MID REIT

MID REIT, Inc.
（Securities Code：3227）

Financial Results for the Fiscal Period ended June 30, 2014 (16th Period)

http://www.midreit.jp/

MID REIT Management Co., Ltd.

View of Osaka Business Park from Nakanoshima, Osaka
“The Legend of Heisei OSAKA Amanogawa (Milky Way)”

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Twin21
Renewed Entrance Hall (2nd Floor)

*Unless otherwise stated, monetary amounts are rounded down, and percentage figures and the number of years are rounded off to the nearest specified unit in this report. Accordingly, simple addition of the entered amounts/figures may not necessarily equal the total amounts/figures.

1. Financial Highlights

Overview of Financial Results for the fiscal period ended June 30, 2014 (16th Period)

Distribution per Unit 6,318 yen

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Financial Highlights

	Fiscal Period ended Dec. 31, 2013 (15th Period)	Fiscal Period ended June 30, 2014 (16th Period)	Compared to the 15th period
Distribution per Unit	6,404 yen	6,318 yen	-86 yen
Occupancy rate at end of period	96.1%	98.0%	1.9pt
Number of properties under management	12 properties	12 properties	—
Asset Size (Note1)	157,670 million yen	157,670 million yen	—
NOI	3,395 million yen	3,268 million yen	- 126 million yen
NOI yield	4.3%	4.2%	- 0.1pt
Interest-bearing debt at end of period	65,550 million yen	65,425 million yen	-125 million yen
LTV (Note2)	38.8%	38.8%	-0.0pt
Average remaining years of borrowings	2.4 years	1.9 years	-0.5 years
Issuer Rating	A— (Stable)	A—(Stable)	—

Notes:
1. Total acquisition price
2. LTV = Interest-bearing debt at end of period ÷ Total assets at end of period

16th Period Financial Results – Comparison to Previous Period

Decrease in income due to decrease of revenue of existing tenants

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■Cash Flow

(unit: million yen)

	Fiscal Period ended Dec. 31, 2013 (15th Period)	Fiscal Period ended June 30, 2014 (16th Period)	Difference
Operating revenue	5,265	5,157	① -108
Rent revenue – real estate	4,858	4,795	-63
Other lease business revenue	407	362	-45
Operating expenses	3,615	3,543	② -72
Expenses related to rent business (Excluding depreciation/amortization and loss on retirement)	1,870	1,888	18
Depreciation/amortization and loss on retirement	1,109	1,134	25
Loss on liquidation of silent partnership interest	116	—	-116
Asset management fee	409	399	-10
Other operating expenses	109	120	11
Operating income	1,650	1,614	-36
Non-operating income	3	2	-0
Non-operating expenses	475	455	③ -20
Ordinary income	1,177	1,161	-15
Income before income taxes	1,177	1,161	-15
Total income taxes, etc.	1	1	0
Net income	1,175	1,160	-15

Total distributions	1,175	1,160	-15
Distributions per unit (yen)	6,404	6,318	-86
Gain/loss on real estate lease business	2,286	2,134	-152
NOI	3,395	3,268	-126
Occupancy rate at end of period	96.1%	98.0%	1.9pt

■ Factors of Change from Previous Period

(unit: million yen)

Operating revenue ①	**-108**
Rent revenue – real estate	-63
Existing properties	-104
Full-period contribution of properties acquired in the 15th period (Dormy Inn Hakata Gion)	41
Other lease business revenue	-45
Utilities revenue (decrease due to seasonal factors)	-32
Other revenue	-12

Operating expenses ②	**-72**
Expenses related to rent business (excluding depreciation/amortization and loss on retirement)	18
Repairs	115
Utilities expenses (decrease due to seasonal factors)	-77
Other	-19
Depreciation/amortization and loss on retirement	25
Existing properties	15
Increase due to acquisition of new property (Dormy Inn Hakata Gion)	9
Loss on liquidation of silent partnership interests	-116
Asset management fee	-10
Other operating expenses	11

Non-operating expenses ③	**-20**
Decrease of interest expenses, etc.	-20

16th Period Financial Results – Comparison to Forecasts

Distributions per unit were 6,318 yen (increased by 148 yen than forecast) due to increase of operating revenue and decrease of expenses

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■Cash Flow

(unit: million yen)

	Fiscal Period ended June 30, 2014 Forecast (as of Feb. 18, 2014)	Fiscal Period ended June 30, 2014 16th Period	Difference
Operating revenue	5,150	5,157	① 7
Rent revenue – real estate	4,777	4,795	17
Other lease business revenue	372	362	-10
Operating expenses	3,556	3,543	② -13
Expenses related to rent business (Excluding depreciation/amortization and loss on retirement)	1,893	1,888	-5
Depreciation/amortization and loss on retirement	1,138	1,134	-4
Asset management fee	397	399	1
Other operating expenses	126	120	-5
Operating income	1,593	1,614	20
Non-operating income	1	2	1
Non-operating expenses	460	455	③ -4
Ordinary income	1,135	1,161	26
Income before income taxes	1,135	1,161	26
Total income taxes, etc.	2	1	-0
Net income	1,133	1,160	27
Total distributions	1,132	1,160	28
Distributions per unit (yen)	6,170	6,318	148
Gain/loss on real estate lease business	2,117	2,134	16
NOI	3,256	3,268	12
Occupancy rate at end of period	97.5%	98.0%	0.5pt

■Factors of Change from Forecasts

(unit: million yen)

Operating revenue ①	**7**
Rent revenue – real estate	17
Rent and CAM revenue	13
Parking revenue	3
Other lease business revenue	-10
Utilities revenue	-11
Other revenue	1
Operating expenses ②	**-13**
Expenses related to rent business (excluding depreciation/amortization and loss on retirement)	-5
Property management Fees	-13
Utilities expenses (common areas electricity bill, etc.)	12
Other	-3
Depreciation/amortization and loss on retirement	-4
Asset management fee	1
Other operating expenses	-5
Non-operating expenses ③	**-4**
Decrease of interest expenses, etc.	-4

Result of Efforts Addressing Issues in the 16th Period

Aim for a quick bottoming out of revenue and for stable distributions

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Internal Growth

Make vacant areas (including space scheduled to be vacated) profitable at an early stage and to maximize revenues (Occupancy rate: 98.0% Comparison with previous period: +1.9pt)

Minimize the impact of requests of rent reductions from tenants

External Growth

Did not acquire property, though considered property acquisitions utilizing the sponsor pipeline.

