

**For Translation Purpose Only****REIT Financial Report for the 11th Fiscal Period (July 1, 2011 to December 31, 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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Executive Director

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Planned commencement of cash distribution payment: March 12, 2012

[Monetary amounts in million yen are rounded down]

**1. PERFORMANCE FOR THE 11th FISCAL PERIOD (July 1, 2011 to December 31, 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	%
11th fiscal period	5,776	0.2	2,085	(2.9)	1,416	0.6	1,416	1.4
10th fiscal period	5,763	(2.0)	2,147	(0.4)	1,408	2.4	1,396	1.0

	Net income per unit	Net income to unitholders' equity	Ordinary income to total assets	Ordinary income to operating revenue
	yen	%	%	%
11th fiscal period	7,714	1.5	0.8	24.5
10th fiscal period	7,604	1.5	0.8	24.4

**(2) Distributions**

	Distribution per unit	Total distributions	Distribution in excess of earnings per unit	Total distributions in excess of earnings	Payout ratio	Distributions to net assets
	[excluding distribution in excess of earnings] yen	million yen	yen	million yen	%	%
11th fiscal period	7,715	1,416	0	—	100.0	1.5
10th fiscal period	7,605	1,396	0	—	100.0	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
11th fiscal period	176,561	91,789	52.0	499,873
10th fiscal period	176,885	91,769	51.9	499,763

**(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
11th fiscal period	2,419	(596)	(1,524)	12,909
10th fiscal period	2,837	(713)	(1,509)	12,611

**2. FORECAST OF RESULTS FOR THE 12th FISCAL PERIOD (January 1, 2012 to June 30, 2012)**

[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	%
12th fiscal period	5,695	(1.4)	2,042	(2.1)	1,389	(1.9)	1,387	(2.1)

	Distribution per unit [excluding distribution in excess of earnings]		Distribution in excess of earnings per unit	
	yen		yen	
12th fiscal period	7,556		0	

[Reference] Estimated net income per unit for the 12th fiscal period: ¥7,556

**3. OTHER****(1) Changes in Accounting Policies, Changes in Accounting Estimates and Retrospective Restatement**

- (a) Changes in accounting policies accompanying amendments to accounting standards, etc.: None
- (b) Changes in accounting policies other than in (a): None
- (c) Changes in accounting estimates: None
- (d) Retrospective restatement: 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:
- 11th fiscal period: 183,625 units
- 10th fiscal period: 183,625 units
- (b) Number of own investment units at end of period:
- 11th fiscal period: 0 units
- 10th 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 6.

## 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, 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 (11th fiscal period: July 1, 2011 to December 31, 2011), the total number of investment units issued and outstanding was 183,625 investment units.

During the 11th 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 11th fiscal period, the Japanese economy continued to face a difficult situation caused by such factors as the power supply restriction and the damage to the supply chains of various companies due to the impact of the Great East Japan Earthquake. The economy then entered a path of recovery, although slowly, partly because of the rapid restoration of production facilities, etc. that took place afterward. However, downside risks increased in overseas economies, as the European sovereign debt problem became more serious. On top of this, the yen’s appreciation that was also related to the problem had a large impact on corporate performance, primarily of export-led companies. As such, the economic outlook remained uncertain.

In the office building transaction market, the investment demand became increasingly solid, with a recovering trend observed in deal prices. Nevertheless, transactions remained stagnant as large-scale properties were not available for sale in the market. Property information was mostly on relatively small buildings, and the volume of information on large-scale properties was rather limited. Among acquisitions by J-REITs, a little less than half of the deals were with their sponsor companies.

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 2011, the land price of intensively used land of major cities in Japan decreased in 78 of the 150 districts, and either increased or remained flat in 72 districts. The situation continued to remain harsh with the number of districts with a decrease accounting for more than half. However, as in the second quarter of 2011, districts with a decrease fell both in the number and the rate of decrease, indicating a recovery trend from the large drop due to the impact of the Great East Japan Earthquake. The Osaka area, which is MID REIT’s key investment region, also showed a similar trend. In the Osaka Business Park (hereafter, the “OBP”), where MID REIT’s core properties are situated, transaction yields remained unchanged while rent levels were still weak, and the decreasing trend in land prices continued.

In the office leasing market, the rise in vacancy rates was coming to a stop, but tenants remained highly conscious of cost reductions. Accordingly, the recovery in rent levels has not yet come.

