

For Translation Purpose Only**REIT Financial Report for the 7th Fiscal Period (July 1, 2009 to December 31, 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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[Monetary amounts in million yen are rounded down]

1. PERFORMANCE FOR THE 7th FISCAL PERIOD (July 1, 2009 to December 31, 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	%
7th fiscal period	6,289	(1.7)	2,593	(6.2)	1,750	(15.8)	1,748	(15.8)
6th fiscal period	6,397	(0.6)	2,765	(4.3)	2,078	(6.6)	2,076	(6.6)

	Net income per unit	Net income to unitholders' equity	Ordinary income to total assets	Ordinary income to operating revenue
	yen	%	%	%
7th fiscal period	9,524	1.9	1.0	27.8
6th fiscal period	11,308	2.2	1.2	32.5

(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	%	%
7th fiscal period	9,524	1,748	0	—	99.9	1.9
6th fiscal period	11,309	2,076	0	—	100.0	2.2

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
7th fiscal period	178,515	92,121	51.6	501,682
6th fiscal period	178,396	92,449	51.8	503,467

[Reference] Unitholders' equity for the 7th fiscal period: ¥92,121 million

Unitholders' equity for the 6th fiscal period: ¥92,449 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
7th fiscal period	2,104	(1,061)	(2,073)	12,614
6th fiscal period	3,142	(1,422)	(2,224)	13,644

2. FORECAST OF RESULTS FOR THE 8th FISCAL PERIOD (January 1, 2010 to June 30, 2010)

[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	%
8th fiscal period	6,158	(2.1)	2,467	(4.9)	1,602	(8.5)	1,600	(8.5)

	Distribution per unit [excluding distribution in excess of earnings]		Distribution in excess of earnings per unit	
	yen		yen	
8th fiscal period	8,716		0	

[Reference] Estimated net income per unit for the 8th fiscal period: ¥8,716

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:
- 7th fiscal period: 183,625 units
- 6th fiscal period: 183,625 units
- (b) Number of own investment units at end of period:
- 7th fiscal period: 0 units
- 6th 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 September 24, 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 (7th fiscal period: July 1, 2009 to December 31, 2009), the total number of investment units issued and outstanding was 183,625 investment units.

During the 7th 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

Given the impact of the global financial crisis and economic recession, the Japanese economy continued to face hardship during the 7th fiscal period, but there were also some observed drifts toward recovery. While corporate earnings remain in a grim situation, the pace of deterioration has been slowing, due in part to increasing exports primarily for Asian markets and decreasing capital investments nearing to a stop. Personal spending has also started to take a turn for recovery, though employment conditions still remain tough.

In the real estate transaction market, partial signs of recovery have begun to emerge, such as the increase in actual transaction yields being on a returning path to a more tempered pace. However, the lending stance for real estate related financing adopted by financial institutions remains cautious, and real estate transactions have hovered at weak levels, as exemplified by the still limited number of property acquisition deals by real estate funds including J-REITs.

According to the Ministry of Land, Infrastructure, Transport and Tourism’s Land Price LOOK Report for the third quarter (July 1 to October 1) of 2009, the land price of intensively used land of major cities in Japan decreased in almost all districts (147 of the 150 districts), repeating the trend found in the previous survey (second quarter of 2009). However, the rate of decrease is shifting its direction to a decline and, as a result, the number of districts with a quarter-on-quarter decrease of less than 3% (less than 11.5% per annum) was 81 (54.0% of all districts), increasing from the 67 districts (44.7% of all districts) in the previous survey. The land price decreased in all districts of the business area of Osaka City, and both rent and land prices decreased in Osaka Business Park (hereafter, the “OBP”) as well.

In the office building leasing market, vacancy rates keep rising due in part to the economic recession. Concerning the Osaka area as well, vacancy rates have continued to be on the rise since the latter half of 2008. While demand for office relocation exists, there are strong needs for decreased floor space within the same facility, relocations to locations with less floor space and lower rent in correlation with cost-saving efforts, etc. at tenant firms, causing persistent severity in terms of rent revenue.

(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 7th fiscal period. MID REIT’s portfolio at the end of the 7th fiscal period was 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.

Furthermore, although MID REIT had obtained the rights of first refusal to the purchase of trust

beneficiary interests in Sakura Dori MID Building, MID REIT did not execute the rights during the 7th fiscal period and the execution period of the rights has expired.

