



# **MID REIT, Inc. 6th Period Results**

(Ending June 2009)

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

<http://www.midreit.jp/>

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<b>1. About MID REIT</b>	<b>4</b>
<b>2. 6th Period Financial Highlights</b>	<b>6</b>
<b>3. Business Results</b>	<b>14</b>
<b>4. Financial Conditions</b>	<b>19</b>
<b>5. Appraisal Values</b>	<b>22</b>
<b>6. Market Trends</b>	<b>24</b>
<b>7. Future Strategies</b>	<b>29</b>
<b>8. Portfolio</b>	<b>33</b>
<b>9. Appendix</b>	<b>40</b>





# **1. About MID REIT**

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# About MID REIT



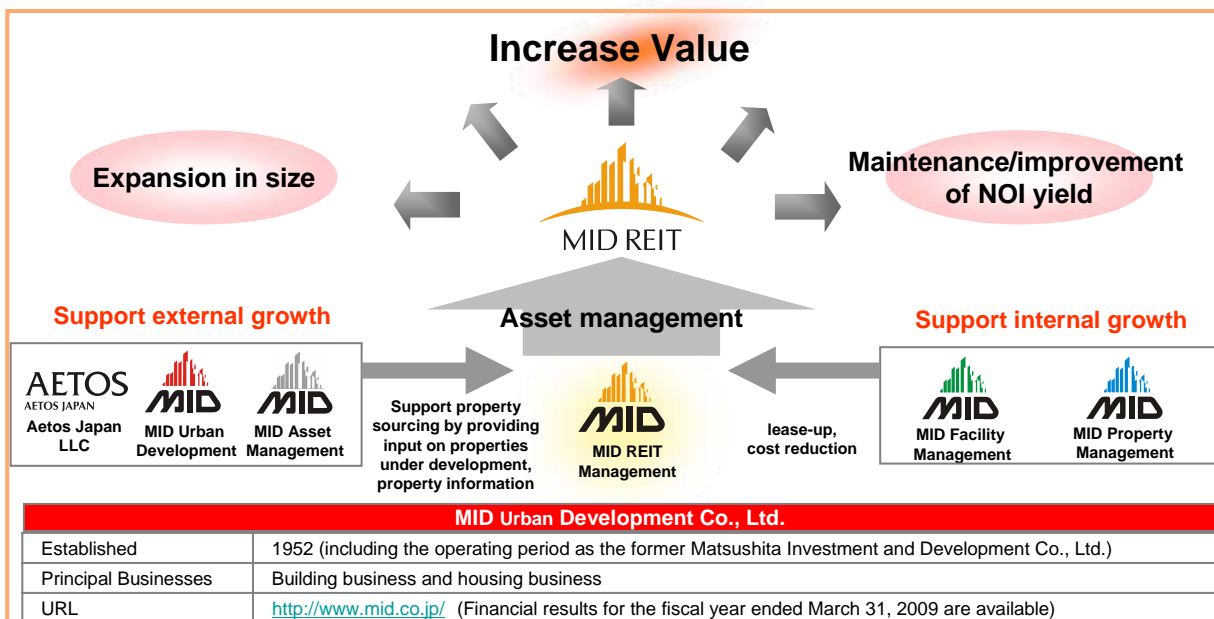
Focusing on Osaka area  
and office properties

- More than **70%** of the portfolio to be invested in **Osaka area**, which is one of the largest economies in Japan
- More than **70%** of the portfolio to be invested in **Office properties**, which have numerous opportunities for investment and are liquid and stable investment subjects

Consisting of OBP's  
large-scale office buildings



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





## **2. 6th Period Financial Highlights**

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## 6th Period Financial Highlights



### Distributions

Distributions per unit: **11,309 yen** (439 yen and 4.0% above initial forecast)



### Internal Growth

Leasing NOI yield: **5.4%**



### External Growth

In light of turmoil in financial and real estate markets, among other factors, decided to forgo new property acquisitions



### Financial Conditions

LTV ratio: **40.5%** as of June 30, 2009



## 6th Period Business Results



	4th Period Results (Jan. 1, 2008- June 30, 2008)	5th Period Results (July 1, 2008- Dec. 31, 2008)	6th Period Results (Jan. 1, 2009- June 30, 2009)	Initial 6th Period Forecasts (Announced Feb.17, 2009)	Comparison with Initial 6th Period Forecast		Comparison with 5th Period Results	
					Difference	Difference (%)	Difference	Difference (%)
Net operating days	182	184	181	181	-	-	-	-
Operating revenue (million yen)	7,622	6,432	6,397	6,405	- 8	- 0.1%	- 35	- 0.6%
Operating income (million yen)	3,873	2,889	2,765	2,691	73	2.7%	- 124	- 4.3%
Ordinary income (million yen)	3,346	2,225	2,078	1,998	80	4.0%	-147	- 6.6%
Net income (million yen)	3,345	2,224	2,076	1,996	80	4.0%	-147	- 6.6%
Dividend per unit (yen)	18,217	12,113	11,309	10,870	439	4.0%	-804	- 6.6%

■ Included revenue from sale of real estate

■ Increase in repair and other costs, etc.

■ Increase in interest expenses, etc.



## 7th and the 8th Period Forecasts



	6th Period Results (Jan. 1, 2009 – June 30, 2009)	Forecast on 7th Period (July 1, 2009 – Dec. 31, 2009)	Forecast on 8th Period (Jan. 1, 2010 – June 30, 2010)
Operating revenue (million yen)	6,397	6,290	6,214
Operating income (million yen)	2,765	2,465	2,518
Ordinary income (million yen)	2,078	1,593	1,567
Net income (million yen)	2,076	1,591	1,565
Dividend per unit (yen)	11,309	8,665	8,524

### Preconditions

Utilities (million yen)	495	587	518
Costs, including property and city planning taxes, posted in the fiscal period (million yen)	577	597	597
Repairs (million yen)	146	143	110
Interest expense (million yen)	572	596	615
Borrowing related expenses (million yen)	128	286	346
Occupancy rate at end of period (%)	96.2	95.8	96.9

### Primary Cause of Difference

	Primary Causes of Difference Between the 6th Period (Results) and 7th Period (Forecast)	Primary Causes of Difference Between the 7th Period (Forecast) and 8th Period (Forecast)
<b>Causes of Difference in Revenue</b>	Twin 21 - 88 MID Nishihommachi Bldg. - 9	Twin 21 - 49 Matsushita IMP Bldg. - 28
<b>Causes of Difference in Income</b>	Decrease in NOI - 270 (of which, Twin 21 - 172) Increase in depreciation and amortization - 40 Increase in non-operating expenses - 181	Increase in NOI +52 (of which, Twin 21 +15 and IMP +21) Increase in depreciation and amortization - 32 Increase in non-operating expenses - 78

#### Notes:

- All the above figures are based on the assumption that the No. of units outstanding in each period is 183,625 units.
- The above forecasts are based on certain criteria for calculation and reflect the situation as of August 17, 2009. 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 and 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.

# Balance Sheet



Description	5th Period (as of Dec. 31, 2008)		6th Period (as of June 30, 2009)		Difference	
	(thousand yen)	(%)	(thousand yen)	(%)	(thousand yen)	(%)
<b>(ASSETS)</b>						
Total Current Assets	16,498,469	9.2	15,900,533	8.9	- 597,936	- 3.6
Cash and deposits	10,883,608		10,566,346		- 317,262	
Cash and deposits in trust	5,344,327		5,156,889		- 187,438	
Operating accounts receivable	199,072		143,327		- 55,745	
Income taxes receivable	2,788		1,653		- 1,135	
Prepaid expenses	68,037		32,286		- 35,751	
Deferred tax assets	31		30		- 1	
Other – current assets	602		-		- 602	
Total Non-Current Assets	162,246,038	90.8	162,495,504	91.1	249,466	1.5
1. Property, plant and equipment						
Construction in progress	41,160		-		- 41,160	
Land	825,095		-		- 825,095	
Buildings in trust	56,223,141		57,463,326		306,705	
Accumulated depreciation	- 4,072,526		- 5,006,006		- 933,480	
Structures in trust	82,543		82,543		-	
Accumulated depreciation	- 2,039		- 3,053		- 1,013	
Tools, furniture and fixtures in trust	171,886		215,225		32,761	
Accumulated depreciation	- 20,957		- 31,535		- 10,578	
Land in trust	108,384,957		109,210,052		825,095	
Total tangible fixed assets	161,633,259	90.4	161,930,552	90.8	297,292	1.8
2. Intangible assets						
Software	1,807		1,509		- 298	
Right of trademark	397		1,185		788	
Total intangible fixed assets	2,204	0.0	2,695	0.0	490	22.2
3. Investment and other assets						
Investment securities	139,695		209,322		69,627	
Lease and guarantee deposits	10,000		10,000		-	
Long-term prepaid expenses	460,878		342,934		- 117,944	- 25.6
Total investments and other assets	610,573	0.3	562,257	0.3	- 48,316	- 7.9
Total Assets	178,744,508	100.0	178,396,038	100.0	- 348,469	- 0.2

Description	5th Period (as of Dec. 31, 2008)		6th Period (as of June 30, 2009)		Difference	
	(thousand yen)	(%)	(thousand yen)	(%)	(thousand yen)	(%)
<b>(LIABILITIES)</b>						
Total Current Liabilities	22,700,277	12.7	33,514,773	18.8	10,814,496	47.6
Operating accounts payable	272,997		292,771		19,774	
Current portion of long-term loans payable	20,000,000		31,000,000		11,000,000	
Accounts payable-other	800,869		920,386		119,517	
Accrued expenses	88,317		81,389		- 6,928	
Distribution payable	21,211		21,152		- 58	
Income taxes payable	352		473		120	
Accrued consumption taxes	105,281		50,571		- 54,710	
Advances received	781,956		776,506		- 5,449	
Other – current liabilities	629,290		371,522		- 257,768	
Total Non-Current Liabilities	63,447,295	35.5	52,432,000	29.4	- 11,015,295	-17.4
Long-term loans payable	52,300,000		41,300,000		- 11,000,000	
Tenant leasehold and security deposits	9,021,565		8,989,398		- 32,167	
Tenant leasehold and security deposits in trust	2,125,730		2,142,602		16,871	
Total Liabilities	86,147,573	48.2	85,946,774	48.2	- 200,798	- 0.2
<b>(NET ASSETS)</b>						
Unitholders' Equity						
1. Unitholders' capital	90,372,613	50.6	90,372,613		-	
2. Surplus						
Unappropriated retained earnings (undisposed loss)	2,224,321		2,076,650		- 147,671	
Total surplus	2,224,321		2,076,650		- 147,671	
Total unitholders' equity	92,596,935		92,449,263		- 147,671	
Total Net Assets	92,596,935	51.8	92,449,263	51.8	- 147,671	- 0.2
Total Liabilities and Net Assets	178,744,508	100.0	178,396,038	100.0	- 348,469	- 0.2

Includes CAPEX accrued during the period: 1,330 million yen  
(see page13 for details of properties)



# Income Statement



Description	5th Period (July 1, 2008– Dec. 31, 2008)			6th Period (Jan. 1, 2009– June 30, 2009)			Difference	
	(thousand yen)		( % )	(thousand yen)		( % )	(thousand yen)	( % )
1. Operating revenue								
Property revenue	6,005,718			5,963,089				
Other property revenue	426,896	6,432,615	100.0	434,016	6,397,105	100.0	- 35,509	- 0.6
2. Operating expenses								
Property expenses	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	3,542,825	55.1	81,991	3,631,531	56.8	88,706	2.5
Operating income		2,889,789	44.9		2,765,573	43.2	- 124,216	- 4.3
3. Non-operating revenue								
Interest income	20,394			14,050				
Other-NOR	1,852	22,246	0.3	7	14,058	0.2	- 8,187	- 36.8
4. Non-operating expenses								
Interest expense	566,477			572,228				
Borrowing related expenses	119,326			128,812				
Other-NOE	360	686,164	10.7	382	701,423	11.0	15,258	2.2
Ordinary income		2,225,871	34.6		2,078,208	32.5	- 147,662	- 6.6
Net income before taxes		2,225,871	34.6		2,078,208	32.5	- 147,662	- 6.6
Income taxes-current	1,641			1,628				
Income taxes-deferred	1	1,642	0.0	1	1,630	0.0	- 12	- 0.8
Net income		2,224,228	34.6		2,076,578	32.5	- 147,650	- 6.6
Retained earnings brought forward		92			71			
Unappropriated retained earnings		2,224,321			2,076,650		- 147,671	- 6.6

