

**For Translation Purpose Only****Financial Report for the 6th Fiscal Period (January 1, 2009 to June 30, 2009)**

MID REIT, Inc. (URL: <http://www.midreit.jp/>) is listed on the Tokyo Stock Exchange with the securities code 3227.

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Executive Officer

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[Monetary amounts in million yen are rounded down]

**1. PERFORMANCE FOR THE 6th FISCAL PERIOD (January 1, 2009 to June 30, 2009)****(1) Business Results**

[Percentage figures show the period-on-period increase (decrease)]

	Operating revenue		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
6th fiscal period	6,397	(0.6)	2,765	(4.3)	2,078	(6.6)	2,076	(6.6)
5th fiscal period	6,432	(15.6)	2,889	(25.4)	2,225	(33.5)	2,224	(33.5)

	Net income per unit	Net income to unitholders' equity	Ordinary income to total assets	Ordinary income to operating revenue
	yen	%	%	%
6th fiscal period	11,308	2.2	1.2	32.5
5th fiscal period	12,112	2.4	1.2	34.6

**(2) Distributions**

	Distribution per unit [excluding distribution in excess of earnings]	Total distributions	Distribution in excess of earnings per unit	Total distributions in excess of earnings	Payout ratio	Distributions to net assets
	yen	million yen	yen	million yen	%	%
6th fiscal period	11,309	2,076	0	—	100.0	2.2
5th fiscal period	12,113	2,224	0	—	100.0	2.4

Note: The payout ratio is rounded down to the first decimal place.

**(3) Financial Position**

	Total assets	Net assets	Unitholders' equity to total assets	Net assets per unit
	million yen	million yen	%	yen
6th fiscal period	178,396	92,449	51.8	503,467
5th fiscal period	178,744	92,596	51.8	504,271

[Reference] Unitholders' equity for the 6th fiscal period: ¥92,449 million

Unitholders' equity for the 5th fiscal period: ¥92,596 million

**(4) Cash Flows**

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
6th fiscal period	3,142	(1,422)	(2,224)	13,644
5th fiscal period	2,970	(4,494)	(3,344)	14,149

**2. FORECAST OF RESULTS FOR THE 7th FISCAL PERIOD (July 1, 2009 to December 31, 2009)**

[Percentage figures show the period-on-period increase (decrease)]

	Operating revenue		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
7th fiscal period	6,290	(1.7)	2,465	(10.8)	1,593	(23.3)	1,591	(23.4)

  

	Distribution per unit [excluding distribution in excess of earnings]	Distribution in excess of earnings per unit
	yen	yen
7th fiscal period	8,665	0

[Reference] Estimated net income per unit for the 7th fiscal period: ¥8,665

**3. OTHER****(1) Changes in Accounting Policies**

- (a) Changes due to revisions in accounting and other standards: None
- (b) Changes other than in (a): None

**(2) Number of Investment Units Issued and Outstanding**

- (a) Number of investment units issued and outstanding (including own investment units) at end of period:
- 6th fiscal period: 183,625 units
- 5th fiscal period: 183,625 units
- (b) Number of own investment units at end of period:
- 6th fiscal period: 0 units
- 5th fiscal period: 0 units

**\*Explanation on Appropriate Use of Forecast of Business Results, and Other Matters of Special Note**

The forecast and outlook of business results and other forward-looking statements contained in this report are based on information currently available to and certain preconditions and assumptions deemed reasonable by MID REIT, Inc. Accordingly, actual business results and other performance may differ materially due to a variety of factors.

Moreover, the forecasts should not be construed as a guarantee of distribution amounts.

For the preconditions and assumptions underlying the forecast of business results, matters of note in the use of the forecast of business results, and other matters of special note, please refer to “2. Asset Management Conditions; (2) Outlook of Next Fiscal Period; (b) Outlook of Business Results” on page 6.

## 1. Asset Management Policy

Disclosure is omitted because there are no significant changes from the “Investment Policy,” “Investment Target” and “Distribution Policy” presented in the most recent *yuka shoken hokokusho* (securities report) (submitted on March 25, 2009).