<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 seeking to attract 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, MID REIT conducted activities for favorable tenant relations and to attract new tenants in the 7th fiscal period, with dedicated efforts made toward prompt tenant response and discerning of tenant needs by MID Property Management, follow-up activities, appropriate building management by building management companies, and renovation of common-area spaces and other provision of comfortable office environments suited to tenant needs.

Concerning leasing, by leveraging the capabilities of MID Property Management, appropriate leasing activities are carried out through striving to maintain and boost occupancy rates, along with flexibly reviewing rent, among other measures. Notably, with regard to MID REIT’s core assets of 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.

Among efforts made during the 7th fiscal period, new tenants were successfully attracted at Twin 21 and Matsushita IMP Building, in which part of the retail spaces in their lower floors had been converted to office spaces in the previous fiscal period, as the change was effective in attracting tenants suited to the shifted use. In addition, at Midosuji MID Building which had been converted to a multi-tenant building during the previous fiscal period, a new retail tenant was successfully attracted after the construction for increased floor space and renovation was completed in the 7th fiscal period. The retail tenant is an established store providing services primarily in the Kansai area, and MID REIT believes that the addition will lead to heightened recognition of the building itself and even to reinforced competitiveness of the property. As a result, occupancy rates for the entire portfolio was 96.7% as at the end of the 7th fiscal period, achieving an increase of 0.5 percentage points compared with the end of the previous fiscal period.

(c) Overview of Fund Procurement

MID REIT procures funds pursuant to its financial policy that considers the maintaining of 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 12 financial institutions the amount of ¥72,300 million (short-term loans payable: ¥5,500 million; current portion of long-term loans payable: ¥34,500 million; long-term loans payable: ¥32,300 million). In addition, of the loans payable, the interest rates have been fixed for ¥41,300 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 7th fiscal period, the ratio of interest-bearing liabilities to total assets stands at 40.5%, 92.4% of loans payable are long-term loans payable (of which, current portion of long-term loans payable account for 47.7%), and 57.1% 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 ¥6,289 million, operating income of ¥2,593 million, ordinary income of ¥1,750 million and net income of ¥1,748 million in its performance for the 7th 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 ¥9,524.

(2) Outlook of Next Fiscal Period

(a) Future Asset Management Policy and Challenges to Address

(i) Investment Environment

Amid the continuing global economic stagnation stemming from the financial crisis, the Japanese economy is seeing some signs of bottoming out due to the progress in inventory adjustments as well as the government’s economic stimulus measures taking effect. Nevertheless, the economy can be

recognized to be a temporary lull state, given such facts as the downward pressure of adjustments in employment and production facilities remaining strong. Due to this, time will still be required to achieve a full-scale recovery.

Concerning land price trends, signs of a rise in the investment motivation are observed among some investors. For example, the brakes have been put on the rising trend of the actual transaction yields to a certain degree. Nevertheless, the cautious lending stance for real estate related financing adopted by financial institutions will presumably be prolonged, likely causing a certain amount of time to be required for the real estate investment market to recover. Consequently, it appears that the situation will continue to prohibit easy preconception.

In the office leasing market, the rate of increase in vacancy rates will likely be decelerated. On the other hand, there still remain strong needs of tenants for cost reductions in correlation with stagnant corporate earnings. On top of this, new supply of office buildings will continue in 2010 primarily in the Osaka area. Accordingly, the pressures for lower rent are expected to continue.

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 four 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 fulfills tenant needs.

Moreover, proactive efforts are being made to suggest floor space expansion and other proposals in response to tenant needs, on the basis of various opinions and requests that can be obtained from the fine-tuned relationship MID Property Management keeps with existing tenants in its daily operations.

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>

The OBP area, in which such buildings as MID REIT's core assets of Twin 21 and Matsushita IMP Building are situated, is a conglomerate business area adjacent to Osaka Castle Park and its lush greenery, and features outstanding access as it is within walking distance of six stations serving four railway lines, including one of Osaka's leading terminal stations Kyobashi Station. In addition to these locational advantages, the properties have spacious floor space and are able to secure ample parking space, exhibiting strong capacity to attract tenants.

For Twin 21 and Matsushita IMP Building, initiatives are being taken to attract new tenants by drawing on their strength of being large office buildings situated in the OBP. Moreover, initiatives are also taken at other portfolio assets to attract new tenants in line with the geographic region and size.

