



# MID REIT, Inc. 7th Period Results

(Ending December 2009)

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MID REIT Management Co., Ltd.

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

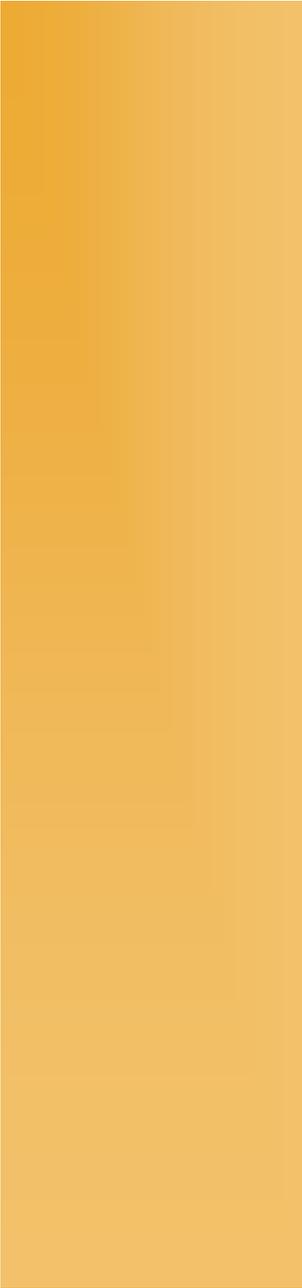
<http://www.midreit.jp/>

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# **1. About MID REIT**

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# About MID REIT



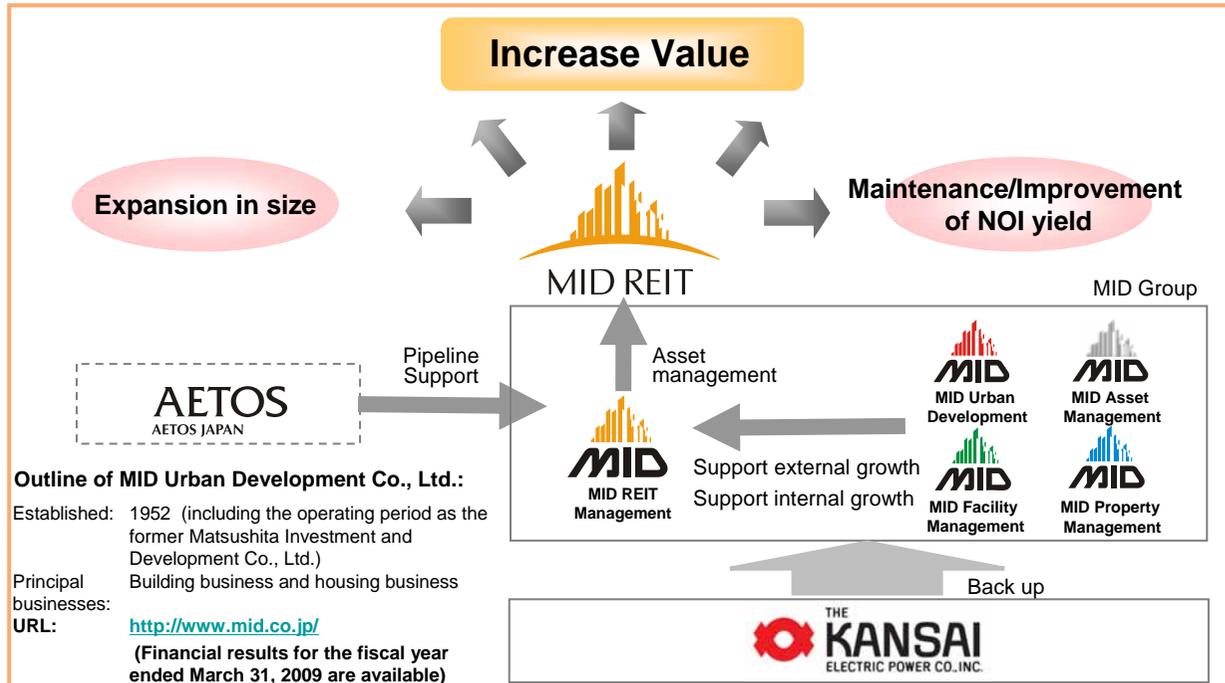
Focusing on Osaka area and office properties

- 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



A growth strategy of utilizing the collective capacity of the MID Group





# Cooperation with Sponsor



## Acquisition of MID Urban Development Co., Ltd. Shares by the Kansai Electric Power Co., Inc.

### Background of Share Acquisition

October 2009	We announced that we received notification that the major shareholder of MID Urban Development Co., Ltd., our sponsor, would be changed from Aetos Japan LLC to the Kansai Electric Power Co., Inc.
December 2009	<ul style="list-style-type: none"> <li>The change took effect</li> <li>Board members were dispatched from the Kansai Electric Power Co., Inc. to MID Group companies such as MID REIT Management Co., Ltd.</li> </ul>

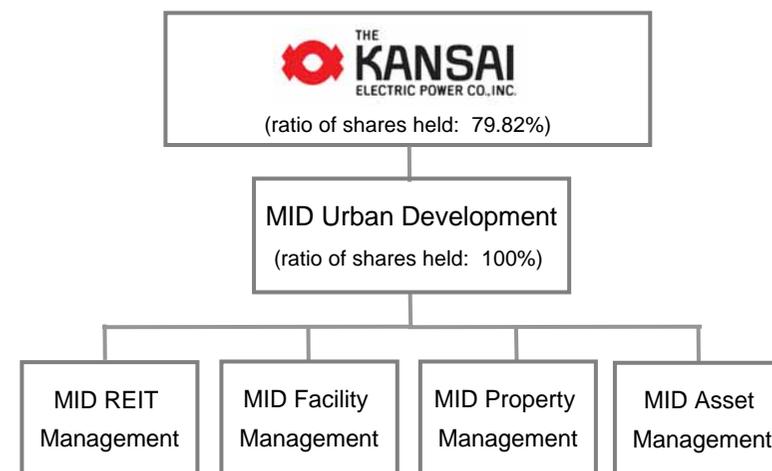
### Expected Impact on MID REIT, Inc.

- Increase proactive effort to comply with today's low-carbon society
- Promote activities to further reduce costs by improving upon LCM (Life Cycle Management)

### Reason for Share Acquisition

- To establish/enhance a supply base of energy-saving condominiums or buildings that befits today's low-carbon society  
Utilize MID Group's real estate development skills to develop and promote advanced condominiums and buildings that serve as a model in today's low-carbon society and to strive to further spread all-electric houses in the market.
- To enhance our total solution service  
By combining MID Group's high-quality facility management services with utility services provided by Kanden Energy Solution Co., Ltd. who has an edge in energy management, we plan to enhance the total solution service to help solve customer issues, including reduction of facility life cycle costs and CO<sub>2</sub> emission.

Note:  
Taken from the Kansai Electric Power Co., Inc.'s press release dated October 20, 2009 (Japanese)



Group Organization Chart (simplified version)



## **2. 7th Period Financial Highlights**

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# 7th Period Financial Highlights



<b>Distributions</b>	<ul style="list-style-type: none"><li>• <b>Distributions per unit: 9,524 yen</b> (859 yen and 9.9% above initial forecast / a drop of 1,785 yen or 15.8% compared to the 6<sup>th</sup> period)</li></ul>
<b>Internal Growth</b>	<p><b>Poured effort in maintaining occupancy rates</b></p> <ul style="list-style-type: none"><li>• As a result of economic stagnation, the demand for cost reduction from tenants continued to be strong and rents remained on a weak note. However, our occupancy rates remained strong.</li><li>• Converted retail space on the lower floors of Matsushita IMP Bldg. into offices and conducted leasing activities for tenants with matching needs (Sekisui House, Ltd.)</li><li>• Following conversion of Midosuji MID Bldg. into a multi-tenant building during the 6<sup>th</sup> period, we conducted leasing activities to acquire new key tenants. (Shikanko Co., Ltd. and Nomura Real Estate Urban Net Co., Ltd.)</li><li>• Occupancy rate at end of period: <b>96.7%</b> (up 0.5 points from the 6<sup>th</sup> period) and NOI yield from property leasing: <b>5.3%</b></li></ul>
<b>External Growth</b>	<p><b>Proactive collection of information</b></p> <ul style="list-style-type: none"><li>• The financial and real estate markets continued to slow down and so we did not acquire new properties. However, we collected information in anticipation of future market recovery.</li></ul>
<b>Financial Conditions</b>	<p><b>Consistent refinancing</b></p> <ul style="list-style-type: none"><li>• Undertook refinancing in August 2009 for loans worth 20 billion yen</li><li>• LTV ratio: 40.5% (Interest-bearing debt at end of period/Total assets at end of period)</li></ul>



# 7th Period Business Results



	5th Period Results (July 1, 2008 - Dec. 31, 2008)	6th Period Results (Jan. 1, 2009 - June 30, 2009)	7th Period Results (July 1, 2009 - Dec. 31, 2009)	Initial 7th Period Forecasts (Announced Aug.17, 2009)	Comparison with Initial 7th Period Forecast		Comparison with 6th Period Results	
					Difference	Difference (%)	Difference	Difference (%)
Net operating days	184	181	184	184			-	-
Operating revenue (million yen)	6,432	6,397	6,289	6,290	- 0	- 0.0%	- 107	- 1.7%
Operating income (million yen)	2,889	2,765	2,593	2,465	127	5.2%	- 172	- 6.2%
Ordinary income (million yen)	2,225	2,078	1,750	1,593	157	9.9%	- 327	- 15.8%
Net income (million yen)	2,224	2,076	1,748	1,591	157	9.9%	- 327	- 15.8%
Dividend per unit (yen)	12,113	11,309	9,524	8,665	859	9.9%	- 1,785	- 15.8%

■ Decrease in utilities, etc.

■ Increase in depreciation, amortization, taxes and public dues

■ Increase in interest expenses, etc.

## 8th and the 9th Period Forecasts



	7th Period Results (July 1, 2009 – Dec. 31, 2009)	Forecast on 8th Period (Jan. 1, 2010 – June 30, 2010)	Forecast on 9th Period (July 1, 2010 – Dec. 31, 2010)
Operating revenue (million yen)	6,289	6,158	6,191
Operating income (million yen)	2,593	2,467	2,481
Ordinary income (million yen)	1,750	1,602	1,658
Net income (million yen)	1,748	1,600	1,656
Dividend per unit (yen)	9,524	8,716	9,023
Preconditions			
Utilities (Property expenses) (million yen)	496	475	502
Costs, including property and city planning taxes, posted in the fiscal period (million yen)	596	597	600
Repairs (million yen)	140	145	137
Interest expense (million yen)	576	568	599
Borrowing related expenses (million yen)	269	300	226
Occupancy rate at end of period (%)	96.7	97.5	97.8

### Primary Cause of Difference

	Primary Causes of Difference Between the 7th Period (Results) and 8th Period (Forecast)	Primary Causes of Difference Between the 8th Period (Forecast) and 9th Period (Forecast)
<b>Property income</b>	Property income - 131 (Twin - 73 and IMP - 33) Utilities - 20 (Twin - 11 and IMP - 10) Loss on retirement of non-current assets - 26 (IMP - 30)	Property income 33 (Twin 23, Midosuji 16 and Kyobashi - 27) Utilities 26 (Twin 9 and IMP 11)
<b>Other</b>	Non-operating expenses 22	Non-operating expenses - 42

