

For Translation Purpose Only**REIT Financial Report for the 9th Fiscal Period (July 1, 2010 to December 31, 2010)**

MID REIT, Inc. (URL: <http://www.midreit.jp/>) is listed on the Tokyo Stock Exchange with the securities code 3227.

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[Monetary amounts in million yen are rounded down]

1. PERFORMANCE FOR THE 9th FISCAL PERIOD (July 1, 2010 to December 31, 2010)**(1) Business Results**

[Percentage figures show the period-on-period increase (decrease)]

	Operating revenue		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
9th fiscal period	5,879	(2.2)	2,156	(10.6)	1,375	(9.5)	1,383	(8.9)
8th fiscal period	6,012	(4.4)	2,413	(6.9)	1,520	(13.2)	1,518	(13.2)

	Net income per unit	Net income to unitholders' equity	Ordinary income to total assets	Ordinary income to operating revenue
	yen	%	%	%
9th fiscal period	7,532	1.5	0.8	23.4
8th fiscal period	8,268	1.7	0.9	25.3

(2) Distributions

	Distribution per unit [excluding distribution in excess of earnings]	Total distributions	Distribution in excess of earnings per unit	Total distributions in excess of earnings	Payout ratio	Distributions to net assets
	yen	million yen	yen	million yen	%	%
9th fiscal period	7,532	1,383	0	—	99.9	1.5
8th fiscal period	8,269	1,518	0	—	100.0	1.7

Note: The payout ratio is rounded down to the first decimal place.

(3) Financial Position

	Total assets	Net assets	Unitholders' equity to total assets	Net assets per unit
	million yen	million yen	%	yen
9th fiscal period	177,198	91,755	51.8	499,691
8th fiscal period	177,294	91,891	51.8	500,427

(4) Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
9th fiscal period	2,362	(640)	(1,520)	11,997
8th fiscal period	2,737	(1,801)	(1,754)	11,795

2. FORECAST OF RESULTS FOR THE 10th FISCAL PERIOD (January 1, 2011 to June 30, 2011)

[Percentage figures show the period-on-period increase (decrease)]

	Operating revenue	Operating income	Ordinary income	Net income
	million yen %	million yen %	million yen %	million yen %
10th fiscal period	5,770 (1.9)	2,080 (3.6)	1,332 (3.1)	1,330 (3.8)

	Distribution per unit [excluding distribution in excess of earnings]	Distribution in excess of earnings per unit
	yen	yen
10th fiscal period	7,243	0

[Reference] Estimated net income per unit for the 10th fiscal period: ¥7,243

3. OTHER**(1) Changes in Accounting Policies**

- (a) Changes due to revisions in accounting and other standards: Yes
- (b) Changes other than in (a): None

(2) Number of Investment Units Issued and Outstanding

- (a) Number of investment units issued and outstanding (including own investment units) at end of period:
- 9th fiscal period: 183,625 units
- 8th fiscal period: 183,625 units
- (b) Number of own investment units at end of period:
- 9th fiscal period: 0 units
- 8th fiscal period: 0 units

***Explanation on Appropriate Use of Forecast of Business Results, and Other Matters of Special Note**

The forecast and outlook of business results and other forward-looking statements contained in this report are based on information currently available to and certain preconditions and assumptions deemed reasonable by MID REIT, Inc. Accordingly, actual business results and other performance may differ materially due to a variety of factors.

Moreover, the forecasts should not be construed as a guarantee of distribution amounts.

For the preconditions and assumptions underlying the forecast of business results, matters of note in the use of the forecast of business results, and other matters of special note, please refer to “2. Asset Management Conditions; (2) Outlook of Next Fiscal Period; (b) Outlook of Business Results” on page 7.

1. Asset Management Policy

Disclosure is omitted because there are no significant changes from the “Investment Policy,” “Investment Target” and “Distribution Policy” presented in the most recent *yuka shoken hokokusho* (securities report) (submitted on September 27, 2010).