Continued to utilize acquisition capacity and considered acquiring assets from which long-term stable earnings corresponding to the level of risk return can be secured

Finances

Continue to focus on diversifying and extending repayment periods and reducing procurement costs

Efforts Addressing Issues and Results: Internal Growth ① – 1

Refilled space vacated by major tenant at Matsushita IMP Bldg. (2.5 floors of space), occupancy rate recovered up to 96.9%

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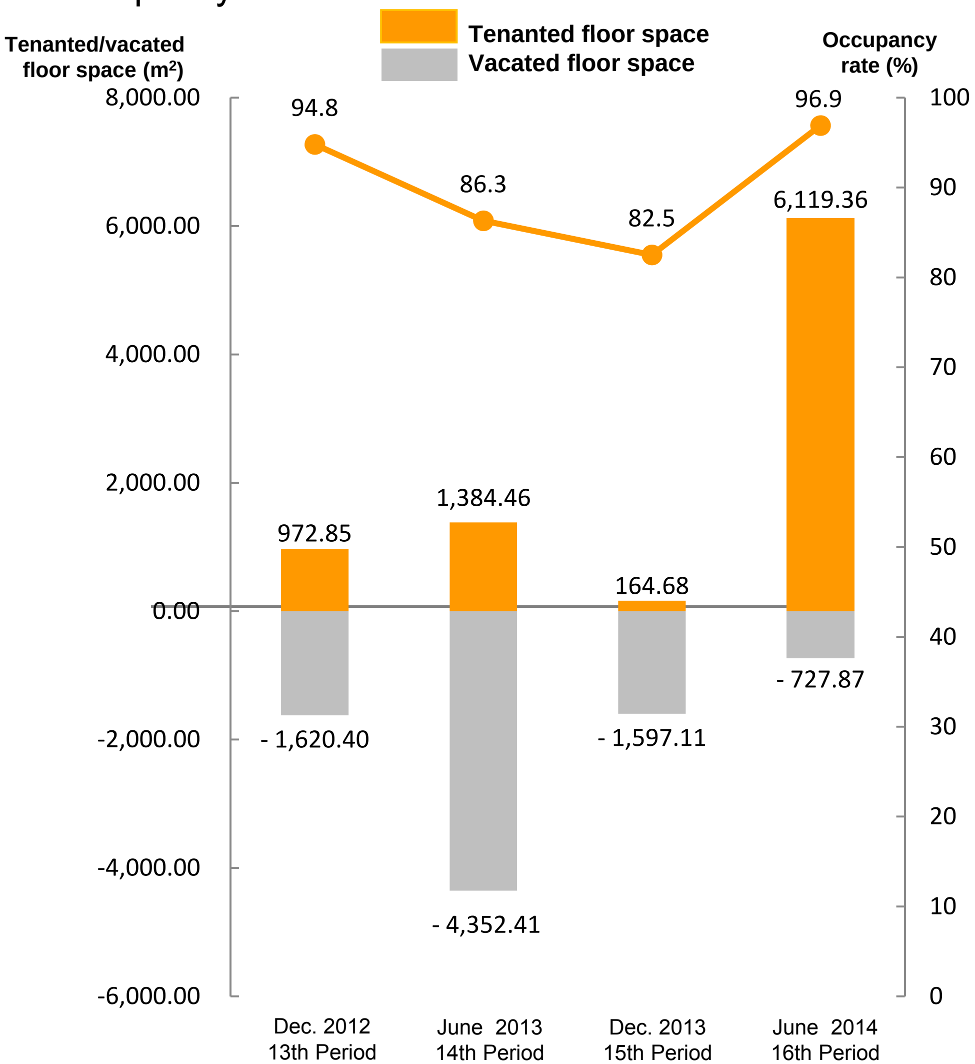
Matsushita IMP Bldg.

■Change in Tenanted/Vacated Floor Space and Occupancy Rate



■Change in Occupancy Rate

Fiscal Period ended Dec. 2012 (13th Period)	Fiscal Period ended June 2013 (14th Period)	Fiscal Period ended Dec.2013 (15th Period)	Fiscal Period ended June 2014 (16th Period)
94.8%	**86.3%**	**82.5%**	**96.9% (+14.4pt)**

■Space vacated by a major tenant during the 14th Period was refilled by attracting a new tenant leasing floor space larger than the vacated space

・Departure: Cancellation on March 31, 2013 (14th Period) -2.5 floors -3,773.39m^2
・Refilling: Contracted December 3, 2013 (15th Period) +3 floors +4,428.84m^2
*Contract commenced as of March 1, 2014 (As for one of the floors, contract commenced on February 1, 2014).
*Due to free-rent, full-period contribution to revenue starts in the fiscal period ending June 2015 (18th Period).
*The ratio of the tenanted floor space is 11.8% of the property's total leasable space.

■There were 8 cases (6,119.36m^2) of new tenants (including expansion of leased space) during the 16th Period.

Efforts Addressing Issues and Results: Internal Growth ① – 2

The occupancy rate was increased by promoting leasing

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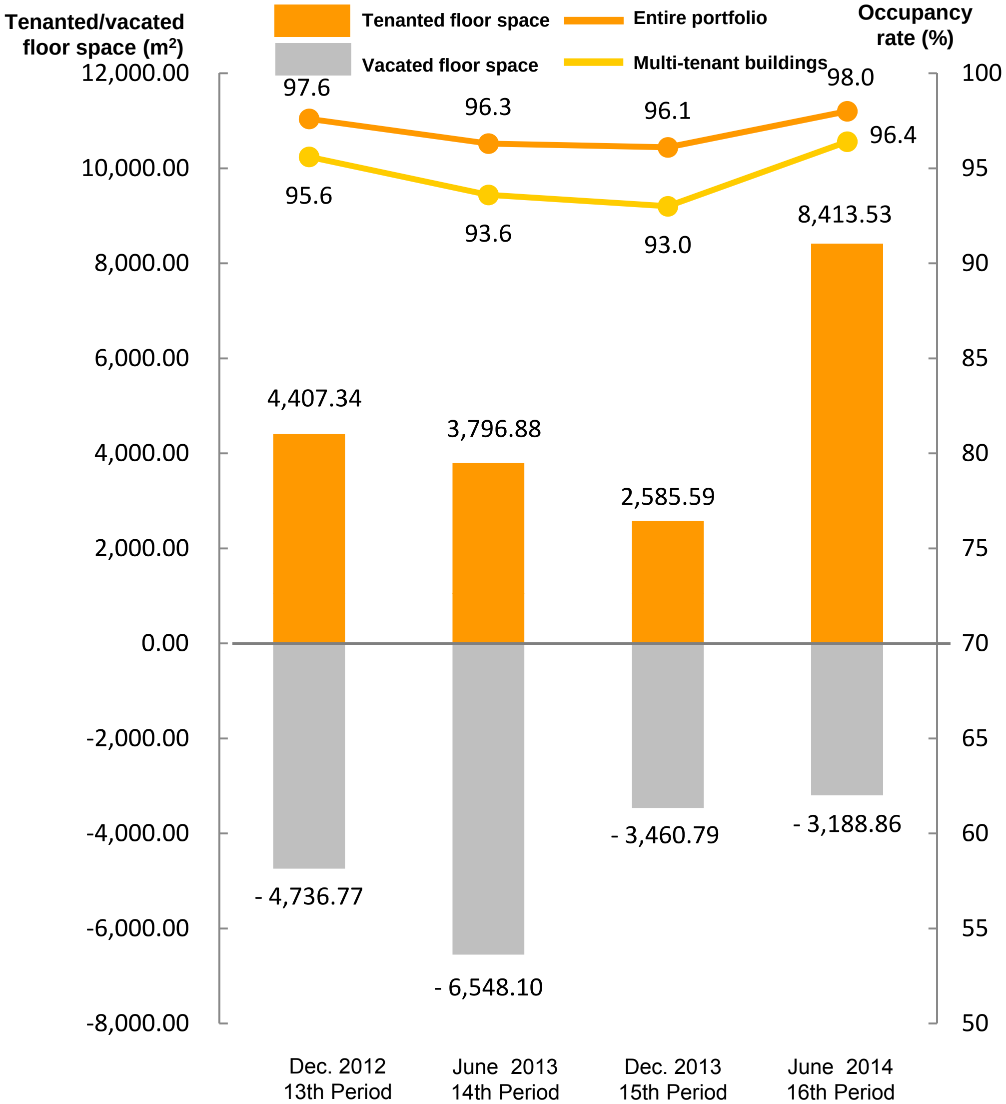
Entire Portfolio