##### (ii) Asset Management Performance

###### <Investment Performance>

MID REIT did not conduct any acquisitions or transfers of real estate, etc. during the 11th fiscal period. MID REIT’s portfolio at the end of the 11th 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, 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, MID REIT conducts leasing activities striving to maintain and boost occupancy rates, through the various measures and policies of MID Property Management described above. 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 situated in the OBP – Osaka's representative conglomerate business area.

Among efforts made during the 11th fiscal period, MID REIT worked to further increase the occupancy rate of Twin 21, one of its core assets, with the Kansai Electric Power Co., Inc. (hereafter, "Kansai Electric") moving in and through other measures. At Matsushita IMP Building, in an endeavor to enhance profitability, renewal construction work was implemented to shift the lower-floor retail space to office space so as to encourage tenants to move in.

As a result of these efforts, the occupancy rate for the entire portfolio was 97.5% as at the end of the 11th fiscal period, realizing an increase of 0.1 percentage points compared with the end of the previous fiscal period.

Moreover, MID REIT received DBJ Green Building Certification for Twin 21, Matsushita IMP Building and Kitahama MID Building from the Development Bank of Japan Inc. in February 2012, with the certified level of "Silver" for each property. The Certification selects and certifies excellent real estate that meets the demands of the times, with a purpose to promote popularization of properties (Green Buildings) that, on top of their environmental performance, take into account disaster mitigation, crime prevention and the social requirements surrounding real estate from various stakeholders. As such, the certification is understood to indicate that the properties owned by MID REIT have received certain evaluation as Green Buildings.

#### (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 11th fiscal period, MID REIT had a balance of borrowings from 13 financial institutions in the amount of ¥72,050 million. Of this, ¥17,800 million was borrowed in long-term loans payable in the 11th fiscal period, as funds for repaying borrowings that matured during the fiscal period. Moreover, among the balance of borrowings, ¥46,550 million has been borrowed at fixed interest rates (including those for which interest rates have been fixed via interest rate swap agreements).

As of the end of the 11th 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 64.6% 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 ¥5,776 million, operating income of ¥2,085 million, ordinary income of ¥1,416 million and net income of ¥1,416 million in its performance for the 11th 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 ¥7,715.

### (2) Outlook of Next Fiscal Period

#### (a) Future Asset Management Policy and Challenges to Address

##### (i) Investment Environment

It is anticipated that the Japanese economy will stay on track to recovery, supported by the reconstruction demand after the Great East Japan Earthquake, etc. On the other hand, it appears that the situation will continue to require careful attention to such uncertainty factors as downside risks of the overseas economy due to further worsening of the European sovereign debt problem and the impact of the ongoing appreciation of the yen on corporate performance.

In the office building transaction market, while deal prices are likely to turn to a recovery trend, it is forecast that transactions will remain stagnant as supply of properties to the transaction market will continue to be limited.

In the office leasing market, there are signs of vacancy rates improving in the business area of Osaka City. However, tenants remain highly conscious of cost reductions, partly due to the sense of economic uncertainty, and it is expected to require more time for rent levels to recover. In addition, it is necessary to closely monitor the impact of the Grand Front Osaka, the Umekita (Osaka Station North District) Phase 1 Development Area Project scheduled to be completed in the spring of 2013, on the supply and demand situation in the office leasing market in the business area of Osaka City. Moreover, since the Great East Japan Earthquake, attention has been drawn to such aspects of properties as earthquake resistance performance and locational safety (including ground with high resistance against liquefaction, inundation and other disasters). This should further intensify competition among individual properties.

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 six 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 maintaining high ratings for "Ambience" and other items for which high ratings have been achieved from before, ratings are also improving for human-related items including "Effectiveness of facility management" and "Effectiveness of property management."

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 CO<sub>2</sub> Reduction>

MID REIT will appropriately respond to the requests of society via CO<sub>2</sub> 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 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 12th fiscal period (January 1, 2012 to June 30, 2012). For the assumptions underlying the forecast of business results, please refer to the "Assumptions Regarding Business Results Forecasts for the 12th Fiscal Period (January 1, 2012 to June 30, 2012) and the 13th Fiscal Period (July 1, 2012 to December 31, 2012)" below.