#### 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 February 15, 2010. 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	6th Period (as of June 30, 2009)		7th Period (as of Dec. 31, 2009)		Difference		Description	6th Period (as of June 30, 2009)		7th Period (as of Dec. 31, 2009)		Difference	
	(thousand yen)	(%)	(thousand yen)	(%)	(thousand yen)	(%)		(thousand yen)	(%)	(thousand yen)	(%)	(thousand yen)	(%)
<b>(ASSETS)</b>							<b>(LIABILITIES)</b>						
Total Current Assets	15,900,533	8.9	15,001,301	8.4	- 899,232	- 5.7	Total Current Liabilities	33,514,773	18.8	42,916,278	24.0	9,401,505	28.1
Cash and deposits	10,566,346		9,321,792		- 1,244,554		Operating accounts payable	292,771		263,738		- 29,033	
Cash and deposits in trust	5,156,889		5,371,178		214,289		Short-term loans	-		5,500,000		5,500,000	
Operating accounts receivable	143,327		145,832		2,505		Current portion of long-term loans payable	31,000,000		34,500,000		3,500,000	
Income taxes receivable	1,653		147		- 1,506		Accounts payable-other	920,386		1,519,219		598,832	
Prepaid expenses	32,286		162,317		130,031		Accrued expenses	81,389		106,961		25,572	
Deferred tax assets	30		33		2		Distribution payable	21,152		24,530		3,377	
Total Non-Current Assets	162,495,504	91.1	163,513,735	91.6	1,018,231	0.6	Income taxes payable	473		976		503	
1. Property, plant and equipment					0		Accrued consumption taxes	50,571		1,382		- 49,189	
Construction in progress	-		2,415		2,415		Advances received	776,506		742,566		- 33,939	
Buildings in trust	57,463,326		58,967,526		520,147		Other – current liabilities	371,522		256,904		- 114,617	
Accumulated depreciation	- 5,006,006		- 5,990,059		- 984,053		Total Non-Current Liabilities	52,432,000	29.4	43,477,225	24.4	- 8,954,775	- 17.1
Structures in trust	82,543		92,815		10,272		Long-term loans payable	41,300,000		32,300,000		- 9,000,000	
Accumulated depreciation	- 3,053		- 4,235		- 1,182		Tenant leasehold and security deposits	8,989,398		9,097,399		108,001	
Tools, furniture and fixtures in trust	215,225		243,332		28,107		Tenant leasehold and security deposits in trust	2,142,602		2,079,825		- 62,776	
Accumulated depreciation	- 31,535		- 45,048		- 13,513		Total Liabilities	85,946,774	48.2	86,393,503	48.4	446,729	0.5
Land in trust	109,210,052		109,210,052		0		(NET ASSETS)						
Total tangible fixed assets	161,930,552	90.8	162,476,799	91.0	546,246	0.3	Unitholders' Equity						
2. Intangible assets							1. Unitholders' capital	90,372,613		90,372,613		0	
Software	1,509		1,211		- 298		2. Surplus						
Right of trademark	1,185		1,121		- 64		Unappropriated retained earnings (undisposed loss)	2,076,650		1,748,920		- 327,729	
Total intangible fixed assets	2,695	0.0	2,333	0.0	- 362	- 13.4	Total surplus	2,076,650		1,748,920		- 327,729	
3. Investment and other assets							Total unitholders' equity	92,449,263		92,121,533		- 327,729	
Investment securities	209,322		197,454		- 11,867		Total Net Assets	92,449,263	51.8	92,121,533	51.6	- 327,730	- 0.4
Lease and guarantee deposits	10,000		10,000		0		Total Liabilities and Net Assets	178,396,038	100.0	178,515,037	100.0	118,999	0.1
Long-term prepaid expenses	342,934		827,148		484,214								
Total investments and other assets	562,257	0.3	1,034,603	0.6	472,346	84.0							
Total Assets	178,396,038	100.0	178,515,037	100.0	118,999	0.1							

Includes CAPEX accrued during the period: 1,584 million yen  
(see page 14 for details of properties)



# Income Statement



Description	6th Period (Jan. 1, 2009 – June 30, 2009)		7th Period (July 1, 2009 – Dec. 31, 2009)			Difference		
	(thousand yen)	(%)	(thousand yen)	(%)	(thousand yen)	(%)		
1. Operating revenue								
Property revenue	5,963,089		5,875,999					
Other property revenue	434,016	6,397,105	100.0	413,636	6,289,636	100.0	- 107,469	- 1.7
2. Operating expenses								
Property expenses	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	3,631,531	56.8	82,955	3,696,406	58.8	64,875	1.8
Operating income		2,765,573	43.2		2,593,229	41.2	- 172,344	- 6.2
3. Non-operating revenue								
Interest income	14,050			4,269				
Other-NOR	7	14,058	0.2	9	4,278	0.1	- 9,779	- 69.6
4. Non-operating expenses								
Interest expense	572,228			576,768				
Borrowing related expenses	128,812			269,792				
Other-NOE	382	701,423	11.0	382	846,942	13.5	145,519	20.7
Ordinary income		2,078,208	32.5		1,750,565	27.8	- 327,643	- 15.8
Net income before taxes		2,078,208	32.5		1,750,565	27.8	- 327,643	- 15.8
Income taxes-current	1,628			1,682				
Income taxes-deferred	1	1,630	0.0	- 2	1,680	0.0	50	3.1
Net income		2,076,578	32.5		1,748,885	27.8	- 327,693	- 15.8
Retained earnings brought forward		71			35			
Unappropriated retained earnings		2,076,650			1,748,920		- 327,729	- 15.8

### Details of property revenue (thousand yen)

Rent	4,573,948
CAM	1,141,718
Parking revenue	160,332

### Details of property expenses (thousand yen)

Property management fees	746,264
Utilities	496,830
Real estate taxes	596,337
Insurance premium	30,335
Repairs	140,910
Depreciation & Amortization	1,008,905
Loss on retirement of noncurrent assets	31,735
Other Property expenses	44,409

# Cash Flow Statement



(thousand yen)

Description	6th Period (Jan. 1, 2009 – June 30, 2009)	7th Period (July 1, 2009 – Dec. 31, 2009)
<b>Net cash provided by (used in) operating activities</b>	<b>3,142,107</b>	<b>2,014,862</b>
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 paid on loans and bonds	572,228	576,768
Loss on retirement of non-current 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
Decrease (increase) 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
Purchase of long-term prepaid expenses	-	- 684,075
Other, net - cash provided (used in) operating activities	- 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
<b>Net cash provided by (used in) investment activities</b>	<b>- 1,422,499</b>	<b>- 1,061,890</b>
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
<b>Net cash provided by (used in) financing activities</b>	<b>- 2,224,308</b>	<b>- 2,073,237</b>
Proceeds from short-term loans payable	-	5,500,000
Proceeds from long-term loans payable	-	14,500,000
Repayment of long-term loans	-	- 20,000,000
Dividends paid	- 2,224,308	- 2,073,237
<b>Increase (decrease) in cash &amp; cash equivalents</b>	<b>- 504,700</b>	<b>- 1,030,264</b>
Cash & cash equivalents at beginning of period	14,149,463	13,644,763
Cash & equivalents at end of period	13,644,763	12,614,498

# Cash Flows from Properties

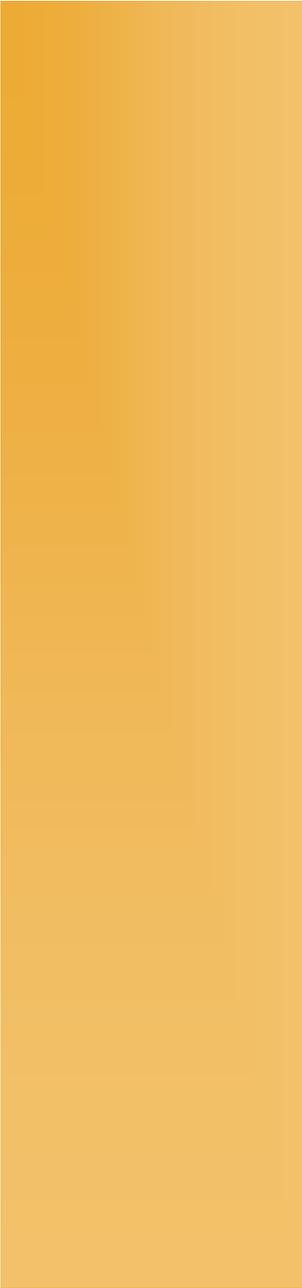


(thousand yen)

	Twin 21	Matsushita IMP Bldg.	Panasonic Denko Bldg.	Midosuji MID Bldg. (Note 3)	MID REIT Kyobashi Bldg. (Note 2&4)	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	184	184	184	184	184	184	184	184	184	184	184	184
Rent	1,974,258	762,016	261,534	196,814	-	43,972	-	726,000	77,397	33,748	253,014	64,494
CAM	628,274	324,004	52,680	19,662	-	-	-	-	24,792	13,004	61,027	18,273
Parking revenue	72,979	52,140	4,320	4,108	-	2,160	-	-	8,459	2,100	10,128	2,490
Property revenue	2,675,511	1,138,162	318,534	220,584	-	46,132	-	726,000	110,649	48,852	324,170	85,258
Utilities	157,247	114,444	30,064	18,702	-	-	-	-	9,399	3,930	41,470	10,921
Early-withdrawal penalties received	2,276	-	-	4,206	-	-	-	-	-	-	-	-
Other revenue	10,170	3,995	2,272	1,350	-	210	-	-	274	55	1,699	946
Other property revenue	169,693	118,439	32,337	24,258	-	210	-	-	9,674	3,985	43,170	11,868
Operating revenue	2,845,205	1,256,601	350,871	244,843	-	46,342	-	726,000	120,323	52,837	367,340	97,126
Property management fees	349,752	210,121	52,970	41,948	-	1,406	-	11,437	16,681	7,982	37,471	12,050
Commissions payment	3,069	734	-	9,000	-	-	-	-	-	-	-	1,000
Utilities	240,180	150,852	34,905	19,572	-	-	-	-	10,215	4,267	27,127	9,709
Real estate taxes	238,726	147,282	18,768	49,183	-	6,992	-	64,946	13,312	6,753	23,846	9,190
Insurance premiums	12,304	6,593	1,132	1,188	-	382	-	5,239	618	317	1,114	462
Repairs	98,230	13,139	16,075	1,503	-	1,255	-	-	120	6,648	589	660
Other property expenses	19,953	9,226	420	179	-	-	-	-	179	285	-	179
Property leasing expenses	962,217	537,950	124,272	122,574	-	10,036	-	81,623	41,126	26,254	90,149	33,252
NOI ( - )	1,882,987	718,650	226,598	122,268	76,117	36,305	80,396	644,376	79,196	26,583	277,191	63,873
NOI yield (Acquisition price basis) (p.a.)	5.5%	5.8%	5.9%	2.9%	6.6%	6.3%	5.8%	4.9%	4.8%	2.7%	5.1%	3.6%
Depreciation and amortization	435,453	254,133	39,255	40,176	12,834	5,799	18,840	111,739	22,276	11,989	38,689	17,716
Loss on retirement	-	30,901	5	613	-	-	-	-	215	-	-	-
Property income	1,447,534	433,615	187,337	81,478	63,282	30,505	61,555	532,637	56,704	14,594	238,502	46,157
CAPEX	603,473	378,034	41,800	530,443	2,300	-	800	-	14,973	3,947	4,999	3,703

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.
4. The property name of Higashinoda MID Bldg. was changed to MID REIT Kyobashi Bldg. as of October 1, 2009.



