



# **MID REIT, Inc. 2nd Period Results**

**(Ending June 2007)**

**MID REIT Management Co., Ltd.**





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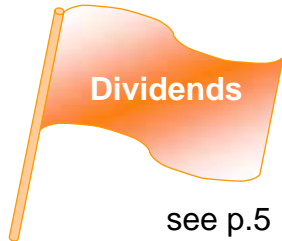
## **. 2nd Period Results Highlights**

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## 2nd Period Results Highlights



Distributions per unit: **¥14,523** (¥983 and 7.3% above initial forecast)



Sustained high NOI yield at **5.8%\*** as a result of a decrease in repair costs and improvement in leasing

\*After property tax adjustments



**JPY 52.7 bn** asset expansion and effective utilization of sponsor pipeline to acquire **MID Imabashi Bldg.** and **MID Midosujikawaramachi Bldg.** during the period



Maintenance of a stable LTV: **36.5%** as of Jun. 30, 2007  
R&I issuer rating: **A (stable)**



## - 2nd Period Results Highlights



	2nd Period Results (Jan. 1, 2007 - Jun. 30, 2007)	Forecasts on 2nd Period	Comparison with Initial 2nd Period Forecasts		1st Period Results (Full-Year Conversion) (Note)	Comparison with 1st Period Results (Full-Year Conversion)	
			Difference	Difference (%)		Difference	Difference (%)
Net operating days	181	181	-	-	182.5	-	-
Operating income (JPY mn)	6,187	6,129	58	0.9%	6,127	60	0.9%
Operating profit (JPY mn)	3,111	-	-	-	-	-	-
Income before taxes (JPY mn)	2,668	2,487	181	7.3%	2,714	46	1.6%
Net income (JPY mn)	2,666	2,486	180	7.2%	2,711	45	1.6%
DPU (JPY)	14,523	13,540	983	7.3%	14,764	241	1.6%

Note:  
Calculated by  
1st Period results/123days × 365days/2

■ Contribution from newly acquired buildings  
■ Sustained high occupancy rates, etc

■ Reduced repair and other costs  
■ Difference between expected and actual amount of interest paid, etc



# - Financial and Accounting Highlights



Indices	2nd Period Results (Jan. 1, 2007– Jun. 30, 2007) (Note1)	1st Period Results (Jun. 1, 2006– Dec. 31, 2006) (Note2)	Comments
Net operating days	181days	123days	-
NOI from property leasing	JPY4,579mn (JPY4,292mn)	JPY3,276mn (JPY2,914mn)	Property income + Depreciation & Amortization
adjusted to the whole period (Note 3)	-	JPY4,861mn (JPY4,323mn)	
NOI yield from property leasing (p.a.)	6.2% (5.8%)	6.6% (5.9%)	NOI from property leasing (annualized)/Total acquisition cost of properties held at end of period (on an average daily balance basis)
Funds from operations (FFO)	JPY3,524mn (JPY3,237mn)	JPY2,379mn (JPY2,016mn)	Net income + Depreciation & Amortization
adjusted to the whole period (Note 3)	-	JPY3,530mn (JPY2,992mn)	
FFO per unit	JPY19,191 (JPY17,630)	JPY12,957 (JPY10,982)	FFO / Total units outstanding at end of period
adjusted to the whole period (Note 3)	-	JPY19,225 (JPY16,295)	
Return on assets (ROA)	3.2%	3.3%	Income before taxes [annualized] / {( Total assets at beginning of period (Note 4) + Total assets at end of period ) / 2}
Return on Equity (ROE)	5.8%	6.0%	Net income [annualized] / {( NAV at beginning of period (Note 4)+NAV at end of period ) / 2}
NAV per unit	JPY506,682	JPY502,110	NAV at end of period/Total units outstanding at end of period
Loan to Value (LTV)	36.5%	36.9%	Interest-bearing debt at end of period/Total assets at end of period
Debt service coverage ratio (DSCR)	9.6	9.9	Net income before interest and depreciation/Interest expense
Price book-value ratio (PBR)	1.2	1.03	Unit Price at end of period/NAV per unit
Price earning ratio (PER)	21.2	17.4	Unit Price at end of period/Net income per unit
FFO multiple	16.1	13.3	Unit Price at end of period/FFO per unit

## Notes:

- Figures in brackets indicate values after having accounted for estimated fiscal period costs on property holdings as of the end of the 2nd period, including property taxes, city planning taxes and (JPY 564 mn; annualized: JPY 1,139 mn) on a normal operational base.
- Figures in brackets indicate values after having accounted for estimated fiscal period costs on property holdings as of the end of the 1st period, including property taxes, city planning taxes and (JPY 362 mn; for the period: JPY 538 mn; annualized: JPY 1,076 mn) on a normal operational base.
- Calculated by 1st Period Results/123days x 365days/2
- At 1st Period Indicates total assets and NAV as of Aug. 31, 2006 which is the actual date of management start of the initially acquired 9 properties



# - Income Statement



Income Statement		(JPY 000)	
Description	2nd Period (Jan. 1, 2007– Jun. 30, 2007)		( % )
1. Operating income			
Property income	5,841,711		
other property income	345,757	6,187,468	100.0
2. Operating expenses			
Property expenses	2,465,421		
Asset management fees	472,994		
Asset custody fees	8,356		
Administration fees	48,152		
Compensation paid to directors	10,800		
Other operating expenses	70,539	3,076,264	49.7
Operating profit		3,111,203	50.3
3. non-operating income			
Interest income	7,775		
Interest on refund of consumption tax, etc.	6,333		
Other non-operating income	0	14,109	0.2
4. Non-operating expenses			
Interest expense	407,799		
Loan related expenses	48,604		
Other non-operating expenses	235	456,639	7.4
Income before taxes		2,668,673	43.1
EBIT		2,668,673	43.1
Income taxes	1,744		
Tax adjustments	3	1,747	0.0
Net income		2,666,926	43.1
Retained earnings brought forward		5	
Unappropriated retained earnings		2,666,932	

## Details of property income (JPY 000)

Rent	4,623,060
CAM	1,055,036
Parking income	163,614

## Details of property expenses (JPY 000)

Property management fees	695,839
Utilities	442,238
Real estate taxes (Note)	278,250
Insurance premium	18,379
Maintenance & repairs	114,769
Depreciation & Amortization	857,191
Other Property expenses	58,753

### Note:

Property and city planning taxes of the MID Imabashi Bldg. and MID Midosujikawaramachi Bldg. acquired during the 2nd period are included in acquisition costs and are therefore not recorded under property expenses.



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# Balance Sheet



Balance sheet

Description	1st Period (as of Dec. 31, 2006)		2nd Period (as of Jun. 30, 2007)		Difference	
	JPY	(%)	JPY	(%)	JPY	(%)
(ASSETS)						
Total Current assets	18,778,565	11.3	15,351,193	9.2	3,427,372	18.3
Cash and deposits	9,651,314		9,167,919		483,395	
Entrusted cash and deposits	6,602,045		5,963,369		638,675	
Notes receivable	210,921		208,514		2,406	
Consumption tax receivable	2,284,362				2,284,362	
Prepaid expenses	29,880		10,763		19,117	
Deferred tax assets	40		36		3	
Other Current assets			589		589	
Total Non-current assets	147,490,271	88.7	152,554,758	90.8	5,064,486	3.4
1.PPE						
Buildings	47,536,817		50,130,026		1,738,349	
Total depreciation and amortization	551,747		1,406,607			
Structures			42,082		41,974	
Total depreciation and amortization			108			
Tools, Furniture & Fixtures	4,179		53,309		46,907	
Total Depreciation and amortization	331		2,554			
Landed property	100,233,860		103,513,074		3,279,214	
NET PPE	147,222,777	88.5	152,329,223	90.7	5,106,446	3.5
2.Intangible assets						
Software	1,466		2,351			
Total intangible assets	1,466	0.0	2,351	0.0	885	60.3
3.Investment & Management						
Security deposits	10,000		10,000			
Long-term Prepaid expenses	256,027		213,183		42,844	
Total investments and other assets	266,027	0.2	223,183	0.1	42,844	16.1
Total Assets	166,268,837	100.0	167,905,951	100.0	1,637,113	1.0

(JPY'000)

Description	1st Period (as of Dec. 31, 2006)		2nd Period (as of Jun. 30, 2007)		Difference	
	JPY	(%)	JPY	(%)	JPY	(%)
(LIABILITIES)						
Total Current liabilities	1,611,186	1.0	2,213,905	1.3	602,718	37.4
Accounts payable-trade	220,200		274,882		54,682	
Accounts payable	373,341		665,374		292,032	
Accrued expenses	4,422		2,317		2,105	
Dividends payable			15,526		15,526	
Accrued income taxes	1,949		188		1,760	
Accrued consumption taxes			73,265		73,265	
Rent received in advance	730,943		782,808		51,864	
other Current liabilities	280,329		399,542		119,212	
Total Non-current liabilities	72,457,779	43.5	72,652,500	43.3	194,720	0.3
Long-term debt	61,300,000		61,300,000		-	
Safety and guaranty deposits received	8,513,761		9,155,696		641,934	
Tenant leasehold and security deposits	2,644,017		2,196,803		447,213	
Total Liabilities	74,068,965	44.5	74,866,405	44.6	797,439	1.1
(SHAREHOLDERS' EQUITY)						
Shareholders' equity						
1.Total investment	90,372,613	54.4	90,372,613	53.8	-	
2.Retained earnings						
Unappropriated retained earnings	1,827,257		2,666,932		839,674	
Total retained earnings	1,827,257	1.1	2,666,932	1.6	839,674	46.0
Total shareholders' equity	92,199,871	55.5	93,039,545	55.4	839,674	0.9
Total Shareholders' Equity	92,199,871	55.5	93,039,545	55.4	839,674	0.9
Total Liabilities and Shareholders' Equity	166,268,837	100.0	167,905,951	100.0	1,637,113	1.0