The Asset Management Company will conduct market analyses, etc. by utilizing tenant information, etc. that MID Property Management has acquired in working closely with the site and, based on the results, will develop strategies for attracting tenants, including value-enhancement plans that lead to increased competitiveness of MID REIT's portfolio assets, in order to carry out effective attracting of new tenants.

(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, and such.

Acquisitions of assets under management will proceed to be examined with a focus on office buildings in the Osaka area, but MID REIT 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 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 ongoing severe investment environment as evident by such factors as stagnancies in the financial markets, 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.

(iv) Financial Strategy

Ongoing efforts will be made to keep 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.

(b) Outlook of Business Results

MID REIT expects the following business results for its 8th fiscal period (January 1, 2010 to June 30, 2010). For the assumptions underlying the forecast of business results, please refer to the “Assumptions Regarding Business Results Forecasts for the 8th Fiscal Period (January 1, 2010 to June 30, 2010) and the 9th Fiscal Period (July 1, 2010 to December 31, 2010)” below.

Operating revenue	¥6,158 million
Operating income	¥2,467 million
Ordinary income	¥1,602 million
Net income	¥1,600 million
Distribution per unit	¥8,716
Distribution in excess of earnings per unit	¥0

In addition, assuming that the “Assumptions Regarding Business Results Forecasts for the 8th Fiscal Period (January 1, 2010 to June 30, 2010) and the 9th Fiscal Period (July 1, 2010 to December 31, 2010)” remain unchanged, MID REIT expects the following business results forecasts for its 9th fiscal period (July 1, 2010 to December 31, 2010).

Operating revenue	¥6,191 million
Operating income	¥2,481 million
Ordinary income	¥1,658 million
Net income	¥1,656 million
Distribution per unit	¥9,023
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 8th Fiscal Period (January 1, 2010 to June 30, 2010)
and the 9th Fiscal Period (July 1, 2010 to December 31, 2010)

Item	Assumption(s)
Assets under Management	<ul style="list-style-type: none"> 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 December 31, 2009. The actual assets under management may vary due to changes in the property portfolio and other factors.
Operating revenue	<ul style="list-style-type: none"> Rent revenue (rent revenue – real estate) is calculated based on lease agreements effective as at December 31, 2009, with due consideration given to such factors as the characteristics and market competitiveness of individual properties, status of individual tenants and recent deterioration of the real estate market. Operating revenue is calculated assuming there are no tenant defaults or non-payments of rent.
Operating expenses	<ul style="list-style-type: none"> 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. Property management fees in the amount of ¥741 million are expected for the 8th fiscal period, and ¥753 million are expected for the 9th fiscal period. Property taxes, etc. in the amount of ¥597 million are expected for the 8th fiscal period, and ¥600 million are expected for the 9th fiscal period. 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. Depreciation and amortization are calculated based on the straight-line method inclusive of associated costs and future additional capital expenditures. MID REIT estimates approximately ¥1,048 million for the 8th fiscal period and ¥1,059 million for the 9th fiscal period.
Non-operating expenses	<ul style="list-style-type: none"> Interest expenses of ¥568 million are expected for the 8th fiscal period and ¥599 million are expected for the 9th fiscal period. Borrowing related expenses of ¥300 million are expected for the 8th fiscal period and ¥226 million are expected for the 9th fiscal period.
Interest-bearing liabilities	<ul style="list-style-type: none"> Of the ¥72,300 million in the balance of interest-bearing liabilities outstanding as of the date of this report, 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) and the ¥29,000 million in loans payable that will be due for repayment in the 9th fiscal period (due for redemption on August 31, 2010) are each expected to be refinanced in the same amount.
Number of investment units issued and outstanding	<ul style="list-style-type: none"> Assumes the number of investment units issued and outstanding will be the 183,625 units as at December 31, 2009 and no additional investment units will be issued through to December 31, 2010.
Distribution per unit	<ul style="list-style-type: none"> Distribution per unit is calculated assuming the cash distribution policy set forth in the Articles of Incorporation of MID REIT. 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.
Distribution in excess of earnings per unit	<ul style="list-style-type: none"> Assumes there will be no cash distributions in excess of earnings (distributions in excess of earnings per unit).
Other	<ul style="list-style-type: none"> 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. Assumes there will be no major and unforeseen changes in general economic trends, real estate market conditions, etc.

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 September 24, 2009).

