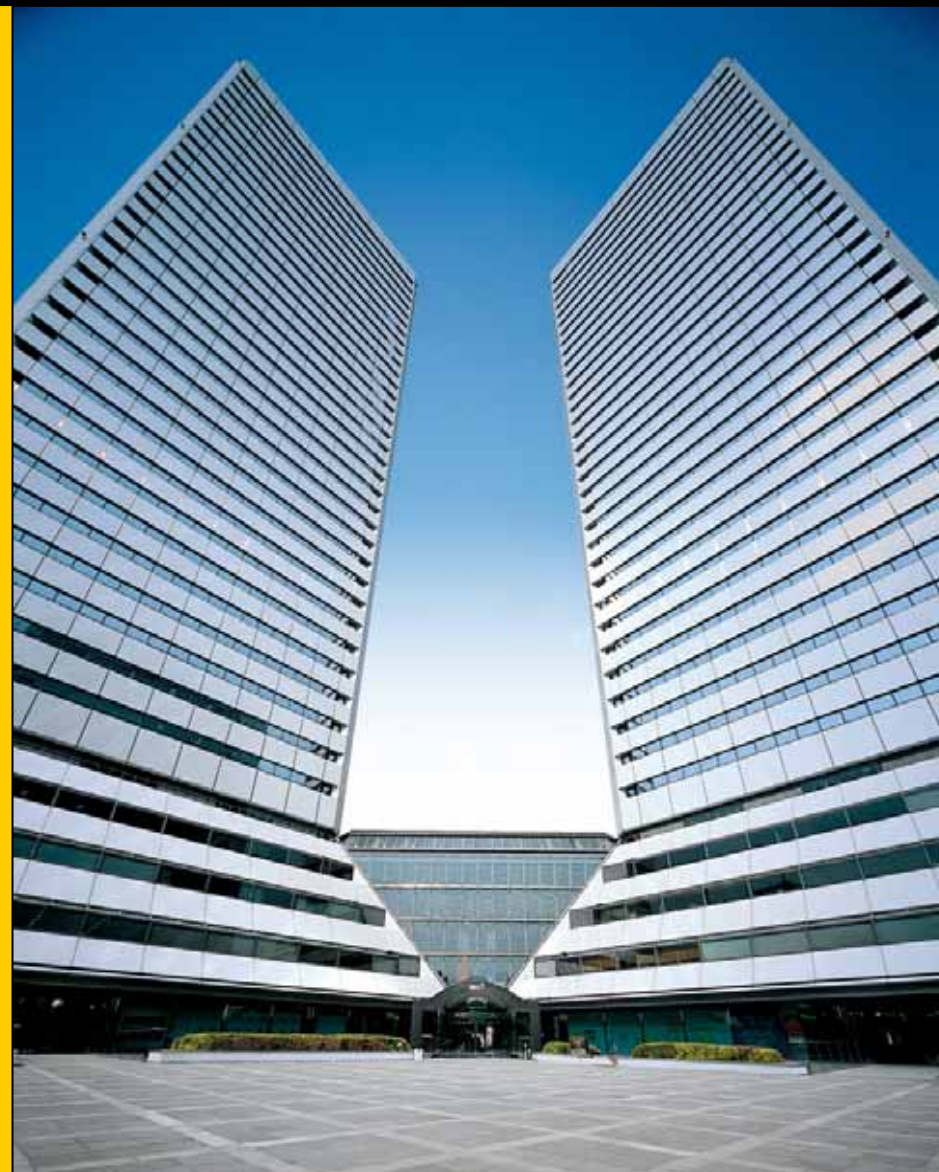


# **MID REIT, Inc.**

## **3rd Period Results**

(Ending December 2007)

MID REIT Management Co., Ltd.



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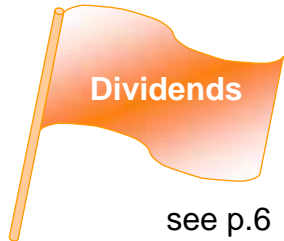
## **. 3rd Period Results Highlights**

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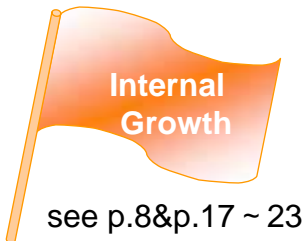


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## 3rd Period Results Highlights



Distributions per unit: **¥13,043** (¥900 and 7.4% above initial forecast)

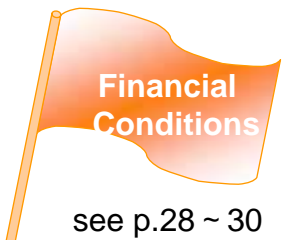


Leasing NOI yield : **5.7%\*** (Sustained high occupancy rates and others)

\*After property tax and others adjustments



Acquired a silent partnership interest in a new development project (Sakura Dori MID Bldg. [tentative name]) being undertaken by a sponsor company



LTV ratio: **36.6%** as of Dec. 31, 2007  
Registered for the Issuance of Investment Corporation Bonds



# - 3rd Period Business Results



	3rd Period Results (Jul. 1, 2007 - Dec. 31, 2007)	Initial 3rd Period Forecasts	Comparison with Initial 3rd Period Forecasts		2nd Period Results	Comparison with 2nd Period Results	
			Difference	Difference (%)		Difference	Difference (%)
Net operating days	184	184	-	-	181	-	-
Operating revenue (JPY mn)	6,299	6,252	47	0.8%	6,187	112	1.8%
Operating income (JPY mn)	2,866	2,757	109	4.0%	3,111	245	7.9%
Ordinary income (JPY mn)	2,396	2,231	165	7.4%	2,668	272	10.2%
Net income (JPY mn)	2,394	2,229	165	7.4%	2,666	272	10.2%
DPU (JPY)	13,043	12,143	900	7.4%	14,523	1,480	10.2%

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

■ Difference between expected and actual amount of interest paid, etc

■ Full-period operations of two properties acquired during 2nd period, etc.

■ Increase in real estate taxes, etc.

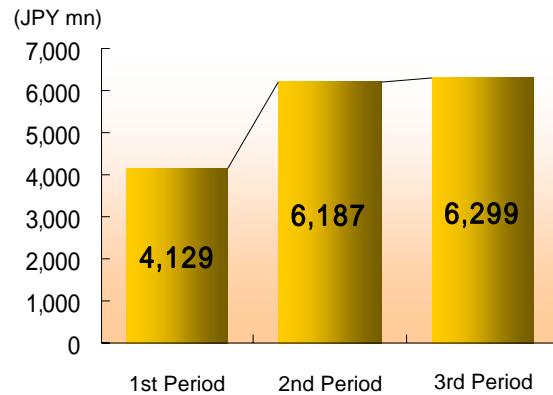


# - Performance Trends

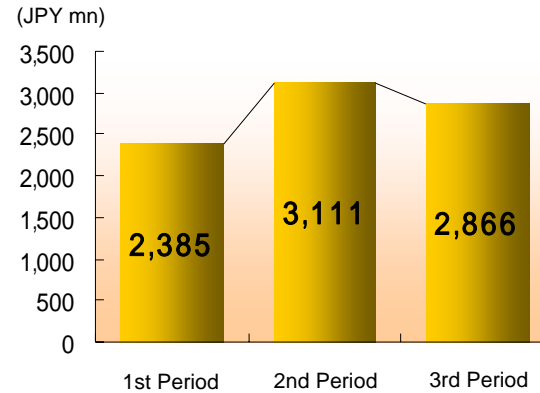


## Performance Trends (1st Period to 3rd Period)

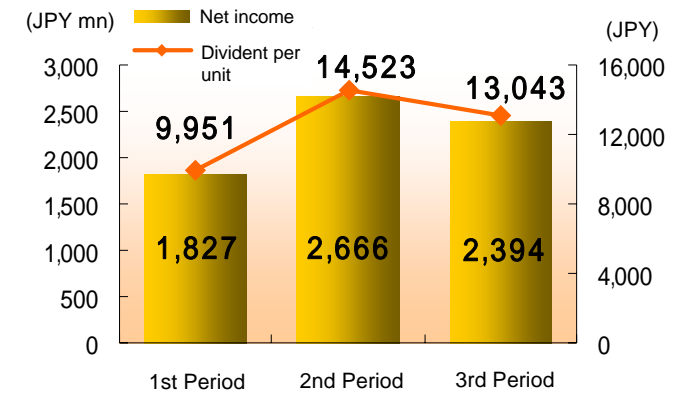
Operating revenue



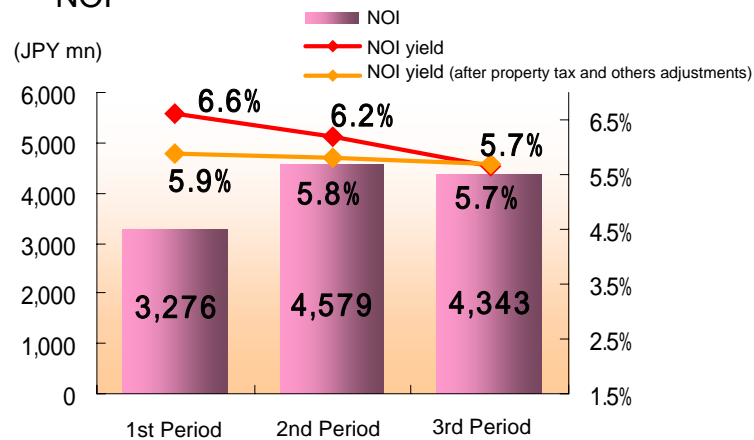
Operating income



Net income / Dividend per unit

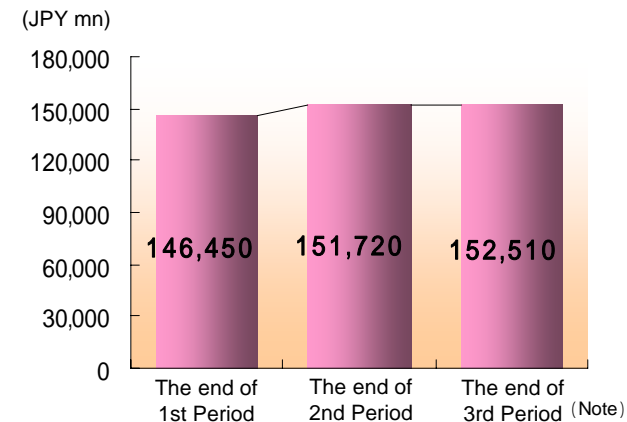


NOI



See p.41 for NOI breakdown by Property

Total acquisition price



Note:  
In addition to the total acquisition price as of the end of the 3rd period, MID REIT acquired an interest worth ¥101 million in the silent partnership operated by Sakura Dori Development LLC, which is in charge of the development of the Sakura Dori MID Bldg. (tentative name), during the 3rd period.



# - Financial and Accounting Indices



Indices	3rd Period Results (Jul. 1, 2007–Dec. 31, 2007) (Note1)	2nd Period Results (Jan. 1, 2007–Jun. 30, 2007) (Note2)	Comments
Net operating days	184days	181days	-
NOI from property leasing	JPY4,343mn (JPY4,322mn)	JPY4,579mn (JPY4,292mn)	Property income + Depreciation & Amortization
NOI yield from property leasing (p.a.)	5.7% (5.7%)	6.2% (5.8%)	NOI from property leasing (annualized)/Total acquisition price of properties held at end of period (on an average daily balance basis)
Funds from operations (FFO)	JPY3,282mn (JPY3,261mn)	JPY3,524mn (JPY3,237mn)	Net income + Depreciation & Amortization
FFO per unit	JPY17,874 (JPY17,760)	JPY19,191 (JPY17,630)	FFO / Total units outstanding at end of period
Return on assets (ROA)	2.8%	3.2%	Ordinary income [annualized] / {( Total assets at beginning of period + Total assets at end of period ) / 2}
Return on equity (ROE)	5.1%	5.8%	Net income [annualized] / {( NAV at beginning of period +NAV at end of period ) / 2}
NAV per unit	JPY505,201	JPY506,682	NAV at end of period/Total units outstanding at end of period
Loan to value (LTV)	36.6%	36.5%	Interest-bearing debt at end of period/Total assets at end of period
Debt service coverage ratio (DSCR)	8.6	9.6	Net income before interest and depreciation/Interest expense
Price book-value ratio (PBR)	1.0	1.2	Unit Price at end of period/NAV per unit
Price earning ratio (PER)	20.2	21.2	Unit Price at end of period/Net income per unit
FFO multiple	14.5	16.1	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 3rd period, including property taxes, city planning taxes (JPY 21 mn; annualized: JPY 42 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 2nd period, including property taxes, city planning taxes (JPY 564 mn; annualized: JPY 1,139 mn) on a normal operational base.