Operating revenue	¥5,695 million
Operating income	¥2,042 million
Ordinary income	¥1,389 million
Net income	¥1,387 million
Distribution per unit	¥7,556
Distribution in excess of earnings per unit	¥0

In addition, assuming that the "Assumptions Regarding Business Results Forecasts for the 12th Fiscal Period (January 1, 2012 to June 30, 2012) and the 13th Fiscal Period (July 1, 2012 to December 31, 2012)" remain unchanged, MID REIT expects the following business results forecasts for its 13th fiscal period (July 1, 2012 to December 31, 2012).

Operating revenue	¥5,645 million
Operating income	¥1,893 million
Ordinary income	¥1,316 million
Net income	¥1,314 million
Distribution per unit	¥7,160
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 12th Fiscal Period (January 1, 2012 to June 30, 2012)  
and the 13th Fiscal Period (July 1, 2012 to December 31, 2012)

Item	Assumption(s)
Assets under Management	<ul style="list-style-type: none"> <li>• 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, 2011.</li> <li>• The actual assets under management may vary due to changes in the property portfolio and other factors.</li> </ul>
Operating revenue	<ul style="list-style-type: none"> <li>• Rent revenue (rent revenue – real estate) is calculated based on lease agreements effective as at December 31, 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, etc.” dated February 16, 2012, MID REIT reached an agreement with Twin 21 tenant, Panasonic Corporation, to extend the set up period by another year for floors exempt from payment of rent and common-area fees (free-rent) (no more than 10 floors) to March 31, 2013. Accordingly, rent revenue (rent revenue – real estate) for the 12th fiscal period and 13th fiscal period are calculated assuming exemption from payment of rent and common-area fees for the maximum number of 10 floors.</li> <li>• Operating revenue is calculated assuming there are no tenant defaults or non-payments of rent by tenants.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Property management fees in the amount of ¥709 million are expected for the 12th fiscal period and ¥707 million are expected for the 13th fiscal period.</li> <li>• Property taxes, etc. in the amount of ¥600 million are expected for the 12th fiscal period and ¥600 million are expected for the 13th fiscal period.</li> <li>• 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 12th fiscal period will be ¥48 million less than the 11th fiscal period to amount to ¥124 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.</li> <li>• Depreciation and amortization are calculated based on the straight-line method inclusive of associated costs and future additional capital expenditures. MID REIT estimates ¥1,079 million for the 12th fiscal period and ¥1,099 million for the 13th fiscal period.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>• Interest expenses of ¥451 million are expected for the 12th fiscal period and ¥450 million are expected for the 13th fiscal period.</li> <li>• Borrowing related expenses of ¥202 million are expected for the 12th fiscal period and ¥128 million are expected for the 13th fiscal period.</li> </ul>
Interest-bearing liabilities	<ul style="list-style-type: none"> <li>• Assumes the balance of interest-bearing liabilities outstanding will be ¥71,925 million at the end of the 12th fiscal period and ¥71,800 million at the end of the 13th fiscal period.</li> <li>• Assumes the scheduled repayment of ¥125 million in the 12th fiscal period (due for repayment on January 31, 2012) and the scheduled repayment of ¥125 million in the 13th fiscal period (due for repayment on July 31, 2012) will be repaid using cash reserves.</li> <li>• For the 13th fiscal period, it is assumed that ¥14,500 million in borrowings that will mature in the period (due for repayment on July 31, 2012) will be refinanced for the same amount.</li> </ul>
Number of investment units issued and outstanding	<ul style="list-style-type: none"> <li>• Assumes the number of investment units issued and outstanding will be the 183,625 units as at December 31, 2011 and no additional investment units will be issued through to December 31, 2012.</li> </ul>
Distribution per unit	<ul style="list-style-type: none"> <li>• Distribution per unit is calculated assuming the cash distribution policy set forth in the Articles of Incorporation of MID REIT.</li> <li>• 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.</li> </ul>
Distribution in excess of earnings per unit	<ul style="list-style-type: none"> <li>• Assumes there will be no cash distributions in excess of earnings (distributions in excess of earnings per unit).</li> </ul>
Other	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Assumes there will be no major and unforeseen changes in general economic trends, real estate market conditions, etc.</li> </ul>

