



11th Fiscal Period

Business Report

July 1, 2011 to December 31, 2011



MID REIT, Inc.

1-4-4 Dojimahama, Kita-ku, Osaka

Message to Our Unitholders

Dear Investor,

MID REIT, Inc. (MID REIT) is a real estate investment corporation that focuses on office buildings and investing primarily in the Osaka area. Since its listing on the real estate investment trust section of the Tokyo Stock Exchange on August 29, 2006, MID REIT has gratefully enjoyed the strong support of its unitholders. As we have settled the 11th fiscal period (July 1, 2011 to December 31, 2011), allow us to provide you with an overview of the asset management and financial results of MID REIT for the period.



Yukinobu Izumi
Executive Director
MID REIT, Inc.

Despite extremely uncertain conditions continuing during the fiscal period due to the impact of the Great East Japan Earthquake and the European sovereign debt crisis, among other issues, the twelve properties owned by MID REIT retained favorable occupancy rates. We worked to maintain and build long-term relationships with our tenants by responding promptly and sincerely to their continued requests for cost reductions, and endeavored to conduct solid operations and management, including deliberately refinancing borrowings.

As a result, MID REIT posted operating revenue of 5,776 million yen, ordinary income of 1,416 million yen, and net income of 1,416 million yen, and secured a distribution per unit of 7,715 yen.

Going forward, we remain engaged in building our business operations in the Osaka area, and taking advantage of the know-how, networks and other comprehensive capabilities of the MID Group, centering on MID Urban Development that has a proven track record of real estate development and management as the pillar of our growth strategy. By doing so, we will conduct operations and management of MID RIET in pursuit of securing stable revenues and profits as well as steady growth of its portfolio. Your continued support and encouragement is highly appreciated.

11th Fiscal Period Financial Highlights (July 1, 2011 to December 31, 2011)

	10th Period Results	11th Period Results	Difference	Difference
Operating revenue	5,763 million yen	5,776 million yen	13 million yen	0.2%
Ordinary income	1,408 million yen	1,416 million yen	8 million yen	0.6%
Net income	1,396 million yen	1,416 million yen	20 million yen	1.4%
Number of units	183,625 units	183,625 units	–	–
Distribution per unit	7,605 yen	7,715 yen	110 yen	1.4%

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Roundtable Discussion



With the end of the 11th fiscal period (July 1, 2011 to December 31, 2011) and as the 12th fiscal period began for MID REIT, the leadership of MID REIT Management Co., Ltd. (MID REIT Management) – President & CEO, Tomoyuki Goto; Managing Director and General Manager of Finance & Planning Division, Hiroataka Saito; Managing Director and General Manager of Investment & Management Division, Noriyuki Iijima; and Compliance Officer, Yasuhiro Shimono – gathered for a roundtable discussion and talked about the 11th fiscal period and the future of the Osaka economy.

(At Ueshima Coffee Shop (OBP store) in Twin 21)

Trends in the Local Economy

■ What is needed to further activate and energize the present day economy of Osaka?

Goto ■ First, companies in Osaka have to become more energetic and return that energy to society and have that energy transform into consumption. This requires people to feel that their future is safe even if they use their money today. If not, their money will be placed in savings. Additionally, activating consumption requires people to feel that a product is priced well and is differentiated from other products.

Saito ■ It is vital for consumers to feel a product or service is reasonable if consumption is to take off. However, there are products that sell well in Tokyo but fail to sell in Osaka and, of course, vice versa. Osaka consumers insist on certain products that differ from Tokyo and the perception of what is reasonable differs between the two as well. Frankly speaking, Osaka residents like food that is inexpensive and tasty. However, it is also true that some products don't sell even when they are inexpensive. Ultimately, the key is to nurture and develop the consumptive mind through proper pricing and effective product differentiation.

Iijima ■ If we were to evaluate MID REIT from that perspective, it has differentiated itself to a certain extent as it has built an identity rooted in Osaka. Prior to the Great East Japan Earthquake, the Umeda and Namba areas were quite popular with Asian tourists but their numbers fell dramatically after the Earthquake. However, I expect their numbers will bounce back again since the government is working to attract tourists. Tourists from other Asian nations have a very deep interest in Japan. We can expect the Osaka economy to grow significantly in the future if we can promote both the convenience of travel for tourists and the unique characteristics that Osaka and Japan have to offer.

■ Toru Hashimoto became Mayor of Osaka in December 2011. What expectations do you have for his government?

Goto ■ He carries a sense of speed and his earnestness is apparent. It is hard to comment on his plan for Osaka City since it still lacks details, but I have high expectations for him to demonstrate political leadership that leads to an energizing of the local economy and a recovery in the Osaka real estate market.



Current State of the Osaka Real Estate Market

■ What is the current state of the Osaka real estate market and has it almost bottomed out?

Goto ■ I can't go as far as to say that it has bottomed out. As for the office rental market, there is a sense that vacancy rates have stopped rising. However, there is a need to take a close look at rents, including the impact of newly supplied properties like Grand Front Osaka to be completed in 2013.

■ As for Grand Front Osaka, the tendency has been to emphasize the negative aspect of it drawing tenants away from existing properties. However, what about positive aspects of the development?

Goto ■ There are of course many positive aspects. A splendid office area is being formed immediately to the north of Osaka Station and it will also have a retail zone. I hope that it will serve as a stimulant and have a positive influence on the surrounding area and contribute to energizing and improving all of Osaka.

■ Has there been any apparent change in the real estate transaction market?

Goto ■ The number of transactions in 2011 on a national level appears to have showed a year-on-year decrease due to the impact of the Great East Japan Earthquake and other factors. Surprisingly, however, the number of transactions in Osaka increased. Statistics indicate that the first half of the year fell to about half of the preceding year, but the latter half showed an increase that was enough for the entire year to post a slight increase. However, I have not really felt this increase as there is little information on transactions involving large-scale properties, which is our focus. I have heard though that in some bids buyers have submitted amazingly high prices.

Iijima ■ There were also cases of general corporations with abundant cash on hand buying land and buildings in the center of Osaka City.

J-REITs

■ Are J-REITs a suitable conduit for investing in Japanese real estate?

Goto ■ They are very suitable. The product characteristics of a J-REIT are appropriate for investors who are keyed in on the cash flow generated from the real estate, take a relatively long-term perspective and desire to generate returns from that cash flow. Japan still has few investors that can take the acquisition perspective of looking ten years into the future like a J-REIT. There are growing cases like railway firms where real estate is held to supplement their main business and is

separate from the development of properties along their lines. However, at present the role filled by J-REITs is a very large one.