■Change in Tenanted/Vacated Floor Space and Occupancy Rate



■Change in Occupancy Rate of Entire Portfolio

12 properties

Fiscal Period ended Dec. 2012 (13th Period)	Fiscal Period ended June 2013 (14th Period)	Fiscal Period ended Dec.2013 (15th Period)	Fiscal Period ended June 2014 (16th Period)
97.6%	**96.3%**	**96.1%**	**98.0% (+1.9pt)**

■Change in Occupancy Rate of Multi-Tenant Buildings (Note)

8 properties

Fiscal Period ended Dec. 2012 (13th Period)	Fiscal Period ended June 2013 (14th Period)	Fiscal Period ended Dec.2013 (15th Period)	Fiscal Period ended June 2014 (16th Period)
95.6%	**93.6%**	**93.0%**	**96.4% (+3.4pt)**

Note:
1. For the properties subject to multi-tenant buildings, please refer to Page 33 "Changes in Occupancy Rates" (Note 1).

■**There were 16 cases (8,413.53 m²) of new tenants (including expansion of leased space) during the 16th Period.**

Efforts Addressing Issues and Results: Internal Growth ② – 1

Majority of renewed contracts had unchanged rent. Market rent turned to increase.

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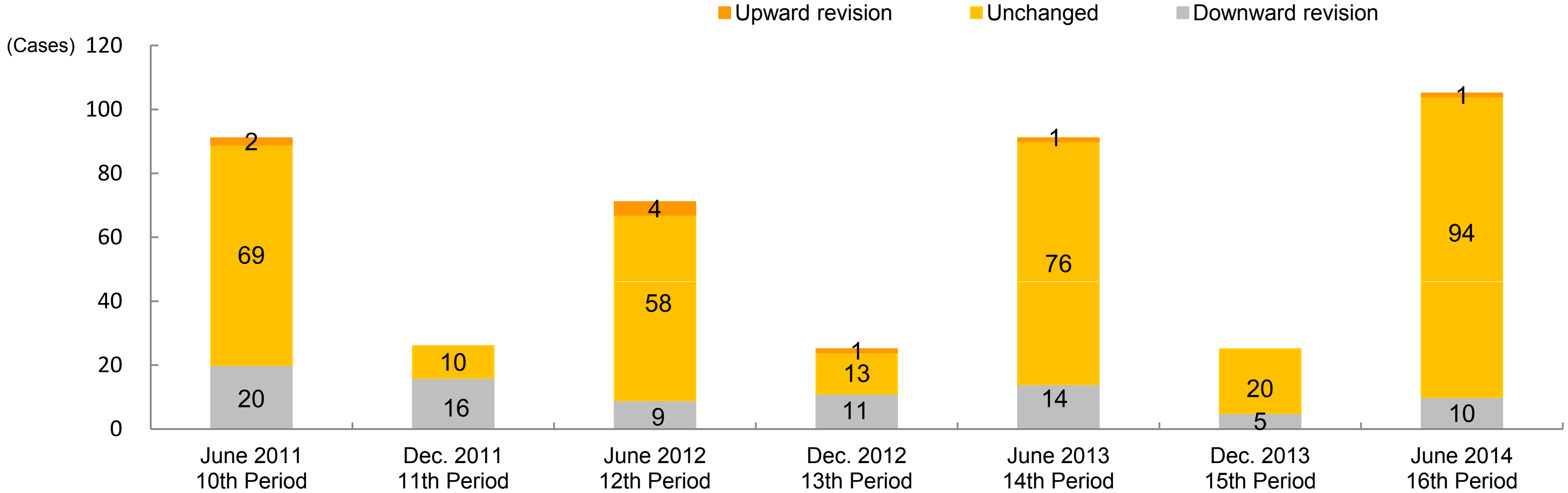
Rent Revision Trends: Changes in Number of Rent Revisions



Market Rent Trend of Office Buildings in Osaka City Held by MID REIT (Note 1)

Survey period	4th Period	5th Period	6th Period	7th Period	8th Period	9th Period	10th Period	11th Period	12th Period	13th Period	14th Period	15th Period	16th Period	17th Period
	2008		2009		2010		2011		2012		2013		2014	
Number of properties surveyed	4		7		7		7		7		7		7 (Note 2)	
Increase	1		—		—		—		—		1		6	
Unchanged	1		1		—		2		6		5		1	
Decrease	2		6		7		5		1		1		—	

Source: MID REIT Management Co., Ltd.

Note:
1. The market rent trend compares figures calculated based on contracted market rent for typical floor plate of each property assessed by Sanko Estate Co., Ltd. at the time of relevant survey period with the figures at the time of the previous assessment and rates them as an increase, unchanged or decrease.
2. Names of properties surveyed: Twin 21, Matsushita IMP Bldg., MID Imabashi Bldg., MID Midosujikawaramachi Bldg., Kitahama MID Bldg., MID Nishihommachi Bldg. and Midosuji MID Bldg.

