



# **MID REIT, Inc. 8th Period Results**

(Ended June 30, 2010)

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



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



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# **1. About MID REIT**

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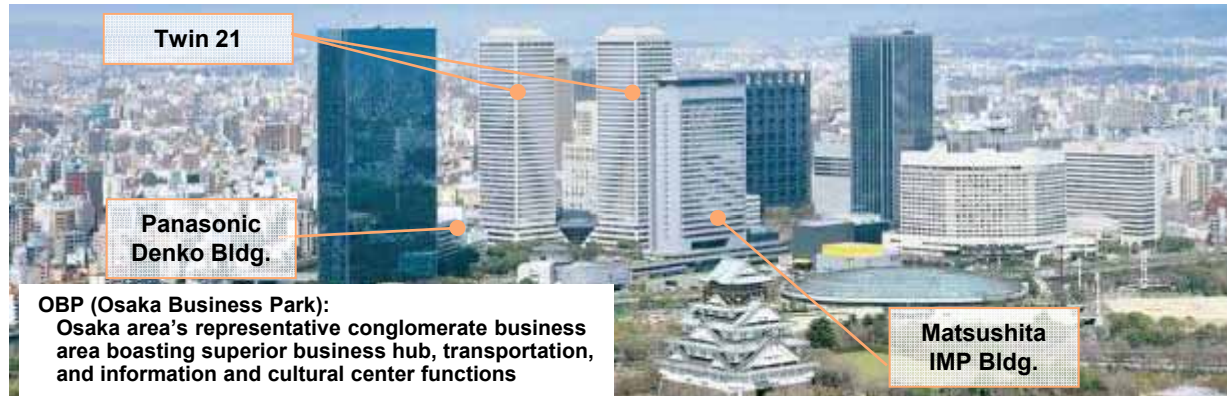
# About MID REIT



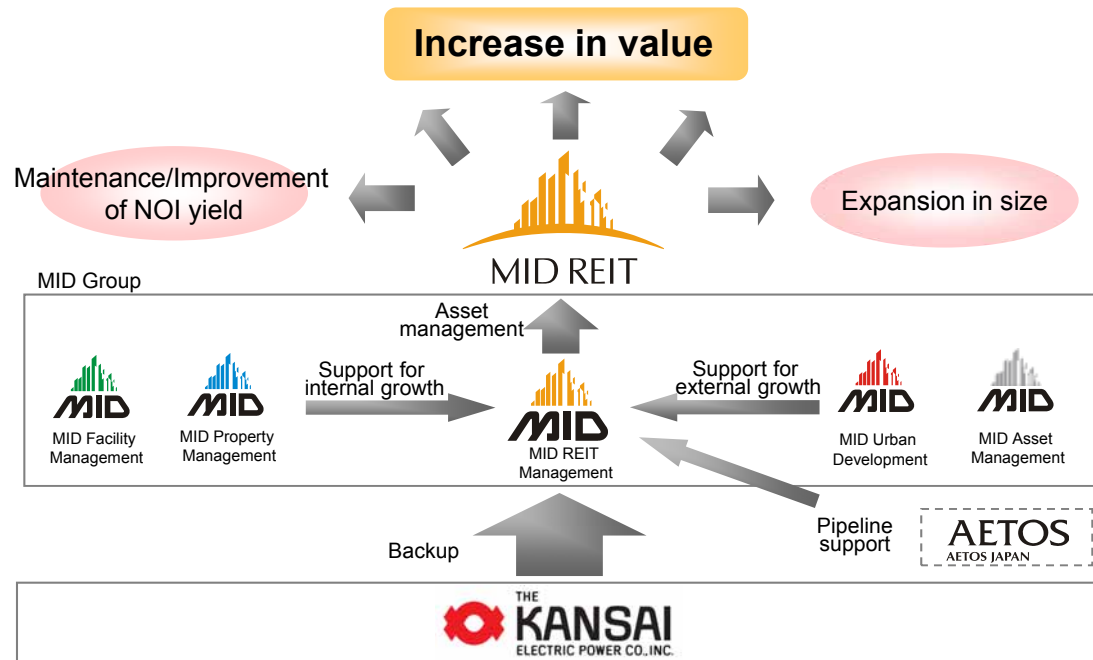
A REIT focusing on the Osaka area and office properties

- In principle, more than **70%** of the portfolio to be invested in the **Osaka area**, which is one of the largest economies in Japan
- In principle, more than **70%** of the portfolio to be invested in **office properties**, which are liquid and stable investment subjects for which there are numerous investment opportunities

A portfolio with large-scale office buildings in OBP as core assets



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



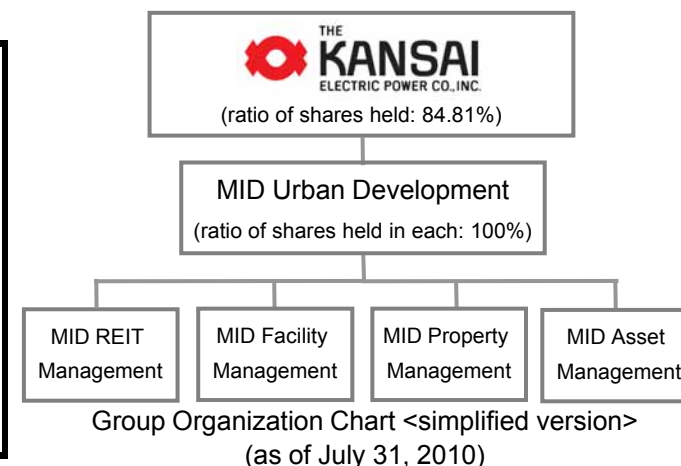
# About the Sponsor



## Outline of the Sponsor

- All shares of the Asset Management Company (MID REIT Management Co., Ltd.) held by the Sponsor (MID Urban Development Co., Ltd.)
- The Kansai Electric Power Co., Inc. made MID Urban Development Co., Ltd. its consolidated subsidiary in December 2009

Outline of MID Urban Development Co., Ltd.	
Principal businesses	Building business and housing business
Representative	Ryoichi Hanai, President, Member of the Board (former Senior Corporate Auditor of The Kansai Electric Power Co., Inc.)
Established	December 1952 (including the operating period as the former Matsushita Investment and Development Co., Ltd.)
URL	<a href="http://www.mid.co.jp/">http://www.mid.co.jp/</a> (financial results for the fiscal year ended March 31, 2010 are available)



## Initiatives to Date with The Kansai Electric Power Co., Inc.

December 2009	<ul style="list-style-type: none"> <li>• MID Urban Development Co., Ltd.'s major shareholder changed from Aetos Japan LLC to The Kansai Electric Power Co., Inc.</li> <li>• Board members dispatched from The Kansai Electric Power Co., Inc. to MID REIT Management Co., Ltd. and other MID Group companies</li> </ul>
March 2010	<ul style="list-style-type: none"> <li>• Implemented the first refinancing since the MID Group became a consolidated subsidiary of The Kansai Electric Power Co., Inc. Concluded several agreements all at once for refinancing of the 40.0 billion yen in loans due for repayment in 2010 Changed loan terms to long terms and added new lending banks</li> <li>• Released security interests pertaining to existing debt financing and, as a result, all existing debt financing became unsecured debt financing</li> </ul>
April 2010	<ul style="list-style-type: none"> <li>• Executed agreement on promoting use of and discussing redevelopment of Osaka Business Park (OBP) Parties to the agreement are Panasonic Corporation, The Kansai Electric Power Co., Inc., MID Urban Development Co., Ltd. and MID REIT Management Co., Ltd. Panasonic Corporation and MID REIT Management Co., Ltd. will cooperate to promote activities to promote use of Panasonic Tower for continued use of the entire building by the Panasonic Group MID Urban Development Co., Ltd. and MID REIT Management Co., Ltd. will discuss medium- to long-term redevelopment of portfolio properties located in the OBP area, and Panasonic Corporation and The Kansai Electric Power Co., Inc. will cooperate through providing proposals on products and technology, etc. from the perspective of new town development that will lead the realization of a low-carbon society</li> <li>• Executed comprehensive basic agreement on discussing introduction of utility services with Kanden Energy Solution Co., Inc. Commenced discussions for introduction of utility services to MID REIT's portfolio properties</li> </ul>



## **2. Financial Highlights**

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## 8th Period Financial Highlights



### Distributions

- Distribution per unit: **8,269 yen**

Compared to initial forecasts (as at Feb. 15, 2010): - 447 yen, or - 5.1%  
Compared to initial forecasts (as at Apr. 30, 2010): + 390, or + 4.9%  
Compared to the 7th Period: - 1,255 yen, or - 13.2%

### Internal Growth

#### Poured effort in maintaining occupancy rates

- Amid uncertainty over future office leasing market recovery, while there was still strong cost reduction needs of existing tenants, occupancy rates remained robust as a result of measures taken to enhance tenant satisfaction levels
- Utilizing the direct leasing function of the property management company, leasing activities proved effective in attracting an affiliated company of a large tenant and an affiliated company of an anchor business of OBP (Panasonic Electric Works Fire Alarm and Security Co., Ltd. and Fujitsu Advanced Solutions Limited)
- At MID REIT Kyobashi Bldg., flow from exit by a major tenant to occupancy by the next tenant went smoothly (NTT Kansai Shikoku Telephone Directory Co., Ltd.)
- Although faced with decreased revenue on the one hand from concluding a memorandum of change of lease contract on leased units with a major tenant, extended the contract period and achieved ongoing leasing of the entire building (Panasonic Corporation)
- Occupancy rate at end of period: **97.4%** (up 0.7 points compared to the 7th Period) and NOI yield from property leasing: **5.0%**

### External Growth

#### Promoted collection of a broad range of property information

- Did not implement new acquisitions, but promoted activities to collect information on a broad range of areas and asset types

### Financial Strategy

#### Consistent refinancing

- Concluded several agreements all at once for refinancing of the 40.0 billion yen in loans due for repayment in 2010, and all existing debt financing became unsecured as a result of release of the security interests pertaining to all existing debt financing
- LTV ratio: 40.8% (Interest-bearing debt at end of period ÷ Total assets at end of period)





## 8th Period Business Results



Item	7th Period Results (July 1, 2009 - Dec. 31, 2009)	8th Period Results (Jan. 1, 2010 - June 30, 2010)	8th Period Initial Forecasts (Announced Feb. 15, 2010)	Comparison with 8th Period Initial Forecasts		Comparison with 7th Period Results	
				Amount Difference	Percentage Difference	Amount Difference	Percentage Difference
Net operating days	184	181	181	Decrease in rent of major tenant		-	-
Operating revenue (million yen)	6,289	6,012	6,158	- 145	- 2.4%	- 277	- 4.4%
Operating income (million yen)	2,593	2,413	2,467	- 54	- 2.2%	- 179	- 6.9%
Ordinary income (million yen)	1,750	1,520	1,602	- 82	- 5.1%	- 230	- 13.2%
Net income (million yen)	1,748	1,518	1,600	- 82	- 5.1%	- 230	- 13.2%
Distribution per unit (yen)	9,524	8,269	8,716	- 447	- 5.1%	- 1,255	- 13.2%

Decrease in utilities, repairs, etc.