■ Fall 2011 celebrated the tenth anniversary of the J-REIT market. Can you say that the market has functioned according to expectations and grown?

Goto ■ No, the market has still not developed to where it should be. Although it was released as a middle-risk-middle-return product distinct from shares and bonds, this point has not been effectively and adequately imparted to the market. In the case of MID REIT, the share owned by foreign unitholders has decreased in the past five years and the share owned by individuals and financial institutions has increased. In the case of financial institutions, an analysis of their holdings reveals a majority is actually comprised of J-REIT funds and so we can conclude that cash inflow from individual investors has been conspicuous. I am convinced we need to appeal the attractiveness of J-REITs to a broader audience of investors from now on.

■ Changing subject, 2011 was a year where we once again keenly felt the importance of corporate compliance. What are your thoughts concerning J-REIT compliance?

Shimono ■ As an investment scheme, J-REITs are under the supervision of the Financial Services Agency. There is very strong demand for J-REITs to fulfill the responsibility of due care of a prudent manager and duty of loyalty to the unitholders. The fulfillment of this demand is a very important responsibility of companies. Each of us is responsible for fulfilling this duty and we must do so with a proper awareness of compliance and make sure to entrench this philosophy into our corporate cultural climate and actions. This is a vital responsibility of ours. As a J-REIT managing real estate, there are three particularly vital responsibilities: 1) appropriately comply with laws, rules and voluntarily established corporate rules, 2) appropriately disclose information, and 3) endeavor to prevent transactions with conflicts of interest. Previously, I was the compliance officer of a private fund and I am convinced the compliance level of the J-REIT industry as a whole is far greater than that of the private fund industry. J-REITs are clearly working to reinforce their compliance and doing so daily. MID REIT also intends to earnestly tackle the improvement of compliance as a market leader in this area.

■ In the case of MID REIT, there are property management and building management companies within the MID Group. When a work order is placed within the group, what perspective do you take from the compliance angle regarding structures that prevent conflicts of interest?

Shimono ■ A key characteristic of MID REIT is that it effectively takes advantage of group strengths; therefore, it is essential that work orders are placed with adequate caution shown regarding conflicts of interest and that the comprehensive strength of the group can be demonstrated. As for various transactions with sponsor related parties, a structure has been built and is in place that conducts decision-making that utilizes a strict checking system through active query and response within the operation of the J-REIT and includes external experts such as lawyers and real estate appraisers. We are constantly aware of and deliberating on matters so that the accountability we have to our unitholders can be sufficiently fulfilled.

MID REIT

■ President and CEO Goto, what are your impressions concerning the 11th fiscal period?

Goto ■ Since everyone understands the direction we are striving for, a condition is being created where today is better than yesterday and tomorrow is even better than today. We are proactively working to cooperate closely together within the MID Group as the group owns both a property management and a building management company. I myself have also been involved in business in



Tokyo for a lengthy period and just joined the MID Group last year. Thus I am making sure to ask fundamental questions of ‘why?’ when I encounter matters that I question from an outsider’s perspective. This in turn becomes the underlying basis for change. This leads to constructive debate when this approach is consistently carried out. It is indispensable for us to pursue this in order to serve the best interests of our unitholders by providing better services.

■ What about the financial climate?

Saito ■ I feel that the financial institutions have finally developed a deep understanding of the conditions surrounding J-REITs. Since the Kansai Electric Power Co., Inc. became the majority unitholder of our sponsors, there has been a marked improvement in the various conditions of our finances including interest rate. Our most recent financing in the summer of 2011 was completed with favorable terms and conditions. Since growth is an element of material importance to us going forward, it is important to submit materials that lead investors and financial institutions to highly appraise the REIT and converting this into reality is vital for MID REIT. We intend to move forward to a new stage as a J-REIT.

■ You submitted a shelf registration to the Kanto Local Finance Bureau for issuance of investment corporation bonds in November 2011. Please tell us of any measures you have taken concerning this?

Saito ■ It is a part of our overall policy to be able to have various alternatives for procuring funds in accordance with various market environments. In other words, we want to have many different “drawers” available, or put more plainly, to prepare various options so that we can choose the best method for that time. Reflecting on the past few years, there were various incidents like the Lehman Shock and the Great East Japan Earthquake. What this means is it is important to always be prepared in advance for any development because something is always happening.

■ Earlier in our discussion it was mentioned that growth is important for a J-REIT, please describe the specific image you have regarding the growth of MID REIT.

Iijima ■ Panasonic Corporation, a major tenant of MID REIT, is facing major reorganization in 2012. MID REIT will respond to and adjust to such reorganization as it can. Once that process is complete, we would like to shift our rudder to external growth. Shifting to the stage of external growth after taking appropriate measures to avoid risk is a key step for our investors in evaluating our tactics as measures for steady growth.

■ There were many demands in 2011 for energy conservation with concern over a lack of power supply. How did you address this situation?

Goto ■ As the building operator, we set a target of reductions of around 15%. Many of our tenants also voluntarily implemented the conservation demands and in the end we were able to achieve

greater cuts than aimed for. I have heard that in Tokyo, greater than anticipated results were also achieved just by turning off power when not needed and by strictly managing the air-conditioners at 27°C. I learned that energy conservation is not just dependent on a variety of instruments, but that it is also very dependent on the attitudes and efforts of individuals. I would like to apply what was learned to energy conservation measures this winter and after as well.

■ In closing, what are your projections for the next fiscal period?

Goto ■ The severe environment is expected to continue, but we will strive to achieve higher targets. It is vital that we practically and diligently tackle three tasks, 1) how we handle the reorganization of Panasonic, 2) how we maintain rent levels, and 3) how we attract new tenants. I want to make sure that we do not use the strict market environment as an excuse, but that we focus all of our efforts on creating and implementing strategies for overcoming the present market and achieving results.

Thank you today for taking time out to explain the drive and motivation each of you has concerning the future of MID REIT.

Panelists



Tomoyuki Goto, President & CEO
MID REIT Management Co., Ltd.

Joined Sumitomo Trust & Banking Co., Ltd. in April 1985. After serving as Managing Director and such at STB Real Estate Investment Management, Co., Ltd., Goto assumed the post of General Manager of the Real Estate Investment Department at Sumitomo Trust and Banking Co., Ltd. He also served as Director (parttime) at Top REIT Asset Management Co., Ltd. Goto joined MID REIT Management Co., Ltd. in June 2011 and became President and CEO in September 2011.