# - Income Statement



Income Statement		(JPY 000)	
Description	3rd Period (Jul. 1, 2007– Dec. 31, 2007)		( % )
1. Operating revenue			
Property revenue	5,907,140		
other property revenue	392,346	6,299,486	100.0
2. Operating expenses			
Property expenses	2,842,905		
Asset management fees	461,946		
Asset custody fees	8,370		
Administration fees	46,681		
Compensation paid to directors	10,800		
Other operating expenses	62,227	3,432,932	54.5
<b>Operating income</b>		<b>2,866,554</b>	<b>45.5</b>
3. non-operating revenue			
Interest revenue	15,365		
Other non-operating revenue	2	15,368	0.2
4. Non-operating expenses			
Interest expense	433,613		
Loan related expenses	51,452		
Other non-operating expenses	290	485,355	7.7
<b>Ordinary income</b>		<b>2,396,566</b>	<b>38.0</b>
Net income before Taxes		2,396,566	38.0
Income taxes	1,605		
Tax adjustments	6	1,612	0.0
<b>Net income</b>		<b>2,394,953</b>	<b>38.0</b>
Retained earnings brought forward		146	
Unappropriated retained earnings		2,395,099	

## Details of property revenue (JPY 000)

Rent	4,639,655
CAM	1,096,066
Parking revenue	171,418

## Details of property expenses (JPY 000)

Property management fees	702,852
Utilities	551,130
Real estate taxes	556,481
Insurance premium	19,582
repairs	76,775
Depreciation & Amortization	887,306
Other Property expenses	48,777



-

# Balance Sheet



Balance sheet

Description	2nd Period (as of Jun. 30, 2007)		3rd Period (as of Dec. 31, 2007)		Difference	
	JPY 000	(%)	JPY 000	(%)	JPY 000	(%)
(ASSETS)						
Total Current assets	15,351,193	9.2	14,286,237	8.5	1,064,955	6.9
Cash and deposits	9,167,919		8,346,107		821,811	
Cash and deposits in trust	5,963,369		5,678,055		285,314	
Accounts receivable	208,514		199,478		9,036	
Refunded corporate income tax receivable			1,867		1,867	
Prepaid expenses	10,763		60,108		49,344	
Deferred tax assets	36		29		6	
Other Current assets	589		589			
Total Non-current assets	152,554,758	90.8	153,175,519	91.5	620,761	0.4
1.Tangible fixed assets						
Land			825,095		825,095	
Buildings in trust	50,130,026		50,721,540		290,668	
Total depreciation and amortization	1,406,607		2,288,789			
Structures in trust	42,082		43,532		879	
Total depreciation and amortization	108		679			
Tools, Furniture & Fixtures in trust	53,309		85,639		27,775	
Total Depreciation and amortization	2,554		7,108			
Landed property in trust	103,513,074		103,513,074			
Total tangible fixed assets	152,329,223	90.7	152,892,304	91.3	563,081	0.4
2.Intangible fixed assets						
Software	2,351		2,081		270	
Total intangible fixed assets	2,351	0.0	2,081	0.0	270	11.5
3.Investment and other assets						
Investment securities			101,505		101,505	
Lease deposits	10,000		10,000			
Long-term Prepaid expenses	213,183		169,628		43,554	
Total investments and other assets	223,183	0.1	281,133	0.2	57,950	26.0
Total Assets	167,905,951	100.0	167,461,757	100.0	444,194	0.3

Description	2nd Period (as of Jun. 30, 2007)		3rd Period (as of Dec. 31, 2007)		Difference	
	JPY 000	(%)	JPY 000	(%)	JPY 000	(%)
(LIABILITIES)						
Total Current liabilities	2,213,905	1.3	23,493,028	14.0	21,279,122	961.2
Accounts payable-trade	274,882		235,474		39,408	
Current portion of long-term debt			21,300,000		21,300,000	
Accounts payable-other	665,374		722,355		56,981	
Accrued expenses	2,317		7,222		4,905	
Dividends payable	15,526		21,320		5,794	
Accrued corporate income taxes	188		402		213	
Accrued consumption taxes	73,265		120,504		47,238	
Rent received in advance	782,808		760,973		21,834	
other Current liabilities	399,542		324,775		74,766	
Total Non-current liabilities	72,652,500	43.3	51,201,015	30.6	21,451,484	29.5
Long-term debt	61,300,000		40,000,000		21,300,000	
Leasehold and security deposits received	9,155,696		9,048,336		107,360	
Leasehold and security deposits received in trust	2,196,803		2,152,679		44,124	
Total Liabilities	74,866,405	44.6	74,694,043	44.6	172,361	0.2
(UNITHOLDERS' EQUITY)						
Unitholders' equity						
1.Unitholders' capital	90,372,613	53.8	90,372,613	54.0		
2.Retained earnings						
Unappropriated retained earnings	2,666,932		2,395,099		271,832	
Total retained earnings	2,666,932	1.6	2,395,099	1.4	271,832	10.2
Total unitholders' equity	93,039,545	55.4	92,767,713	55.4	271,832	0.3
Total Unitholders' Equity	93,039,545	55.4	92,767,713	55.4	271,832	0.3
Total Liabilities and Unitholders' Equity	167,905,951	100.0	167,461,757	100.0	444,194	0.3

Incl. Capex accrued during the period: ¥ 625 million  
(see p.41 for details on properties)



-

# Cash Flows Statement / Retained Earnings



## Cashflows Statement

(JPY'000)

Description	3rd Period (Jul. 1, 2007- Dec. 31, 2007)
<b>Cashflows from operating activities</b>	<b>3,279,518</b>
Net income before Taxes	2,396,566
Depreciation & Amortization	887,306
Amortization of long-term prepaid expenses	43,554
Interest revenue	15,365
Interest expense	433,613
Increase/decrease in Accounts receivable	9,036
Increase/decrease in Accrued Consumption taxes payable	47,238
Increase/decrease in Accounts payable-trade	39,408
Increase/decrease in Rent received in advance	21,834
Increase/decrease in Prepaid expenses	49,344
Other	4,759
Subtotal	3,696,121
Interest received	15,365
Interest paid	428,708
Income taxes paid	3,260
<b>Cashflows from investing activities</b>	<b>1,741,680</b>
Payments for purchases of property and equipment	825,095
Payments for purchases of property and equipment held in trust	557,770
Payments for purchases of investment securities	101,505
Proceeds from leasehold and security deposits	488,372
Proceeds from leasehold and security deposits in trust	444,308
Payments for leasehold and security deposits	685,530
Payments for leasehold and security deposits in trust	488,432
Payments for entrusted deposits corresponding to leasehold and security deposits	16,028
<b>Cashflows from financing activities</b>	<b>2,660,991</b>
Payments for distributions to unitholders	2,660,991
<b>Increase/decrease in cash &amp; cash equivalents</b>	<b>1,123,153</b>
Cash & cash equivalents at beginning of period	13,068,844
Cash & equivalents at end of period	11,945,690

## Retained Earnings

(JPY)

Description	3rd Period (Jul. 1, 2007–Dec. 31, 2007)
Unappropriated retained earnings	2,395,099,852
Distributions	2,395,020,875
(Distributions per unit)	13,043
Retained earnings in next year	78,977



## **. Results Forecast**

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# Results Forecast on the 4th and 5th Period



Items	3rd Period Results (Jul. 1, 2007–Dec. 31, 2007)
Net operating days	184 days
Operating revenue	JPY6,299 mn
Operating income	JPY2,866 mn
Ordinary income	JPY2,396 mn
Net income	JPY2,394 mn
DPU	JPY13,043

Forecast on 4th Period (Jan. 1, 2008–Jun. 30, 2008)	Forecast on 5th Period (Jul. 1, 2008–Dec. 31, 2008)
182 days	184 days
JPY6,300 mn	JPY6,388 mn
JPY2,778 mn	JPY2,806 mn
JPY2,282 mn	JPY2,260 mn
JPY2,280 mn	JPY2,258 mn
JPY12,417	JPY12,300

## Results and Preconditions

Costs (partial)	Utilities	JPY551 mn
	Repairs	JPY76 mn
	Interest expenses	JPY433 mn
	Property and city planning taxes appropriated during the period	JPY556 mn

JPY485 mn	JPY563 mn
JPY141 mn	JPY120 mn
JPY458 mn	JPY505 mn
JPY573 mn	JPY590 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.
- Note 2. The above forecasts are based on certain criteria for calculation and reflect the situation as of Feb. 22, 2008. Actual Operating revenue, Operating income, Ordinary income, 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 real estate 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 Sponsor**

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# Collaboration with Sponsor in Development Project (Acquisition of Silent Partnership Interests)

## (Tentative name) Sakuradori MID Bldg. Overview

Overview (See Note)		
Location	3-2314 Marunouchi, Naka-ku, Nagoya City	
Transportation	A four-minute walk from Marunouchi Station on the Nagoya Municipal Subway Sakura-dori and Tsurumai lines A four-minute walk from Hisaya-odori Station on the Nagoya Municipal Subway Sakura-dori and Meijo lines	
Construction date	Commencement:	December 2007
	Completion:	Late February 2009 (planned)
Use	Offices	
Structure	Steel, 13 floors, one-story tower	
Area	Land	1,662.49 m <sup>2</sup>
	Building	14,933 m <sup>2</sup> (as total floor area) 9,803 m <sup>2</sup> (as total leasable floor area)

Note:

The overview of the property in the table above is provided in accordance with the project plans as of the date of this document and may be subject to change in the future.

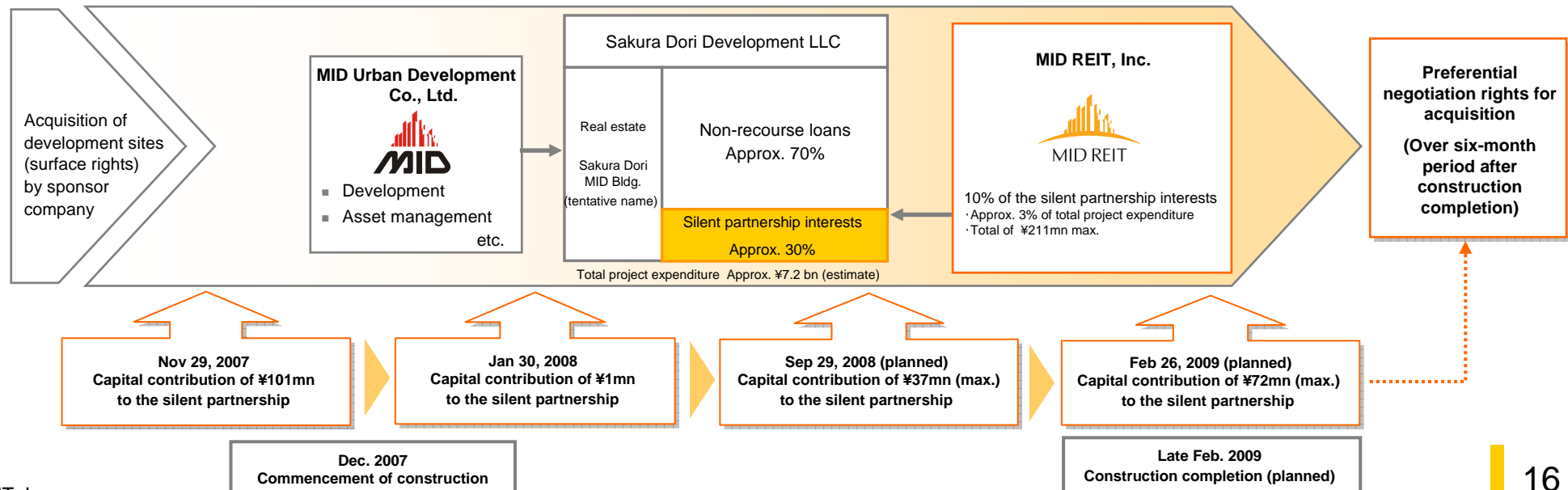


Image of Sakura Dori MID Bldg.



