



2008

A year of character and
optimism in a changing world.

TO BE TRULY OPTIMISTIC, ONE MUST BE
SURROUNDED BY A TEAM THAT CONSISTENTLY
OFFERS CONFIDENT SOLUTIONS, EVEN IN THE
FACE OF GREAT CHALLENGES.



LETTER TO OUR STAKEHOLDERS

A LOOK BACK.

While we enjoyed a robust 2008, few could have predicted the unprecedented events that unfolded at the end of the year. These events not only rocked consumer confidence, they created major structural shifts in our economy as the underpinnings of capitalism weakened. These shifts were not only felt in the United States, but across the world, underscoring the fact we truly live in a global economy.



OPPORTUNITY AHEAD.

For more than four decades, Midway has successfully navigated both good and bad economic cycles. The tough times have made us wiser and remind us that in any environment, there is opportunity. Today, we are balancing uncertainty with optimism. Our optimism is not founded in arrogance, but founded in our unwavering **commitment to be the best owner and developer of quality real estate assets in the markets in which we operate.** And more importantly, our optimism is founded in the people of Midway who bring that commitment to life every day.

FIRST WHO, THEN WHAT.

A simple but powerful concept, and yet it often gets lost in the context of business strategy. The reality is that strategy, no matter how powerful, is worthless without great people. Everything we do at Midway starts with a fundamental **commitment to Quality—Quality people, Quality projects, and Quality process.**

In 2008, we invited our Team to define the characteristics that they felt embodied a Midway Team member. They identified **Eight Core Characteristics—Teamwork, Professionalism, Adaptability, Quality, Confidence, Passion, Integrity, and Initiative.** These characteristics are now central to our hiring process and our Team members understand that when their names go on a Midway business card, they represent our brand and the values we hold dear.

This past year we moved our corporate office to CITYCENTRE, not because it is our project, but because the unique mixed-use environment affords us a strategic advantage when recruiting quality people. CITYCENTRE is an evolutionary project for Midway, and it was only fitting that the design of our new workplace echoes that vision. We created a workplace that is an extension of who we are, reflecting our core values and fostering our firm's culture.

A YEAR OF PROGRESS.

Our Team continued to raise the bar this past year:

- Oak Park Plaza, a boutique office building located in the heart of the Westchase District was commissioned.
- Additional phases of Kings Harbor opened as the project became more integral in the Kingwood community.
- CITYCENTRE rose from the ground, positioned to become one of the premier mixed-use destinations in the Houston area when it opens in the Fall of 2009.
- We assisted in the development of a new brand for the Valencia Group, Hotel Sorella, which will make its debut at CITYCENTRE in the Summer of 2009.
- A technically challenging renovation and expansion of the Clayton W. Williams, Jr. Alumni Center for the Association of Former Students at Texas A&M University was substantially completed. Final delivery will occur in the Spring of 2009.

- We planned and permitted EcoCentre I, a 125,000 SF Class A Office Building and one of the first multi-tenant LEED Platinum buildings in the country.
- Following a two year selection process, Midway was selected by Texas A&M University to be the master developer of an 80 acre mixed-use development project adjacent to the campus.
- The last phases of Springs Trails, a 1,200 acre, master-planned community in North Houston were completed.
- We developed a new 200,000 SF national distribution facility for ForeFront Golf in Baldwyn, Mississippi.
- An expansion of Camelot Desserts facility was completed; expanding the building to approximately 150,000 SF and their baking capacity by 30,000 cakes per day.

This past year also saw us extend the Midway culture into our professional relationships and community initiatives. We established the Moran Legacy Award, an honor created to keep our founder's legacy alive and recognize those who share our values. We assembled the Midway Advisory Board to provide invaluable knowledge and expertise in uncertain times. And we stepped up our community outreach through the Midway Foundation, individual volunteer commitments and pro-bono work in support of the Yellowstone Academy.

LOOKING FORWARD.

There is no doubt that 2009 will be challenging, but we remain optimistic. We are positioned to leverage the talent of our Team and our collective commitment to good old-fashioned hard work, to not only survive during these difficult times, but to prosper in them. We are steadfast in our goal of creating long term value for our Team members, our clients, and the communities in which we operate, by being the **best owner and developer of quality real estate assets.**

Bradley R. Freels
Chairman and CEO



John Beard
Honorary Employee

Sharp and spry at 79, John is a Midway veteran who embodies our spirit of teamwork. After many years on the construction side of the business, he has become a jack of all trades at the Midway office — respected for his willingness to jump in on any project and do whatever it takes to get the job done.