Increase in borrowing related expenses

## 9th and 10th Period Forecasts



Item	8th Period Results (Jan. 1, 2010 - June 30, 2010)	9th Period Forecasts (July 1, 2010 - Dec. 31, 2010)	10th Period Forecasts (Jan. 1, 2011 - June 30, 2011)
Operating revenue (million yen)	6,012	5,847	5,778
Operating income (million yen)	2,413	2,110	2,111
Ordinary income (million yen)	1,520	1,297	1,323
Net income (million yen)	1,518	1,295	1,321
Distribution per unit (yen)	8,269	7,056	7,197
Preconditions			
Utilities (property leasing expenses) (million yen)	440	500	451
Costs, including property and city planning taxes, posted in the fiscal period (million yen)	600	604	604
Repairs (million yen)	106	184	163
Interest expenses (million yen)	558	567	557
Borrowing related expenses (million yen)	343	248	234
Portfolio occupancy rate at end of period (%)	97.4	97.0	97.6

### Primary Causes of Difference

	Primary Causes of Difference Between the 8th Period (Results) and 9th Period (Forecasts)	Primary Causes of Difference Between the 9th Period (Forecasts) and 10th Period (Forecasts)
<b>Property leasing income</b>	Property leasing revenue - 164 (Twin: - 142; Midosuji: 21; Kyobashi: - 27) Utilities 59 (Twin: 25; IMP: 22) Repairs 77 (Twin: 11; IMP: 8; Tsudanuma: 43)	Property leasing revenue - 69 (IMP: - 59; Midosuji: - 16; Kyobashi: 16) Utilities - 49 (Twin: - 19; IMP: - 22)
<b>Other</b>	Non-operating expenses - 86	Non-operating expenses - 24

#### Notes:

1. The above forecasts are based on the assumption that the number of units issued and outstanding in each period is 183,625 units.
2. The above forecasts are based on certain criteria for calculation and reflect the situation as of August 16, 2010. Actual operating revenue, operating income, ordinary income, net income and distribution per unit may differ from the forecasts due to such factors as changes in the occupancy rate or rent of existing properties, acquisition/disposal of properties, changes in the real estate market environment and changes in the environment surrounding MID REIT going forward. Also, the forecasts shall not be construed as a guarantee of distribution amount.

# Balance Sheet



Description	7th Period (as of Dec. 31, 2009)		8th Period (as of June 30, 2010)		Difference		Description	7th Period (as of Dec. 31, 2009)		8th Period (as of June 30, 2010)		Difference	
	(thousand yen)	(%)	(thousand yen)	(%)	(thousand yen)	(%)		(thousand yen)	(%)	(thousand yen)	(%)	(thousand yen)	(%)
(ASSETS)							(LIABILITIES)						
Total Current Assets	15,001,301	8.4	14,066,994	7.9	- 934,307	- 6.2	Total Current Liabilities	42,916,278	24.0	31,028,115	17.5	- 11,888,163	- 27.7
Cash and deposits	9,321,792		8,561,292		- 760,500		Operating accounts payable	263,738		257,622		- 6,116	
Cash and deposits in trust	5,371,178		5,312,807		- 58,371		Short-term loans payable	5,500,000		5,500,000		-	
Operating accounts receivable	145,832		147,702		1,869		Current portion of long-term loans payable	34,500,000		23,500,000		- 11,000,000	
Income taxes receivable	147		58		-88		Accounts payable - other	1,519,219		649,304		- 869,914	
Prepaid expenses	162,317		45,101		- 117,215		Accrued expenses	106,961		106,717		-244	
Deferred tax assets	33		31		-1		Distribution payable	24,530		18,458		- 6,071	
Total Noncurrent Assets	163,513,735	91.6	163,227,543	92.1	- 286,192	- 0.2	Income taxes payable	976		1,005		28	
1. Property, plant and equipment							Accrued consumption taxes	1,382		43,653		42,271	
Construction in progress	2,415		-		- 2,415		Advances received	742,566		713,042		- 29,524	
Buildings in trust	58,967,526		59,789,983		822,457		Other	256,904		238,312		- 18,592	
Accumulated depreciation	- 5,990,059		- 7,018,751		- 206,235		Total Noncurrent Liabilities	43,477,225	24.4	54,375,341	30.7	10,898,116	25.1
Structures in trust	92,815		99,700		5,501		Long-term loans payable	32,300,000		43,300,000		11,000,000	
Accumulated depreciation	- 4,235		- 5,618		- 1,181		Tenant leasehold and security deposits	9,097,399		8,987,165		- 110,234	
Tools, furniture and fixtures in trust	243,332		270,472		27,140		Tenant leasehold and security deposits in trust	2,079,825		2,088,176		8,350	
Accumulated depreciation	- 45,048		- 60,706		- 15,658		Total Liabilities	86,393,503	48.4	85,403,457	48.2	- 990,046	- 1.1
Land in trust	109,210,052		109,210,052		-		(NET ASSETS)						
Total property, plant and equipment	162,476,799	91.0	162,285,132	91.5	- 191,666	- 0.1	Unitholders' Equity						
2. Intangible assets							1. Unitholders' capital	90,372,613		90,372,613		-	
Software	1,211		913		-298		2. Surplus						
Right of trademark	1,121		1,057		-64		Unappropriated retained earnings (undisposed loss)	1,748,920		1,518,466		- 230,453	
Total intangible assets	2,333	0.0	1,971	0.0	-362	- 15.5	Total surplus	1,748,920		1,518,466		- 230,453	
3. Investments and other assets							Total unitholders' equity	92,121,533		91,891,080		- 230,453	
Investment securities	197,454		197,602		147		Total Net Assets	92,121,533	51.6	91,891,080	51.8	- 230,453	- 0.3
Lease and guarantee deposits	10,000		10,000		-		Total Liabilities and Net Assets	178,515,037	100.0	177,294,537	100.0	- 1,220,500	- 0.7
Long-term prepaid expenses	827,148		732,837		- 94,311								
Total investments and other assets	1,034,603	0.6	940,439	0.5	- 94,163	- 9.1							
Total Assets	178,515,037	100.0	177,294,537	100.0	- 1,220,500	- 0.7							

Includes CAPEX accrued during the period: 870 million yen  
(see page 14 for details of properties)



# Income Statement



Description	7th Period (July 1, 2009 – Dec. 31, 2009)		8th Period (Jan. 1, 2010 – June 30, 2010)		Difference	
	(thousand yen)	(%)	(thousand yen)	(%)	(thousand yen)	(%)
1. Operating revenue						
Rent revenue - real estate	5,875,999		5,624,170			
Other lease business revenue	413,636		387,997			
Dividends distribution from silent partnership	-	6,289,636	100.0	147	6,012,315	100.0
					- 277,320	- 4.4
2. Operating expenses						
Expenses related to rent business	3,095,730		3,016,313			
Asset management fee	448,927		437,032			
Asset custody fee	8,892		8,867			
Administrative service fees	49,101		47,409			
Directors' compensations	10,800		10,800			
Other operating expenses	82,955	3,696,406	58.8	78,529	3,598,951	59.9
					- 97,454	- 2.6
Operating income		2,593,229	41.2		2,413,364	40.1
					- 179,865	- 6.9
3. Non-operating income						
Interest income	4,269		3,520			
Reversal of distribution payable	-		6,207			
Other	9	4,278	0.1	50	9,778	0.2
					5,499	128.5
4. Non-operating expenses						
Interest expenses	576,768		558,971			
Borrowing related expenses	269,792		343,746			
Other	382	846,942	13.5	382	903,099	15.0
					56,157	6.6
Ordinary income		1,750,565	27.8		1,520,042	25.3
					- 230,522	- 13.2
Income before income taxes		1,750,565	27.8		1,520,042	25.3
					- 230,522	- 13.2
Income taxes - current	1,682		1,649			
Income taxes - deferred	- 2	1,680	0.0	- 1	1,651	0.0
					-28	- 1.7
Net income		1,748,885	27.8		1,518,391	25.3
					- 230,494	- 13.2
Retained earnings brought forward		35		75		
Unappropriated retained earnings (undisposed loss)		1,748,920			1,518,466	
					- 230,453	- 13.2

## Details of rent revenue - real estate

(thousand yen)

Rent	4,386,603
CAM	1,088,284
Parking revenue	149,282

## Details of expenses related to rent business

(thousand yen)

Property management fees	733,381
Utilities	440,950
Real estate taxes	600,436
Insurance premiums	29,759
Repairs	106,665
Depreciation and amortization	1,050,478
Loss on retirement of noncurrent assets	9,545
Other lease business expenses	45,096



# Cash Flow Statement



(thousand yen)

Description	7th Period (July 1, 2009 – Dec. 31, 2009)	8th Period (Jan. 1, 2010 – June 30, 2010)
Net cash provided by (used in) operating activities	2,104,862	2,737,293
Income before income taxes	1,750,565	1,520,042
Depreciation and amortization	1,008,905	1,050,478
Amortization of long-term prepaid expenses	199,860	220,626
Interest income	- 4,269	- 3,520
Interest expenses	576,768	558,971
Loss on retirement of noncurrent assets	31,735	9,545
Decrease (increase) in operating accounts receivable	- 2,505	- 1,869
Increase (decrease) in accrued consumption taxes	- 49,189	42,271
Increase (decrease) in operating accounts payable	- 29,033	- 6,116
Increase (decrease) in advances received	- 33,939	- 29,524
Decrease (increase) in prepaid expenses	- 130,031	117,215
Decrease (increase) in long-term prepaid expenses	- 684,075	- 126,315
Other	16,671	- 57,284
Subtotal	2,651,462	3,294,521
Interest income received	4,269	3,520
Interest expenses paid	- 551,195	- 559,215
Income taxes paid	326	- 1,533
Net cash provided by (used in) investing activities	- 1,061,890	- 1,801,248
Purchase of property, plant and equipment in trust	- 970,205	- 1,720,899
Proceeds from tenant leasehold and security deposits	270,575	261,317
Proceeds from tenant leasehold and security deposits in trust	207,623	269,668
Repayments of tenant leasehold and security deposits	- 299,483	- 350,017
Repayments of tenant leasehold and security deposits in trust	- 270,400	- 261,317
Net cash provided by (used in) financing activities	- 2,073,237	- 1,754,916
Increase in short-term loans payable	5,500,000	-
Proceeds from long-term loans payable	14,500,000	11,000,000
Repayment of long-term loans payable	- 20,000,000	- 11,000,000
Dividends paid	- 2,073,237	- 1,754,916
Net increase (decrease) in cash and cash equivalents	- 1,030,264	- 818,871
Cash and cash equivalents at beginning of period	13,644,763	12,614,498
Cash and equivalents at end of period	12,614,498	11,795,627



# Cash Flows from Properties



(thousand yen)

	Twin 21	Matsushita IMP Bldg.	Panasonic Denko Bldg.	Midosuji MID Bldg. (Note 2)	MID REIT Kyobashi Bldg. (Note 3)	MID Shibakanasugibashi Bldg.	Konami Sports Club Kyobashi (Note 3)	AEON Tsudanuma Shopping Center	MID Imabashi Bldg.	MID Midosuji-kawaramachi Bldg.	Kitahama MID Bldg.	MID Nishiommachi Bldg.
Operating days	181	181	181	181	181	181	181	181	181	181	181	181
Rent	1,813,440	748,824	261,534	237,875	-	43,972	-	726,000	75,312	34,350	252,860	68,630
CAM	574,357	321,473	52,680	22,676	-	-	-	-	25,699	11,930	61,027	18,439
Parking revenue	64,397	48,935	4,320	5,468	-	2,160	-	-	8,729	1,760	10,131	2,334
Rent revenue - real estate	2,452,195	1,119,233	318,534	266,020	-	46,132	-	726,000	109,741	48,041	324,018	89,404
Utilities	149,512	103,768	27,008	20,729	-	-	-	-	8,398	3,487	39,260	11,662
Early-withdrawal penalties received	2,204	24	-	-	-	-	-	-	-	-	-	814
Other revenue	10,068	3,917	2,286	1,498	-	210	-	-	270	46	1,699	1,080
Other lease business revenue	161,785	107,709	29,294	22,228	-	210	-	-	8,668	3,533	40,959	13,557
Property leasing revenue	2,613,981	1,226,943	347,828	288,249	-	46,342	-	726,000	118,409	51,575	364,978	102,961
Property management fees	359,929	191,419	52,127	34,712	-	1,633	-	11,550	16,645	8,455	37,185	12,393
Commissions payment	5,123	-	-	826	-	-	-	-	554	701	-	1,388
Utilities	212,943	128,798	30,544	19,554	-	-	-	-	9,301	3,957	25,900	9,948
Real estate taxes	238,761	147,212	19,118	50,847	-	7,149	-	65,920	13,906	6,794	24,043	9,366
Insurance premiums	12,044	6,481	1,113	1,168	-	375	-	5,153	608	307	1,099	448
Repairs	65,927	21,342	8,548	4,231	-	905	-	-	346	1,041	2,110	1,838
Other lease business expenses	19,278	7,916	496	183	-	36	-	-	-	-	231	-
Property leasing expenses	914,007	503,171	111,948	111,525	-	10,099	-	82,625	41,363	21,258	90,570	35,384
NOI ( - )	1,699,974	723,771	235,879	176,723	8,296	36,242	82,265	643,374	77,046	30,316	274,408	67,577
NOI yield (Acquisition price basis) (p.a.)	4.9%	5.9%	6.2%	4.2%	0.7%	6.2%	5.9%	4.9%	4.7%	3.0%	5.1%	3.8%
Depreciation and amortization	453,418	258,027	40,046	58,094	13,407	5,764	18,870	111,737	22,461	12,216	38,752	17,679
Loss on retirement of noncurrent assets	2,579	-	96	-	6,199	-	-	-	670	-	-	-
Property leasing income	1,243,975	465,744	195,739	118,629	- 11,309	30,477	63,395	531,636	53,914	18,100	235,655	49,897
CAPEX	661,636	103,095	39,434	9,730	27,763	6,600	-	-	7,337	7,789	4,100	3,288

Notes:

1. Amounts of less than the nearest thousand yen are rounded down.
2. The data on the Midosuji MID Bldg. includes that of the adjoining land.
3. No detailed statement is made except for those on NOI, depreciation and amortization, and property leasing income when the consent for disclosure could not be obtained from tenant.