2. Asset Management Conditions

(1) Overview of Fiscal Period under Review

(a) Brief Background to MID REIT

MID REIT, Inc. (hereafter, “MID REIT”) was established by MID REIT Management Co., Ltd. (hereafter, the “Asset Management Company”) on June 1, 2006 under the Law Concerning Investment Trusts and Investment Corporations (Law No. 198 of 1951, including amendments thereto) (hereafter, the “ITL”), and listed on the Tokyo Stock Exchange, Inc.’s Real Estate Investment Trust Section (Securities Code: 3227) on August 29, 2006.

As of the end of the fiscal period under review (9th fiscal period: July 1, 2010 to December 31, 2010), the total number of investment units issued and outstanding was 183,625 investment units.

During the 9th fiscal period, MID REIT’s portfolio comprised of 12 properties (however, excluding silent partnership interests) with the sum total of acquisition prices amounting to ¥161,170 million.

MID REIT conducts asset management with investment focused on office buildings in the Osaka area under the basic policy of managing assets in pursuit of securing stable revenue and achieving steady growth of its assets under management from a medium- to long-term perspective.

(b) Investment Environment and Management Performance

(i) Investment Environment

In the 9th fiscal period, the Japanese economy continued to be on the upswing in general, but this lacks autonomy as many aspects were backed by the government’s economic stimulus measures. There was a surge in demand associated with spending stimulus packages, such as subsidies for green vehicles, coming to an end and tobacco tax being due to be raised, but such surge in demand was over in the latter half. Since, appreciation of the yen has progressed and the pace of recovery in the Asian economy became slightly moderate. These, among other factors, resulted in the Japanese economy remaining slightly at a standstill.

In the real estate transaction market, the increase in transaction yields is almost settling down overall. On the other hand, there is still a gap between sellers’ and buyers’ perspective on future rent level projections. Consequently, transaction volume hovered on a weak note.

According to the Ministry of Land, Infrastructure, Transport and Tourism’s Land Price LOOK Report for the third quarter (July 1 to October 1) of 2010, the land price of intensively used land of major cities in Japan decreased quarter-on-quarter in 87 of the 150 districts, but increased or did not change in 63 districts. With the number of districts with a decrease also falling, the decrease is slowing. The same could be said of the Osaka area, which is MID REIT’s key investment region, where the results, such as the land price decreasing in 20 of the 35 districts, but not changing in 15 districts, show the decrease is slowing. In the business area of Osaka City, while the land price decreased in almost all districts, the decrease tended to be smaller. In the Osaka Business Park (hereafter, the “OBP”), where MID REIT’s core properties are situated, transaction yields remaining unchanged and the decrease in rent also tending to be smaller suggest the trend of land prices is showing signs of settling down.

In the office leasing market, the rise in vacancy rates is showing signs of stopping for such properties as relatively new large properties in Tokyo, but tenants are still highly conscious of cost reduction and so the pressure to reduce rent amounts lingers. In the business area of Osaka City, too, within the state in which the recent new supply of office buildings is not fully balanced out by demand in the office leasing market, the state is one in which the OSAKA North Yard development and other further large new supply are being recognized to be taking shape and this is making the sense of uncertainty even stronger. Moreover, movements that differ to past area-specific characteristics are starting to be seen. Specifically, widening property disparities within an identical area are starting to be found in such forms as tenants’ relocation trends in Osaka. There is probably a need to continue keeping a close watch on such movements.

(ii) Asset Management Performance

<Investment Performance>

Against the backdrop of the described investment environment, MID REIT did not conduct any acquisitions or transfers of real estate, etc. during the 9th fiscal period. MID REIT's portfolio at the end of the 9th fiscal period was comprised of 12 properties, the investment ratios (based on acquisition price) of which are distributed in terms of geographic region with 83.1% in the Osaka area and 16.9% in the Tokyo metropolitan area and other areas and are distributed in terms of property type with 82.1% being office buildings and 17.9% being retail facilities.

