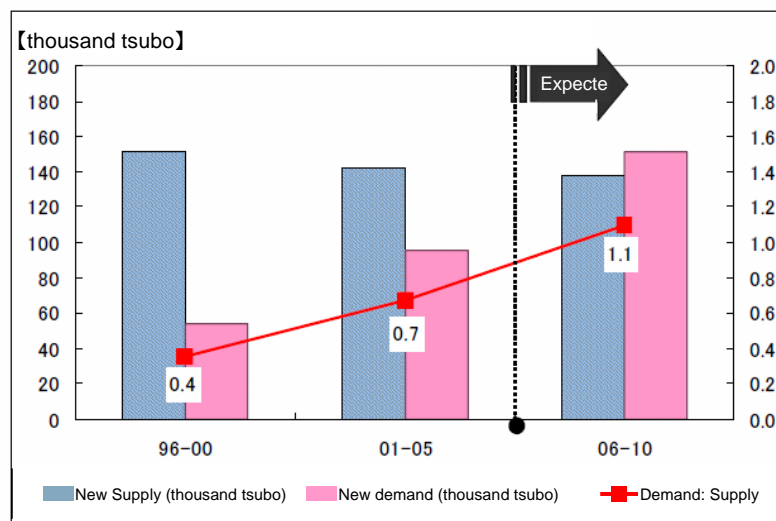


We believe that OBP will maintain its high competitiveness considering its rent levels, ambient environment, area size per floor and availability of parking space

Source: MID REIT Management

VIII-⑤ Analysis of future supply and demand for office buildings

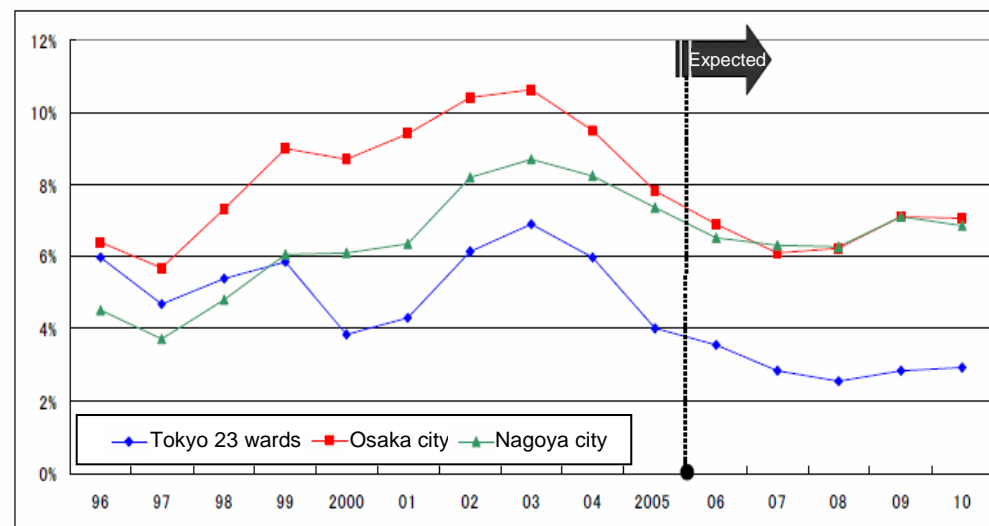
Changes in balance of supply and demand in Osaka City



Osaka

- New supply of office buildings for 2006–2010 will be approx 140,000 tsubo (approx. 462,810m²). While there will be some large-scale projects, predominantly in the Umeda district, the supply amount is average for the whole city over a five year period. These projected levels stand comparison with the 2001–2005 period which included large-scale developments in the city particularly in 2003 and 2004
- New supply levels are projected to exceed 150,000 tsubo (approx. 495,868m²), which represents strong growth even when compared to the past 10 years. The strong growth can be attributed to stable economic growth and the supply of excellent properties which have in turn stimulated demand
- As a result, growth in demand will be more than sufficient to offset new supply with the ratio of new supply to new demand being 1:1

Projected trends for vacancy rates



Source: K.K. Ikoma Data Service System

Source: Ikoma Data Service System "Update on the office market conditions in the 3 major and key regional cities 2006" (Jun 21, 2006)



VIII-⑥ Property trading market situation

Comparison of Expected cap rate vs. Trading cap rate

Expected cap rate and Trading cap rate of A Class Buildings of
standard size in each area
(Data as of Oct 1, 2006) () shows previous survey data
(as of April 1, 2006)

Area	Expected cap rate	Trading cap rate
Tokyo Nihonbashi area	4.5% (4.7%)	4.2% (4.5%)
Nagoya station area	5.2% (5.5%)	4.9% (5.0%)
Osaka along Midosuji	5.3% (5.5%)	4.9% (5.0%)
Fukuoka Tenjin area	5.5% (5.8%)	5.2% (5.5%)