4. Financial Statements

(1) Balance Sheets

	[Unit: thousand yen]	
	6th Fiscal Period [as of June 30, 2009]	7th Fiscal Period [as of Dec. 31, 2009]
Assets		
Current assets		
Cash and deposits	10,566,346	9,321,792
Cash and deposits in trust	5,156,889	5,371,178
Operating accounts receivable	143,327	145,832
Income taxes receivable	1,653	147
Prepaid expenses	32,286	162,317
Deferred tax assets	30	33
Total current assets	15,900,533	15,001,301
Noncurrent assets		
Property, plant and equipment		
Construction in progress	–	2,415
Buildings in trust	57,463,326	58,967,526
Accumulated depreciation	(5,006,006)	(5,990,059)
Buildings in trust, net	52,457,319	52,977,466
Structures in trust	82,543	92,815
Accumulated depreciation	(3,053)	(4,235)
Structures in trust, net	79,489	88,580
Tools, furniture and fixtures in trust	215,225	243,332
Accumulated depreciation	(31,535)	(45,048)
Tools, furniture and fixtures in trust, net	183,689	198,284
Land in trust	109,210,052	109,210,052
Total property, plant and equipment	161,930,552	162,476,799
Intangible assets		
Software	1,509	1,211
Right of trademark	1,185	1,121
Total intangible assets	2,695	2,333
Investments and other assets		
Investment securities	209,322	197,454
Lease and guarantee deposits	10,000	10,000
Long-term prepaid expenses	342,934	827,148
Total investments and other assets	562,257	1,034,603
Total noncurrent assets	162,495,504	163,513,735
Total assets	178,396,038	178,515,037

	[Unit: thousand yen]	
	6th Fiscal Period	7th Fiscal Period
	[as of June 30, 2009]	[as of Dec. 31, 2009]
Liabilities		
Current liabilities		
Operating accounts payable	292,771	263,738
Short-term loans payable	–	5,500,000
Current portion of long-term loans payable	31,000,000	34,500,000
Accounts payable – other	920,386	1,519,219
Accrued expenses	81,389	106,961
Distribution payable	21,152	24,530
Income taxes payable	473	976
Accrued consumption taxes	50,571	1,382
Advances received	776,506	742,566
Other	371,522	256,904
Total current liabilities	33,514,773	42,916,278
Noncurrent liabilities		
Long-term loans payable	41,300,000	32,300,000
Tenant leasehold and security deposits	8,989,398	9,097,399
Tenant leasehold and security deposits in trust	2,142,602	2,079,825
Total noncurrent liabilities	52,432,000	43,477,225
Total liabilities	85,946,774	86,393,503
Net assets		
Unitholders' equity		
Unitholders' capital	90,372,613	90,372,613
Surplus		
Unappropriated retained earnings (undisposed loss)	2,076,650	1,748,920
Total surplus	2,076,650	1,748,920
Total unitholders' equity	92,449,263	92,121,533
Total net assets	92,449,263	92,121,533
Total liabilities and net assets	178,396,038	178,515,037

(2) Statements of Income

	[Unit: thousand yen]	
	6th Fiscal Period	7th Fiscal Period
	[Jan. 1, 2009 to June 30, 2009]	[July 1, 2009 to Dec. 31, 2009]
Operating revenue		
Rent revenue – real estate	5,963,089	5,875,999
Other lease business revenue	434,016	413,636
Total operating revenue	6,397,105	6,289,636
Operating expenses		
Expenses related to rent business	3,013,408	3,095,730
Asset management fee	466,868	448,927
Asset custody fee	8,908	8,892
Administrative service fees	49,555	49,101
Directors' compensations	10,800	10,800
Other operating expenses	81,991	82,955
Total operating expenses	3,631,531	3,696,406
Operating income	2,765,573	2,593,229
Non-operating income		
Interest income	14,050	4,269
Other	7	9
Total non-operating income	14,058	4,278
Non-operating expenses		
Interest expenses	572,228	576,768
Borrowing related expenses	128,812	269,792
Other	382	382
Total non-operating expenses	701,423	846,942
Ordinary income	2,078,208	1,750,565
Income before income taxes	2,078,208	1,750,565
Income taxes – current	1,628	1,682
Income taxes – deferred	1	(2)
Total income taxes	1,630	1,680
Net income	2,076,578	1,748,885
Retained earnings brought forward	71	35
Unappropriated retained earnings (undisposed loss)	2,076,650	1,748,920