TEAMWORK

United in a common cause and empowered by our collective talents, there's no limit to what our focused team at Midway Companies can achieve.




SPECIFICATIONS

- Two axis design featuring an extensive use of mesquite wood and glass
- Open “Huddle” rooms for quick meetings
- Prominent common areas such as the glass “Amenity Box”

MIDWAY OFFICE

In our commitment to ensure “all the brains are in the game,” we brought to life our vision of a collaborative workspace in which every team member is encouraged to thrive and contribute. Located in our CITYCENTRE project, this modern work environment extends the Midway brand into physical space, creating a people-driven

office that provides the greatest freedom for our talented team to interact. The space was designed with transparency in mind, ample common areas for meeting on the fly and shared amenities for all levels of the company. 

OAK PARK PLAZA

Whether large or small, a business is judged on its first impression. LEED pre-certified at the silver level and currently awaiting final certification, Oak Park Plaza is an environmentally friendly, thoughtfully designed office building that any business would be proud to call home. What sets Oak Park Plaza apart in the Westchase

SPECIFICATIONS

- 3-story Class A office building in the Westchase District
- Located in the architecturally-controlled Oak Park business community
- 55,000 sq. feet
- Owned by WYAK Investments

PROFESSIONALISM

The foundation upon which all our relationships are built, professionalism begins with dedication to the work and is sustained by mutual respect.



District is that it provides upscale sophistication and innate social consciousness to smaller tenants that desire world-class facilities. Bringing such a professional level of service to an underserved market underscores Midway's dedication to thinking differently and doing what's best for the community. ■■



Mike Mawhee
Vice President, Asset Management

Some 25 years have passed since Mike first lent his talents to Midway, but many longtime friendships and professional relationships have led him back to the team. His core values of trust and respect not only serve him well at Midway, they have been passed on to his son and daughter, a 2008 Oklahoma State graduate and a 2006 Texas Christian University graduate, respectively.





SPECIFICATIONS

- 44 country estates
- 977 acres of rolling hills, pastures and live water
- Two private stocked lakes
- Equestrian center and five miles of trails



Don Thomas
*Executive Vice President,
Development*

A D A P T A B I L I T Y

Never satisfied with the status quo, we thrive on change — always choosing to proactively meet challenges and respond with vision.




James P. Pappas
Executive Vice President, Development

An avid outdoorsman, Jimmy has a humble respect for nature. By adapting our lifestyle to preserve the environment, he believes our lives will be richer for it. Jimmy's connection to the land comes in handy at Midway, creating residential projects that respond to both market trends and environmental concerns.

RANCHES OF CLEAR CREEK

In an ever-changing housing market, the ability to adapt to trends and respond to consumer demands is often the difference between success and failure. Celebrating the joys of country living, Ranches of Clear Creek is a distinctive private gated community located within an hour of Houston. By marrying the romance and freedom of



the Texas countryside with the amenities of an exclusive residential community, Midway realized a market niche and set an example for future development. 

KINGS HARBOR

Located in Kingwood, Texas, an established master planned community on the shores of Lake Houston, Kings Harbor is an upscale waterfront development uniquely designed to meet the needs of its discerning target market. Mindful of the area's neighborhood feel and the amenities its residents were lacking, Midway created a

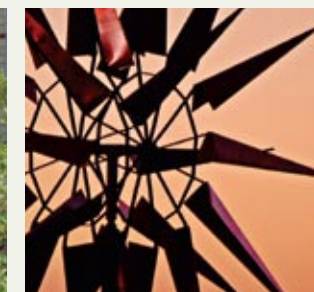


mixed-use project that answered the community's call while staying true to the qualities that make it unique. By paying attention to handcrafted details and accentuating the surrounding natural beauty, Kings Harbor provides a uniquely memorable place to live, work and play. ■■■



QUALITY

Never compromising on our commitment to results that exceed expectations and always providing the best possible value are the hallmarks of Midway Companies developments.