## Details of property revenue (thousand yen)

Rent	4,670,815
CAM	1,117,911
Parking revenue	174,361

## Details of property expenses (thousand yen)

Property management fees	737,136
Utilities	495,002
Real estate taxes	577,774
Insurance premium	29,858
Repairs	146,716
Depreciation & Amortization	964,539
Loss on retirement of noncurrent assets	27,859
Other Property expenses	34,518

# Cash Flow Statement



(thousand yen)

Description	5th Period (July 1, 2008 - Dec. 31, 2008)	6th Period (Jan. 1, 2009 - June 30, 2009)
Net cash provided by (used in) operating activities	2,970,894	3,142,107
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 paid on loans and bonds	566,477	572,228
Loss on retirement of non-current 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
Decrease (increase) 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
Purchase of long-term prepaid expenses	- 353,115	-
Other, net - cash provided (used in) operating activities	- 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) investment activities	- 4,494,182	- 1,422,499
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) financing activities	- 3,344,414	- 2,224,308
Proceeds from long-term loans payable	21,300,000	-
Repayment of long-term loans	- 21,300,000	-
Dividends paid	- 3,344,414	- 2,224,308
Increase (decrease) in cash & cash equivalents	- 4,867,702	- 504,700
Cash & cash equivalents at beginning of period	19,017,166	14,149,463
Cash & equivalents at end of period	14,149,463	13,644,763

# Cash Flows from Properties in the 6th Period



(thousand yen)

	Twin 21	Matsushita IMP Bldg.	Panasonic Denko Bldg.	Midosuji MID Bldg. (Note 2&3)	Higashinoda MID Bldg. (Note 2)	MID Shibakanasugibashi Bldg.	Konami Sports Club Kyobashi (Note 2)	AEON Tsudanuma Shopping Center	MID Imabashi Bldg.	MID Midosujikawaramachi Bldg.	Kitahama MID Bldg.	MID Nishihommachi Bldg.
Operating days	181	181	181	181	181	181	181	181	181	181	181	181
Rent	2,059,218	743,502	261,534	-	-	43,972	-	726,000	77,947	33,647	253,160	71,562
CAM	615,127	320,600	52,680	-	-	-	-	-	25,397	13,290	60,655	20,871
Parking revenue	89,310	49,560	4,320	-	-	2,160	-	-	9,022	1,865	10,125	1,429
Property revenue	2,763,655	1,113,663	318,534	-	-	46,132	-	726,000	112,367	48,803	323,940	93,862
Utilities	159,412	102,933	29,864	-	-	-	-	-	8,704	3,321	37,714	9,384
Early-withdrawal penalties received	4,237	753	-	-	-	-	-	-	1,636	-	-	4,156
Other revenue	11,446	4,012	2,090	-	-	210	-	-	279	61	1,865	690
Other property revenue	175,096	107,699	31,954	-	-	210	-	-	10,619	3,382	39,579	14,230
Operating revenue	2,938,751	1,221,362	350,488	-	-	46,342	-	726,000	122,987	52,186	363,519	108,093
Property management fees	356,873	199,853	53,221	-	-	1,447	-	11,563	16,628	8,241	37,892	12,196
Commissions payment	3,435	2,856	-	-	-	-	-	-	502	-	380	1,193
Utilities	249,152	140,067	34,627	-	-	-	-	-	10,378	4,162	27,733	9,730
Real estate taxes	238,651	147,431	18,352	-	-	6,861	-	64,403	13,792	6,676	11,923	4,595
Insurance premiums	12,116	6,486	1,114	-	-	375	-	5,153	608	312	1,096	456
Repairs	54,352	36,328	12,546	-	-	665	-	460	2,827	1,507	1,040	140
Other property expenses	18,530	6,553	345	-	-	36	-	-	-	-	-	253
Property leasing expenses	933,112	539,578	120,207	-	-	9,385	-	81,580	44,736	20,900	80,065	28,567
NOI ( - )	2,005,639	681,783	230,281	147,047	75,383	36,956	82,067	644,419	78,250	31,286	283,453	79,526
NOI yield (Acquisition price basis) (p.a.)	5.8%	5.5%	6.0%	3.5%	6.6%	6.4%	5.9%	4.9%	4.8%	3.1%	5.2%	4.5%
Depreciation and amortization	415,659	241,584	37,705	30,640	12,823	5,816	18,834	111,737	21,525	11,989	38,530	17,691
Loss on retirement	5,789	16,953	-	4,471	-	-	-	-	646	-	-	-
Property income	1,584,191	423,246	192,575	111,935	62,559	31,140	63,233	532,681	56,078	19,296	244,923	61,834
CAPEX	519,607	401,464	28,585	334,631	-	-	-	-	31,856	3,020	6,600	5,088

Notes:

1. Amounts of less than the nearest thousand yen are rounded down.
2. No detailed statement is made except for those on NOI, Depreciation and amortization, and Property income as we could not obtain tenants' consent to disclose other data.
3. The data on the Midosuji MID Bldg. includes that of the adjoining land.



## **3. Business Results**

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# Occupancy Rate Breakdown by Property

Type	Property Name	Leasable Area (m <sup>2</sup> ) (Note 1)	5th Period Occupancy Rate as of Dec. 31, 2008 (%) (Note 2)	6th Period Occupancy Rate as of June 30, 2009 (%) (Note 2)	Difference - (points)	Breakdown			
						New Tenant Occupancy (m <sup>2</sup> )	Expansion of Leased Area by Existing Tenants (m <sup>2</sup> )	Cancellation (m <sup>2</sup> )	Decrease in Leased Area by Existing Tenants (m <sup>2</sup> )
Office Bldg.	Twin 21	82,401.43	94.9	94.4	-0.5	1,357.19	93.76	-1,445.31	-480.67
	Matsushita IMP Bldg.	37,113.29	93.5	94.0	0.5	77.96	378.43	-241.32	
	Panasonic Denko Bldg.	12,684.52	100.0	100.0	-	-	-	-	-
	Midosuji MID Bldg. (Note 3)	10,172.30	100.0	85.1	-14.9	2,067.69	-		-3,585.93
	Higashinoda MID Bldg.	5,098.10	100.0	100.0	-	-	-	-	-
	MID Imabashi Bldg.	4,279.70	96.3	96.3	-	158.16	-	-156.81	
	MID Midosujikawaramachi Bldg.	3,060.70	63.0	68.4	5.4	553.17	-	-159.60	-214.14
	Kitahama MID Bldg.	10,189.50	100.0	99.1	-0.9	-	-		-93.16
	MID Nishihommachi Bldg.	3,855.61	84.3	69.2	-15.1	-	-	-582.17	
	MID Shibakanasugibashi Bldg.	1,989.27	100.0	100.0	-				
Non- Office Bldg.	Konami Sports Club Kyobashi	9,586.26	100.0	100.0	-				
	AEON Tsudanuma Shopping Center	101,210.44	100.0	100.0	-				
Occupancy Rate by Type (Note 4)	Office Bldg. Occupancy Rate	170,844.42	95.2	93.7	-1.5	4,214.17	472.19	-2,585.21	-4,373.90
	Non-Office Bldg. Occupancy Rate	110,796.70	100.0	100.0	-	-	-	-	-
Portfolio Occupancy Rate (Note 4)		281,641.12	97.0	96.2	-0.8	4,214.17	472.19	-2,585.21	-4,373.90

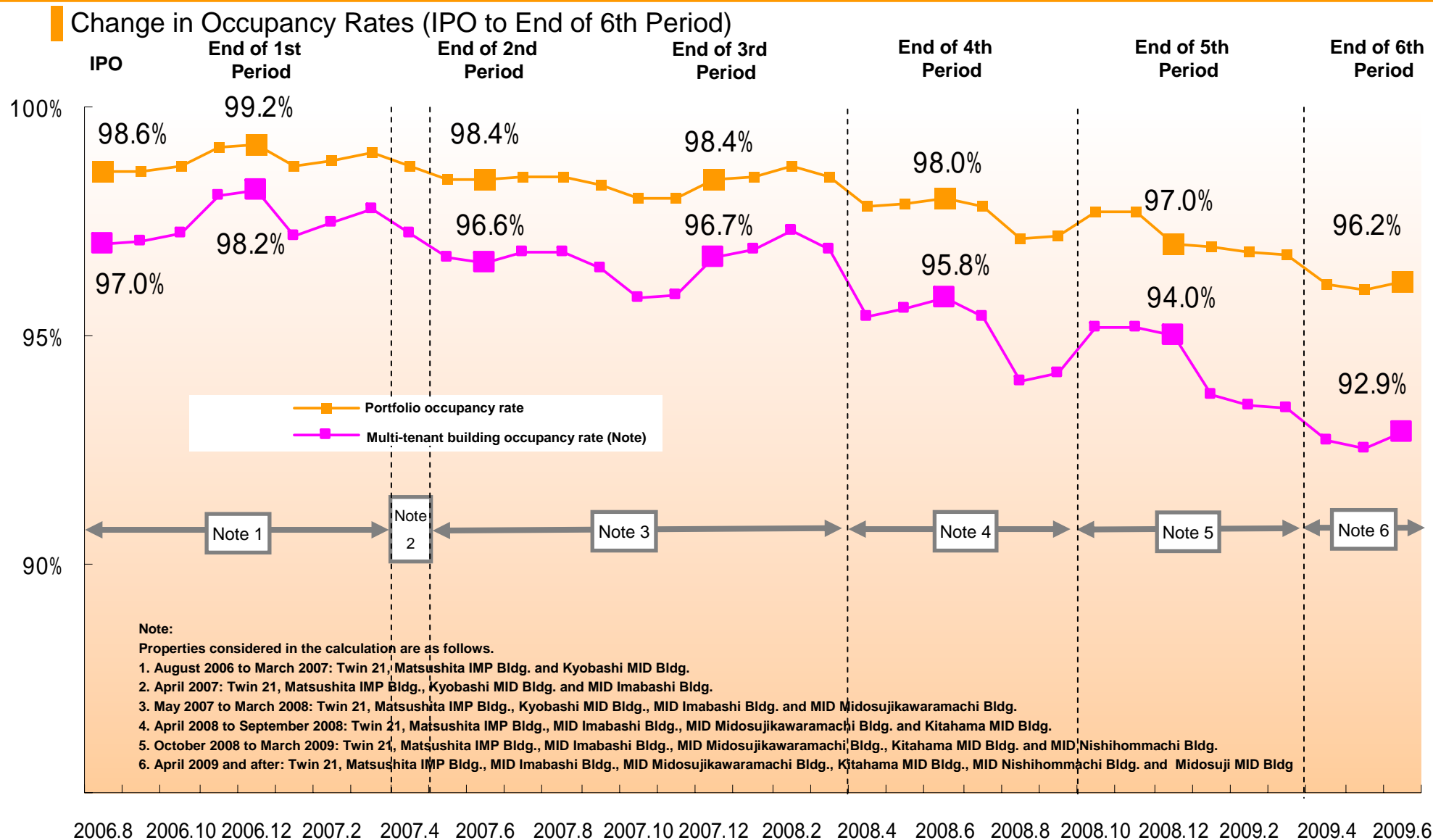
Down 6,014.07m<sup>2</sup> from the 5th period due to conversion to multi-tenant building

## Notes:

1. Leasable areas presented in the above table represent the total leasable floor area as of June 30, 2009. Figures exclude floor areas occupied by storage areas, halls and parking areas. However, the leasable areas of Konami Sports Club Kyobashi and AEON Tsudanuma Shopping Center include the common and parking areas, while the leasable areas of 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, which are obtained by dividing the period-end leased areas by the leasable areas.
3. The leasable area of Midosuji MID Bldg. decreased by 6,014.07m<sup>2</sup> in correlation with a change from the total floor area to the area that excludes the common areas as a result of the change to a multi-tenant building.
4. Occupancy rate by type and portfolio occupancy rate are presented as percentages that are obtained by dividing the sum of the leased areas of each group by the sum of the group's leasable areas and rounded to the first decimal place.



# Change in Occupancy Rate





# Rent Revisions

## Contract Renewals with Existing Tenants (Note 1)

		Number of Tenants	Floor Space (m <sup>2</sup> )	Amount of Increase (thousand yen) *Monthly amount × 6	Breakdown of Tenants
Revision of Rent Amount	Upward revision	0	0	0	-
	Unchanged	90	31,885.04	-	Twin (office: 18; retail: 35); IMP (office: 5; retail: 22); Denko: 1; Imabashi: 6; Kawaramachi: 2; Nishihommachi: 1
	Downward revision	2	39,977.89	- 89,370	Twin (office: 1; retail: 1)
Total				- 89,370	-

Includes portion subject to decrease in rent amount as of April 1, 2009 based on leasing contract with Panasonic Corporation (39,959.91m<sup>2</sup>; 89,200,000 yen) (disclosed since IPO).