### **3. Business Results**

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# Occupancy Rate Breakdown by Property

Type	Property Name	Leasable Space (m <sup>2</sup> ) (Note 1)	7th Period Occupancy Rate as of Dec. 31, 2009 (%) (Note 2)	8th Period Occupancy Rate as of June 30, 2010 (%) (Note 2)	Difference - (points)	Breakdown			
						New Tenant Occupancy (m <sup>2</sup> )	Expansion of Leased Space by Existing Tenants (m <sup>2</sup> )	Cancellation (m <sup>2</sup> )	Decrease in Leased Space by Existing Tenants (m <sup>2</sup> )
Office Bldg.	Twin 21	82,401.43	94.6	94.7	0.1	3,242.29	-	- 2,842.41	- 277.47
	Matsushita IMP Bldg.	37,134.99	97.3	97.9	0.6	598.99	-	- 365.48	-
	Panasonic Denko Bldg.	12,684.52	100.0	100.0	-	-	-	-	-
	Midosuji MID Bldg.	10,461.32	84.4	88.5	4.1	433.12	-	-	-
	MID REIT Kyobashi Bldg.	4,833.88	100.0	100.0	-	4,833.88	-	- 5,098.10	-
	MID Imabashi Bldg.	4,279.70	91.5	100.0	8.5	203.82	158.16	-	-
	MID Midosujikawaramachi Bldg.	3,069.18	58.2	70.8	12.6	390.86	-	-	-
	Kitahama MID Bldg.	10,189.50	100.0	100.0	-	-	-	-	-
	MID Nishihommachi Bldg.	3,866.46	87.6	99.4	11.8	459.15	166.46	- 166.46	-
	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 3)	Office Bldg. Occupancy Rate	170,910.25	94.6	95.8	1.2	10,162.11	324.62	- 8,472.45	- 277.47
	Non-Office Bldg. Occupancy Rate	110,796.70	100.0	100.0	-	-	-	-	-
Portfolio Occupancy Rate (Note 3)		281,706.95	96.7	97.4	0.7	10,162.11	324.62	- 8,472.45	- 277.47

Decreased 264.22m<sup>2</sup> compared with the 7th Period due to conclusion of contracts with new tenants.

Notes:

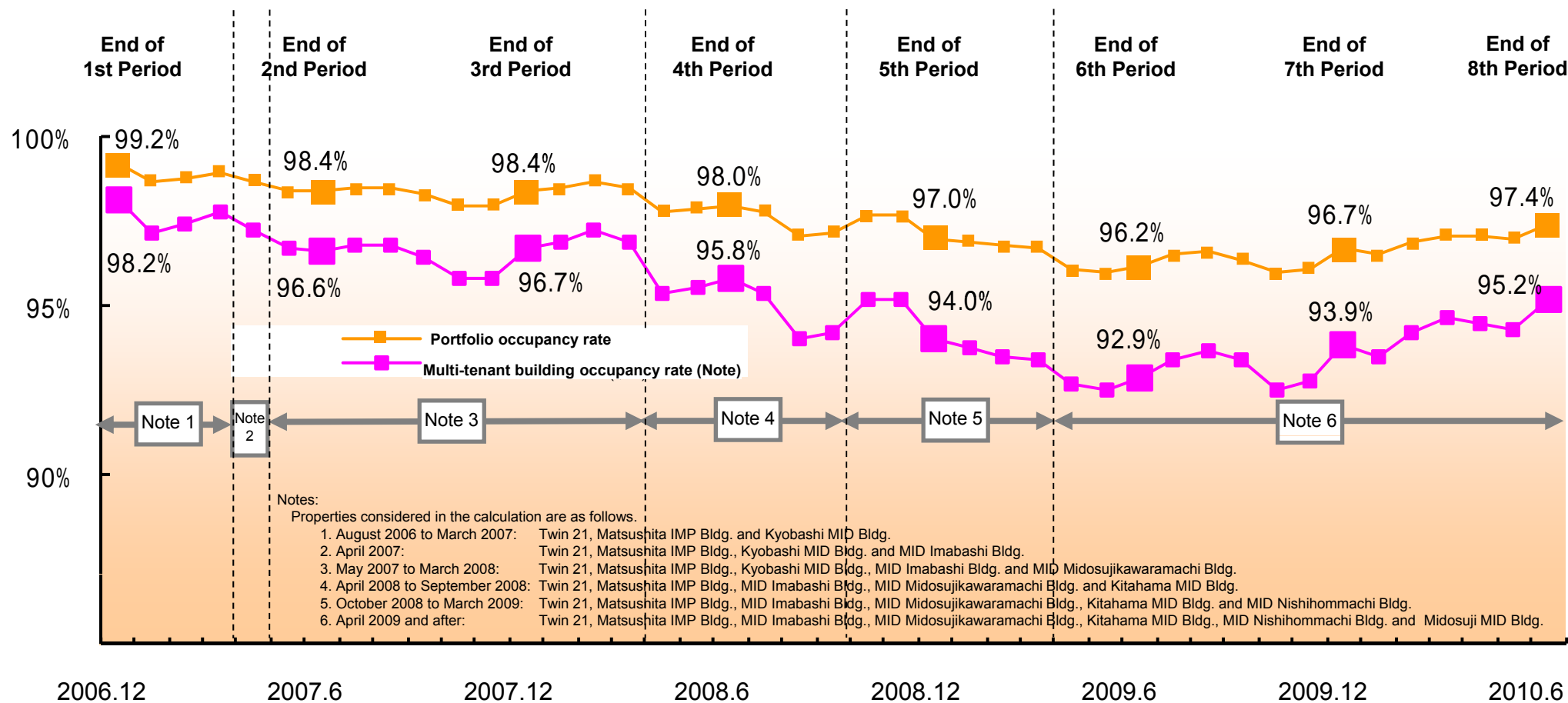
1. "Leasable Space" represent the total leasable floor space as of June 30, 2010. (Figures are for leasable units only and exclude the floor space for storage, halls, parking, etc. However, the leasable space of Konami Sports Club Kyobashi and AEON Tsudanuma Shopping Center include the floor space for common areas and parking, while the leasable space of the MID REIT Kyobashi Bldg. include the floor space for common areas, each of which is leased in its entirety to a sole tenant.)
2. "Occupancy rate" is presented as percentage figures, which are obtained by dividing the period-end leased space by the leasable space and rounded to the first decimal place.
3. Occupancy rate by type and portfolio occupancy rate are presented as percentages that are obtained by dividing the sum of the leased space of each group by the sum of the group's leasable space and rounded to the first decimal place.



# Changes in Occupancy Rates



## Changes in Occupancy Rates (End of 1st Period to End of 8th Period)





# Rent Revisions



Contract Renewals with Existing Tenants (Note 1)			Number of Tenants	Floor Space (m <sup>2</sup> )	Amount Difference (thousand yen) *Monthly amount × 6	Breakdown of Tenants
	Revision of Rent Amount	Upward revision	0	0	0	-
		Unchanged	95	25,981.36	0	Twin (office: 18; retail: 31); IMP (office: 8; retail: 20); Shibakanasugibashi: 1; Imabashi: 1; Kawaramachi: 3; Kitahama: 13
		Downward revision	10	3,656.49	- 15,410	Twin (office: 2; retail: 3); IMP (office: 2); Kitahama: 1; Nishihommachi: 2
	Total				- 15,410	-
Contract Modifications with Existing Tenants (Note 2)			Number of Tenants	Floor Space (m <sup>2</sup> )	Amount Difference (thousand yen) *Monthly amount × 6	Breakdown of Tenants
	Revision of Rent Amount	Upward revision	0	0	0	
		Unchanged	19	8,939.14	- 23,507	Twin (office: 5); IMP (office: 4; retail: 2); Imabashi: 5; Nishihommachi: 3
		Free-rent floors (Note 4)	1	40,787.33	- 331,769	Twin (office: 1) (Panasonic Tower)
	Total				- 355,275	-
New Contracts (Note 3)			Number of Tenants	Floor Space (m <sup>2</sup> )	Amount Difference (thousand yen) *Monthly amount × 6	Breakdown of Tenants
	Comparison of Rent Amount with Most Recent Unit Price (Note 5)	Up	3	1,198.67	3,673	Twin (office: 1); IMP (retail: 1); Midosuji: 1
		Same	1	53.18	0	IMP (retail: 1)
		Down (of which, MID REIT Kyobashi Bldg.)	15 (1)	9,234.88 (4,833.88)	- 67,700 (- 36,739)	Twin (office: 3; retail: 1); IMP (office: 1); Midosuji: 1; Kyobashi: 1; Imabashi: 2; Kawaramachi: 2; Nishommachi: 4
	Total				- 64,027	-

Notes:

- Based on contract renewals, etc. with tenants whose contracts expired during the 8th Period.
- Based on contract modifications with tenants whose contracts were active but were modified during the 8th Period.
- Based on contracts signed with new tenants during the 8th Period and contracts newly signed with existing tenants for larger floor space, etc. during the 8th Period.
- Floors exempt from payment of rent (free-rent floors) were set up upon the conclusion of a memorandum of change of lease contract on leased units with Panasonic Corporation. Please refer to the "Notice Regarding Conclusion of Memorandum to Change Lease Agreement on Leased Units with a Major Tenant" dated April 30, 2010 for details.
- 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.





