



# **MID REIT, Inc. 9th Period Results**

(Ended December 31, 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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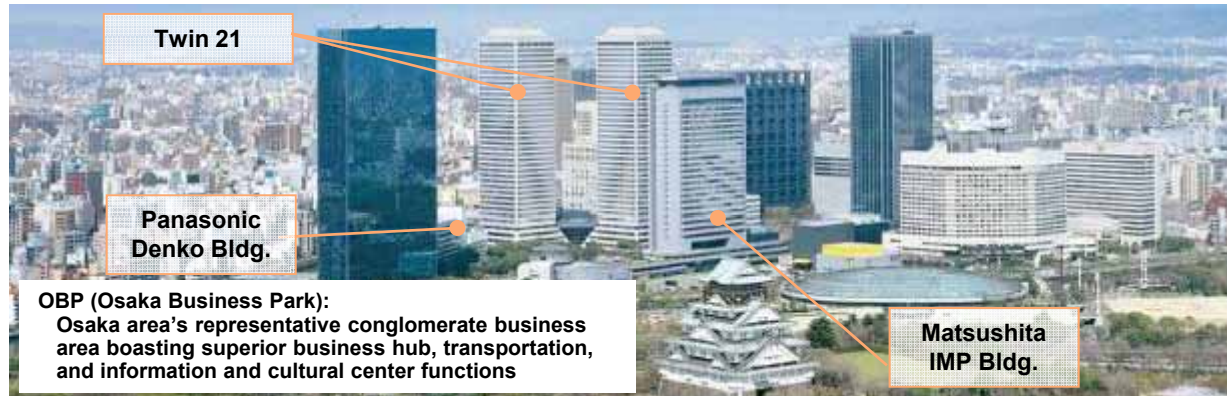
# About MID REIT



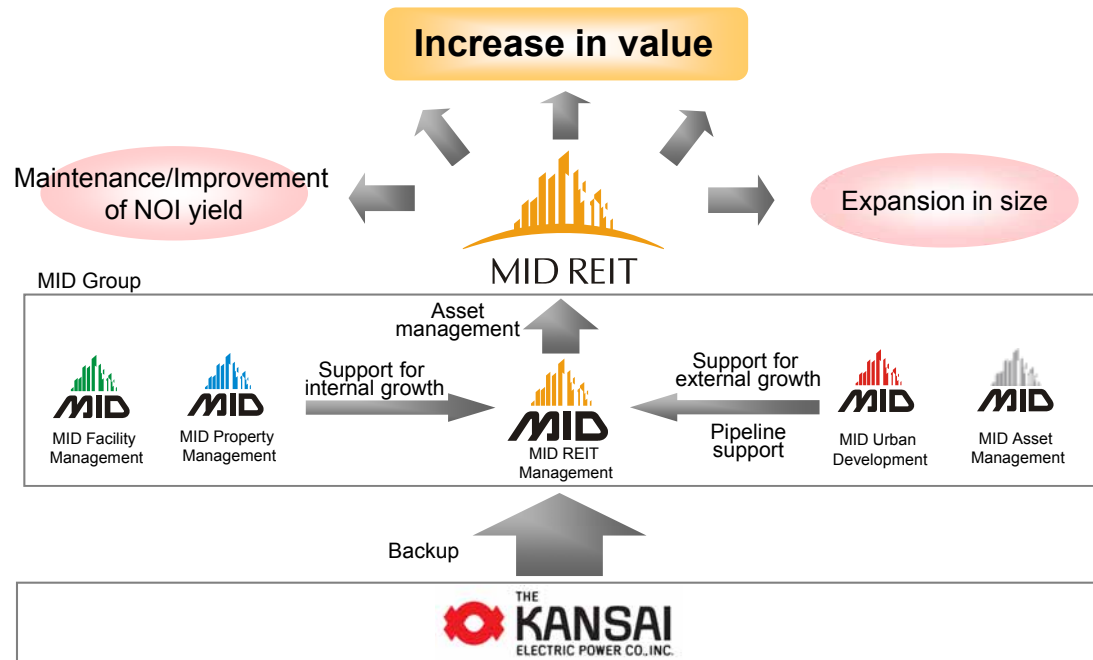
A REIT focusing on the Osaka area and office properties

- 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

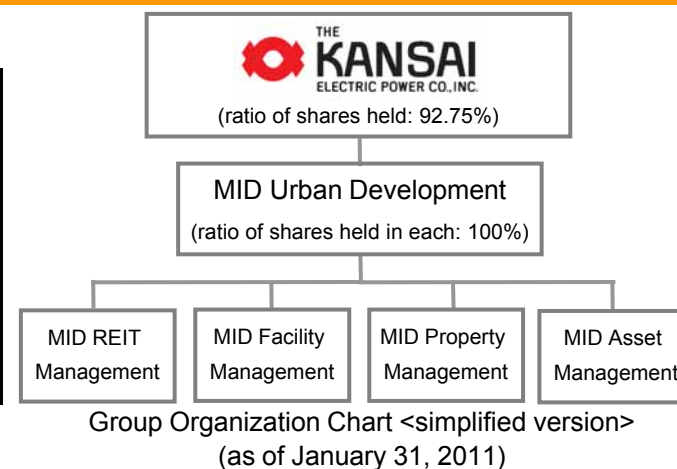


# About the Sponsor



## Outline of the Sponsor

Outline of MID Urban Development Co., Ltd. (as of January 31, 2011)	
Name	MID Urban Development Co., Ltd.
Representative	Ryoichi Hanai, President, Member of the Board (former Senior Corporate Auditor of The Kansai Electric Power Co., Inc.)
Principal businesses	Building business and housing business
Shareholder	The Kansai Electric Power Co., Inc. (ratio of shares held: 92.75%)
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.

### Improvement of finance environment

- Implemented the first refinancing since the MID Group became a consolidated subsidiary of The Kansai Electric Power Co., Inc. (March 2010)
  - ① Concluded several agreements all at once for refinancing of the 40.0 billion yen in loans due for repayment in 2010
  - ② Changed loan terms to long terms and added new lending banks
- Released security interests pertaining to existing debt financing and, as a result, all existing debt financing became unsecured debt financing (March 2010)
- Outlook of issuer rating acquired from Rating and Investment Information, Inc. (R&I) changed from A (Negative) to A (Stable) (September 2010)

### Improvement of business results

- Executed comprehensive basic agreement on discussing introduction of utility services with Kanden Energy Solution Co., Inc. as part of efforts to reduce facility life cycle costs, etc. (April 2010)
  - Realized use of services when installing additional power supply equipment at Twin 21 MID Tower (October 2010)
- Executed lease agreement on leased units with The Kansai Electric Power Co., Inc. for Twin 21 MID Tower (February 2011)

### Creation of long-term vision

- Executed agreement on promoting use of and discussing redevelopment of Osaka Business Park (OBP) (April 2010)
  - Parties to the agreement are Panasonic Corporation, The Kansai Electric Power Co., Inc., MID Urban Development Co., Ltd. and MID REIT Management Co., Ltd.



## **2. Financial Highlights**

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# 9th Period Financial Highlights



## Distributions

- Distribution per unit: **7,532 yen**

Compared to initial forecasts (as at Aug. 16, 2010) + 476 yen, or + 6.7%  
Compared to the 8th Period: - 737 yen, or - 8.9%

## Internal Growth

### Poured effort in maintaining occupancy rates

- In a situation in which rent of new contracts falls below rent of renewed contracts, occupancy rates remained robust as a result of efforts to prioritize tenant retention and measures to enhance tenant satisfaction levels
- Utilizing the direct leasing function of the property management company, promoted attracting an affiliated company of an anchor business of OBP
- Attracted a high-profile retail tenant (Matsumoto Kiyoshi Co., Ltd.) to the lower-floor retail space of Matsushita IMP Bldg.
- Promoted energy-saving and CO<sub>2</sub>-reduction efforts by installing energy-saving facilities and equipment and water-saving equipment
- Occupancy rate at end of period: **97.1%** (down 0.3 points compared to the 8th Period) and NOI yield from property leasing: **4.7%**

## 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

### Further stabilization of the financial base

- Succeeded in smooth refinancing of 29.0 billion yen
- Promoted fixing of interest rates by executing interest rate swap agreements and procuring funds at fixed interest rates
- Outlook of issuer rating acquired from Rating and Investment Information, Inc. (R&I) changed from A (Negative) to A (Stable)
- LTV ratio: 40.8% (Interest-bearing debt at end of period ÷ Total assets at end of period)





## 9th Period Business Results



Item	8th Period Results (Jan. 1, 2010 - June 30, 2010)	9th Period Results (July 1, 2010 - Dec. 31, 2010)	9th Period Initial Forecasts (Announced Aug. 16, 2010)	Comparison with 9th Period Initial Forecasts		Comparison with 8th Period Results	
				Amount Difference	Percentage Difference	Amount Difference	Percentage Difference
Net operating days	181	184	184	■ Decrease in rent of major tenant impacts entire year		-	-
Operating revenue (million yen)	6,012	5,879	5,847	31	0.5%	- 132	- 2.2%
Operating income (million yen)	2,413	2,156	2,110	46	2.2%	- 256	- 10.6%
Ordinary income (million yen)	1,520	1,375	1,297	77	6.0%	- 144	- 9.5%
Net income (million yen)	1,518	1,383	1,295	87	6.7%	- 135	- 8.9%
Distribution per unit (yen)	8,269	7,532	7,056	476	6.7%	- 737	- 8.9%

■ Decrease in interest expenses

# 10th and 11th Period Forecasts



Item	9th Period Results (July 1, 2010 - Dec. 31, 2010)	10th Period Forecasts (Jan. 1, 2011 - June 30, 2011)	11th Period Forecasts (July 1, 2011 - Dec. 31, 2011)
Operating revenue (million yen)	5,879	5,770	5,833
Operating income (million yen)	2,156	2,080	2,056
Ordinary income (million yen)	1,375	1,332	1,326
Net income (million yen)	1,383	1,330	1,324
Distribution per unit (yen)	7,532	7,243	7,214
Preconditions			
Utilities (property leasing expenses) (million yen)	546	454	524
Costs, including property and city planning taxes, posted in the fiscal period (million yen)	604	604	604
Repairs (million yen)	148	163	178
Interest expenses (million yen)	536	516	521
Borrowing related expenses (million yen)	248	234	211
Portfolio occupancy rate at end of period (%)	97.1	97.4	98.3

## Primary Causes of Difference

	Primary Causes of Difference Between the 9th Period (Results) and 10th Period (Forecasts)	Primary Causes of Difference Between the 10th Period (Forecasts) and 11th Period (Forecasts)
Operating income	Rent revenue - real estate - 79 (Twin: - 25; IMP: - 35; Denko: - 20) Utilities - 93 (Twin: - 49; IMP: - 34)	Rent revenue - real estate 39 (IMP: 8; Kyobashi: 32) Utilities 71 (Twin: 34; IMP: 24)
Other	Non-operating expenses - 34 (Interest expenses: - 20 Borrowing related expenses: - 14)	Non-operating expenses - 18 (Interest expenses: 5 Borrowing related express: -22)