## Contract Modifications with Existing Tenants (Note 2)

		Number of Tenants	Floor Space (m <sup>2</sup> )	Amount of Increase (thousand yen) *Monthly amount × 6	Breakdown of Tenants
Revision of Rent Amount	Upward revision	0	0	0	-
	Downward revision	2	361.98	- 372	Imabashi: 2
Total				- 372	-

## New Contracts (Note 3)

		Number of Tenants	Floor Space (m <sup>2</sup> )	Amount of Increase (thousand yen) *Monthly amount × 6	Breakdown of Tenants
Comparison of Rent Amount with Most Recent Unit Price (Note 4)	Up	7	2,617.84	8,222	Twin (office: 2); IMP (office: 2); Midosuji: 3
	Same	1	159.06	-	Kawaramachi: 1
	Down	4	1,909.46	- 8,595	Twin (office: 1; retail: 1); Imabashi: 1; Kawaramachi: 1
Total				- 372	-

### Notes:

1. Based on contract renewals, etc. with tenants whose contracts expired during the 6th period.
2. Based on contract modifications with tenants whose contracts were active but were modified during the 6th period.
3. Based on contracts signed with new tenants during the 6th period and contracts newly signed with existing tenants for larger floor space, etc. during the 6th period.
4. Comparison of the unit price of rent paid by new tenants with the unit price of rent (most recent unit price) paid by tenants who had occupied the same rental units as the concerned new tenants since MID REIT's acquisition of the property.

## Other Measures

### Silent Partnership Interests in Sakura Dori MID Bldg.

Overview		
Location	3-23-20 Marunouchi, Naka-ku, Nagoya-shi	
Transportation	3-minute walk from Marunouchi Station on the Nagoya Municipal Subway Sakura-dori and Tsurumai lines 4-minute walk from Hisaya-odori Station on the Nagoya Municipal Subway Sakura-dori and Meijo lines	
Construction date	Commencement: December 2007 Completion: February 2009	
Use	Office and retail	
Structure	S, 13F	
Area	Land	1,662.49m <sup>2</sup> (surface rights)
	Building	13,251.38m <sup>2</sup> (as total floor area); 9,934.76m <sup>2</sup> (as total leasable floor area)



(Photograph)



(Map)

Real estate Sakura Dori MID Bldg.	Non-recourse loans Approx. 70%
	Silent partnership interests Approx. 30%

### Schedule Regarding Sakura Dori MID Bldg.

Nov. 2007	Capital contribution of 101 million yen to the silent partnership
Jan. 2008	Capital contribution of 1 million yen to the silent partnership
Sep. 2008	Capital contribution of 37 million yen to the silent partnership
Feb. 2009	Capital contribution of 72 million yen to the silent partnership, completing the capital contribution of 211 million yen as initially planned Completed construction of Sakura Dori MID Bldg. Obtained right of first refusal for the property acquisition (over 6 months after construction completion)

Occupancy rate: 93.4% (as of August 1, 2009)

\*Occupancy rate up 4.4% compared to at time of construction completion from completing contracting for 1F retail shops

- By making capital contributions of 10% (211 million yen) of the silent partnership interests, obtained right of first refusal to the property acquisition
- Negotiations still ongoing



## **4. Financial Conditions**

---

## Details on Debt (1)

### Breakdown of Debt

Type	Lenders		Borrowing date	Balance at end of 6th Period	Average interest rate (Note 1)	Repayment date	Repayment method	Usage	Remarks
Current portion of long-term loans payable	Term loan (3 years) (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	20.0 billion yen	1.447%	Aug. 31, 2009	Bullet payment	(Note 4)	Secured
	Term loan (2 years) (Note 2)	Mizuho Corporate Bank, Sumitomo T&B, Sumitomo Mitsui Bank, The Nishi-nippon City Bank, Mitsubishi UFJ T& B, Aozora Bank	Apr. 24, 2008	11.0 billion yen	1.317%	Apr. 23, 2010	Bullet payment	(Note 4)	Secured
Long-term loans payable	Term loan (4 years) (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	20.0 billion yen	1.699%	Aug. 31, 2010	Bullet payment	(Note 4)	Secured
	Term loan (2 years) (Note 2) (Note 3)	Hyakugo Bank, Shinkin Central Bank	Aug. 29, 2008	3.5 billion yen	1.570%	Aug. 31, 2010	Bullet payment	(Note 4)	Secured
	Term loan (2 years 11 months) (Note 2) (Note 3)	Mizuho Corporate Bank, Sumitomo T&B, Sumitomo Mitsui Bank, Shinsei Bank, Resona Bank, Aozora Bank, Shinkin Central Bank, Bank of Ikeda, The Yamaguchi Bank	Aug. 29, 2008	17.8 billion yen	1.826%	July 31, 2011	Bullet payment	(Note 4)	Secured
Total				72.3 billion yen					

#### Notes:

1. The 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 swaps, we have stated the weighted average interest rate which reflects such swaps.
2. Loans are co-financed by the banks in the list.
3. Loans are hedged against interest fluctuation risks through interest rate swaps.
4. Funds are used for the purchase of beneficiary interests in real estate trust, etc.

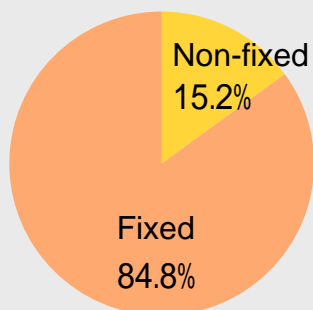
### Credit Line

Type	Lenders	Credit line	Use of funds
Basic credit line agreement	Mizuho Corporate Bank, Sumitomo T&B, Sumitomo Mitsui Bank, Shinsei Bank	10.0 billion yen	Future acquisition and payment of related expenses

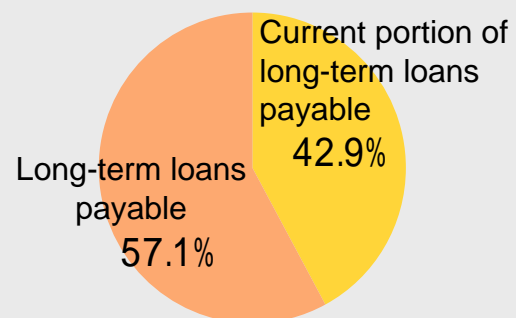


## Details on Debt (2)

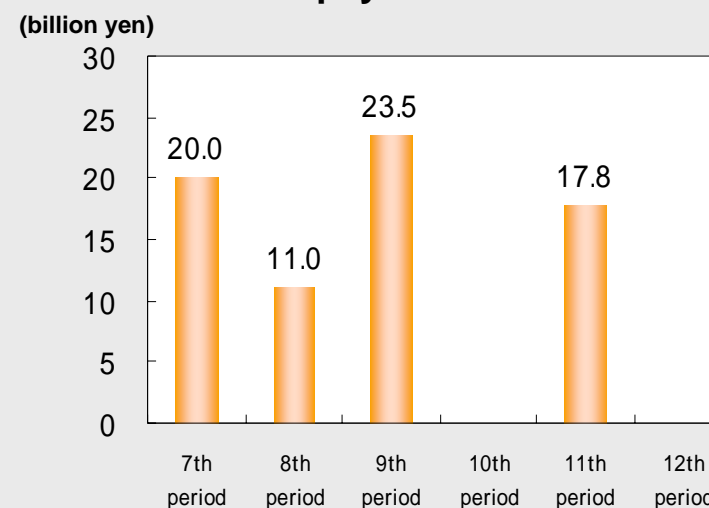
**Ratio of  
fixed/floating rate debt**



**Ratio of  
long-term/short-term debt**



**Diversification of  
repayment dates**



### Obtained Rating Acquisition

Rating agency	Obtained
R&I	Issuer rating A (Stable)

### Shelf Registration for Issuance of Investment Corporation Bonds

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



## **5. Appraisal Values**

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# List of Appraisal Values



Type	Region	Property Name	Acquisition Value (million yen) (Note 1)	Appraisal Value at 5th Period End (million yen) (Note 2)	Book Value as of 6th Period End (million yen) (Note 3)	Appraisal Value at 6th Period End (million yen) (Note 2)	Difference from Acquisition Value (%)	Difference from Previous Period End (%)	Difference from Book Value (%)	Appraisal Company	5th Period Appraisal Value Rate (%) (Note 7)	6th Period Appraisal Value Rate (%) (Note 7)
Office Bldg.	Osaka area	Twin 21 (Note 4)	68,700	67,400	69,356	61,600	- 10.3	- 8.6	- 11.2	Morii Appraisal & Investment Consulting, Inc.	5.1	5.2
		Matsushita IMP Bldg.	24,600	23,200	24,465	21,500	- 12.6	- 7.3	- 12.1	Tanizawa Sogo Appraisal Co., Ltd.	5.4	5.5
		Panasonic Denko Bldg.	7,620	7,400	7,594	7,070	- 7.2	- 4.5	- 6.9	Morii Appraisal & Investment Consulting, Inc.	5.4	5.6
		Midosuji MID Bldg. (Notes 5 & 6)	8,290	9,850	8,644	8,580	3.5	- 12.9	- 0.7	Tanizawa Sogo Appraisal Co., Ltd.	4.5	4.6
		Higashinoda MID Bldg.	2,300	2,140	2,253	1,910	- 17.0	- 10.7	- 15.2	Tanizawa Sogo Appraisal Co., Ltd.	6.2	6.3
		MID Imabashi Bldg.	3,270	3,050	3,388	2,820	- 13.8	- 7.5	- 16.8	Tanizawa Sogo Appraisal Co., Ltd.	5.3	5.4
		MID Midosujikawaramachi Bldg.	2,000	1,850	2,033	1,650	- 17.5	- 10.8	- 18.8	Tanizawa Sogo Appraisal Co., Ltd.	5.5	5.7
		Kitahama MID Bldg.	10,800	10,300	11,006	9,710	- 10.1	- 5.7	- 11.8	Japan Real Estate Institute	4.9	5.1
		MID Nishihommachi Bldg.	3,550	2,890	3,586	2,620	- 26.2	- 9.3	- 27.0	Japan Real Estate Institute	5.2	5.4
	Other major cities	MID Shibakanasugibashi Bldg.	1,160	1,230	1,148	1,180	1.7	- 4.1	2.7	Tanizawa Sogo Appraisal Co., Ltd.	5.3	5.4
Subtotal			132,290	129,310	133,478	118,640	- 10.3	- 8.3	- 11.1	-	-	-
Non-Office Bldg.	Osaka area	Konami Sports Club Kyobashi	2,780	2,860	2,704	2,840	2.2	- 0.7	5.0	Daiwa Real Estate Appraisal Co., Ltd.	5.7	5.9
	Other major cities	AEON Tsudanuma Shopping Center	26,100	25,200	25,747	24,300	- 6.9	- 3.6	- 5.6	Daiwa Real Estate Appraisal Co., Ltd.	5.1	5.3
Subtotal			28,880	28,060	28,451	27,140	- 6.0	- 3.3	- 4.6	-	-	-
Total			161,170	157,370	161,930	145,780	- 9.5	- 7.4	- 10.0	-	-	-

## Notes:

1. The 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. The appraisal value states the values that appear in the appraisal reports of Morii Appraisal & Investment Consulting, Tanizawa Sogo Appraisal, Daiwa Real Estate Appraisal, and Japan Real Estate Institute as of June 30, 2009, which are based on MID REIT's rules on calculations, methods and criteria for asset appraisal defined in the Business Regulation (Kiyaku) and rules of the Investment Trust Association (Toshin Kyokai).
3. Book Value state the acquisition price (and expenses related thereto) of each assets less Total depreciation of such assets .
4. Includes the trust beneficiary interest of Twin 21 (partial ownership of leased land)
5. The acquisition price as of the end of the 5th period and the Book Value as of the end of the 6th 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 5th period and the 6th period for the Midosuji MID Bldg. factors in the land adjoining the Midosuji MID Bldg. as an integral part.
7. The appraisal value rate is the cap rate based on the direct capitalization method.



