

For Translation Purpose Only**REIT Financial Report for the 10th Fiscal Period (January 1, 2011 to June 30, 2011)**

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

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Planned commencement of cash distribution payment: September 12, 2011

[Monetary amounts in million yen are rounded down]

1. PERFORMANCE FOR THE 10th FISCAL PERIOD (January 1, 2011 to June 30, 2011)**(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	%
10th fiscal period	5,763	(2.0)	2,147	(0.4)	1,408	2.4	1,396	1.0
9th fiscal period	5,879	(2.2)	2,156	(10.6)	1,375	(9.5)	1,383	(8.9)

	Net income per unit	Net income to unitholders' equity	Ordinary income to total assets	Ordinary income to operating revenue
	yen	%	%	%
10th fiscal period	7,604	1.5	0.8	24.4
9th fiscal period	7,532	1.5	0.8	23.4

(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	%	%
10th fiscal period	7,605	1,396	0	—	100.0	1.5
9th fiscal period	7,532	1,383	0	—	99.9	1.5

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
10th fiscal period	176,885	91,769	51.9	499,763
9th fiscal period	177,198	91,755	51.8	499,691

(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
10th fiscal period	2,837	(713)	(1,509)	12,611
9th fiscal period	2,362	(640)	(1,520)	11,997

2. FORECAST OF RESULTS FOR THE 11th FISCAL PERIOD (July 1, 2011 to December 31, 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	%
11th fiscal period	5,805	0.7	2,019	(6.0)	1,341	(4.8)	1,339	(4.1)

	Distribution per unit [excluding distribution in excess of earnings]	Distribution in excess of earnings per unit
	yen	yen
11th fiscal period	7,293	0

[Reference] Estimated net income per unit for the 11th fiscal period: ¥7,293

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

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

(2) Number of Investment Units Issued and Outstanding

- (a) Number of investment units issued and outstanding (including own investment units) at end of period:
- 10th fiscal period: 183,625 units
- 9th fiscal period: 183,625 units
- (b) Number of own investment units at end of period:
- 10th fiscal period: 0 units
- 9th 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 March 28, 2011).

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 (10th fiscal period: January 1, 2011 to June 30, 2011), the total number of investment units issued and outstanding was 183,625 investment units.

During the 10th 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 10th fiscal period, the Japanese economy had continued to be on the upswing, with corporate performance showing signs of recovery. However, the Great East Japan Earthquake in March 2011 caused significant damage to the supply chains of various and wide-ranging companies. The earthquake also had an impact on consumer spending, exports and even employment conditions, and the influence continues to affect the entire Japanese economy.

In the real estate transaction market, the increase in transaction yields was coming to a stop, and there were some moves for proactive property acquisitions. However, partly due to the impact of the Great East Japan Earthquake, both sellers and buyers increasingly took a wait-and-see attitude with regards to the market. This has also created a decreasing trend in the volume of property information itself.

According to the Ministry of Land, Infrastructure, Transport and Tourism’s Land Price LOOK Report for the first quarter (January 1 to April 1) of 2011, the land price of intensively used land of major cities in Japan decreased in 98 of the 146 districts and either increased or remained flat in 48 districts. Despite the fact that four districts had been removed from coverage by the survey, the number of districts with a decrease still increased, indicating the large impact of the Great East Japan Earthquake. The number of districts with a decrease also rose in the Osaka area, which is MID REIT’s key investment region, and all districts in the business area of Osaka City showed decreases. 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 slower suggest that the decrease in land prices is tending to be smaller.

In the office leasing market, the rise in vacancy rates is showing signs of stopping, but tenants are still highly conscious of cost reductions and so the pressure to reduce rents lingers. The entire market in the business area of Osaka City is being impacted by the large-scale new supply, as represented by the Grand Front Osaka, the Umekita (Osaka Station North District) Phase 1 Development Area Project, and the future trend remains hard to discern. Moreover, partly due to the impact of the Great East Japan Earthquake, tenants now take an increasingly strict look at properties when rigidly selecting them based on such standards as earthquake resistance performance and locational safety (including ground with high resistance against liquefaction, inundation and other disasters), from the perspective of business continuity. Accordingly, more attention is being paid to the ability of individual properties to attract tenants.