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 February 15, 2011. 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	8th Period (as of June 30, 2010)		9th Period (as of Dec. 31, 2010)		Difference	
	(thousand yen)	(%)	(thousand yen)	(%)	(thousand yen)	(%)
(ASSETS)						
Total Current Assets	14,066,994	7.9	14,253,339	8.0	186,344	1.3
Cash and deposits	8,561,292		8,568,061		6,769	
Cash and deposits in trust	5,312,807		5,494,640		181,832	
Operating accounts receivable	147,702		134,265		- 13,437	
Income taxes receivable	58		-		-58	
Prepaid expenses	45,101		56,339		11,238	
Deferred tax assets	31		32		1	
Total Noncurrent Assets	163,227,543	92.1	162,944,952	92.0	- 282,591	- 0.2
1. Property, plant and equipment						
Buildings in trust	59,789,983		60,354,289		- 466,596	
Accumulated depreciation	- 7,018,751		- 8,049,653		- 778	
Structures in trust	99,700		101,300		18,453	
Accumulated depreciation	- 5,618		- 7,997		- 362	- 18.4
Tools, furniture and fixtures in trust	270,472		307,653		- 3,429	
Accumulated depreciation	- 60,706		- 79,433		-	
Land in trust	109,210,052		109,210,052		-	
Total property, plant and equipment	162,285,132	91.5	161,836,211	91.3	- 448,921	- 0.3
2. Intangible assets						
Software	913		615		- 298	
Right of trademark	1,057		993		- 64	
Total intangible assets	1,971	0.0	1,608	0.0	- 362	- 18.4
3. Investments and other assets						
Investment securities	197,602		194,173		- 3,429	
Lease and guarantee deposits	10,000		10,000		-	
Long-term prepaid expenses	732,837		902,958		170,121	
Total investments and other assets	940,439	0.5	1,107,131	0.6	166,692	17.7
Total Assets	177,294,537	100.0	177,198,291	100.0	- 96,246	- 0.1

Description	8th Period (as of June 30, 2010)		9th Period (as of Dec. 31, 2010)		Difference	
	(thousand yen)	(%)	(thousand yen)	(%)	(thousand yen)	(%)
(LIABILITIES)						
Total Current Liabilities	31,028,115	17.5	20,226,855	11.4	- 10,801,259	- 34.8
Operating accounts payable	257,622		268,286		10,664	
Short-term loans payable	5,500,000		-		- 5,500,000	
Current portion of long-term loans payable	23,500,000		18,050,000		- 5,450,000	
Accounts payable - other	649,304		718,171		68,866	
Accrued expenses	106,717		160,458		53,741	
Distribution payable	18,458		16,172		- 2,285	
Income taxes payable	1,005		1,085		80	
Accrued consumption taxes	43,653		27,983		- 15,670	
Advances received	713,042		692,428		- 20,613	
Other	238,312		292,268		53,956	
Total Noncurrent Liabilities	54,375,341	30.7	65,215,672	36.8	10,840,330	19.9
Long-term loans payable	43,300,000		54,250,000		10,950,000	
Tenant leasehold and security deposits	8,987,165		8,899,891		- 87,273	
Tenant leasehold and security deposits in trust	2,088,176		2,065,781		- 22,395	
Total Liabilities	85,403,457	48.2	85,442,528	48.2	39,071	0.0
(NET ASSETS)						
Unitholders' Equity						
1. Unitholders' capital	90,372,613		90,372,613		-	
2. Surplus						
Unappropriated retained earnings (undisposed loss)	1,518,466		1,383,149		- 135,317	
Total surplus	1,518,466		1,383,149		- 135,317	
Total unitholders' equity	91,891,080		91,755,763		- 135,317	
Total Net Assets	91,891,080	51.8	91,755,763	51.8	- 135,317	- 0.1
Total Liabilities and Net Assets	177,294,537	100.0	177,198,291	100.0	- 96,246	- 0.1

Includes CAPEX accrued during the period: 621 million yen  
(see page 14 for details of properties)



# Income Statement



Description	8th Period (Jan. 1, 2010 – June 30, 2010)		9th Period (July 1, 2010 – Dec. 31, 2010)		Difference	
	(thousand yen)	(%)	(thousand yen)	(%)	(thousand yen)	(%)
1. Operating revenue						
Rent revenue - real estate	5,624,170		5,455,836			
Other lease business revenue	387,997		423,689			
Dividends distribution from silent partnership	147	6,012,315	-	5,879,525	- 132,789	- 2.2
2. Operating expenses						
Expenses related to rent business	3,016,313		3,151,278			
Asset management fee	437,032		427,470			
Asset custody fee	8,867		8,851			
Administrative service fees	47,409		45,124			
Directors' compensations	10,800		10,260			
Other operating expenses	78,529	3,598,951	79,678	3,722,663	123,711	3.4
Operating income		2,413,364		2,156,862	- 256,501	- 10.6
3. Non-operating income						
Interest income	3,520		2,895			
Reversal of distribution payable	6,207		1,404			
Other	50	9,778	0	4,300	- 5,477	- 56.0
4. Non-operating expenses						
Interest expenses	558,971		536,829			
Borrowing related expenses	343,746		248,610			
Other	382	903,099	382	785,821	- 177,278	- 13.0
Ordinary income		1,520,042		1,375,341	- 144,701	- 9.5
5. Extraordinary income						
Compensation income	-	-	9,400	9,400		0.2
Income before income taxes		1,520,042		1,384,741	- 135,301	- 8.9
Income taxes - current	1,649		1,664			
Income taxes - deferred	1	1,651	- 0	1,663	11	0.7
Net income		1,518,391		1,383,077	- 135,313	- 8.9
Retained earnings brought forward		75		71		
Unappropriated retained earnings (undisposed loss)		1,518,466		1,383,149	- 135,317	- 8.9

## Details of rent revenue - real estate

(thousand yen)

Rent	4,238,216
CAM	1,062,862
Parking revenue	154,757

## Details of expenses related to rent business

(thousand yen)

Property management fees	719,753
Utilities	546,663
Real estate taxes	604,176
Insurance premiums	29,940
Repairs	148,406
Depreciation and amortization	1,064,327
Loss on retirement of noncurrent assets	6,090
Other lease business expenses	31,920

# Cash Flow Statement



(thousand yen)

Description	8th Period (Jan. 1, 2010 – June 30, 2010)	9th Period (July 1, 2010 – Dec. 31, 2010)
Net cash provided by (used in) operating activities	2,737,293	2,362,741
Income before income taxes	1,520,042	1,384,741
Depreciation and amortization	1,050,478	1,064,327
Amortization of long-term prepaid expenses	220,626	240,428
Interest income	- 3,520	- 2,895
Interest expenses	558,971	536,829
Loss on retirement of noncurrent assets	9,545	6,090
Decrease (increase) in operating accounts receivable	- 1,869	13,437
Increase (decrease) in accrued consumption taxes	42,271	- 15,670
Increase (decrease) in operating accounts payable	- 6,116	10,664
Increase (decrease) in advances received	- 29,524	- 20,613
Decrease (increase) in prepaid expenses	117,215	- 11,238
Decrease (increase) in long-term prepaid expenses	- 126,315	- 410,550
Other	- 57,284	48,907
Subtotal	3,294,521	2,844,459
Interest income received	3,520	2,895
Interest expenses paid	- 559,215	- 483,088
Income taxes paid	- 1,533	- 1,524
Net cash provided by (used in) investing activities	- 1,801,248	- 640,600
Purchase of property, plant and equipment in trust	- 1,720,899	- 556,010
Proceeds from tenant leasehold and security deposits	261,317	70,798
Proceeds from tenant leasehold and security deposits in trust	269,668	61,261
Repayments of tenant leasehold and security deposits	- 350,017	- 145,851
Repayments of tenant leasehold and security deposits in trust	- 261,317	- 83,657
Proceeds from withdrawal of deposits in trust for tenant leasehold and security deposits in trust	-	12,858
Net cash provided by (used in) financing activities	- 1,754,916	- 1,520,680
Increase in short-term loans payable	-	- 5,500,000
Proceeds from long-term loans payable	11,000,000	29,000,000
Repayment of long-term loans payable	- 11,000,000	- 23,500,000
Dividends paid	- 1,754,916	- 1,520,680
Net increase (decrease) in cash and cash equivalents	- 818,871	201,460
Cash and cash equivalents at beginning of period	12,614,498	11,795,627
Cash and equivalents at end of period	11,795,627	11,997,087

# Cash Flows from Properties



(thousand yen)

	Twin 21	Matsushita IMP Bldg.	Panasonic Denko Bldg.	Midosuji MID Bldg.	MID REIT Kyobashi Bldg. (Note 2)	MID Shibakanasugibashi Bldg.	Konami Sports Club Kyobashi (Note 2)	AEON Tsudanuma Shopping Center	MID Imabashi Bldg.	MID Midosuji-kawaramachi Bldg.	Kitahama MID Bldg.	MID Nishihommachi Bldg.
Operating days	184	184	184	184	184	184	184	184	184	184	184	184
Rent	1,695,772	737,506	261,534	255,789	-	43,972	-	726,000	71,188	35,833	251,803	63,460
CAM	552,643	317,979	52,680	24,051	-	-	-	-	26,288	11,930	61,027	16,261
Parking revenue	63,430	55,080	4,320	5,961	-	2,160	-	-	7,816	1,760	10,131	2,538
Rent revenue - real estate	2,311,846	1,110,567	318,534	285,802	-	46,132	-	726,000	105,293	49,524	322,961	82,260
Utilities	154,283	115,721	30,479	25,227	-	-	-	-	9,242	4,899	44,195	14,079
Early-withdrawal penalties received	-	738	-	-	-	-	-	-	2,607	-	-	-
Other revenue	9,885	3,586	2,286	3,054	-	210	-	13	270	69	1,632	1,187
Other lease business revenue	164,169	120,046	32,765	28,281	-	210	-	13	12,119	4,968	45,828	15,267
① Property leasing revenue	2,476,015	1,230,613	351,299	314,084	-	46,342	-	726,013	117,413	54,492	368,789	97,527
Property management fees	352,181	192,621	52,787	34,118	-	1,407	-	11,859	16,018	7,794	37,332	11,590
Commissions payment	-	1,676	-	-	-	-	-	-	-	480	-	-
Utilities	270,766	161,379	33,624	23,352	-	-	-	-	10,277	5,027	30,354	11,880
Real estate taxes	238,795	147,141	19,467	52,511	-	7,305	-	66,890	14,163	6,835	24,240	9,542
Insurance premiums	12,087	6,512	1,118	1,178	-	380	-	5,222	610	310	1,103	451
Repairs	58,900	24,845	9,286	3,054	-	989	-	36,700	5,338	1,860	2,421	3,160
Other lease business expenses	18,880	9,299	640	475	-	-	-	-	-	5	462	-
② Property leasing expenses	951,611	543,476	116,926	114,690	-	10,082	-	120,672	46,408	22,313	95,913	36,624
③ NOI (① - ②)	1,524,403	687,136	234,373	199,393	- 7,467	36,259	82,262	605,340	71,004	32,179	272,876	60,902
NOI yield (Acquisition price basis) (p.a.)	4.4%	5.6%	6.2%	4.8%	- 0.6%	6.3%	5.9%	4.6%	4.3%	3.2%	5.1%	3.4%
④ Depreciation and amortization	465,255	256,557	41,908	58,904	13,540	5,979	18,862	111,754	22,528	12,214	39,035	17,786
⑤ Loss on retirement of noncurrent assets	1,628	462	952	71	-	421	-	-	-	2,553	-	-
⑥ Property leasing income (③ - ④ - ⑤)	1,057,518	430,117	191,511	140,418	- 21,007	29,858	63,399	493,585	48,475	17,411	233,840	43,116
CAPEX	392,833	146,166	37,530	24,720	-	1,380	-	1,635	9,423	3,870	980	2,960

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 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)	① 8th Period Occupancy Rate as of June 30, 2010 (%) (Note 2)	② 9th Period Occupancy Rate as of Dec. 31, 2010 (%) (Note 2)	Difference ② - ① (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	82,413.60	94.7	94.4	- 0.3	290.63	82.89	- 588.21	-
	Matsushita IMP Bldg.	37,134.99	97.9	96.6	- 1.3	495.49	-	- 982.45	-
	Panasonic Denko Bldg.	12,684.52	100.0	100.0	-	-	-	-	-
	Midosuji MID Bldg.	10,461.32	88.5	88.5	-	-	-	-	-
	MID REIT Kyobashi Bldg.	4,833.88	100.0	100.0	-	-	-	-	-
	MID Imabashi Bldg.	4,279.70	100.0	94.2	- 5.8	-	158.16	- 407.64	-
	MID Midosujikawaramachi Bldg.	3,092.36	70.8	81.6	10.8	350.56	-	-	-
	Kitahama MID Bldg.	10,189.50	100.0	100.0	-	-	-	-	-
	MID Nishihommachi Bldg.	3,868.61	99.4	91.4	- 8.0	-	26.86	- 334.53	-
	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	170,947.75	95.8	95.2	- 0.6	1,136.68	267.91	- 2,312.83	-
	Non-Office Bldg. Occupancy Rate	110,796.70	100.0	100.0	-	-	-	-	-
Portfolio Occupancy Rate (Note 3)		281,744.45	97.4	97.1	- 0.3	1,136.68	267.91	- 2,312.83	-