<Performance of Management of Portfolio Assets>

In view of securing stable revenue from a medium- to long-term perspective pursuant to its basic policy, leveraging the strengths of having as its sponsor a comprehensive real estate business group that primarily operates in Osaka, MID REIT is promoting the heightening of tenant satisfaction levels in seeking to attract new tenants and making its relationship of trust with existing tenants even stronger by working together with MID Property Management Co., Ltd., which is the company to which MID REIT outsources property management operations (hereafter, "MID Property Management").

Amid the severe office leasing market, MID REIT conducts activities for favorable tenant relations and to attract new tenants, with dedicated efforts made toward prompt tenant response and discerning of tenant needs by MID Property Management, follow-up activities, appropriate building management by building management companies, and renovation of common-area spaces and other provision of comfortable office environments suited to tenant needs.

Concerning leasing, through the various measures and policies of MID Property Management described above, appropriate leasing activities are carried out by striving to maintain and boost occupancy rates, along with flexibly reviewing rent, among other initiatives. Notably, with regard to MID REIT's core assets of Twin 21 and Matsushita IMP Building, new tenants are being attracted by drawing on the characteristics of their location being the OBP – Osaka's representative conglomerate business area.

Among efforts made during the 9th fiscal period, proactive leasing activities by MID Property Management proved effective in attracting a high-profile retail tenant to the lower-floor retail space at Matsushita IMP Building and promoted also the attracting of an affiliated company of a core business of the OBP.

Moreover, MID REIT is proactively working also in collaboration with The Kansai Electric Power Co., Inc. (hereafter, "Kansai Electric"), which is a major shareholder of MID REIT's sponsor MID Urban Development Co., Ltd. (hereafter, "MID Urban Development"), and such efforts are also bearing fruit. Furthermore, as part of the collaboration with the Kansai Electric Group, efforts to reduce facility life cycle costs, etc. are being made and a comprehensive basic agreement on discussing introduction of utility services was executed with Kanden Energy Solution Co., Inc., which is a wholly-owned subsidiary of Kansai Electric, on April 30, 2010. Realized as the first step of such efforts is the use of the services when installing additional power supply equipment at Twin 21 MID Tower.

In addition, in the renewal of lighting equipment, energy-saving and CO₂-reduction efforts were promoted by switching to motion sensor lighting for lighting in restrooms, kitchens and emergency staircases and switching to LED lighting for lighting in hallways in common-area spaces.

As a result, the occupancy rate for the entire portfolio was 97.1% as at the end of the 9th fiscal period. Although this is a decrease of 0.3 percentage points compared with the end of the previous fiscal period, occupancy rates are still being maintained at a high level.

(c) Overview of Fund Procurement

MID REIT procures funds pursuant to its financial policy that considers the maintaining of a balance between fund procurement flexibility and financial stability, including keeping the LTV at a conservative level, reducing refinancing risks and mitigating interest rate fluctuation risks. Furthermore, all existing debt financing became unsecured as a result of release of the security interests pertaining to existing debt financing on March 31, 2010.

MID REIT has borrowed from 13 financial institutions in the amount of ¥72,300 million. Of this, long-term loans payable in the amount of ¥29,000 million were procured in the 9th fiscal period to fund the repayment of debt financing that became due for repayment during the 9th fiscal period. In addition, of the loans payable, ¥46,800 million was borrowed at fixed interest rates (including those for which interest rates have been fixed via interest rate swap agreements).

Accordingly, as of the end of the 9th fiscal period, the ratio of interest-bearing liabilities to total assets stands at 40.8%, 100.0% of loans payable are long-term loans payable, and 64.7% of loans payable have fixed interest rates.

Moreover, in the 9th fiscal period, the outlook of the issuer rating acquired from Rating and Investment Information, Inc. (R&I) changed from A (Negative) to A (Stable).

(d) Overview of Business Performance and Distributions

As a result of the abovementioned asset management, MID REIT posted operating revenue of ¥5,879 million, operating income of ¥2,156 million, ordinary income of ¥1,375 million and net income of ¥1,383 million in its performance for the 9th fiscal period.