(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 10th fiscal period. MID REIT’s portfolio at the end of the 10th 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 10th fiscal period, activities were promoted that take advantage of the relationship with the sponsor as well as the major shareholder of the sponsor, as exemplified by the successful attracting of the Kansai Electric Power Co., Inc. and its affiliated company to Twin 21. At Matsushita IMP Building, rearrangement of tenants was implemented in the lower-floor retail space in a way that is advantageous both to the tenants and MID REIT, as a measure to enhance profitability in the future. As a result, the occupancy rate for the entire portfolio was 97.4% as at the end of the 10th fiscal period, realizing an increase of 0.3 percentage points compared with the end of the previous fiscal period.

Furthermore, MID REIT has hitherto taken out earthquake insurance on its entire portfolio. Accordingly, although it posted 58 million yen as extraordinary losses for the loss on disaster, MID REIT also posted 48 million yen, the insurance proceeds excluding the indemnity amount of 10 million yen of earthquake insurance, as extraordinary income. Because of this, the resulting impact of the Great East Japan Earthquake on the management of MID REIT was minimal.

In addition, activities carried out by the OBP Development Council comprised of 10 land owners (companies) of the OBP were adopted as a fiscal 2011 model project for promoting sustainable urban redevelopment by the Ministry of the Environment (hereafter, the "Model Project"). In addition, the OBP Development Council leads the entire town in implementing leading global warming prevention activities, such as assessment of the effects of CO₂ reduction, or the dissemination of information pertaining to global warming countermeasures.

(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.

As of the end of the 10th fiscal period, MID REIT had a balance of borrowings from 13 financial institutions in the amount of ¥72,175 million. Of this, ¥46,675 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 10th 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.

(d) Overview of Business Performance and Distributions

As a result of the abovementioned asset management, MID REIT posted operating revenue of ¥5,763 million, operating income of ¥2,147 million, ordinary income of ¥1,408 million and net income of ¥1,396 million in its performance for the 10th 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 ¥7,605.

(2) Outlook of Next Fiscal Period

(a) Future Asset Management Policy and Challenges to Address

(i) Investment Environment

It is anticipated that the situation of the Japanese economy will remain unpredictable for some time due to the power supply restrictions caused by the nuclear power plant incidents, etc. as a result of the Great East Japan Earthquake, as well as to the impact of the damage on supply chains. Although a pickup can be expected in the future due to the effects of political measures and the post-quake reconstruction demand, it is difficult to discern when the economy will start to pick up.

In the real estate transaction market, transaction yields are expected to remain roughly flat. On the other hand, pressure to reduce rent amounts in the office leasing market is causing the cash flows generated by properties to hover at a low level, which in turn will presumably lead to stagnant property transactions.

In the office leasing market, the gap between supply and demand is forecast to still continue, given the large-scale new supply of office buildings scheduled to take place in the future, especially through 2013, in the business area of Osaka City.

Under such circumstances, MID REIT will continue to manage assets with the aim of securing stable revenue as well as maintaining and enhancing the value of assets under management from a medium- to long-term perspective through implementing appropriate repair and maintenance work and removal of equipment.

(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.

In addition, MID REIT will make sincere efforts to conduct power conservation measures, which are required widely under the current circumstances as a social requirement due to the impact of the Great East Japan Earthquake.

(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 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, etc. 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 11th fiscal period (July 1, 2011 to December 31, 2011). For the assumptions underlying the forecast of business results, please refer to the "Assumptions Regarding Business Results Forecasts for the 11th Fiscal Period (July 1, 2011 to December 31, 2011) and the 12th Fiscal Period (January 1, 2012 to June 30, 2012)" below.