Incl. Capex accrued during the period: 506 million yen  
(see p.34 for details on properties)



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# Statement of Cash Flows / Retained Earnings



Cashflows Statement

(JPY'000)

Description	2nd Period (Jan. 1, 2007–Jun. 30, 2007)
Cashflow from operating activities	6,244,494
EBIT	2,668,673
Depreciation & Amortization	857,191
Amortization of long-term prepaid expenses	42,844
Interest income	7,775
Interest expense	407,799
Increase/decrease in Notes receivable	2,406
Increase/decrease in Consumption tax receivable	2,284,362
Increase/decrease in Consumption tax payable	73,265
Increase/decrease in trade accounts payable	54,682
Increase/decrease in rent received in advance	51,864
Increase/decrease in Prepaid expenses	19,117
Other	195,694
Subtotal	6,650,127
Interests received	7,775
Interests paid	409,904
Income taxes paid	3,504
Cashflow from investing activities	5,554,502
Purchases of property and equipment	5,899,248
Payment for purchases of intangible assets	1,100
Receipt of safety and guaranty deposits	877,298
Receipt of tenant leasehold and security deposits	430,485
Expenditure of safety and guaranty deposits received	84,976
Expenditure of tenant leasehold deposits	877,298
Increase in entrusted deposits corresponding to tenant leasehold and security deposits	337
Cashflow from financing activities	1,811,726
Payments for distributions to unitholders	1,811,726
Increase/decrease in cash & equivalents	1,121,734
Cash & equivalents at start of period	14,190,578
Cash & equivalents at end of period	13,068,844

Retained Earnings

(JPY)

Description	2nd Period (Jan. 1, 2007–Jun. 30, 2007)
Retained earnings	2,666,932,051
Distributions	2,666,785,875
(Distributions per unit)	14,523
Retained earnings in next year	146,176



## **. Results Forecast**

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# Results Forecast in the 3rd and 4th Period



Items	2nd Period Results (Jan. 1, 2007–Jun. 30, 2007)
Net operating days	181 days
Operating income	JPY6,187 mn
Operating profit	JPY3,111 mn
Income before taxes	JPY2,668 mn
Net income	JPY2,666 mn
DPU	JPY14,523

Forecast on 3rd Period (Jul. 1, 2007–Dec. 31, 2007)	Forecast on 4th Period (Jan. 1, 2008–Jun. 30, 2008)
184 days	182 days
JPY6,252 mn	JPY6,242 mn
JPY2,757 mn	JPY2,793 mn
JPY2,231 mn	JPY2,232 mn
JPY2,229 mn	JPY2,230 mn
JPY12,143	JPY12,145

## Results and Preconditions

No. of operating days during the 2 <sup>nd</sup> period	MID Imabashi Bldg.	89 days
	MID Midosuji kawaramachi Bldg.	46days
Costs (partial)	Utilities	JPY442 mn
	Repairs	JPY114 mn
	Interest paid	JPY407 mn
	Property and city planning taxes appropriated during the period	JPY278 mn

184 days	182 days
184 days	182days
JPY554 mn	JPY452 mn
JPY99 mn	JPY138 mn
JPY478 mn	JPY510 mn
JPY556 mn	JPY568 mn

- Note
1. All the above figures are based on the assumption that the No. of units outstanding in each period is 183,625 units
  2. The above forecasts are based on certain criteria for calculation and reflect the situation as of Aug. 20, 2007. Actual Operating income, Operating profit, Income before tax, 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



## **. Growth Strategy**

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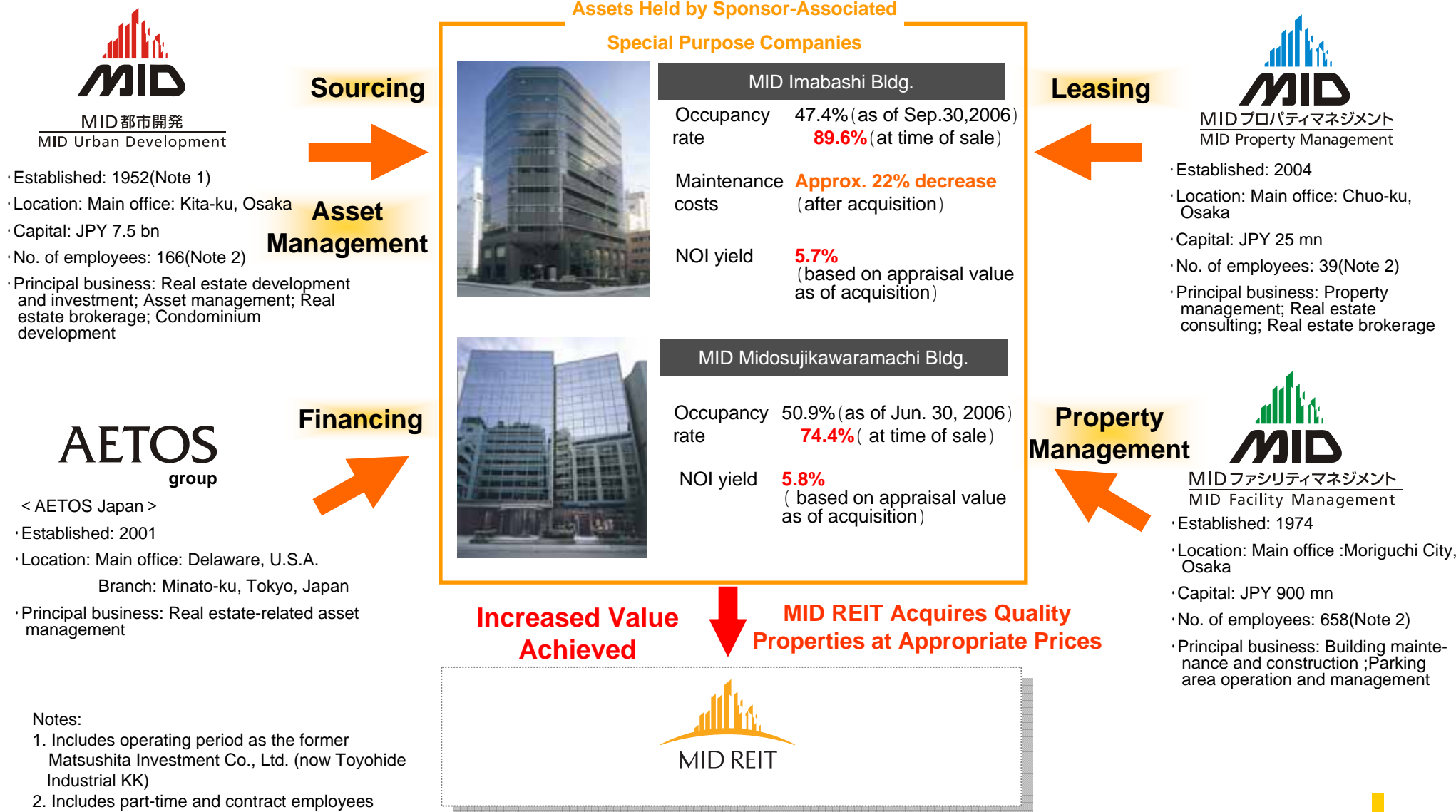
## **–1. Collaboration with Sponsors**

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# -1 Collaboration with the Sponsors ~ Case Study of MID Imabashi Bldg. and MID Midosujikawaramachi Bldg.



(As of Jun. 30, 2007)





## **–2. Internal Growth**

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## - 2 - 2nd Period Achievements—Change in Occupancy Rate



Type	Prop.	Prop. name	Leasable area (m <sup>2</sup> )	1st Period Occupancy as of Dec. 31, 2006 (%)	2nd Period Occupancy as of Jun. 30, 2007 (%)	Difference (Points)	Breakdown			
							New Tenant Occupancy (m <sup>2</sup> )	Expansion of Leased Area by Existing Tenants (m <sup>2</sup> )	Decrease in Leased Area by Existing Tenants (m <sup>2</sup> )	Cancellation (m <sup>2</sup> )
Office	1	Twin 21	82,475.86	98.7	97.4	1.3	731.69	432.72	860.55	1,379.00
	2	Matsushita IMP Bldg.	36,836.49	97.3	96.5	0.8	-	312.16	-	597.63
	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	-	-	-	-	-
	10	MID Imabashi Bldg.	4,262.90	-	94.4	(Note 1) 4.8	203.82	-	-	-
	11	MID Midosujikawaramachi Bldg.	3,039.09	-	81.4	(Note 1) 7.0	210.96	-	-	-
	6	Kyobashi MID Bldg.	5,175.77	95.9	95.9	-	-	-	-	-
	7	MID Shibakanasugibashi Bldg.	1,989.27	100.0	100.0	-	-	-	-	-
Non-office	8	Konami Sport Club Kyobashi	9,586.26	100.0	100.0	-	-	-	-	-
	9	AEON Tsudanuma Shopping Center	101,542.52	100.0	100.0	-	-	-	-	-

Occupancy Rate Breakdown (Note 2)	Office Bldg. Occupancy Rate	98.6	97.3	1.3
	Non-Office Bldg. Occupancy Rate	100.0	100.0	-
	Portfolio Occupancy Rate	99.2	98.4	0.8

Notes:

1. Represents difference between occupancy rates at time of acquisition and at the end of 2nd period.
2. Occupancy rates are expressed as a percentage calculated by dividing total leased area by total leasable area.