Concerning distributions, to ensure that distributions of retained earnings would be deductible for tax purposes based on application of Article 67-15 of the Special Taxation Measures Law (Law No. 26 of 1957, including amendments thereto), MID REIT decided to distribute the entire amount of unappropriated retained earnings, excluding fractions of the distribution per unit that are less than ¥1. Accordingly, MID REIT declared a distribution per unit of ¥7,532.

(2) Outlook of Next Fiscal Period

(a) Future Asset Management Policy and Challenges to Address

(i) Investment Environment

There are expectations of a pickup in the Japanese economy, with improvements in the global economy, centering on Asia, and onset of various policy impact serving as a foothold. Meanwhile, concerns of the overseas economic downturn, appreciation of the yen, etc. causing downward pressure on the economy pose as risks and the uncertain status of the employment situation, too, persists. These, among other factors, suggest that the unpredictable situation will remain ongoing.

In the real estate transaction market, transaction yields in the office market are expected to remain roughly flat. On the other hand, the weak office leasing market is causing the cash flows generated by properties to hover at a low level. In correlation, the gap between the price eyed by sellers and the price eyed by buyers is yet to close to this day. Nevertheless, the gap is forecast to narrow in the future, gradually leading to a state in which transactions are made.

In the office leasing market, while there is thought to be signs of the worst being behind, large new supply of office buildings is scheduled to continue in the business area of Osaka City. Consequently, the gap between supply and demand is forecast to still continue and the lessee-dominated state is likely to linger for some time yet.

Under such circumstances, MID REIT will continue to manage assets with the aim of securing stable revenue and steady growth of assets under management from a medium- to long-term perspective.

(ii) Internal Growth Strategy

In view of maintaining and enhancing revenue over the medium and long term, MID REIT will remain dedicated to its efforts aimed at heightening the tenant satisfaction levels of existing tenants through the provision of comfortable office environments and services, as well as maintaining and boosting rent income and occupancy rates through initiatives for attracting new tenants.

<Strategy on Existing Tenants Aimed at Maintaining High Occupancy Rates>

As an initiative for discerning the needs and heightening the satisfaction levels of existing tenants, the Asset Management Company conducts a survey of satisfaction levels on the tenants of Twin 21 and other multi-tenant buildings in MID REIT's portfolio. Since the start of the survey with the first survey conducted in the 1st fiscal period, the survey has been conducted a total of five times. Based on the results of analysis of the survey, adequate measures are formed and follow-up activities performed. In the most recent survey, on top of firmly maintaining high ratings for "Ambience," "Effectiveness of management staff" and other items for which high ratings have been achieved from before, ratings are improving steadily for also "Overall building comfort," "Common-area functions" and other items that are recognized to be challenges.

The results of the concerned survey are used as the base in instructing MID Property Management and building management companies, as well as in considering and carrying out repair and maintenance, value-enhancement and other construction work that fulfills tenant needs.

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

By proceeding to conduct such initiatives, MID REIT will keep striving to heighten tenant satisfaction levels and remain committed to maintaining and boosting occupancy rates.

<Strategy on Leasing to Attract New Tenants>

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

Moreover, initiatives are also taken at other portfolio assets to attract new tenants in line with the geographic region and size of the assets.

Leveraging the strengths of having as its sponsor a comprehensive real estate business group that primarily operates in Osaka, the Asset Management Company will conduct market analyses, etc. by utilizing tenant information, etc. that MID Property Management has acquired in working closely with the site and, based on the results, will develop strategies for attracting tenants, including value-enhancement plans that lead to increased competitiveness of MID REIT's portfolio assets, in order to carry out effective attracting of new tenants.

<Boost Property Competitiveness>

In view of maintaining and boosting property competitiveness, MID REIT upgrades facilities one after another. MID REIT will also carry out such initiatives as systematic upgrading that reflect tenant satisfaction survey results, matters pointed out and requested by tenants, etc.