Map of Sakura Dori MID Bldg.

## Schedule and Scheme Regarding Acquisition of Silent Partnership Interest







## **–2. Internal Growth**

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Type	Prop.	Prop. name	Leasable area (㎡) (Note1)	2nd Period Occupancy rate as of Jun. 30, 2007 (%) (Note2)	3rd Period Occupancy rate as of Dec. 31, 2007 (%) (Note2)	Difference (Points)	Breakdown			
							New Tenant Occupancy (㎡)	Expansion of Leased Area by Existing Tenants (㎡)	Decrease in Leased Area by Existing Tenants (㎡)	Cancellation (㎡)
Office Bldg.	1	Twin 21	82,427.87	97.4	97.8	0.4	726.81	623.95	643.75	387.14
	2	Matsushita IMP Bldg.	36,728.65	96.5	95.0	1.5	3,401.12	1,243.38	-	5,210.09
	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.	4,278.35	94.4	100.0	5.6	644.20	-	-	390.84
	11	MID Midosujikawaramachi Bldg.	3,039.09	81.4	87.5	6.1	187.43	-	-	-
	6	Kyobashi MID Bldg.	5,195.99	95.9	93.2	2.7	1,967.63	77.43	77.44	2,088.09
Non-office Bldg.	7	MID Shibakanasugibashi Bldg.	1,989.27	100.0	100.0	-	-	-	-	-
	8	Konami Sport Club Kyobashi	9,586.26	100.0	100.0	-	-	-	-	-
	9	AEON Tsudanuma Shopping Center	101,210.44	100.0	100.0	-	-	-	-	-
Occupancy Rate by type (Note3)		Office Bldg. Occupancy Rate		97.3	97.4	0.1	Floor area vacated by Matsushita Electric Industrial : 6,414.61㎡ ↓ Above floor area newly tenanted as of 31 Dec.2007 : 5,871.00㎡			
		Non-Office Bldg. Occupancy Rate		100.0	100.0	-				
		Portfolio Occupancy Rate		98.4	98.4	-				

Notes:

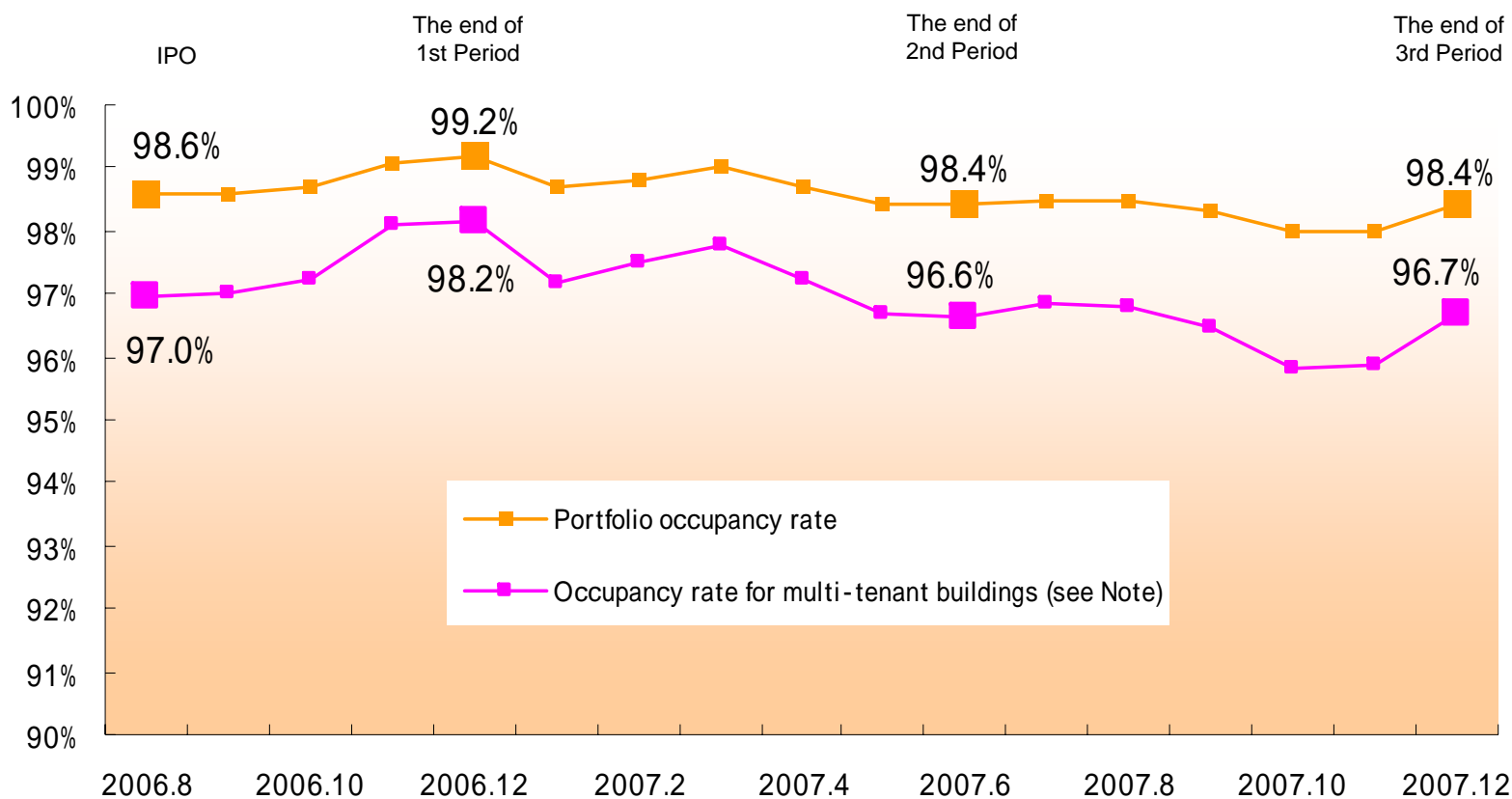
1. Leasable areas presented in the above table represent total leasable floor area as of December 31, 2007. Figures exclude floor area occupied by of storage areas, halls and parking areas. However, the leasable areas of Konami Sport Club Kyobashi and AEON Tsudanuma Shopping Center include the common and parking areas, while the leasable areas of the Midosuji MID Bldg. and the Higashinoda MID Bldg. include common areas. each of which is leased in its entirety to a sole tenant.
2. Occupancy rates are presented as percentage figures, those are obtained by dividing the period-end leased areas by the leasable areas.
3. Occupancy rate by type and portfolio occupancy rate are presented as percentages that are obtained by dividing the sum of leased areas of each group by the sum of the group's leasable areas, rounded to the first decimal place.



## - 2 - Change in Occupancy Rate



### Change in Occupancy Rates (IPO to The end of 3rd Period)



Note:

Properties considered in the calculation are as follows.

From Aug.2006 to Mar.2007 : Twin 21, Matsushita IMP Bldg. and Kyobashi MID Bldg.

In Apr. 2007 : Twin 21, Matsushita IMP Bldg., Kyobashi MID Bldg. and MID Imabashi Bldg.

After May 2007 : Twin 21, Matsushita IMP Bldg., Kyobashi MID Bldg., MID Imabashi Bldg. and MID Midosujikawaramachi Bldg.

## - 2 - Rent Revisions

### 3rd Period: Renewal Contracts with Existing Tenants (Note 1)

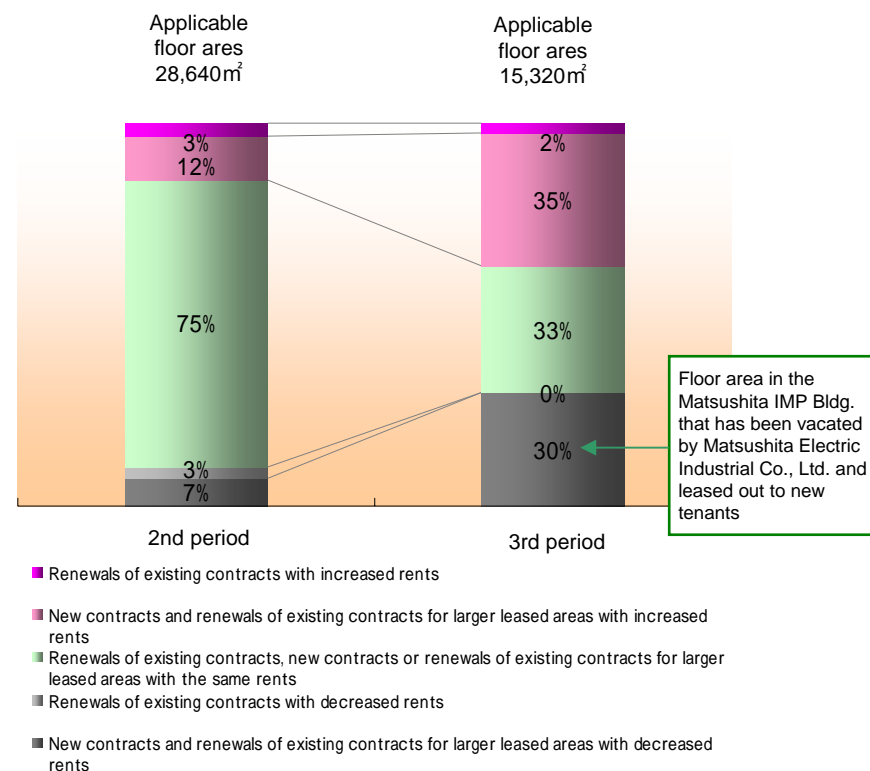
		Number of Tenants	Area (m <sup>2</sup> )	Amount of Increase (JPY'000) *Monthly amount × 6
Rent Renewal	Upward revision	1	380.77	967
	Unchanged	12	5,105.99	-
	Downward revision	0	0	-
Total				967

Rate of revision 10.3%

### 3rd 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	23	5,311.28	49,161
	Unchanged	0	0	-
	Amount of decrease	8	4,522.03	39,980
Total				9,181

4,116.68m<sup>2</sup> of this area are of the Matsushita IMP Bldg.



**Approx. JPY 10 mn improvement in earning capacity**

#### Notes:

1. Based solely on renewed contracts with tenants whose contracts expired during the 3rd period.
2. Based on new contracts signed during the 3rd period and existing contracts renewed for larger leased areas during the 3rd period.
3. Proximal unit price comparison is a comparison of unit price rental fees paid by new tenants and unit price rental fees paid by tenants which entered in the same building units 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.

## - 2 - Efforts for Rent Revision

### Details on the leasing contracts at the end of 3rd Period (based on rents)

Prop. name		Leasing contracts subject to renewal by Dec. 31, 2009		Leasing contracts subject to renewal after Jan. 2010 or Term leasing contracts (Note 2)
			Contracts with rents below the market level by more than 10% (Note 1)	
Twin 21	Office	79.1%	8.2%	20.9%
	Retail	95.7%	15.9%	4.3%
Matsushita IMP Bldg.	Office	70.9%	7.4%	29.1%
	Retail	67.5%	17.1%	32.5%
Matsushita Denko Bldg.		100.0%	-	-
Midosuji MID Bldg.		-	-	100.0%
Higashinoda MID Bldg.		-	-	100.0%
Kyobashi MID Bldg.		100.0%	46.3%	-
MID Shibakanasugibashi Bldg.		100.0%	100.0%	-
Konami Sport Club Kyobashi		-	-	100.0%
AEON Tsudanuma Shopping Center		-	-	100.0%
MID Imabashi Bldg		95.0%	-	5.0%
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 Dec. 31, 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 Dec. 31, 2009 through mutual agreement



## - 2 - Other Efforts (1)



### Tenant Satisfaction Survey

<Overview of Survey>

- Applicable properties: Twin 21, Matsushita IMP Bldg. and MID Imabashi Bldg.
- Survey period: Nov 5, 2007 to Nov 27, 2007
- Number sampled: 175 tenants
- Surveyor: Dentsu Research Inc.