Hirotaka Saito, Managing Director and General Manager
Finance & Planning Division, MID REIT Management Co., Ltd.

Joined Matsushita Investment and Development Co., Ltd. in March 1985 (presently Toyohide-Kousan KK). After serving as the General Manager of the Finance and Accounting Department at MID Urban Development Co., Ltd., Saito was appointed Managing Director of MID REIT Management Co., Ltd. in May 2009. He has also held the post of Finance & Planning Department General Manager since June of 2010.



Noriyuki Iijima, Managing Director and General Manager
Investment & Management Division, MID REIT Management Co., Ltd.

Joined Matsushita Investment and Development Co., Ltd. in March 1987 (presently Toyohide-Kousan KK). After serving as the General Manager of the Fund Promotion Office in MID Urban Development Co., Ltd., he served as an Executive Officer of the firm and as the General Manager of the Management Planning Department. After being appointed Managing Director of MID REIT Management Co., Ltd. in April 2011, he additionally assumed the post of Investment & Management Division General Manager in June 2011.



Yasuhiro Shimono, Compliance Officer
MID REIT Management Co., Ltd.

Joined Yamato Transport Co., Ltd. in April 1984. Joined Matsushita Investment and Development Co., Ltd. (presently Toyohide-Kousan KK) in June 1990. After serving as General Manager of the Internal Auditing Office at MID Facility Management Co., Ltd. and Compliance Officer at MID Asset Management Co., Ltd., Shimono joined MID REIT Management Co., Ltd. in October 2011 and became Compliance Officer in November 2011.

The following is the status of MID REIT's portfolio as of December 31, 2011.

Portfolio Overview

Investment Category	Investment Area	Property Name	Location	Acquisition Price (million yen) (Note 1)	Investment Ratio (%) (Note 2)	Acquisition Date	Leasable Space (m ²) (Note 3)	Occupancy Rate (%) (Note 4)	
Office Bldg.	Osaka area	Twin 21 (Note 5)	Chuo-ku, Osaka	68,700	42.6	August 2006	82,413.60	96.0	
		Matsushita IMP Bldg.	Chuo-ku, Osaka	24,600	15.3	August 2006	37,155.43	95.1	
		Panasonic Denko Bldg. (Note 6)	Chuo-ku, Osaka	7,620	4.7	August 2006	12,684.52	100.0	
		Midosuji MID Bldg.	Chuo-ku, Osaka	8,290	5.1	August 2006 October 2007	10,461.32	91.4	
		MID REIT Kyobashi Bldg.	Miyakojima-ku, Osaka	2,300	1.4	August 2006	4,833.88	100.0	
		MID Imabashi Bldg.	Chuo-ku, Osaka	3,270	2.0	April 2007	4,279.70	83.6	
		MID Midosujikawaramachi Bldg.	Chuo-ku, Osaka	2,000	1.2	May 2007	3,096.70	94.9	
		Kitahama MID Bldg.	Chuo-ku, Osaka	10,800	6.7	April 2008	10,189.50	100.0	
		MID Nishihommachi Bldg.	Nishi-ku, Osaka	3,550	2.2	October 2008	3,870.82	100.0	
	Other major cities	MID Shibakanasugibashi Bldg.	Minato-ku, Tokyo	1,160	0.7	August 2006	1,989.27	100.0	
	Subtotal (10 properties)			132,290	82.1		170,974.74	96.0	
Non-Office Bldg.	Osaka area	Konami Sports Club Kyobashi	Miyakojima-ku, Osaka	2,780	1.7	August 2006	9,586.26	100.0	
	Other major cities	AEON MALL Tsudanuma (Note 7)	Narashino-shi, Chiba	26,100	16.2	August 2006	101,210.44	100.0	
		Subtotal (2 properties)			28,880	17.9		110,796.70	100.0
		Total (12 properties)			161,170	100.0		281,771.44	97.5

(Note 1) "Acquisition Price" states the sale price which is stated in the sales contract for the respective trust beneficiary interest, etc. (excluding various acquisition expenses, property taxes and consumption taxes, etc.).

(Note 2) "Investment Ratio" indicates the ratio of the acquisition price of the applicable asset to the total amount of acquisition prices and is rounded to the first decimal place.

(Note 3) "Leasable Space" represents the total leasable floor space as of December 31, 2011. (Figures are for leasable units only and exclude the floor space for storage, halls, parking, etc. However, the leasable space of Konami Sports Club Kyobashi and AEON MALL Tsudanuma include the floor space for common areas and parking, while the leasable space of the MID REIT Kyobashi Bldg. include the floor space for common areas, each of which is leased in its entirety to a sole tenant.)

(Note 4) "Occupancy Rate" is presented as percentage figures, which are obtained by dividing the leased space as of December 31, 2011 by the leasable space. In addition, the figures in the "Subtotal" and the "Total" rows are presented as percentages that are obtained by dividing the sum of the leased space of each property group by the sum of the group's leasable space and rounded to the first decimal place.

(Note 5) Including the trust beneficiary interest of Twin 21 (partial ownership of leased land).

(Note 6) The property name was changed to Panasonic Osaka Kyobashi Bldg. as of January 1, 2012.

(Note 7) The property name was changed from AEON Tsudanuma Shopping Center to AEON MALL Tsudanuma as of November 21, 2011.

(Note 8) In addition to the assets listed in the table above, MID REIT acquired silent partnership interests of a silent partnership operated by Sakura Dori Contributions Development Limited Liability Company, the party that developed the Sakura Dori MID Building, on November 29, 2007, January 30, 2008, September 29, 2008 and February 26, 2009.

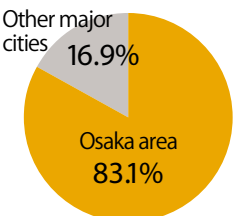
(Note 9) Under "Investment Area" in the table above, "Osaka area" refers to Osaka Prefecture, Hyogo Prefecture and Kyoto Prefecture, and "Other major cities" refers to government-designated cities and other major cities excluding the Tokyo and Osaka metropolitan areas.

Portfolio Analysis

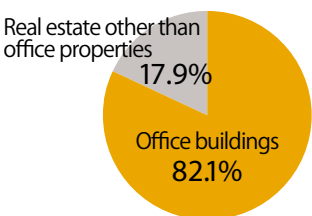
The following is the diversification of MID REIT's portfolio by respective category.