SPECIFICATIONS

- 27 acre mixed-use development
- 100,000 sq. feet of commercial space
- Over \$125 million in total development
- Central plaza with pop jet fountain and public artwork
- Only waterfront development in the area
- Multiple housing options: 35 Brownstones, 42 Townhomes, 250 Multi-Family units



Connie Carey
Marketing Director

For our team members, recognizing quality is second nature. Connie refuses to settle for anything short of excellence, both at work and at home. Whether hitting the links or learning to sail, she and her husband are always up for taking on a challenge together.

DEFINING MIXED-USE

We often get asked about mixed-use development, what defines a mixed-use project, and what the critical factors are when considering a mixed-use development. The term mixed-use gets thrown around quite liberally these days — mixed-use has become frequently applied to projects that do not satisfy the conditions for true mixed-use development.



Those conditions are quite clear, and were actually codified in 1976 by the Urban Land Institute (ULI). According to the ULI, true mixed-use development is characterized by the following:

- Three or more significant revenue-producing uses
- Significant functional and physical integration of project components
- Must conform with a coherent master plan

Those three key concepts—variety, proximity, strategy—remain central to understanding what distinguishes true mixed-use developments from the pretenders. Planning and developing for multiple uses is one thing, but it is in the integration of those disparate uses into one coordinated, functionally cohesive and mutually beneficial unit where the real alchemy takes place.

If mixed-use is done correctly, the whole is truly greater than the sum of the parts. For example, can higher office rental rates be achieved when office is developed in conjunction with a hotel? But you have to go deeper and ask what the details are behind that hotel-office relationship. Clear and sophisticated thinking about adjacencies, connections, and interdependent relationships is the basis for creating great mixed-use projects.

A SOUND INVESTMENT

Before answering the question of how to best position and coordinate those various uses for success, it is important to acknowledge an important fact: high-quality mixed-use development is not easy. Combining a variety of uses into one integrated whole entails an intimidating array of challenges. The payoff for those extra costs and complexities is, ideally, a better project and higher value. A skillfully executed mixed-use project can create the kinds of dynamic, compelling spaces that inspire activity, participation, and shopping. The formula is simple: the more people enjoy a place and can satisfy their needs to live, work and play, the more time they will spend in that space. And, ultimately, the bottom line is the bottom line, and more time spent equates to more dollars spent.

CONTEXT IS EVERYTHING

Mixed-use development for the sake of mixed-use development is risky. Developers should consider if and to what extent each component adds value to the entire project and it is not just the content, but the context that is key. For any component to succeed as part of a thriving mixed-use project, the market demand must be there. Additionally, every component must also take into account the character and context of other tenants and complementary uses; if something does not “fit”, the whole project will suffer.

DESIGN A WALKABLE, ACCESSIBLE, PEDESTRIAN-ORIENTED SPACE

The ability to walk and move seamlessly and easily between uses is an appealing aspect of a development, and pedestrian connections are a vitally important

element of any successful mixed-use design. Pedestrian activity energizes the streetscape, helps extend the architectural presence out into the space, and helps transform the built environment from a series of disconnected spaces into a connected experience. Careful consideration of usage patterns, especially timing and context, is particularly important.

REMEMBER THE IMPORTANCE OF PUBLIC SPACE

In a very real sense, public spaces, plazas, patios, and other natural gathering places constitute a unique use in their own right. They add value to all other uses, providing a place for shoppers, residents, guests and workers to relax and conveying a feeling of unity and community to the project. How, when and where things happen can determine how the design shapes the experience. Incorporating entertainment components such as cinema or restaurants, for example, can help ensure that the critical mass of people is present in the evenings, as well as during the day.

THINK VERTICAL—DENSITY IS YOUR FRIEND

There are both direct benefits and challenges when considering density and vertical design. Efficiencies in land cost and overall functionality can, over time, defray the higher initial costs for some mixed-use projects. But perhaps even more importantly, dense, vertical development, often with office or loft-style residential above retail components, facilitates accessibility, and walkability and helps create a more vibrant, energized environment.

In the end, the context and the way that the pieces of the puzzle fit together will dictate the success of a mixed-use project. Designing and developing a great mixed-use project requires not just attention to detail—but to the right kind of details. Numbers are critical, but neglecting to focus on that all-important cohesion and functional and aesthetic integration will set you up for a struggle. However, if you are able to work toward a larger vision while at the same time focusing on the way the various pieces fit together, you will be able to create diverse, unified, and compelling mixed-use environments. The results are extraordinary projects that create tremendous value.