#### Survey Results: Customer Satisfaction Index (CSI\*)

Factors	2007	2006	Difference
Ambience	74.3	74.4	-0.1
Facility management (FM) effectiveness	72.9	72.0	+0.9
Cleanness	71.1	71.2	-0.1
Management staff attitude	70.8	72.0	-1.2
Property management (PM) effectiveness	67.3	67.5	-0.2
Management center operation effectiveness	66.9	64.9	+2.0
Security measures	65.7	61.9	+3.8
Building performance	59.0	58.2	+0.8
Common-area functions	56.5	53.6	+2.9
Information provision from property management company	55.6	53.0	+2.6
Building-complex functions	52.3	49.7	+2.6
Overall building comfort	49.5	47.8	+1.7

**Strong PM and FM and Great Ambience**

\* CSI: Customer Satisfaction Index. The results of the customer (tenant) evaluation of building facilities, services and other factors are weighted to adjust the difference between the levels of their needs (expectations) and satisfaction for each factor. Then, the level of their satisfaction for each factor is rated on a scale of zero to 100.

### Examples of Value enhancement and Renovations

AEON Tsudanuma Shopping Center (Chiba)



Construction of the extension to customer lounge

Extension of 289.5m<sup>2</sup>



Annual rent increase of approx. ¥12 mn.

Twin21 (Osaka)



Construction of smoking area



Elevator-interior renovation

Continue to implement tenant satisfaction-oriented initiatives to maintain high occupancy rates



## **–3. External Growth**

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## - 3 - Properties acquired in the 3rd Period

### Acquisitions in the 3rd Period

#### (Tentative name) Sakuradori MID Bld.

[ Silent Partnership Interests , Acquisition date: Nov. 2007 ]

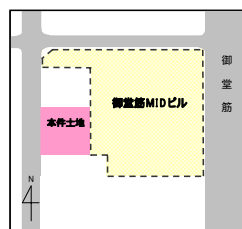


Image of  
Sakura Dori MID Bldg.

		(Note)
Use of building	Office building	
Location	Marunouchi Naka-ku, Nagoya	
Total floor area	14,933m <sup>2</sup>	
Leasable area	9,803m <sup>2</sup>	
Construction completed	Feb.2009 (planned)	
Receiver of capital contributions	Sakura Dori Development Limited Liability Company	
Acquisition price	¥211mn max.	
Total project expenditure	¥7.2bn	

#### Land Adjoining the Midosuji MID Bld.

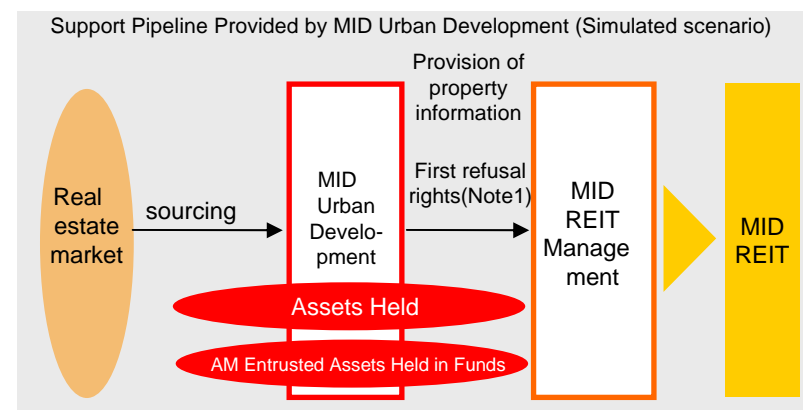
[ Acquisition date: Oct. 2007 ]



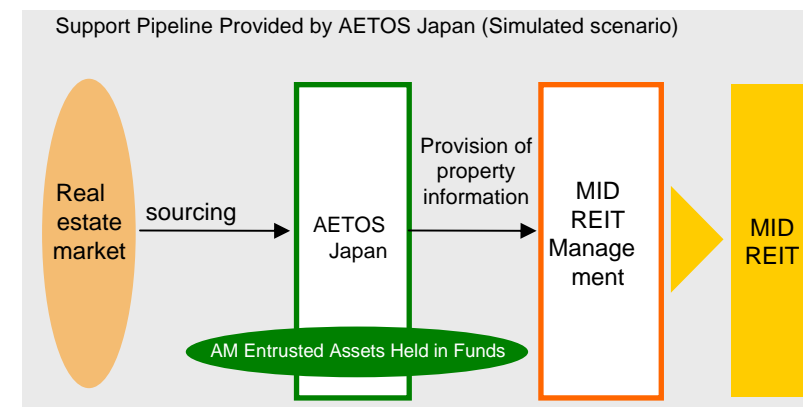
Location	Minamisenba, Tyuou-ku, Osaka
Land area	188.36m <sup>2</sup>
Seller	Senba Church of the Konkoko Religious Organization
Acquisition price	¥790mn

Note:

Information pertaining to the Sakura Dori MID Building is provided in accordance with project plans as of the date of this document and may be subject to change.



Note 1. The target of first refusal rights are buildings in accordance with specific conditions.

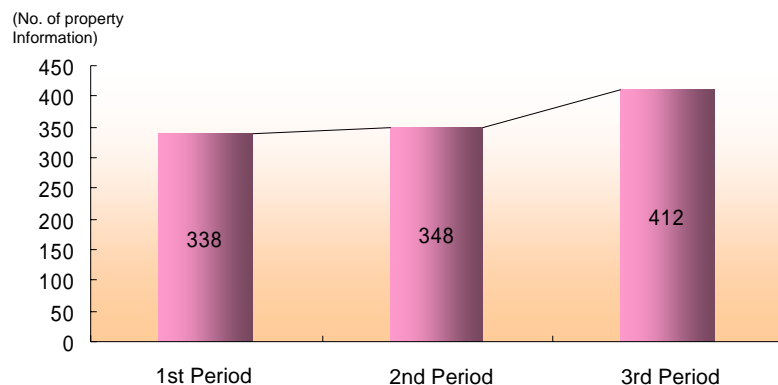




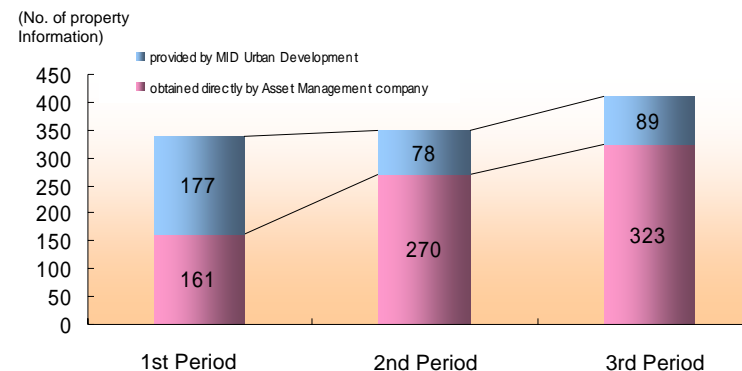
## - 3 - Status of Property Information Acquisition



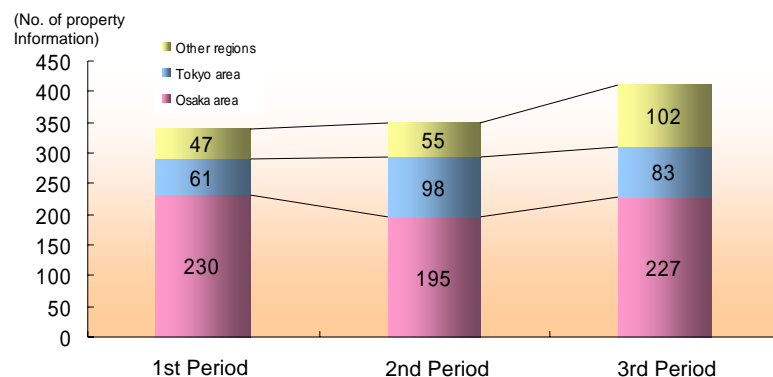
### Total Number of Property information Received



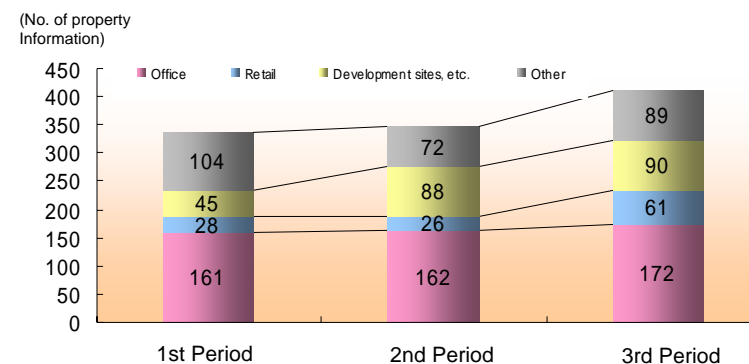
### Number of Property Information by Channel



### Number of Property Information by Region



### Number of Property Information by Property Type



Gathering information on various types of properties in various regions  
to secure sufficient investment opportunities

## - 3 - Future Strategies

### Issues

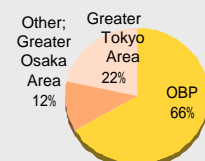
Ease concentration on area and tenants

### Response

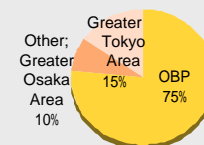
Acquire quality properties at appropriate prices

(Ref.: Concentration on area and tenants as of the end of the 3rd period)

Breakdown by Area

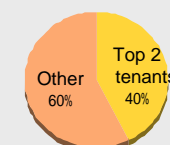


Based on acquisition price



Based on Operating revenue

Breakdown of Top Tenants



Based on property revenue

### Image of External Growth (note)

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

New property acquisition excl. OBP  
(approx. JPY30bn)

Debt finance: approx. JPY30bn  
(LTV: 46.2%)

Contribution to dividends:  
approx. JPY800/unit

Level of concentration on OBP:  
approx. 55%  
(based on acquisition prices)

<preconditions for property acquisition>

- NOI yield: assumed approx. 4.5%
- NOI: approx. JPY1.35bn/year
- Available for distribution: approx. JPY300mn/year

- LTV upper limit determined by financial policies: in principle 60%
- LTV at end of 3rd period: 36.6%
- LTV—assumed on a normal operational base: 40 – 49%

B/S of MID REIT (illustrated)

New acquisitions  
approx. JPY30bn

New debt  
approx. JPY30bn

Non-current assets

JPY153.1bn

Current assets  
JPY14.3bn

Debt  
JPY 61.3bn

NAV  
JPY92.7bn

Leasehold and Security deposits: JPY11.2bn

Other: JPY2.2bn

(incl. deposit release JPY9bn)

Note:

This Image of external growth is based on MID REIT's financial standing as of Dec. 31, 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 image 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 Conditions**

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# - Details on Debt (1)



## Breakdown of debt (as of Dec. 31, 2007)

Type	Lenders		Borrowing date	Balance at end of 3rd Period	Average interest rate (Note 1)	Repayment date	Repayment method	Usage	Remarks
Current portion of 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	1.084%	Aug. 31, 2008	Bullet payment	(Note 4)	Secured
Long-term debt	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	-	-	-	-	-

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.