### 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, 2011).

## 4. Financial Statements

## (1) Balance Sheets

	[Unit: thousand yen]	
	10th Fiscal Period	11th Fiscal Period
	[as of June 30, 2011]	[as of December 31, 2011]
Assets		
Current assets		
Cash and deposits	8,972,733	9,411,546
Cash and deposits in trust	5,712,151	5,571,618
Operating accounts receivable	139,690	140,270
Prepaid expenses	28,156	69,744
Deferred tax assets	30	31
Total current assets	14,852,763	15,193,210
Noncurrent assets		
Property, plant and equipment		
Buildings in trust	60,692,089	61,124,643
Accumulated depreciation	(9,068,585)	(10,112,752)
Buildings in trust, net	51,623,503	51,011,891
Structures in trust	101,712	106,744
Accumulated depreciation	(9,553)	(11,201)
Structures in trust, net	92,159	95,542
Tools, furniture and fixtures in trust	342,823	368,897
Accumulated depreciation	(100,185)	(122,068)
Tools, furniture and fixtures in trust, net	242,638	246,828
Land in trust	109,210,052	109,210,052
Total property, plant and equipment	161,168,353	160,564,315
Intangible assets		
Software	317	153
Right of trademark	929	865
Total intangible assets	1,246	1,018
Investments and other assets		
Investment securities	191,400	187,121
Lease and guarantee deposits	10,000	10,000
Long-term prepaid expenses	662,062	605,788
Total investments and other assets	863,463	802,909
Total noncurrent assets	162,033,063	161,368,243
Total assets	176,885,826	176,561,454



	[Unit: thousand yen]	
	10th Fiscal Period	11th Fiscal Period
	[as of June 30, 2011]	[as of December 31, 2011]
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	339,738	284,023
Current portion of long-term loans payable	18,050,000	14,750,000
Accounts payable – other	690,429	796,386
Accrued expenses	159,538	134,339
Distribution payable	14,314	11,136
Income taxes payable	1,284	1,314
Accrued consumption taxes	32,529	22,739
Advances received	696,920	686,206
Other	510,014	383,740
Total current liabilities	<u>20,494,770</u>	<u>17,069,886</u>
Noncurrent liabilities		
Long-term loans payable	54,125,000	57,300,000
Tenant leasehold and security deposits	8,409,595	8,325,873
Tenant leasehold and security deposits in trust	2,087,330	2,076,377
Total noncurrent liabilities	<u>64,621,926</u>	<u>67,702,250</u>
Total liabilities	<u>85,116,697</u>	<u>84,772,137</u>
<b>Net assets</b>		
Unitholders' equity		
Unitholders' capital	90,372,613	90,372,613
Surplus		
Unappropriated retained earnings (undisposed loss)	1,396,516	1,416,703
Total surplus	<u>1,396,516</u>	<u>1,416,703</u>
Total unitholders' equity	<u>91,769,129</u>	<u>91,789,316</u>
Total net assets	<u>91,769,129</u>	<u>91,789,316</u>
Total liabilities and net assets	<u>176,885,826</u>	<u>176,561,454</u>

## (2) Statements of Income

	[Unit: thousand yen]	
	10th Fiscal Period	11th Fiscal Period
	[Jan. 1, 2011 to June 30, 2011]	[Jul. 1, 2011 to Dec. 31, 2011]
Operating revenue		
Rent revenue – real estate	5,379,440	5,384,168
Other lease business revenue	383,783	392,696
Total operating revenue	5,763,224	5,776,865
Operating expenses		
Expenses related to rent business	3,054,078	3,132,259
Asset management fee	427,978	428,419
Asset custody fee	8,831	8,816
Administrative service fees	45,523	45,333
Directors' compensations	10,260	10,260
Other operating expenses	68,821	66,317
Total operating expenses	3,615,494	3,691,405
Operating income	2,147,729	2,085,459
Non-operating income		
Interest income	1,717	1,666
Reversal of distribution payable	2,359	3,377
Other	0	0
Total non-operating income	4,076	5,044
Non-operating expenses		
Interest expenses	509,018	464,048
Borrowing related expenses	234,248	209,383
Other	382	245
Total non-operating expenses	743,649	673,677
Ordinary income	1,408,157	1,416,826
Extraordinary income		
Insurance income	48,017	30,975
Total extraordinary income	48,017	30,975
Extraordinary loss		
Loss on disaster	58,115	29,500
Total extraordinary loss	58,115	29,500
Income before income taxes	1,398,060	1,418,301
Income taxes – current	1,628	1,647
Income taxes – deferred	1	(0)
Total income taxes	1,629	1,646
Net income	1,396,430	1,416,655
Retained earnings brought forward	85	47
Unappropriated retained earnings (undisposed loss)	1,396,516	1,416,703