Notes:

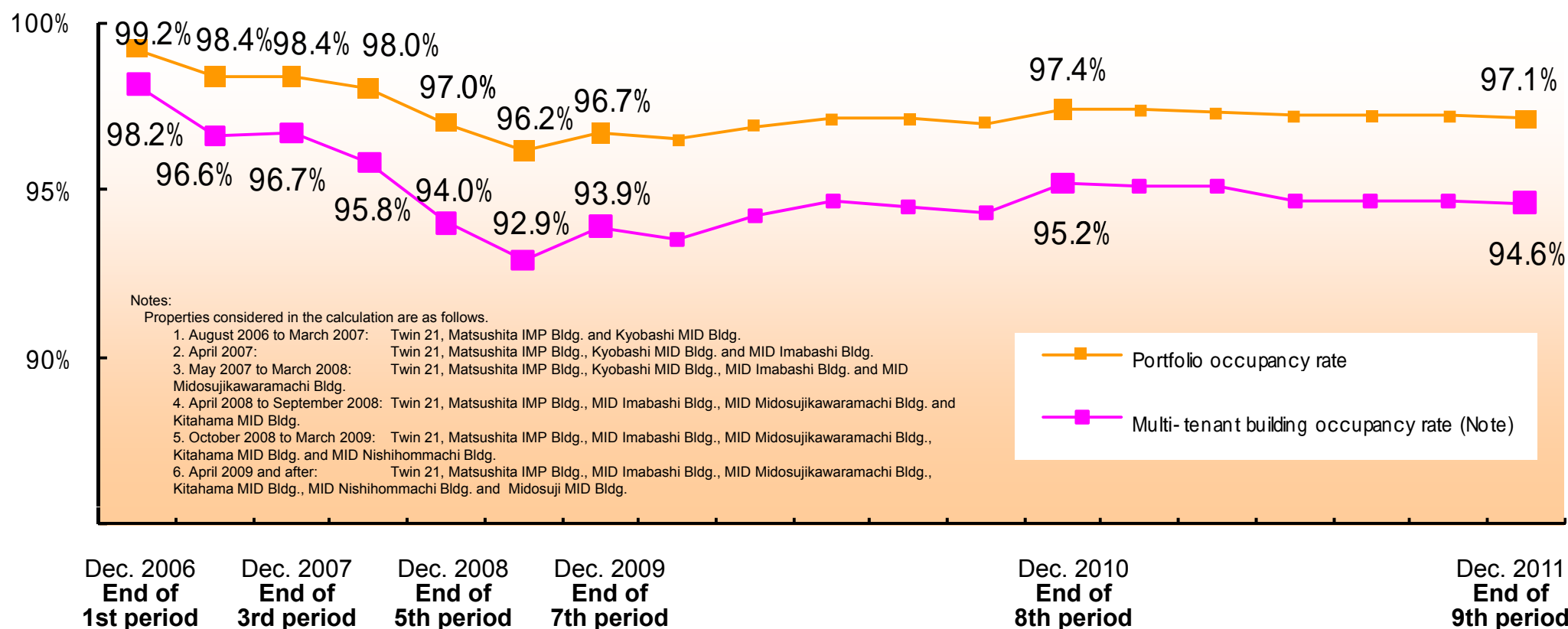
1. "Leasable Space" represent the total leasable floor space as of December 31, 2010. (Figures are for leasable units only and exclude the floor space for storage, halls, parking, etc. However, the leasable space of Konami Sports Club Kyobashi and AEON Tsudanuma Shopping Center include the floor space 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 9th Period)





# Rent Revisions



<b>Contract Renewals with Existing Tenants</b> (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	19	10,147.02	0	Twin (office: 6); IMP (office: 5; retail 2); Imabashi: 5; Kitahama: 1
		Downward revision	0	0	0	-
					0	-
<b>Contract Modifications with Existing Tenants</b> (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	-
		Downward	13	9,865.24	- 28,191	Twin (office 6); IMP (office 4); Imabashi: 2; Nishihonmachi: 1
	Total				- 28,191	-
<b>New Contracts</b> (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 4)	Up	2	331.57	1,051	IMP (office 1; retail 1)
		Same	1	216.31	0	Twin (office 1)
		Down	6	692.75	- 5,067	Twin (office 1; retail 1); Imabashi: 1; Kawaramachi: 2; Nishihonmachi: 1
	Total				- 4,016	-

Notes:

1. Based on contract renewals, etc. with tenants whose contracts expired during the 9th Period.
2. Based on contract modifications with tenants whose contracts were active but were modified during the 9th Period.
3. Based on contracts signed with new tenants during the 9th Period and contracts newly signed with existing tenants for larger floor space, etc. during the 9th 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.



## **4. Financial Conditions**

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# Details on Debt Financing



## Breakdown of Debt Financing

Type	Lenders		Drawdown Date	Balance	Average Interest Rate (Note 1)	Repayment Date	Repayment Method	Use of Funds	Remarks
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 5)	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	1.372%	July 31, 2012	Bullet payment	(Note 5)	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, The Nishi-Nippon City Bank, Ltd.	Apr. 23, 2010	11 billion yen	1.177%	July 31, 2013	Bullet payment	(Note 5)	Unsecured Unguaranteed
	Term loan (2 years and 11 months) (Note 2) (Note 3)	Mizuho Corporate Bank, Sumitomo Trust & Banking, Sumitomo Mitsui Banking, Aozora Bank, Mitsubishi UFJ Trust and Banking, Senshu Ikeda Ban, Hyakugo Bank, Minato Bank	Aug. 31, 2010	17.5 billion yen	1.142%	July 31, 2013	Bullet payment	(Note 5)	Unsecured Unguaranteed
	Term loan (4 years and 11 months) (Note 2) (Note 3)	Mizuho Corporate Bank, Resona Bank, Shinkin Central Bank, Nanto Bank	Aug. 31, 2010	6.5 billion yen	1.447%	July 31, 2015	Bullet payment	(Note 5)	Unsecured Unguaranteed
	Term loan (6 years and 11 months) (Note 4)	Development Bank of Japan	Aug. 31, 2010	5.0 billion yen	1.795%	July 31, 2017	125 million yen every 6 months (end of January and July) 3,375 million yen on final principal repayment date	(Note 5)	Unsecured Unguaranteed
Total				72.3 billion yen					

### Notes:

1. Average interest rates are weighted average interest rates for the period and rounded to three decimal places. For loans which were hedged against interest rate fluctuation risks through interest rate swaps, interest rates are weighted average interest rates that reflect such swaps. For loans with fixed interest rates, interest rates are fixed interest rates.
2. Loans are co-financed by the banks in the list.
3. Loans are hedged against interest fluctuation risks through interest rate swaps.
4. Interest rates are fixed.
5. 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 (Stable)

## 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

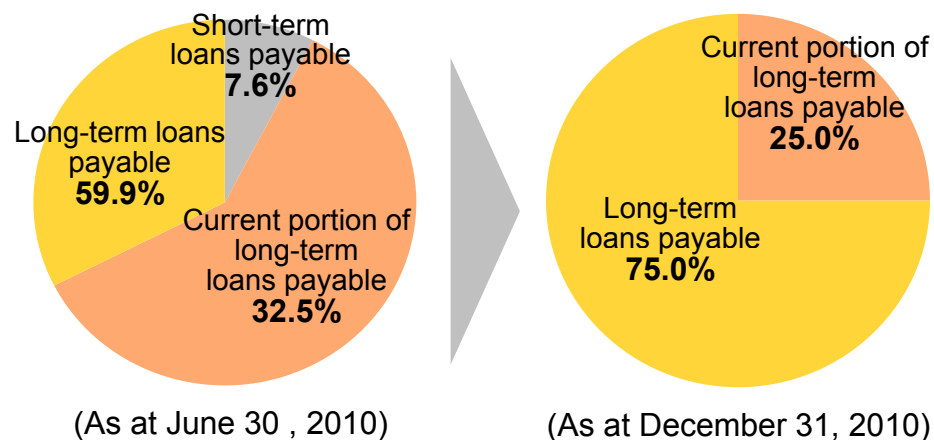
Type	Lenders	Credit Line	Use of Funds
Basic credit line agreement	Mizuho Corporate Bank, Sumitomo Trust & Banking, Sumitomo Mitsui Banking,	10.0 billion yen	Future new asset acquisition and payment of related expenses





# Diversification of Debt Financing

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

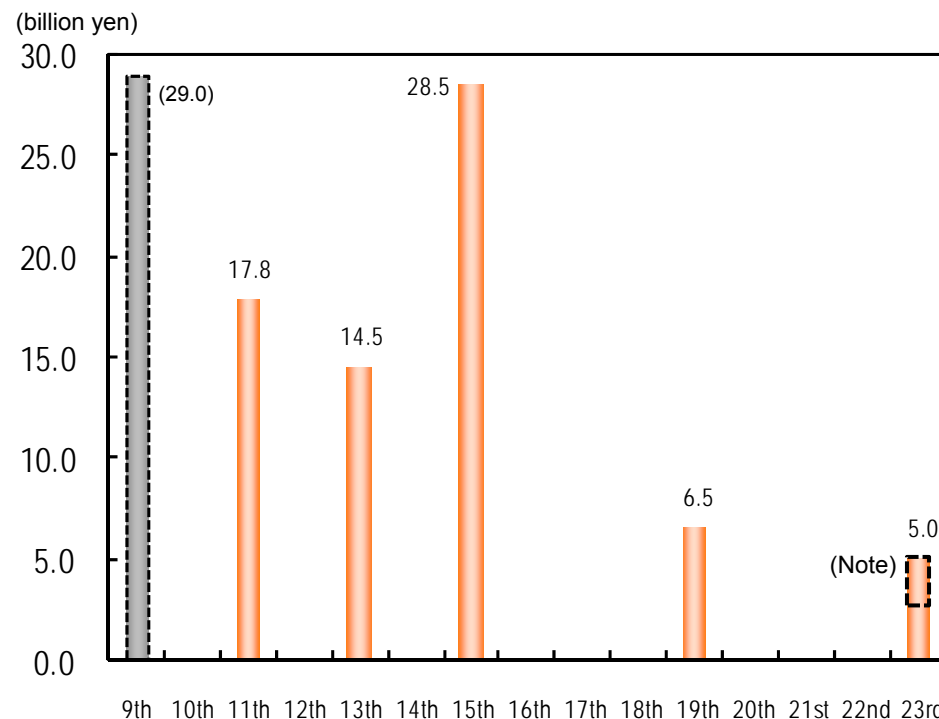


## Debt Financing of Each Bank

Lender	Balance
Mizuho Corporate Bank	12.0
Sumitomo Trust & Banking	10.0
Sumitomo Mitsui Banking	10.0
Aozora Bank	9.5
Resona Bank	6.7
Mitsubishi UFJ Trust and Banking	6.3
Shinkin Central Bank	5.3
Development Bank of Japan	5.0
Senshu Ikeda Bank	3.0
Nishi-Nippon City Bank	2.0
Hyakugo Bank	1.0
Minato Bank	1.0
Nanto Bank	0.5

New lenders from 9th Period

## Diversification of Repayment Dates



### Notes:

The 5.0 billion yen due for repayment in the 23rd Period will be repaid as follows:

1. Repayment dates: The first repayment shall be January 31, 2011, followed by subsequent repayments on the last day of January and July of each year, with the final repayment on July 31, 2017 (Should said date not fall on a business day, the effective date will be the first business day following said date. If this following business day falls into the next month, the effective date will be the business day immediately prior to said date.)
2. Repayment method: From January 31, 2011 to last day of January 2017

Repayments of 125 million yen each time  
On July 31, 2017 Repayment of 3,375 million yen



## **5. Appraisal Values**

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# List of Appraisal Values



Type	Region	Property Name	Acquisition Price (million yen) (Note 1)	Appraisal Value at 8th Period End (million yen) (Note 2)	Book Value as of 9th Period End (million yen) (Note 3)	Appraisal Value at 9th Period End (million yen) (Note 2)	Difference from Acquisition Price (%)	Difference from Previous Period End (%)	Difference from Book Value (%)	Appraisal Company	8th Period Appraisal Value Rate (%) (Note 5)	9th Period Appraisal Value Rate (%) (Note 5)
Office Bldg.	Osaka area	Twin 21 (Note 4)	68,700	59,100	69,656	59,100	- 14.0	0	- 15.2	Morii Appraisal & Investment Consulting, Inc.	5.2	5.2
		Matsushita IMP Bldg.	24,600	20,100	24,292	20,400	- 17.1	1.5	- 16.0	Tanizawa Sogo Appraisal Co., Ltd.	5.5	5.5
		Panasonic Denko Bldg.	7,620	6,990	7,591	6,750	- 11.4	- 3.4	- 11.1	Morii Appraisal & Investment Consulting, Inc.	5.6	5.6
		Midosuji MID Bldg.	8,290	7,440	9,051	7,220	- 12.9	- 3.0	- 20.2	Tanizawa Sogo Appraisal Co., Ltd.	4.9	4.9
		MID REIT Kyobashi Bldg.	2,300	1,190	2,238	1,230	- 46.5	3.4	- 45.0	Tanizawa Sogo Appraisal Co., Ltd.	6.1	6.1
		MID Imabashi Bldg.	3,270	2,480	3,352	2,390	- 26.9	- 3.6	- 28.7	Tanizawa Sogo Appraisal Co., Ltd.	5.5	5.5
		MID Midosujikawaramachi Bldg.	2,000	1,410	2,009	1,360	- 32.0	- 3.5	- 32.3	Tanizawa Sogo Appraisal Co., Ltd.	5.9	5.9
		Kitahama MID Bldg.	10,800	9,400	10,900	9,270	- 14.2	- 1.4	- 15.0	Japan Real Estate Institute	5.1	5.1
		MID Nishihommachi Bldg.	3,550	2,290	3,543	2,240	- 36.9	- 2.2	- 36.8	Japan Real Estate Institute	5.4	5.4
	Other major cities	MID Shibakanasugibashi Bldg.	1,160	1,180	1,138	1,180	1.7	0	3.6	Tanizawa Sogo Appraisal Co., Ltd.	5.4	5.4
Subtotal			132,290	111,580	133,773	111,140	- 16.0	- 0.4	- 16.9	-	-	-
Non-Office Bldg.	Osaka area	Konami Sports Club Kyobashi	2,780	2,790	2,649	2,780	0	- 0.4	5.0	Daiwa Real Estate Appraisal Co., Ltd.	6.0	6.0
	Other major cities	AEON Tsudanuma Shopping Center	26,100	23,800	25,414	23,700	- 9.2	- 0.4	- 6.7	Daiwa Real Estate Appraisal Co., Ltd.	5.4	5.4
Subtotal			28,880	26,590	28,062	26,480	- 8.3	- 0.4	- 5.6	-	-	-
Total			161,170	138,170	161,836	137,620	- 14.6	- 0.4	- 15.0	-	-	-

## 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 December 31, 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. "Appraisal Value Rate" is the cap rate based on the direct capitalization method.

**Degree of decrease compared to end of previous period smaller than at its peak (5th~6th Periods: -7.4%)**



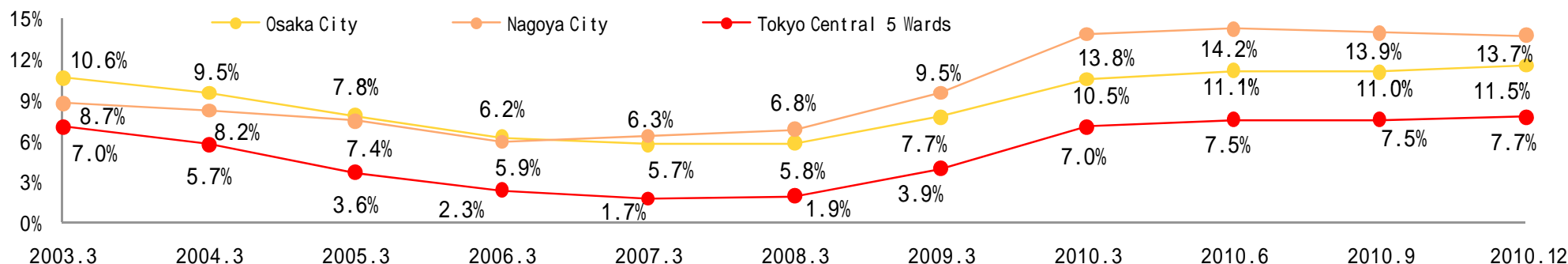
## **6. Market Trends**

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# Basic Market Data



## Changes in Office Building Vacancy Rates



Notes:

1. Osaka City refers to the 22 zones that are key office areas in Osaka, comprised of Yodoyabashi, Kitahama, Hommachi, Sakaisujihommachi, Temmabashi, 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, comprised 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.

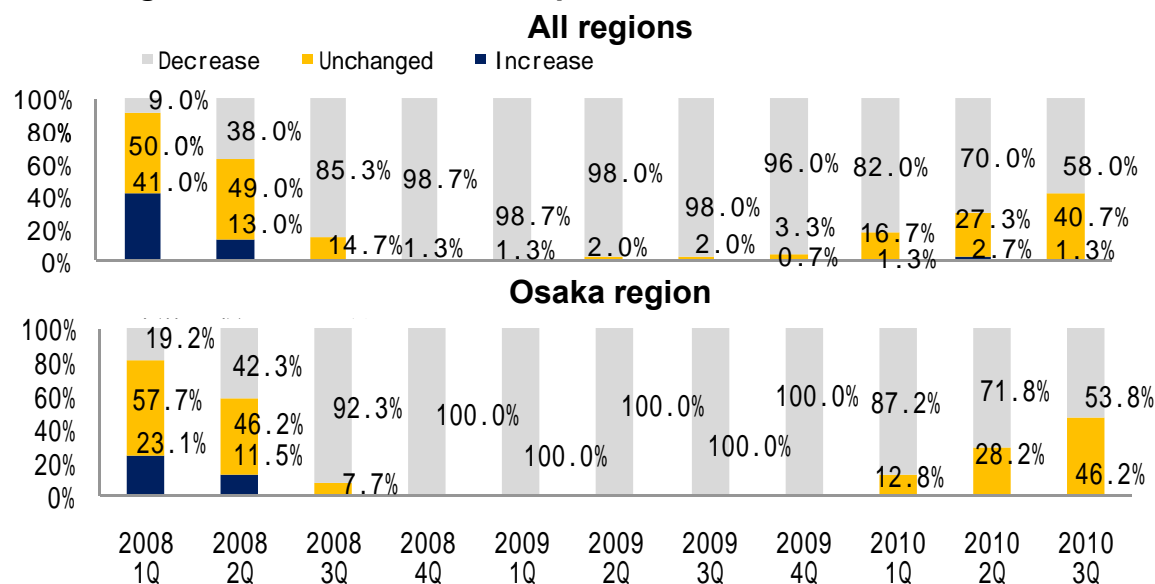
Source: CB Richard Ellis

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

Zone	Vacancy Rate	Zone	Vacancy Rate
Yodoyabashi	7.2%	Nishihommachi	10.3%
Kitahama	10.6%	Yotsubashi	11.6%
Hommachi	11.4%	Umeda	9.2%
Sakaisujihommachi	15.2%	Dojima/Nakanoshima	8.3%
Temmabashi	7.9%	Nishitemma	9.8%
Tanimachi 4-chome	13.6%	Minamimorimachi/Higashitemma	9.4%
OBP	2.2%	Nakatsu	11.0%
Shinsaibashi	13.0%	Fukushima	7.8%
Nagahoribashi	13.2%	Shin-Osaka	11.4%
Namba	15.8%	Tennoji/Abeno	8.4%
Higobashi	11.7%	Esaka	13.5%

Source: CB Richard Ellis

## Changes in Land Price LOOK Report



Notes:

For each year, 1Q refers to January 1 to April 1, 2Q refers to April 1 to July 1, 3Q refers to July 1 to October 1 and 4Q refers to October 1 to January 1.

Source: Ministry of Land, Infrastructure, Transport and Tourism

# New Supply of Office Buildings (1)

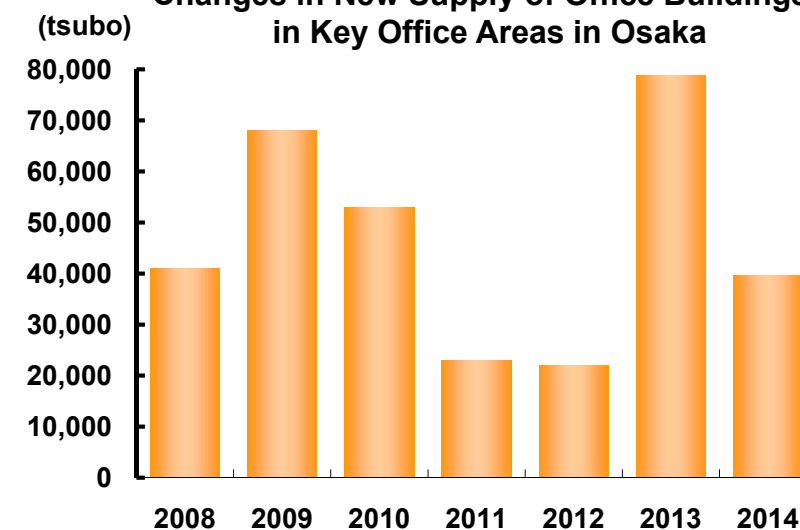
## New Office Building Construction Plans Commencing In or After 2011 (Key Office Areas in Osaka)

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

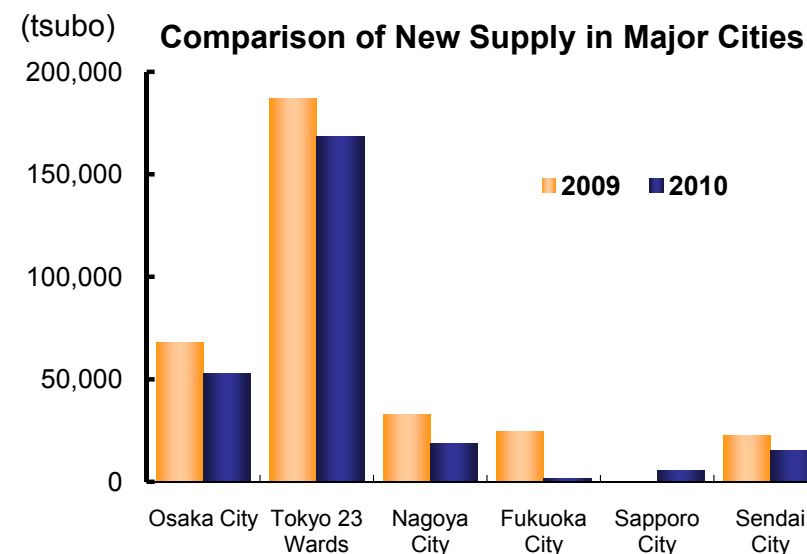
Completion	Leasable Space by Year		No.	Area	Leasable Space (plan)	
2011	23,300	(76,890)	1	Hommachi	7,600	(25,080)
			2	Hommachi	8,900	(29,370)
			3	Umeda	6,800	(22,440)
2012	22,400	(73,920)	4	Dojima/Nakanoshima	17,600	(58,080)
			5	Shin-Osaka	4,800	(15,840)
2013	78,600	(259,380)	6	Dojima/Nakanoshima	6,600	(21,780)
			7	Umeda	30,000	(99,000)
			8	Umeda	42,000	(138,600)
2014	39,600	(130,680)	9	Tennoji/Abeno	18,800	(62,040)
			10	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