Efforts Addressing Issues and Results: Internal Growth ② – 2

Leasing status

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Occupancy Rate (Results and Forecast)

Property Name	Fiscal Period as of June 30, 2014 (16th Period End) Occupancy Rate (%)	Results, Fiscal Period Ending Dec. 31, 2014 (17th Period End) Forecast (as of July 24, 2014)	Investment Ratio (%) (Note 1)	Leasable Space (m^2) (Note 2)
Twin 21	95.5	There were 4 new tenants and 3 cases of expansion of leased space, 5 departures and 2 case of decrease of leased space in the 16th period. 2 new tenants, 1 case of expansion of leased space, 4 departures and 1 case of decrease of leased space as well as occupancy rate of 95.8% are expected for the 17th period .	43.6	82,396.80
Matsushita IMP Bldg.	96.9	There were 6 new tenants and 2 cases of expansion of leased space, as well as 4 departures in the 16th period 1 departure and occupancy rate of 96.2% are expected for the 17th period .	15.6	37,375.89
Midosuji MID Bldg.	100.0	1 departure and occupancy rate of 98.8% are expected for the 17th period.	5.3	10,461.32
MID Imabashi Bldg.	100.0	1 departure and occupancy rate of 96.3% are expected for the 17th period.	2.1	4,277.65
MID Midosujikawaramachi Bldg	92.5	There was 1 departure in the 16th Period. 1 departure and occupancy rate of 85.4% are expected for the 17th period.	1.3	3,097.39
Kitahama MID Bldg.	96.9	There was 1 case of decrease of leased space in the 16th period. 1 new tenant and occupancy rate of 98.8% are expected for the 17th period.	6.8	10,189.49
MID Nishihommachi Bldg.	96.7	Leasing activities are underway for 1 area (126.40m^2). Occupancy rate of 96.7% is expected for the end of the 17th period.	2.3	3,877.38
Higobashi MID Bldg.	96.8	There were 1 case of expansion of leased space and 1 departure in the 16th period. 1 new tenant and occupancy rate of 100% are expected for the 17th period.	1.9	4,655.57
Multi-tenant buildings Subtotal: 8 properties	96.4	Forecast occupancy rate for the end of the 17th period: 96.2%	78.8	156,331.49
MID REIT Kyobashi Bldg.	100.0	Occupancy rate of 100% is expected to continue with the entire building leased to a single tenant.	1.5	4,833.88
Konami Sports Club Kyobashi	100.0	Occupancy rate of 100% is expected to continue with the entire building leased to a single tenant.	1.8	9,586.26
AEON MALL Tsudanuma	100.0	Occupancy rate of 100% is expected to continue with the entire building leased to a single tenant (expiration date of the contract is September 29, 2023).	16.6	101,210.44
Dormy Inn Hakata Gion	100.0	Contracted with 2 tenants, a hotel and a convenience store. Occupancy rate of 100% is expected to continue.	1.4	5,554.91
Entire Portfolio Total: 12 properties	98.0	Forecast occupancy rate for the end of the 17th period: 97.9%	100.0	277,516.98

Notes :

1. “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.
2. “Leasable Space” represent the total leasable floor space as June 30, 2014. (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. and Dormy Inn Hakata Gion include the floor space for common areas, each of which is leased in its entirety to a sole tenant.)

Efforts for the 17th Period and Beyond

Aim for a bottoming out of revenue and for stable distributions

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Internal Growth

Maintained occupancy rate

Make vacant areas (including space scheduled to be vacated) profitable at an early stage and to maximize revenues

Minimize the impact of requests of rent reductions from tenants

Aim to realize the following items through thorough rent condition negotiations:

- Increase of rent unit price
- Shrink range of decrease
- Reduce free rent periods when attracting new tenants

External Growth

Promote deliberation of acquiring assets under management from which long-term stable cash flow with a corresponding level of risk return can be expected

Put the diversification of areas and asset types into view

Utilize the sponsor pipeline support (including warehousing)

Finances

Continue to focus on diversifying and extending repayment periods and reducing procurement costs

Business Result Forecasts for the 17th Fiscal Period and 18th Fiscal Period

Distributions are forecast at 5,800 yen for the 17th period and 5,800 yen for the 18th period

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■ Cash Flow

(unit: million yen)

	Fiscal Period ended June 30, 2014 (16th Period)	Fiscal Period ending Dec.31, 2014 (17th Period) Forecast	Fiscal Period ending June 30, 2015 (18th Period) Forecast	17th Period – 16th Period	18th Period – 17th Period
Operating revenue	5,157	5,175	5,166	① 17	③ -8
Rent revenue – real estate	4,795	4,773	4,801	-21	27
Other lease business revenue	362	401	365	39	-36
Operating expenses	3,543	3,655	3,655	② 112	④ -0
Expenses related to rent business (Excluding depreciation/amortization and loss on retirement)	1,888	2,004	1,989	116	-14
Depreciation/amortization and loss on retirement	1,134	1,138	1,155	4	16
Asset management fee	399	393	393	-5	0
Other operating expenses	120	118	115	-2	-2
Operating income	1,614	1,519	1,511	-94	-8
Non-operating income	2	1	1	-1	—
Non-operating expenses	455	454	445	-0	-8
Ordinary income	1,161	1,067	1,067	-94	-0
Income before income taxes	1,161	1,067	1,067	-94	-0
Income taxes, etc.	1	2	2	0	—
Net income	1,160	1,065	1,065	-95	-0
Total distributions	1,160	1,065	1,065	-95	—
Distributions per unit (yen)	6,318	5,800	5,800	-518	—
Gain/loss on real estate lease business	2,134	2,031	2,020	-102	-10
NOI	3,268	3,170	3,176	-98	5
Occupancy rate at end of period	98.0%	97.9%	97.8%	-0.1pt	-0.1pt

■ Factors of Change from Previous Period

(unit: million yen)

■Factors of Change between 17th and 16th Periods

Operating revenue ①	**17**
Existing properties	17
Operating expenses ②	**112**
Utilities expenses (Increase due to seasonal factors)	130
Property management fees	20
Real estate taxes	10
Repairs	-53
Other	4

■Factors of Change between 18th and 17th Periods

Operating revenue ③	**-8**
Existing properties	-8
Operating expenses ④	**-0**
Utilities expenses (Decrease due to seasonal factors)	-102
Repairs	76
Property management fees	12
Other	13

Change in Rent Revenue-Real Estate in 16th Period Results and Rent Revenue-Real Estate Forecasts for 17th and 18th Periods