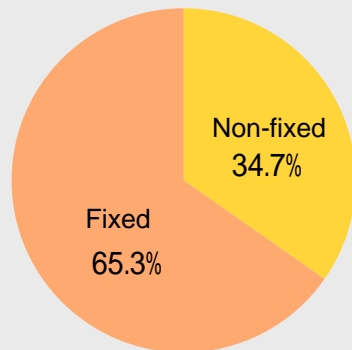
## Credit line (as of Dec.31, 2007)

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



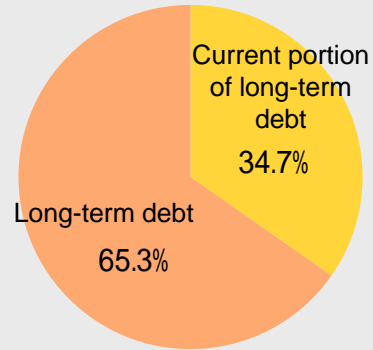
## - Details on Debt (2)

Ratio of fixed/floating rate  
(as of Dec. 31, 2007)

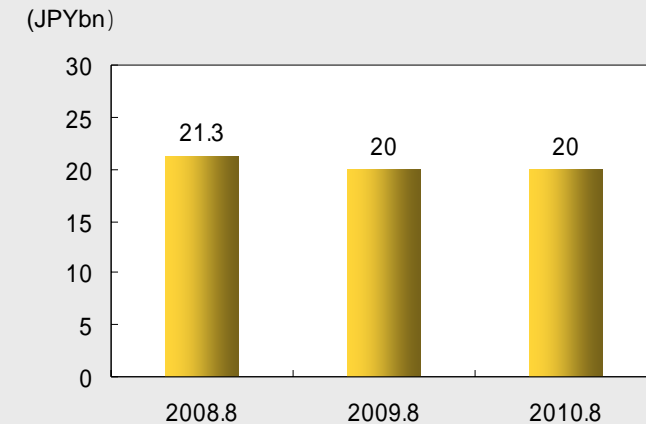


Weighted average interest rate : 1.40%  
Average remaining loan term: 1.64 years

Ratio of Long-term/short-term debt  
(as of Dec. 31, 2007)



Diversification of repayment dates  
(as of Dec.31, 2007)



### Shelf-Registration for The Issuance of Investment Corporation Bonds

- Planned issue amount  
¥100 billion
- Registration date  
November 7, 2007
- Term  
From November 15, 2007 to November 14, 2009

### Obtained Rating acquisition ( as Dec. 31, 2007 )

Rating agency	Obtained	Obtained date
R&I	issuer rating A (Stable)	Jan. 22, 2007



## **. Appendix**

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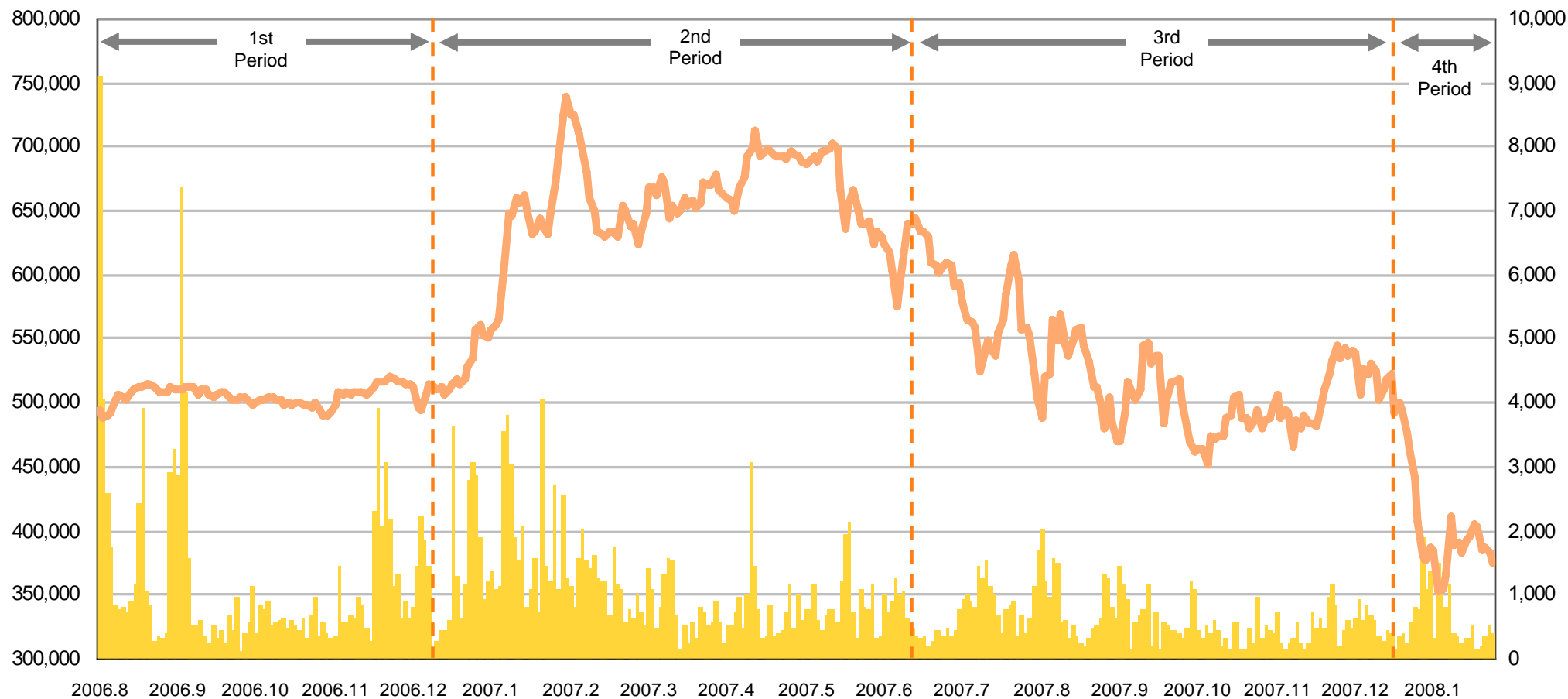


## - 1 Unit Price Performance(1) (IPO ~ Feb.12, 2008)



Unit price (yen)

Volume (units)

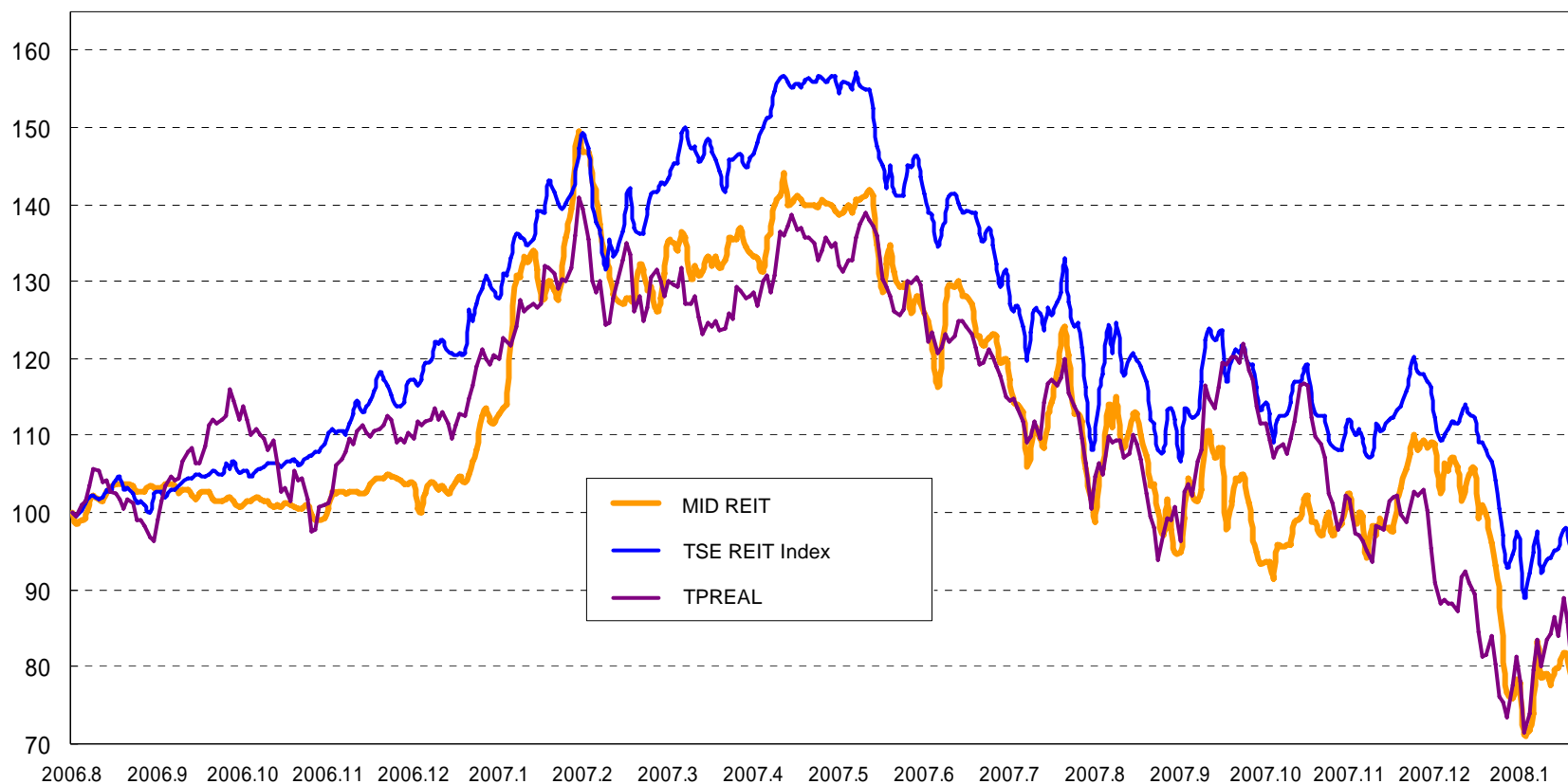


Source: QUICK





## - 1 Unit Price Performance (2) (IPO to Feb 12, 2008)



Source: QUICK

Note: To track stock performance, reference values of 100% have been assigned to the August 29, 2006 closing prices of the TSE REIT Index and TOPIX Real Estate Index (TPREAL). The closing price of MID REIT's units as of the same date, on which MID REIT's units were publicly listed, has also been set at the reference value of 100%.

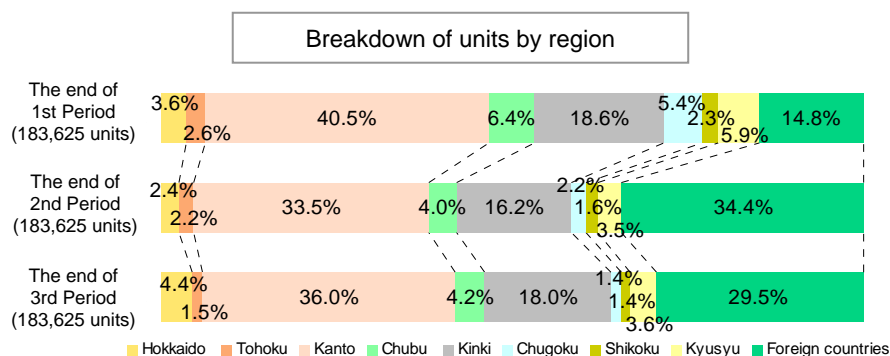
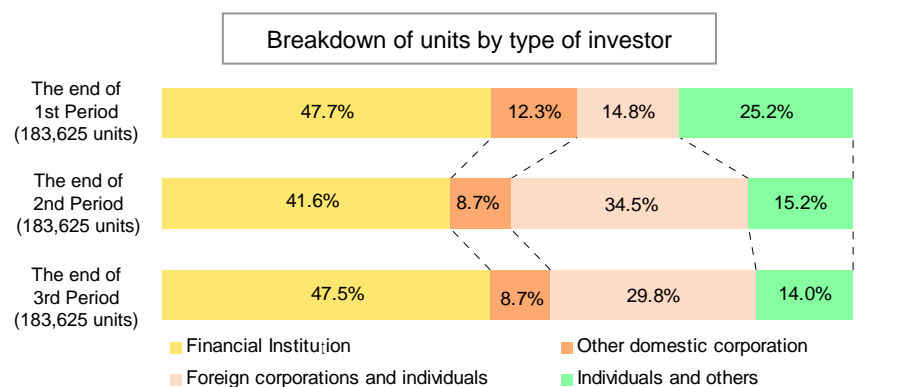


## - 2 Unitholder Details(1)

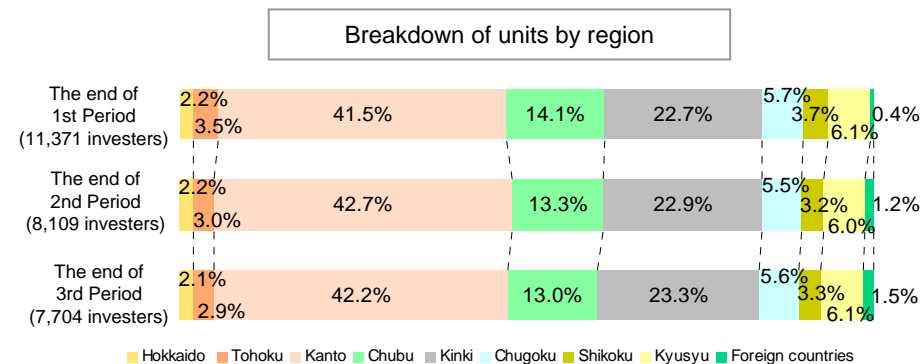
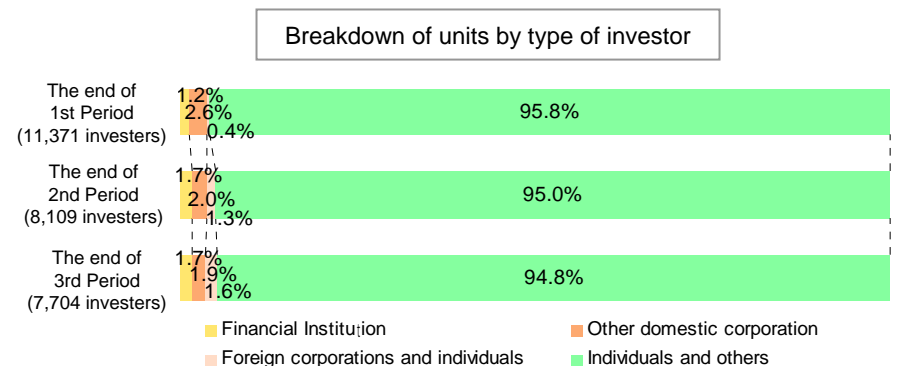