## 2. Asset Management Conditions

### (1) Overview of Fiscal Period under Review

#### (a) Brief Background to MID REIT

MID REIT, Inc. (hereafter, “MID REIT”) was established by MID REIT Management Co., Ltd. (hereafter, the “Asset Management Company”) on June 1, 2006 under the Law Concerning Investment Trusts and Investment Corporations (Law No. 198 of 1951, including amendments thereto) (hereafter, the “ITL”), and listed on the Tokyo Stock Exchange, Inc.’s Real Estate Investment Trust Section (Securities Code: 3227) on August 29, 2006.

As of the end of the fiscal period under review (6th fiscal period: January 1, 2009 to June 30, 2009), the total number of investment units issued and outstanding was 183,625 investment units.

During the 6th fiscal period, MID REIT’s portfolio comprised of 12 properties (however, excluding silent partnership interests) with the sum total of acquisition prices amounting to ¥161,170 million.

MID REIT conducts asset management with investment focused on office buildings in the Osaka area under the basic policy of managing assets in pursuit of securing stable revenue and achieving steady growth of its assets under management from a medium- to long-term perspective.

#### (b) Investment Environment and Management Performance

##### (i) Investment Environment

With the financial crisis and global economic slowdown stemming from the subprime mortgage crisis and failure of major financial institutions in the U.S., the Japanese economy saw the economic downturn become more conspicuous and serious impact on even the real economy during the 6th fiscal period. Corporate earnings decreased markedly due in part to dropping exports as well as lower capital investments and production owing to stronger appreciation of the yen and decline in demand, and also due in part to falling stock prices. The corresponding growing employment uncertainty has also triggered sluggish personal spending. These, among other factors, reflect the extremely severe state of the Japanese economy.

In the real estate transaction market, with the credit crunch spreading due to the growing severity of the global financial crisis, the lending stance for real estate related financing adopted by financial institutions is even tighter and the investment motivation of equity investors also hovers at weak levels. Consequently, the prolonged harsh investment environment continued primarily centered on regional areas.

According to the Ministry of Land, Infrastructure, Transport and Tourism’s Land Price LOOK Report for the first quarter (January 1 to April 1) of 2009, the trend found in the previous survey (fourth quarter of 2008) – specifically, the land price of intensively used land of major cities in Japan decreasing in almost all districts (148 of the 150 districts) and decreasing quarter-on-quarter by 3% or higher (11.5% or higher per annum) at approximately three-quarters of those districts – continued into the first quarter of 2009. The land price decreased in all districts of the business area of Osaka City, and both rent and land price decreased in the Osaka Business Park (hereafter, the “OBP”) as well.

In the office building leasing market, vacancy rates are rising due in part to the sharply weakening economy. Concerning the Osaka area as well, vacancy rates have continued to be on the rise since its low over the period between the latter half of 2007 and first half of 2008. While demand for office relocation exists, there is a marked decrease in floor space within the same facility and relocations to a location with less floor space, growing needs for lower rent and other moves in correlation with cost-saving efforts, etc. at tenant firms. In this manner, increasingly severe circumstances persist.

##### (ii) Asset Management Performance

###### <Investment Performance>

Against the backdrop of the described investment environment, MID REIT did not conduct any acquisitions or transfers of real estate, etc. during the 6th fiscal period. MID REIT’s portfolio at the end of the 6th fiscal period comprised of 12 properties, the investment ratios (based on acquisition price) of which are distributed in terms of geographic region with 83.1% in the Osaka area and 16.9% in the Tokyo metropolitan area and other areas and are distributed in terms of property type with 82.1% being office buildings and 17.9% being retail facilities.

Also during the 6th fiscal period, concerning silent partnership interests in a silent partnership with Sakura Dori Development LLC, which is developing Sakura Dori MID Building (hereafter, the “Property Under Development”), as the operator (hereafter, the “Silent Partnership Interests”), acquisition of all of the Silent Partnership Interests that MID REIT planned to acquire was completed on February 26, 2009. In correlation with acquisition of the Silent Partnership Interests, MID REIT has obtained the right of first refusal to the purchase of trust beneficiary interests in the Property Under Development over a six-month period after completion of the Property Under Development’s building construction.