Portfolio Data (Note 1)

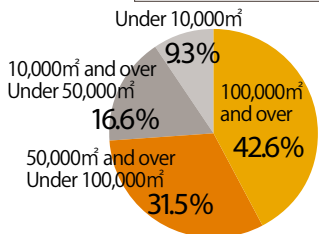
By Region (Note 2)



By Type



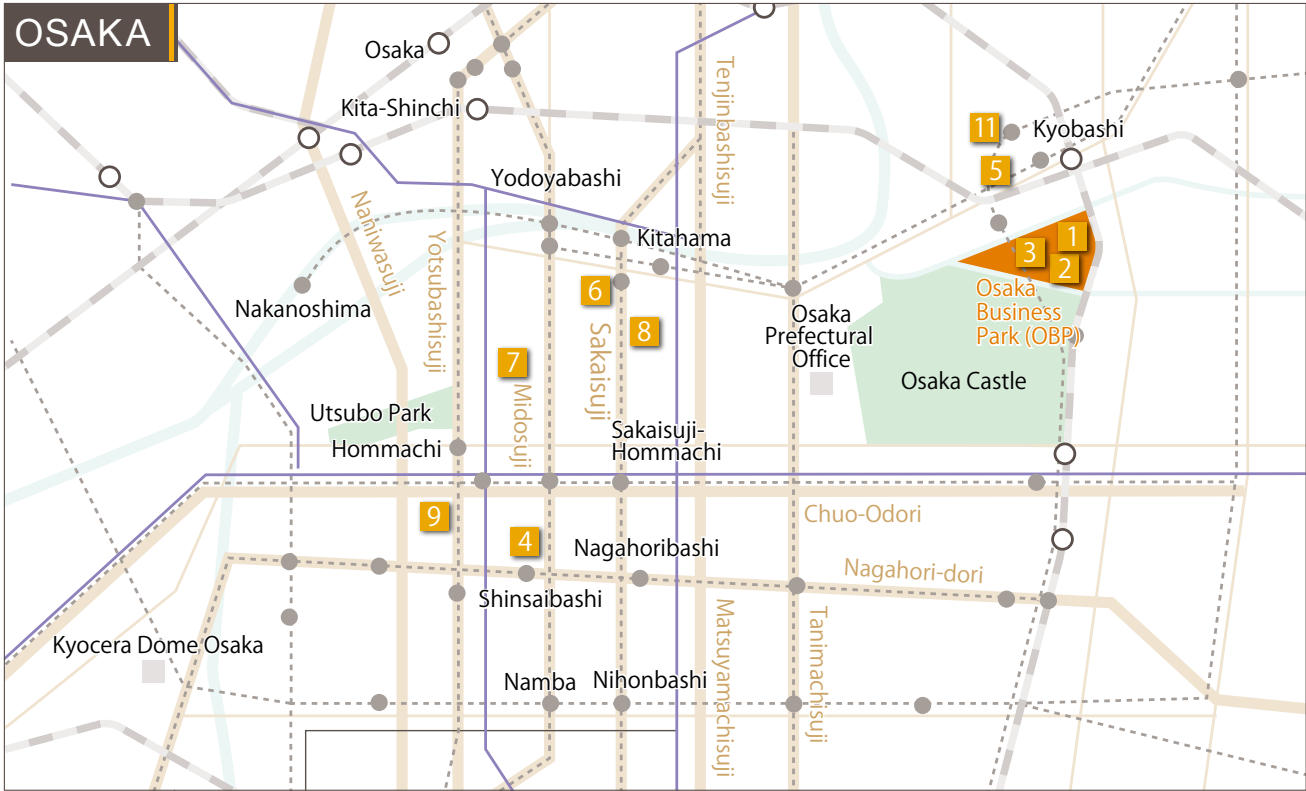
By Size (Note 3)



(Note 1) The ratios represent the ratios of the combined acquisition prices for respective categories over the total acquisition price, and are rounded to the first decimal place. Accordingly, the total of such figures is not necessarily 100%.

(Note 2) "Osaka area" refers to Osaka Prefecture, Hyogo Prefecture and Kyoto Prefecture, and "Other major cities" refers to government-designated cities and other major cities excluding the Tokyo and Osaka metropolitan areas.

(Note 3) The area sizes shown in "By Size" are based on the total floor space of the buildings recorded on the registry.



(Note) The property name was changed to Panasonic Osaka Kyobashi Bldg. as of January 1, 2012.

Constructing the Foundation for Future Growth

During the 11th fiscal period, negotiations with financial institutions enabled MID REIT to successfully conduct refinancing of 17.8 billion yen, as well as have loan-related costs decrease from the conventional levels. In our view, these achievements represent the recognition given by the entire market, including financial institutions, to the performance as the asset management company. Moreover, MID REIT secured its flexible and versatile financing frameworks by renewing its shelf registration for the issuance of investment corporation bonds, which MID REIT has maintained over the years, in order to prepare for the future growth that is positioned as the next step for MID REIT.

Refinancing: Reinforced foundations by securing long-term loans at low interest rates

In conducting the refinance of 17.8 billion yen, MID REIT entered into negotiations at an early stage, and managed to set two term loans comprising a five-year loan of 4.0 billion yen and a three-year loan of 13.8 billion yen. The three-year loan of 13.8 billion yen has its actual interest rate fixed at 1.0625% through the principal repayment date via an interest rate swap arrangement, allowing MID REIT to hedge against interest rate fluctuation risks. Although there will be no new refinance required in the 12th fiscal period, MID REIT will endeavor to further deepen relationships with financial institutions in preparation for the refinances scheduled for the 13th fiscal period.

Details of the Borrowings

(1) Three-year loan

Lender	Mizuho Corporate Bank, Sumitomo Trust & Banking, Sumitomo Mitsui Banking, Aozora Bank, Resona Bank, Shinkin Central Bank, Senshu Ikeda Bank
Loan amount	13.8 billion yen
Interest rate (per annum)	1.0625% (Note 1)
Drawdown date	July 29, 2011
Principle repayment date	July 31, 2014 (Note 2)
Principle repayment method	Bullet repayment on the principal repayment date
Collateral	Unsecured

(2) Five-year loan

Lender	Mizuho Corporate Bank, Development Bank of Japan
Loan amount	4.0 billion yen
Interest rate (per annum)	1.36375% (fixed interest rate)
Drawdown date	July 29, 2011
Principle repayment date	July 31, 2016 (Note 2)
Principle repayment method	Bullet repayment on the principal repayment date
Collateral	Unsecured

(Note 1) The loans are hedged against interest rate fluctuation risks through interest rate swap.
(Note 2) If the principal repayment date does not fall on a business day, the effective date will be the first business day following the principal repayment date. If this following business day falls into the next month, the effective date will be the business day immediately prior to the principal repayment date.