### Analysis of Investor Attributes

Distribution of number of units held



Distribution of number of investors



## - 2 Unitholder Details(2)



### Top 10 Unitholders (as of Dec.31, 2007)

Name	Number of units held	Ratio of units held to total units outstanding (%)
Nikko Citi Trust and Banking Corporation (Investment Trust Account)	13,118	7.14
MID Urban Development Co., Ltd.	9,200	5.01
The Bank of Ikeda, Ltd.	8,250	4.49
Japan Trustee Services Bank, Ltd. (Trust Account)	8,158	4.44
North Pacific Bank, Ltd.	6,977	3.80
The Bank of New York GCM Client Accounts ELRG	5,647	3.08
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,315	2.89
The Bank of New York GCM Client Accounts EISG	4,699	2.56
Goldman Sachs and Company Regular Account	4,675	2.55
Fuji Fire and Marine Insurance Co., Ltd.	3,403	1.85
<b>Total</b>	<b>69,442</b>	<b>37.82</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 Dec. 31, 2007)

Submitter or Name of Joint Unitholder	Number of Units Held	Ratio of Units Held to Total Units Outstanding (%)	Dates of Latest Submissions
Nikko Asset Management Co., Ltd. Nikko Citigroup Limited	13,918	7.58	Oct.5,2007
Altrinsic Global Advisors, LLC	9,400	5.24	Aug.3,2007
MID Urban Development Co., Ltd.	9,200	5.01	Jan.10,2007
<b>Total of above 3 companies</b>	<b>32,518</b>	<b>17.71</b>	
Prospect Asset Management, Inc.	8,898	4.85	Nov.21,2007

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

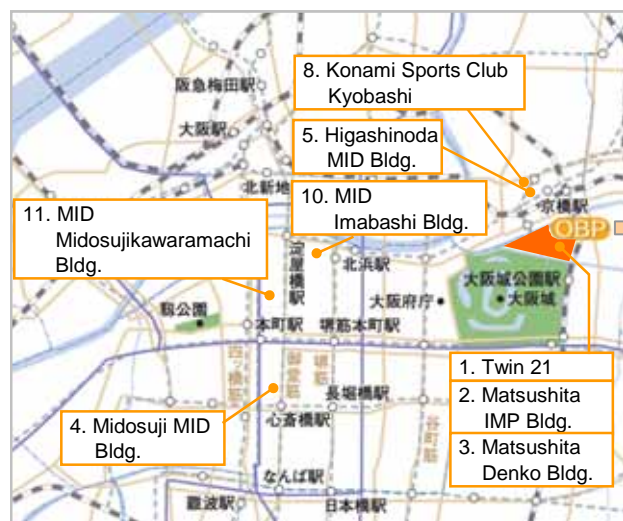
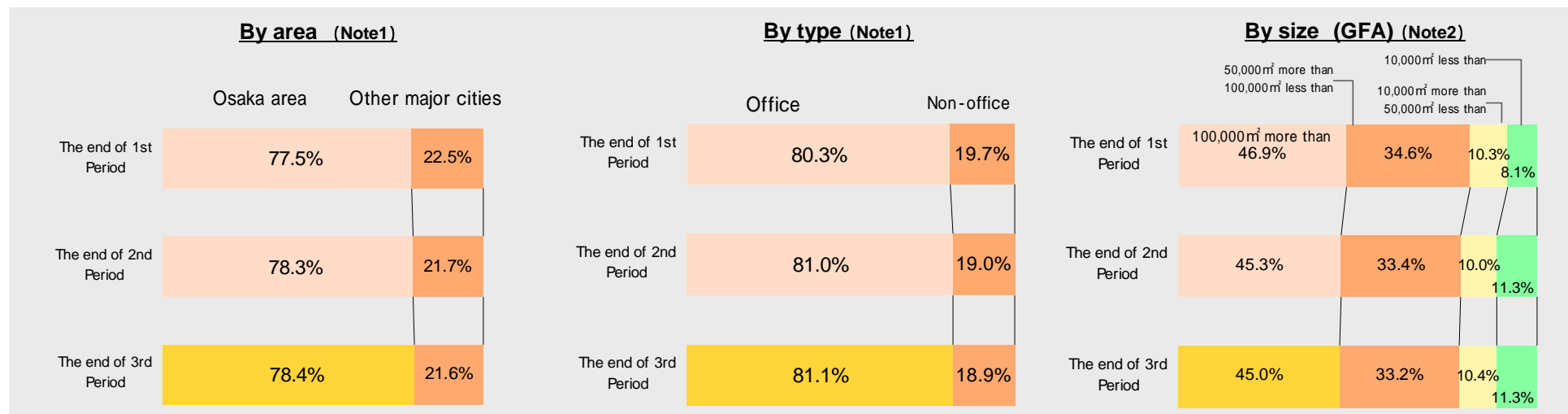


## **–3. Portfolio**

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# - 3 - Portfolio Diversification

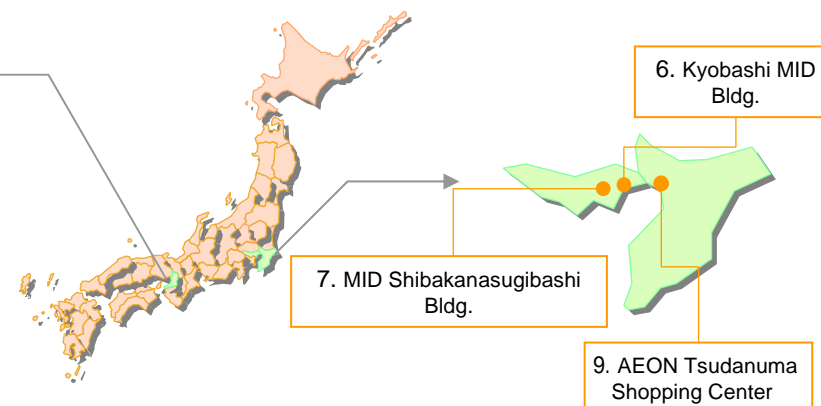
## Data of Portfolio



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 - Portfolio Overview



As of Dec. 31, 2007

Type	Area	Prop No.	Prop.name	Location	Acquisition date	Acquisition Price (Note1) (JPYmn)	Investment ratio(%) (Note2)	Completion date	Leasable areas ( m <sup>2</sup> ) (Note3)	PML (%) (Note4)
Office	Osaka area	1	Twin21 (Note5)	Chuo-Ku, Osaka	8/06	68,700	45.0	3/86	82,427.87	3.5
		2	Matsushita IMP Bldg.	Chuo-Ku, Osaka	8/06	24,600	16.1	2/90, added on to in 11/03	36,728.65	3.2
		3	Matsushita Denko Bldg. (Note6)	Chuo-Ku, Osaka	8/06	7,620	5.0	8/74	12,684.52	7.7
		4	Midosuji MID Bldg. (Note7)	Chuo-Ku, Osaka	8/06 10/07	8,290	5.4	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	2.1	10/90	4,278.35	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	3.7	5/81, added on to in 3/82	5,195.99	9.7
		7	MID Shibakanasugibashi Bldg.	Minato-Ku, Tokyo	8/06	1,160	0.8	1/95	1,989.27	6.0
Sub-total						123,630	81.1		167,628.21	
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	17.1	9/03, added on to in 12/07	101,210.44	4.0
Sub-total						28,880	18.9		110,796.70	
Total						152,510	100.0		278,424.91	2.8

## Notes:

1. Acquisition price states the sale price which is stated in the sales contract for the Trust beneficiary interests and others(expenses related to the transaction, property tax and consumption tax are not included)
2. Investment ratio as presented in the table above is the ratio of a property's acquisition price to the total acquisition price and rounded off to the first decimal place. Accordingly, the sum of individual properties' acquisition prices may not add up to the figures presented in the subtotal and total columns.
3. Leasable areas presented in the above table represent total leasable floor area as of December 31, 2007. Figures exclude floor area occupied by of storage areas, halls and parking areas. However, the leasable areas of Konami Sport Club Kyobashi and AEON Tsudanuma Shopping Center include the common and parking areas, while the leasable areas of the Midosuji MID Bldg. and the Higashinoda MID Bldg. include common areas, each of which is leased in its entirety to a sole tenant.
4. The total PML represents PML for the entire portfolio. MID REIT has taken out earthquake insurance for all the portfolio properties presented above in November 2007
5. Includes the Trust beneficiary interest of Twin 21 (partial ownership of leased land)
6. Matsushita Denko Bldg.'s PML does not factor in the effect of antiseismic reinforcement, which was completed in January 2008 and was obtained through appraisal prior to such reinforcement.
7. Data for the Midosuji MID Bldg. includes that of the adjoining land.
8. In addition to the properties listed in the table above, MID REIT acquired a silent partnership interest in the Sakura Dori MID Bldg. (tentative name) on November 29, 2007.

As of Dec. 31, 2007

Type	Area	Prop.name	Acquisition price (JPYmn) (A) (Note1)	Appraisal value at 2nd Period-End (JPYmn)	Appropriated to BS as of 3rd Period-End (JPYmn) (Note 2)	Appraisal value at 3rd Period-End (JPYmn) (B) (Note 3)	Change (B/A-1)	Appraisal company
Office	Osaka area	1 Twin 21 (Note4)	68,700	70,900	68,892	70,900	3.2%	Morii Appraisal & Investment Consulting Inc.
		2 Matsushita IMP Bldg.	24,600	24,800	24,494	24,800	0.8%	Tanizawa Sogo Appraisal Co.,Ltd.
		3 Matsushita Denko Bldg.	7,620	7,620	7,628	7,620	0.0%	Morii Appraisal & Investment Consulting Inc.
		4 Midosuji MID Bldg.(Note5)(Note6)	8,290	8,410	8,371	9,410	13.5%	Tanizawa Sogo Appraisal Co.,Ltd.
		5 Higashinoda MID Bldg.	2,300	2,360	2,292	2,360	2.6%	Tanizawa Sogo Appraisal Co.,Ltd.
		10 MID Imabashi Bldg.	3,270	3,270	3,394	3,280	0.3%	Tanizawa Sogo Appraisal Co.,Ltd.
		11 MID Midosujikawaramachi Bldg.	2,000	2,030	2,061	2,070	3.5%	Tanizawa Sogo Appraisal Co.,Ltd.
	Other major cities	6 Kyobashi MID Bldg.	5,690	6,170	5,743	6,770	19.0%	Tanizawa Sogo Appraisal Co.,Ltd.
		7 MID Shibakanasugibashi Bldg.	1,160	1,230	1,166	1,260	8.6%	Tanizawa Sogo Appraisal Co.,Ltd.
Sub-total			123,630	126,790	124,045	128,470	3.9%	
Non-office	Osaka area	8 Konami Sports Club Kyobashi	2,780	2,810	2,760	2,850	2.5%	Daiwa Real Estate Appraisal Corp.
	Other major cities	9 AEON Tsudanuma Shopping Center	26,100	26,100	26,086	26,200	0.4%	Daiwa Real Estate Appraisal Corp.
	Sub-total			28,880	28,910	28,846	29,050	0.6%
Total			152,510	155,700	152,892	157,520	3.3%	

Notes:

1. Acquisition value states the sale price which is stated in the sales contract for the Trust beneficiary interests and others (expenses related to the transaction, property tax and consumption tax are not included)
2. Appropriated to BS state the acquisition price (and expenses related thereto) of each assets less Total depreciation of such assets .
3. Appraisal value state the values that appear in the appraisal reports of Tanizawa Sogo appraisal, Morii Appraisal & Investment Consulting, and Daiwa Real Estate Appraisal as of Dec.31, 2007 which are based on MID REIT's rules on calculation, methods and criteria for asset appraisal defined in the Business Regulation (Kiyaku) and rules of the Investment Trust Association (Toshin Kyokai)
4. Includes the Trust beneficiary interest of Twin 21 (partial ownership of leased land)
5. The acquisition price and the appropriated to BS as of the end of the 3rd period for the Midosuji MID Bldg. include those of the land adjoining the Midosuji MID Bldg.
6. The appraisal value at the end of the 3rd period for the Midosuji MID Bldg. factors in the land adjoining the Midosuji MID Bldg. as an integral part.
7. In addition to the properties listed in the table above, MID REIT acquired a silent partnership interest in the Sakura Dori MID Bldg. (tentative name) on November 29, 2007.