## - 2 - 2nd Period Achievements—Rent Revisions



2nd Period: Renewal Contracts with Existing Tenants (Note 1)

		Number of Tenants	Area (m <sup>2</sup> )	Amount of Increase (JPY'000) *Monthly amount × 6
Rent Renewal	Upward revision	3	937.77	1,897
	Unchanged	79	21,246.47	-
	Downward revision	1	858.36	1,557
Total				340

2nd Period: Contracts with New Tenants (Note 2)

		Number of Tenants	Area (m <sup>2</sup> )	Amount of Increase (JPY'000) *Monthly amount × 6
Proximal Unit Price Comparison (Note 3)	Amount of increase	11	3,315.81	40,002
	Unchanged	1	221.58	-
	Amount of decrease	1	2,059.68	15,999
Total				24,003

**Sustained high occupancy rate: 98.4%**  
as of Jun. 30, 2007 (see p.16)

**Approx. JPY 24 mn improvement in earning capacity**

**Sustained high NOI yield at 6.2%, 5.8 % After property tax adjustments (Note 4)**

Notes:

1. Based solely on renewed contracts with tenants whose contracts expired during the 2nd period.
2. Based on new tenant contracts as well as renewed contracts with existing tenants during the 2nd period.
3. Proximal unit price comparison is a comparison of unit price rental fees paid by existing tenants at the time of acquisition by MID REIT and unit price rental fees paid for the same building units by new tenants after acquisition by MID REIT. The proximal unit price of building units that were vacant at the time of acquisition by MID REIT have been set at JPY 0.
4. After accounting for estimated fiscal period costs on property holdings as of the end of the 2nd period, including property taxes, city planning taxes (JPY 564 mn; annualized: JPY 1,139 mn) on a normal operational base.

## - 2 - Efforts for Rent Revision

Details on the leasing contracts at the end of 2nd Period (based on rents)

Prop. name		Leasing contracts subject to renewal by Jun. 30, 2009		Leasing contracts subject to renewal after Jul. 2009 and Term leasing contracts (Note 2)
			Contracts with rents below the market level by more than 10% (Note 1)	
Twin 21	Office	79.9%	5.5%	20.1%
	Retail	100.0%	15.9%	-
Matsushita IMP Bldg.	Office	72.4%	2.2%	27.6%
	Retail	71.9%	15.0%	28.1%
Matsushita Denko Bldg.		100.0%	-	-
Midosuji MID Bldg.		-	-	100.0%
Higashinoda MID Bldg.		-	-	100.0%
Kyobashi MID Bldg.		100.0%	26.6%	-
MID Shibakanasugibashi Bldg.		100.0%	100.0%	-
Konami Sport Club Kyobashi		-	-	100.0%
AEON Tsudanuma Shopping Center		-	-	100.0%
MID Imabashi Bldg		94.7%	-	5.3%
MID Midosujikawaramachi Bldg		100.0%	-	-

**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 Jun. 30, 2007 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 Jun. 30, 2009 through mutual agreement

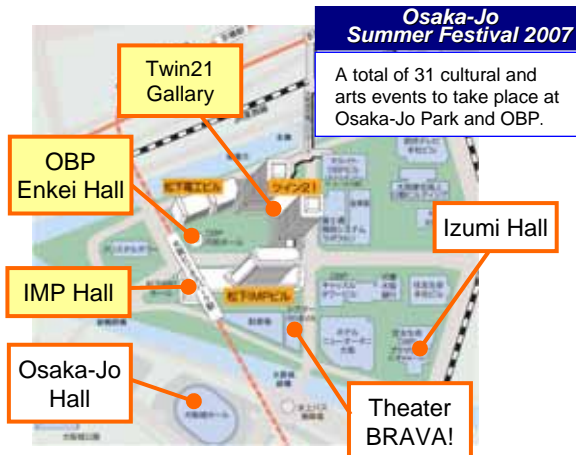
## Events Hosted

Tenjin Matsuri Pre-Festival Event



[Twin 21 Gallery]

Osaka-Jo Summer Festival (Jul. 25, 2007 Sep. 2, 2007)



Events contribute to revitalizing areas in and around OBP area and boosting sales of tenant stores

## Renovation Projects



Kyobashi MID Bldg.

B1 communal area renovations



After



Before

Contributes to attracting new tenants to occupy vacancies (approx. 211.6㎡)



## **–3. External Growth**

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## - 3 - Properties acquired in the 2nd Period

### Acquisitions in the 2nd Period

#### MID Imabashi Bldg. [ Acquisition date: Apr. 2007 ]



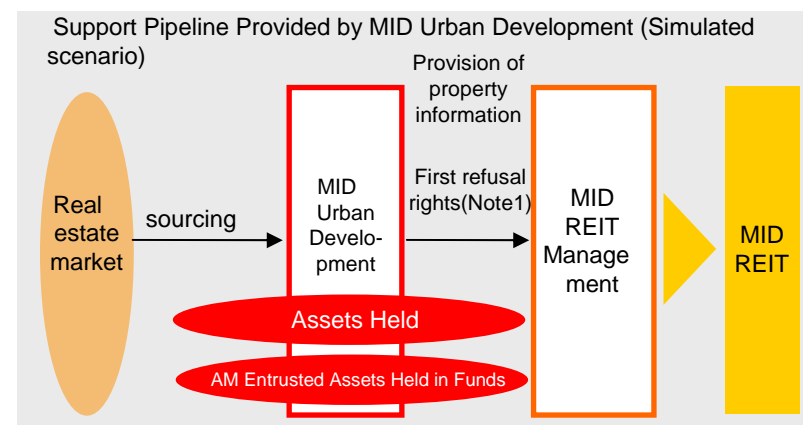
Use of building	Office building
Location	Imabashi Chuo-ku, Osaka
Leasable space	4,262.90m <sup>2</sup>
Construction completed	Oct. 1990
Seller	Grimsby Asset Tmk Limited
Acquisition price	3.27bn
NOI yield	5.7% ( based on appraisal value as of acquisition )
Occupancy rate	94.4% ( As of Jun. 30, 2007 )

#### MID Midosujikawaramachi Bldg [ Acquisition date: May. 2007 ]

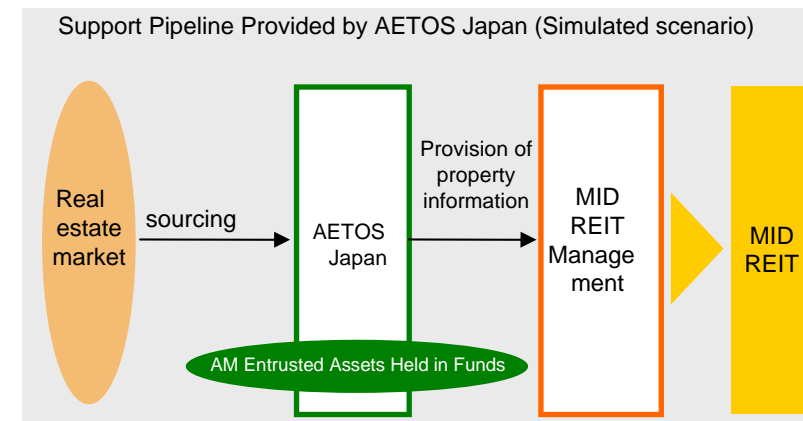


Use of building	Office building
Location	Kawaramachi Chuo-ku, Osaka
Leasable space	3,039.09m <sup>2</sup>
Construction completed	Mar. 1998
Seller	Grimsby Asset Tmk Limited
Acquisition price	2.00bn
NOI yield	5.8% ( based on appraisal value as of acquisition )
Occupancy rate	81.4% ( As of Jun. 30, 2007 )

#### Property Information Provided by Sponsors through Support Pipeline



Note 1. Granted for portions of buildings in accordance with fixed econditions.



Newly Acquired Two Buildings in the central part of Osaka Area Worth JPY 5.27 bn

## - 3 - Future Strategies

### Issues

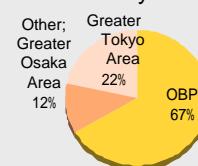
- Ease concentration on area and tenants
- Respond to factors that may lead to profit decline (property tax effect, etc.)

### Response

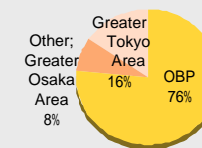
Acquire quality properties at appropriate prices

(Ref.: Concentration on area and tenants as of the end of the 2nd period)

Breakdown by Area

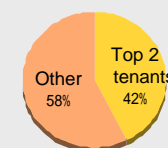


Based on acquisition price



Based on property income

Breakdown of Top Tenants



Based on property income

### Image of External Growth (note)

- Simulated impact of fluctuating LTV levels and dividends in accordance with new property acquisition

Property acquisition excluding OBP  
(approx. JPY30.0bn)

Debt finance: approx. JPY 30 bn  
(LTV: 46.1%)

Contribution to dividends:  
approx. JPY 1,400/unit

Level of concentration on OBP:  
approx. 56%  
(based on acquisition prices)

<preconditions for property acquisition>  
 • NOI yield: assumed approx. 5.0%  
 • NOI: approx. JPY 1.5 bn/year  
 • Available for distribution: approx. JPY 525 mn/year

• LTV upper limit determined by financial policies: in principle 60%  
 • LTV at end of 2nd period: 36.5%  
 • LTV—assumed and on a normal operational base: 40 – 49%

B/S of MID REIT (illustrated)

New acquisitions  
approx. JPY30bn

New debt  
approx. JPY30bn

Non-current  
assets  
JPY152.6bn

Debt  
JPY 61.3bn

Tenant & guaranty  
deposits JPY11.4bn  
Other JPY2.2bn

Current assets  
JPY15.3bn

NAV  
JPY93.0bn

(incl. deposit release JPY9.1bn)

Note:

This external growth trajectory model is based on MID REIT's financial standing as of Jun. 30, 2007, as well as the assumption that: (1) MID REIT procures funds for the acquisition of all new properties through debt financing; and (2) all new properties to be acquired meet the preconditions for property acquisition described above. Accordingly, the model shall not be construed as a guarantee of or a commitment to future growth, contribution to dividends or achievement of geographically diversified investment.