<Performance of Management of Portfolio Assets>

In view of securing stable revenue from a medium- to long-term perspective pursuant to its basic policy, MID REIT is promoting the heightening of tenant satisfaction levels in seek of attracting new tenants and making its relationship of trust with existing tenants even stronger by working together with MID Property Management Co., Ltd., which is the company to which MID REIT outsources property management operations (hereafter, “MID Property Management”).

Amid the severe office leasing market, dedicated efforts toward prompt tenant response and discerning of tenant needs by MID Property Management, follow-up activities, appropriate building management by building management companies, and renovations of common-area spaces and other provision of comfortable office environments suited to tenant needs led to the achievement of favorable tenant relations and attracting of new tenants in the 6th fiscal period. As a result, occupancy rates hovered at high levels with that as at the end of the 6th period being 96.2%.

Concerning leasing, by leveraging the capabilities of MID Property Management, prompt leasing activities are carried out through striving to maintain and boost occupancy rates, along with flexibly reviewing rent, among other measures. Notably, at MID REIT’s core assets Twin 21 and Matsushita IMP Building, new tenants are being attracted by drawing on the characteristics of their location being the OBP – Osaka’s representative conglomerate business area.

(c) Overview of Fund Procurement

MID REIT procures funds pursuant to its financial policy that considers for maintaining a balance between fund procurement flexibility and financial stability, including keeping the LTV at a conservative level, reducing refinancing risks and mitigating interest rate fluctuation risks.

MID REIT has borrowed from 13 financial institutions in the amount of ¥72,300 million (current portion of long-term loans payable: ¥31,000 million; long-term loans payable: ¥41,300 million). In addition, of the loans payable, the interest rates have been fixed for ¥61,300 million via interest rate swap agreements that have been executed for the purpose of hedging against interest rate fluctuation risks.

Accordingly, as of the end of the 6th fiscal period, the ratio of interest-bearing liabilities to total assets stands at 40.5%, 100% of loans payable are long-term loans payable (of which, current portion of long-term loans payable account for 42.9%), and 84.8% of loans payable have fixed interest rates.

(d) Overview of Business Performance and Distributions

As a result of the abovementioned asset management, MID REIT posted operating revenue of ¥6,397 million, operating income of ¥2,765 million, ordinary income of ¥2,078 million and net income of ¥2,076 million in its performance for the 6th fiscal period.

Concerning distributions, to ensure that distributions of retained earnings would be deductible for tax purposes based on application of Article 67-15 of the Special Taxation Measures Law (Law No. 26 of 1957, including amendments thereto), MID REIT decided to distribute the entire amount of unappropriated retained earnings, excluding fractions of the distribution per unit that are less than ¥1. Accordingly, MID REIT declared a distribution per unit of ¥11,309.

(2) Outlook of Next Fiscal Period

(a) Future Asset Management Policy and Challenges to Address

(i) Investment Environment

In correlation with the economic stagnation stemming from the global financial crisis, while the Japanese economy is believed to be showing signs of surmounting the most testing period, it is thought to remain in a state that makes it difficult to lay out a fast road to recovery and time will still be required to restore the turmoil in the financial markets completely to its normal state. Concerning land price trends also, the decline in the investment motivation of investors, etc. and fall in the capacity to procure funds will continue and likely cause further increase in market cap rates and further drops in land prices. Consequently, the prospects for normalization of the investment environment continue to appear dim for the immediate future.

In the office leasing market, a state of a prolonged trend of vacancy rates rising due to tenants moving out,

relocating to locations with less floor space, etc. in correlation with rapidly deteriorating corporate earnings is expected and the pressures for lower rent are expected to grow stronger.

Under such circumstances, MID REIT will continue to manage assets with the aim of securing stable revenue and steady growth of assets under management from a medium- to long-term perspective.