Building flexible and versatile financing frameworks through shelf registration for issuance of investment corporation bonds

In order to further reinforce the foundations for future growth, MID REIT renewed its shelf registration for the issuance of investment corporation bonds, which it has maintained over the years. With acquisitions of specified assets and other purposes as use of proceeds, the shelf registration set the planned issue amount at 100 billion yen for the scheduled term of November 15, 2011 to November 14, 2013. The arrangement has made it possible for MID REIT to conduct financing in a flexible and versatile manner while closely monitoring such factors as economic conditions and the environment in the financial and real estate markets.

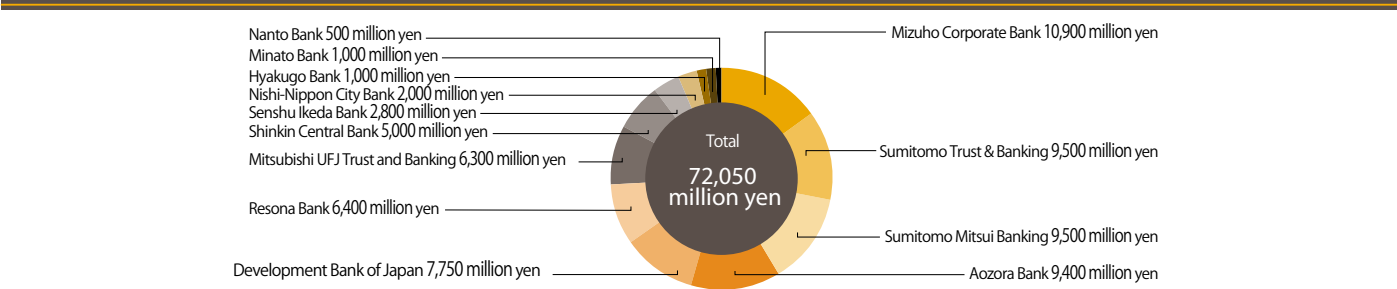
MID REIT completed refinancing of 17.8 billion yen in loans in July 2011 (11th fiscal period). The following is the borrowing status of MID REIT as of December 31, 2011.

Breakdown of Debt Financing

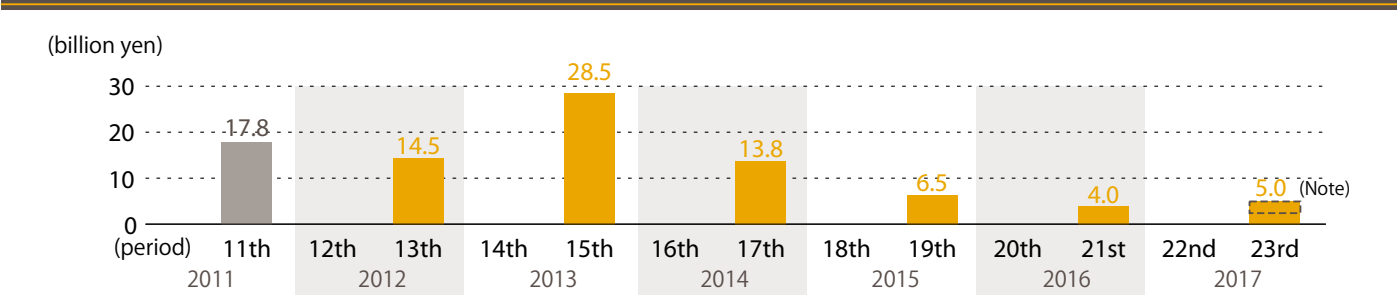
Type	Lender		Drawdown Date	Balance (million yen)	Interest Rate	Repayment Date	Repayment Method	Remarks
Long-term loans payable (Note 1)	Term loan (2 years and 11 months)	Mizuho Corporate Bank, Sumitomo Trust & Banking, Sumitomo Mitsui Banking, Aozora Bank, Resona Bank, Mitsubishi UFJ Trust and Banking, Senshu Ikeda Bank	Aug. 31, 2009	14,500	1.33643% (Note 3)	July 31, 2012	Bullet payment	Unsecured Unguaranteed
	Term loan (3 years and 3 months)	Mizuho Corporate Bank, Sumitomo Trust & Banking, Sumitomo Mitsui Banking, Aozora Bank, Mitsubishi UFJ Trust and Banking, Shinkin Central Bank, The Nishi-Nippon City Bank	Apr. 23, 2010	11,000	1.13643% (Note 4)	July 31, 2013	Bullet payment	Unsecured Unguaranteed
	Term loan (2 years and 11 months)	Mizuho Corporate Bank, Sumitomo Trust & Banking, Sumitomo Mitsui Banking, Aozora Bank, Mitsubishi UFJ Trust and Banking, Senshu Ikeda Bank, Hyakugo Bank, Minato Bank	Aug. 31, 2010	17,500	1.142% (Note 2)	July 31, 2013	Bullet payment	Unsecured Unguaranteed
	Term loan (4 years and 11 months)	Mizuho Corporate Bank, Resona Bank, Shinkin Central Bank, Nanto Bank	Aug. 31, 2010	6,500	1.447% (Note 2)	July 31, 2015	Bullet payment	Unsecured Unguaranteed
	Term loan (6 years and 11 months)	Development Bank of Japan	Aug. 31, 2010	4,750	1.79507% (Note 5)	July 31, 2017	125 million yen every 6 months (end of January and July) 3,375 million yen on final principal repayment date	Unsecured Unguaranteed
	Term loan (3 years)	Mizuho Corporate Bank, Sumitomo Trust & Banking, Sumitomo Mitsui Banking, Aozora Bank, Resona Bank, Shinkin Central Bank, Senshu Ikeda Bank	July 29, 2011	13,800	1.0625% (Note 2)	July 31, 2014	Bullet payment	Unsecured Unguaranteed
	Term loan (5 years)	Mizuho Corporate Bank, Development Bank of Japan	July 29, 2011	4,000	1.36375% (Note 5)	July 31, 2016	Bullet payment	Unsecured Unguaranteed

(Note 1) Loans are co-financed by the banks in the list.
(Note 2) The loans are hedged against interest rate fluctuation risks through interest rate swap.
(Note 3) The interest rate is applicable for the period from December 1, 2011 to February 29, 2012.
(Note 4) The interest rate is applicable for the period from November 1, 2011 to January 31, 2012.
(Note 5) Interest rates are fixed.