Target long-term and stable growth of DPU



## **. Financial Strategy**

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## - Financial Condition - Details on Debt



### Breakdown of debt (as of Jun. 30, 2007)

Type	Lenders		Borrowing date	Balance at end of 2 <sup>nd</sup> Period	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	0.907%	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
	計		-	JPY61.3bn	1.34%	-	-	-	-

Notes:

1. Average interest rate shows the weighted average interest rate with figures rounded off 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 (as of Jun. 30, 2007)

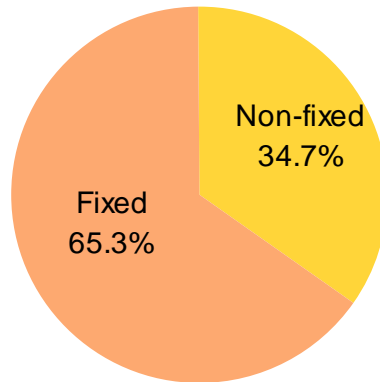
Type	Lenders	Credit line	Available period	Use of funds
Basic agreement of credit line	Mizuho Corporate Bank, Sumitomo T&B, Sumitomo Mitsui Bank, Shinsei Bank	JPY10.0bn	Aug. 31, 2006 – Aug. 31, 2007	Future acquisition and payment of related expenses



## - Financial Condition - Details on Debt



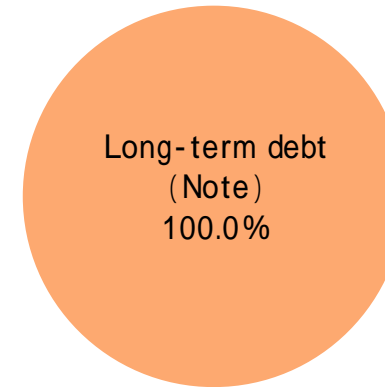
### Ratio of fixed/floating rate (as of Jun. 30, 2007)



Weighted average  
interest rate : 1.34%  
Duration: 2.98yrs

### Ratio of Long-term/short-term debt

(as of Jun. 30, 2007)

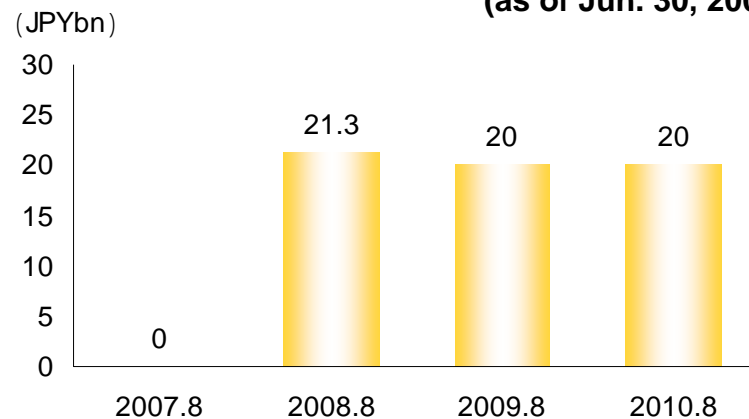


Note:

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

### Diversification of repayment dates

(as of Jun. 30, 2007)



### Rating acquisition



**A (Stable)**

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

**Financial Strategy Issues: Further Stabilization of Long-Term Debt, Diversification of Repayment Dates and Shift to Non-Secured Debt**



## **. Appendix**

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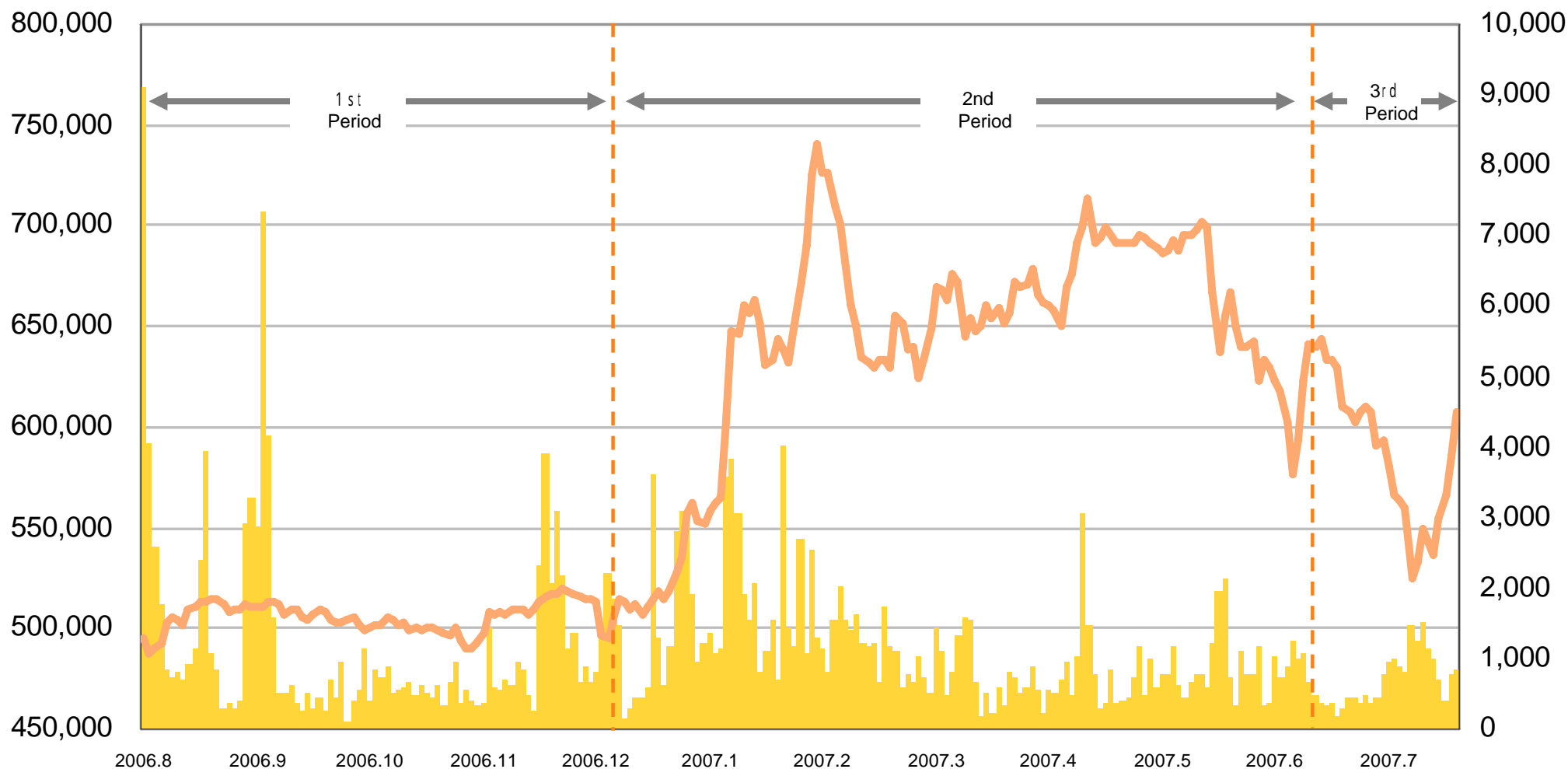


## - 1 Unit Price Performance (IPO ~ Aug. 8, 2007)



Unit price(yen)

Volume(units)



Source: QUICK

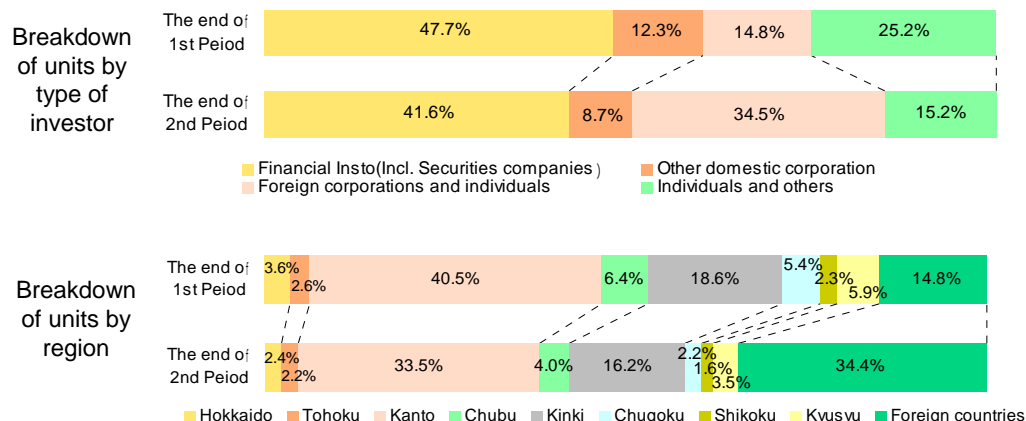
## - 2 Unitholder Details



### Analysis of Investor Attributes (as of Jun. 30, 2007)

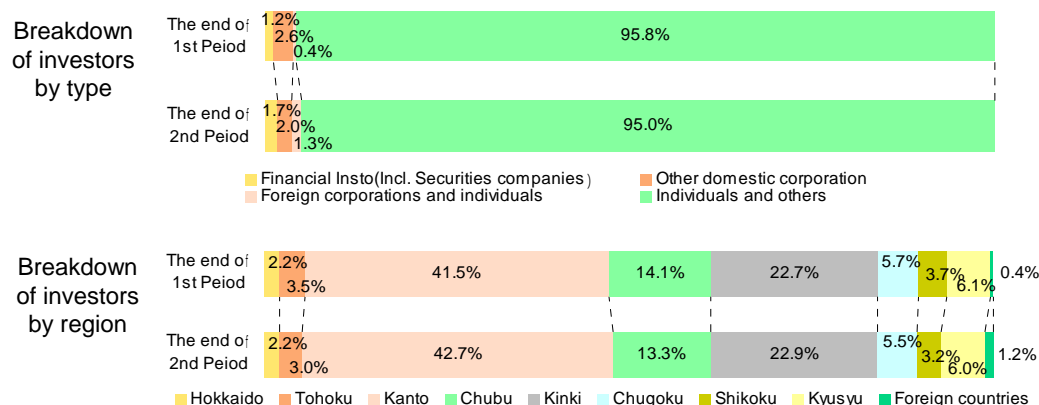
Distribution of number of units held

(total number of units issued as of the end of the 2nd period: 183,625)



Distribution of number of investors

(total number of investors as of the end of the 2nd period: 8,109)



### Top 10 Unitholders (as of Jun. 30, 2007)

Name	Number of units held	Ratio of units held to total units outstanding (%)
CGML IPB, Customer Collateral Account	13,702	7.46
NikkoCiti Trust and Banking Corporation (Investment Trust Account)	11,502	6.26
Japan Trustee Services Bank, Ltd. (Trust Account)	9,969	5.43
MID Urban Development Co., Ltd.	9,200	5.01
The Bank of Ikeda, Ltd.	8,250	4.49
The Bank of New York, Treaty JASDEC Account	7,997	4.36
Goldman Sachs International	4,834	2.63
North Pacific Bank, Ltd.	3,568	1.94
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,474	1.89
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	2,931	1.60
<b>Total</b>	<b>75,427</b>	<b>41.08</b>

Note: Ratios of units held to total units outstanding are rounded off to two decimal places.