<Address Energy Saving and CO₂ Reduction>

MID REIT will appropriately respond to the requests of society via CO₂ reduction efforts through such initiatives as introducing energy-saving facilities and equipment.

(iii) External Growth Strategy

MID REIT will proceed to aim to enhance the quality of its portfolio via such measures as acquiring assets under management in view of minimizing asset and building management costs through economies of scale, mitigating risks of fluctuations in revenue with the effects of diversifying its portfolio of assets under management, and such.

Acquisitions of assets under management will proceed to be examined with a focus on office buildings in the Osaka area, but MID REIT will also consider acquiring and promote proactive gathering of information on properties deemed appropriate as an investment target in light of the location, size, etc. from among office buildings, etc. situated in the Tokyo metropolitan area, government-designated cities, etc.

Furthermore, the medium- to long-term target asset size is set at the ¥200.0 billion level (based on acquisition price).

Moreover, the pipeline support from MID Urban Development will continue to be proactively leveraged.

(iv) Financial Strategy

Ongoing efforts will be made to keeping the LTV at a conservative level, stable fund procurement, diversifying repayment dates for interest-bearing liabilities, promoting the addition of lending financial institutions, etc. with the goal of maintaining financial stability. In addition, measures will be taken to hedge against interest rate fluctuation risks by fixing interest rates depending on interest rate trends.

(b) Outlook of Business Results

MID REIT expects the following business results for its 10th fiscal period (January 1, 2011 to June 30, 2011). For the assumptions underlying the forecast of business results, please refer to the “Assumptions Regarding Business Results Forecasts for the 10th Fiscal Period (January 1, 2011 to June 30, 2011) and the 11th Fiscal Period (July 1, 2011 to December 31, 2011)” below.

Operating revenue	¥5,770 million
Operating income	¥2,080 million
Ordinary income	¥1,332 million
Net income	¥1,330 million
Distribution per unit	¥7,243
Distribution in excess of earnings per unit	¥0

In addition, assuming that the “Assumptions Regarding Business Results Forecasts for the 10th Fiscal Period (January 1, 2011 to June 30, 2011) and the 11th Fiscal Period (July 1, 2011 to December 31, 2011)” remain unchanged, MID REIT expects the following business results forecasts for its 11th fiscal period (July 1, 2011 to December 31, 2011).

Operating revenue	¥5,833 million
Operating income	¥2,056 million
Ordinary income	¥1,326 million
Net income	¥1,324 million
Distribution per unit	¥7,214
Distribution in excess of earnings per unit	¥0

[Note] The business results forecasts presented herein are current expectations calculated based on certain assumptions. Accordingly, actual operating revenue, operating income, ordinary income, net income and distribution per unit may differ from the forecasts due to changes in the conditions. Moreover, the forecasts should not be construed as a guarantee of distribution amounts.

Assumptions Regarding Business Results Forecasts
for the 10th Fiscal Period (January 1, 2011 to June 30, 2011)
and the 11th Fiscal Period (July 1, 2011 to December 31, 2011)