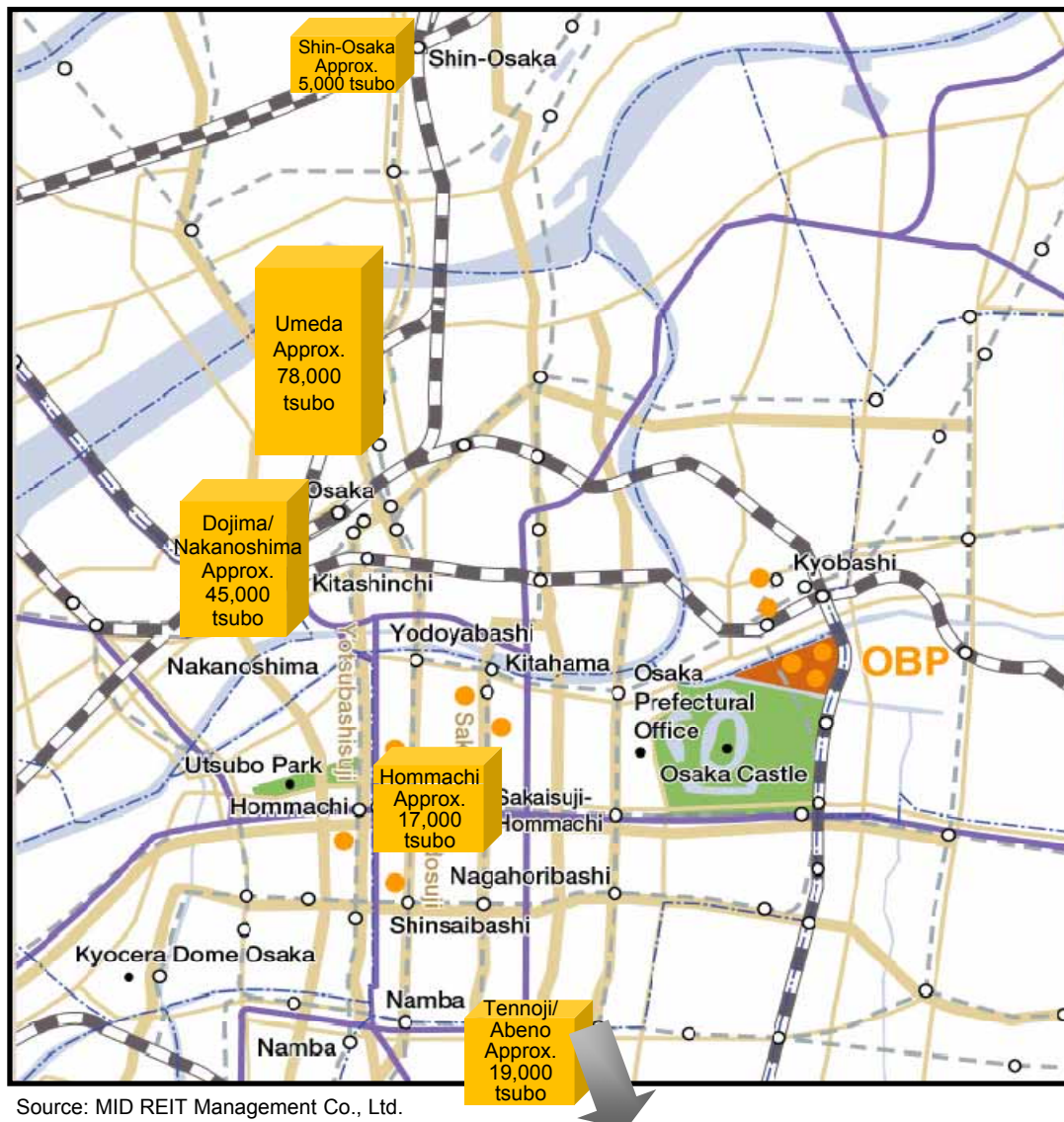






## New Supply of Office Buildings (2)

### New Office Building Construction Plans Commencing In or After 2011: 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

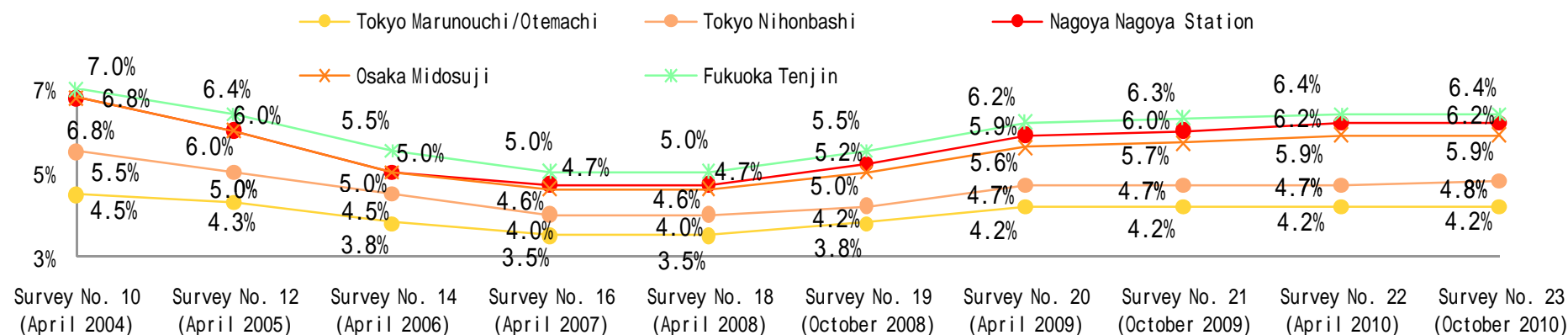
### Expected Cap Rate and Market Cap Rate of Average-Sized Class A Office Building in Various Locations

( ) shows previous survey data (as of April 2010)

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%)	4.8% (4.7%)
Nagoya	Around Nagoya Station	6.4% (6.4%)	6.2% (6.2%)
Osaka	Midosuji Avenue	6.0% (6.0%)	5.9% (5.9%)
Fukuoka	Tenjin District	6.5% (6.5%)	6.4% (6.4%)

Source: Japan Real Estate Institute's "The Japanese Real Estate Investor Survey No. 23" (as of October 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>-reduction 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> <li>· Engage in effective activities that leverage the strengths of having a comprehensive real estate business group that primarily operates in the Osaka region as a sponsor</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 saving and CO <sub>2</sub> reduction	<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</li> </ul> <p>Examples of actual measures (9th Period):</p> <ol style="list-style-type: none"> <li>1. Switched lighting equipment to LED or motion sensor lighting (Twin 21 MID Tower, Matsushita IMP Bldg. and MID Nishihommachi Bldg.) CO<sub>2</sub> reduction volume: Approx. 40t a year (estimated)</li> <li>2. Installed water-saving toilet equipment (Twin 21 MID Tower and Matsushita IMP Bldg.) Water savings volume: Approx. 7,600m<sup>3</sup> a year; Reduction amount: Approx. 4 million yen a year (actual results)</li> </ol> <p>*Includes also the effects of renewal of equipment and other factors</p>

## Capital Expenditures (CAPEX)

### Actual Major CAPEX During 9th Period

Renewal of 400V switchboard control system (Twin 21)	60 million yen
Renewal of air-conditioner control system (Twin 21)	53 million yen
Upgrading of the general receiving system (Matsushita IMP Bldg.)	48 million yen

### Major CAPEX Expected During 10th Period

Renewal of heat reservoir valve and other valves (Twin 21)	97 million yen
Construction work for new retail tenant on 1F (Matsushita IMP Bldg.)	67 million yen
Upgrading of ventilation pipes (Twin 21)	60 million yen

## Internal Growth Strategy (2)

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

Matsushita IMP Bldg. (Osaka)

Attract retail tenants that meet the property's tenant needs



Switch lighting equipment in common areas to LED lighting



Office floor



Retail floor



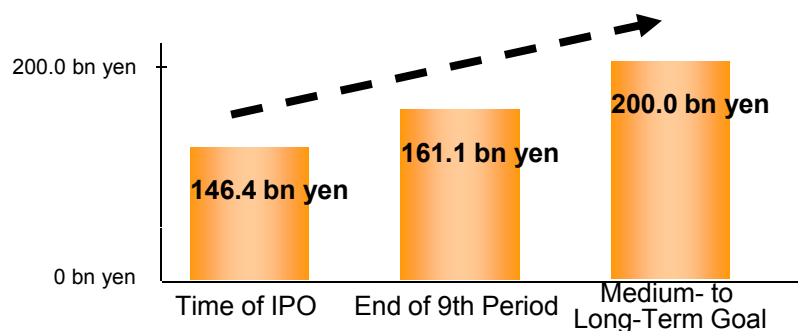
## Portfolio Building Policy

- 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

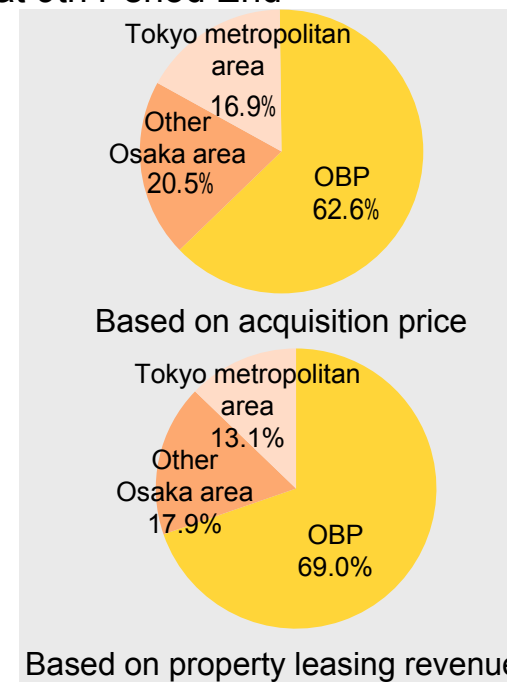
## Image of Medium- to Long-Term External Growth

- 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)

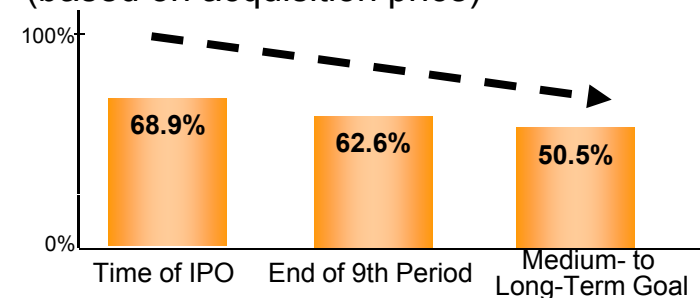
Total Property Acquisition Price



Concentration on Regions and Tenants as at 9th Period End



Concentration on OBP (based on acquisition price)