### Status of Large Unitholding Reports Submitted (as of Aug. 7, 2007)

Submitter or Name of Joint Unitholder	Number of Units Held	Ratio of Units Held to Total Units Outstanding (%)	Dates of Latest Submissions
Prospect Asset Management, Inc.	13,702	7.46	Jun. 21, 2007
Nikko Asset Management Co., Ltd.	13,108	7.14	Jan. 17, 2007
Altrinsic Global Advisors, LLC.	9,440	5.24	Aug. 3, 2007
MID Urban Development Co., Ltd.	9,200	5.01	Jan. 10, 2007
<b>合計</b>	<b>45,450</b>	<b>24.75</b>	

Note: Ratios of units held to total units outstanding are based on values recorded in large unitholding reports.



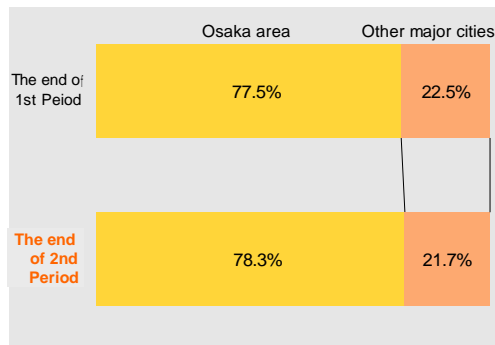
## **–3. Portfolio**

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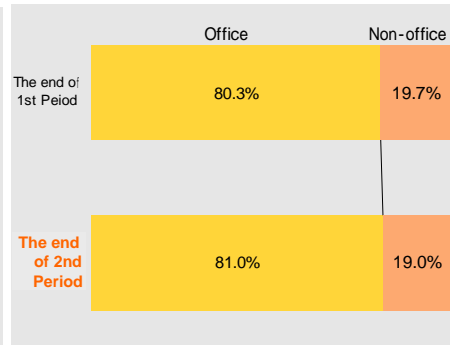
# - 3 - Portfolio Diversification

## Data of Portfolio

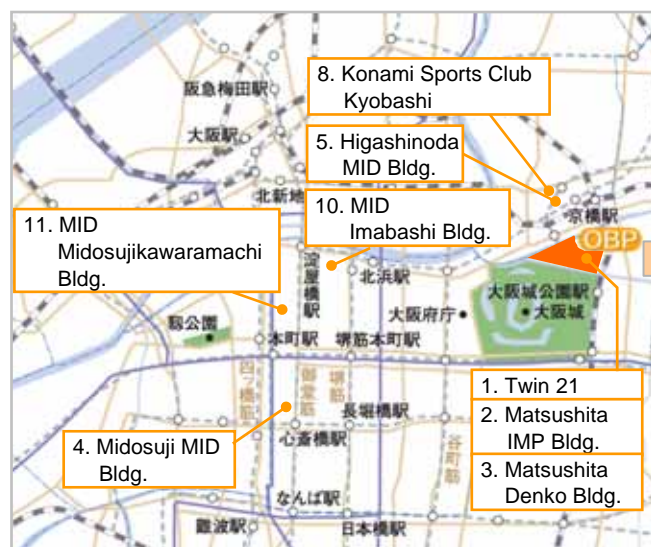
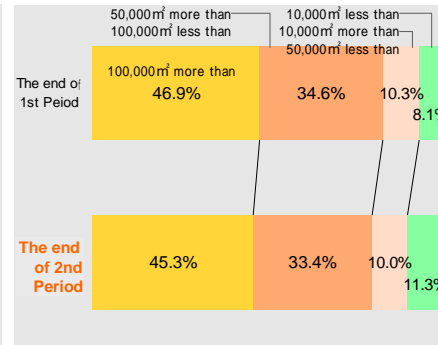
By area (Note 1)



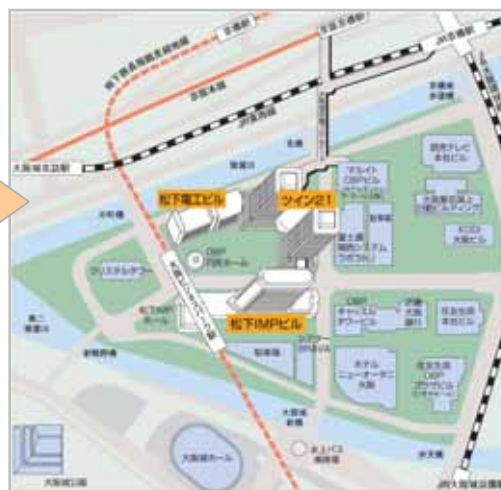
By type (Note 1)



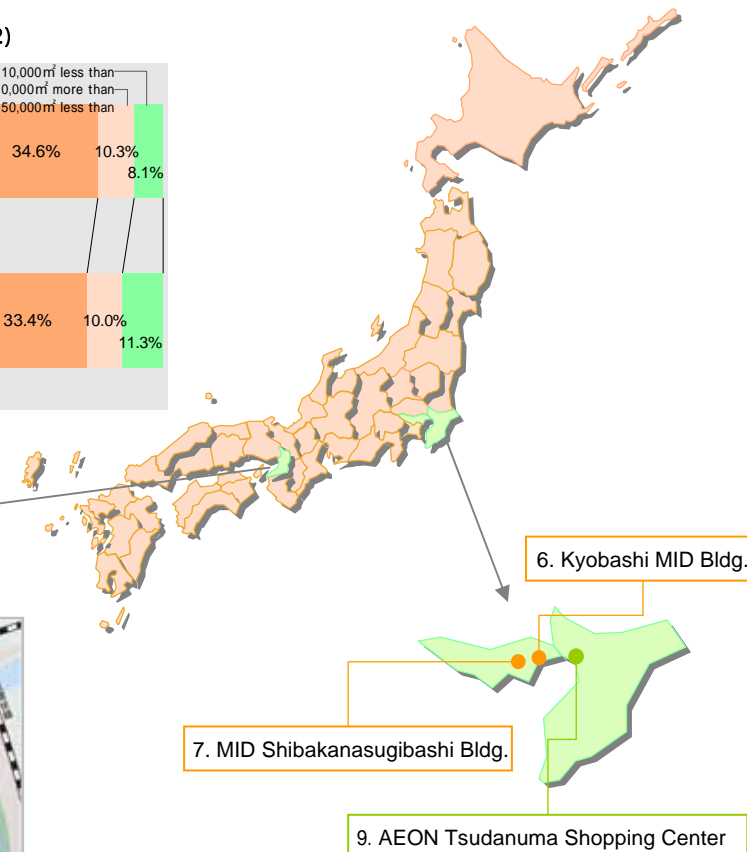
By size (GFA) (Note 2)



Central Osaka



Osaka Business Park (OBP)



Note :

1. The ratios are the ratios for the acquisition price totals by classification towards the total acquisition price, and are listed rounded off to the first decimal place. As such, there may be cases where these do not add up to 100.0% for the totals.
2. Sizes are based on total floor areas registered.



- 3 -

## MID REIT Portfolio



As of Jun. 30, 2007

Type	Area	Prop	Ptop.name	Location	Acquisition date	Acquisition Price (Note1) (JPYmn)	Investment ratio (Note2)	Completion date	Leasable space (㎡)	PML (%)	
Office	Osaka area	1	Twin21(Note3)	Chuo-Ku, Osaka	8/06	68,700	45.3	3/86	82,475.86	3.5	
		2	Matsushita IMP Bldg.	Chuo-Ku, Osaka	8/06	24,600	16.2	2/93, added on to in 11/03	36,836.49	3.2	
		3	Matsushita Denko Bldg.	Chuo-Ku, Osaka	8/06	7,620	5.0	8/74	12,684.52	7.7	
		4	Midosuji MID Bldg.	Chuo-Ku, Osaka	8/06	7,500	4.9	10/80	16,186.37	8.7	
		5	Higashinoda MID Bldg.	Miyakojima-Ku, Osaka	8/06	2,300	1.5	2/00	5,098.10	7.8	
		10	MID Imabashi Bldg.	Chuo-Ku, Osaka	4/07	3,270	2.2	10/90	4,262.90	6.2	
		11	MID Midosujikawaramachi Bldg.	Chuo-Ku, Osaka	5/07	2,000	1.3	3/98	3,039.09	6.2	
	Other major cities	6	Kyobashi MID Bldg.	Chuo-Ku, Tokyo	8/06	5,690	3.8	5/81, added on to in 3/82	5,175.77	9.7	
		7	MID Shibakanasugibashi Bldg.	Minato-Ku, Tokyo	8/06	1,160	0.8	1/95	1,989.27	6.0	
Sub-total						122,840	81.0	167,748.37			
Non-office	Osaka area	8	Konami Sport Club Kyobashi	Miyakojima-Ku, Osaka	8/06	2,780	1.8	6/99	9,586.26	5.7	
	Other major cities	9	AEON Tsudanuma Shopping Center	Narashino-shi, Chiba	8/06	26,100	17.2	9/03	101,542.52	4.0	
	Sub-total						28,880	19.0	111,128.78		
Total						151,720	100.0	278,877.15			2.8

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 1st decimal place. As such, there may be cases where these do not add up to 100.0% for the totals.
3. Includes the Trust beneficiary interest of Twin 21 (partial ownership of leased land)
4. The total PML value represents the PML ratio for the entire portfolio.