(ii) Internal Growth Strategy

In view of maintaining and enhancing revenue over the medium and long term, MID REIT will remain dedicated to its efforts aimed at heightening the tenant satisfaction levels of existing tenants through the provision of comfortable office environments and services, as well as maintaining and boosting rent income and occupancy rates through initiatives for attracting new tenants.

<Initiatives for Discerning Needs and Heightening Satisfaction Levels of Existing Tenants>

As an initiative for discerning the needs and heightening the satisfaction levels of existing tenants, the Asset Management Company conducts a survey of satisfaction levels on the tenants of Twin 21 and other multi-tenant buildings in MID REIT's portfolio. Since the start of the survey with the first survey conducted in the 1st fiscal period, the survey has been conducted three times.

The results of the concerned survey are used as the base in instructing MID Property Management and building management companies, as well as in considering and carrying out repair and maintenance, value-enhancement and other construction work that fulfill tenant needs.

Moreover, various opinions and needs are drawn from the fine-tuned relationship MID Property Management has with existing tenants in its daily operations, and efforts made to suggest floor space expansions and other proposals in response to needs.

By proceeding to conduct such initiatives, MID REIT will keep striving to heighten tenant satisfaction levels and remain committed to maintaining and boosting occupancy rates.

<Initiatives for Attracting New Tenants>

MID REIT's core assets Twin 21 and Matsushita IMP Building are large office buildings situated in the OBP, which exhibits strong capacity to attract tenants with such locational advantages as it being a conglomerate business area adjacent to Osaka Castle Park and its lush greenery, it having outstanding access being within walking distance of six stations serving four railway lines, including one of Osaka's leading terminal stations Kyobashi Station, and it being able to secure spacious floor space and ample parking space. At these buildings, initiatives are taken to attract new tenants by drawing on such locational advantages. Moreover, initiatives are also taken at other portfolio assets to attract new tenants in line with the geographic region and size.

At the Asset Management Company, effective attracting of new tenants will proceed to be underway by conducting market analyses, etc. utilizing tenant information, etc. that MID Property Management has acquired in working closely with the site, based on which value-enhancement plans that lead to increased competitiveness of portfolio assets and other strategies for attracting tenants are developed.

(iii) External Growth Strategy

MID REIT will proceed to aim to enhance the quality of its portfolio via such measures as acquiring assets under management in view of minimizing asset and building management costs through economies of scale, mitigating risks of fluctuations in revenue with the effects of diversifying its portfolio of assets under management.

Acquisitions of assets under management will proceed to be examined with a focus on office buildings in the Osaka area, but will also consider acquiring properties deemed appropriate as an investment target in light of the location, size, etc. from among office buildings, etc. situated in the Tokyo metropolitan area, government-designated cities, etc.

Moreover, the pipeline support from sponsor companies MID Urban Development Co., Ltd. (hereafter, "MID Urban Development"), MID Asset Management Co., Ltd. and Aetos Japan, LLC will continue to be proactively leveraged.

Given the current severe investment environment as evident by such factors as the turmoil in the financial markets, however, prudent judgment will be exercised in making actual acquisitions of assets under management and other moves by weighing the respective properties' revenue projections, fund procurement trends, etc. and giving top priority to enhancing the quality of the portfolio.

Furthermore, by acquiring the Silent Partnership Interests, MID REIT has obtained the right of first refusal to Sakura Dori MID Building over a six-month period after completion of building construction. The actual acquisition, however, will be decided by exercising prudence in light of the real estate market conditions and financial trends.

## (iv) Financial Strategy

Ongoing efforts will be made to keeping the LTV at a conservative level, stable fund procurement, diversifying repayment dates for interest-bearing liabilities, etc. with the goal of maintaining financial stability. In addition, measures will be taken to hedge against interest rate fluctuation risks by fixing interest rates depending on interest rate trends.

Concerning the next fiscal period (7th fiscal period: July 1, 2009 to December 31, 2009), the assumption is that ¥20.0 billion in current portion of long-term loans payable (due for repayment on August 31, 2009) will be refinanced in the entire amount.