## **6. Market Trends**

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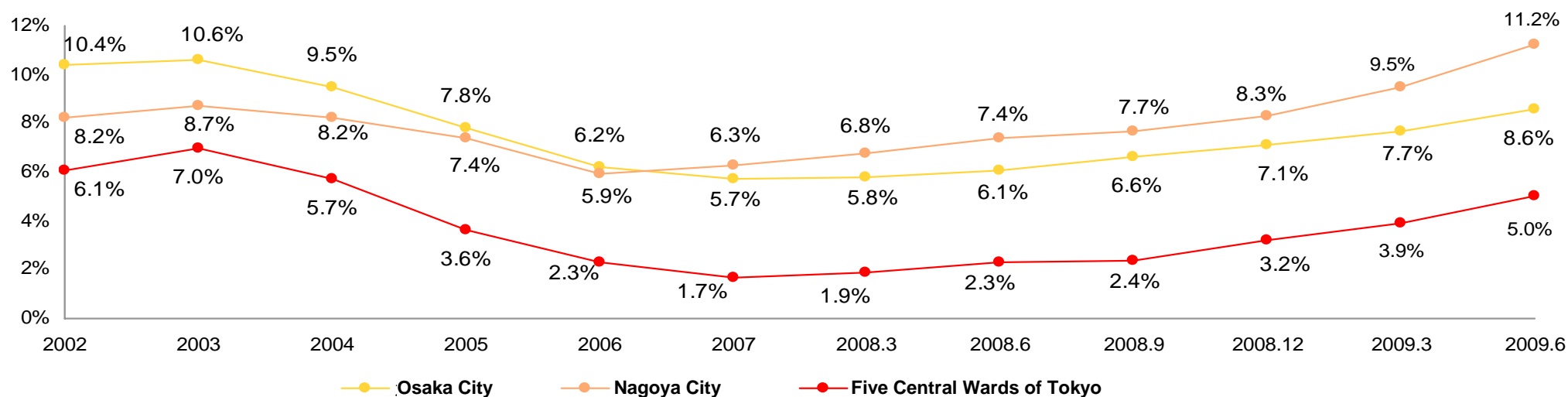




# Changes in Office Building Vacancy Rates



## Changes in Vacancy Rates in Osaka City, Nagoya City and the Five Central Wards of Tokyo



Source: CB Richard Ellis Research Institute K.K.

### Notes:

1. Osaka City refers to the 22 Zone, a key office area in Osaka that comprises Yodoyabashi, Kitahama, Hommachi, Sakaisuji Hommachi, Temmanbashi, Tanimachi 4-chome, OBP, Shinsaibashi, Nagahoribashi, Namba, Higobashi, Nishihommachi, Yotsubashi, Umeda, Dojima/Nakanoshima, Nishi-Temma, Minamimorimachi/Higashi-Temma, Nakatsu, Fukushima, Shin-Osaka, Tennoji/Abeno, and Esaka.
2. Nagoya City refers to the 9 Zone, a key office area in Nagoya that comprises Meieki, Meieki Nishi, Fushimi, Sakae, Izumi/Takatake, Shinsakae, Kanayama and Chikusa.
3. Five Central Wards of Tokyo are Chiyoda Ward, Chuo Ward, Minato Ward, Shinjuku Ward and Shibuya Ward.

# New Supply of Office Buildings (1)

## New Office Building Construction Plans Commencing after 2009 (Key Office Areas in Osaka)

In tsubo, ( ) in m<sup>2</sup>

Completion	Leasable Area by Year	No.	Area	Leasable Area (plan)
2009	68,500 (226,050)	1	Kitahama	1,500 (4,950)
		2	Yodoyabashi	3,600 (11,880)
		3	Umeda	2,300 (7,590)
		4	Dojima, Nakanoshima	14,700 (48,510)
		5	Sakaisuji Hommachi	1,600 (5,280)
		6	Namba	11,800 (38,940)
		7	Sakaisuji Hommachi	2,200 (7,260)
		8	Hommachi	3,000 (9,900)
		9	Higobashi	7,500 (24,750)
		10	Sakaisuji Hommachi	1,600 (5,280)
		11	Umeda	1,500 (4,950)
		12	Kitahama	4,900 (16,170)
		13	Sakaisuji Hommachi	3,600 (11,880)
		14	Yodoyabashi	2,100 (6,930)
		15	Sakaisuji Hommachi	1,800 (5,940)
2010	49,200 (162,360)	16	Umeda	4,800 (15,840)
		17	Higobashi	1,400 (4,620)
		18	Umeda	3,500 (11,550)
		19	Dojima, Nakanoshima	3,000 (9,900)
		20	Sakaisuji Hommachi	2,400 (7,920)
		21	Umeda	21,300 (70,290)
		22	Hommachi	4,900 (16,170)
		23	Umeda	9,900 (32,670)
2011	27,500 (90,750)	24	Yodoyabashi	2,800 (9,240)
		25	Hommachi	3,400 (11,220)
		26	Yodoyabashi	2,400 (7,920)
		27	Hommachi	8,900 (29,370)
		28	Umeda	6,800 (22,440)
		29	Yodoyabashi	3,000 (9,900)
		30	Shin Osaka	3,000 (9,900)
2012	78,500 (259,050) (Excluding buildings whose leasable floor areas are unknown)	31	Dojima, Nakanoshima	20,800 (68,640)
		32	Umeda	22,500 (74,250)
		33	Umeda	21,800 (71,940)
		34	Dojima, Nakanoshima	8,400 (27,720)
		35	Umeda	Unknown
		36	Kitahama	5,000 (16,500)

Source: MID REIT Management Co., Ltd.

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



(Image)

#### Higobashi MID Bldg.

##### Location:

Edobori, Nishi-ku, Osaka

Land area: 797.86m<sup>2</sup> (plan)

GFA: 6,767.55m<sup>2</sup> (plan)

Floors: 11 floors above ground,  
1 floor below ground

Scheduled completion:

January 2010

Source: MID Urban Development Co., Ltd.

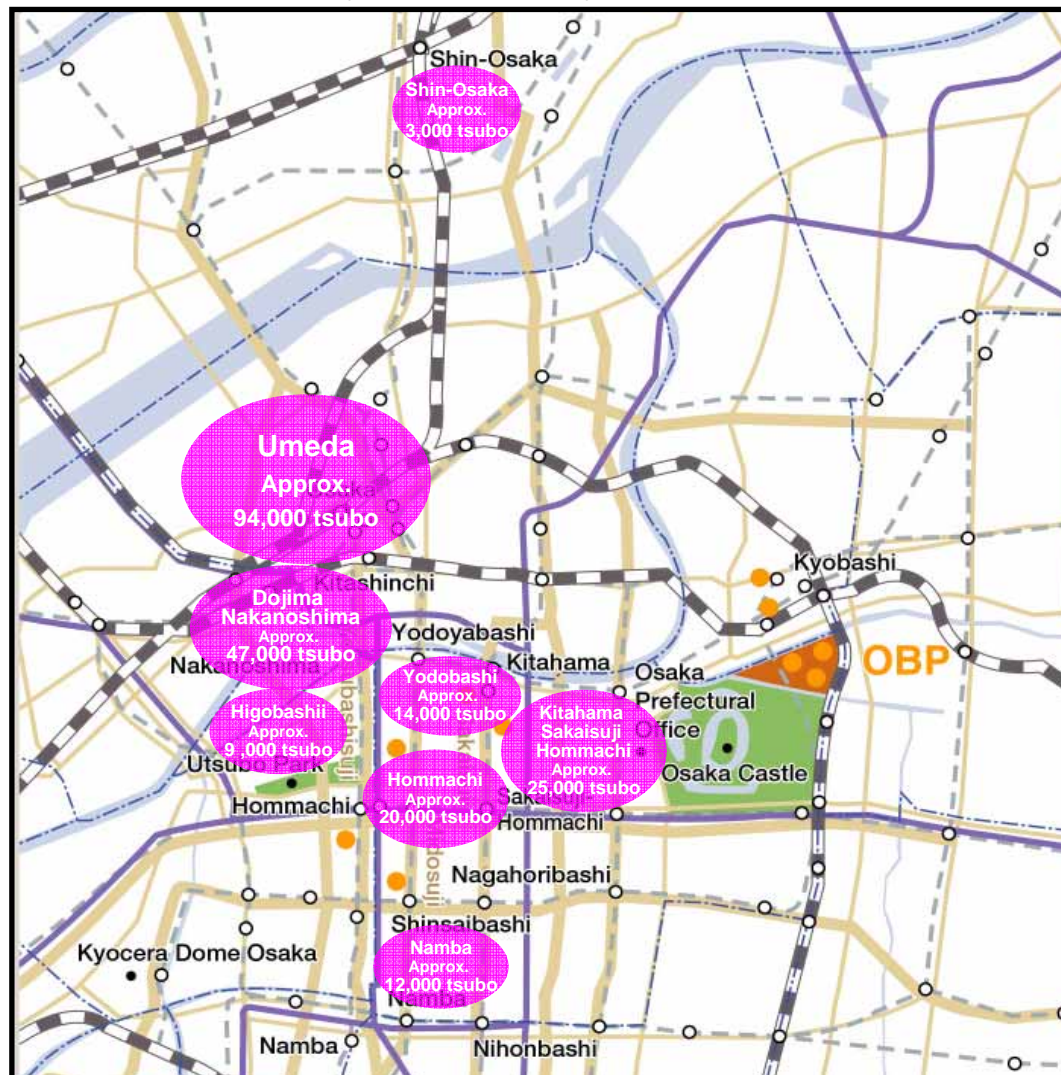
Note: None of the above property is scheduled to be acquired by MID REIT at this moment.



## New Supply of Office Buildings (2)

### New Office Building Construction Plans Commencing after 2009

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



Note:  
This map depicts the aggregate leasable area plans shown in the table on page 26 and does not include the leasable area of buildings not yet announced.

Source: MID REIT Management Co., Ltd.



# Property Transaction Market Status



## Expected Cap Rate vs. Market Cap Rate

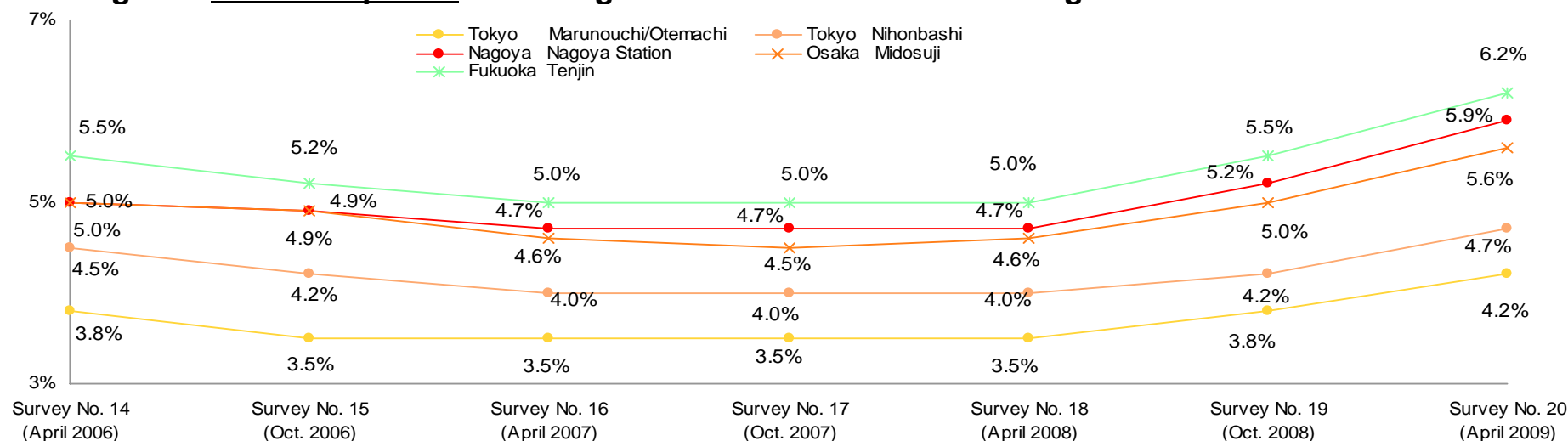
### Expected Cap Rate and Market Cap Rate of Average-Sized Class A Office Building in Various Locations

[ ] shows previous survey data (as of October 2008)

Location		Expected Cap Rate	Market Cap Rate
Tokyo	Around Marunouchi/Otemachi	4.5% [4.0%]	4.2% [3.8%]
Tokyo	Around Nihonbashi	4.9% [4.5%]	4.7% [4.2%]
Nagoya	Around Nagoya Station	6.0% [5.5%]	5.9% [5.2%]
Osaka	Midosuji Avenue	5.7% [5.3%]	5.6% [5.0%]
Fukuoka	Tenjin District	6.3% [5.8%]	6.2% [5.5%]