Item	Assumption(s)
Assets under Management	<ul style="list-style-type: none"> Assumes there will be no changes (new property acquisition, sale of existing property, etc.) in MID REIT's assets under management from the 12 properties it owns as at December 31, 2010. The actual assets under management may vary due to changes in the property portfolio and other factors.
Operating revenue	<ul style="list-style-type: none"> Rent revenue (rent revenue – real estate) is calculated based on lease agreements effective as at December 31, 2010, with due consideration given to such factors as the market environment, the characteristics and market competitiveness of individual properties, status of individual tenants and recent deterioration of the real estate market. Furthermore, as announced in the “Notice Regarding Conclusion of Memorandum to Change Lease Agreement on Leased Units with a Major Tenant” dated April 30, 2010, MID REIT reached an agreement with Panasonic Corporation to set up floors exempt from payment of rent and common-area fees (free rent) (no more than 10 floors). Rent revenue (rent revenue – real estate) is calculated assuming exemption from payment of rent and common-area fees for the maximum number of floors eligible for free rent (10 floors) for the 10th fiscal period and 11th fiscal period. Operating revenue is calculated assuming there are no tenant defaults or non-payments of rent.
Operating expenses	<ul style="list-style-type: none"> Of the expenses related to rent business, which constitute a principal component of operating expenses, expenses other than depreciation and amortization are calculated based on historical data and reflecting seasonal and other factors that may cause fluctuations in expenses. Property management fees in the amount of ¥731 million are expected for the 10th fiscal period and ¥722 million are expected for the 11th fiscal period. Property taxes, etc. in the amount of ¥604 million are expected for the 10th fiscal period and ¥604 million are expected for the 11th fiscal period. The amount expected to be necessary for building repair costs in the respective fiscal period is recorded as expenses. MID REIT expects repair costs for the 10th fiscal period will be ¥14 million more than the 9th fiscal period to amount to ¥163 million. Furthermore, please note that actual repair costs may differ significantly from the forecasted amounts due to various reasons, including repair costs possibly arising from damages, etc. to buildings due to unexpected causes. Depreciation and amortization are calculated based on the straight-line method inclusive of associated costs and future additional capital expenditures. MID REIT estimates approximately ¥1,069 million for the 10th fiscal period and ¥1,080 million for the 11th fiscal period.
Non-operating expenses	<ul style="list-style-type: none"> Interest expenses of ¥516 million are expected for the 10th fiscal period and ¥521 million are expected for the 11th fiscal period. Borrowing related expenses of ¥234 million are expected for the 10th fiscal period and ¥211 million are expected for the 11th fiscal period.
Interest-bearing liabilities	<ul style="list-style-type: none"> Assumes the balance of interest-bearing liabilities outstanding will be ¥72,175 million at the end of the 10th fiscal period and ¥72,050 million at the end of the 11th fiscal period. Assumes the ¥17,800 million in loans payable that will be due for repayment in the 11th fiscal period (due for repayment on July 31, 2011) will be refinanced in the same amount. Assumes the scheduled repayment of ¥125 million in the 10th fiscal period (due for repayment on January 31, 2011) and the scheduled repayment of ¥125 million in the 11th fiscal period (due for repayment on July 31, 2011) will be repaid using cash reserves.
Number of investment units issued and outstanding	<ul style="list-style-type: none"> Assumes the number of investment units issued and outstanding will be the 183,625 units as at December 31, 2010 and no additional investment units will be issued through to December 31, 2011.
Distribution per unit	<ul style="list-style-type: none"> Distribution per unit is calculated assuming the cash distribution policy set forth in the Articles of Incorporation of MID REIT. Distribution per unit could change due to various factors, including changes in assets under management, fluctuations in rent income associated with tenant changes, etc., incurrence of unexpected repairs, fluctuations in interest rates, and the issuance of additional investment units.
Distribution in excess of earnings per unit	<ul style="list-style-type: none"> Assumes there will be no cash distributions in excess of earnings (distributions in excess of earnings per unit).
Other	<ul style="list-style-type: none"> Assumes no changes will be made to laws, the tax system, accounting standards, listing regulations, rules of The Investment Trusts Association, Japan, etc. affecting the aforementioned forecasts. Assumes there will be no major and unforeseen changes in general economic trends, real estate market conditions, etc.

3. Investment Risks

Disclosure is omitted because there are no significant changes from the “Investment Risks” presented in the most recent *yuka shoken hokokusho* (securities report) (submitted on September 27, 2010).