## **3. Business Results**

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# Occupancy Rate Breakdown by Property



Type	Property Name	Leasable Area (m <sup>2</sup> ) (Note 1)	6th Period Occupancy Rate as of June 30, 2009 (%) (Note 2)	7th Period Occupancy Rate as of Dec. 31, 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	94.4	94.6	0.2	1,325.20	-	- 735.14	- 425.64
	Matsushita IMP Bldg.	37,146.98	94.0	97.3	3.3	1,474.76	138.72	- 389.63	-
	Panasonic Denko Bldg.	12,684.52	100.0	100.0	-	-	-	-	-
	Midosuji MID Bldg.	10,461.32	85.1	84.4	- 0.7	1,209.94	-	-	- 1,039.36
	MID REIT Kyobashi Bldg. (Note 3)	5,098.10	100.0	100.0	-	-	-	-	-
	MID Imabashi Bldg.	4,279.70	96.3	91.5	- 4.8	-	-	- 203.82	-
	MID Midosujikawaramachi Bldg.	3,060.70	68.4	58.2	- 10.2	-	-	-	- 311.33
	Kitahama MID Bldg.	10,189.50	99.1	100.0	0.9	93.16	-	-	-
	MID Nishihommachi Bldg.	3,859.96	69.2	87.6	18.4	715.06	-	-	-
	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	171,171.48	93.7	94.6	0.9	4,818.12	138.72	- 1,328.59	- 1,776.33
	Non-Office Bldg. Occupancy Rate	110,796.70	100.0	100.0	-	-	-	-	-
Portfolio Occupancy Rate (Note 4)		281,968.18	96.2	96.7	0.5	4,818.12	138.72	- 1,328.59	- 1,776.33

Office occupancy rate: 97.3%  
Occupancy rate of retail shops on lower floors: 96.5%

Increased 289.02m<sup>2</sup> compared with the 6<sup>th</sup> period due to completion of remodeling and expansion.

**Notes:**

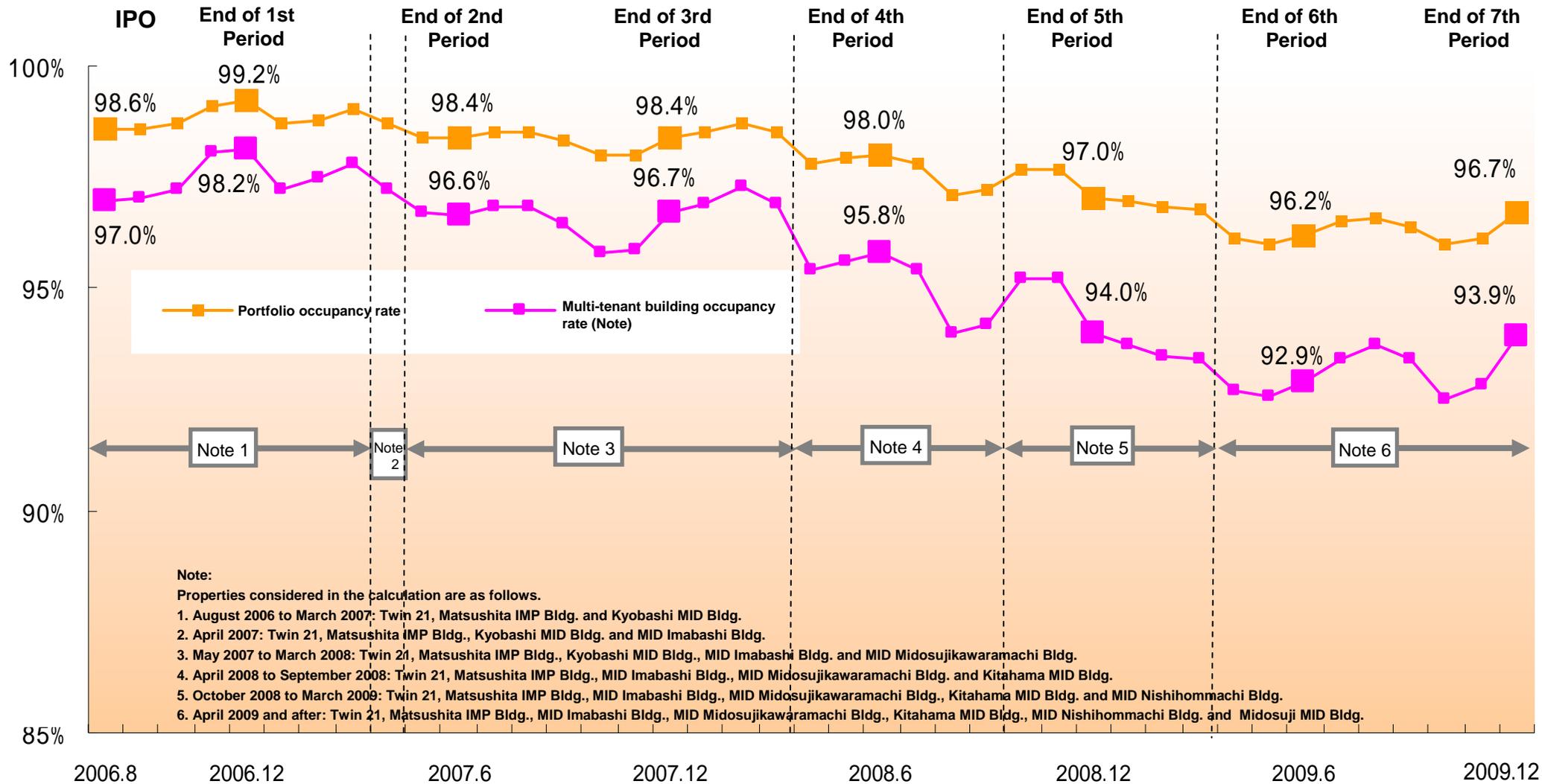
1. Leasable areas presented in the above table represent the total leasable floor area as of December 31, 2009. Figures exclude floor areas occupied by storage areas, halls and parking areas. However, the leasable areas of Konami Sports Club Kyobashi and AEON Tsudanuma Shopping Center include the common and parking areas, while the leasable areas of the MID REIT Kyobashi 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 property name of Higashinoda MID Bldg. was changed to MID REIT Kyobashi Bldg. as of October 1, 2009.
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



## Change in Occupancy Rates (IPO to End of 7th Period)



# 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	13	5,882.08	-	Twin (office: 6); IMP (office: 3); Imabashi: 2; Kawaramachi: 1 Nishihommachi: 1
	Downward revision	2	650.01	- 9,121	Twin (office: 1); Nishihommachi: 1
Total				- 9,121	-

## 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	1	514.92	935	Twin (office: 1)
	Downward revision	15	16,913.53	- 40,295	Twin (office: 5; retail: 2); IMP (office: 2; retail: 1); Midosuji: 1; Kawaramachi: 1; Kitahama: 1; Nishihommachi: 2
Total				- 39,360	-

## 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	6	3,495.28	37,007	Twin (office: 1; retail: 1); IMP (office: 3); Midosuji: 1
	Same	1	77.47	-	IMP (retail: 1)
	Down	9	1,384.09	- 10,276	Twin (office: 2); IMP (office: 1); Midosuji: 1; Kitahama: 1; Nishihommachi: 4
Total				26,731	-

### Notes:

1. Based on contract renewals, etc. with tenants whose contracts expired during the 7th period.
2. Based on contract modifications with tenants whose contracts were active but were modified during the 7th period.
3. Based on contracts signed with new tenants during the 7th period and contracts newly signed with existing tenants for larger floor space, etc. during the 7th 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.

## Sakura Dori MID Bldg. Overview

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)
Occupancy Rate	93.4% (as of Dec. 31, 2009)	



(Photograph)



(Map)

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

Sakura Dori Development LLC's balance sheet

## Silent Partnership Interests and Right of First Refusal

Nov. 2007	Decided to make an investment in Sakura Dori Development LLC, who was to undertake development of Sakura Dori MID Bldg.
	Made the first capital contribution (made a total of 4 capital contributions following this)
Feb. 2009	Completed all capital contributions for Sakura Dori Development LLC (The total contribution of 211 million yen amounts to 10% of total equity of the limited liability company and around 3% of its balance sheet)
	At the same time construction of Sakura Dori MID Bldg. was completed, we obtained right of first refusal for property acquisition (for 6 months after construction completion)
Aug. 2009	In view of the market environment, etc. we forewent property acquisition during the right of first refusal period



- Continue to hold worth of silent partnership interests
- Continue conducting market research on Nagoya



## **4. Financial Conditions**

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# Details on Debt (1)



## Breakdown of Debt

Type	Lenders		Borrowing date	Balance	Average interest rate (Note 1)	Repayment date	Repayment method	Usage	Remarks
Short-term loans payable	Term loan (1 year) (Note 2)	Shinsei Bank, Mitsubishi UFJ T&B	Aug. 31, 2009	5.5 billion yen	1.345%	Aug. 31, 2010	Bullet payment	(Note 4)	Secured
Current portion of long-term loans payable	Term loan (2 years) (Note 2)	Mizuho Corporate Bank, Sumitomo T&B, Sumitomo Mitsui Banking Corporation, The Nishi-nippon City Bank, Mitsubishi UFJ T&B, Aozora Bank	Apr. 24, 2008	11.0 billion yen	1.160%	Apr. 23, 2010	Bullet payment	(Note 4)	Secured
	Term loan (4 years) (Note 2) (Note 3)	Mizuho Corporate Bank, Sumitomo T&B, Sumitomo Mitsui Banking Corporation, 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
Long-term loans payable	Term loan (2 years 11 months) (Note 2) (Note 3)	Mizuho Corporate Bank, Sumitomo T&B, Sumitomo Mitsui Banking Corporation, 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
	Term loan (2 years 11 months) (Note 2)	Mizuho Corporate Bank, Sumitomo T&B, Sumitomo Mitsui Banking Corporation, Aozora Bank, Resona Bank, Mitsubishi UFJ T&B, Bank of Ikeda,	Aug. 31, 2009	14.5 billion yen	1.545%	July 31, 2012	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.

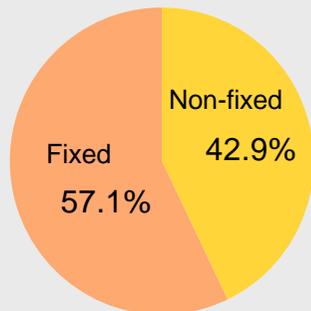
## Credit Line

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

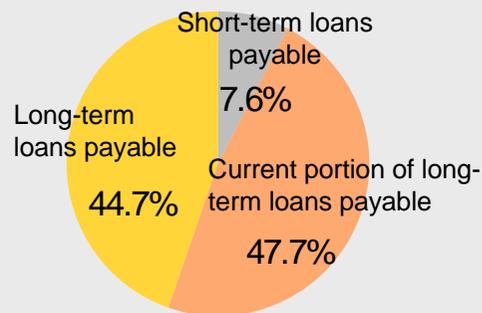


# Details on Debt (2)

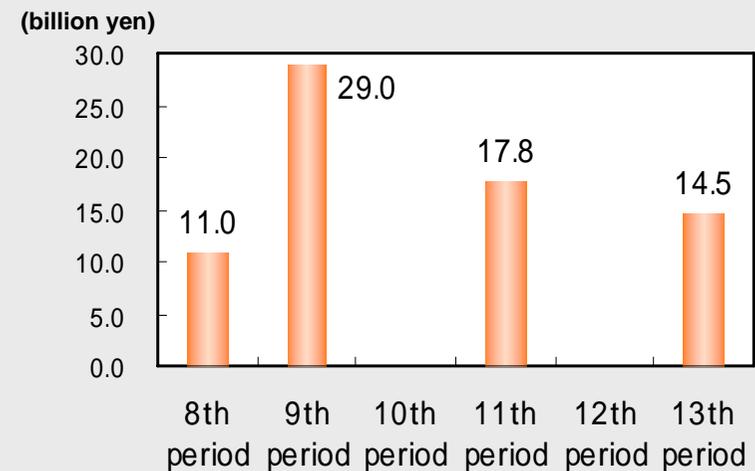
**Ratio of Fixed/Floating Rate Debt**



**Ratio of Long-term/Short-term Debt**



**Repayment Dates**



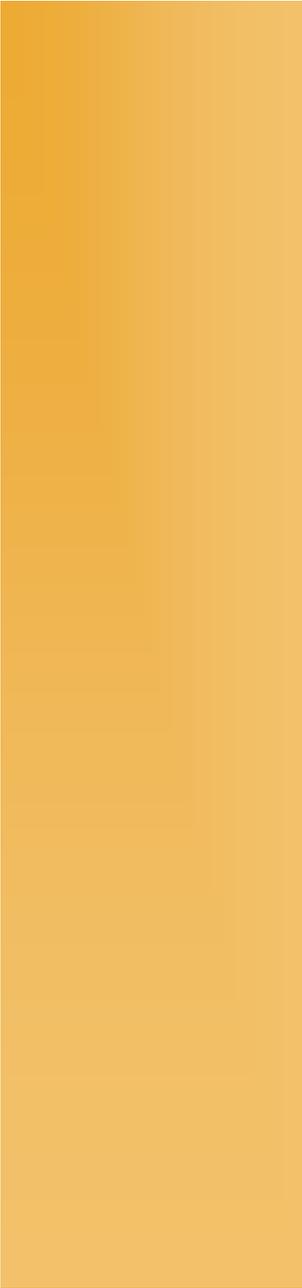
## Obtained Rating Acquisition

Rating Agency	Obtained
R&I	Issuer rating A (Negative)