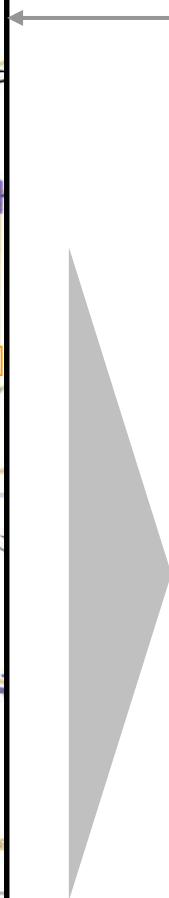




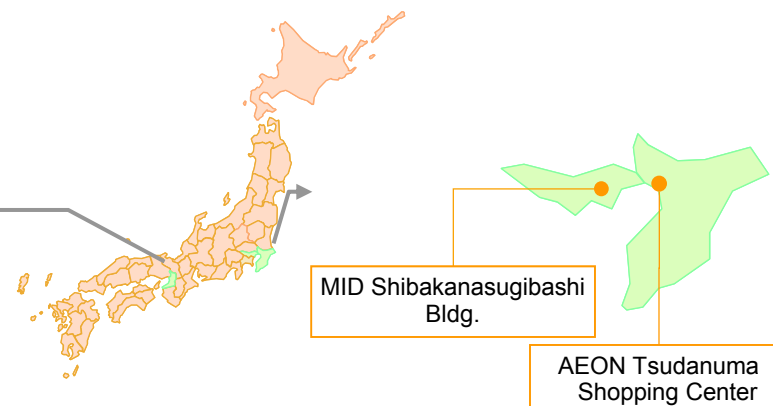


## **8. Portfolio**

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## Central Osaka



### Osaka Business Park (OBP)

# 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	82,413.60	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.	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	3,092.36	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	3,868.61	5.6
	Other major cities	MID Shibakanasugibashi Bldg.	Minato-ku, Tokyo	August 2006	1,160	0.7	January 1995	1,989.27	6.0
<b>Subtotal (10 properties)</b>			—	—	132,290	82.1	—	170,947.75	—
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	—	281,744.45	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 December 31, 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 December 31, 2010.
5. Including the trust beneficiary interest of Twin 21 (partial ownership of leased land).
6. 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: 82,413.60m<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 through the Osaka Castle Kyobashi promenade to 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 to 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 neighboring 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,' a showroom 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 retail 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 to in Dec. 2007

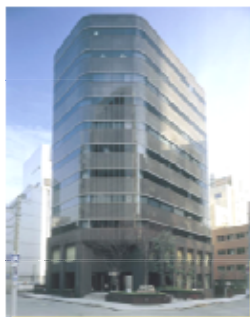


- Huge commercial facility directly connected to 'Shin-Tsudanuma Station' on the Shin-Keisei Line
- Urban shopping center with 1 basement floor and 5 upper floors, with 80 specialty shops with 'JUSCO Tsudanuma' as the anchor tenant
- Located a 3-minute walk from 'Tsudanuma Station' on the JR Sobu Line
- 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: 3,868.61m<sup>2</sup>
- Construction completed: Mar. 1989

## MID Midosujikawaramachi Bldg.

Acquisition date: May. 2007



- Type: Office
- Location: Chuo-ku, Osaka
- Acquisition price: 2.0 billion yen
- Land space: 934.79m<sup>2</sup>
- Leasable space: 3,092.36m<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	94.1% (as of December 31, 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)
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 together with other silent partnership investors

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
Real estate Sakura Dori MID Bldg.	Senior loan
	Mezzanine loan
	Silent partnership interests

(Before change)

(After change)





## **9. Appendix**

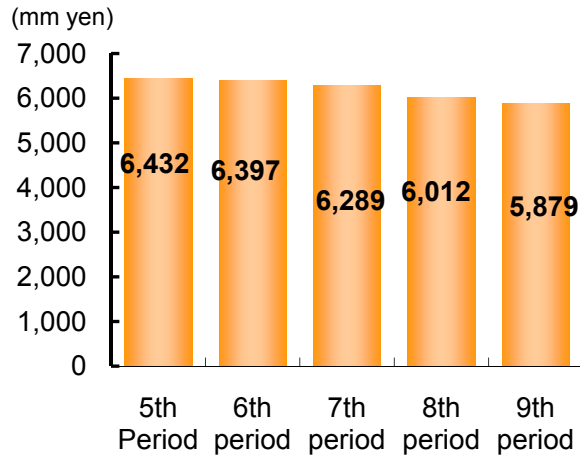
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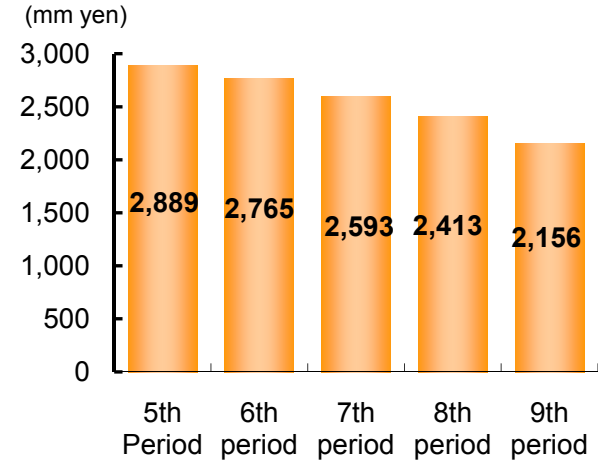
# Performance Trends



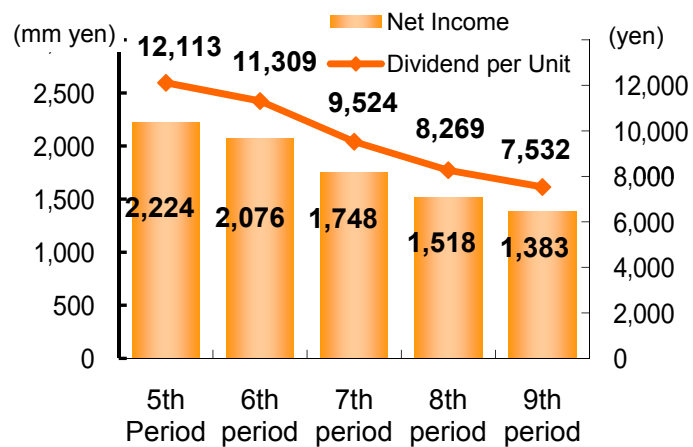
### Operating Revenue



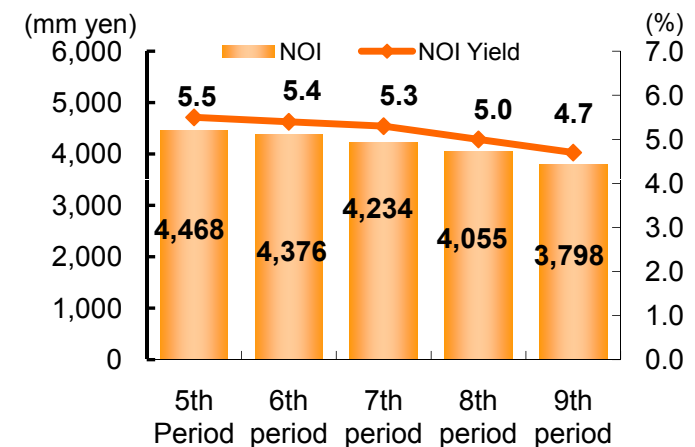
### Operating Income



### Net Income / Dividend per Unit



### NOI



See page 14 for NOI breakdown by property



# Financial and Accounting Indices



Indices	8th Period Results (Jan. 1, 2010 – June 30, 2010)	9th Period Results (July 1, 2010 – Dec. 31, 2010)	Comments
Net operating days	181 days	184 days	-
NOI from property leasing	4,055 million yen	3,798 million yen	Property leasing income + Depreciation and amortization + Loss on retirement of noncurrent assets
NOI yield from property leasing (p.a.)	5.0 %	4.7 %	NOI from property leasing (annualized) ÷ Total acquisition price of portfolio properties (on an average daily balance basis)
Funds from operations (FFO)	2,578 million yen	2,453 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	14,041 yen	13,361 yen	FFO ÷ Total investment units issued and outstanding at end of period
Return on assets (ROA)	1.7 %	1.5 %	Ordinary income [annualized] ÷ {(Total assets at beginning of period + Total assets at end of period) ÷ 2}
Return on equity (ROE)	3.3 %	3.0 %	Net income [annualized] ÷ {(NAV at beginning of period + NAV at end of period) ÷ 2}
NAV per unit	500,427 yen	499,691 yen	NAV at end of period ÷ Total investment units issued and outstanding at end of period
Loan to value (LTV)	40.8 %	40.8 %	Interest-bearing liabilities at end of period ÷ Total assets at end of period
Debt service coverage ratio (DSCR)	5.6	5.6	Net income before interest and depreciation ÷ Interest expenses
Price book-value ratio (PBR)	0.3	0.5	Unit price at end of period ÷ NAV per unit
Price earnings ratio (PER)	10.3	16.2	Unit price at end of period ÷ Net income per unit [annualized]
FFO multiple	6.1	9.1	Unit price at end of period ÷ FFO per unit [annualized]

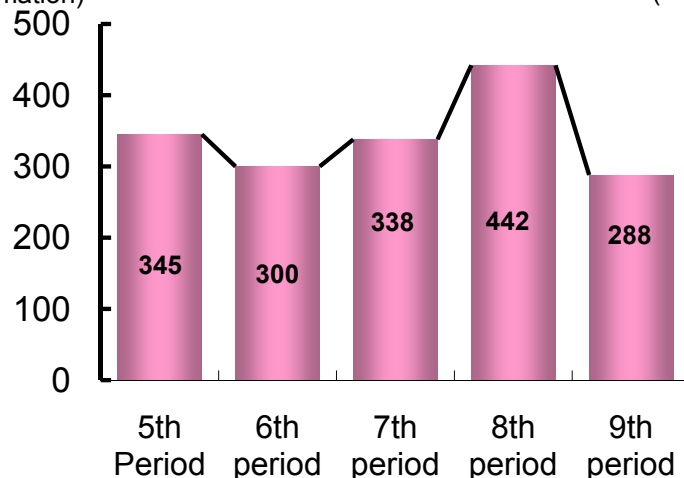


# Status of Property Information Acquisition



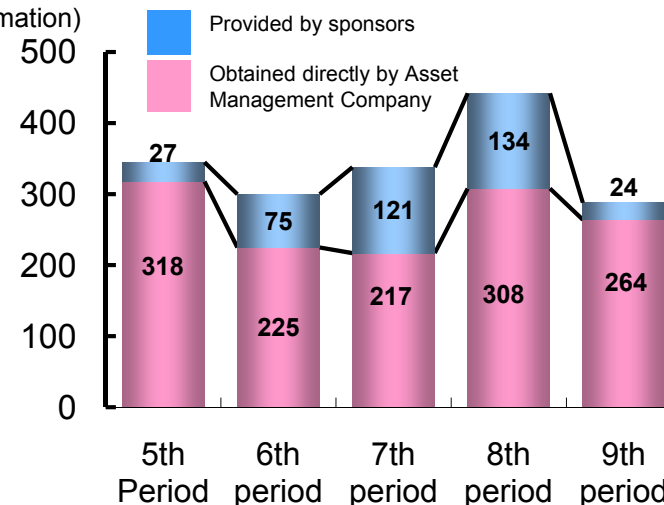
## Property Information Received

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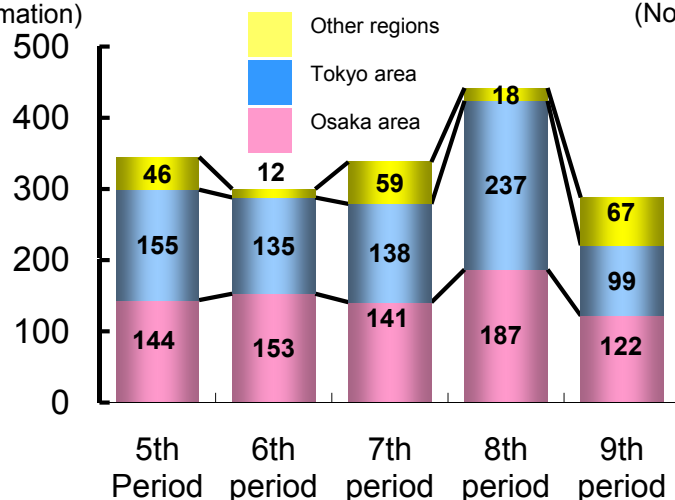
## Property Information by Channel