## **4. Financial Conditions**

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# Details on Debt Financing (As of June 30, 2010)



## Breakdown of Debt Financing

Type	Lenders	Drawdown Date	Balance	Average Interest Rate (Note 1)	Repayment Date	Repayment Method	Use of Funds	Remarks
Short-term loans payable	Term loan (1 year) (Note 2) Shinsei Bank, Mitsubishi UFJ Trust and Banking	Aug. 31, 2009	5.5 billion yen	1.261%	Aug. 31, 2010	Bullet payment	(Note 4)	Unsecured Unguaranteed
Current portion of long-term loans payable	Term loan (4 years) (Note 2) (Note 3) Mizuho Corporate Bank, Sumitomo Trust & Banking, Sumitomo Mitsui Banking, Shinsei Bank, Resona Bank, Aozora Bank, Senshu Ikeda Bank	Aug. 31, 2006	20.0 billion yen	1.699%	Aug. 31, 2010	Bullet payment	(Note 4)	Unsecured Unguaranteed
	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)	Unsecured Unguaranteed
Long-term loans payable	Term loan (2 years and 11 months) (Note 2) (Note 3) Mizuho Corporate Bank, Sumitomo Trust & Banking, Sumitomo Mitsui Banking, Resona Bank, Aozora Bank, Shinkin Central Bank, Senshu Ikeda Bank	Aug. 29, 2008	17.8 billion yen	1.826%	July 31, 2011	Bullet payment	(Note 4)	Unsecured Unguaranteed
	Term loan (2 years and 11 months) (Note 2) Mizuho Corporate Bank, Sumitomo Trust & Banking, Sumitomo Mitsui Banking, Aozora Bank, Resona Bank, Mitsubishi UFJ Trust and Banking, Senshu Ikeda Bank	Aug. 31, 2009	14.5 billion yen	1.461%	July 31, 2012	Bullet payment	(Note 4)	Unsecured Unguaranteed
	Term loan (3 years and 3 months) (Note 2) Mizuho Corporate Bank, Sumitomo Trust & Banking, Sumitomo Mitsui Banking, Aozora Bank, Mitsubishi UFJ Trust and Banking, Shinkin Central Bank, Nishi-Nippon City Bank	Apr. 23, 2010	11.0 billion yen	1.248%	July 31, 2013	Bullet payment	(Note 4)	Unsecured Unguaranteed
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 trust beneficiary interests in real estate, etc.

## Acquisition of Rating

Rating Agency	Rating
Rating and Investment Information, Inc. (R&I)	Issuer rating: A (Negative)

## Shelf Registration for Issuance of Investment Corporation Bonds

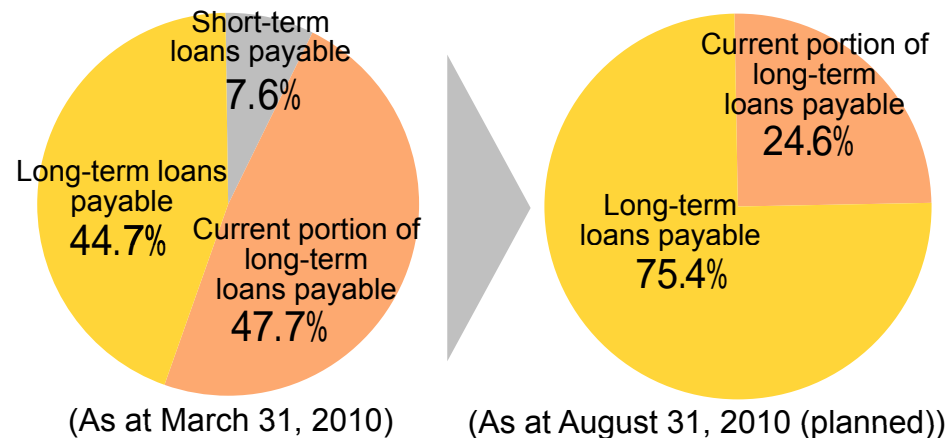
Overview of Shelf Registration Submitted	
Planned issue amount	100.0 billion yen
Registration date	November 6, 2009
Planned issue term	From November 15, 2009 to November 14, 2011

## Credit Line

Type	Lenders	Credit Line	Use of Funds
Basic credit line agreement	Mizuho Corporate Bank, Sumitomo Trust & Banking, Sumitomo Mitsui Banking, Shinsei Bank	10.0 billion yen	Future new asset acquisition and payment of related expenses

# Diversification of Debt Financing (Forecast on August 31, 2010)

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

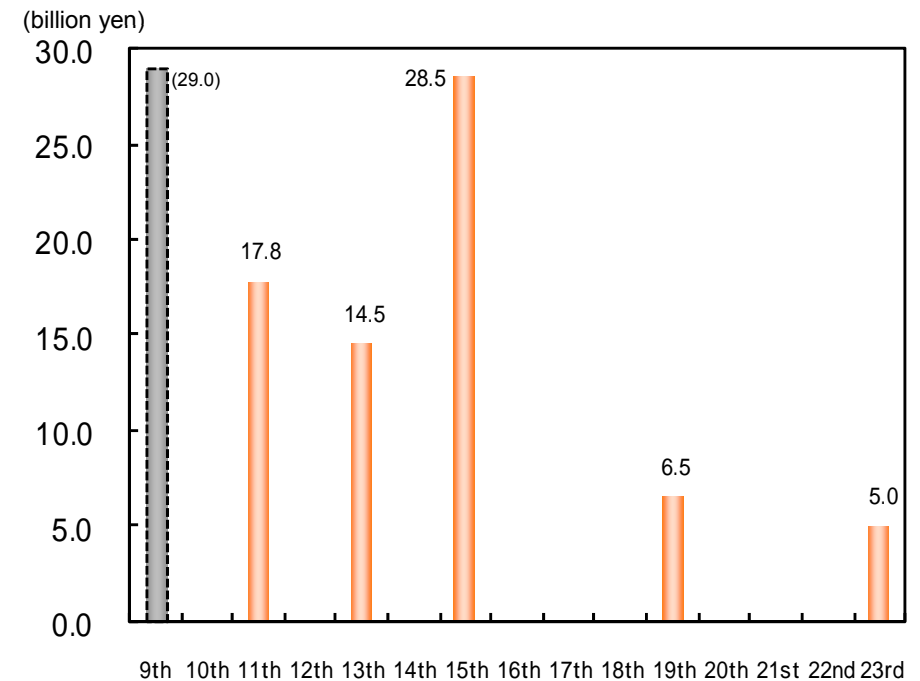


## Debt Financing of Each Bank

Lender	Balance (billion yen)
Mizuho Corporate Bank	120
Sumitomo Trust & Banking	100
Sumitomo Mitsui Banking	100
Aozora Bank	95
Resona Bank	67
Mitsubishi UFJ Trust and Banking	63
Shinkin Central Bank	53
Development Bank of Japan	50
Senshu Ikeda Bank	30
Nishi-Nippon City Bank	20
Hyakugo Bank	10
Minato Bank	10
Nanto Bank	5

New lenders from  
9th Period

## Diversification of Repayment Dates





## **5. Appraisal Values**

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# List of Appraisal Values



Type	Region	Property Name	Acquisition Price (million yen) (Note 1)	Appraisal Value at 7th Period End (million yen) (Note 2)	Book Value as of 8th Period End (million yen) (Note 3)	Appraisal Value at 8th Period End (million yen) (Note 2)	Difference from Acquisition Price (%)	Difference from Previous Period End (%)	Difference from Book Value (%)	Appraisal Company	7th Period Appraisal Value Rate (%) (Note 7)	8th Period Appraisal Value Rate (%) (Note 7)
Office Bldg.	Osaka area	Twin 21 (Note 4)	68,700	60,000	69,730	59,100	- 14.0	- 1.5	- 15.2	Morii Appraisal & Investment Consulting, Inc.	5.2	5.2
		Matsushita IMP Bldg.	24,600	20,700	24,403	20,100	- 18.3	- 2.9	- 17.6	Tanizawa Sogo Appraisal Co., Ltd.	5.5	5.5
		Panasonic Denko Bldg.	7,620	7,020	7,596	6,990	- 8.3	- 0.4	- 8.0	Morii Appraisal & Investment Consulting, Inc.	5.6	5.6
		Midosuji MID Bldg. (Notes 5 & 6)	8,290	7,930	9,085	7,440	- 10.3	- 6.2	- 18.1	Tanizawa Sogo Appraisal Co., Ltd.	4.8	4.9
		MID REIT Kyobashi Bldg.	2,300	1,170	2,251	1,190	- 48.3	1.7	- 47.1	Tanizawa Sogo Appraisal Co., Ltd.	6.1	6.1
		MID Imabashi Bldg.	3,270	2,630	3,365	2,480	- 24.2	- 5.7	- 26.3	Tanizawa Sogo Appraisal Co., Ltd.	5.5	5.5
		MID Midosujikawaramachi Bldg.	2,000	1,480	2,020	1,410	- 29.5	- 4.7	- 30.2	Tanizawa Sogo Appraisal Co., Ltd.	5.9	5.9
		Kitahama MID Bldg.	10,800	9,610	10,938	9,400	- 13.0	- 2.2	- 14.1	Japan Real Estate Institute	5.1	5.1
		MID Nishihommachi Bldg.	3,550	2,440	3,558	2,290	- 35.5	- 6.1	- 35.6	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	3.2	Tanizawa Sogo Appraisal Co., Ltd.	5.4	5.4
Subtotal			132,290	114,160	134,093	111,580	- 15.7	- 2.3	- 16.8	-	-	-
Non-Office Bldg.	Osaka area	Konami Sports Club Kyobashi	2,780	2,790	2,667	2,790	0.4	0	4.6	Daiwa Real Estate Appraisal Co., Ltd.	6.0	6.0
	Other major cities	AEON Tsudanuma Shopping Center	26,100	23,900	25,523	23,800	- 8.8	- 0.4	- 6.8	Daiwa Real Estate Appraisal Co., Ltd.	5.4	5.4
Subtotal			28,880	26,690	28,191	26,590	- 7.9	- 0.4	- 5.7	-	-	-
Total			161,170	140,850	162,285	138,170	- 14.3	- 1.9	- 14.9	-	-	-

Notes:

1. "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).
2. "Appraisal Value" is the appraisal value at the end of the fiscal period based on the appraisal report with June 30, 2010 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.
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.
4. Including the trust beneficiary interest of Twin 21 (partial ownership of leased land).
5. The acquisition price and the book value as of the end of the 8th Period for the Midosuji MID Bldg. include those of the land adjoining the Midosuji MID Bldg.
6. The appraisal value at the end of the 7th Period and the 8th Period for the Midosuji MID Bldg. factors in the land adjoining the Midosuji MID Bldg. as an integral part.
7. "Appraisal Value Rate" is the cap rate based on the direct capitalization method.





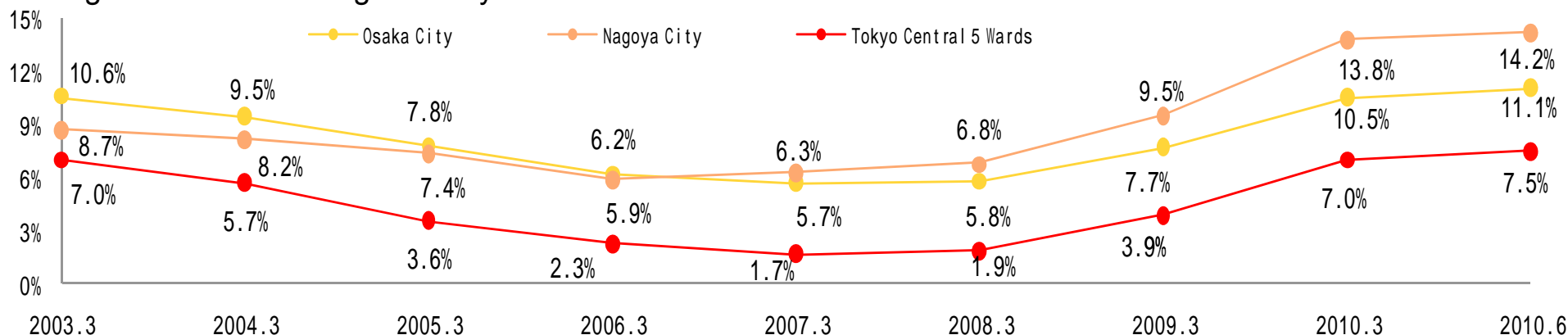
## **6. Market Trends**

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# Basic Market Data and Changes in Office Building Vacancy Rates



## Changes in Office Building Vacancy Rates



Notes:

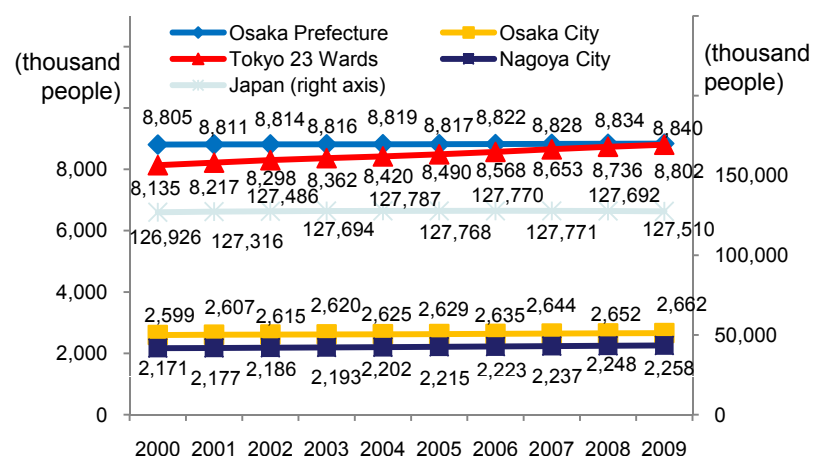
1. Osaka City refers to the 22 zones that are key office areas in Osaka, comprising of Yodoyabashi, Kitahama, Hommachi, Sakaisujihommachi, Temmanbashi, Tanimachi 4-chome, OBP, Shinsaibashi, Nagahoribashi, Namba, Higobashi, Nishihommachi, Yotsubashi, Umeda, Dojima/Nakanoshima, Nishitemma, Minamimorimachi/Higashitemma, Nakatsu, Fukushima, Shin-Osaka, Tennoji/Abeno, and Esaka.
2. Nagoya City refers to the 9 zones that are key office areas in Nagoya, comprising of Meieki, Meieki Nishi, Fushimi, Sakae, Marunouchi, Izumi/Takatake, Shin-Sakae, Kanayama and Chikusa.
3. Tokyo Central 5 Wards are Chiyoda Ward, Chuo Ward, Minato Ward, Shinjuku Ward and Shibuya Ward.

Source: CB Richard Ellis Research Institute K.K.

## Vacancy Rates of Each of the 22 Zones that are Osaka's Key Office Areas (As of End of June 2010)

Zone	Vacancy Rate	Zone	Vacancy Rate
Yodoyabashi	6.7%	Nishihommachi	11.3%
Kitahama	9.6%	Yotsubashi	12.4%
Hommachi	11.6%	Umeda	12.4%
Sakaisujihommachi	14.1%	Dojima/Nakanoshima	7.9%
Temmanbashi	8.2%	Nishitemma	9.7%
Tanimachi 4-chome	13.0%	Minamimorimachi/Higashitemma	9.9%
OBP	3.5%	Nakatsu	10.4%
Shinsaibashi	13.5%	Fukushima	7.5%
Nagahoribashi	13.0%	Shin-Osaka	12.2%
Namba	17.2%	Tennoji/Abeno	9.1%
Higobashi	13.5%	Esaka	13.8%

## Changes in Population



Source: Ministry of Internal Affairs and Communications, and prefectural and municipal governments



# New Supply of Office Buildings (1)

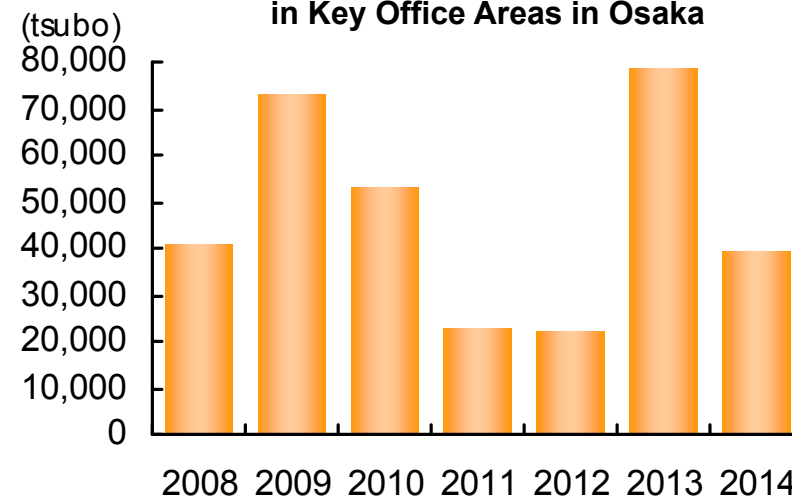


## New Office Building Construction Plans Commencing In or After 2010 (Key Office Areas in Osaka)

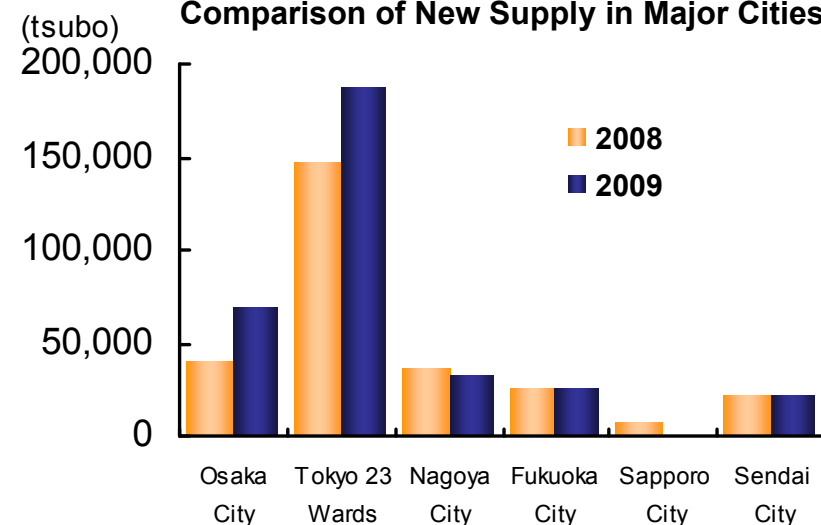
Completion	Leasable Space by Year		No.	Area	In tsubo; ( ) in m <sup>2</sup>	
					Leasable Space (plan)	
2010	53,100	(175,230)	1	Higobashi	1,400	(4,620)
			2	Umeda	3,500	(11,550)
			3	Dojima/Nakanoshima	3,000	(9,900)
			4	Sakaisujihommachi	2,400	(7,920)
			5	Umeda	4,800	(15,840)
			6	Umeda	21,000	(69,300)
			7	Hommachi	2,100	(6,930)
			8	Hommachi	5,100	(16,830)
			9	Umeda	9,800	(32,340)
2011	23,300	(76,890)	10	Hommachi	7,600	(25,080)
			11	Hommachi	8,900	(29,370)
			12	Umeda	6,800	(22,440)
2012	22,400	(73,920)	13	Dojima/Nakanoshima	17,600	(58,080)
2013	78,600	(259,380)	14	Shin-Osaka	4,800	(15,840)
			15	Dojima/Nakanoshima	6,600	(21,780)
			16	Umeda	30,000	(99,000)
2014	39,600	(130,680)	17	Umeda	42,000	(138,600)
			18	Tennoji/Abeno	18,800	(62,040)
			19	Dojima/Nakanoshima	20,800	(68,640)

Source: MID REIT Management Co., Ltd.

Changes in New Supply of Office Buildings in Key Office Areas in Osaka



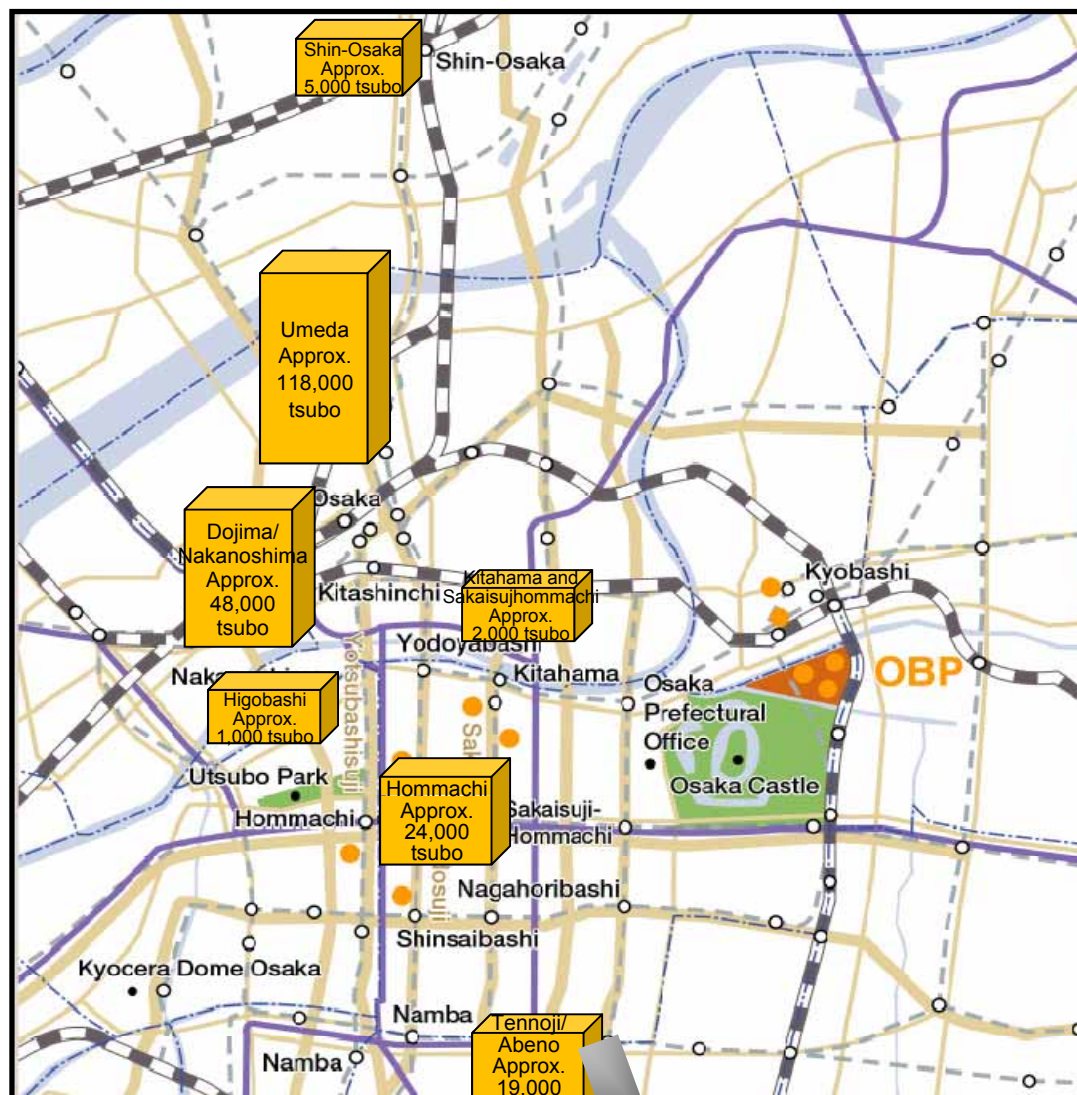
Comparison of New Supply in Major Cities





## New Supply of Office Buildings (2)

- New Office Building Construction Plans Commencing In or After 2010:
- New Supply of Leasable Space (Key Office Areas in Osaka) (Note)



Note:  
This map depicts the aggregate leasable space plans shown in the table on page 26.

Source: MID REIT Management Co., Ltd.