Borrowing Status by Bank



Diversification of Repayment Dates



(Note) For the 5 billion yen that will mature in the 23rd fiscal period, it has been arranged that repayment of 125 million yen shall be made respectively at the end of January and July every year, starting on January 31, 2011, and the final repayment shall be made on July 31, 2017 for 3,375 million yen.

Conducting Strategic Leasing Activities and Establishing Multifaceted Relationships by Making Use of the Comprehensive Strengths of the MID Group

Policy

<div>Maintain and enhance property revenue</div> <div><ul style="list-style-type: none">Closely monitoring office market trends, strengthening the attracting of new tenants and strengthening relationships with existing tenantsAim to enhance tenant satisfaction by conducting repairs and capital expenditures of appropriate content and at the right timing for safe and secure property managementImplement upgrading and renewal to energy-saving and CO₂-reduction equipment in light of the needs for a low-carbon society</div>	Strategy on existing tenants aimed at maintaining high occupancy rates	<ul style="list-style-type: none">Accurately discern tenant needs, such as for larger floor space within the facility, and proactively make proposals by conducting well-thought-out visits and tenant satisfaction surveysMaintain and enhance relationships of trust with tenants and minimize contract cancellation risks through flexible and sincere response
	Strategy on leasing to attract new tenants	<ul style="list-style-type: none">Implementation of efforts focused on shortening the duration of vacancy and enhancing occupancy rates by accurately discerning market conditions and property characteristics as well as promptly responding to the various needs of new tenantsProactively implement leasing activities to the group companies of existing tenants and client companiesEngage in effective activities that leverage the strengths of having a comprehensive real estate business group that primarily operates in the Osaka region as a sponsor
	Boost property competitiveness	<ul style="list-style-type: none">Carry out systematic upgrading, reflecting tenant satisfaction surveys, matters pointed out and requested by tenants, etc.
	Address energy saving and CO ₂ reductions	<ul style="list-style-type: none">Appropriately respond to the requests of society via CO₂ reduction efforts through the introduction of energy-saving facilities and equipment

Activities to maintain and enhance property revenue (examples)

Twin 21 (Osaka)

Attracted retail tenant that can lead to synergistic effects with common areas



Matsushita IMP Bldg. (Osaka)

Converted retail space into office space



COCARDE (cake shop)

Sekisui House Osaka SHAWOOD Home Branch

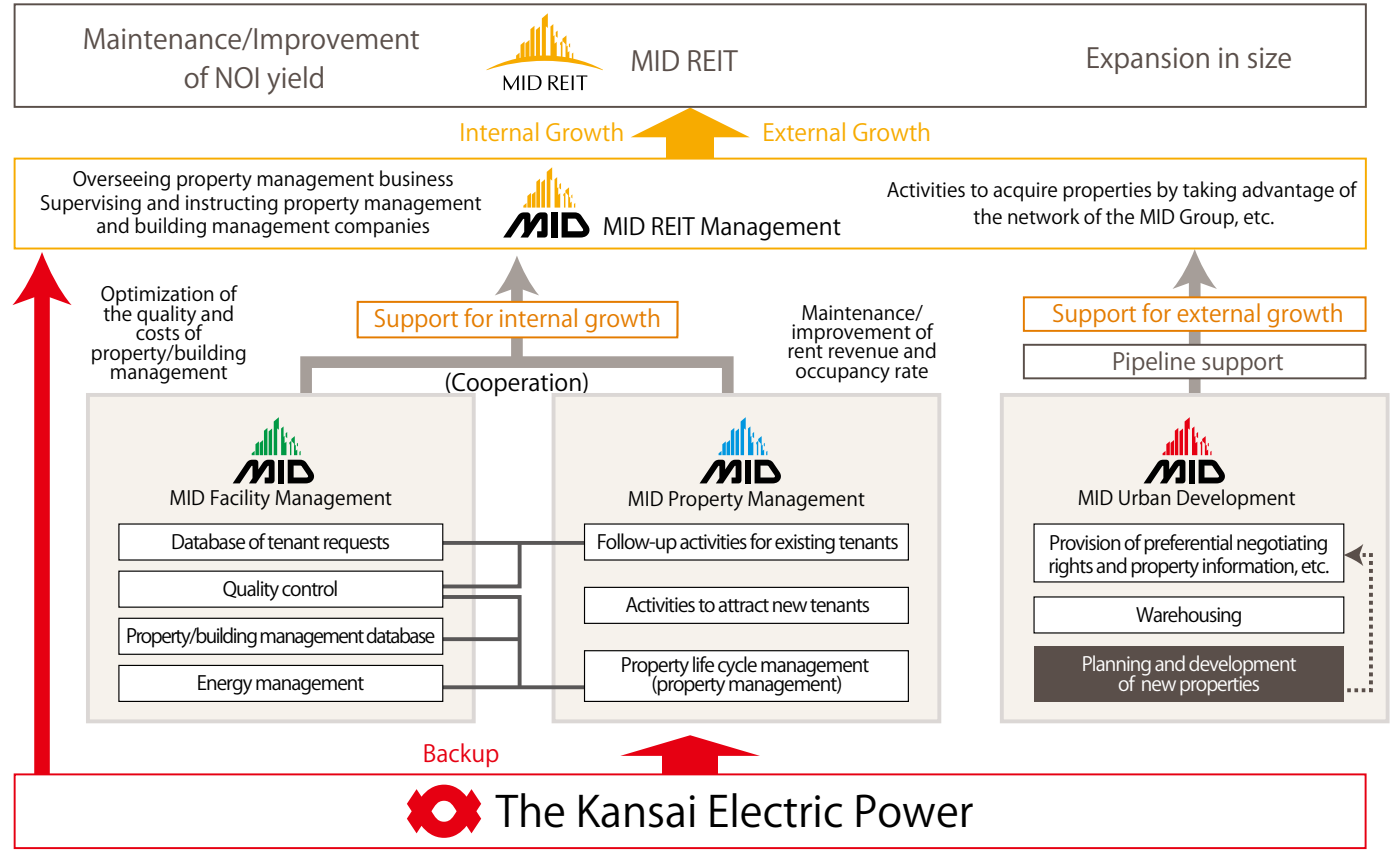
External Growth Strategy

Reinforce information analysis for growth

Positioning external growth as one of the issues J-REITs should place the largest focus on for the moment, MID REIT will analyze the economic situations both in Japan and abroad and the trends in the financial and real estate markets, etc., in order to identify investment opportunities. MID REIT will pursue acquisitions of properties that should be able to contribute to the steady growth of its portfolio from a medium- to long-term perspective, based on the property information obtained from the MID Group and other external sources. In this endeavor, MID REIT is determined to take the utmost advantage of whatever assets it has, as it works to employ various management resources from outside the MID Group, including Kansai Electric Power, the major shareholder of the MID Group, on top of the comprehensive strengths of the MID Group.