As of Dec. 31, 2007

Tenant	Industry	Tenant of	Expiration date of the contract (Note 1)	Leased area (㎡)	Ratio within total rent area (Note 2)
Aeon	Retail	AEON Tsudanuma Shopping Center	Sep.29,2023	101,210.44	36.9%
Matsushita Electric Industrial	Electrical equipment	Twin21	Mar.31,2009	41,471.52	15.1%
		Kyobashi MID Bldg.	Dec.15,2008	638.47	0.2%
Human Academy (Note 3)	Services	Midoshuji MID Bldg.	-	16,186.37	5.9%
Matsushita Electric Works	Electrical equipment	Matsushita Denko Bldg.	Mar.31,2009	12,684.52	4.6%
Konami Sports & Life (Note 3)	Services	Konami Sports Club Kyobashi	-	9,586.26	3.5%
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%
MID Property Management	Real estate	Twin21	Mar.31,2008	1,910.86	0.7%
		Matsushita IMP Bldg.	Sep.30,2008	1,247.48	0.5%
Total				203,970.88	74.4%

MID Property Management Co., Ltd. acquired MID Create Co., Ltd., which manages rental conference rooms and others, in August 2007.

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 of the contract when consent for disclosure could not be obtained from tenant



(JPY 000)

Property name	Twin 21	Matsushita IMP Bldg.	Matsushita Denko Bldg.	Midosuji MID Bldg.(Note2&3)	Higashinoda MID Bldg. (Note2)	Kyobashi MID Bldg.	MID Shibakanasugibashi Bldg.	Konami Sports Club Kyobashi (Note2)	AEON Tshidanuma Shopping Center	MID Imabashi Bldg.	MID Midosujikawaramachi Bldg.	Total
Operating days	184	184	184	184	184	184	184	184	184	184	184	
Rent	2,161,326	763,878	261,534	-	-	153,843	39,905	-	720,709	75,439	42,319	4,639,655
CAM	653,379	319,278	52,680	-	-	28,298	-	-	-	24,785	17,645	1,096,066
Parking revenue	89,310	49,560	4,320	-	-	7,814	2,160	-	-	10,148	1,830	171,418
Property revenue	2,904,016	1,132,716	318,534	-	-	189,956	42,065	-	720,709	110,373	61,794	5,907,140
Utilities	168,454	119,733	33,909	-	-	5,315	-	-	-	9,298	5,551	361,141
Early-withdrawal penalties received	336	-	-	-	-	-	-	-	-	-	-	336
Other revenue	12,774	9,692	1,915	-	-	905	210	-	-	5,144	62	30,867
Other property revenue	181,565	129,425	35,825	-	-	6,220	210	-	-	14,442	5,613	392,346
Operating revenue	3,085,581	1,262,141	354,359	-	-	196,177	42,275	-	720,709	124,815	67,408	6,299,486
Property Management fees	357,088	200,219	51,631	-	-	24,392	1,415	-	14,441	17,553	8,760	702,852
Commissions payment	3,984	4,630	-	-	-	-	-	-	152	1,695	1,111	11,572
Utilities	290,968	176,076	38,533	-	-	11,291	-	-	-	10,198	5,122	551,130
Real estate taxes	238,501	147,825	17,889	-	-	17,935	6,748	-	64,142	-	-	556,481
Insurance premium	8,769	4,680	811	-	-	399	258	-	2,475	480	226	19,582
repairs	34,952	19,352	2,468	-	-	1,270	661	-	-	3,678	2,344	76,775
Other property expenses	21,044	13,505	497	-	-	510	-	-	-	627	1,019	37,204
Property leasing expenses	955,307	566,290	111,832	-	-	55,799	9,082	-	81,211	34,234	18,584	1,955,598
NOI( - )	2,130,273	695,851	242,526	164,290	76,306	140,377	33,192	82,165	639,498	90,581	48,823	4,343,887
NOI yield(Acquisition price basis)	6.2%	5.7%	6.4%	4.0%	6.6%	4.9%	5.7%	5.9%	4.9%	5.5%	4.9%	5.7%
Depreciation & Amortization	398,372	225,247	37,437	27,548	12,772	16,428	5,949	18,831	112,421	20,368	11,929	887,306
Property income	1,731,901	470,604	205,089	136,741	63,534	123,949	27,242	63,333	527,076	70,212	36,894	3,456,581
Capex	326,126	106,145	11,040	20,000	703	18,548	2,550	-	100,000	38,241	1,940	625,293

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 data of the Midosuji MID Bldg. includes that of the adjoining land.

## 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: 82,427.87m<sup>2</sup>
- 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 consular office
- Directly connected to the Osaka Castle Kyobashi promenade and the Kyobashi Station, which is one of Osaka's biggest terminal stations



## 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: 36,728.65m<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

Non-office

## 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
- Antiseismic reinforcement completed in January 2008



## Midosuji MID Bldg.

Acquisition date: Aug. 2006  
Oct. 2007



- Type: Office
- Location: Chuo-ku, Osaka
- Acquisition price:  
JPY8.29bn (Note)
- Land space: 1,893.62m<sup>2</sup> (Note)
- Leasable space: 16,186.37m<sup>2</sup>
- Construction completed: 10/80

Note: includes that of the adjoining land



- 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: 101,210.44m<sup>2</sup>
- Construction completed: 9/03, added on to in 12/07



- 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
- In Dec.2007 Extended with a new customer lounge

Office

Non-office

## 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: 4,278.35m<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: 5,195.99m<sup>2</sup>
- Construction completed: 5/81, added on to in 3/82

## MID Shibakanasugibashi Bldg.

Acquisition date: Aug. 2006

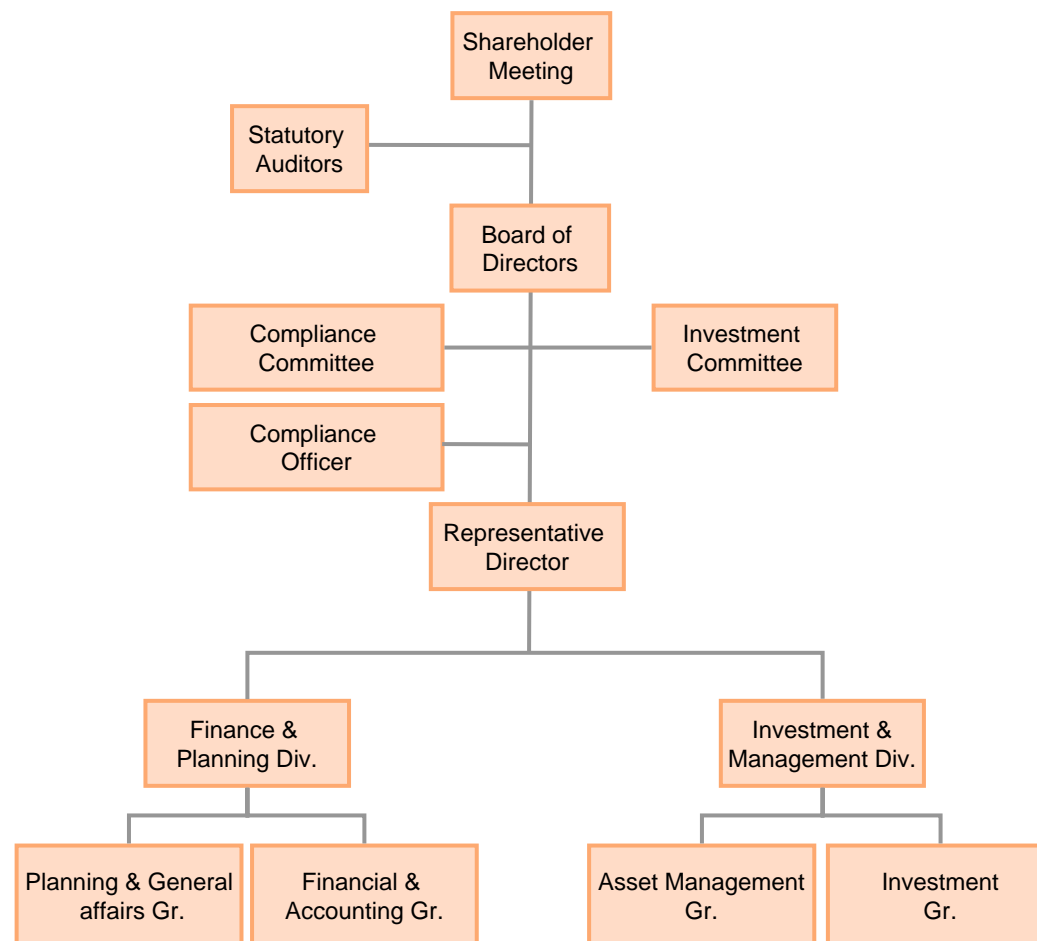


- Type: Office
- Location: Minato-ku, Tokyo
- Acquisition price: JPY1.16bn
- Land space: 430.21m<sup>2</sup>
- Leasable space: 1,989.27m<sup>2</sup>
- Construction completed: 1/95

## - 4 Overview of Asset management company

Company Overview (As of Dec.31, 2007)		
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%)	
No. of employees	23 (inclusive of 5 temporary workers)	
Officers	President & CEO	Nobuo Moroizumi
	Director	Masayuki Irie
	Director	Hiroshi Uemura
	Statutory Director	Atsushi Ishiguro
	Statutory Auditor	Yoshito Tanaka
Business Description	Investment management business	
Regulatory approval	Financial Instruments Firm, Director of Kinki Local Finance Bureau, Registration No.43 Discretionary transaction agent license (Minister of Land, Infrastructure and Transportation, Approval No.50 ) Real estate agent license (Governor of Osaka Prefecture (1), No.51806)	

### Structure



## - 5 Corporate Governance Structure

### State of operation the organization of asset management company

3rd Period of the REIT ( Jul. 1, 2007- Dec. 31, 2007 )			
Decision making body	No. of meetings held	Total No. of resolutions	Total No. of reports
Compliance Committee	7	16	2
Investment Committee	12	37	13
Board of Directors	18	58	28

### State of operation the organization of Investment corporation

3rd Period of the REIT ( Jul. 1, 2007- Dec. 31, 2007 )			
MID REIT Board of Directors	No. of meetings held	Total No. of resolutions	Total No. of reports
	8	11	14

#### [Increased monitoring of asset management company ]

- Non double-hatting by Executive Directors of the REIT and asset management company s president to ensure check and balance function.
- Operating report meetings held by MID REIT s executive directors and the Asset Management company.
- Operating 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 3rd Period, held on Feb. 7, 2008)

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

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

### 《transaction and selection criteria (principle)》

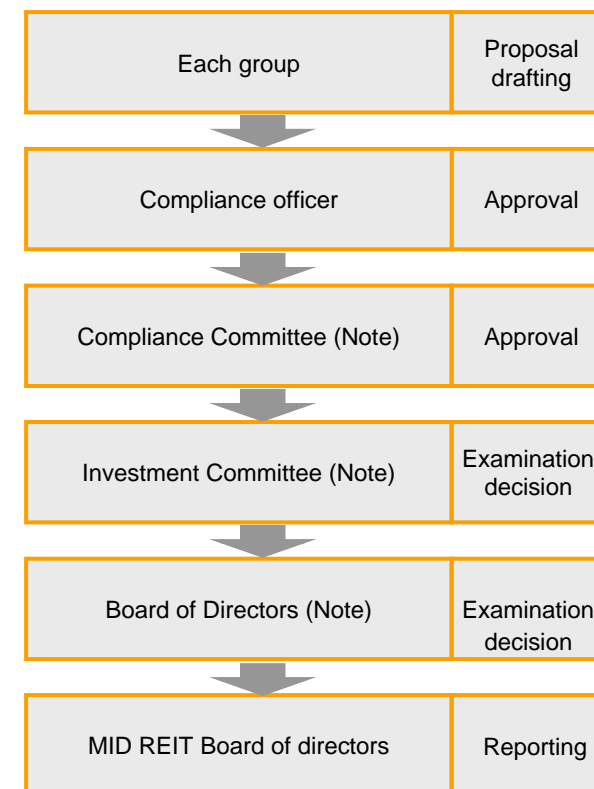
<b>Property acquisition/disposal</b>	<ul style="list-style-type: none"> <li>Transaction has to comply with following criteria: Acquisition price    appraised value , Appraised value    disposal price</li> </ul>
<b>Property leasing</b>	<ul style="list-style-type: none"> <li>Leasing terms must be appropriated 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 property/building</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 management company; subsidiaries/affiliates of the shareholders of the asset management company 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) (b) (c) holds a 20% stake through investment, Silent Partnership Interest, or Preferred equity

Note: MID REIT plans to partially amend its Business regulation, subject to the approval of the General Meeting of Unitholders to be held on April 10, 2008. These amendments include a change in the definition of sponsor companies.