# Property Transaction Market Status

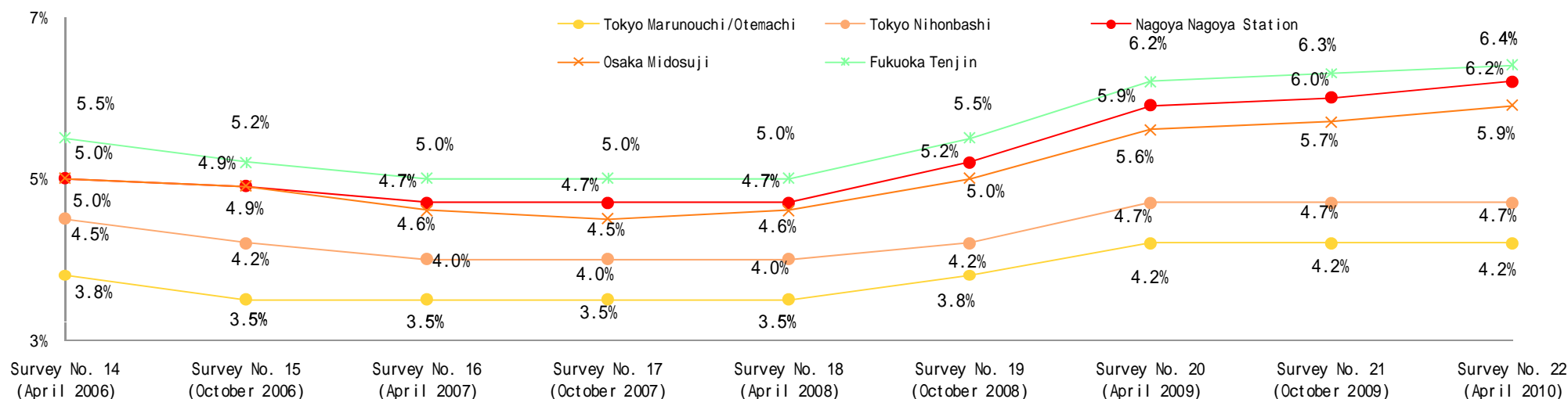
## Expected Cap Rate vs. Market Cap Rate

Expected Cap Rate and Market Cap Rate of Average-Sized Class A Office Building in Various Locations  
( ) shows previous survey data (as of October 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% (5.0%)	4.7% (4.7%)
Nagoya	Around Nagoya Station	6.4% (6.2%)	6.2% (6.0%)
Osaka	Midosuji Avenue	6.0% (6.0%)	5.9% (5.7%)
Fukuoka	Tenjin District	6.5% (6.5%)	6.4% (6.3%)

Source: Japan Real Estate Institute's "The Japanese Real Estate Investor Survey No. 22" (as of April 2010)

## 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>· Maintain and boost revenue by closely monitoring office market trends, strengthening the attracting of new tenants and strengthening relationships with existing tenants</li> <li>· Aim to enhance tenant satisfaction by conducting repairs and capital expenditures of appropriate content and at the right timing for safe and secure property management</li> <li>· Implement upgrading and renewal to energy-saving and CO<sub>2</sub>-saving equipment in light of the needs for a low-carbon society</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 upgrading, reflecting tenant satisfaction surveys, matters pointed out and requested by tenants, etc.</li> </ul>
Address energy and CO <sub>2</sub> savings	<ul style="list-style-type: none"> <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 9th Period: implement measures to conserve energy through renewal of lighting equipment in common areas, etc.)</li> </ul>

## Capital Expenditures (CAPEX)

### Actual Major CAPEX During 8th Period

Renewal of cooling towers (Twin 21)	283 million yen
Renewal of central monitoring board (Panasonic Denko Bldg.)	36 million yen
Upgrading of lighting equipment (MID REIT Kyobashi Bldg.)	21 million yen

### Major CAPEX Expected During 9th Period

Renewal of 400V switchboard control system (Twin 21)	60 million yen
Renewal of rooftop waterproofing (Panasonic Denko Bldg.)	30 million yen
Renewal of lighting equipment on lower floors (Matsushita IMP Bldg.)	24 million yen

## Internal Growth Strategy (2)

### Efforts to Attract Tenants and Promote Energy-Saving (Examples)

Twin 21 (Osaka)

Response to tenant needs that achieve the attracting of new tenants  
(conversion of underground parking space into storage space)



MID Midosujikawaramachi Bldg. (Osaka)

Replacement of lighting equipment, etc.  
aimed at promoting energy and CO<sub>2</sub> savings



MID Imabashi Bldg. (Osaka)

Renewal of common areas to boost property competitiveness



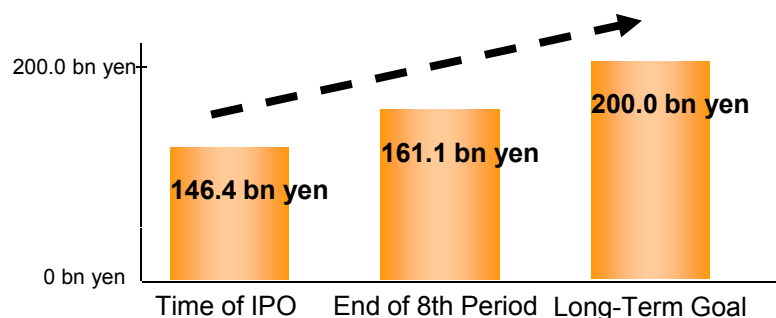
## Portfolio Building Policy

- 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

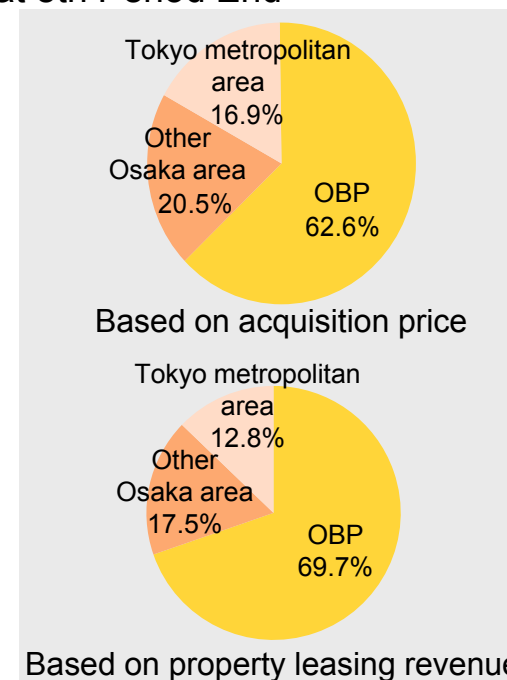
- Aim for 200 billion yen in asset size through such measures as acquiring competitive properties when they are relatively new
- Seek to lower concentration on the OBP to the 50~59% range (based on acquisition price)

Total Property Acquisition Price

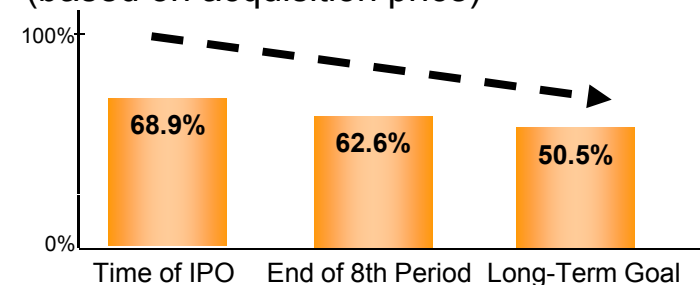


Note:  
The image shall not be construed as a guarantee of or a commitment to the abovementioned future growth, ease of concentration on the OBP, etc.  
With due consideration given to the current real estate market conditions, MID REIT is adhering to a conservative policy for new property acquisitions.

## Concentration on Regions and Tenants as at 8th 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 Bldg.	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	37,134.99	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.	Miyakojima-ku, Osaka	August 2006	2,300	1.4	February 2000	4,833.88	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	3,069.18	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	3,866.46	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 (10 properties)</b>			—	—	132,290	82.1	—	170,910.25	—
Non-Office Bldg.	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	—	281,706.95	2.8

Notes:

1. "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).
2. "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.
3. "Leasable Space" represent the total leasable floor space as of June 30, 2010. (Figures are for leasable units only and exclude the floor space for storage, halls, parking, etc. However, the leasable space of Konami Sports Club Kyobashi and AEON Tsudanuma Shopping Center include the floor space for common areas and parking, while the leasable space of the MID REIT Kyobashi Bldg. include the floor space for common areas, each of which is leased in its entirety to a sole tenant.)
4. Expressed as a percentage, "PML" indicates [total estimated loss for a building in proportion to an exceedance probability of 0.211% (reoccurrence period of once in 475 years)] ÷ [replacement cost]. The equation was calculated based upon the "Risk Curve" developed by Engineering Risk & Services Corporation and OYO RMS Corporation. The Risk Curve indicates the relationship between the total loss amount upon the occurrence of an earthquake and the annual exceedance probability. The total PML represents the PML for the entire portfolio. MID REIT has taken out earthquake insurance for all the portfolio properties presented above as of June 30, 2010.
5. Including the trust beneficiary interest of Twin 21 (partial ownership of leased land).
6. Including the land adjoining the Midosuji MID Bldg.
7. In addition to the assets listed in the table above, MID REIT acquired silent partnership interests in Sakura Dori MID Bldg.



# 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: 37,134.99m<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: 3,866.46m<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: 3,069.18m<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: 4,833.88m<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



# About Other Assets



## Silent Partnership Interests Overview

Silent partnership interests pertaining to a silent partnership operated by Sakura Dori Development LLC, the developer and owner of Sakura Dori MID Bldg.

### Overview of Sakura Dori MID Bldg.

Overview	
Location	3-23-20 Marunouchi, Naka-ku, Nagoya-shi (residential indication)
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
Space	Land 1,662.49m <sup>2</sup> (surface rights)
	Building 13,251.38m <sup>2</sup> (total floor space) 9,934.76m <sup>2</sup> (total leasable floor space)
Occupancy Rate	92.0% (as of June 30, 2010)



(Photograph)



(Map)

## Background

Nov. 2007	Decided to make an investment in Sakura Dori Development LLC, the developer of Sakura Dori MID Bldg. (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 and about 3% of the balance sheet)
	At the same time that construction of Sakura Dori MID Bldg. was completed, MID REIT obtained right of first refusal for property acquisition (for 6 months after construction completion)
Aug. 2009	Expiration of the period for right of first refusal for property acquisition
Mar. 2010	Sakura Dori Development LLC implemented refinancing upon the principal of its borrowings (senior loan) becoming due for repayment
	Change in part of the structure from contribution of a mezzanine loan for Sakura Dori Development LLC (Note)
	Even after the change in structure, MID REIT obtained certain negotiating rights for the acquisition of trust beneficiary interests in the Property

Note: The following is Sakura Dori Development LLC's balance sheet before and after the change.