SPECIFICATIONS

- 37 acre mixed-use development
- 1.8 million total sq. feet
- Upscale retail, dining, and office space
- Urban lofts and brownstones
- 244-room luxury hotel
- 145,000 sq. foot flagship Life Time Athletic



C O N F I D E N C E

Knowledge and experience
are at the heart of new ideas,
providing us with the
confidence and assurance to
lead into uncharted territory.

Shon Link
Director, Development

Originally an architect on the CITYCENTRE project, Shon displayed such vision he was brought on board as the development manager. An adventurous traveler, Shon has taken that same excitement for experiencing new things into his professional life, confidently taking on the challenge of a new career direction.



C I T Y C E N T R E

The product of years of careful planning and experience in the market, CITYCENTRE is a mixed-use project that’s already changing the face of Houston. This imaginative development, infused with an authentic feel that makes it an extension of its environment, provides retail, office, entertainment, residences and hotel space in one

architecturally elegant destination. Rather than imposing a concept on the site, CITYCENTRE was built in response to the needs of the community, exemplifying Midway’s confidence in understanding trends and developing solutions that work. 

HOTEL SORELLA

Created to provide boutique charm with the exceptional accoutrements demanded by business travelers, Hotel Sorella is the crown jewel of CITYCENTRE and reflects our passion for delivering an exceptional experience. Eschewing the larger national brands, the Valencia Group was selected to operate the hotel and deliver this



one-of-a-kind aesthetic. Filling a glaring need for an upscale hotel in west Houston, Hotel Sorella is envisioned to work in seamless partnership with its neighboring restaurants, conference center and fitness center and draw scores of visitors to the development it anchors. ■■■



Jamie Bryant
Director, Development

There are no cutting corners or skimming over details when you bring the vigor Jamie provides to every project. His passion for perfection is echoed in his own life. An adept musician, Jamie sees the piano as not only an outlet for creative expression, but an example of the dedication it takes to succeed.

PASSION

Work without passion is just work. At Midway we strive to impart the heart and soul of our dedicated team into every project, delivering masterfully crafted results of impeccable quality every time.



SPECIFICATIONS

- 244 contemporary rooms including 30 suites and 1 presidential suite
- European inspired design by world renowned interior designer, Peter Remedios
- Operated by the Valencia Group
- Fine dining from the Brennan Family Restaurant Group
- Adjacent to the Norris Conference Center



SPECIFICATIONS

- A multi-use office building and exhibit hall, displaying memorabilia from A&M's prominent former students
- 60,000 sq. feet
- Owned by The Association of Former Students
- Largest indoor video screen wall in Texas



INTEGRITY

Uncompromising and unconditional values guide us through every venture, ensuring the principles of honesty and integrity always shine through.



Pam Jesse
Controller


As Controller, Pam is the steward of Midway's relationships with investors, developers, vendors, communities and owners. Our reputation precedes us thanks to her personal and professional integrity, a trait she further demonstrates as treasurer of the Centre Stage Theatrical School and artist for Via Colori, a street painting festival, benefiting The Center for Hearing and Speech.



THE ASSOCIATION OF FORMER STUDENTS

Few places hold tradition as dear as Texas A&M University. Maintaining the history and integrity of this storied university was at the core of the Association of Former Students at Texas A&M University renovation project. The renovation was a delicate balance between state-of-the-art office space and tasteful improvements to the museum and



alumni spaces. The uncompromising principles of a focused client combined with Midway's commitment to a higher standard of service culminated in a facility befitting such proud alumni. 

ECO CENTRE AT LAKE POINTE

With the vision of becoming the first LEED Platinum certified multi-tenant building in the Houston area, Eco Centre at Lake Pointe is taking the initiative to make a difference in the way people conduct business. Eco Centre defies the conventional thinking about office buildings, employing technologies like rainwater capture



and the largest solar panels in Texas to redefine what it means to be green. This breakthrough project will provide an attractive option for tenants who share a passion for sustainability and environmental consciousness. ■■■



Brandon Houston
Director, Development
His initiative in the Eco Centre at Lake Point development has helped overcome obstacles to LEED certification that many thought were insurmountable. It's this drive that pushed Brandon to return to school, pursuing an MBA that he will complete this spring.