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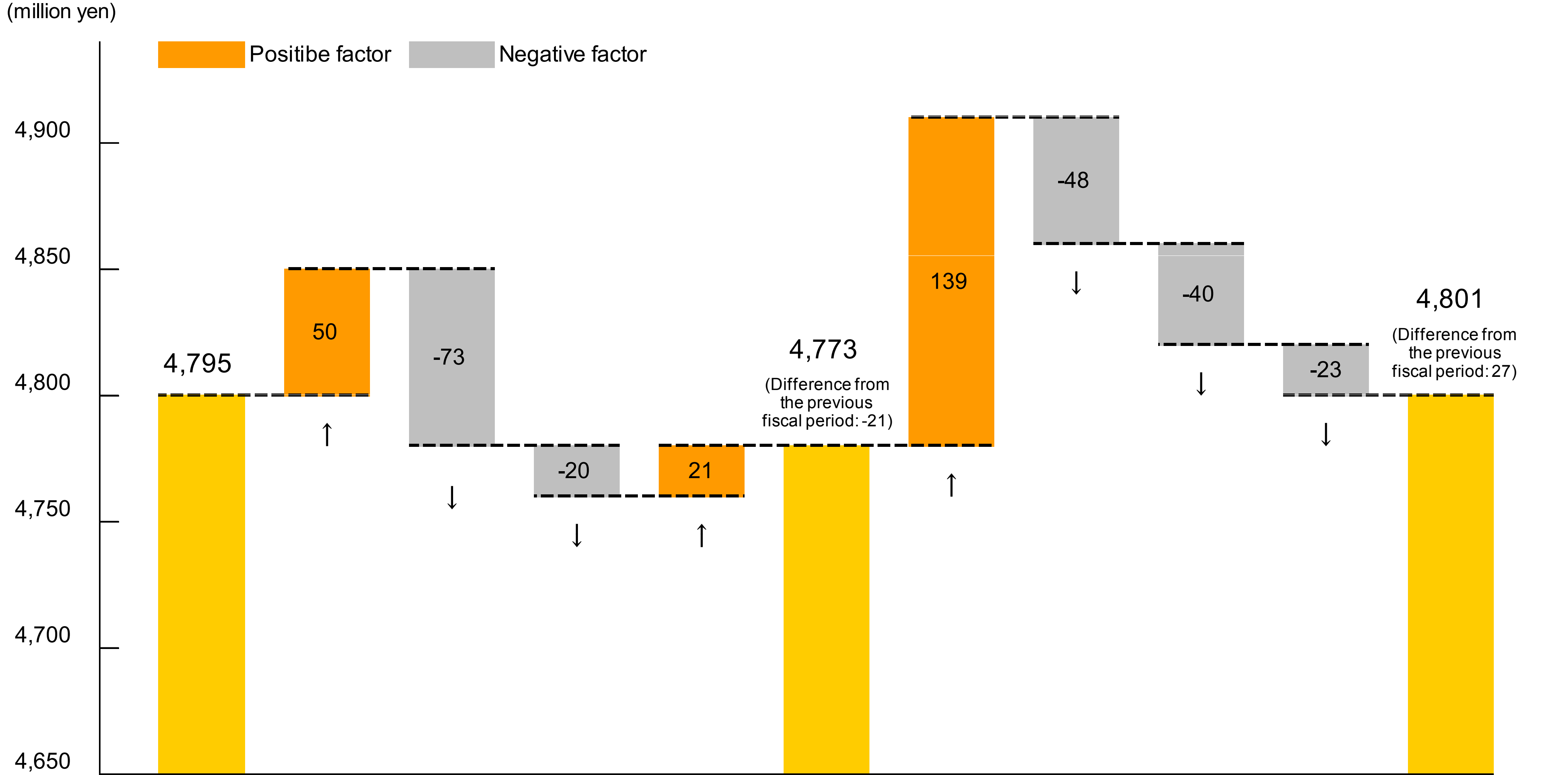
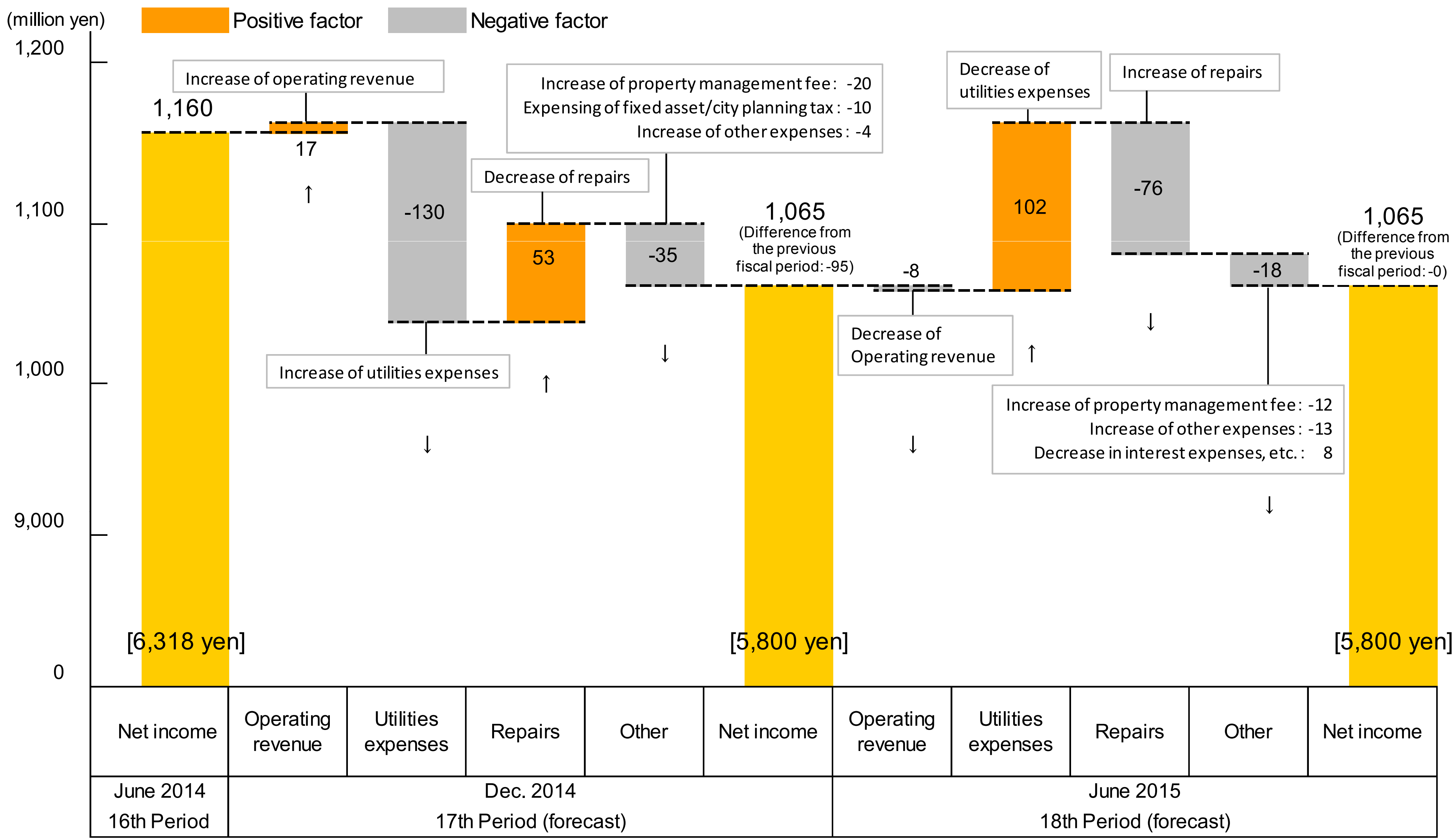
Factors of Change in Rent Revenue-Real Estate from Previous Period



Rent Revenue-Real Estate	Tenanted Floor	Vacated Floor	Revision	Other	Rent Revenue-Real Estate	Tenanted Floor	Vacated Floor	Revision	Other	Rent Revenue-Real Estate
	Existing properties					Existing properties				
June 2014 16th Period	Dec. 2014 17th Period (forecast)					June 2015 18th Period (forecast)				

Change in Net Income in 16th Period Results and Net Income Forecasts for 17th and 18th Periods

Factors of Change in Net Income from Previous Period



Figures in parenthesis [ ] are distributions per unit

Growth Strategy Internal Growth ① – 1

Reconstruction of a brand image of Osaka Business Park (OBP)

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Issues of OBP

・Approximately 30 years have passed since the launch of the development as an innovating business area, change can be seen in “the position as a business area” in the OBP district due to increase in supply of office buildings, etc. in the area around Umeda.