## Shelf Registration for Issuance of Investment Corporation Bonds

- Shelf registration of investment corporation bonds was submitted to enable flexible issuance of the investment corporation bonds

Overview of Shelf Registration Submitted	
Planned issue amount	100 billion yen
Registration date	November 6, 2009
Term	From November 15, 2009 to November 14, 2011



## **5. Appraisal Values**

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# List of Appraisal Values



Type	Region	Property Name	Acquisition Value (million yen) (Note 1)	Appraisal Value at 6th Period End (million yen) (Note 2)	Book Value as of 7th Period End (million yen) (Note 3)	Appraisal Value at 7th Period End (million yen) (Note 2)	Difference from Acquisition Value (%)	Difference from Previous Period End (%)	Difference from Book Value (%)	Appraisal Company	6th Period Appraisal Value Rate (%) (Note 8)	7th Period Appraisal Value Rate (%) (Note 8)
Office Bldg.	Osaka area	Twin 21 (Note 4)	68,700	61,600	69,524	60,000	- 12.7	- 2.6	- 13.7	Morii Appraisal & Investment Consulting, Inc.	5.2	5.2
		Matsushita IMP Bldg.	24,600	21,500	24,558	20,700	-15.9	- 3.7	- 15.7	Tanizawa Sogo Appraisal Co., Ltd.	5.5	5.5
		Panasonic Denko Bldg.	7,620	7,070	7,597	7,020	- 7.9	- 0.7	- 7.6	Morii Appraisal & Investment Consulting, Inc.	5.6	5.6
		Midosuji MID Bldg. (Notes 5 & 6)	8,290	8,580	9,133	7,930	- 4.3	- 7.6	- 13.2	Tanizawa Sogo Appraisal Co., Ltd.	4.6	4.8
		MID REIT Kyobashi Bldg. (Note 7)	2,300	1,910	2,243	1,170	- 49.1	- 38.7	- 47.8	Tanizawa Sogo Appraisal Co., Ltd.	6.3	6.1
		MID Imabashi Bldg.	3,270	2,820	3,380	2,630	- 19.6	- 6.7	- 22.2	Tanizawa Sogo Appraisal Co., Ltd.	5.4	5.5
		MID Midosujikawaramachi Bldg.	2,000	1,650	2,025	1,480	- 26.0	- 10.3	- 26.9	Tanizawa Sogo Appraisal Co., Ltd.	5.7	5.9
		Kitahama MID Bldg.	10,800	9,710	10,972	9,610	- 11.0	- 1.0	- 12.4	Japan Real Estate Institute	5.1	5.1
		MID Nishihommachi Bldg.	3,550	2,620	3,572	2,440	- 31.3	- 6.9	- 31.7	Japan Real Estate Institute	5.4	5.4
	Other major cities	MID Shibakanasugibashi Bldg.	1,160	1,180	1,143	1,180	1.7	0.0	3.2	Tanizawa Sogo Appraisal Co., Ltd.	5.4	5.4
Subtotal			132,290	118,640	134,152	114,160	- 13.7	- 3.8	- 14.9	-	-	-
Non-Office Bldg.	Osaka area	Konami Sports Club Kyobashi	2,780	2,840	2,686	2,790	0.4	- 1.8	3.9	Daiwa Real Estate Appraisal Co., Ltd.	5.9	6.0
	Other major cities	AEON Tsudanuma Shopping Center	26,100	24,300	25,635	23,900	- 8.4	- 1.6	- 6.8	Daiwa Real Estate Appraisal Co., Ltd.	5.3	5.4
Subtotal			28,880	27,140	28,321	26,690	- 7.6	- 1.7	- 5.8	-	-	-
Total			161,170	145,780	162,474	140,850	- 12.6	- 3.4	- 13.3	-	-	-

- Notes:
- 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).
  - 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 December 31, 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).
  - Book Value state the acquisition price (and expenses related thereto) of each assets less Total depreciation of such assets .
  - Includes the trust beneficiary interest of Twin 21 (partial ownership of leased land)
  - The acquisition price as of the end of the 7th 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.
  - The appraisal value at the end of the 6th period and the 7th period for the Midosuji MID Bldg. factors in the land adjoining the Midosuji MID Bldg. as an integral part.
  - The property name of Higashinoda MID Bldg. was changed to MID REIT Kyobashi Bldg. as of October 1, 2009.
  - The appraisal value rate is the cap rate based on the direct capitalization method.



## **6. Market Trends**

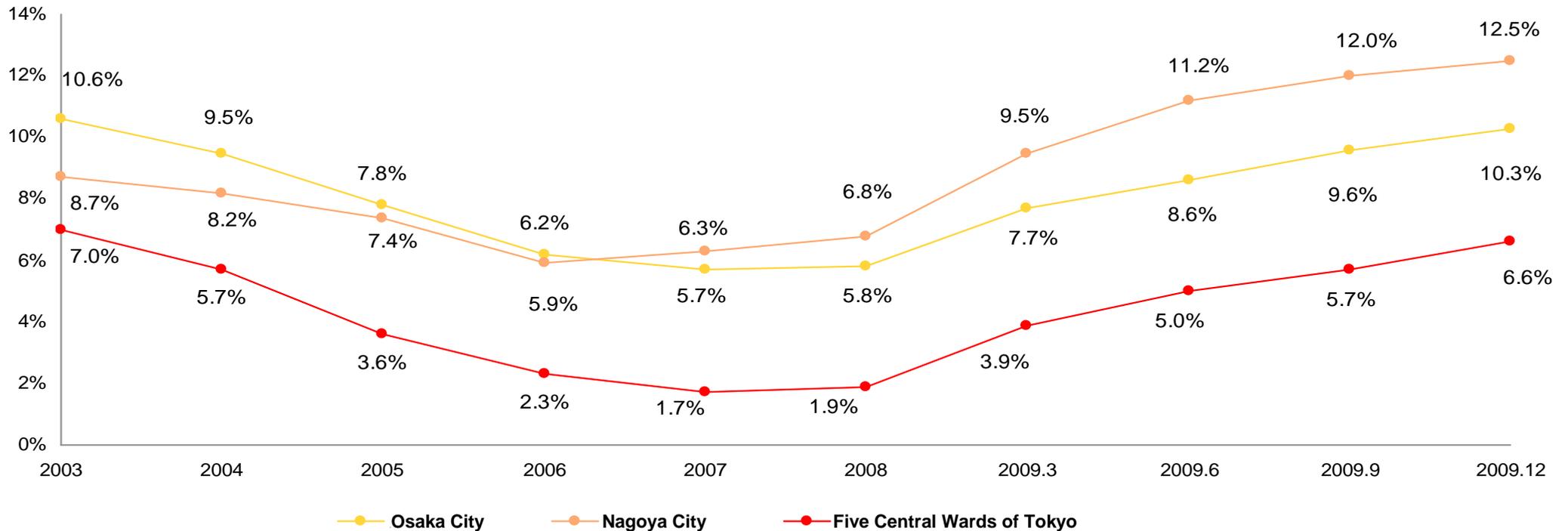
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# Changes in Office Building Vacancy Rates



## 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 2010 (Key Office Areas in Osaka)

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

Completion	Leasable Area by Year		No.	Area	Leasable Area (plan)	
2010	51,400	(169,620)	1	Higobashi	1,400	(4,620)
			2	Umeda	3,500	(11,550)
			3	Dojima, Nakanoshima	3,000	(9,900)
			4	Sakaisuji Hommachi	2,400	(7,920)
			5	Umeda	21,300	(70,290)
			6	Hommachi	2,200	(7,260)
			7	Hommachi	4,900	(16,170)
			8	Umeda	9,900	(32,670)
			9	Yodoyabashi	2,800	(9,240)
2011	32,500	(107,250)	10	Hommachi	3,400	(11,220)
			11	Yodoyabashi	2,400	(7,920)
			12	Hommachi	8,900	(29,370)
			13	Umeda	6,800	(22,440)
			14	Sakaisuji Hommachi	2,900	(9,570)
			15	Yodoyabashi	3,000	(9,900)
			16	Shin Osaka	3,000	(9,900)
			17	Hommachi	2,100	(6,930)
2012	25,800	(85,140)	18	Dojima, Nakanoshima	20,800	(68,640)
			19	Kitahama	5,000	(16,500)
2013	60,500	(199,650)	20	Umeda	30,300	(99,990)
			21	Umeda	21,800	(71,940)
			22	Dojima, Nakanoshima	8,400	(27,720)
2014	39,600	(130,680)	23	Tennoji, Abeno	18,800	(62,040)
			24	Dojima, Nakanoshima	20,800	(68,640)

Source: MID REIT Management Co., Ltd.

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



#### Higobashi MID Bldg.

**Location:**  
Edobori, Nishi-ku, Osaka  
**Land area:** 797.86m<sup>2</sup>  
**GFA:** 6,767.45m<sup>2</sup>  
**Floors:** 11 floors above ground,  
1 floor below ground  
**Scheduled completion:**  
January 2010