## (3) Statements of Cash Flows

[Unit: thousand yen]

	10th Fiscal Period [Jan. 1, 2011 to June 30, 2011]	11th Fiscal Period [Jul. 1, 2011 to Dec. 31, 2011]
Net cash provided by (used in) operating activities		
Income before income taxes	1,398,060	1,418,301
Depreciation and amortization	1,068,424	1,080,173
Amortization of long-term prepaid expenses	240,896	214,193
Interest income	(1,717)	(1,666)
Interest expenses	509,018	464,048
Loss on retirement of noncurrent assets	20,443	16,862
Decrease (increase) in operating accounts receivable	(5,425)	(579)
Increase (decrease) in accrued consumption taxes	4,545	(9,789)
Increase (decrease) in operating accounts payable	71,451	(55,714)
Increase (decrease) in advances received	4,491	(10,713)
Decrease (increase) in prepaid expenses	28,183	(41,587)
Decrease (increase) in long-term prepaid expenses	—	(157,920)
Other	9,128	(6,822)
Subtotal	3,347,500	2,908,785
Interest income received	1,717	1,666
Interest expenses paid	(509,937)	(489,248)
Income taxes paid	(1,428)	(1,618)
Net cash provided by (used in) operating activities	2,837,850	2,419,585
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment in trust	(435,844)	(387,371)
Proceeds from tenant leasehold and security deposits	188,588	56,184
Proceeds from tenant leasehold and security deposits in trust	210,138	32,726
Repayments of tenant leasehold and security deposits	(480,039)	(254,519)
Repayments of tenant leasehold and security deposits in trust	(188,588)	(43,679)
Payments for deposits in trust for tenant leasehold and security deposits in trust	(8,063)	—
Net cash provided by (used in) investing activities	(713,809)	(596,659)
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	—	17,800,000
Repayment of long-term loans payable	(125,000)	(17,925,000)
Dividends paid	(1,384,921)	(1,399,646)
Net cash provided by (used in) financing activities	(1,509,921)	(1,524,646)
Net increase (decrease) in cash and cash equivalents	614,119	298,279
Cash and cash equivalents at beginning of period	11,997,087	12,611,207
Cash and cash equivalents at end of period	12,611,207	12,909,486

## 5. Real Estate for Investment

The following summarizes the assets (12 properties) owned by MID REIT as of December 31, 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	69,203	59,000	Morii	42.6	None
		2	Matsushita IMP Building		24,600	24,078	20,300	Tanizawa	15.3	None
		3	Panasonic Denko Building [Note 9]		7,620	7,512	6,740	Morii	4.7	None
		4	Midosuji MID Building		8,290	8,954	7,150	Tanizawa	5.1	None
		5	MID REIT Kyobashi Building		2,300	2,214	1,250	Tanizawa	1.4	None
		10	MID Imabashi Building		3,270	3,321	2,310	Tanizawa	2.0	None
		11	MID Midosujikawaramachi Building		2,000	2,001	1,360	Tanizawa	1.2	None
		12	Kitahama MID Building		10,800	10,826	8,640	JREI	6.7	None
		13	MID Nishihommachi Building		3,550	3,509	2,170	JREI	2.2	None
	Other	7	MID Shibakanasugibashi Building		1,160	1,133	1,150	Tanizawa	0.7	None
Subtotal					132,290	132,756	110,070		82.1	
Retail Facility	Osaka area	8	Konami Sports Club Kyobashi	Trust beneficiary interest	2,780	2,610	2,780	Daiwa	1.7	None
	Other	9	AEON MALL Tsudanuma [Note 10]		26,100	25,197	23,700	Daiwa	16.2	None
	Subtotal					28,880	27,807	26,480		17.9
Total					161,170	160,564	136,550		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 December 31, 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] The property name was changed to Panasonic Osaka Kyobashi Bldg. as of January 1, 2012.

[Note 10] The property name was changed from AEON Tsudanuma Shopping Center to AEON MALL Tsudanuma as of November 21, 2011.

[Note 11] Monetary amounts are rounded down to the nearest million yen.

[Note 12] 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.