Efforts to Enhance OBP’s Brand Image

・Enhance the visibility as the favorable business area for workers through “greenery” and “comfort” from the viewpoint of office workers

・Proactively cooperate with projects that are “innovative,” “public” and “hot” (refer to p.51 for details of OBP “V2X” Project)

Efforts up to 16th Period (Results)

・Prepared pamphlets to appeal superiority in disaster-resistant capability due to locational characteristics

・Facilities maintenance: Renewed the entrance and the tenant sign

Twin 21, 2nd Floor Entrance

Twin 21 MID Tower, 1st floor tenant sign

Efforts in and after 17th Period (Plans)

・Conduct advertisement activities appealing the new concept and the excellent environment

・Prepare new pamphlets from the viewpoint of office workers

・Implement renewal work for outdoor facilities including the green space

Platform sign at Yodoyabashi Station on the Osaka Municipal Subway Midosuji Line (Japanese ver.)

Growth Strategy Internal Growth ① – 2

Enhancement of attractiveness of Osaka Business Park (OBP)

Contribution to Development of Community and Revitalization of the Town

Holding events in cooperation with the sponsor (MID Urban Development), the MID Group, Tenant Association Gallery Twin 21[(Note)], etc. , and dispatching information

Note：The association is comprised of restaurants and shop tenants of Twin 21.

■Events on Twin 21 Atrium

Tenjin Matsuri Pre-Festival Event in OBP

24 Hours Television “Love Save the Earth”

Christmas Song Concert

OSAKA & DREAM in OBP

Growth Strategy – External Growth ①

Cooperation with the sponsor (MID Urban Development Co., Ltd.)

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Utilizing the sponsor pipeline

■ Sourcing of property information, etc. by MID Urban Development

- Provision of information on the sale of properties that it developed, owns or manages (preferential negotiation rights for office buildings)
- Provision of information on the sale of properties it is contracted to broker
- Provision of warehousing functions

Overview of MID Urban Development Co., Ltd. (as of August 1, 2014)	
Representative	Ryoichi Hanai, President, Member of the Board (former Senior Corporate Auditor of The Kansai Electric Power Co., Inc.)
Principal Business	Building business and housing business
Shareholder	The Kansai Electric Power Co., Inc. (ratio of shares held: 99.36%)
URL	http://www.mid.co.jp/ (financial results for the fiscal year ended March 31, 2014 are available)

■ Major properties owned and developed by MID Urban Development

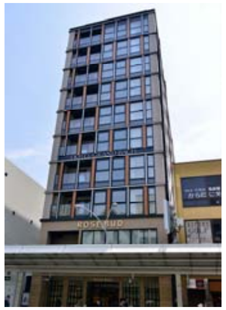
∗ These properties are not owned by MID REIT, Inc.

Developed Properties

Kyobashi MID Bldg. (Note)
Location: Chuo-ku, Tokyo
Completion: February, 2015 (plan)

Note:
Redevelopment of the property MID REIT, Inc. transferred to MID Urban Development in the fiscal period ended June 30, 2008 (4th period).

Portfolio Properties



HOTEL GRAND BACH KYOTO (Shimogyo-ku, Kyoto)

Rokko Island Distribution Center (Higashinada-ku, Kobe)

Naniwa Sujimotocho MID Bldg. (Nishi-ku, Osaka)

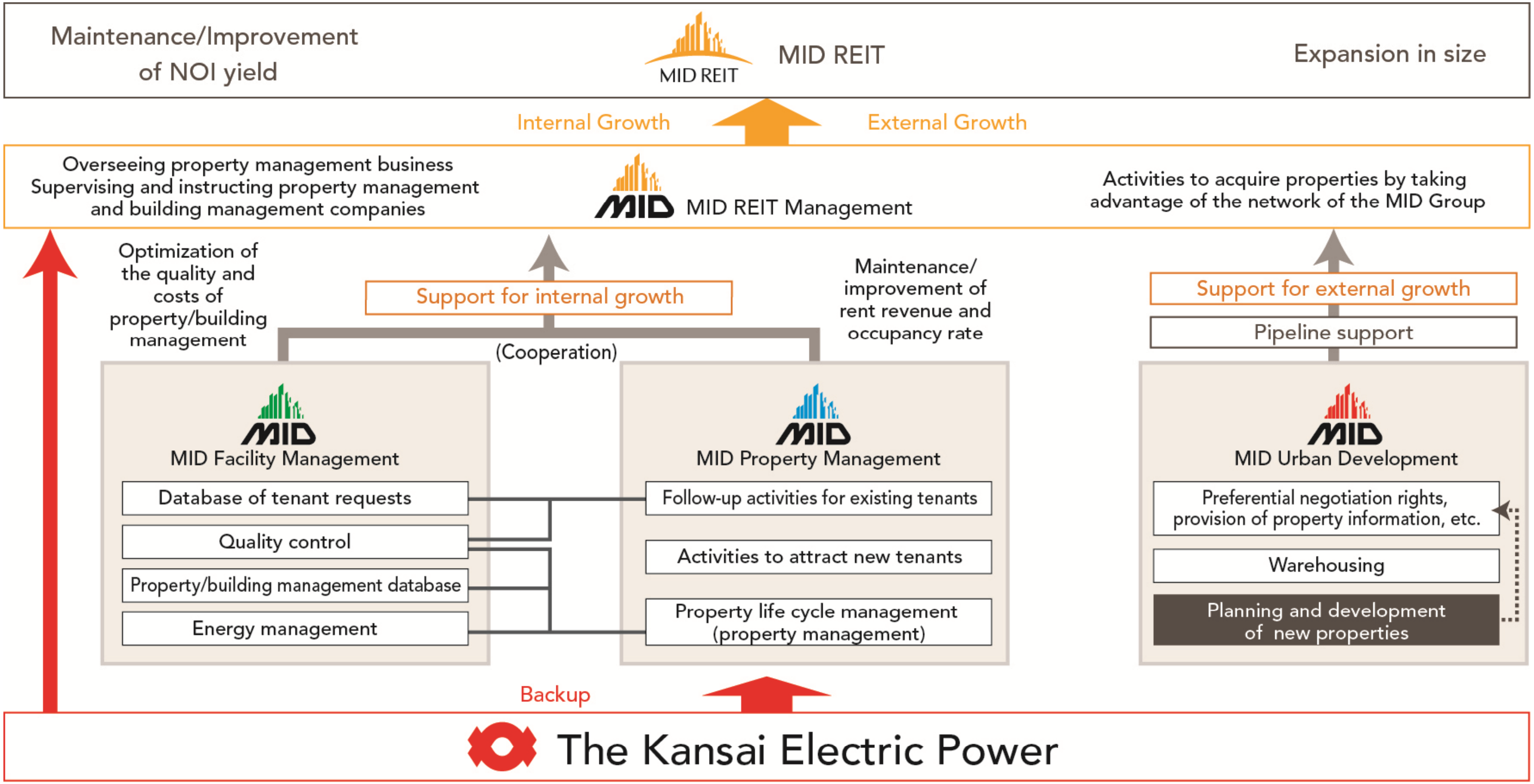
Yaesu MID Bldg. (Chuo-ku, Tokyo)