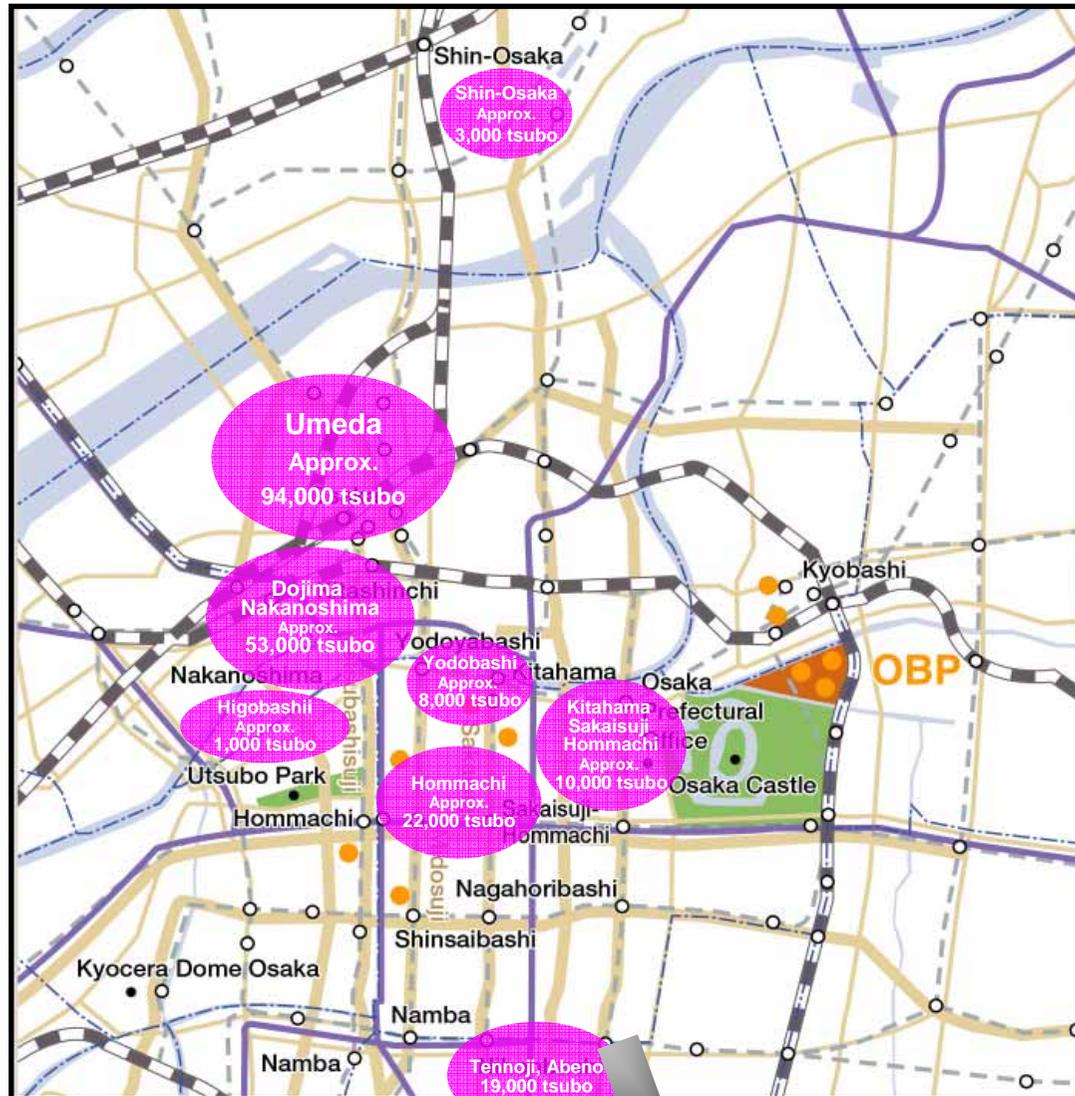
Source: MID Urban Development Co., Ltd.

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 2010 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 27 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

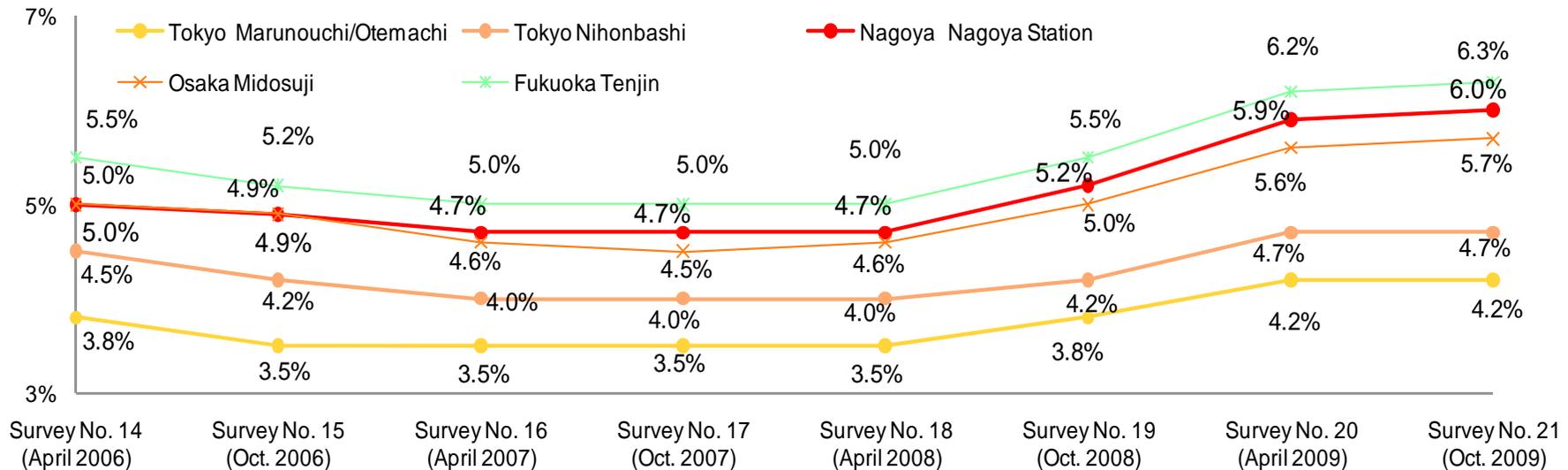
### Expected Cap Rate and Market Cap Rate of Average-Sized Class A Office Building in Various Locations

[ ] shows previous survey data (as of April 2009)

Location		Expected Cap Rate	Market Cap Rate
Tokyo	Around Marunouchi/Otemachi	4.5% (4.5%)	4.2% (4.2%)
Tokyo	Around Nihonbashi	5.0% (4.9%)	4.7% (4.7%)
Nagoya	Around Nagoya Station	6.2% (6.0%)	6.0% (5.9%)
Osaka	Midosuji Avenue	6.0% (5.7%)	5.7% (5.6%)
Fukuoka	Tenjin District	6.5% (6.3%)	6.3% (6.2%)

Source: Japan Real Estate Institute's "The Japanese Real Estate Investor Survey No. 21" (as of October 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>· Efforts to reduce building operating costs through such measures as reviewing management specifications and promoting energy efficiency by renewing facilities, etc.</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>· Implementation of efforts focused on shortening the duration of vacancy and enhancing occupancy rates by accurately discerning market conditions and property characteristics as well as promptly responding to the various needs of new tenants</li> <li>· Proactively implement leasing activities to the group companies of existing tenants and client companies</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 (Plan for 8<sup>th</sup> Period: Implement measures to conserve energy for the lighting equipment, etc.)</li> </ul>

## Capital Expenditures (CAPEX)

### Actual Major CAPEX 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.)	483 million yen

### Major CAPEX Expected During 8th Period

Renewal of cooling towers (Twin 21)	283 million yen
Upgrading of the general control panel (Twin 21)	140 million yen
Renewal of 400V switchboard control system (Twin 21)	60 million yen

## Value Enhancement and Renewal Efforts (Examples)

Midosuji MID Bldg. (Osaka)

Enhanced value by attracting retail shops to 1F and 2F



MID Midosujikawaramachi Bldg. (Osaka)

Renewed common areas to boost property competitiveness



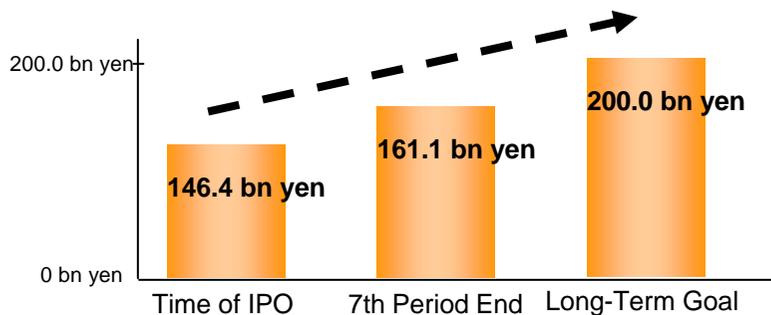
## Portfolio Building Policy

- 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

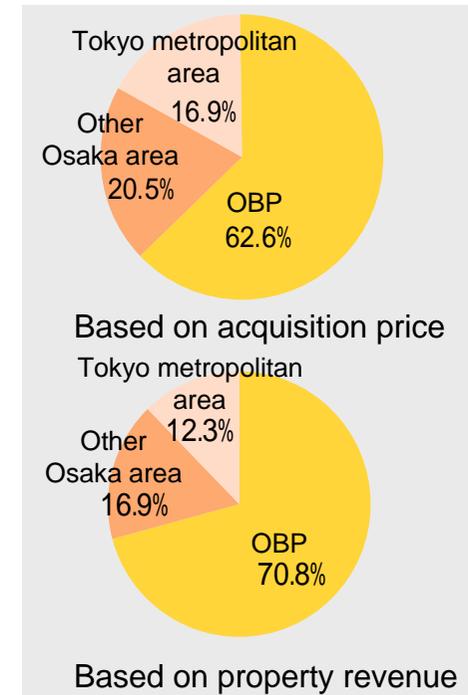
- Aim for 200 billion yen in asset size through such measures as acquiring competitive properties when they are relatively new
- Seek to lower concentration on the OBP to the 50~59% range (based on acquisition price)

Total Property Acquisition Price

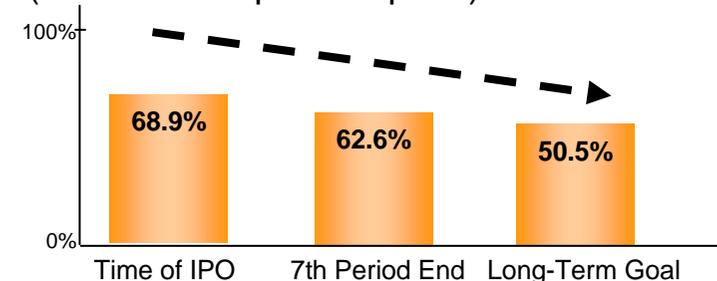


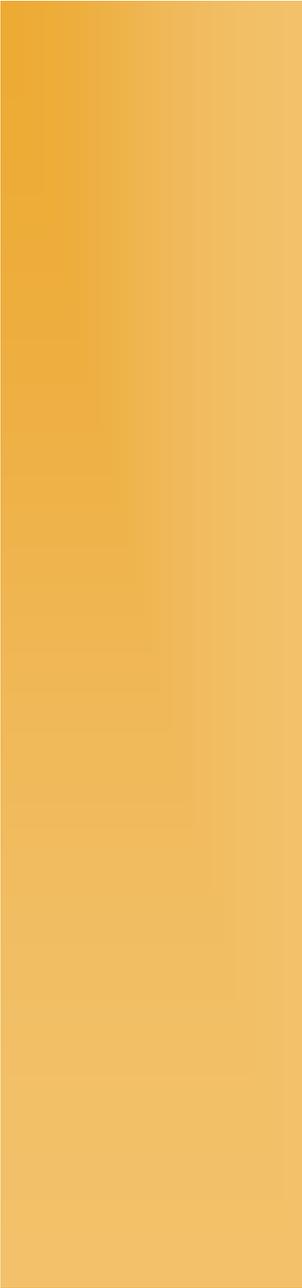
Note: The image shall not be construed as a guarantee of or a commitment to the abovementioned future growth, ease of concentration on the OBP, etc. With due consideration given to the current real estate market conditions, MID REIT is adhering to a conservative policy for new property acquisitions.

## Concentration on Regions and Tenants as at 7th Period End



## Concentration on OBP (based on acquisition price)





## **8. Portfolio**

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# 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	37,146.98	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, added on to in Dec. 2009	10,461.32	8.7
		MID REIT Kyobashi Bldg. (Note 7)	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	3,859.96	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		171,171.48	
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		281,968.18	2.8

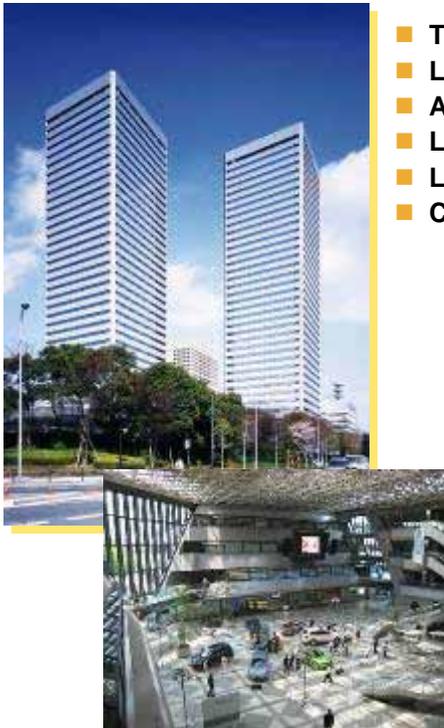
## Notes:

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 December 31, 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 MID REIT Kyobashi 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 December 31, 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. The property name of Higashinoda MID Bldg. was changed to MID REIT Kyobashi Bldg. as of October 1, 2009.
8. 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.