- 3 -

## Portfolio Value at End of Period



As of Jun. 30, 2007

Type	Area	Prop	Prop. name	Acquisition value(A) (JPYmn) (Note1)	Appropriated to BS (JPYmn) (Note2)	Appraisal value(B) (JPYmn) (Note3)	Change(B/A-1) (%)	Appraisal company
Office	Osaka area	1	Twin21(Note3)	68,700	68,965	70,900	3.2%	Morii Appraisal & Investment Consulting Inc.
		2	Matsushita IMP Bldg.	24,600	24,613	24,800	0.8%	Tanizawa Sogo Appraisal Co., Ltd.
		3	Matsushita Denko Bldg.	7,620	7,654	7,620	0%	Morii Appraisal & Investment Consulting Inc.
		4	Midosuji MID Bldg.	7,500	7,554	8,410	12.1%	Tanizawa Sogo Appraisal Co., Ltd.
		5	Higashinoda MID Bldg.	2,300	2,304	2,360	2.6%	Tanizawa Sogo Appraisal Co., Ltd.
		10	MID Imabashi Bldg.	3,270	3,376	3,270	0%	Tanizawa Sogo Appraisal Co., Ltd.
		11	MID Midosujikawaramachi Bldg.	2,000	2,071	2,030	1.5%	Tanizawa Sogo Appraisal Co., Ltd.
	Other major cities	6	Kyobashi MID Bldg.	5,690	5,741	6,170	8.4%	Tanizawa Sogo Appraisal Co., Ltd.
		7	MID Shibakanasugibashi Bldg.	1,160	1,169	1,230	6.0%	Tanizawa Sogo Appraisal Co., Ltd.
Sub-total				122,840	123,451	126,790	3.2%	
Non-office	Osaka area	8	Konami Sport Club Kyobashi	2,780	2,779	2,810	1.1%	Daiwa Real Estate Appraisal Corp.
	Other major cities	9	AEON Tsudanuma Shopping Center	26,100	26,098	26,100	0%	Daiwa Real Estate Appraisal Corp.
	Sub-total				28,880	28,878	28,910	0.1%
Total				151,720	152,329	155,700	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 Jun. 30, 2007 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)

As of Jun. 30, 2007

Tenant	Industry	Tenant of	Expiration of contract (Note 1)	Leased area (㎡)	Ratio within total rent area (Note 2)	
					The end of 2nd Peiod	The end of 1st Peiod
Aeon	Retail	AEON Tsudanuma Shopping Center	Sep. 29, 2023	101,542.52	37.0%	37.7%
Matsushita Electric Industrial	Electrical equipment	Twin 21	Mar. 31, 2009	40,644.10	14.8%	15.2%
		Matsushita IMP Bldg. (Note 4)	Mar. 31, 2007	4,326.51	1.6%	1.6%
		Kyobashi MID Bldg. (Note 4)	May. 31, 2008	2,804.00	1.0%	1.0%
Human Academy (Note 3)	Services	Midosuji MID Bldg.	-	16,186.37	5.9%	6.0%
Matsushita Electric Works	Electrical equipment	Matsushita Denko Bldg.	Mar. 31, 2009	12,684.52	4.6%	4.7%
Konami Sports & Life (Note 3)	Services	Konami Sport Club Kyobashi	-	9,586.26	3.5%	3.6%
Nippon Computer Systems	Information & Communication	Matsushita IMP Bldg.	Apr. 30, 2014	5,632.24	2.1%	2.1%
Kumagai Gumi (Note 3)	Construction	Higashinoda MID Bldg.	-	5,098.10	1.9%	1.9%
Asahi Breweries	Food	Matsushita IMP Bldg.	Mar. 31, 2009	4,531.23	1.7%	1.7%
Mizushima & Aoyama	Services	Matsushita IMP Bldg.	Jun. 30, 2008	3,773.39	1.4%	1.4%
Sohgo Security Services (Alsok)	Services	Matsushita IMP Bldg.	Mar. 31, 2009	2,816.12	1.0%	1.0%
Total				209,970.99	76.4%	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 off to the first 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
4. Tenant lease contracts held by Matsushita Electric Industrial for the Matsushita IMP Bldg. and portions of the Kyobashi MID Bldg. will expire on Aug. 31, 2007 and Sep. 30, 2007, respectively, in accordance with notification received by Matsushita Electric Industrial.

## Cashflow from Properties in the 2nd Period

(JPY 0 0 0)

Property name	Twin 21	Matsushita IMP Bldg.	Matsushita Denko Bldg.	Midosuji MID Bldg.(Note2)	Higashinoda MID Bldg. (Note2)	Kyobashi MID Bldg.	MID Shibakanasugibashi Bldg.	Konami Sport Club Kyobashi (Note2)	AEON Tsudanuma Shopping Center	MID Imabashi Bldg.	MID Midosujikawaramachi Bldg.	Total
Operating days (Note3)	181 days	181 days	181 days	181 days	181 days	181 days	181 days	181 days	181 days	89 days	46 days	
Occupancy rate (Note4)	97.4%	96.5%	100.0%	100.0%	100.0%	95.9%	100.0%	100.0%	100.0%	94.4%	81.4%	98.4%
Rent	2,175,305	793,636	261,953	-	-	165,626	39,715	-	720,000	36,508	9,616	4,623,060
CAM	639,713	320,659	52,680	-	-	26,457	-	-	-	11,668	3,857	1,055,036
Parking income	89,310	49,560	4,320	-	-	7,196	2,160	-	-	5,008	413	163,614
Property income	2,904,328	1,163,855	318,953	-	-	199,280	41,875	-	720,000	53,184	13,887	5,841,711
Utilities	162,604	110,980	30,621	-	-	7,775	-	-	-	4,258	1,237	317,478
Other income	13,691	11,675	1,505	-	-	744	186	-	18	116	11	28,278
Other property income	176,296	122,656	32,127	-	-	8,519	186	-	18	4,374	1,248	345,757
Revenue from Properties	3,080,625	1,286,511	351,081	-	-	207,800	42,061	-	720,018	57,559	15,136	6,187,468
Property Management fees	360,298	200,432	52,054	-	-	31,332	1,403	-	11,855	8,895	2,207	695,839
Commissions payment	3,322	609	-	-	-	13,210	-	-	-	708	-	17,850
Utilities	244,771	145,489	34,871	-	-	11,396	-	-	-	4,384	1,265	442,238
Real estate taxes	119,251	73,913	8,944	-	-	8,968	3,374	-	32,076	-	-	278,250
Insurance premium	8,648	4,600	806	-	-	381	149	-	2,095	144	56	18,379
Maintenance and repairs	58,264	42,012	3,760	-	-	3,505	96	-	-	1,702	2,945	114,769
Other property expenses	22,831	16,625	442	-	-	506	44	-	-	250	189	40,902
Property expenses	817,387	483,683	100,880	-	-	69,300	5,067	-	46,027	16,086	6,665	1,608,230
NOI ( - )	2,263,238	802,828	250,201	195,849	80,414	138,500	36,993	87,275	673,991	41,472	8,471	4,579,237
Depreciation & Amortization	387,565	225,797	36,887	27,515	12,760	16,128	5,905	18,831	112,018	9,630	4,151	857,191
Property income	1,875,673	577,031	213,314	168,333	67,654	122,371	31,088	68,444	561,973	31,842	4,319	3,722,046
Capex	357,441	104,347	34,705	300	990	3,750	850	-	-	-	4,434	506,817

Notes:

1. Amounts of less than the nearest thousand yen are rounded down
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. The 2nd period consisted of 181 days, which began Jan. 1, 2007 and ended Jun. 30, 2007. The number of actual operating days for the MID Imabashi Bldg. and MID Midosujikawaramachi Bldg., which were acquired during the period, however, will be equal to the number of days between the date of acquisition and the end of the 2nd period.
4. Occupancy rate states the level as of Jun. 30, 2007

## Twin 21

Acquisition date: Aug. 2006



- Type: Office
- Location: Chuo-ku, Osaka
- Acquisition price: JPY68.7bn
- Land space: 28,163.07m<sup>2</sup>
- Leasable space: 82,475.86m<sup>2</sup>
- Construction completed: 03/86

- 38 story, 150 meter high twin towers
- One of Osaka's landmark 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 consular office
- 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

## - 3 - MID REIT Portfolio Part2

### Matsushita IMP Bldg.

Acquisition date: Aug. 2006



- Type: Office
- Location: Chuo-ku, Osaka
- Acquisition price: JPY24.6bn
- Land space: 14,968.25m<sup>2</sup>
- Leasable space: 36,836.49m<sup>2</sup>
- 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 retail shops 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-Tsurumiryokuchi line

Office

Properties outside of office properties

### Matsushita Denko Bldg.

Acquisition date: Aug. 2006



- Type: Office
- Location: Chuo-ku, Osaka
- Acquisition price: JPY7.62bn
- Land space: 3,698.55m<sup>2</sup>
- Leasable space: 12,684.52m<sup>2</sup>
- Construction completed: 8/74



- A building which has spacious floor space of over 12,000m<sup>2</sup> 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

## Midosuji MID Bldg.

Acquisition date: Aug. 2006



- Type: Office
- Location: Chuo-ku, Osaka
- Acquisition price: JPY7.5bn
- Land space: 1,705.26m<sup>2</sup>
- Leasable space: 16,186.37m<sup>2</sup>
- 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