Operating revenue	¥5,805 million
Operating income	¥2,019 million
Ordinary income	¥1,341 million
Net income	¥1,339 million
Distribution per unit	¥7,293
Distribution in excess of earnings per unit	¥0

In addition, assuming that the "Assumptions Regarding Business Results Forecasts for the 11th Fiscal Period (July 1, 2011 to December 31, 2011) and the 12th Fiscal Period (January 1, 2012 to June 30, 2012)" remain unchanged, MID REIT expects the following business results forecasts for its 12th fiscal period (January 1, 2012 to June 30, 2012).

Operating revenue	¥5,738 million
Operating income	¥2,022 million
Ordinary income	¥1,365 million
Net income	¥1,363 million
Distribution per unit	¥7,427
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 11th Fiscal Period (July 1, 2011 to December 31, 2011)
and the 12th Fiscal Period (January 1, 2012 to June 30, 2012)

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 June 30, 2011. • 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 June 30, 2011, 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) for the limited period from April 1, 2010 to March 31, 2012. Rent revenue (rent revenue – real estate) for the 11th fiscal period is calculated assuming exemption from payment of rent and common-area fees for the maximum number of 10 floors. For the 12th fiscal period, the rent revenue is calculated on the assumption that rent and common-area fees are exempt from payment for a maximum of 10 floors for January through March, and that MID REIT will receive the amount equivalent to that received after exemption from payment of rent and common-area fees for 10 floors for April through June. Although the latter three months are not the period covered by the memorandum for exemption from payment of rent and common-area fees, MID REIT assumes it in consideration for the negotiation status with Panasonic Corporation and other factors. • Operating revenue is calculated assuming there are no tenant defaults or non-payments of rent by tenants.
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 ¥719 million are expected for the 11th fiscal period and ¥721 million are expected for the 12th fiscal period. • Property taxes, etc. in the amount of ¥600 million are expected for the 11th fiscal period and ¥600 million are expected for the 12th 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 11th fiscal period will be ¥43 million more than the 10th fiscal period to amount to ¥174 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 ¥1,082 million for the 11th fiscal period and ¥1,087 million for the 12th fiscal period.
Non-operating expenses	<ul style="list-style-type: none"> • Interest expenses of ¥470 million are expected for the 11th fiscal period and ¥455 million are expected for the 12th fiscal period. • Borrowing related expenses of ¥209 million are expected for the 11th fiscal period and ¥202 million are expected for the 12th fiscal period.
Interest-bearing liabilities	<ul style="list-style-type: none"> • Assumes the balance of interest-bearing liabilities outstanding will be ¥72,050 million at the end of the 11th fiscal period and ¥71,925 million at the end of the 12th fiscal period. • Assumes the scheduled repayment of ¥125 million in the 11th fiscal period (due for repayment on July 31, 2011) and the scheduled repayment of ¥125 million in the 12th fiscal period (due for repayment on January 31, 2012) 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 June 30, 2011 and no additional investment units will be issued through to June 30, 2012.
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 March 28, 2011).

4. Financial Statements

(1) Balance Sheets

	[Unit: thousand yen]	
	9th Fiscal Period [as of Dec. 31, 2010]	10th Fiscal Period [as of June 30, 2011]
Assets		
Current assets		
Cash and deposits	8,568,061	8,972,733
Cash and deposits in trust	5,494,640	5,712,151
Operating accounts receivable	134,265	139,690
Prepaid expenses	56,339	28,156
Deferred tax assets	32	30
Total current assets	14,253,339	14,852,763
Noncurrent assets		
Property, plant and equipment		
Buildings in trust	60,354,289	60,692,089
Accumulated depreciation	(8,049,653)	(9,068,585)
Buildings in trust, net	52,304,635	51,623,503
Structures in trust	101,300	101,712
Accumulated depreciation	(7,997)	(9,553)
Structures in trust, net	93,303	92,159
Tools, furniture and fixtures in trust	307,653	342,823
Accumulated depreciation	(79,433)	(100,185)
Tools, furniture and fixtures in trust, net	228,219	242,638
Land in trust	109,210,052	109,210,052
Total property, plant and equipment	161,836,211	161,168,353
Intangible assets		
Software	615	317
Right of trademark	993	929
Total intangible assets	1,608	1,246
Investments and other assets		
Investment securities	194,173	191,400
Lease and guarantee deposits	10,000	10,000
Long-term prepaid expenses	902,958	662,062
Total investments and other assets	1,107,131	863,463
Total noncurrent assets	162,944,952	162,033,063
Total assets	177,198,291	176,885,826