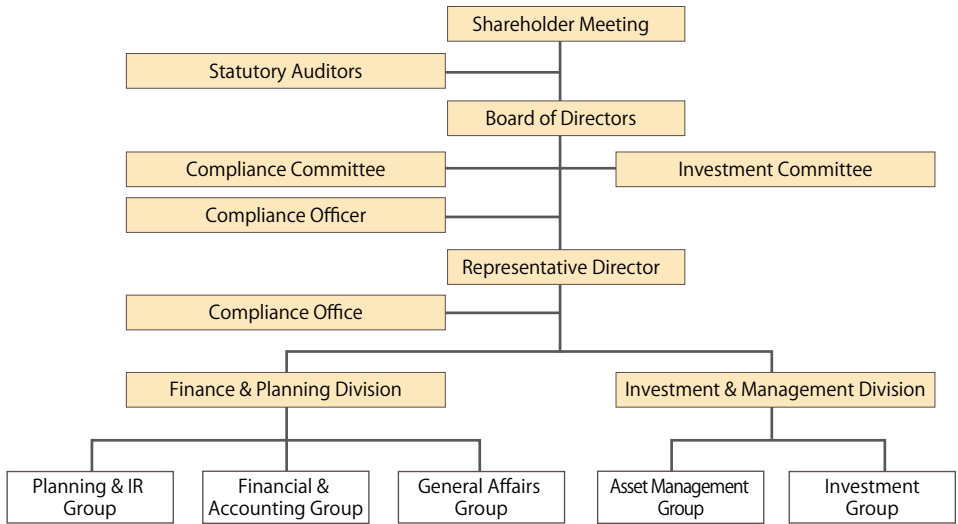
Growth Strategy in Cooperation with the MID Group

MID REIT intends to realize both internal growth and external growth in cooperation with the MID Group and, by virtue of the cooperation, aims to secure stable revenues and achieve steady growth of the portfolio from a medium- to long-term perspective.



New Organization Chart of Asset Management Company

MID REIT Management, to which MID REIT consigns its asset management, made an organizational change in the 11th fiscal period, in which the former Planning & General Affairs Group of the Finance & Planning Division was divided into the Planning & IR Group and the General Affairs Group. The change helped to heighten operational efficiency and further clarify respective responsibilities.



Overview of Asset Management

Historical Results of Operations for MID REIT

Period		7th Period	8th Period	9th Period	10th Period	11th Period
Fiscal period		(July 1, 2009 – Dec. 31, 2009)	(Jan. 1, 2010 – June 30, 2010)	(July 1, 2010 – Dec. 31, 2010)	(Jan. 1, 2011 – June 30, 2011)	(July 1, 2011 – Dec. 31, 2011)
Operating revenue	(million yen)	6,289	6,012	5,879	5,763	5,776
(Real estate rental revenues)	(million yen)	(6,289)	(6,012)	(5,879)	(5,763)	(5,776)
Operating expenses	(million yen)	3,696	3,598	3,722	3,615	3,691
(Real estate rental expenses)	(million yen)	(3,095)	(3,016)	(3,151)	(3,054)	(3,132)
Operating income	(million yen)	2,593	2,413	2,156	2,147	2,085
Ordinary income	(million yen)	1,750	1,520	1,375	1,408	1,416
Net income	(million yen)	1,748	1,518	1,383	1,396	1,416
Total assets	(million yen)	178,515	177,294	177,198	176,885	176,561
(Period-on-period variation)	(%)	(0.1)	(-0.7)	(-0.1)	(-0.2)	(-0.2)
NAV	(million yen)	92,121	91,891	91,755	91,769	91,789
(Period-on-period variation)	(%)	(-0.4)	(-0.3)	(-0.1)	(0.0)	(0.0)
Interest-bearing liabilities	(million yen)	72,300	72,300	72,300	72,175	72,050
Unitholders' capital	(million yen)	90,372	90,372	90,372	90,372	90,372
Total investment units issued and outstanding	(units)	183,625	183,625	183,625	183,625	183,625
NAV per unit	(yen)	501,682	500,427	499,691	499,763	499,873
Total distributions	(million yen)	1,748	1,518	1,383	1,396	1,416
Distribution per unit	(yen)	9,524	8,269	7,532	7,605	7,715
(Earnings distribution per unit)	(yen)	(9,524)	(8,269)	(7,532)	(7,605)	(7,715)
(Distribution in excess of earnings per unit)	(yen)	(—)	(—)	(—)	(—)	(—)
Return on assets (ROA)	(Note 1) (Note 2) (%)	1.0 (1.9)	0.9 (1.7)	0.8 (1.5)	0.8 (1.6)	0.8 (1.6)
Return on unitholders' equity	(Note 1) (Note 3) (%)	1.9 (3.8)	1.7 (3.3)	1.5 (3.0)	1.5 (3.1)	1.5 (3.1)
Unitholders' equity ratio at end of period	(Note 4) (%)	51.6	51.8	51.8	51.9	52.0
(Period-on-period variation)	(%)	(-0.2)	(0.2)	(0.0)	(0.1)	(0.1)
Interest-bearing liabilities ratio at end of period	(Note 5) (%)	40.5	40.8	40.8	40.8	40.8
Payout ratio	(Note 6) (%)	99.9	100.0	99.9	100.0	100.0
Number of investment properties	(properties)	12	12	12	12	12
Leasable space	(Note 7) (m ²)	281,968.18	281,706.95	281,744.45	281,770.07	281,771.44
Number of tenants at end of period	(Note 8) (tenants)	214	219	216	217	214
Occupancy rate at end of period	(Note 9) (%)	96.7	97.4	97.1	97.4	97.5
Depreciation and amortization for the period	(million yen)	1,008	1,050	1,064	1,068	1,080
Capital expenditures for the period	(million yen)	1,584	870	621	421	492
NOI from property leasing	(Note 10) (million yen)	4,234	4,055	3,798	3,798	3,741

(Note 1) Figures in parenthesis have been annualized.