## (b) Outlook of Business Results

MID REIT expects the following business results for its 7th fiscal period (July 1, 2009 to December 31, 2009). For the assumptions underlying the forecast of business results, please refer to the “Assumptions Regarding Business Results Forecasts for the 7th Fiscal Period (July 1, 2009 to December 31, 2009) and the 8th Fiscal Period (January 1, 2010 to June 30, 2010)” below.

Operating revenue	¥6,290 million
Operating income	¥2,465 million
Ordinary income	¥1,593 million
Net income	¥1,591 million
Distribution per unit	¥8,665
Distribution in excess of earnings per unit	¥0

In addition, assuming that the “Assumptions Regarding Business Results Forecasts for the 7th Fiscal Period (July 1, 2009 to December 31, 2009) and the 8th Fiscal Period (January 1, 2010 to June 30, 2010)” remain unchanged, MID REIT expects the following business results forecasts for its 8th fiscal period (January 1, 2010 to June 30, 2010).

Operating revenue	¥6,214 million
Operating income	¥2,518 million
Ordinary income	¥1,567 million
Net income	¥1,565 million
Distribution per unit	¥8,524
Distribution in excess of earnings per unit	¥0

[Note] The business results forecasts presented herein are current expectations calculated based on certain assumptions. Accordingly, actual operating revenue, operating income, ordinary income, net income and distribution per unit may differ from the forecasts due to changes in the conditions. Moreover, the forecasts should not be construed as a guarantee of distribution amounts.

Assumptions Regarding Business Results Forecasts  
for the 7th Fiscal Period (July 1, 2009 to December 31, 2009)  
and the 8th Fiscal Period (January 1, 2010 to June 30, 2010)

Item	Assumption(s)
Assets under Management	<ul style="list-style-type: none"> <li>• Assumes there will be no changes (new property acquisition, sale of existing property, etc.) in MID REIT's assets under management from the 12 properties it owns as at June 30, 2009.</li> <li>• The actual assets under management may vary due to changes in the property portfolio and other factors.</li> </ul>
Operating revenue	<ul style="list-style-type: none"> <li>• Rent revenue (rent revenue – real estate) is calculated based on lease agreements effective as at June 30, 2009, with due consideration given to such factors as the market environment, the characteristics and market competitiveness of individual properties and status of individual tenants.</li> <li>• Operating revenue is calculated assuming there are no tenant defaults or non-payments of rent.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>• Of the expenses related to rent business, which constitute a principal component of operating expenses, expenses other than depreciation and amortization are calculated based on historical data and reflecting factors that may cause fluctuations in expenses.</li> <li>• Property management fees in the amount of ¥761 million are expected for the 7th fiscal period, and ¥739 million are expected for the 8th fiscal period.</li> <li>• Property taxes, etc. in the amount of ¥597 million are expected for the 7th fiscal period, and ¥597 million are expected for the 8th fiscal period.</li> <li>• The amount expected to be necessary for building repair costs in the respective fiscal period is recorded as expenses. However, please note that actual repair costs may differ significantly from the forecasted amounts due to various reasons, including repair costs possibly arising from damages, etc. to buildings due to unexpected causes.</li> <li>• Depreciation and amortization are calculated based on the straight-line method inclusive of associated costs and future additional capital expenditures. MID REIT estimates approximately ¥1,005 million for the 7th fiscal period and ¥1,037 million for the 8th fiscal period.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>• Interest expenses of ¥596 million are expected for the 7th fiscal period and ¥615 million are expected for the 8th fiscal period.</li> <li>• Borrowing related expenses of ¥286 million are expected for the 7th fiscal period and ¥346 million are expected for the 8th fiscal period.</li> </ul>
Interest-bearing liabilities	<ul style="list-style-type: none"> <li>• Of the ¥72,300 million in the balance of interest-bearing liabilities outstanding as of the date of this report, the ¥20,000 million in loans payable that will be due for repayment in the 7th fiscal period (due for redemption on August 31, 2009) and the ¥11,000 million in loans payable that will be due for repayment in the 8th fiscal period (due for redemption on April 23, 2010) are expected to be refinanced in the same amount.</li> </ul>
Number of investment units issued and outstanding	<ul style="list-style-type: none"> <li>• Assumes the number of investment units issued and outstanding will be the 183,625 units as at June 30, 2009 and no additional investment units will be issued through to June 30, 2010.</li> </ul>
Distribution per unit	<ul style="list-style-type: none"> <li>• Distribution per unit is calculated assuming the cash distribution policy set forth in the Articles of Incorporation of MID REIT.</li> <li>• Distribution per unit could change due to various factors, including changes in assets under management, fluctuations in rent income associated with tenant changes, etc., incurrence of unexpected repairs, fluctuations in interest rates, and the issuance of additional investment units.</li> </ul>
Distribution in excess of earnings per unit	<ul style="list-style-type: none"> <li>• Assumes there will be no cash distributions in excess of earnings (distributions in excess of earnings per unit).</li> </ul>
Other	<ul style="list-style-type: none"> <li>• Assumes no changes will be made to laws, the tax system, accounting standards, listing regulations, rules of The Investment Trusts Association, Japan, etc. affecting the aforementioned forecasts.</li> <li>• Assumes there will be no major and unforeseen changes in general economic trends, real estate market conditions, etc.</li> </ul>