Nishigin MID Bldg. (Chuo-ku, Tokyo)

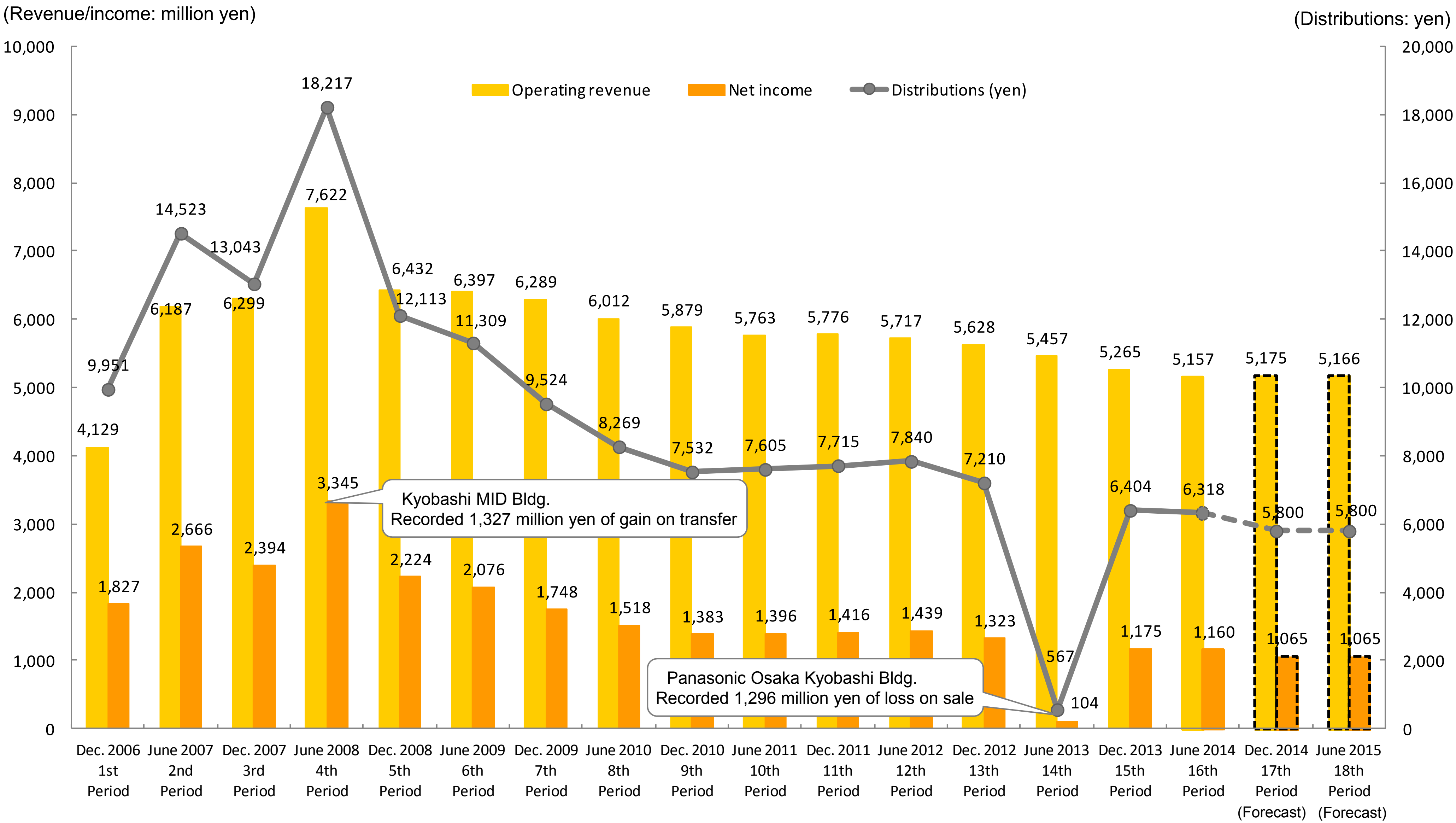
MID Nihonbashi Horidomecho Bldg. (Chuo-ku, Tokyo)

Growth Strategy – External Growth ②

Growth Strategy Utilizing the Collective Capacity of the MID Group (Kansai Electronic Power Group)



Changes in Operating Revenue, Net Income and Distributions



2. Market Data

Characteristics of the Osaka Area

Potential of the Osaka area

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Topics (Jan.-June, 2014)

The economy in the Kansai Region has shown mild recovery. Approximately 70% of listed companies in the Kansai region posted increases in profit (financial results in March 2014)

■ Trend of economic indicators in the Kansai region (continuous recovery due to various economic measures expected)

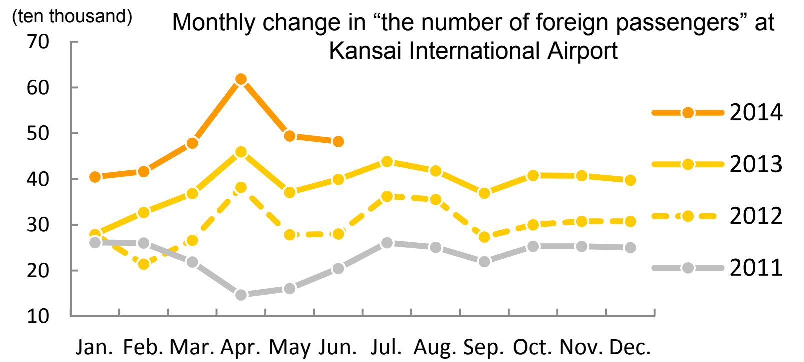
- Capital investment in fiscal 2014 is 1,395.5 billion yen, up 11.9% year-on-year. Third straight year increase for the first time in the 28 years since 1986. (Proactive investment by the manufacturing industry such as chemical and pharmaceutical is boosting the entire economy, and profits earned through improved performances are allocated to capital investment.)
- Sales at 47 department stores in May 2014 increased 0.6% year-on-year on a storewide basis (2.7% decrease nationwide), surpassing the same month in the previous year for the first time in two months.
- As to the amount of trade in May 2014, export increased 1.2% year-on-year at 1,231.3 billion yen (2.7% decrease nationwide), surpassing the same month in the previous year for the 15th consecutive month.