(Note 2) Ordinary income ÷ {(Total assets at beginning of period + Total assets at end of period) ÷ 2} × 100

(Note 3) Net income ÷ {(NAV at beginning of period + NAV at end of period) ÷ 2} × 100

(Note 4) NAV at end of period ÷ Total assets at end of period × 100

(Note 5) Interest-bearing liabilities at end of period ÷ Total assets at end of period × 100

(Note 6) The payout ratio has been rounded down to the first decimal place.

(Note 7) "Leasable space" represents the total leasable floor space as of the end of each fiscal period. (Figures are for leasable units only and exclude the floor space for storage, halls, parking, etc., but include the floor space for common areas and parking, etc. when leased to tenants.)

(Note 8) "Number of tenants at end of period" represents the number of tenants based on lease agreements that are valid as of the end of each fiscal period. (Figures are for leasable units only and exclude the tenants who lease only the floor space for storage, halls, parking, etc.). When one tenant leases multiple rooms for rent in the same property, it is regarded as one tenant, and when in multiple properties, it is regarded as multiple tenants (one tenant for each property) and counted as such.

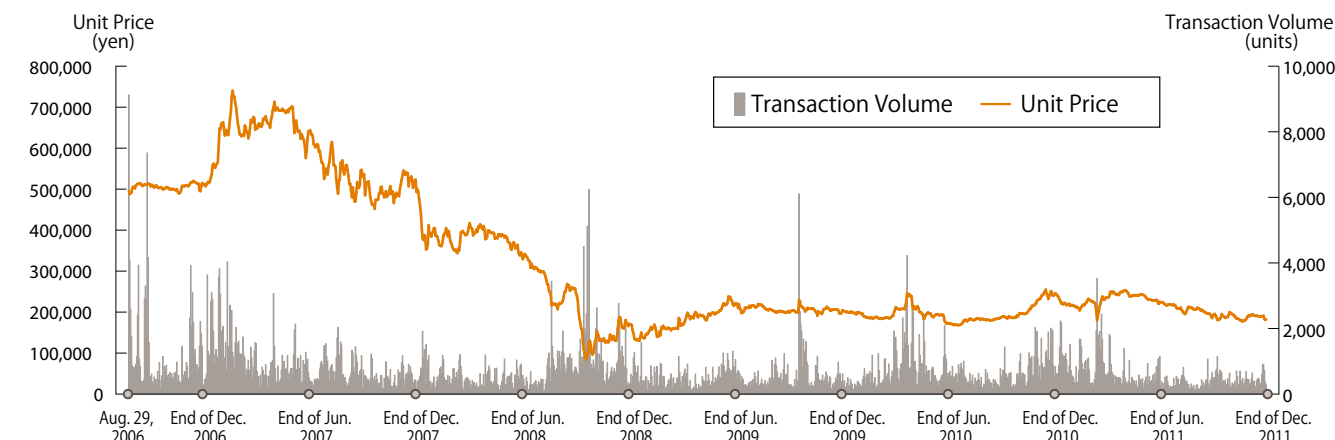
(Note 9) "Occupancy rate at end of period" is the figure obtained by dividing the total leased space of respective properties at the end of each fiscal period by the total leasable floor space, and is expressed as a percentage.

(Note 10) Rental income for the period (Real estate rental revenues – Real estate rental expenses) ÷ Depreciation and amortization for the period + Loss on retirement of noncurrent assets for the period

Investment Unit Status

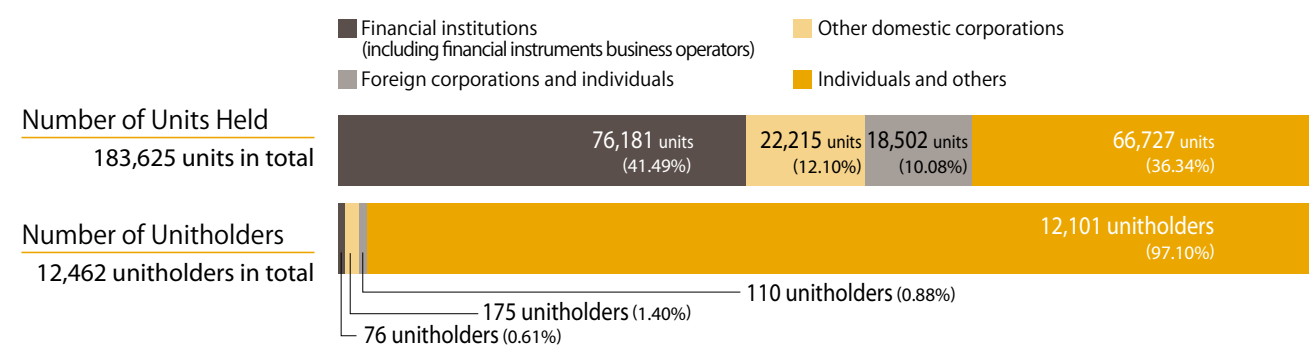
Unit Price Performance

The following is the history of investment unit prices (closing prices) and transaction volumes of MID REIT on the Tokyo Stock Exchange from the date of listing (August 29, 2006) to December 31, 2011.



Breakdown of Unitholders

The following is the breakdown of MID REIT's unitholders as of December 31, 2011.



Overview of Asset Management Company (as of December 31, 2011)

Name	MID REIT Management Co., Ltd.
Location	1-4-4 Dojimahama, Kita-ku, Osaka
Capital	210 million yen
Shareholder	MID Urban Development Co., Ltd.
Representative	President & CEO, Tomoyuki Goto
Business Description	Investment management business
Company History	<p>September 1, 2005: MID REIT Management Co., Ltd. established</p> <p>October 5, 2005: Acquired the real estate brokerage license (License Number: 2-51806, Osaka Governor)</p> <p>February 2, 2006: Obtained grant for agency by discretionary trust, based on the Building Lots and Buildings Transaction Business Law (Grant Number: 50, Minister of Land, Infrastructure, Transport and Tourism)</p> <p>May 26, 2006: Obtained grant for asset management under the Investment Trust and Investment Corporation Law (Grant Number: 64, Prime Minister of Japan)</p> <p>September 30, 2007: Registered as an investment management business under the Financial Instruments and Exchange Law of Japan (the "FIE Law") (Registration No. 43[FIE], Director-General, Kinki Local Finance Bureau) (Note)</p> <p>(Note) Subject to the stipulation under Article 159, Paragraph 1 of the Supplementary Provisions of the Law Concerning the Amendments of the Securities and Exchange Law and Other Financial Laws, the Asset Management Company is deemed to have been registered in accordance with Article 29 of the FIE Law, effective as of September 30, 2007, the date of the FIE Law implementation.</p>