(3) Statements of Cash Flows

	[Unit: thousand yen]	
	6th Fiscal Period	7th Fiscal Period
	[Jan. 1, 2009 to June 30, 2009]	[July 1, 2009 to Dec. 31, 2009]
Net cash provided by (used in) operating activities		
Income before income taxes	2,078,208	1,750,565
Depreciation and amortization	964,539	1,008,905
Amortization of long-term prepaid expenses	117,944	199,860
Interest income	(14,050)	(4,269)
Interest expenses	572,228	576,768
Loss on retirement of noncurrent assets	27,859	31,735
Decrease (increase) in operating accounts receivable	55,745	(2,505)
Increase (decrease) in accrued consumption taxes	(54,710)	(49,189)
Increase (decrease) in operating accounts payable	19,774	(29,033)
Increase (decrease) in advances received	(5,449)	(33,939)
Decrease (increase) in prepaid expenses	35,751	(130,031)
Decrease (increase) in long-term prepaid expenses	—	(684,075)
Other	(90,254)	16,671
Subtotal	3,707,587	2,651,462
Interest income received	14,050	4,269
Interest expenses paid	(579,157)	(551,195)
Income taxes paid	(372)	326
Net cash provided by (used in) operating activities	3,142,107	2,104,862
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment in trust	(1,183,011)	(970,205)
Purchase of intangible assets	(852)	—
Purchase of investment securities	(72,360)	—
Proceeds from tenant leasehold and security deposits	160,331	270,575
Proceeds from tenant leasehold and security deposits in trust	185,048	207,623
Repayments of tenant leasehold and security deposits	(343,479)	(299,483)
Repayments of tenant leasehold and security deposits in trust	(168,176)	(270,400)
Net cash provided by (used in) investing activities	(1,422,499)	(1,061,890)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	—	5,500,000
Proceeds from long-term loans payable	—	14,500,000
Repayment of long-term loans payable	—	(20,000,000)
Dividends paid	(2,224,308)	(2,073,237)
Net cash provided by (used in) financing activities	(2,224,308)	(2,073,237)
Net increase (decrease) in cash and cash equivalents	(504,700)	(1,030,264)
Cash and cash equivalents at beginning of period	14,149,463	13,644,763
Cash and cash equivalents at end of period	13,644,763	12,614,498

5. Real Estate for Investment

The following summarizes the assets (12 properties) owned by MID REIT as of December 31, 2009.

Use	Region [Note 1]	Property		Type of Asset	Acquisition Price	Book Value	Appraisal Value	Appraisal Company	Investment Ratio	Collateral
		No.	Name		[Note 2] [million yen]	[Note 3] [million yen]	[Note 4] [million yen]	[Note 5]	[Note 6] [%]	[Note 7]
Office Building	Osaka area	1	Twin 21 [Note 8]	Trust beneficiary interest	68,700	69,524	60,000	Morii	42.6	Yes
		2	Matsushita IMP Building		24,600	24,558	20,700	Tanizawa	15.3	Yes
		3	Panasonic Denko Building		7,620	7,597	7,020	Morii	4.7	Yes
		4	Midosuji MID Building		8,290	9,133	7,930	Tanizawa	5.1	Yes
		5	MID REIT Kyobashi Building [Note 9]		2,300	2,243	1,170	Tanizawa	1.4	Yes
		10	MID Imabashi Building		3,270	3,380	2,630	Tanizawa	2.0	Yes
		11	MID Midosujikawaramachi Building		2,000	2,025	1,480	Tanizawa	1.2	Yes
		12	Kitahama MID Building		10,800	10,972	9,610	JREI	6.7	Yes
		13	MID Nishihommachi Building		3,550	3,572	2,440	JREI	2.2	None
	Other	7	MID Shibakanasugibashi Building	1,160	1,143	1,180	Tanizawa	0.7	Yes	
	Subtotal				132,290	134,152	114,160		82.1	
	Retail Facility	Osaka area	8	Konami Sports Club Kyobashi	Trust beneficiary interest	2,780	2,686	2,790	Daiwa	1.7
Other		9	AEON Tsudanuma Shopping Center	26,100		25,635	23,900	Daiwa	16.2	Yes
Subtotal				28,880	28,321	26,690		17.9		
Total					161,170	162,474	140,850		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 December 31, 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] The property name was changed from Higashinoda MID Building to MID REIT Kyobashi Building, effective October 1, 2009.

[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 in a silent partnership with Sakura Dori Development LLC, which is developing Sakura Dori MID Building, as the operator on November 29, 2007, January 30, 2008, September 29, 2008 and February 26, 2009.