Source: Japan Real Estate Institute's "The Japanese Real Estate Investor Survey No. 20" (as of April 2009)

### Changes in Market Cap Rate of Average-Sized Class A Office Building in Various locations



Source: Japan Real Estate Institute



## **7. Future Strategies**

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# Internal Growth Strategy (1)



## Policy

Maintain and enhance property revenue	<ul style="list-style-type: none"> <li>· Maintaining and boosting rent income by strengthening relationships with existing tenants and leasing to attract new tenants</li> <li>· Conduct ongoing efforts to reduce building operating costs through such measures as reviewing management specifications and promoting longer-term electricity and gas receipt contracts</li> <li>· Reduce construction costs for major renovations, etc. through competing bids and valuations by third-party organizations</li> </ul>
---------------------------------------	---



Strategy on existing tenants aimed at maintaining high occupancy rates	<ul style="list-style-type: none"> <li>· Accurately discern tenant needs, such as for larger floor space within the facility, and proactively make proposals by conducting well-thought-out visits and tenant satisfaction surveys</li> <li>· Maintain and enhance relationships of trust with tenants and minimize contract cancellation risks through flexible and sincere response</li> </ul>
Strategy on leasing to attract new tenants	<ul style="list-style-type: none"> <li>· Flexibly respond to the needs of various new tenants by accurately discerning market conditions and property characteristics as well as through ongoing implementation of efforts focused on shortening the duration of vacancy and maintaining and enhancing occupancy rates</li> <li>· Proactively implement leasing activities to the Group companies and client companies of existing tenants</li> </ul>
Boost property competitiveness	<ul style="list-style-type: none"> <li>· Carry out systematic renewal, etc., of common areas, reflecting tenant satisfaction surveys, matters pointed out and requested by tenants, etc., by strengthening collaboration with property management and building management companies</li> <li>· Appropriately respond to the requests of society via CO<sub>2</sub> reduction efforts through the introduction of energy-saving facilities and equipment</li> </ul>

## Capital Expenditures (CAPEX)

### Actual Major CAPEX During 6th Period

Renewal of screw chiller (Twin 21)	240 million yen
Upgrading of heat reservoirs (Matsushita IMP Bldg.)	224 million yen
Renovation of lower floors (Midosuji MID Bldg.)	177 million yen

### Major CAPEX Expected During 7th Period

Renewal of elevator control systems (Twin 21)	358 million yen
Upgrading of heat reservoirs (Matsushita IMP Bldg.)	326 million yen
Renovation of lower floors (Midosuji MID Bldg.)	504 million yen



## Internal Growth Strategy (2)

### Value Enhancement and Renewal Efforts (Examples)

Matsushita IMP Bldg. (Osaka)

Converted retail space on the lower floors into offices and conducted leasing activities for tenants with matching needs



Renewed restrooms on 2F and 3F and made the common areas more pleasant spaces



Midosuji MID Bldg. (Osaka)

Aimed to increase revenue-generating capacity through conversion into a multi-tenant building







# External Growth Strategy

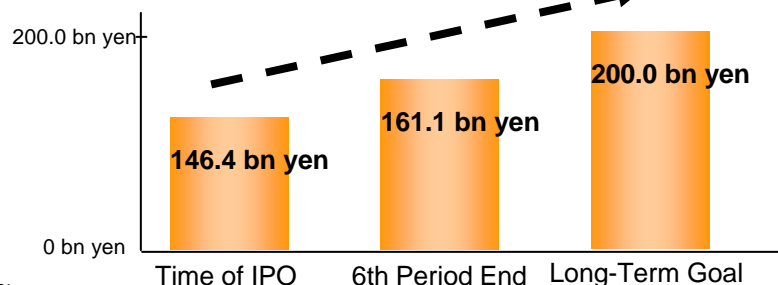
## Portfolio Building Policy

- Ease risks of concentration on regions and tenants
- Minimize asset and property management costs through economies of scale
- Enhance portfolio quality through such measures as acquiring prime properties at an appropriate price
- Keep LTV under adequate control

## Image of Long-Term External Growth

- Aim for 200 billion yen in asset size through such measures as acquiring competitive properties when they are relatively new
- Seek to lower concentration on the OBP to the 50~59% range (based on acquisition price)

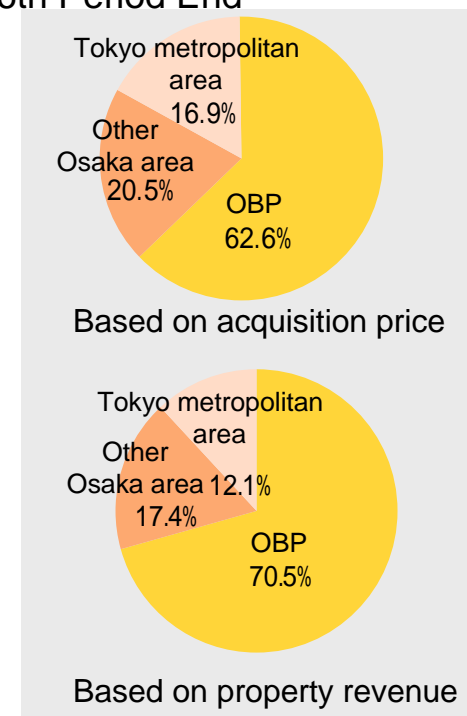
### Total Property Acquisition Price



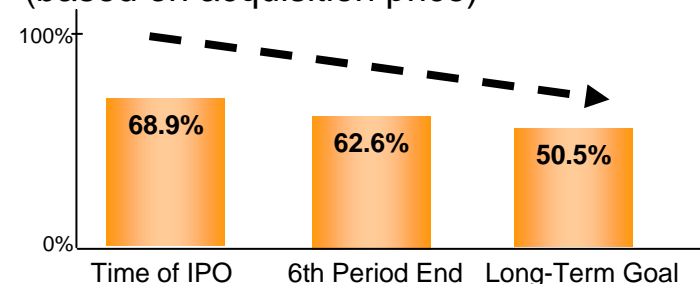
Note:

The image shall not be construed as a guarantee of or a commitment to the abovementioned future growth, ease of concentration on the OBP, etc.  
With due consideration given to the current real estate market conditions, MID REIT is adhering to a conservative policy for new property acquisitions.

## Concentration on Regions and Tenants as at 6th Period End



## Concentration on OBP (based on acquisition price)







## **8. Portfolio**

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# Portfolio Diversification

## Data of Portfolio

### By area (Note 1)

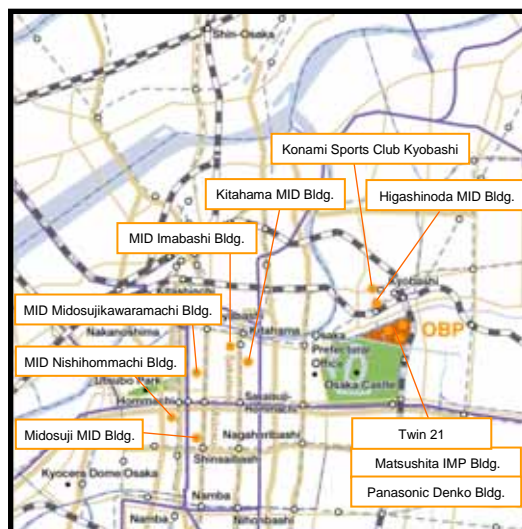
	Osaka area	Other major area
End of 2nd Period	78.3%	21.7%
End of 3rd Period	78.4%	21.6%
End of 4th Period	82.7%	17.3%
End of 5th Period	83.1%	16.9%
End of 6th Period	83.1%	16.9%

### By type (Note 1)

	Office	Non-office
End of 2nd Period	81.0%	19.0%
End of 3rd Period	81.1%	18.9%
End of 4th Period	81.7%	18.3%
End of 5th Period	82.1%	17.9%
End of 6th Period	82.1%	17.9%

### By size (GFA) (Note 1)(Note 2)

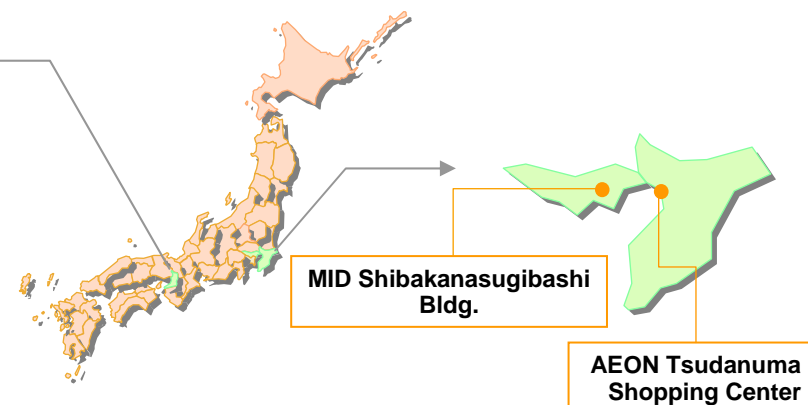
	50,000m <sup>2</sup> or more, 100,000m <sup>2</sup> or more	10,000m <sup>2</sup> or more, under 50,000m <sup>2</sup>	Under 10,000m <sup>2</sup>
End of 2nd Period	45.3%	33.4%	10.0%11.3%
End of 3rd Period	45.0%	33.2%	10.4%11.3%
End of 4th Period	43.6%	32.2%	16.9%7.3%
End of 5th Period	42.6%	31.5%	16.6%9.3%
End of 6th Period	42.6%	31.5%	16.6%9.3%



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.



# Portfolio Overview



Type	Area	Property Name	Location	Acquisition Date	Acquisition Price (million yen) (Note 1)	Investment Ratio (%) (Note 2)	Completion Date	Leasable Space (m <sup>2</sup> ) (Note 3)	PML (%) (Note 4)
Office	Osaka area	Twin 21 (Note 5)	Chuo-ku, Osaka	August 2006	68,700	42.6	March 1986	82,401.43	3.5
		Matsushita IMP Bldg.	Chuo-ku, Osaka	August 2006	24,600	15.3	February 1990, added on to in Nov. 2003	37,113.29	3.2
		Panasonic Denko Bldg.	Chuo-ku, Osaka	August 2006	7,620	4.7	August 1974	12,684.52	7.2
		Midosuji MID Bldg. (Note 6)	Chuo-ku, Osaka	August 2006 October 2007	8,290	5.1	October 1980	10,172.30	8.7
		Higashinoda MID Bldg.	Miyakojima-ku, Osaka	August 2006	2,300	1.4	February 2000	5,098.10	7.8
		MID Imabashi Bldg.	Chuo-ku, Osaka	April 2007	3,270	2.0	October 1990	4,279.70	6.2
		MID Midosujikawaramachi Bldg.	Chuo-ku, Osaka	May 2007	2,000	1.2	March 1998	3,060.70	6.2
		Kitahama MID Bldg.	Chuo-ku, Osaka	April 2008	10,800	6.7	February 2008	10,189.50	3.0
		MID Nishihommachi Bldg.	Nishi-ku, Osaka	October 2008	3,550	2.2	March 1989	3,855.61	5.6
	Other major cities	MID Shibakanasugibashi Bldg.	Minato-ku, Tokyo	August 2006	1,160	0.7	January 1995	1,989.27	6.0
<b>Subtotal(10properties)</b>					132,290	82.1		170,844.42	
Non-office	Osaka area	Konami Sports Club Kyobashi	Miyakojima-ku, Osaka	August 2006	2,780	1.7	June 1999	9,586.26	5.7
	Other major cities	AEON Tsudanuma Shopping Center	Narashino-shi, Chiba	August 2006	26,100	16.2	September 2003, added on to in Dec. 2007	101,210.44	4.0
<b>Subtotal (2 properties)</b>					28,880	17.9		110,796.70	
<b>Total (12 properties)</b>					161,170	100.0		281,641.12	2.8

## Notes:

1. The 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. The 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 the total leasable floor area as of June 30, 2009. Figures exclude the floor area occupied by storage areas, halls and parking areas. However, the leasable areas of Konami Sports Club Kyobashi and AEON Tsudanuma Shopping Center include the common and parking areas, while the leasable areas of the Higashinoda MID Bldg. include common areas, each of which is leased in its entirety to a sole tenant.
4. The total PML represents the PML for the entire portfolio. MID REIT has taken out earthquake insurance for all the portfolio properties presented above as of June 30, 2009
5. Includes the trust beneficiary interest of Twin 21 (partial ownership of leased land)
6. Data for the Midosuji MID Bldg. includes that of the adjoining land.
7. In addition to the properties listed in the table above, MID REIT acquired a silent partnership interest in the Sakura Dori MID Bldg. on November 29, 2007, January 30, 2008, September 29, 2008, and February 26, 2009.