### 《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**

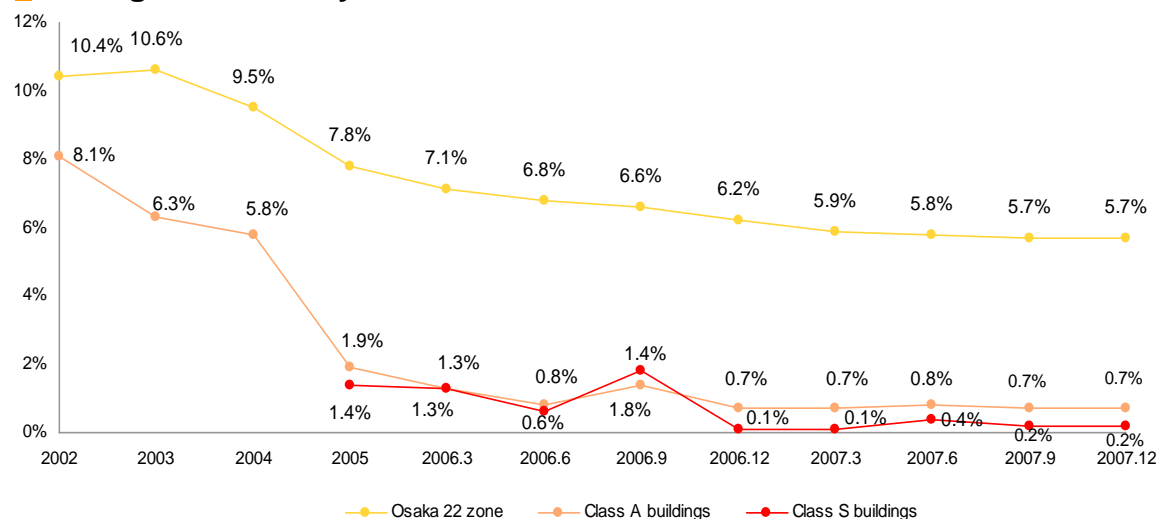




## **–7. Osaka Market Data**

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## Changes in vacancy rates in Osaka's office zone



## Ranking of vacancy rates in Osaka 22 zone (Dec. 2007)

Ranking	Zone	Vacancy rates
1	OBP	0.8%
2	Yodoyabashi	1.9%
2	Dojima, Nakanoshima	1.9%
4	Umeda	2.7%
5	Nakatsu	4.1%

	Criteria of Class A buildings	Criteria of Class S buildings
Location	Located in well-established office areas in Osaka City, namely in Chuo-ku, Kita-ku, Nishi-ku, and Yodogawa-ku	Located in areas, including those listed on the left, which are well-known office building areas
Access	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
Facilities	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 Dec. 2007), Kinki edition"

# - 7 - New Supply of Office Building (1)

## New Office Building Construction Plans Commencing after 2008 (Key Office Areas in Osaka)

In Tsubo,( ) in m <sup>2</sup>				
Completion in	Leasable area by year	No.	Area	Leasable area (plan)
2008	34,400 ( 113,700 )	1	Honmachi	1,000 ( 3,400 )
		2	Shin Osaka	4,200 ( 13,900 )
		3	Kitahama	3,100 ( 10,300 )
		4	Sakaisuji Honmachi	4,000 ( 13,200 )
		5	Yodoyabashi	7,600 ( 25,200 )
		6	Shin Osaka	1,000 ( 3,200 )
		7	Umeda	9,100 ( 30,200 )
		8	Sakaisuji Honmachi	2,500 ( 8,100 )
		9	Shin Osaka	1,900 ( 6,200 )
2009	46,800 ( 154,600 ) (Excluding buildings whose leasable floor areas are unknown)	10	Yodoyabashi	3,600 ( 11,900 )
		11	Doujima,Nakanoshima	14,600 ( 48,300 )
		12	Namba	11,800 ( 39,100 )
		13	Yodoyabashi	4,900 ( 16,100 )
		14	Higobashi	8,500 ( 28,100 )
		15	Honmachi	3,400 ( 11,100 )
		16	Higobashi	Unknown
2010	48,800 ( 161,300 ) (Excluding buildings whose leasable floor areas are unknown)	17	Umeda	4,800 ( 15,800 )
		18	Doujima,Nakanoshima	Unknown
		19	Honmachi	4,900 ( 16,300 )
		20	Umeda	22,100 ( 73,100 )
		21	Honmachi	7,000 ( 23,000 )
		22	Umeda	10,000 ( 33,100 )
2011	51,800 ( 171,100 ) (Excluding buildings whose leasable floor areas are unknown)	23	Umeda	6,800 ( 22,400 )
		24	Shin Osaka	Unknown
		25	Yodoyabashi	Unknown
		26	Umeda	23,000 ( 76,000 )
		27	Umeda	22,000 ( 72,700 )
2012 ~ (Includes buildings for which plans are unknown)	8,400 ( 27,800 ) (Excluding buildings whose leasable floor areas are unknown)	28	Doujima,Nakanoshima	8,400 ( 27,800 )
		29	Doujima,Nakanoshima	Unknown
		30	Doujima,Nakanoshima	Unknown
		31	Tennouji	Unknown
		32	Doujima,Nakanoshima	Unknown
		33	Kitahama	Unknown
		34	Honmachi	Unknown

### Ongoing Development Project and Development Plan by Sponsors (MID Urban Development)

#### Ongoing Development Project



(Image of Kitahama MID Bldg.)

#### Kitahama MID Bldg.

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

Source : MID Urban Development Co.,Ltd.

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

#### Development Plan



(Image of Higobashi Bldg.)

#### Higobashi Bldg. (tentative name)

**Location:**Edobori,  
Nishi-ku, Osaka  
**GFA:**Undetermined  
**Floor:**Undetermined  
**Scheduled completion:**  
Dec. 2009

Source : MID Urban Development Co.,Ltd.

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

Source: MID REIT Management

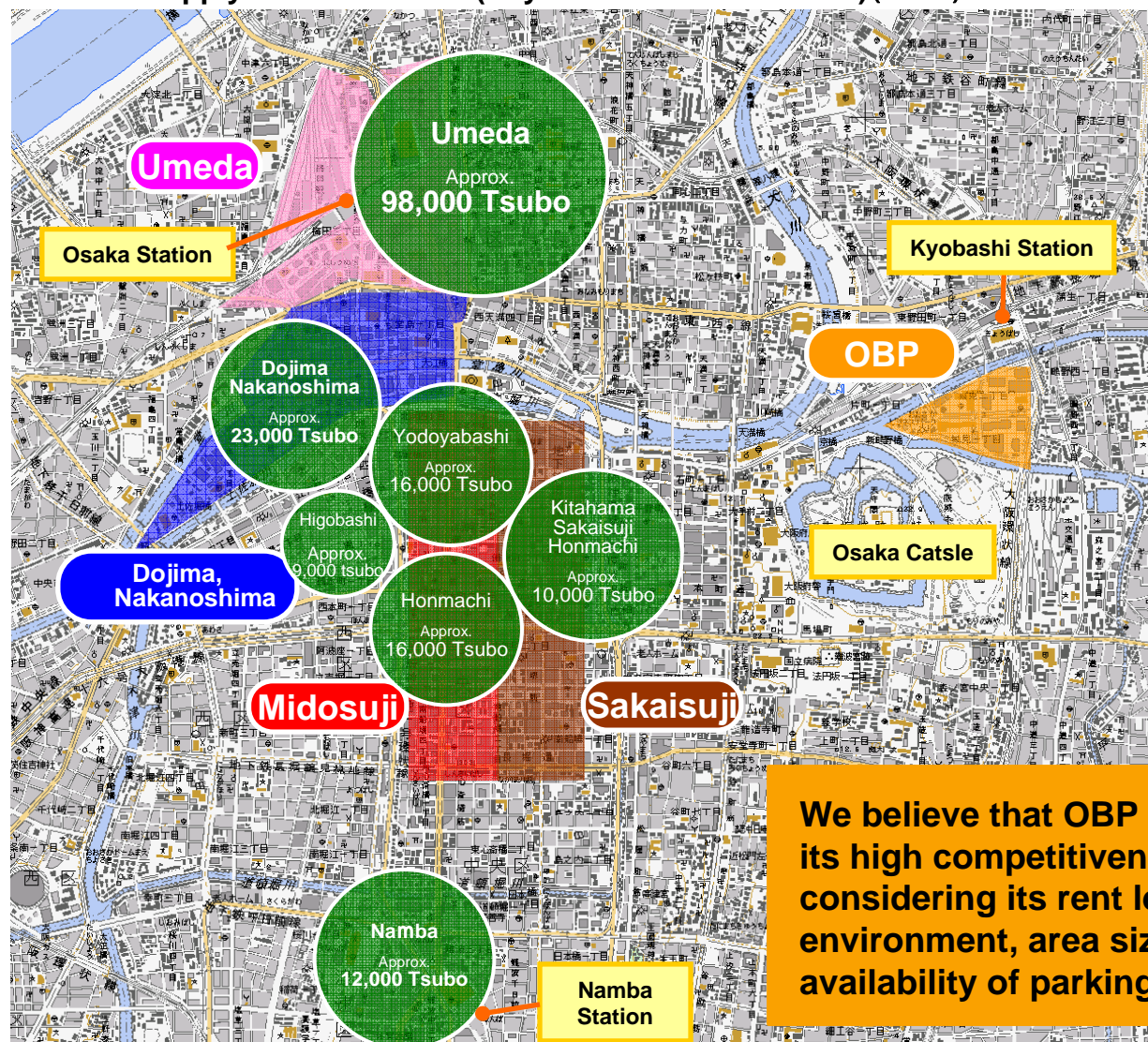


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## New Supply of Office Buildings (2)

New Office Building Construction Plans Commencing after 2008

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. 51 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



### 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, 2007)

( ) shows previous survey data (as of Apr. 1, 2007)

Area	Expected cap rate	Trading cap rate
Tokyo Marunouchi / Otemachi area	<b>3.8%</b> (4.0%)	<b>3.5%</b> (3.5%)
Tokyo Nihonbashi area	<b>4.3%</b> (4.3%)	<b>4.0%</b> (4.0%)
Nagoya station area	<b>5.0%</b> (5.0%)	<b>4.7%</b> (4.7%)
Osaka along Midosuji	<b>5.0%</b> (5.0%)	<b>4.5%</b> (4.6%)
Fukuoka Tenjin area	<b>5.3%</b> (5.5%)	<b>5.0%</b> (5.0%)

Source: Japan Real Estate Institute "Research data for real estate investors No.17" (as of Oct. 2007)



(Asset Management Company)

## MID REIT Management Co., Ltd

Financial Instruments Firm, Director of Kinki Local Finance Bureau, Registration No.43

Member of the Investment Trusts Association

5F Aqua Dojima East Bldg., 1-4-4 Dojimahama, Kita-ku, Osaka City, 530-0004

TEL: +81-6-6456-0700 (main switch) FAX: +81-6-6456-0707

### IR Contact details

Finance & Planning Division Planning & General Affairs Group

E-mail: [midrm-info@mid.co.jp](mailto:midrm-info@mid.co.jp)