Acquisition date: Aug. 2006



- Type: Retail
- Location: Narashino-shi, Chiba
- Acquisition price: JPY26.1bn
- Land space: 29,397.03m<sup>2</sup>
- Leasable space: 101,542.52m<sup>2</sup>
- 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

Office

Properties outside of office properties

## Higashinoda MID Bldg.

Acquisition date: Aug. 2006



- Type: Office
- Location: Miyakojima-ku, Osaka
- Acquisition price: JPY2.3bn
- Land space: 1,062.53m<sup>2</sup>
- Leasable space: 5,098.10m<sup>2</sup>
- Construction completed: 2/00

## Konami Sport Club Kyobashi

Acquisition date: Aug. 2006



- Type: Retail
- Location: Miyakojima-ku, Osaka
- Acquisition price: JPY2.78bn
- Land space: 2,339.35m<sup>2</sup>
- Leasable space: 9,586.26m<sup>2</sup>
- Construction completed: 6/99

## MID Imabashi Bldg.

Acquisition date: Apr. 2007



- Type: Office
- Location: Chuo-ku, Osaka
- Acquisition price: JPY3.27bn
- Land space: 1,187.43m<sup>2</sup>
- Leasable space: 4,262.90m<sup>2</sup>
- Construction completed: 10/90

## MID Midosujikawaramachi Bldg.

Acquisition date: May 2007



- Type: Office
- Location: Chuo-ku, Osaka
- Acquisition price: JPY2.0bn
- Land space: 934.79m<sup>2</sup>
- Leasable space: 3,039.09m<sup>2</sup>
- Construction completed: 3/98

## Kyobashi MID Bldg.

Acquisition date: Aug. 2006



- Type: Office
- Location: Chuo-ku, Tokyo
- Acquisition price: JPY5.69bn
- Land space: 926.53m<sup>2</sup>
- Leasable space: 5,175.77m<sup>2</sup>
- Construction completed: 5/81, added on to in 3/82

## MID Shibakanasugibashi Bldg.

Acquisition date: Aug. 2006



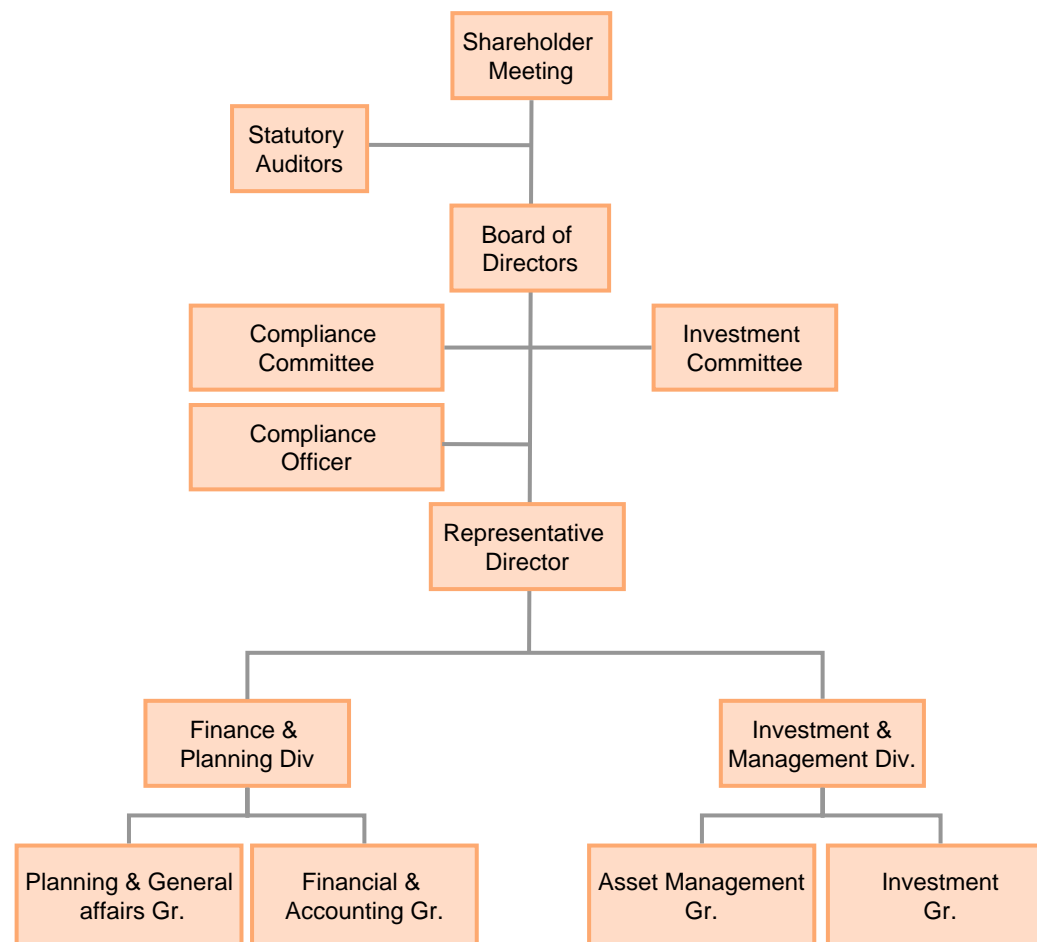
- Type: Office
- Location: Minato-ku, Tokyo
- Acquisition price: JPY1.16bn
- Land space: 430.21m<sup>2</sup>
- Leasable space: 1,989.27m<sup>2</sup>
- Construction completed: 1/95

## - 4 Asset manager MID REIT Management Co., Ltd.



Company Overview (As of Jun. 30, 2006)		
Name	MID REIT Management Co., Ltd.	
Location	Dojimahama 1-4-4, Kita-ku, Osaka	
Establishment	Sep.1, 2005	
Capital	JPY 210 mn	
Shareholder	MID Urban Development Co., Ltd.(100%)	
of employees	18	
Officers	President & CEO	Kenji Kamio (From Sep. 10, 2007 (Plan) Nobuo Moroizumi)
	Director	Masayuki Irie
	Director	Hiroshi Uemura
	Statutory Director	Atsushi Ishiguro
	Statutory Auditor	Yoshito Tanaka
Business Description	Asset management of Investment trust	
Regulatory approval	Discretionary transaction agent license (Minister of Land, Infrastructure and Transportation, Approval No50 ) License for asset management of investment trust (Prime Minister, Approval No64 ) Real estate agent license (Governor of Osaka Prefecture (1), No51806)	

### Structure



## - 5 Corporate Governance Scheme

### Administration of the scheme by Asset manager

2nd Period of the REIT ( Jan. 1, 2007- Jun. 30, 2007 )			
Decision making body	of meetings held	Total of resolutions	Total of reports
Compliance Committee	7	19	6
Investment Committee	12	32	14
Board of Directors	12	56	25

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

2nd Period of the REIT ( Jan. 1, 2007- Jun. 30, 2007 )			
MID REIT Board of Directors	of meetings held	Total of resolutions	Total of reports
	7	13	15

#### [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 report meetings held by MID REIT's executive directors and the Asset Manager
- Business audit by supervisory directors  
Physical inspection of documents based on audit plans drafted by supervisory directors and on-site inspection of assets managed by MID REIT; verification of submitted documents
- Cooperation with the financial auditor  
Audit report meetings held in each accounting period (For 2nd Period, held on Aug. 2, 2007)

**Detailed, transparent and highly objective corporate governance structure**

## - 6 Checking System for Transactions with Sponsor related Parties

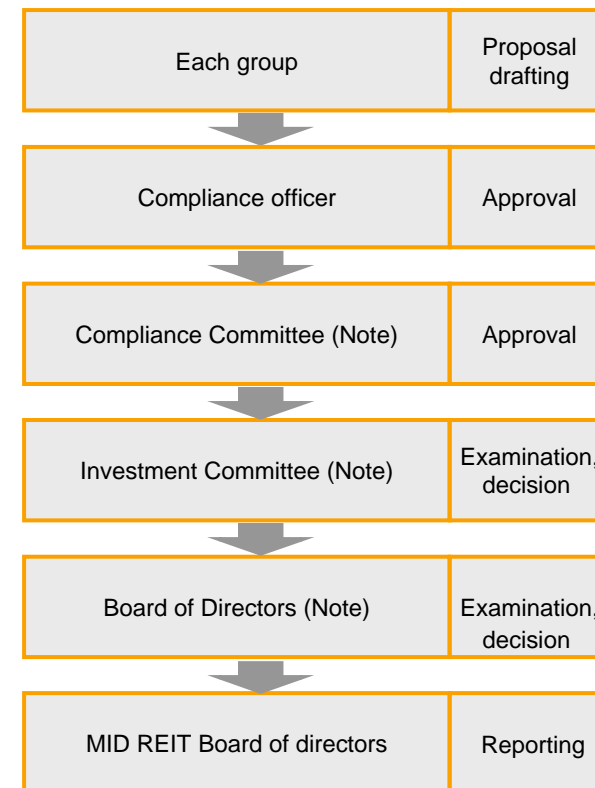
### 《transaction and property selection criteria (policy)》