INITIATIVE

Purposefully setting out on a decidedly different course is often what we do at Midway. Taking the initiative to transform what's possible is essential for meaningful growth.



SPECIFICATIONS

- 7-story Class A office building in Sugar Land, Texas
- 150,000 sq. feet
- Pre-certified LEED Platinum
- Scheduled for completion in 2010




MORAN LEGACY AWARD

The late Jim Moran was the founder of Midway Companies and continues to be an inspiration. His character, vision and passion for embracing new ideas live on in each of us. We carry on his legacy in everything we do, and when that extends beyond our doors we choose to associate with people and organizations that share our values.



To honor Jim and recognize those valued partners who are so integral to our success, we have introduced the Moran Legacy Award.


In 2008, we chose Amegy Bank as the inaugural recipient of the Moran Legacy Award. The people of Amegy Bank embody the values we hold dear and their continued support has been essential to our consistent growth. 



A D V I S O R Y B O A R D

We're extremely proud of the talented and dedicated team we've assembled at Midway Companies. But our work is not performed in a vacuum, and our most vital decisions aren't made without the advice and insight of our many trusted advisors.

We are grateful to have such a wealth of great partners who share our optimism and commitment to quality. Whether client, investor, community leader or professional associate, we offer our heartfelt thanks to all those who have contributed their time and expertise to our endeavors.

In 2008, we took this a step further, establishing the Midway Advisory Board. This special collection of individuals, each a leader in their respective industries, offers knowledge and vision to help shape Midway's future. By adding depth and breadth to our understanding of the environment in which we operate, the Board provides great perspective as we strive to be the best. 



Mike Edwards
President and CEO
Ellington Leather



Adam Finn
Private Investor and Former CEO
Warren Alloy Valve and Fitting
Company



D. Fort Flowers, Jr.
President and CEO
Sentinel Trust Company



James E. Furr, FAIA
Regional Managing Principal
Gensler



Barksdale Hortenstine
Director of Joint Venture &
Partnership Tax Consulting
National Tax Department of
Ernst & Young



Christopher M. Job
CEO
Shamrock Ventures, Inc.



Marvin Katz
Partner
Mayer Brown, LLP



Ron Nixon
President
The Catalyst Group, Inc.



Dan Pickering
Co-President
Tudor, Pickering, Holt & Co., LLC



REBUILDING TOGETHER

Working with Rebuilding Together Houston, Midway team members revitalize our city by providing free home repairs to low income, elderly and disabled homeowners.



GIVING BACK

At Midway Companies, we talk at length about what it takes to achieve success: teamwork, professionalism, adaptability, quality, confidence, passion, integrity and initiative. But we also understand that with success comes responsibility — to lead by example both professionally and in the community.



YELLOWSTONE ACADEMY

In 2008, we proudly completed a pro bono athletic facility for Yellowstone Academy, a Christian school in Houston exclusively serving children of low-income families. Named in honor of Houston community leader Jack Blanton, The Jack S. Blanton Center at Yellowstone Academy features a full gymnasium, locker rooms, and office space. More importantly, it gives Yellowstone students a fun and safe place to play.



VIA COLORI

Talented Midway artists donate their time creating street art for the Via Colori Festival to benefit The Center for Hearing and Speech.

S U C C E E D W I T H H U M I L I T Y

It's this humility that drove us to establish The Midway Foundation, which annually distributes a share of our profits to charitable organizations throughout Houston. It compels members of our talented team to use their gifts outside the office and it means actively working to make our hometown a better place for everyone.



As Midway continues to grow, we pledge to continue in our efforts to give back to the community we call home. Helping others share in our success is the truest reward for a job well done. 🏡

MAINTAINING PERSPECTIVE

Now more than ever, we at Midway Companies must rely on our core values. Over four decades we've built a reputation as a leader within our industry and the community because of our consistency and commitment. While the environment of 2009 will be one of change, we're prepared to make the hard choices and do the



hard work to not only survive, but become stronger. In times like these we're presented with a different kind of opportunity. One that rewards optimism balanced with sensibility. At Midway, we have the vision, people and partners to achieve in any market. And as always, we are prepared to lead. 