### 3. Investment Risks

Disclosure is omitted because there are no significant changes from the “Investment Risks” presented in the most recent *yuka shoken hokokusho* (securities report) (submitted on March 25, 2009).

## 4. Financial Statements

## (1) Balance Sheets

	[Unit: thousand yen]	
	5th Fiscal Period	6th Fiscal Period
	[as of Dec. 31, 2008]	[as of June 30, 2009]
Assets		
Current assets		
Cash and deposits	10,883,608	10,566,346
Cash and deposits in trust	5,344,327	5,156,889
Operating accounts receivable	199,072	143,327
Income taxes receivable	2,788	1,653
Prepaid expenses	68,037	32,286
Deferred tax assets	31	30
Other	602	-
Total current assets	16,498,469	15,900,533
Noncurrent assets		
Property, plant and equipment		
Construction in progress	41,160	-
Land	825,095	-
Buildings in trust	56,223,141	57,463,326
Accumulated depreciation	(4,072,526)	(5,006,006)
Buildings in trust, net	52,150,614	52,457,319
Structures in trust	82,543	82,543
Accumulated depreciation	(2,039)	(3,053)
Structures in trust, net	80,503	79,489
Tools, furniture and fixtures in trust	171,886	215,225
Accumulated depreciation	(20,957)	(31,535)
Tools, furniture and fixtures in trust, net	150,928	183,689
Land in trust	108,384,957	109,210,052
Total property, plant and equipment	161,633,259	161,930,552
Intangible assets		
Software	1,807	1,509
Right of trademark	397	1,185
Total intangible assets	2,204	2,695
Investments and other assets		
Investment securities	139,695	209,322
Lease and guarantee deposits	10,000	10,000
Long-term prepaid expenses	460,878	342,934
Total investments and other assets	610,573	562,257
Total noncurrent assets	162,246,038	162,495,504
Total assets	178,744,508	178,396,038



	[Unit: thousand yen]	
	5th Fiscal Period	6th Fiscal Period
	[as of Dec. 31, 2008]	[as of June 30, 2009]
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	272,997	292,771
Current portion of long-term loans payable	20,000,000	31,000,000
Accounts payable – other	800,869	920,386
Accrued expenses	88,317	81,389
Distribution payable	21,211	21,152
Income taxes payable	352	473
Accrued consumption taxes	105,281	50,571
Advances received	781,956	776,506
Other	629,290	371,522
Total current liabilities	22,700,277	33,514,773
Noncurrent liabilities		
Long-term loans payable	52,300,000	41,300,000
Tenant leasehold and security deposits	9,021,565	8,989,398
Tenant leasehold and security deposits in trust	2,125,730	2,142,602
Total noncurrent liabilities	63,447,295	52,432,000
Total liabilities	86,147,573	85,946,774
<b>Net assets</b>		
Unitholders' equity		
Unitholders' capital	90,372,613	90,372,613
Surplus		
Unappropriated retained earnings (undisposed loss)	2,224,321	2,076,650
Total surplus	2,224,321	2,076,650
Total unitholders' equity	92,596,935	92,449,263
Total net assets	92,596,935	92,449,263
Total liabilities and net assets	178,744,508	178,396,038