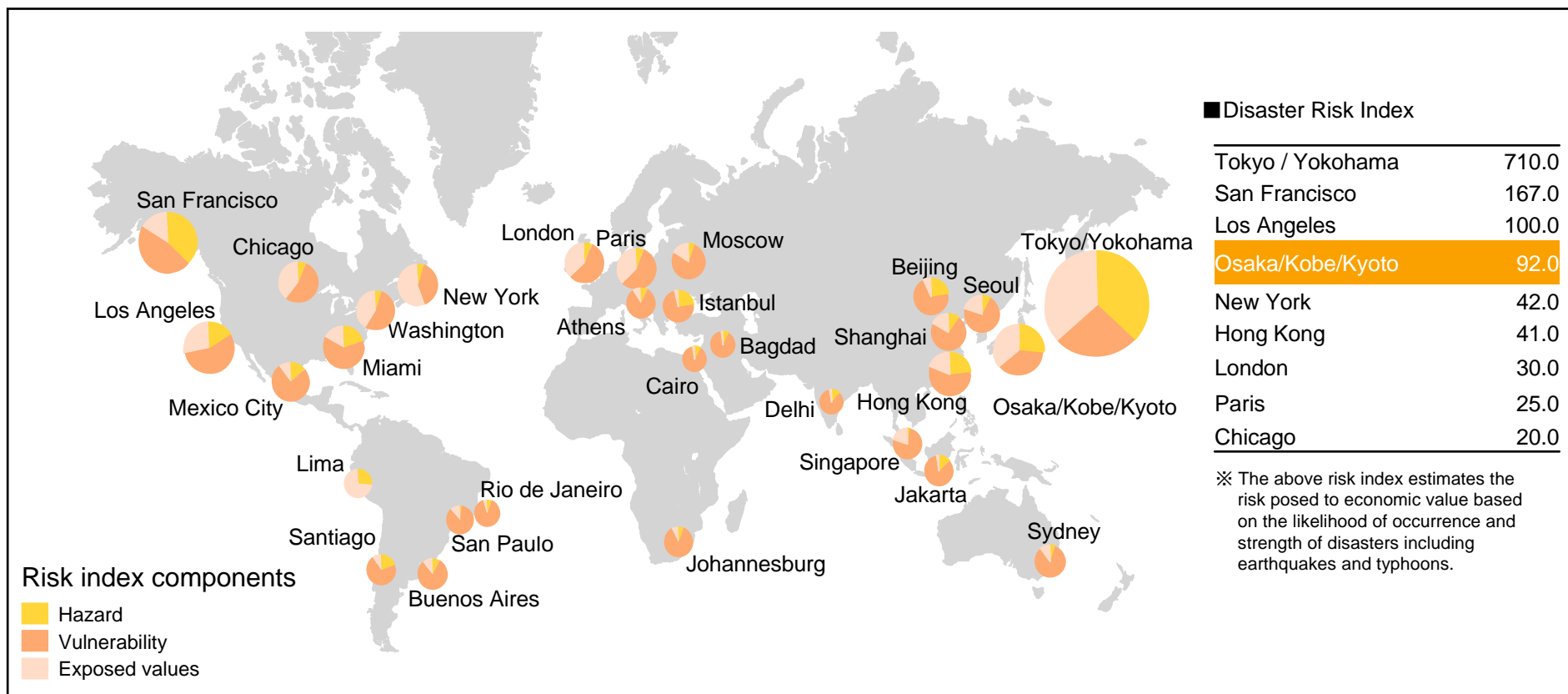
Source: Japan Real Estate Institute "Research data for real estate investors No.15" (as of October, 2006)



VIII-⑦ Disaster Risk



Disaster risk index for major cities around the world



Source: Munich Reinsurance Company's Annual Report (2002)

VIII—⑧ Outlook for Investors

Results of Real Estate Market Survey on 19 cities in the Asia Pacific region

- ◆ Report: Emerging Trends, Asia Pacific 2007
- ◆ Presented by: Urban Land Institute (ULI), PriceWaterhouseCoopers
- ◆ Survey respondents: Investment banks, developers, brokers, etc.
More than 37 companies and 175 people surveyed

Ranking	City
1	Osaka
2	Shanghai
3	Tokyo
4	Singapore
5	Taipei

Investors show preference for factory and distribution properties, followed by office and retail

Rising rent trends trigger favorable response



Source: Urban Land Institute (ULI) and PriceWaterhouseCoopers "Emerging Trends, Asia Pacific 2007"

Japan Real Estate Research Institute (foundation): "Trends in overseas real estate markets: (November 16, 2006)"

Osaka offers the brightest prospects for real estate investment and development in the Asia Pacific region



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