(No. of property information)



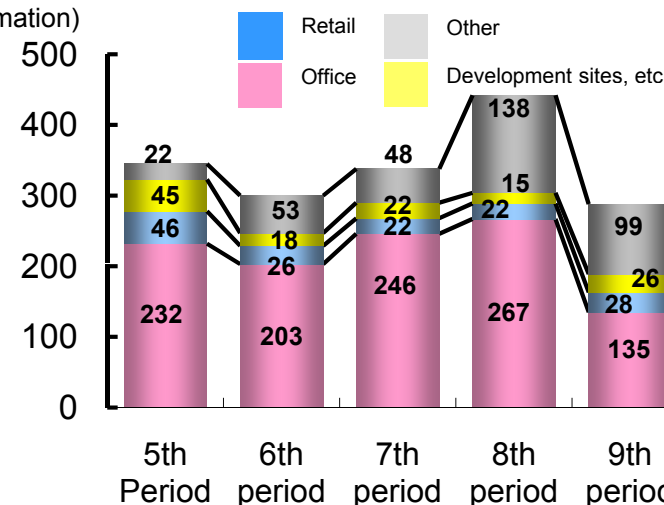
## Property Information by Region

(No. of property information)



## Property Information by Property Type

(No. of property information)



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)



## 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	37.0
Panasonic Corporation	Electrical equipment	Twin 21	Mar. 31, 2013	40,956.60	15.0
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 Academy 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	70.9

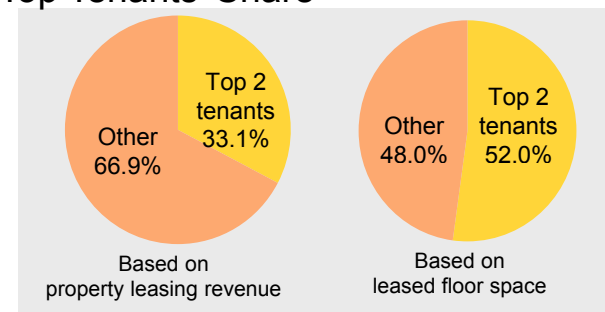
Notes:

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>

- Due to partial cancellation of leasing contracts, the leased floor space of Human Academy 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 MID Tower, Matsushita IMP Bldg., MID Imabashi Bldg., Kitahama MID Bldg., MID Nishihommachi Bldg., Midosuji MID Bldg. and MID Midosujikawaramachi Bldg.
- Survey period: Oct. 18, 2010 to Nov. 26, 2010
- Number sampled: 202 tenants
- Surveyor: Kanden CS Forum Inc., Ad Dentsu Osaka Inc. and Dentsu Research Inc.

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

Factors	2006	2007	2008	2009	2010	Difference (2006 → 2010)
• Common-area functions	53.6	56.5	58.5	56.7	64.7	+ 11.1
• Overall building comfort	47.8	49.5	54.2	52.2	55.1	+ 7.3
• User-friendliness of building facilities and equipment	58.2	59.0	60.4	57.2	65.2	+ 7.0
• Ambience	74.4	74.3	75.3	73.0	79.5	+ 5.1
• Security measures	61.9	65.7	68.0	63.0	66.2	+ 4.3
• Attitude of management staff	72.0	70.8	74.2	72.8	74.1	+ 2.1
• Effectiveness of facility management	72.0	72.9	76.7	74.4	73.9	+ 1.9
• Effectiveness of property management	67.5	67.3	68.9	66.5	68.3	+ 0.8
• Cleanliness	71.2	71.1	73.1	71.1	71.5	+ 0.3

Notes:

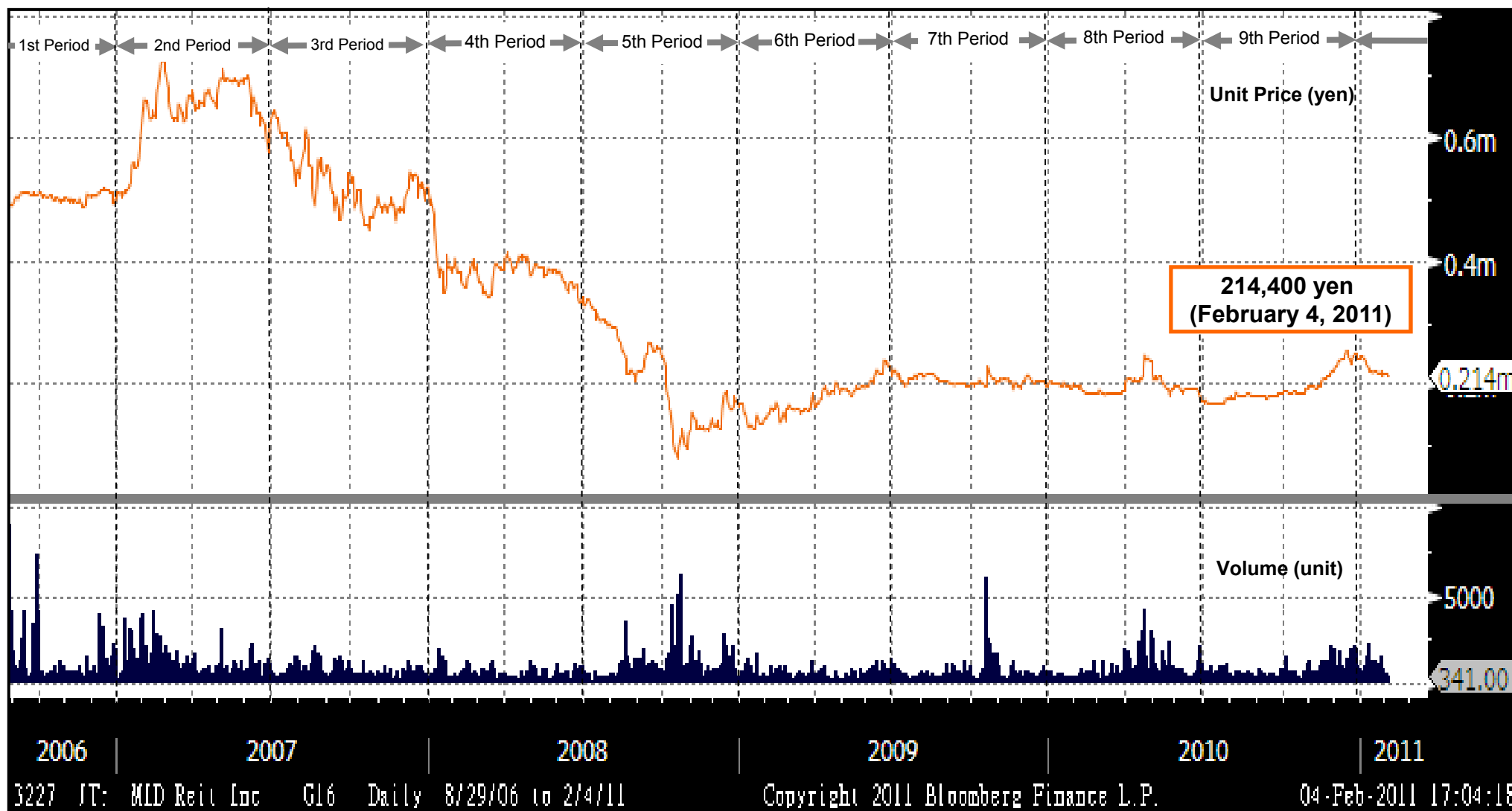
- \*CSI: Customer Satisfaction Index. The results of the customer (tenant) evaluation of building facilities, services and other factors are weighted to adjust the difference between the levels of their needs (expectations) and satisfaction for each factor. Then, the level of their satisfaction for each factor is rated on a scale of zero to 100.
- The addition of Kanden CS Forum Inc. as surveyor, starting from the 2010 survey, adds the Kansai Electric Power Group's perspective on customer satisfaction and makes it clear that the stance is to place further emphasis on such.
- 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.
  - 2010: Twin 21, Matsushita IMP Bldg., MID Imabashi Bldg., Kitahama MID Bldg., MID Nishihommachi Bldg., Midosuji MID Bldg. and MID Midosujikawaramachi Bldg.