## (2) Statements of Income

	[Unit: thousand yen]	
	5th Fiscal Period	6th Fiscal Period
	[July 1, 2008 to Dec. 31, 2008]	[Jan. 1, 2009 to June 30, 2009]
Operating revenue		
Rent revenue – real estate	6,005,718	5,963,089
Other lease business revenue	426,896	434,016
Total operating revenue	6,432,615	6,397,105
Operating expenses		
Expenses related to rent business	2,926,404	3,013,408
Asset management fee	476,983	466,868
Asset custody fee	8,937	8,908
Administrative service fees	49,426	49,555
Directors' compensations	10,800	10,800
Other operating expenses	70,272	81,991
Total operating expenses	3,542,825	3,631,531
Operating income	2,889,789	2,765,573
Non-operating income		
Interest income	20,394	14,050
Other	1,852	7
Total non-operating income	22,246	14,058
Non-operating expenses		
Interest expenses	566,477	572,228
Borrowing related expenses	119,326	128,812
Other	360	382
Total non-operating expenses	686,164	701,423
Ordinary income	2,225,871	2,078,208
Income before income taxes	2,225,871	2,078,208
Income taxes – current	1,641	1,628
Income taxes – deferred	1	1
Total income taxes	1,642	1,630
Net income	2,224,228	2,076,578
Retained earnings brought forward	92	71
Unappropriated retained earnings (undisposed loss)	2,224,321	2,076,650

## (3) Statements of Cash Flows

	[Unit: thousand yen]	
	5th Fiscal Period	6th Fiscal Period
	[July 1, 2008 to Dec. 31, 2008]	[Jan. 1, 2009 to June 30, 2009]
Net cash provided by (used in) operating activities		
Income before income taxes	2,225,871	2,078,208
Depreciation and amortization	956,050	964,539
Amortization of long-term prepaid expenses	108,976	117,944
Interest income	(20,394)	(14,050)
Interest expenses	566,477	572,228
Loss on retirement of noncurrent assets	5,866	27,859
Decrease (increase) in operating accounts receivable	3,212	55,745
Decrease (increase) in consumption taxes refund receivable	135,768	-
Increase (decrease) in accrued consumption taxes	105,281	(54,710)
Increase (decrease) in operating accounts payable	(208,581)	19,774
Increase (decrease) in advances received	(3,544)	(5,449)
Decrease (increase) in prepaid expenses	(37,413)	35,751
Decrease (increase) in long-term prepaid expenses	(353,115)	-
Other	(23,966)	(90,254)
Subtotal	3,460,489	3,707,587
Interest income received	20,394	14,050
Interest expenses paid	(507,977)	(579,157)
Income taxes paid	(2,011)	(372)
Net cash provided by (used in) operating activities	2,970,894	3,142,107
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(30,660)	-
Purchase of property, plant and equipment in trust	(4,376,888)	(1,183,011)
Purchase of intangible assets	(280)	(852)
Purchase of investment securities	(37,185)	(72,360)
Proceeds from tenant leasehold and security deposits	500,545	160,331
Proceeds from tenant leasehold and security deposits in trust	306,068	185,048
Repayments of tenant leasehold and security deposits	(355,237)	(343,479)
Repayments of tenant leasehold and security deposits in trust	(500,545)	(168,176)
Net cash provided by (used in) investing activities	(4,494,182)	(1,422,499)
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	21,300,000	-
Repayment of long-term loans payable	(21,300,000)	-
Dividends paid	(3,344,414)	(2,224,308)
Net cash provided by (used in) financing activities	(3,344,414)	(2,224,308)
Net increase (decrease) in cash and cash equivalents	(4,867,702)	(504,700)
Cash and cash equivalents at beginning of period	19,017,166	14,149,463
Cash and cash equivalents at end of period	14,149,463	13,644,763

## 5. Real Estate for Investment

The following summarizes the assets (12 properties) owned by MID REIT as of June 30, 2009.