Real estate Sakura Dori MID Bldg.	Senior loan
	Silent partnership interests
(Before change)	
Real estate Sakura Dori MID Bldg.	Senior loan
	Mezzanine loan
	Silent partnership interests
(After change)	



## **9. Appendix**

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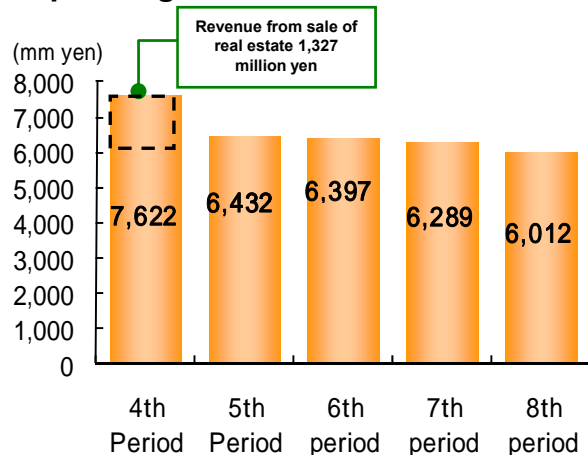


# Performance Trends



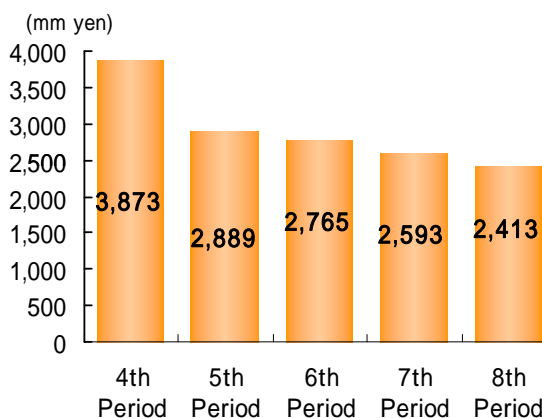
## Performance Trends (4th Period to 8th Period)

### Operating Revenue

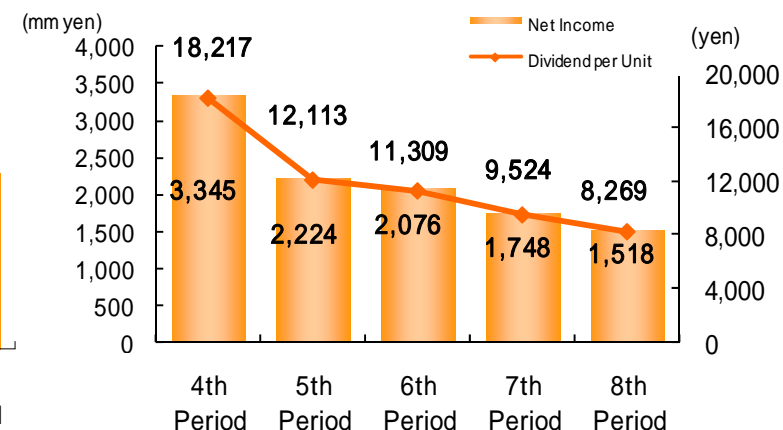


Note: The data for the 4th period includes revenue from sale of real estate, 1,327 million yen.

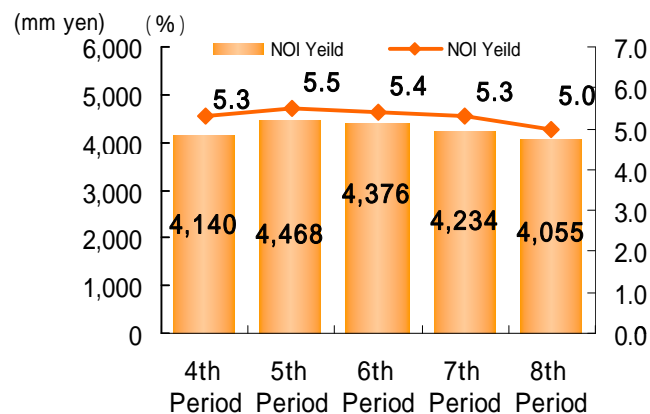
### Operating Income



### Net Income / Dividend per Unit

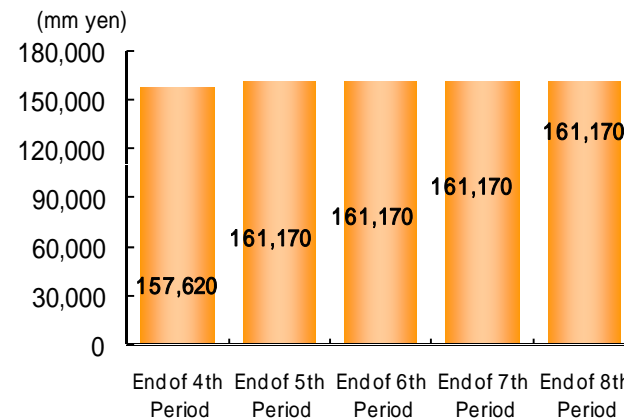


### NOI



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	7th Period Results (July 1, 2009 – Dec. 31, 2009)	8th Period Results (Jan. 1, 2010 – June 30, 2010)	Comments
Net operating days	184 days	181 days	-
NOI from property leasing	4,234 million yen	4,055 million yen	Property leasing income + Depreciation and amortization + Loss on retirement of noncurrent assets
NOI yield from property leasing (p.a.)	5.3%	5.0%	NOI from property leasing (annualized) ÷ Total acquisition price of portfolio properties (on an average daily balance basis)
Funds from operations (FFO)	2,789 million yen	2,578 million yen	Net income (excl. gain or loss on sales of real estate properties) + Depreciation and amortization + Loss on retirement of noncurrent assets
FFO per unit	15,191 yen	14,041 yen	FFO ÷ Total investment units issued and outstanding at end of period
Return on assets (ROA)	1.9%	1.7%	Ordinary income [annualized] ÷ {(Total assets at beginning of period + Total assets at end of period) ÷ 2}
Return on equity (ROE)	3.8%	3.3%	Net income [annualized] ÷ {(NAV at beginning of period + NAV at end of period) ÷ 2}
NAV per unit	501,682 yen	500,427 yen	NAV at end of period ÷ Total investment units issued and outstanding at end of period
Loan to value (LTV)	40.5%	40.8%	Interest-bearing liabilities at end of period ÷ Total assets at end of period
Debt service coverage ratio (DSCR)	5.8	5.6	Net income before interest and depreciation ÷ Interest expenses
Price book-value ratio (PBR)	0.4	0.3	Unit price at end of period ÷ NAV per unit
Price earnings ratio (PER)	10.4	10.3	Unit price at end of period ÷ Net income per unit [annualized]
FFO multiple	6.5	6.1	Unit price at end of period ÷ FFO per unit





# Tenant Trends (1)

## Overview of Key Tenants

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	Sept. 29, 2023	101,210.44	36.9
Panasonic Corporation	Electrical equipment	Twin 21	Mar. 31, 2013	40,956.60	14.9
Panasonic Electric Works Co., Ltd.	Electrical equipment	Panasonic Denko Bldg.	Mar. 31, 2012	12,684.52	4.6
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
MID Property Management Co., Ltd.	Real estate	Twin 21, Matsushita IMP Bldg. and Midosuji Bldg.	Mar. 31, 2014	4,965.52	1.8
NTT Kansai Shikoku Telephone Directory Co., Ltd.	Services	MID REIT Kyobashi Bldg.	Feb. 28, 2013	4,833.88	1.8
Asahi Breweries Co., Ltd.	Food	Matsushita IMP Bldg.	Mar. 31, 2012	4,531.23	1.7
CTI Engineering Co., Ltd. (Note 3)	Services	Kitahama MID Bldg.	-	4,077.50	1.5
Total				194,025.20	70.7

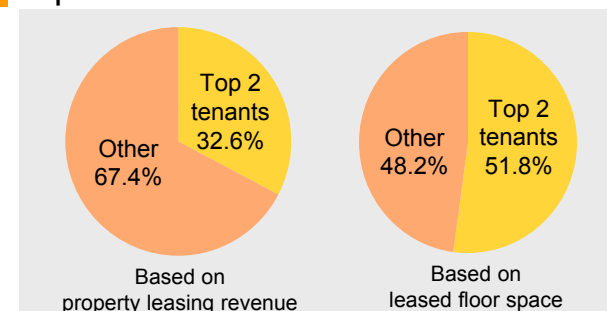
Notes:

1. The expiration date of the contract with the largest leased floor space is stated if there are multiple leasing contracts, etc.
2. 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.
3. No statement is made on the expiration date of the contract when the consent for disclosure could not be obtained from tenant.

### <Major Trends>

- Kumagai Gumi Co., Ltd. moved out upon expiration of its contract on February 28, 2010, and NTT Kansai Shikoku Telephone Directory Co., Ltd. moved in on March 1, 2010.
- A memorandum of change of lease contract on leased units was concluded with Panasonic Corporation, changing the contract period to expire on March 31, 2013.
- Human Resocia Co., Ltd. underwent a company split on July 1, 2010, resulting in a succession of its business by Human Academy Co., Ltd.
- Due to partial cancellation of leasing contracts, the leased floor space of Human Resocia Co., Ltd. is scheduled to be reduced to 4,643.59m<sup>2</sup> on March 31, 2011.

## Top Tenants' Share





# 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 ~ August 6, 2010)



## Unit Price Performance





## Unit Price Performance (2) (IPO ~ August 6, 2010)



### Price Comparison



Note:

The TSE REIT Index and TOPIX Real Estate (TPREAL) are shown with prices as of August 29, 2006 set as 100.

MID REIT's unit price is shown with the closing price of MID REIT's units on August 29, 2006 (on which MID REIT's units were publicly listed) set as 100.

MID REIT, Inc.



## Unit Price Performance (3) (January 4, 2010 ~ June 30, 2010)



### Price Comparison



Note:

MID REIT's unit price, the TSE REIT Index and TPREAL are shown with prices as of January 4, 2010 set as 100.

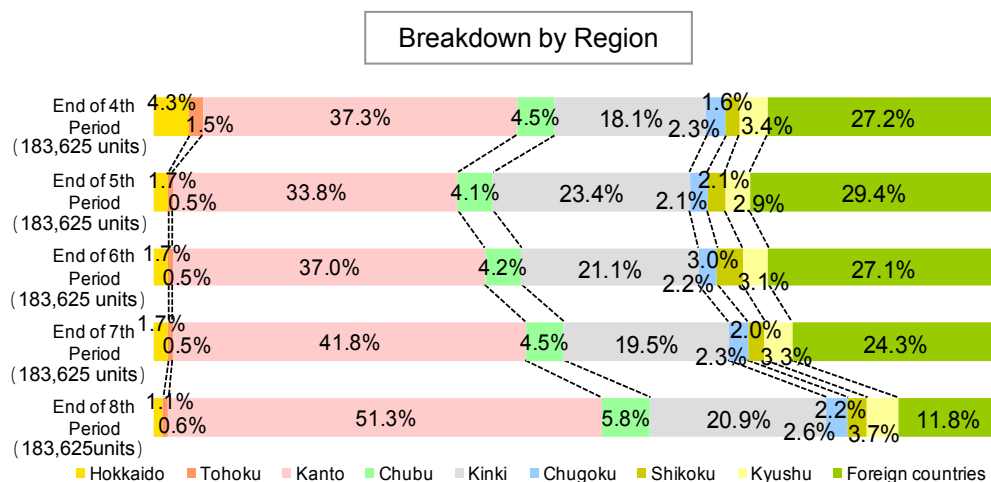
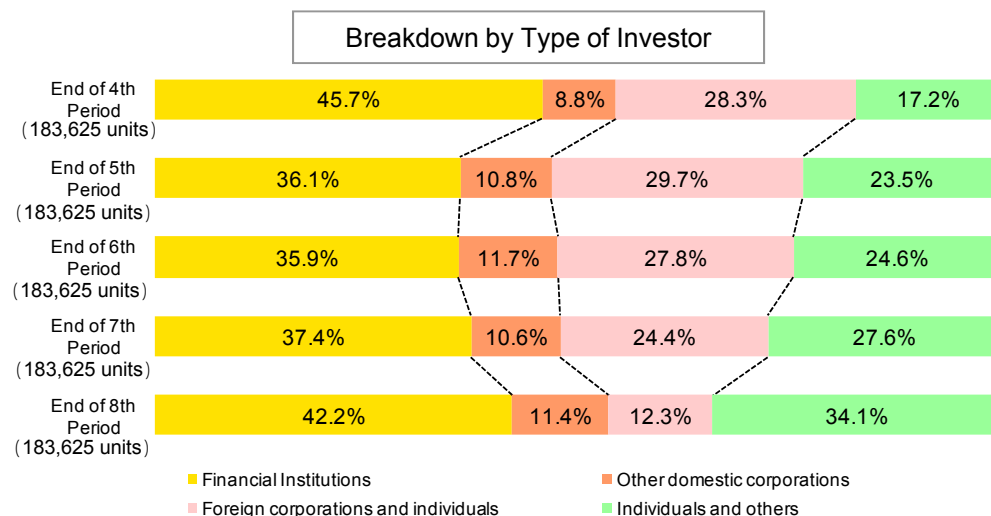