# Unit Price Performance (1) (IPO ~ February 4, 2011)



## Unit Price Performance





## Unit Price Performance (2) (IPO ~ February 4, 2011)



### 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.

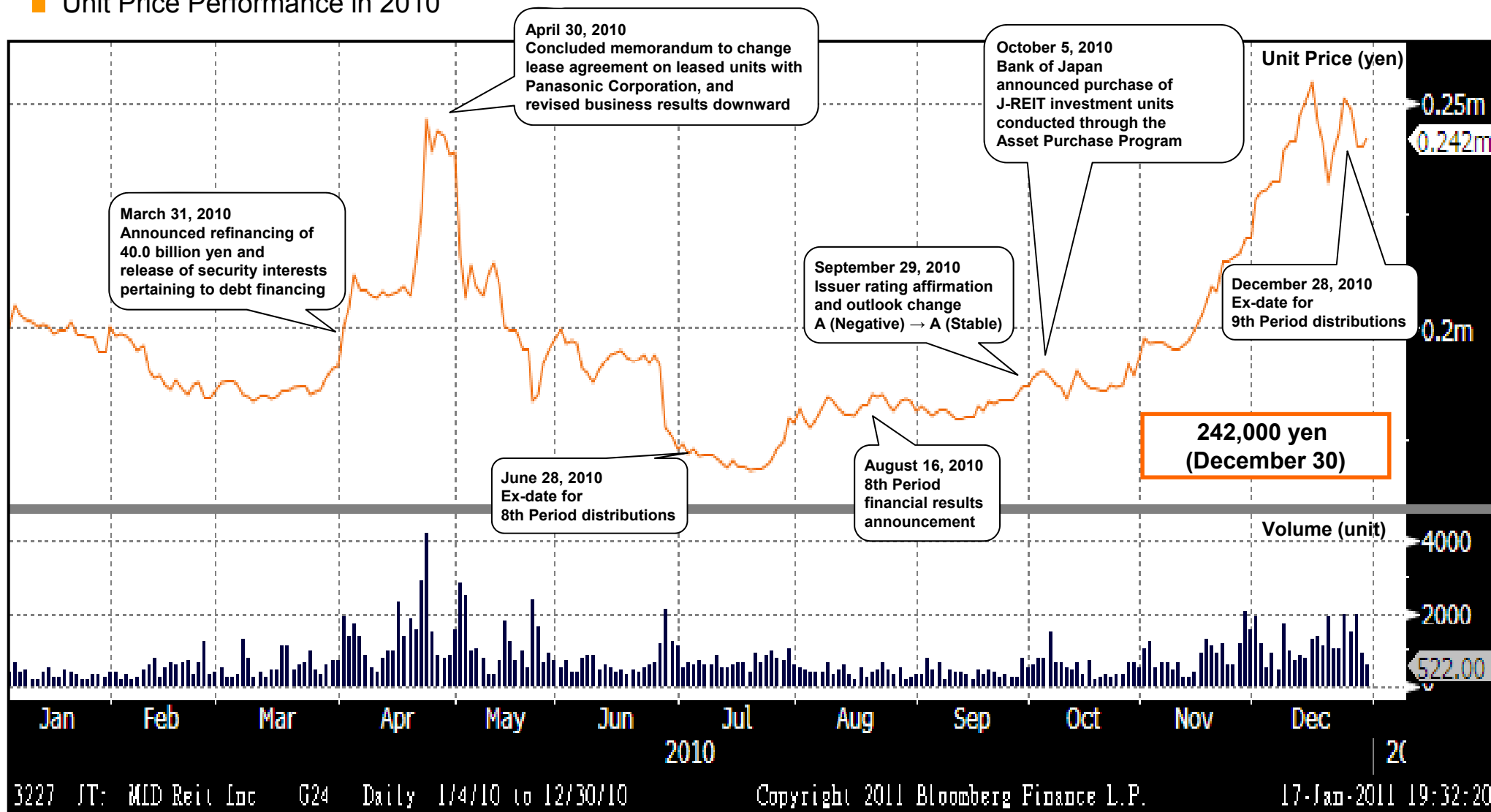




## Unit Price Performance (3) (January 4, 2010 ~ December 31, 2010)



### Unit Price Performance in 2010



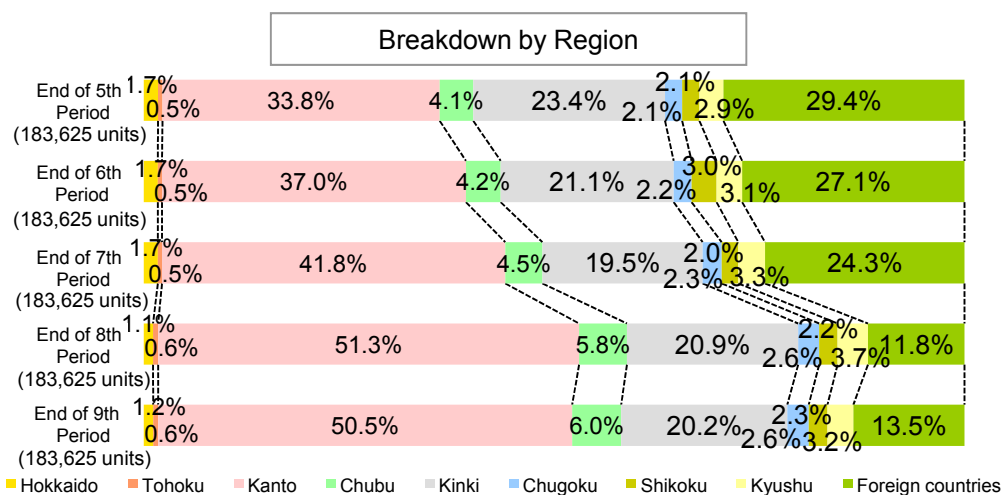
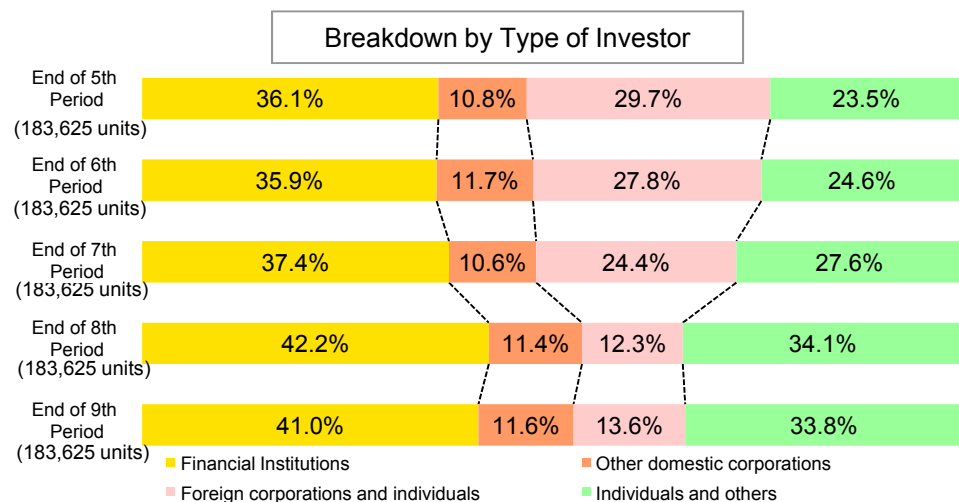


# Unitholder Details (1)

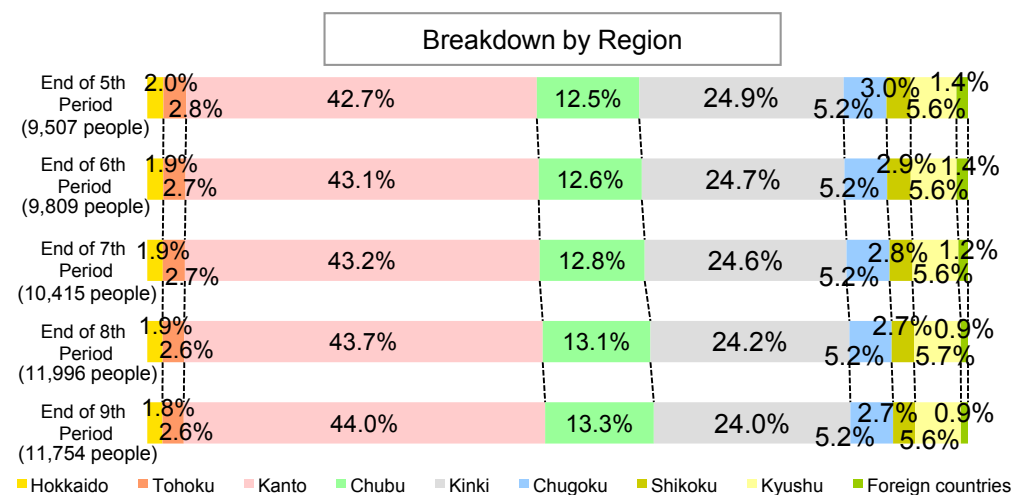
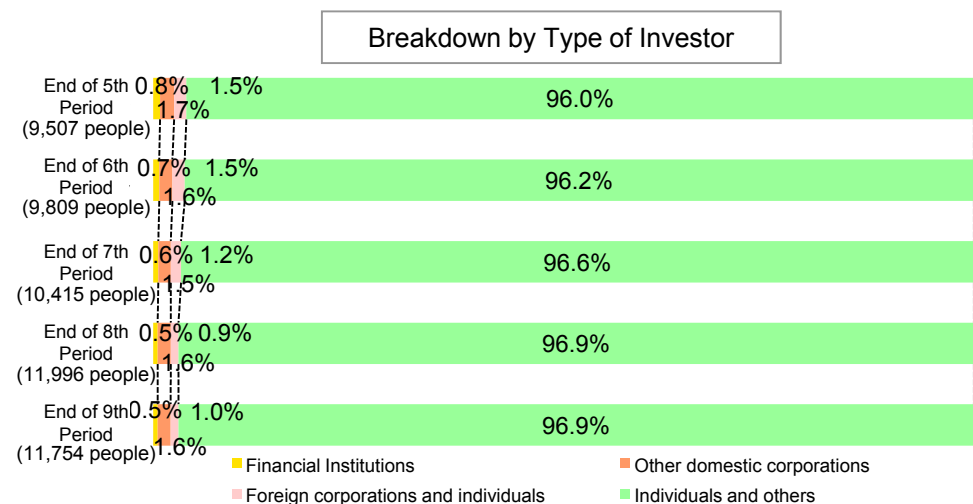


## Analysis of Investor Attributes

### Distribution of Number of Units Held



### Distribution of Number of Investors



Number of investors of over 10,000 people maintained since the 7th Period



## Unitholder Details (2)



### Top 10 Unitholders (as of December 31, 2010)

Name	Number of units held	Ratio of units held to total units issued and outstanding (%)	Difference
Japan Trustee Services Bank, Ltd. (Trust Account)	25,365	13.81	9,241
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	12,669	6.90	5,200
MID Urban Development Co., Ltd.	9,200	5.01	0
The Fuji Fire and Marine Insurance Co., Ltd.	8,607	4.69	- 1,107
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,834	3.18	109
BNP PARIBAS SECURITIES SERVICES LUXEMBOURG/JASDAC/HENDERSON HHF SICAV	4,400	2.40	4,400
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	4,122	2.24	- 1,215
Nomura Bank (Luxembourg) S.A.	3,370	1.84	3,370
Goldman Sachs and Company (Regular Account)	2,935	1.60	- 735
Shikoku Railway Company	2,117	1.15	0
<b>Total</b>	<b>78,619</b>	<b>42.81</b>	<b>19,263</b>

**Notes:**

1. The ratio of units held to total units issued and outstanding are rounded off to two decimal places.
2. BNP Paribas Securities Services Luxembourg / JASDEC / Henderson HHF SICAV and Nomura Bank (Luxembourg) S.A. are unitholders that were not on the unitholder register for the 8th Period, but were found to be on the unitholder register for the 9th Period.

### Status of Large Unitholding Reports Submitted (as of February 4, 2011)

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.	10,446	5.69	January 11, 2011
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.

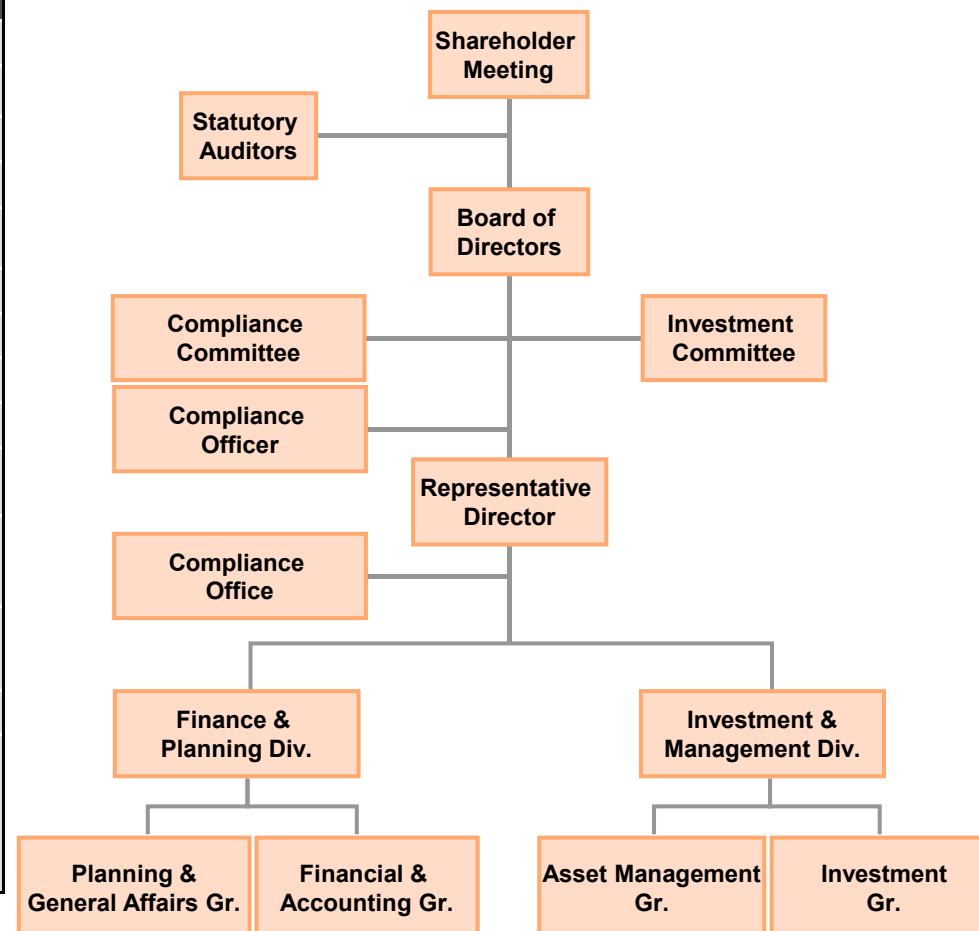
# Overview of Asset Management Company



## Company Overview

Company Overview (As of Feb. 1, 2011)		
<b>Name</b>	MID REIT Management Co., Ltd.	
<b>Location</b>	1-4-4 Dojimahama, Kita-ku, Osaka	
<b>Establishment</b>	September 1, 2005	
<b>Capital</b>	210 million yen	
<b>Shareholder</b>	MID Urban Development Co., Ltd.	
<b>No. of employees</b>	28 (inclusive of 2 temporary workers)	
<b>Officers</b>	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.)
<b>Business description</b>	Investment management business	
<b>Regulatory approval</b>	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 (2) 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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