# Overview of Properties (1)

## Twin 21

Acquisition date: Aug. 2006



- Type: Office
- Location: Chuo-ku, Osaka
- Acquisition price: 68.7 billion yen
- Land space: 28,163.07m<sup>2</sup>
- Leasable space: 82,401.43m<sup>2</sup>
- Construction completed: Mar. 1986



- 38-story, 150-meter high twin towers
- One of Osaka's landmark properties
- Comprised of the 'OBP Panasonic Tower,' which is occupied by Panasonic Corporation, and the 'MID Tower,' which is occupied by various major corporations and consular office
- Directly connected to the Osaka Castle Kyobashi promenade and 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: 24.6 billion yen
- Land space: 14,968.25m<sup>2</sup>
- Leasable space: 37,113.29m<sup>2</sup>
- Construction completed: Feb. 1990, added on in Nov. 2003



- 26-story multi-use sky scraper, with large office floor space as the core, as well as retail shops and event halls, etc.
- Integrated management with Twin 21, which is connected by a sky way
- Directly connected to OBP station of the Osaka Municipal Subway Nagahori-Tsurumiryokuchi Line
- Increased value by converting part of the retail space of the lower floors to office space



## Overview of Properties (2)

### Panasonic Denko Bldg.

Acquisition date: Aug. 2006



- Type: Office
- Location: Chuo-ku, Osaka
- Acquisition price: 7.62 billion yen
- Land space: 3,698.55m<sup>2</sup>
- Leasable space: 12,684.52m<sup>2</sup>
- Construction completed: Aug. 1974



- A building with spacious floor space of over 12,000m<sup>2</sup> in leasable space, and where Panasonic Electric Works Co., Ltd. has been the tenant since its completion
- In floors 1-3 there is the 'Panasonic Living Showroom Osaka,' which is a showroom of Panasonic Electric Works Co., Ltd., and along with the 'Panasonic Center Osaka' of Panasonic Corporation, in Twin 21, these function as the information distribution bases for the Panasonic Group in Osaka
- Anti-seismic reinforcement completed in January 2008

### Kitahama MID Bldg.

Acquisition date: Apr. 2008



- Type: Office
- Location: Chuo-ku, Osaka
- Acquisition price: 10.8 billion yen
- Land space: 1,802.49m<sup>2</sup>
- Leasable space: 10,189.50m<sup>2</sup>
- Construction completed: Feb. 2008



- Superior transportation access: located close to Sakaisuji Street, one of Osaka's main arteries, and Kitahama Station on the Sakaisuji Line of the Osaka Municipal Subway and the Keihan Main Line
- Adaptation of vibration control structure, which effectively reduces potential earthquake damage
- Each floor features 176tsubo (approximately 582m<sup>2</sup>) of pillarless space that can be divided into smaller segments, providing for a range of layout and spacing needs

## Overview of Properties (3)

### Midosuji MID Bldg.

Acquisition date: Aug. 2006  
(adjacent land, Oct. 2007)



Type: Office

Location: Chuo-ku, Osaka

Acquisition price: 8.29 billion yen  
(Note)

Land space: 1,893.62m<sup>2</sup> (Note)

Leasable space: 10,172.30m<sup>2</sup>

Construction completed: Oct. 1980

Note: includes that of the adjoining land



- Located about 100m north of 'Shinsaibashi Station' on the Osaka Municipal Subway Midosuji Line, a commercial area with lots of mid- to high-rise skyscrapers and office properties surrounding the area
- Huge attractiveness with the visibility, flourishing area, and convenient access
- Exterior also has an elaborate design
- Integrated management with the adjacent land (188.36m<sup>2</sup>) acquired in October 2007
- By turning the property into a multi-tenant building, MID REIT is aiming to improve profitability.

### AEON Tsudanuma Shopping Center

Acquisition date: Aug. 2006



Type: Retail

Location: Narashino-shi, Chiba

Acquisition price: 26.1 billion yen

Land space: 29,397.03m<sup>2</sup>

Leasable space: 101,210.44m<sup>2</sup>

Construction completed: Sep. 2003, added on in Dec. 2007



- Huge commercial facility directly connected to 'Shin-Tsudanuma Station' on the Shin-Keisei Line
- Urban shopping center with 1 basement floor and 5 upper floors, with 80 specialty shops with 'JUSCO Tsudanuma' as the anchor tenant
- Located a 3-minute walk from 'Tsudanuma Station' on the JR Sobu Line
- Extended with a new customer lounge (289.5m<sup>2</sup>) in December 2007

Increase of approx. 12 million yen in rent (annual)

## Overview of Properties (4)

### MID Imabashi Bldg.

Acquisition date: Apr. 2007



- Type: Office
- Location: Chuo-ku, Osaka
- Acquisition price: 3.27 billion yen
- Land space: 1,187.43m<sup>2</sup>
- Leasable space: 4,279.70m<sup>2</sup>
- Construction completed: Oct. 1990

### MID Nishihommachi Bldg.

Acquisition date: Oct. 2008



- Type: Office
- Location: Nishi-ku, Osaka
- Acquisition price: 3.55 billion yen
- Land space: 659.86m<sup>2</sup>
- Leasable space: 3,855.61m<sup>2</sup>
- Construction completed: Mar. 1989

### MID Midosujikawaramachi Bldg.

Acquisition date: May. 2007



- Type: Office
- Location: Chuo-ku, Osaka
- Acquisition price: 2.0 billion yen
- Land space: 934.79m<sup>2</sup>
- Leasable space: 3,060.70m<sup>2</sup>
- Construction completed: Mar. 1998

### Higashinoda MID Bldg.

Acquisition date: Aug. 2006



- Type: Office
- Location: Miyakojima-ku, Osaka
- Acquisition price: 2.3 billion yen
- Land space: 1,062.53m<sup>2</sup>
- Leasable space: 5,098.10m<sup>2</sup>
- Construction completed: Feb. 2000

### MID Shibakanasugibashi Bldg.

Acquisition date: Aug. 2006



- Type: Office
- Location: Minato-ku, Tokyo
- Acquisition price: 1.16 billion yen
- Land space: 430.21m<sup>2</sup>
- Leasable space: 1,989.27m<sup>2</sup>
- Construction completed: Jan. 1995

### Konami Sports Club Kyobashi

Acquisition date: Aug. 2006



- Type: Retail
- Location: Miyakojima-ku, Osaka
- Acquisition price: 2.78 billion yen
- Land space: 2,339.35m<sup>2</sup>
- Leasable space: 9,586.26m<sup>2</sup>
- Construction completed: June 1999



## **9. Appendix**

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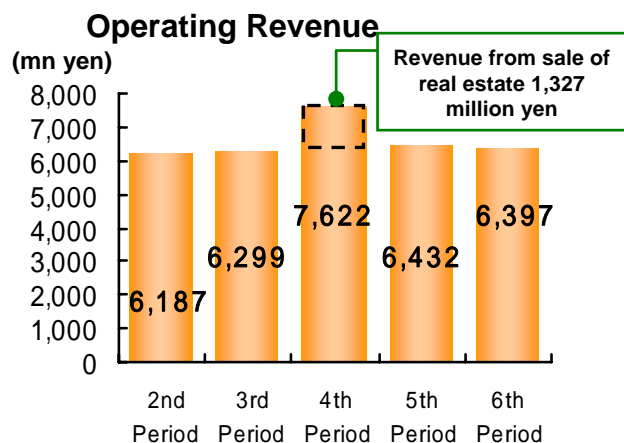




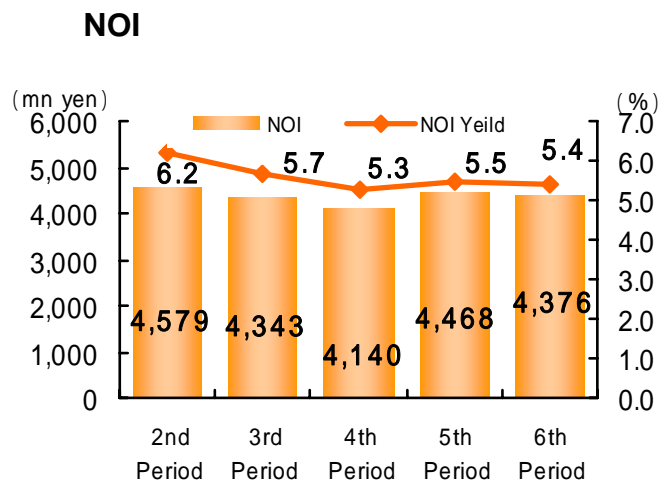
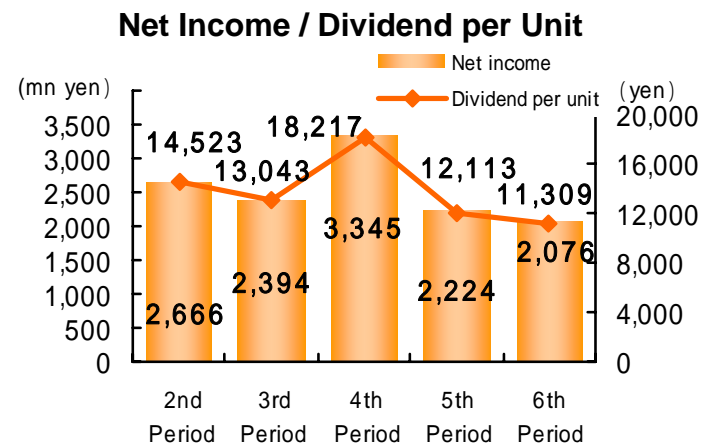
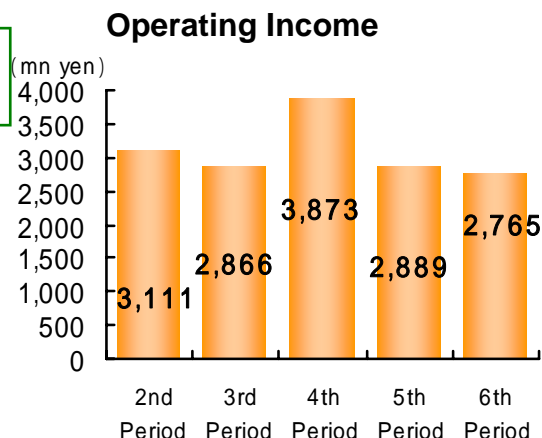
# Performance Trends



## Performance Trends (2nd Period to 6th Period)

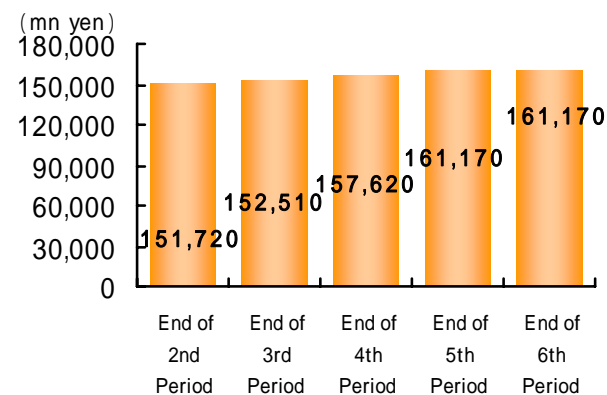


Note: The data for the 4th period includes revenue from sale of real estate, 1,327 million yen.



See page 13 for NOI breakdown by property

## Total Acquisition Price



**Note:**

In addition to the total acquisition price as of the end of the 6th period, MID REIT acquired an interest worth 211 million yen in the silent partnership operated by Sakura Dori Development LLC, which is in charge of the development of the Sakura Dori MID Bldg. , during the 6th period.