4. Financial Statements

(1) Balance Sheets

	[Unit: thousand yen]	
	8th Fiscal Period [as of June 30, 2010]	9th Fiscal Period [as of Dec. 31, 2010]
Assets		
Current assets		
Cash and deposits	8,561,292	8,568,061
Cash and deposits in trust	5,312,807	5,494,640
Operating accounts receivable	147,702	134,265
Income taxes receivable	58	—
Prepaid expenses	45,101	56,339
Deferred tax assets	31	32
Total current assets	14,066,994	14,253,339
Noncurrent assets		
Property, plant and equipment		
Buildings in trust	59,789,983	60,354,289
Accumulated depreciation	(7,018,751)	(8,049,653)
Buildings in trust, net	52,771,231	52,304,635
Structures in trust	99,700	101,300
Accumulated depreciation	(5,618)	(7,997)
Structures in trust, net	94,082	93,303
Tools, furniture and fixtures in trust	270,472	307,653
Accumulated depreciation	(60,706)	(79,433)
Tools, furniture and fixtures in trust, net	209,766	228,219
Land in trust	109,210,052	109,210,052
Total property, plant and equipment	162,285,132	161,836,211
Intangible assets		
Software	913	615
Right of trademark	1,057	993
Total intangible assets	1,971	1,608
Investments and other assets		
Investment securities	197,602	194,173
Lease and guarantee deposits	10,000	10,000
Long-term prepaid expenses	732,837	902,958
Total investments and other assets	940,439	1,107,131
Total noncurrent assets	163,227,543	162,944,952
Total assets	177,294,537	177,198,291

	[Unit: thousand yen]	
	8th Fiscal Period	9th Fiscal Period
	[as of June 30, 2010]	[as of Dec. 31, 2010]
Liabilities		
Current liabilities		
Operating accounts payable	257,622	268,286
Short-term loans payable	5,500,000	–
Current portion of long-term loans payable	23,500,000	18,050,000
Accounts payable – other	649,304	718,171
Accrued expenses	106,717	160,458
Distribution payable	18,458	16,172
Income taxes payable	1,005	1,085
Accrued consumption taxes	43,653	27,983
Advances received	713,042	692,428
Other	238,312	292,268
Total current liabilities	31,028,115	20,226,855
Noncurrent liabilities		
Long-term loans payable	43,300,000	54,250,000
Tenant leasehold and security deposits	8,987,165	8,899,891
Tenant leasehold and security deposits in trust	2,088,176	2,065,781
Total noncurrent liabilities	54,375,341	65,215,672
Total liabilities	85,403,457	85,442,528
Net assets		
Unitholders' equity		
Unitholders' capital	90,372,613	90,372,613
Surplus		
Unappropriated retained earnings (undisposed loss)	1,518,466	1,383,149
Total surplus	1,518,466	1,383,149
Total unitholders' equity	91,891,080	91,755,763
Total net assets	91,891,080	91,755,763
Total liabilities and net assets	177,294,537	177,198,291

(2) Statements of Income

	[Unit: thousand yen]	
	8th Fiscal Period	9th Fiscal Period
	[Jan. 1, 2010 to June 30, 2010]	[July 1, 2010 to Dec. 31, 2010]
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	–
Total operating revenue	6,012,315	5,879,525
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	79,678
Total operating expenses	3,598,951	3,722,663
Operating income	2,413,364	2,156,862
Non-operating income		
Interest income	3,520	2,895
Reversal of distribution payable	6,207	1,404
Other	50	0
Total non-operating income	9,778	4,300
Non-operating expenses		
Interest expenses	558,971	536,829
Borrowing related expenses	343,746	248,610
Other	382	382
Total non-operating expenses	903,099	785,821
Ordinary income	1,520,042	1,375,341
Extraordinary income		
Compensation income	–	9,400
Total extraordinary income	–	9,400
Income before income taxes	1,520,042	1,384,741
Income taxes – current	1,649	1,664
Income taxes – deferred	1	(0)
Total income taxes	1,651	1,663
Net income	1,518,391	1,383,077
Retained earnings brought forward	75	71
Unappropriated retained earnings (undisposed loss)	1,518,466	1,383,149

(3) Statements of Cash Flows

	[Unit: thousand yen]	
	8th Fiscal Period	9th Fiscal Period
	[Jan. 1, 2010 to June 30, 2010]	[July 1, 2010 to Dec. 31, 2010]
Net cash provided by (used in) operating activities		
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) operating activities	2,737,293	2,362,741
Net cash provided by (used in) investing activities		
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) investing activities	(1,801,248)	(640,600)
Net cash provided by (used in) financing activities		
Decrease 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 cash provided by (used in) financing activities	(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 cash equivalents at end of period	11,795,627	11,997,087

5. Real Estate for Investment

The following summarizes the assets (12 properties) owned by MID REIT as of December 31, 2010.