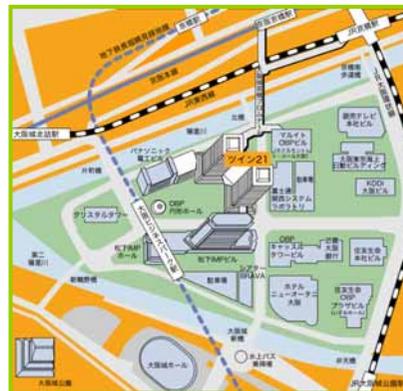
# Overview of Properties (1)

## Twin 21

Acquisition date: Aug. 2006



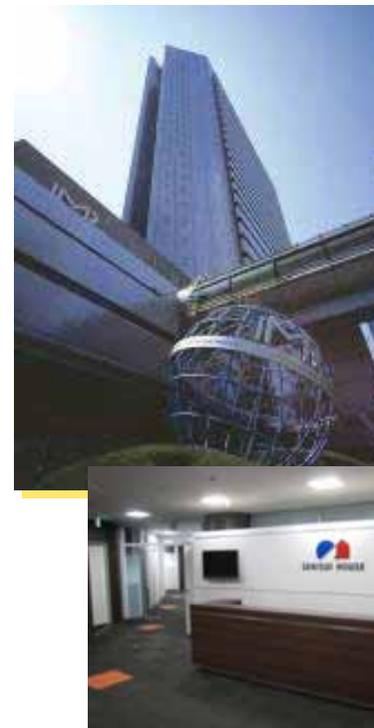
- Type: Office
- Location: Chuo-ku, Osaka
- Acquisition price: 68.7 billion yen
- Land space: 28,163.07m<sup>2</sup>
- Leasable space: 82,401.43m<sup>2</sup>
- Construction completed: Mar. 1986



- 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 major corporations and consular offices
- 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: 37,146.98m<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
- On 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 transmission 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

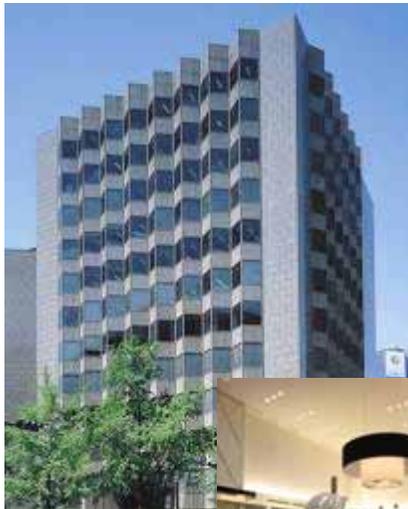


- Superior transportation access: located close to Sakaisuji Street, one of Osaka’s main arteries, and Kitahama Station on the Sakaisuji Line of the Osaka Municipal Subway and the Keihan Main Line
- Adaptation of vibration control structure, which effectively reduces potential earthquake damage
- Each 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: 10,461.32m<sup>2</sup>
- Construction completed: Oct. 1980, added on to in Dec. 2009

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 in April 2009, MID REIT attracted retail shops as tenants

## 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
- A new customer lounge established in December 2007

# 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: 3,859.96m<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

## MID REIT Kyobashi 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



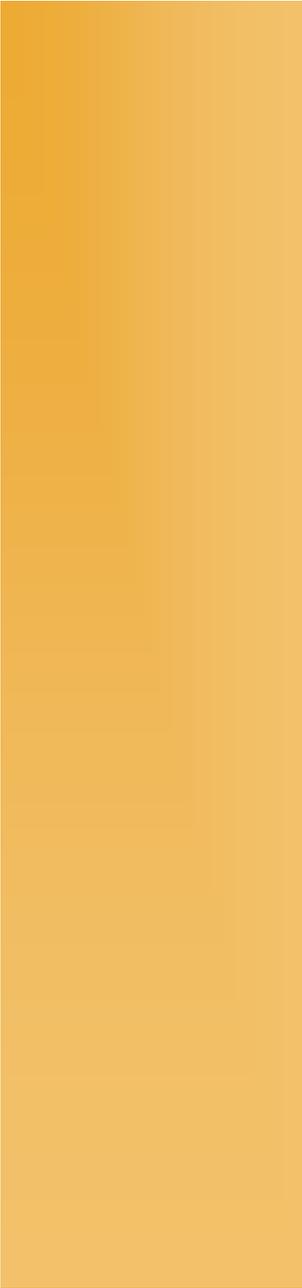
- Type: Office
- Location: Minato-ku, Tokyo
- Acquisition price: 1.16 billion yen
- Land space: 430.21m<sup>2</sup>
- Leasable space: 1,989.27m<sup>2</sup>
- Construction completed: Jan. 1995

## 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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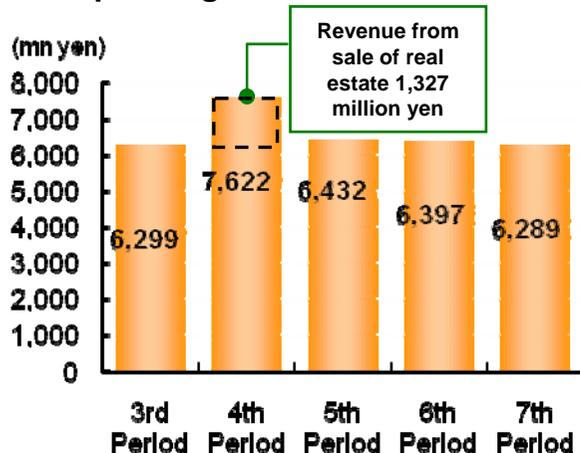


# Performance Trends



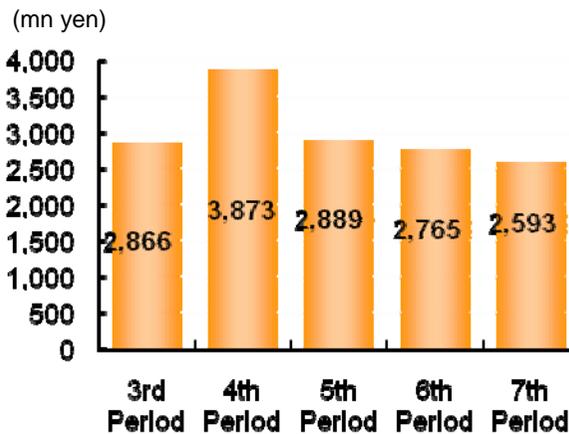
## Performance Trends (3rd Period to 7th Period)

### Operating Revenue

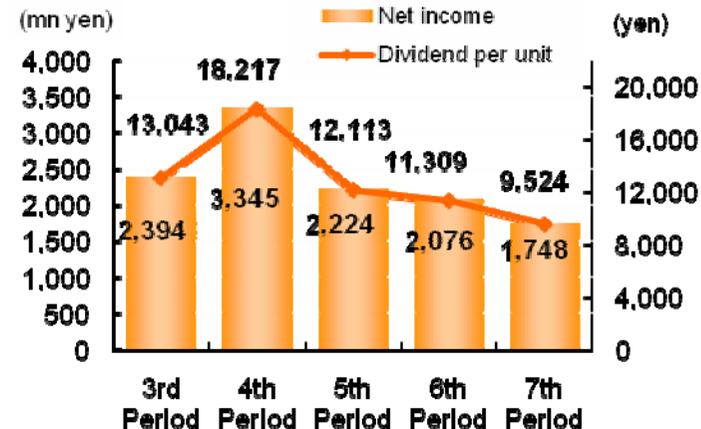


Note: The data for the 4th period includes revenue from sale of real estate, 1,327 million yen.

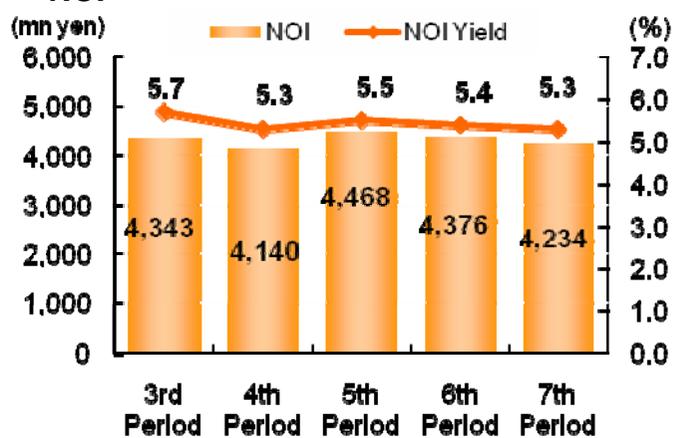
### Operating Income



### Net Income / Dividend per Unit

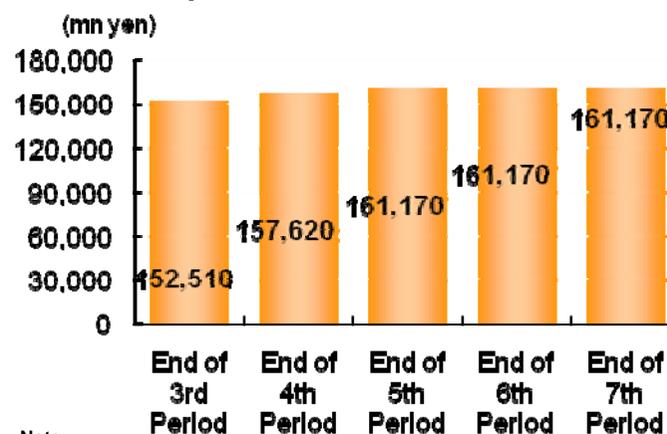


### NOI



See page 14 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	6th Period Results (Jan. 1, 2009–June 30, 2008) (Note 1)	7th Period Results (July 1, 2009–Dec. 31, 2009)	Comments
Net operating days	181 days	184 days	-
NOI from property leasing	4,376 million yen (4,371 million yen)	4,234 million yen	Property income + Depreciation and amortization + Loss on retirement of noncurrent assets
NOI yield from property leasing (p.a.)	5.4% (5.4%)	5.3%	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)	3,068 million yen (3,064 million yen)	2,789 million yen	Net income (excl. revenue and expense from sale of real estate) + Depreciation and amortization + Loss on retirement of noncurrent assets
FFO per unit	16,713 yen (16,688 yen)	15,191 yen	FFO/Total units outstanding at end of period
Return on assets (ROA)	2.3%	1.9%	Ordinary income [annualized]/{(Total assets at beginning of period + Total assets at end of period)/2}
Return on equity (ROE)	4.5%	3.8%	Net income [annualized]/{(NAV at beginning of period + NAV at end of period)/2}
NAV per unit	503,467 yen	501,682 yen	NAV at end of period/Total units outstanding at end of period
Loan to value (LTV)	40.5%	40.5%	Interest-bearing debt at end of period/Total assets at end of period
Debt service coverage ratio (DSCR)	6.3	5.8	Net income before interest and depreciation/Interest expense
Price book-value ratio (PBR)	0.4	0.4	Unit price at end of period/NAV per unit
Price earnings ratio (PER)	9.4	10.4	Unit price at end of period/Net income per unit [annualized]
FFO multiple	6.4	6.5	Unit price at end of period/FFO per unit

**Notes:**

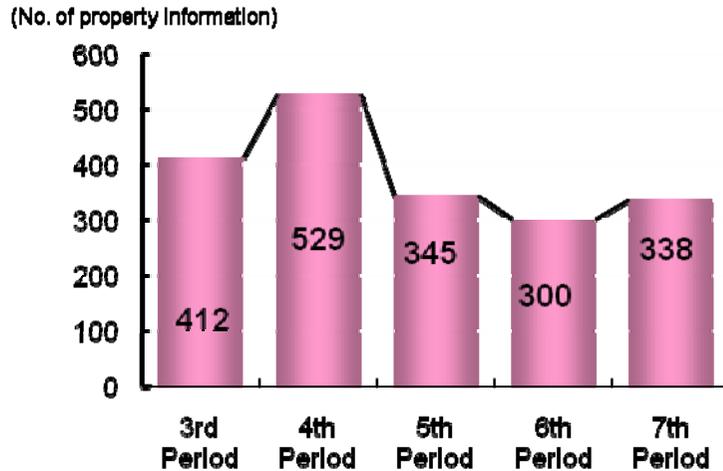
Figures in brackets indicate values after having accounted for the 6<sup>th</sup> fiscal period costs of 4 million yen (annualized: 9 million yen), which is posted as deferred tax assets on the balance sheets. The said amount is a portion of the estimated income taxes (property and city planning taxes) on property holdings on a normal operation base.