# Financial and Accounting Indices



Indices	5th Period Results (July 1, 2008–Dec. 31, 2008) (Note 2)	6th Period Results (Jan. 1, 2009–June 30, 2008) (Note 2)	Comments
Net operating days	184 days	181 days	-
NOI from property leasing	4,468 mn yen (4,443 mn yen)	4,376 mn yen (4,371 mn yen)	Property income + Depreciation and amortization + Loss on retirement of noncurrent assets
NOI yield from property leasing (p.a.)	5.5% (5.5%)	5.4% (5.4%)	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)	3,186 mn yen (3,161 mn yen)	3,068mn yen ( 3,064mn yen)	Net income (excl. revenue and expense from sale of real estate) + Depreciation and amortization + Loss on retirement of noncurrent assets
FFO per unit	17,351 yen (17,215 yen)	16,713yen (16,688yen)	FFO/Total units outstanding at end of period
Return on assets (ROA)	2.5%	2.3%	Ordinary income [annualized]/{(Total assets at beginning of period + Total assets at end of period )/2}
Return on equity (ROE)	4.7%	4.5%	Net income [annualized]/{(NAV at beginning of period +NAV at end of period)/2}
NAV per unit	504,271 yen	503,467yen	NAV at end of period/Total units outstanding at end of period
Loan to value (LTV)	40.4%	40.5%	Interest-bearing debt at end of period/Total assets at end of period
Debt service coverage ratio (DSCR)	6.6	6.3	Net income before interest and depreciation/Interest expense
Price book-value ratio (PBR)	0.3	0.4	Unit price at end of period/NAV per unit
Price earnings ratio (PER)	7.1	9.4	Unit price at end of period/Net income per unit [annualized]
FFO multiple	4.9	6.4	Unit price at end of period/FFO per unit

## Notes:

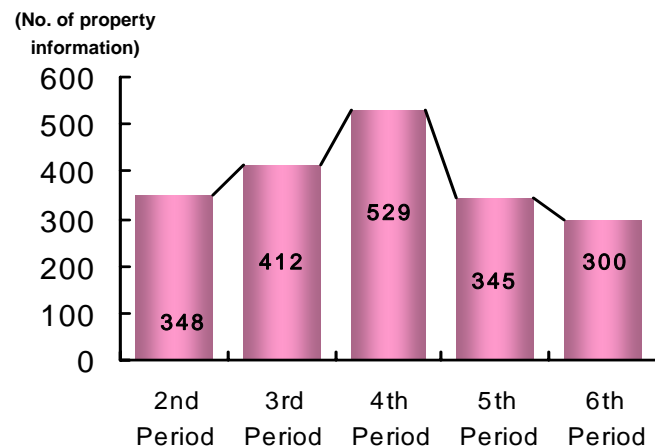
- Figures in brackets indicate values after having accounted for the fiscal period costs of 24 million yen (annualized: 31 million yen), which is posted as deferred tax assets on the balance sheet. The said amount is a portion of the estimated income taxes (property and city planning taxes) on property holdings on a normal operation base.
- Figures in brackets indicate values after having accounted for the fiscal period costs of 4 million yen (annualized: 9 million yen), which is posted as deferred tax assets on the balance sheets The said amount is a portion of the estimated income taxes (property and city planning taxes) on property holdings on a normal operation base.



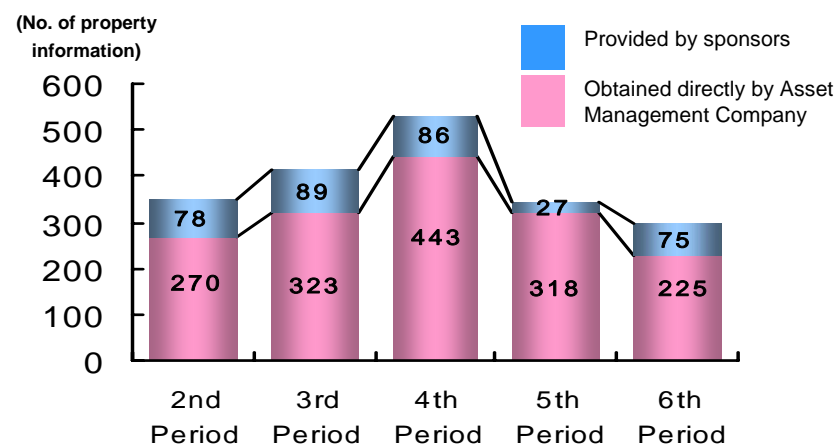
# Status of Property Information Acquisition



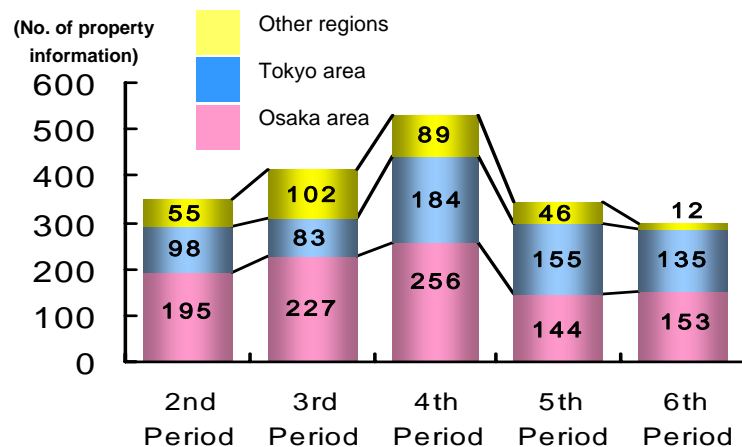
## Property Information Received



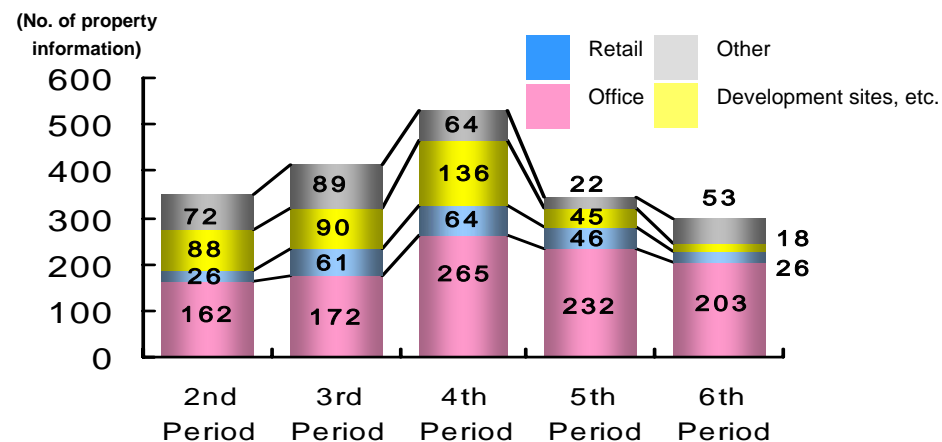
## Property Information by Channel



## Property Information by Region



## Property Information by Property Type



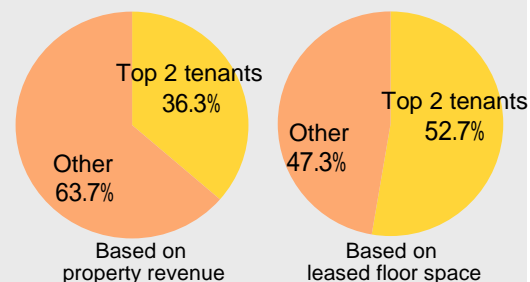
Information is gathered on various types of properties in various regions to secure sufficient investment opportunities and a better understanding of the real estate market.

# Tenant Trends (1)

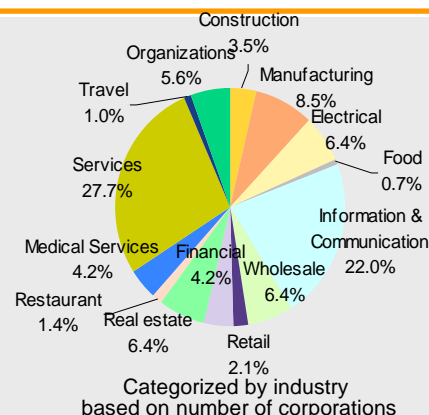


## Tenant Analysis

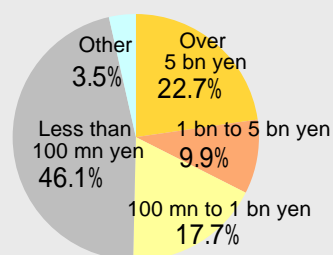
### Top Tenants' Share



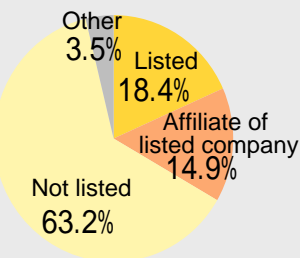
### Tenant Classification (office tenants only)



### Categorized by paid-in capital based on number of corporations



### Categorized by listing based on number of corporations



## Overview of Key Tenants (Top 10)

Tenant	Industry	Tenant of	Expiration Date of the Contract (Note 1)	Leased Floor Space (m <sup>2</sup> )	As a Percentage of Total Leased Floor Space (Note 2)
AEON Retail Co., Ltd.	Retail	AEON Tsudanuma Shopping Center	Sep. 29, 2023	101,210.44	37.4%
Panasonic Corporation	Electrical equipment	Twin 21	Mar. 31, 2011	41,471.51	15.3%
Panasonic Electric Works Co., Ltd.	Electrical equipment	Panasonic Denko Bldg.	Mar. 31, 2012	12,684.52	4.7%
Konami Sports & Life Co., Ltd. (Note 3)	Services	Konami Sports Club Kyobashi	-	9,586.26	3.5%
Human Resocia Co., Ltd. (Note 3)	Services	Midosuji MID Bldg.	-	6,586.37	2.4%
Nippon Computer System Co., Ltd.	Information & Communication	Matsushita IMP Bldg.	Apr. 30, 2014	5,632.24	2.1%
Kumagai Gumi Co., Ltd. (Note 3)	Construction	Higashinoda MID Bldg.	-	5,098.10	1.9%
MID Property Management Co., Ltd.	Real estate	Twin 21, Matsushita IMP Bldg. and Midosuji Bldg.	Mar. 31, 2014	4,965.52	1.8%
Asahi Breweries Co., Ltd.	Food	Matsushita IMP Bldg.	Mar. 31, 2012	4,531.23	1.7%
CTI Engineering Co., Ltd. (Note 3)	Services	Kitahama MID Bldg.	-	4,077.50	1.5%
Total				195,843.69	72.3%

### <Major Trends>

- Due to partial cancellations of leasing contracts, the leased floor space of Human Resocia Co., Ltd. is scheduled to be reduced to 5,547.01m<sup>2</sup> on October 1, 2009.
- The contracts with Panasonic Corporation, Panasonic Electric Works Co., Ltd. and Asahi Breweries Co., Ltd. were renewed on March 31, 2009.

### Notes:

- The expiration date of the contract with the largest leased floor space is stated if there are multiple leasing contracts, etc.
- The leased floor space as a percentage of total leased floor space is rounded off to the first decimal place. Therefore, figures may not add up to the total in the "Total" column.
- No statement is made on the expiration date of the contract when the consent for disclosure could not be obtained from tenant.



# Tenant Trends (2)



## Tenant Satisfaction Survey

- Applicable properties: Twin 21, Matsushita IMP Bldg. and MID Imabashi Bldg.
- Survey period: Nov. 6, 2008 to Nov. 27, 2008
- Number sampled: 175 tenants
- Surveyor: Dentsu Research Inc.

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

Factors	2006	2007	2008	Difference (2006 2008)
• Overall building comfort	47.8	49.5	54.2	+6.4
• Security measures	61.9	65.7	68.0	+6.1
• Effectiveness of management center operations	64.9	66.9	70.4	+5.5
• Common-area functions	53.6	56.5	58.5	+4.9
• Effectiveness of facility management	72.0	72.9	76.7	+4.7
• Building-complex functions	49.7	52.3	54.0	+4.3
• Attitude of management staff	72.0	70.8	74.2	+2.2
• Building performance	58.2	59.0	60.4	+2.2
• Information provision from property management	53.0	55.6	55.2	+2.2
• Cleanliness	71.2	71.1	73.1	+1.9
• Effectiveness of property management	67.5	67.3	68.9	+1.4
• Ambience	74.4	74.3	75.3	+0.9

**Strengths in operating and managing buildings as well as ambience,  
while common-area functions and comfort are challenges**

Notes:

- 1.\*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.
- 2.Survey results for 2006 do not include the MID Imabashi Building.



# Unit Price Performance (1) (IPO ~ August 7, 2009)



## Unit Price Performance





## Unit Price Performance (2) (IPO ~ August 7, 2009)



### Price Comparison



**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%.



## Unit Price Performance (3) (January 5, 2009 ~ June 30, 2009)



### Price Comparison



**Note:**

MID REIT's unit price, the TSE REIT Index and TPREAL are shown with prices as of January 5, 2009 set as 100.