	[Unit: thousand yen]	
	9th Fiscal Period [as of Dec. 31, 2010]	10th Fiscal Period [as of June 30, 2011]
Liabilities		
Current liabilities		
Operating accounts payable	268,286	339,738
Current portion of long-term loans payable	18,050,000	18,050,000
Accounts payable – other	718,171	690,429
Accrued expenses	160,458	159,538
Distribution payable	16,172	14,314
Income taxes payable	1,085	1,284
Accrued consumption taxes	27,983	32,529
Advances received	692,428	696,920
Other	292,268	510,014
Total current liabilities	20,226,855	20,494,770
Noncurrent liabilities		
Long-term loans payable	54,250,000	54,125,000
Tenant leasehold and security deposits	8,899,891	8,409,595
Tenant leasehold and security deposits in trust	2,065,781	2,087,330
Total noncurrent liabilities	65,215,672	64,621,926
Total liabilities	85,442,528	85,116,697
Net assets		
Unitholders' equity		
Unitholders' capital	90,372,613	90,372,613
Surplus		
Unappropriated retained earnings (undisposed loss)	1,383,149	1,396,516
Total surplus	1,383,149	1,396,516
Total unitholders' equity	91,755,763	91,769,129
Total net assets	91,755,763	91,769,129
Total liabilities and net assets	177,198,291	176,885,826

(2) Statements of Income

	[Unit: thousand yen]	
	9th Fiscal Period	10th Fiscal Period
	[July 1, 2010 to Dec. 31, 2010]	[Jan. 1, 2011 to June 30, 2011]
Operating revenue		
Rent revenue – real estate	5,455,836	5,379,440
Other lease business revenue	423,689	383,783
Total operating revenue	5,879,525	5,763,224
Operating expenses		
Expenses related to rent business	3,151,278	3,054,078
Asset management fee	427,470	427,978
Asset custody fee	8,851	8,831
Administrative service fees	45,124	45,523
Directors' compensations	10,260	10,260
Other operating expenses	79,678	68,821
Total operating expenses	3,722,663	3,615,494
Operating income	2,156,862	2,147,729
Non-operating income		
Interest income	2,895	1,717
Reversal of distribution payable	1,404	2,359
Other	0	0
Total non-operating income	4,300	4,076
Non-operating expenses		
Interest expenses	536,829	509,018
Borrowing related expenses	248,610	234,248
Other	382	382
Total non-operating expenses	785,821	743,649
Ordinary income	1,375,341	1,408,157
Extraordinary income		
Compensation income	9,400	—
Insurance income	—	48,017
Total extraordinary income	9,400	48,017
Extraordinary loss		
Loss on disaster	—	58,115
Total extraordinary loss	—	58,115
Income before income taxes	1,384,741	1,398,060
Income taxes – current	1,664	1,628
Income taxes – deferred	(0)	1
Total income taxes	1,663	1,629
Net income	1,383,077	1,396,430
Retained earnings brought forward	71	85
Unappropriated retained earnings (undisposed loss)	1,383,149	1,396,516