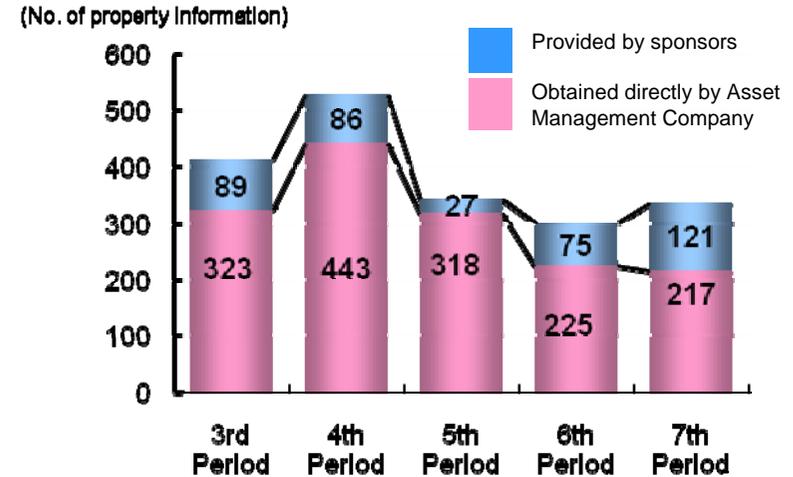
# Status of Property Information Acquisition



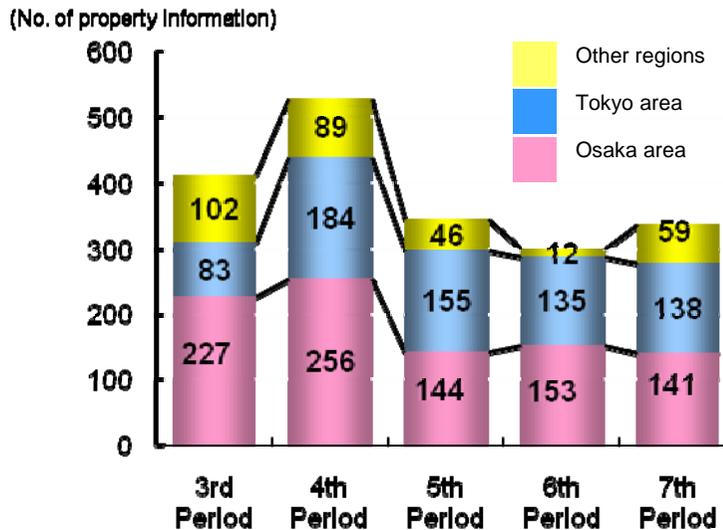
### Property Information Received



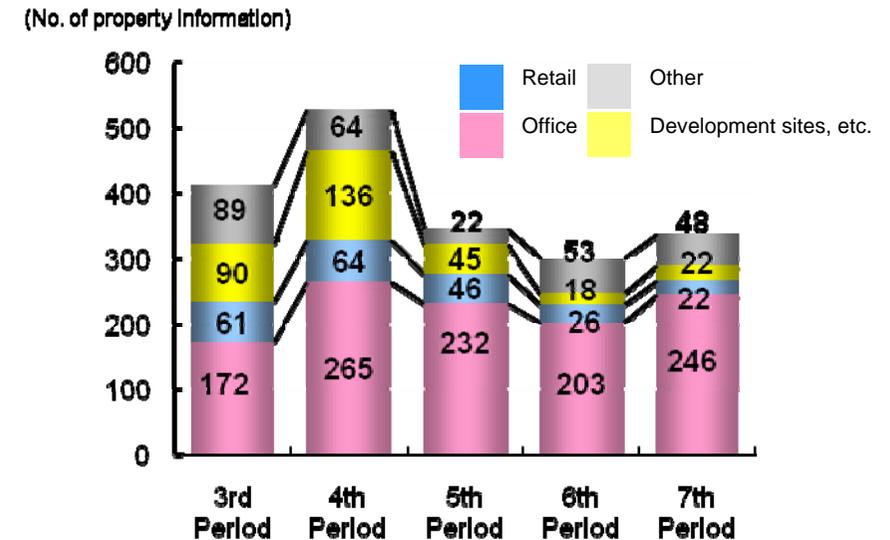
### Property Information by Channel



### Property Information by Region



### Property Information by Property Type



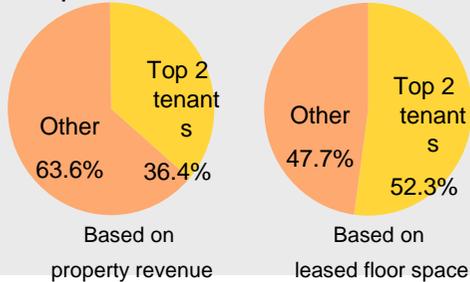
Information is gathered on various types of properties in various regions to secure sufficient investment opportunities and a better understanding of the real estate market.

# Tenant Trends (1)

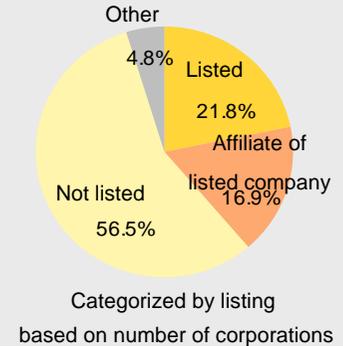
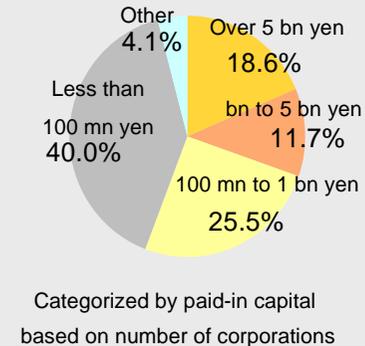
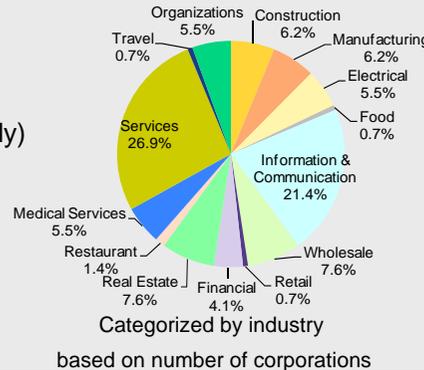


## Tenant Analysis

### Top Tenants' Share



### Tenant Classification (office tenants only)



## 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	37.1%
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%
Nippon Computer System Co., Ltd.	Information & Communication	Matsushita IMP Bldg.	Apr. 30, 2014	5,632.24	2.1%
Human Resocia Co., Ltd. (Note 3)	Services	Midosuji MID Bldg.	-	5,547.01	2.0%
Kumagai Gumi Co., Ltd.	Construction	MID REIT Kyobashi Bldg.	Feb. 28, 2010	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%
<b>Total</b>				<b>194,804.33</b>	<b>71.4%</b>

### <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 contract with Kumagai Gumi Co., Ltd. will expire on February 28, 2010 and so they will move out.

### 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., MID Imabashi Bldg., Kitahama MID Bldg. and MID Nishihommachi Bldg.
- Survey period: Oct. 26, 2009 to Nov. 20, 2009
- Number sampled: 185 tenants
- Surveyor: Dentsu Research Inc.

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

Factors	2006	2007	2008	2009	Difference (2006 2009)
• Overall building comfort	47.8	49.5	54.2	52.2	+4.4
• Common-area functions	53.6	56.5	58.5	56.7	+3.1
• Effectiveness of management center operations	64.9	66.9	70.4	67.8	+2.9
• Effectiveness of facility management	72.0	72.9	76.7	74.4	+2.4
• Building-complex functions	49.7	52.3	54.0	51.1	+1.4
• Security measures	61.9	65.7	68.0	63.0	+1.1
• Information provision from property management	53.0	55.6	55.2	54.0	+1.0
• Attitude of management staff	72.0	70.8	74.2	72.8	+0.8
• Cleanliness	71.2	71.1	73.1	71.1	- 0.1
• Building performance	58.2	59.0	60.4	57.2	- 1.0
• Effectiveness of property management	67.5	67.3	68.9	66.5	- 1.0
• Ambience	74.4	74.3	75.3	73.0	- 1.4

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.Surveyed properties are the following:

2006: Twin 21, Matsushita IMP Bldg.

2007 and 2008: Twin 21, Matsushita IMP Bldg., MID Imabashi Building

2009: Twin 21, Matsushita IMP Bldg., MID Imabashi Building, Kitahama MID Bldg. and MID Nishihommachi Bldg.



# Unit Price Performance (1) (IPO ~ January 29, 2010)



## Unit Price Performance



# Unit Price Performance (2) (IPO ~ January 29, 2010)



## 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) (July 1, 2009 ~ December 30, 2009)



## Price Comparison



Note: MID REIT's unit price, the TSE REIT Index and TPREAL are shown with prices as of July 1, 2009 set as 100.