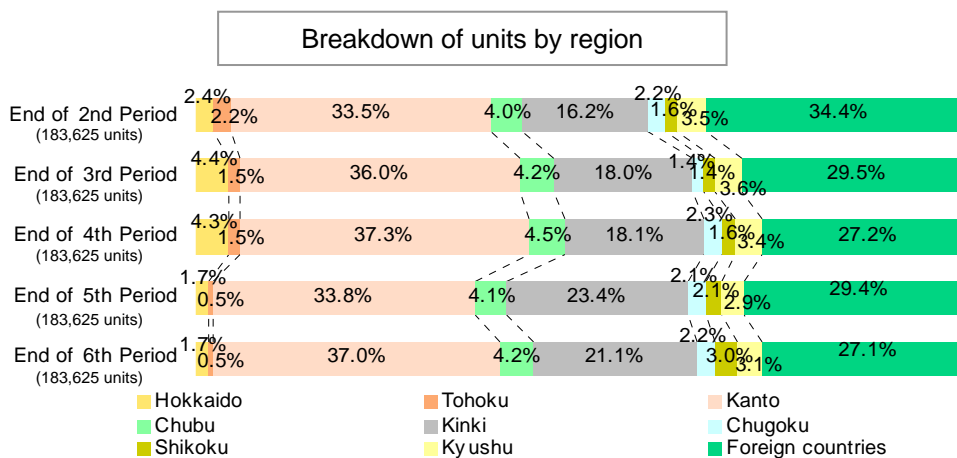
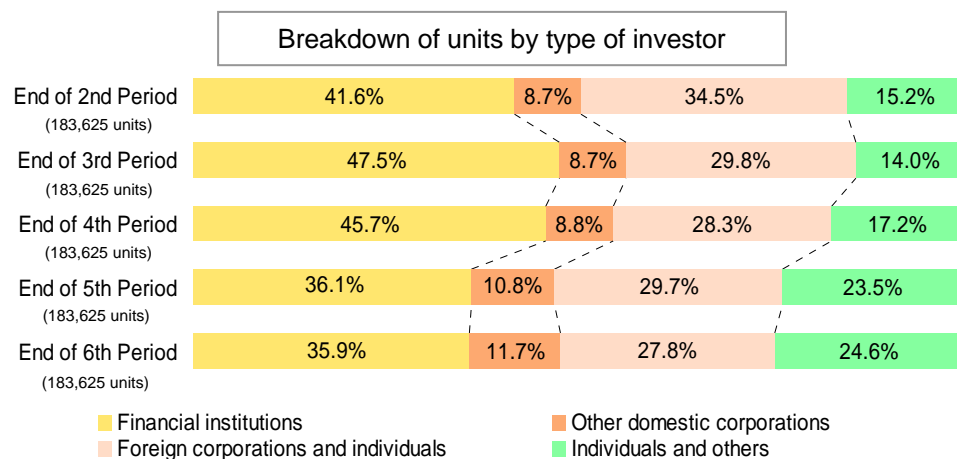


# Unitholder Details (1)

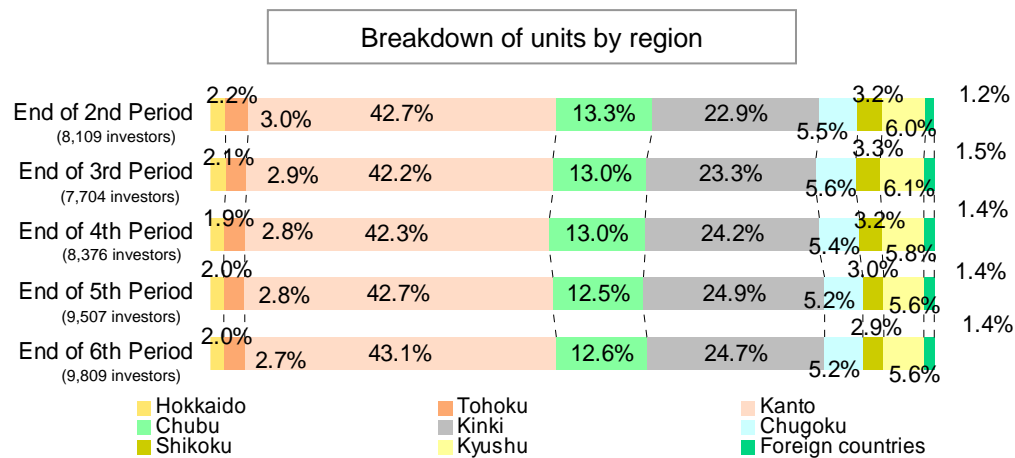
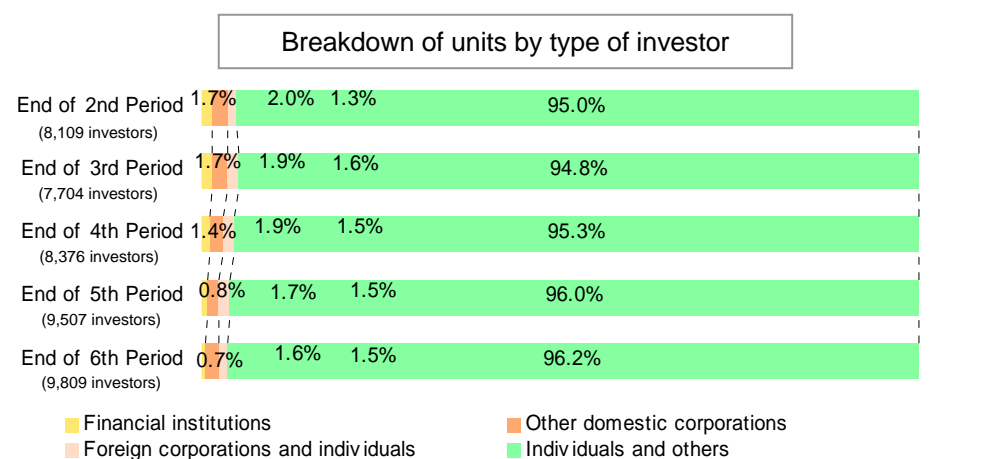


## Analysis of Investor Attributes

### Distribution of number of units held



### Distribution of number of investors





## Unitholder Details(2)



### Top 10 Unitholders (as of June 30, 2009)

Name	Number of units held	Ratio of units held to total units outstanding (%)	Difference
Nikko Citi Trust and Banking Corporation (Trust Account)	15,848	8.63	+798
The Fuji Fire and Marine Insurance Co., Ltd.	9,714	5.29	± 0
MID Urban Development Co., Ltd.	9,200	5.01	± 0
Goldman Sachs International	8,379	4.56	+935
Japan Trustee Services Bank, Ltd. (Trust Account)	7,672	4.18	+1,901
Shikoku Railway Company	4,034	2.20	+2,899
The Bank of Ikeda, Ltd	4,000	2.18	-4,710
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,647	1.99	+1,040
The Bank of New York Europe Limited 131705	3,297	1.80	+2,100
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	3,296	1.79	+325
Total	69,087	37.62	+78

**Note:**  
The ratios of units held to total units outstanding are rounded off to two decimal places.

### Status of Large Unitholding Reports Submitted (as of August 7, 2009)

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	14,887	8.11	October 6, 2008
The Fuji Fire And Marine Insurance Co., Ltd	9,714	5.29	October 7, 2008
Altrinsic Global Advisors, LLC	9,433	5.14	June 29, 2009
MID Urban Development Co., Ltd.	9,200	5.01	January 10, 2007

**Note:**  
1. The ratios of units held to total units outstanding are based on values recorded in large unitholding reports.  
2. Only submitters and joint unitholders who hold 5% or more of total units outstanding are presented in the table above.

# Overview of Asset Management Company



## Company Overview

Company Overview (As of June 30, 2009)		
Name	MID REIT Management Co., Ltd.	
Location	Dojimahama 1-4-4, Kita-ku, Osaka	
Establishment	September 1, 2005	
Capital	210 million yen	
Shareholder	MID Urban Development Co., Ltd.(100%)	
No. of employees	27 (inclusive of 4 temporary workers)	
Officers	President & CEO	Nobuo Moroizumi
	Managing Director	Hiroataka Saito
	Director	Atsushi Izumitani
	Director	Hiroshi Uemura
	Statutory Director	Noriyuki Iijima
	Statutory Auditor	Atsushi Ishiguro
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

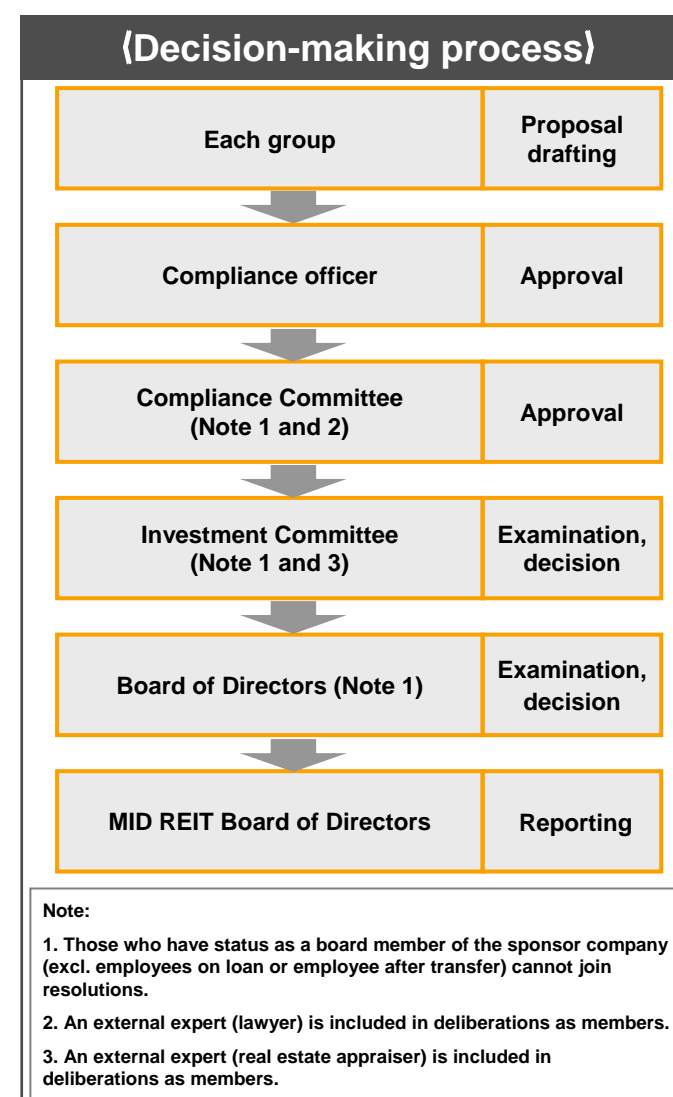


Compliance Office established in an aim to further strengthen the internal control system

# Checking System for Transactions with Sponsor Related Parties

《Transaction and selection criteria (principle)》	
Property acquisition/disposal	<ul style="list-style-type: none"> <li>Transaction has to comply with the following criteria: Acquisition price    Appraised value Appraised value    Disposal price</li> </ul>
Property leasing	<ul style="list-style-type: none"> <li>Leasing terms must be appropriately and fairly measured by prevailing market conditions</li> </ul>
Sale/leasing agent commissions	<ul style="list-style-type: none"> <li>Commissions must be within limits set by the Building Lots and Building Transaction Business Law</li> </ul>
Commissioning of property/building	<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>
Contracting of construction works (over 1 million yen)	<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 》
<p>(a) Interested persons as defined by the Investment Trust Law</p> <p>(b) Shareholders of the asset management company; subsidiaries/affiliates of the shareholders of the asset management company by consolidated accounting standards</p> <p>(c) Parties who accept fund management, asset management and investment advisory operations commissioned by major shareholders ("major shareholders of financial instruments firms," as defined under the Financial Instruments and Exchange Law of Japan) of parties described in (a) and (b) above and shareholders of MID REIT's asset management company</p> <p>(d) Funds that have entrusted fund management, asset management and investment advisory operations to parties described in (a), (b) and (c) above; corporate entities and other types of organizations established by such funds</p> <p>(e) SPCs in which (a) (b) (c) holds a 20% stake through investment, a silent partnership interest, or preferred equity</p>



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



(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

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

**TEL : +81-6-6456-0700 (main) 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)**