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

### 《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:

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

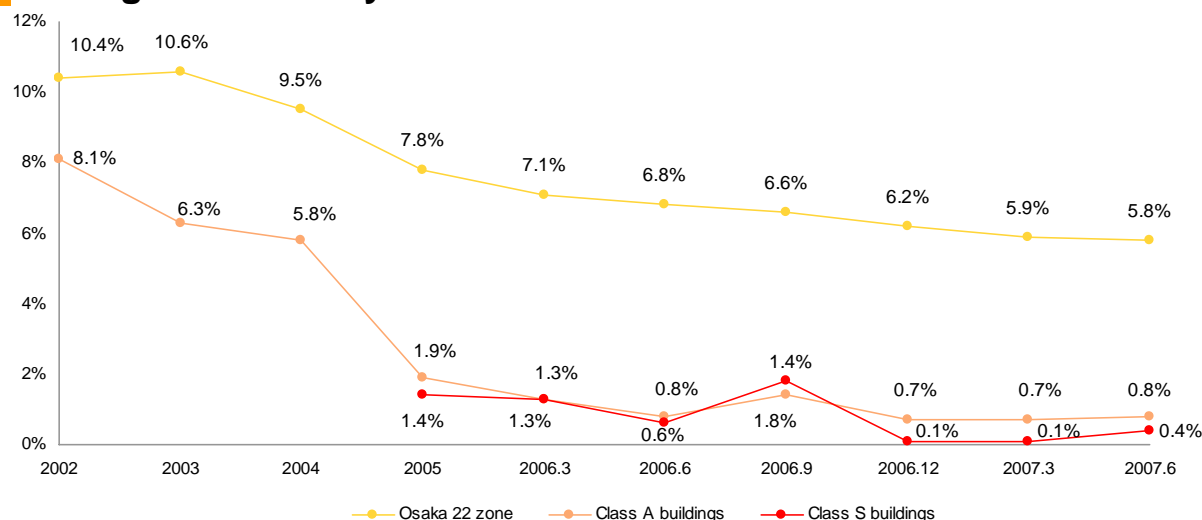
**Strict checking system and detailed examination material in place for transactions with sponsor related parties**



## **–7. Osaka Market Data**

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## Changes in vacancy rates in Osaka s office zone



## Ranking of vacancy rates in Osaka office area (Jun. 2007)

Ranking	Area	Vacancy rates
1	OBP	0.6%
2	Dojima, Nakanoshima	2.0%
3	Yodoyabashi	2.5%
4	Umeda	2.8%
5	Nakatsu	4.1%

	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 <sup>2</sup> (5,000 tsubo)	Over 33,058m <sup>2</sup> (10,000 tsubo)
Typical floor plate area	Over 661m <sup>2</sup> (200 tsubo)	Over 992m <sup>2</sup> (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 22 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/Higashi-Tenma, Nakatsu, Fukushima, Shin-Osaka, Tennoji/Abeno, Esaka

Source: Ikoma Data Service System "Office market update (YE Jun. 2007), Kinki edition" (Jul. 10, 2007)

## - 7 - New Supply of Office Building Part 1

### New Office Building Construction Plans Commencing after 2007 (Key Office Areas in Osaka)

Completion in	Leasable area by year		Area	Leasable area(plan)	In Tsubo, ( ) in m <sup>2</sup>
2007	23,700 ( 78,300 )	1	Nishinagahori	3,100 ( 10,300 )	
		2	Shin Osaka	1,100 ( 3,500 )	
		3	Shin Osaka	800 ( 2,800 )	
		4	Honmachi	4,000 ( 13,100 )	
		5	Shinsaibashi	1,900 ( 6,200 )	
		6	Umeda	6,500 ( 21,600 )	
		7	Dojima, Nakanoshima	1,600 ( 5,200 )	
		8	Umeda	4,700 ( 15,600 )	
2008	33,600 ( 111,100 )	9	Honmachi	4,200 ( 3,400 )	
		10	Shin Osaka	4,200 ( 13,900 )	
		11	Kitahama	3,100 ( 10,200 )	← Sponsor (MID Urban Development) facilitated property development
		12	Sakaisuji Honmachi	4,000 ( 13,200 )	
		13	Yodoyabashi	7,600 ( 25,200 )	
		14	Shin Osaka	1,000 ( 3,200 )	
		15	Umeda	9,100 ( 30,200 )	
		16	Sakaisuji Honmachi	1,200 ( 3,800 )	
2009	29,900 ( 98,900 )	17	Sakaisuji Honmachi	2,400 ( 8,000 )	
		18	Yodoyabashi	3,600 ( 11,900 )	
2010	27,200 ( 90,000 )	19	Dojima, Nakanoshima	14,600 ( 48,300 )	
		20	Namba	11,700 ( 38,700 )	
2011 ~ (Includes buildings for which plans are still undetermined)	70,700 ( 233,700 ) + Portion of undetermined leasable area	21	Umeda	20,800 ( 68,800 )	
		22	Honmachi	6,400 ( 21,200 )	
		23	Umeda	6,800 ( 22,400 )	
		24	Shin Osaka	Undetermined	
		25	Dojima, Nakanoshima	8,400 ( 27,800 )	
		26	Dojima, Nakanoshima	Undetermined	
		27	Dojima, Nakanoshima	Undetermined	
		28	Tennoji	Undetermined	
		29	Umeda	10,000 ( 33,100 )	
		30	Umeda	23,100 ( 76,300 )	
		31	Umeda	22,400 ( 74,100 )	
		32	Dojima, Nakanoshima	Undetermined	
		33	Kitahama	Undetermined	
		34	Yodoyabashi	Undetermined	
		35	Honmachi	Undetermined	



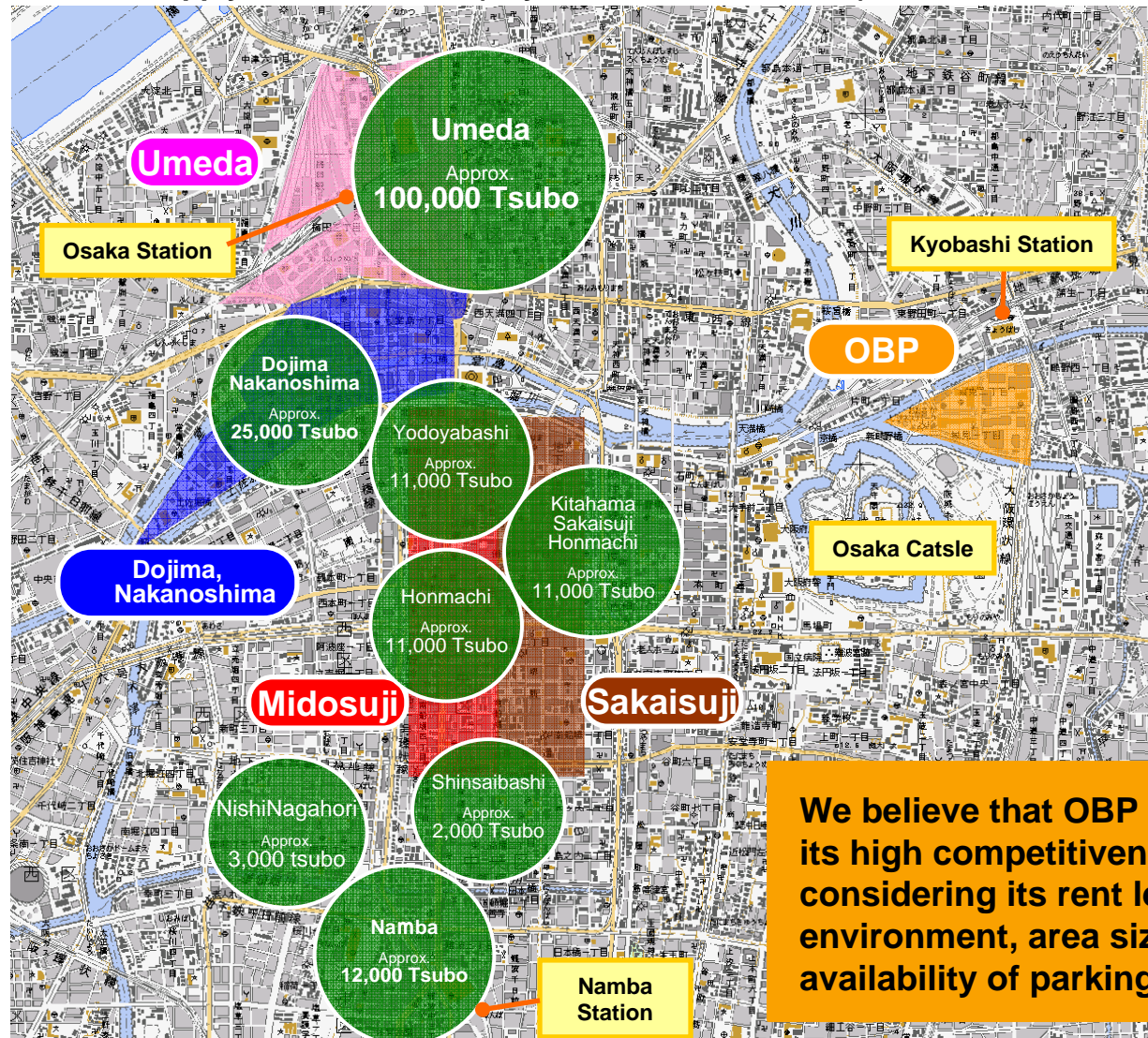
**Kitahama MID Bldg.**  
(tentative name)  
**Location:**Doshomachi,  
Chuo-ku, Osaka  
**GFA:**14,973m<sup>2</sup> (plan)  
**Floor:**above ground  
18fl, below ground 1fl  
**Scheduled completion:**  
Mar. 2008

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

Source: MID REIT Management

## New Office Building Construction Plans Commencing after 2007

### A New Supply of Leased Area (Key Office Areas in Osaka)(Note)



Note:  
This map depicts the aggregate leasable area (plan) shown in the table on p. 44 and does not include the leasable area of buildings not yet announced.

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



### 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 Apr. 1, 2007)

( ) shows previous survey data (as of Oct. 1, 2006)

Area	Expected cap rate	Trading cap rate
Tokyo Nihonbashi area	<b>4.3%</b> (4.5%)	<b>4.0%</b> (4.2%)
Nagoya station area	<b>5.0%</b> (5.2%)	<b>4.7%</b> (4.9%)
Osaka along Midosuji	<b>5.0%</b> (5.3%)	<b>4.6%</b> (4.9%)
Fukuoka Tenjin area	<b>5.5%</b> (5.5%)	<b>5.0%</b> (5.2%)

Source: Japan Real Estate Institute "Research data for real estate investors No.16" (as of Apr. 2007)



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