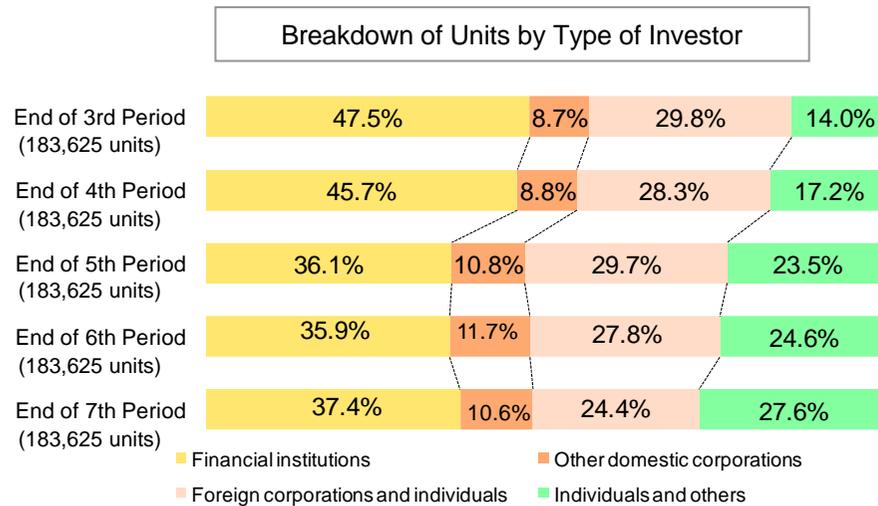


# Unitholder Details (1)

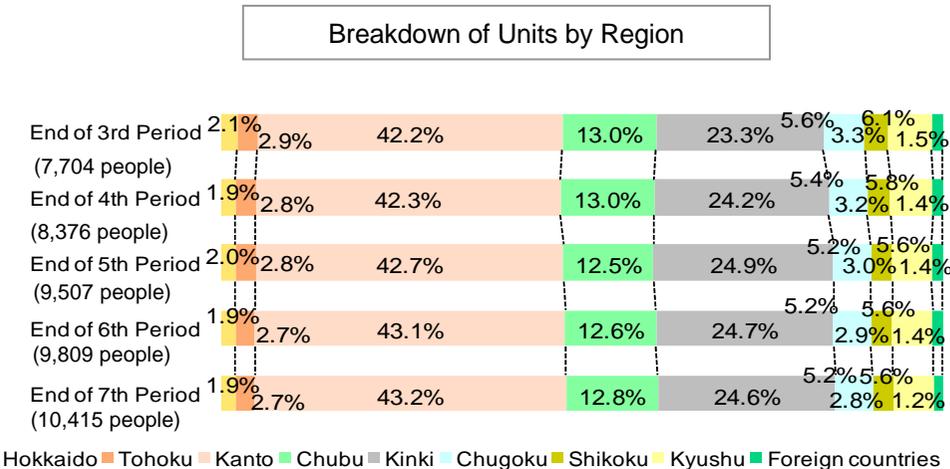
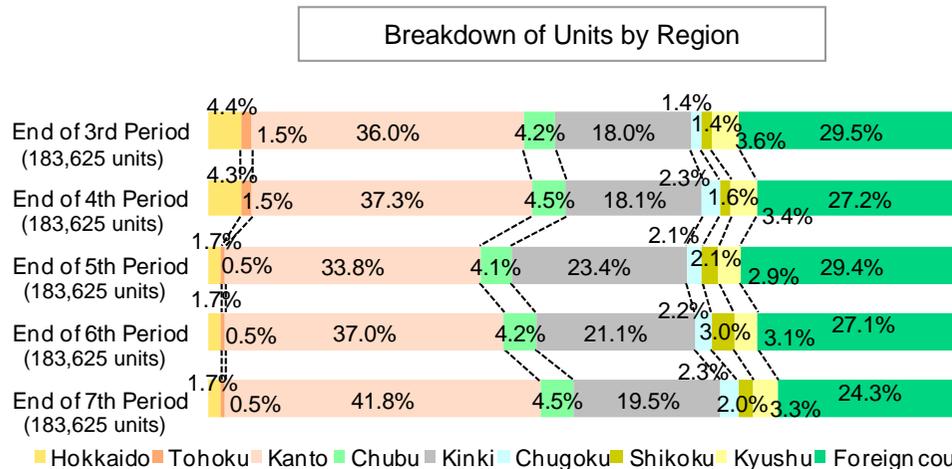
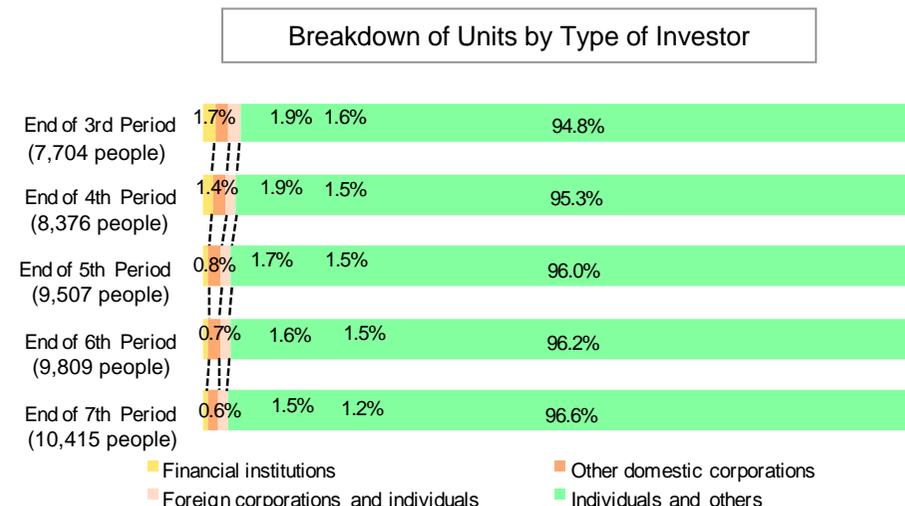


## Analysis of Investor Attributes

Distribution of Number of Units Held



Distribution of Number of Investors



Individual investors increased and the number of investors exceeded 10,000 for the first time in 3 years or since the end of the 1st period.

## Unitholder Details (2)



### Top 10 Unitholders (as of December 31, 2009)

Name	Number of units held	Ratio of units held to total units outstanding (%)	Difference
Nikko Citi Trust and Banking Corporation (Trust Account)	14,886	8.11	- 962
Japan Trustee Services Bank, Ltd. (Trust Account)	9,981	5.44	+2,309
Goldman Sachs International	9,935	5.41	+1,556
The Fuji Fire and Marine Insurance Co., Ltd.	9,714	5.29	± 0
MID Urban Development Co., Ltd.	9,200	5.01	± 0
The Nomura Trust and Banking Co., Ltd. (Trust Account)	5,932	3.23	+4,090
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,809	3.16	+2,162
The Bank of New York Europe Limited 131705	3,494	1.90	+197
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	3,154	1.72	- 142
Goldman Sachs and Company (Regular Account)	2,936	1.60	- 199
<b>Total</b>	<b>75,041</b>	<b>40.87</b>	<b>+5,954</b>

**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 February 5, 2010)

Submitter or name of joint unitholder	Number of units held	Ratio of units held to total units outstanding (%)	Dates of latest submissions
The Sumitomo Trust & Banking Co., Ltd. Nikko Asset Management Co., Ltd.	14,746	8.03	October 21, 2009
The Fuji Fire And Marine Insurance Co., Ltd.	9,714	5.29	October 7, 2008
Nomura Securities Co., Ltd. Nomura Capital Markets plc Nomura Asset Management Co., Ltd.	9,512	5.18	January 6, 2010
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.

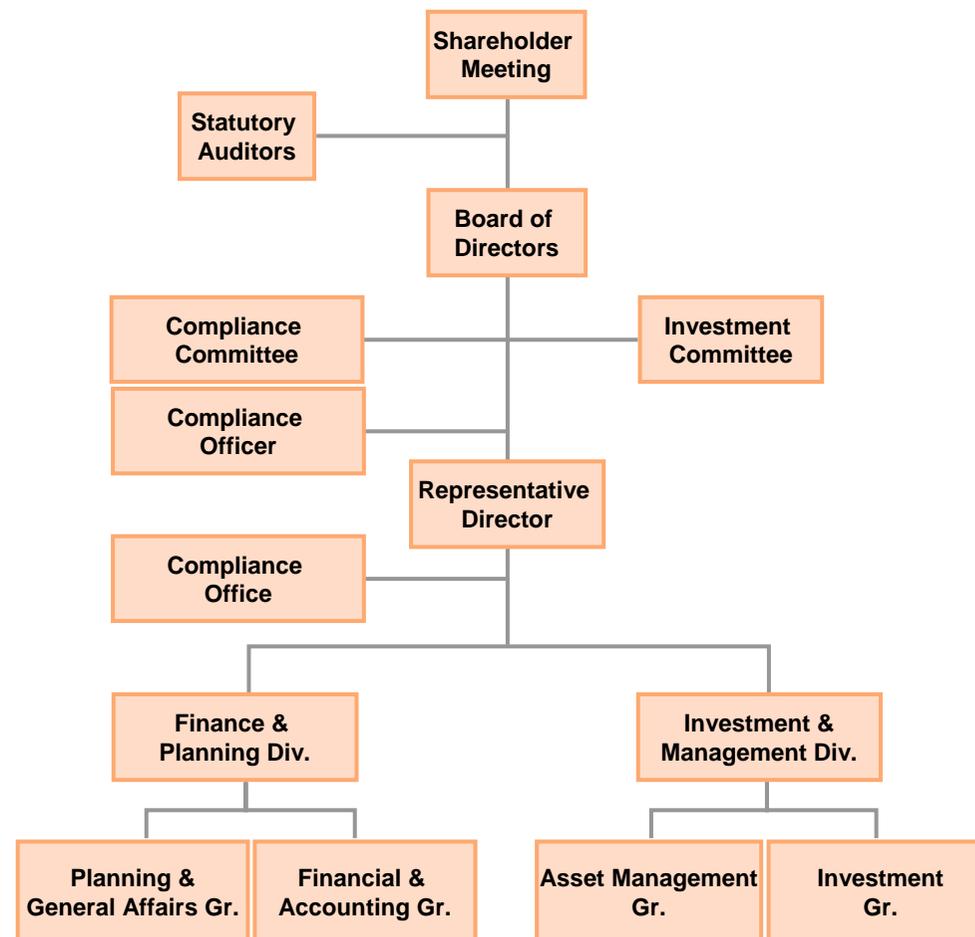
# Overview of Asset Management Company



## Company Overview

Company Overview (As of Feb. 1, 2010)		
<b>Name</b>	MID REIT Management Co., Ltd.	
<b>Location</b>	Dojimahama 1-4-4, Kita-ku, Osaka	
<b>Establishment</b>	September 1, 2005	
<b>Capital</b>	210 million yen	
<b>Shareholder</b>	MID Urban Development Co., Ltd. (consolidated subsidiary of the Kansai Electric Power Co., Inc.)	
<b>No. of employees</b>	30 (inclusive of 4 temporary workers)	
<b>Officers</b>	President & CEO	Nobuo Moroizumi
	Managing Director	Hirohisa Saito
	Director	Atsushi Izumitani
	Director	Hiroshi Uemura
	Statutory Director	Noriyuki Iijima (Executive Officer, MID Urban Development Co., Ltd.)
	Statutory Director	Yoshitsugu Nojiri (Group Manager, Group Management and Planning, Group Strategy Division, Kansai Electric Power Co., Inc.)
	Statutory Auditor	Atsushi Ishiguro (Director and Managing Executive Officer, MID Urban Development Co., Ltd.)
<b>Business description</b>	Investment management business	
<b>Regulatory approval</b>	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



Board members were dispatched from the Kansai Electric Power Co., Inc. and we strengthened the cooperation system with our sponsor

## 《Corporate Principles (An Excerpt)》

- **Basic Policy on Asset Management**  
When managing MID REIT, Inc.'s (hereinafter "MID REIT") assets under management, we will strive to realize the steady growth of assets under management and to secure stable earnings.
- **Basic Policy on Compliance**  
We fully understand our social responsibilities and mission as MID REIT's asset management company, and will work to thoroughly ensure compliance in order to carry out appropriate and fair management of assets under management of MID REIT.
- **Basic Policy on Disclosure**  
From the perspective of ensuring transparency, we will strive to make timely and easy-to-understand disclosure of information concerning MID REIT Management Co., Ltd. (hereinafter "MIDRM") and MID REIT, in addition to legal disclosure, to investors with accuracy and fairness. Furthermore, we will make voluntary disclosure of information that is deemed important or useful to investors, as much as possible.

## 《Compliance Policy (An Excerpt)》

1. We will always carry out business activities with integrity.  
As a professional in asset management, we fully recognize our fiduciary duty towards MID REIT which has entrusted us with management of its assets. By faithfully executing business activities for MID REIT in a consistently fair and transparent manner and with integrity, we will diligently strive to conduct exceptional management to meet the expectations of investors.
2. We aim to become a company that responds to the needs of society.  
We fully realize our social responsibilities as a company and aim to become a company that earns the trust and responds to the needs of society by deepening communication with all stakeholders and providing accountability.
3. We will contribute to society through our business activities.  
We will conduct asset management by giving consideration to a balance between economic, social and environmental factors. Furthermore, we believe that our work itself is part of our social responsibilities as a company and as a "good corporate citizen." We aim to become a company that contributes to the sustainable development of society by fulfilling our responsibilities for the future.

## 《Decision-making Process》



**Note:**

1. Those who have status as a board member of interested persons (excl. employees on loan or employee after transfer) cannot join resolutions.
2. An external expert (lawyer) is included in deliberations as members.
3. An external expert (real estate appraiser) is included in deliberations as members.



(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

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### **IR Contact details**

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