Use	Region [Note 1]	Property		Type of Asset	Acquisition Price	Book Value	Appraisal Value	Appraisal Company	Investment Ratio	Collateral
		No.	Name		[Note 2] [million yen]	[Note 3] [million yen]	[Note 4] [million yen]	[Note 5]	[Note 6] [%]	[Note 7]
Office Building	Osaka area	1	Twin 21 [Note 8]	Trust beneficiary interest	68,700	69,656	59,100	Morii	42.6	None
		2	Matsushita IMP Building		24,600	24,292	20,400	Tanizawa	15.3	None
		3	Panasonic Denko Building		7,620	7,591	6,750	Morii	4.7	None
		4	Midosuji MID Building		8,290	9,051	7,220	Tanizawa	5.1	None
		5	MID REIT Kyobashi Building		2,300	2,238	1,230	Tanizawa	1.4	None
		10	MID Imabashi Building		3,270	3,352	2,390	Tanizawa	2.0	None
		11	MID Midosujikawaramachi Building		2,000	2,009	1,360	Tanizawa	1.2	None
		12	Kitahama MID Building		10,800	10,900	9,270	JREI	6.7	None
		13	MID Nishihommachi Building		3,550	3,543	2,240	JREI	2.2	None
	Other	7	MID Shibakanasugibashi Building	1,160	1,138	1,180	Tanizawa	0.7	None	
	Subtotal				132,290	133,773	111,140		82.1	
	Retail Facility	Osaka area	8	Konami Sports Club Kyobashi	Trust beneficiary interest	2,780	2,648	2,780	Daiwa	1.7
Other		9	AEON Tsudanuma Shopping Center	26,100		25,413	23,700	Daiwa	16.2	None
Subtotal				28,880	28,062	26,480		17.9		
Total					161,170	161,836	137,620		100.0	

[Note 1] “Other” refers to the Tokyo metropolitan area, Government-designated cities (excluding the Osaka area) and other major cities.

[Note 2] “Acquisition Price” states the sale price which is stated in the sales contract for the respective trust beneficiary interest, etc. (excluding various acquisition expenses, property taxes and consumption taxes).

[Note 3] “Book Value” is the value appropriated to the balance sheets and is expressed as the applicable asset’s acquisition price (including various acquisition expenses) less accumulated depreciation.

[Note 4] “Appraisal Value” is the appraisal value at the end of the fiscal period based on the appraisal report with December 31, 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.

[Note 5] Morii: Morii Appraisal & Investment Consulting, Inc.

Tanizawa: Tanizawa Sogo Appraisal Co., Ltd.

JREI: Japan Real Estate Institute

Daiwa: Daiwa Real Estate Appraisal Co., Ltd.

[Note 6] “Investment Ratio” indicates the ratio of the acquisition price of the applicable asset to the total amount of acquisition prices and is rounded to the first decimal place. Accordingly, the entered amounts do not necessarily add up to the figures presented in the “Subtotal” and “Total” rows.

[Note 7] “Collateral” states whether or not a pledge has been established for the real estate trust beneficiary interest.

[Note 8] Including the trust beneficiary interest of Twin 21 (partial ownership of leased land).

[Note 9] Monetary amounts are rounded down to the nearest million yen.

[Note 10] In addition to the assets listed in the table above, MID REIT acquired silent partnership interests on November 29, 2007, January 30, 2008, September 29, 2008 and February 26, 2009.