Use	Region [Note 1]	Property		Type of Asset	Acquisition Price [Note 2] [million yen]	Book Value [Note 3] [million yen]	Appraisal Value [Note 4] [million yen]	Appraisal Company [Note 5]	Investment Ratio [Note 6] [%]	Collateral [Note 7]
		No.	Name							
Office Building	Osaka area	1	Twin 21 [Note 8]	Trust beneficiary interest	68,700	69,356	61,600	Morii	42.6	Yes
		2	Matsushita IMP Building		24,600	24,465	21,500	Tanizawa	15.3	Yes
		3	Panasonic Denko Building		7,620	7,594	7,070	Morii	4.7	Yes
		4	Midosuji MID Building [Note 9]		8,290	8,644	8,580	Tanizawa	5.1	Yes
		5	Higashinoda MID Building		2,300	2,253	1,910	Tanizawa	1.4	Yes
		10	MID Imabashi Building		3,270	3,388	2,820	Tanizawa	2.0	Yes
		11	MID Midosujikawaramachi Building		2,000	2,033	1,650	Tanizawa	1.2	Yes
		12	Kitahama MID Building		10,800	11,006	9,710	JREI	6.7	Yes
		13	MID Nishihommachi Building		3,550	3,586	2,620	JREI	2.2	None
	Other	7	MID Shibakanasugibashi Building		1,160	1,148	1,180	Tanizawa	0.7	Yes
		Subtotal			132,290	133,478	118,640		82.1	
Retail Facility	Osaka area	8	Konami Sports Club Kyobashi	Trust beneficiary interest	2,780	2,704	2,840	Daiwa	1.7	Yes
	Other	9	AEON Tsudanuma Shopping Center		26,100	25,747	24,300	Daiwa	16.2	Yes
			Subtotal			28,880	28,451	27,140		17.9
		Total			161,170	161,930	145,780		100.0	

[Note 1] "Other" refers to the Tokyo metropolitan area, Government-designated cities (excluding the Osaka area) and other major cities.

[Note 2] "Acquisition Price" states the sale price which is stated in the sales contract for the respective trust beneficiary interest, etc. (excluding various acquisition expenses, property taxes and consumption taxes).

[Note 3] "Book Value" is the value appropriated to the balance sheets and is expressed as the applicable asset's acquisition price (including various acquisition expenses) less accumulated depreciation.

[Note 4] "Appraisal Value" is the appraisal value at the end of the fiscal period based on the appraisal report with June 30, 2009 as the date of the value opinion prepared by Morii Appraisal & Investment Consulting, Inc., Tanizawa Sogo Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd. or Japan Real Estate Institute pursuant to the Regulations Concerning Accounting of Investment Corporations, methods and criteria for asset valuation defined in MID REIT's Articles of Incorporation and rules of The Investment Trusts Association, Japan.

[Note 5] Morii: Morii Appraisal & Investment Consulting, Inc.

Tanizawa: Tanizawa Sogo Appraisal Co., Ltd.

JREI: Japan Real Estate Institute

Daiwa: Daiwa Real Estate Appraisal Co., Ltd.

[Note 6] "Investment Ratio" indicates the ratio of the acquisition price of the applicable asset to the total amount of acquisition prices and is rounded to the first decimal place. Accordingly, the entered amounts do not necessarily add up to the figures presented in the "Subtotal" and "Total" rows.

[Note 7] "Collateral" states whether or not a pledge has been established for the real estate trust beneficiary interest.

[Note 8] Including the trust beneficiary interest of Twin 21 (partial ownership of leased land).

[Note 9] On March 31, 2009, the adjacent land to Midosuji MID Building was placed in trust to add to the trust beneficiary interest of Midosuji MID Building.

[Note 10] Monetary amounts are rounded down to the nearest million yen.

[Note 11] In addition to the assets listed in the table above, MID REIT acquired Silent Partnership Interests on November 29, 2007, January 30, 2008, September 29, 2008 and February 26, 2009.