# Unitholder Details (1)

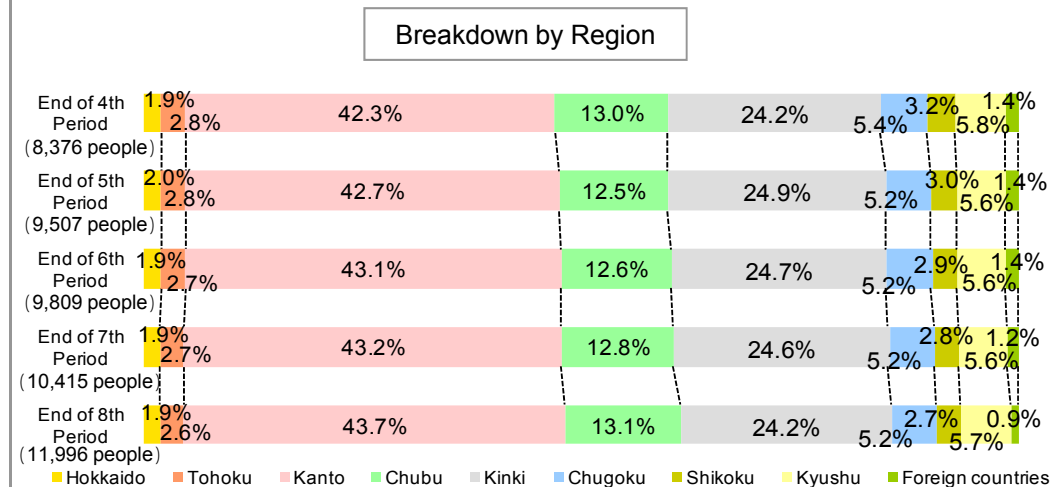
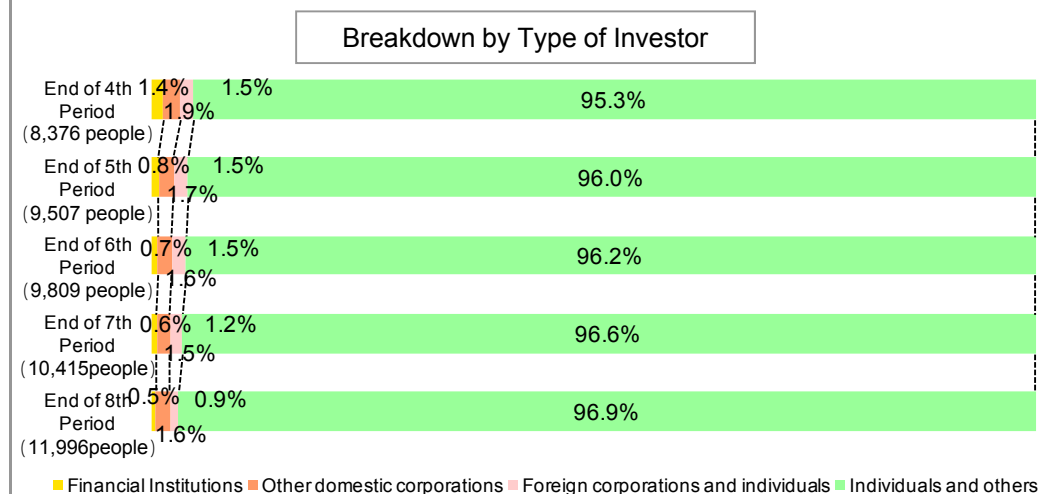


## Analysis of Investor Attributes

### Distribution of Number of Units Held



### Distribution of Number of Investors



Individual investors increased and the number of investors marked a record high



## Unitholder Details (2)



### Top 10 Unitholders (as of June 30, 2010)

Name	Number of units held	Ratio of units held to total units issued and outstanding (%)	Difference
Japan Trustee Services Bank, Ltd. (Trust Account)	16,124	8.78	6,143
NCT Trust and Banking Corporation (Investment Trust Account)	13,643	7.43	-1,243
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. (Investment Trust Account)	7,469	4.07	1,537
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,725	3.12	-84
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	5,337	2.91	2,183
Goldman Sachs and Company (Regular Account)	3,670	2.00	734
Goldman Sachs International	3,189	1.74	-6,746
Shikoku Railway Company	2,117	1.15	0
<b>Total</b>	<b>76,188</b>	<b>41.49</b>	<b>2,524</b>

Note: The ratio of units held to total units issued and outstanding are rounded off to two decimal places.

### Status of Large Unitholding Reports Submitted (as of August 6, 2010)

Submitter or name of joint unitholder	Number of units held	Ratio of units held to total units issued and 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
MID Urban Development Co., Ltd.	9,200	5.01	January 10, 2007

Notes:

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

### Holding of the Third General Meeting of Unitholders

Held on May 27, 2010 (Thursday), on which resolutions on the following items were adopted.

- 1st Agenda: Amendment of the Articles of Incorporation  
 2nd Agenda: Appointment of 1 Executive Director  
 (Appointment of Yukinobu Izumi)  
 3rd Agenda: Appointment of 1 Alternative Executive Director  
 (Appointment of Hirotaka Saito)  
 4th Agenda: Appointment of 2 Supervisory Directors  
 (Appointment of Haruo Kitamura and Naohiro Taniguchi)

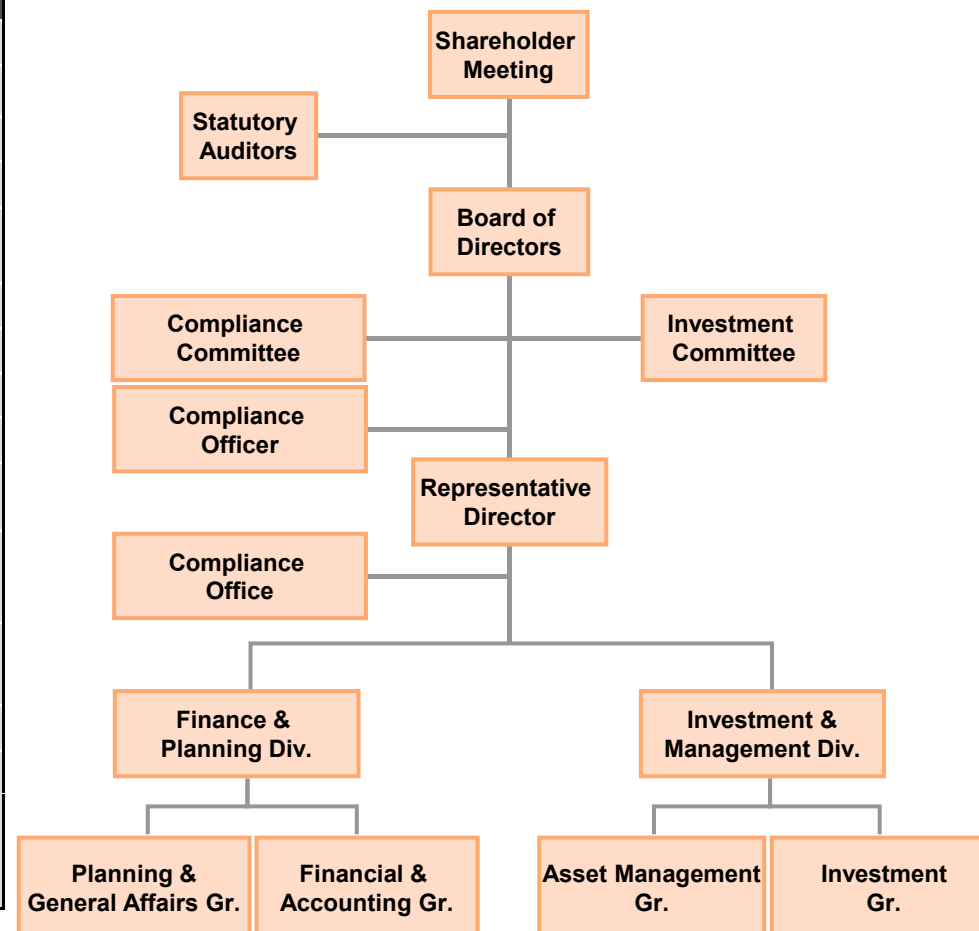
# Overview of Asset Management Company



## Company Overview

Company Overview (As of Aug. 1, 2010)		
Name	MID REIT Management Co., Ltd.	
Location	1-4-4 Dojimahama, Kita-ku, Osaka	
Establishment	September 1, 2005	
Capital	210 million yen	
Shareholder	MID Urban Development Co., Ltd. (consolidated subsidiary of The Kansai Electric Power Co., Inc.)	
No. of employees	29 (inclusive of 3 temporary workers)	
Officers	President & CEO	Nobuo Moroizumi
	Managing Director	Hiroataka Saito
	Director	Atsushi Izumitani
	Statutory Director	Noriyuki Iijima (Executive Officer, MID Urban Development Co., Ltd.)
	Statutory Director	Yoshitsugu Nojiri (Group Manager, Group Management and Planning, Group Strategy Division, The Kansai Electric Power Co., Inc.)
	Statutory Auditor	Atsushi Ishiguro (Director and Managing Executive Officer, MID Urban Development Co., Ltd.)
Business description	Investment management business	
Regulatory approval	Financial Instruments Firm (Director-General of Kinki Local Finance Bureau (Kinsho) Registration No. 43) Discretionary transaction agent license (Minister of Land, Infrastructure, Transport and Tourism 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., strengthening the cooperation system with our sponsor



# Checking System for Transactions with Sponsor Related Parties

## 《Transaction and Selection Criteria (Principles)》

<b>Property acquisition/disposal</b>	<ul style="list-style-type: none"> <li>Transaction has to comply with the following criteria: Acquisition price    Appraised value Appraised value    Disposal price</li> </ul>
<b>Property leasing</b>	<ul style="list-style-type: none"> <li>Leasing terms must be appropriately and fairly measured by prevailing market conditions</li> </ul>
<b>Sale/Leasing agent commissions</b>	<ul style="list-style-type: none"> <li>Commissions must be within limits set by the Building Lots and Building Transaction Business Law</li> </ul>
<b>Commissioning of property/building management</b>	<ul style="list-style-type: none"> <li>Examine comprehensively if company to be commissioned satisfies required conditions and terms, and if fee level is appropriate</li> </ul>
<b>Contracting of construction works (over 1 million yen)</b>	<ul style="list-style-type: none"> <li>Check that quotations are not notably different from quotations by third parties</li> </ul>

## 《Definition of Sponsor Related Parties》

- (a) Interested persons as defined by the Investment Trust Law
- (b) Major shareholders of the asset management company (major shareholders of financial instruments firms defined under the Financial Instruments and Exchange Law of Japan) and subsidiaries/affiliates of the major shareholders of the asset management company as defined by regulations for consolidated financial statements ("Regulation for Terminology, Forms and Preparation of Consolidated Financial Statements"; same hereafter) (excluding those applicable to (a))
- (c) Funds or corporate entities, associations, trusts and other similar organizations that entrust investment management (discretionary investment) operations or investment advisory operations to parties described in (a) and (b) above (hereafter collectively called "corporate entities, etc." (including specific purpose companies, limited liability companies and stock companies, etc. as defined in the Act on Securitization of Assets))
- (d) Corporate entities, etc. in which parties described in (a) and (b) above holds a majority stake and in cases where shares issued by parties described in (a) above are listed on the financial instruments exchange as defined by regulations for consolidated financial statements (excluding those applicable to (a) through (c))

## 《Decision-making Process》



### Notes:

- Those who have status as a board member of sponsor related parties (excl. employees on loan or employees after transfer to the asset management company) cannot join resolutions.
- An external expert (lawyer) is included in deliberations as a member.
- An external expert (real estate appraiser) is included in deliberations as a member.

**Strict transaction criteria and checking system in place for transactions with sponsor related parties**



(Asset Management Company)

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

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