(3) Statements of Cash Flows

	[Unit: thousand yen]	
	9th Fiscal Period	10th Fiscal Period
	[July 1, 2010 to Dec. 31, 2010]	[Jan. 1, 2011 to June 30, 2011]
Net cash provided by (used in) operating activities		
Income before income taxes	1,384,741	1,398,060
Depreciation and amortization	1,064,327	1,068,424
Amortization of long-term prepaid expenses	240,428	240,896
Interest income	(2,895)	(1,717)
Interest expenses	536,829	509,018
Loss on retirement of noncurrent assets	6,090	20,443
Decrease (increase) in operating accounts receivable	13,437	(5,425)
Increase (decrease) in accrued consumption taxes	(15,670)	4,545
Increase (decrease) in operating accounts payable	10,664	71,451
Increase (decrease) in advances received	(20,613)	4,491
Decrease (increase) in prepaid expenses	(11,238)	28,183
Decrease (increase) in long-term prepaid expenses	(410,550)	—
Other	48,907	9,128
Subtotal	2,844,459	3,347,500
Interest income received	2,895	1,717
Interest expenses paid	(483,088)	(509,937)
Income taxes paid	(1,524)	(1,428)
Net cash provided by (used in) operating activities	2,362,741	2,837,850
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment in trust	(556,010)	(435,844)
Proceeds from tenant leasehold and security deposits	70,798	188,588
Proceeds from tenant leasehold and security deposits in trust	61,261	210,138
Repayments of tenant leasehold and security deposits	(145,851)	(480,039)
Repayments of tenant leasehold and security deposits in trust	(83,657)	(188,588)
Proceeds from withdrawal of deposits in trust for tenant leasehold and security deposits in trust	12,858	—
Payments for deposits in trust for tenant leasehold and security deposits in trust	—	(8,063)
Net cash provided by (used in) investing activities	(640,600)	(713,809)
Net cash provided by (used in) financing activities		
Decrease in short-term loans payable	(5,500,000)	—
Proceeds from long-term loans payable	29,000,000	—
Repayment of long-term loans payable	(23,500,000)	(125,000)
Dividends paid	(1,520,680)	(1,384,921)
Net cash provided by (used in) financing activities	(1,520,680)	(1,509,921)
Net increase (decrease) in cash and cash equivalents	201,460	614,119
Cash and cash equivalents at beginning of period	11,795,627	11,997,087
Cash and cash equivalents at end of period	11,997,087	12,611,207

5. Real Estate for Investment

The following summarizes the assets (12 properties) owned by MID REIT as of June 30, 2011.

Use	Region [Note 1]	Property		Type of Asset	Acquisition Price [Note 2] [million yen]	Book Value [Note 3] [million yen]	Appraisal Value [Note 4] [million yen]	Appraisal Company [Note 5]	Investment Ratio [Note 6] [%]	Collateral [Note 7]
		No.	Name							
Office Building	Osaka area	1	Twin 21 [Note 8]	Trust beneficiary interest	68,700	69,397	59,100	Morii	42.6	None
		2	Matsushita IMP Building		24,600	24,191	20,300	Tanizawa	15.3	None
		3	Panasonic Denko Building		7,620	7,549	6,740	Morii	4.7	None
		4	Midosuji MID Building		8,290	9,001	7,170	Tanizawa	5.1	None
		5	MID REIT Kyobashi Building		2,300	2,228	1,250	Tanizawa	1.4	None
		10	MID Imabashi Building		3,270	3,337	2,360	Tanizawa	2.0	None
		11	MID Midosujikawaramachi Building		2,000	2,004	1,350	Tanizawa	1.2	None
		12	Kitahama MID Building		10,800	10,863	9,090	JREI	6.7	None
		13	MID Nishihommachi Building		3,550	3,525	2,230	JREI	2.2	None
	Other	7	MID Shibakanasugibashi Building		1,160	1,140	1,180	Tanizawa	0.7	None
Subtotal					132,290	133,240	110,770		82.1	
Retail Facility	Osaka area	8	Konami Sports Club Kyobashi	Trust beneficiary interest	2,780	2,629	2,780	Daiwa	1.7	None
	Other	9	AEON Tsudanuma Shopping Center		26,100	25,298	23,700	Daiwa	16.2	None
	Subtotal					28,880	27,927	26,480		17.9
Total					161,170	161,168	137,250		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, etc.).

[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 June 30, 2011 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.