■ Increase in the number of tourists

- The number of foreign passengers on international flights using Kansai International Airport marked a record of 620,000 in April 2014.
- The number of flight passengers as of June 2014 surpassed that of the same month in the previous year for the 33rd consecutive month.

■ Sharp recovery in unit guest room charge of major hotels in Osaka

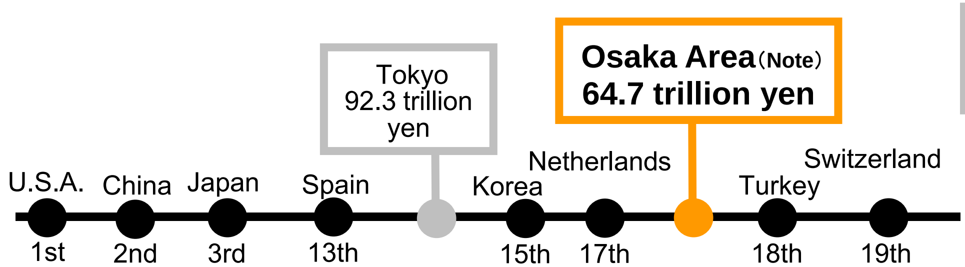
- The average unit guest room charge for the January to June 2014 period returned to the pre-global financial crisis level in 2008.
- The average occupancy rate has been improving for the 21st consecutive month up to June 2014.



Source: New Kansai International Airport Company, Ltd. "Kansai International Airport Traffic Report"

World-Class Economic Size

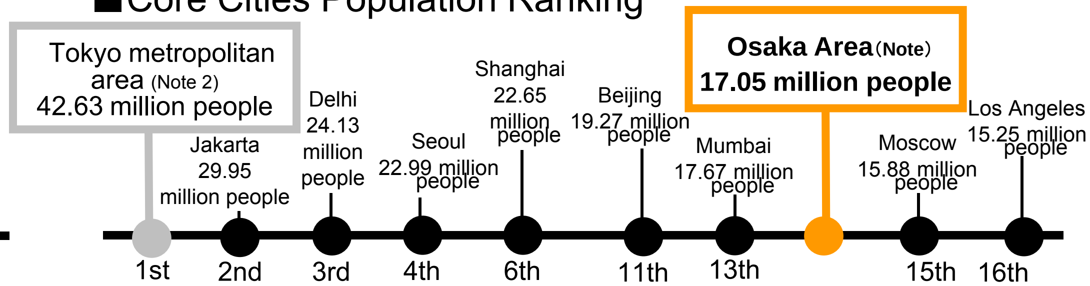
■ World GDP Ranking



Source: Government of Japan Cabinet Office's "Annual Report on Prefectural Accounts for Fiscal 2011"

Note: Osaka area refers to Osaka Prefecture, Hyogo Prefecture and Kyoto Prefecture.

■ Core Cities Population Ranking



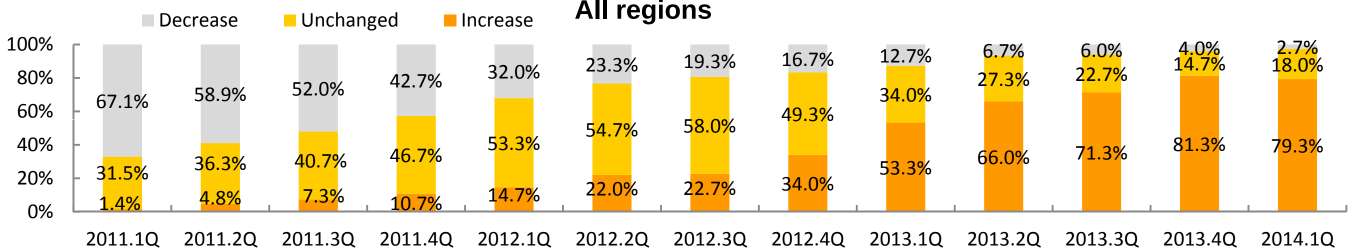
Source: Demographia World Urban Areas: 10th Annual Edition (May 2014 Revision) , and National Statistics Center's "Social Indicators by Prefecture"(2014)

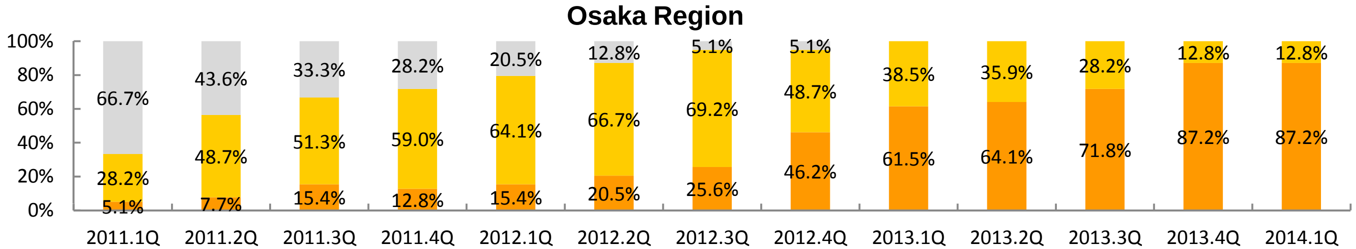
Notes:
1. Osaka area refers to Osaka Prefecture, Hyogo Prefecture and Kyoto Prefecture.
2. Tokyo metropolitan area includes Tokyo, Kanagawa Prefecture, Chiba Prefecture, Saitama Prefecture, Gunma Prefecture, Tochigi Prefecture and Ibaraki Prefecture.
3. The figures for other countries are the population of urban areas as defined by Demographia.

Office Market Data (1): Changes in Land Price Trends and Vacancy Rate

Land prices have continued to steadily move upward, and Vacancy rates steadily moved downward as well in the last year

Changes in Land Price Trends (Land Price LOOK Report)





Notes:
1. For each year, 1Q refers to January 1 to April 1, 2Q refers to April 1 to July 1, 3Q refers to July 1 to October 1 and 4Q refers to October 1 to January 1.
2. With respect to figures for the 1Q and 2Q of 2011 for all regions, investigations were conducted by excluding the 4 regions for which market data for a certain period of time was lacking, as they were directly impacted by the Great East Japan Earthquake.

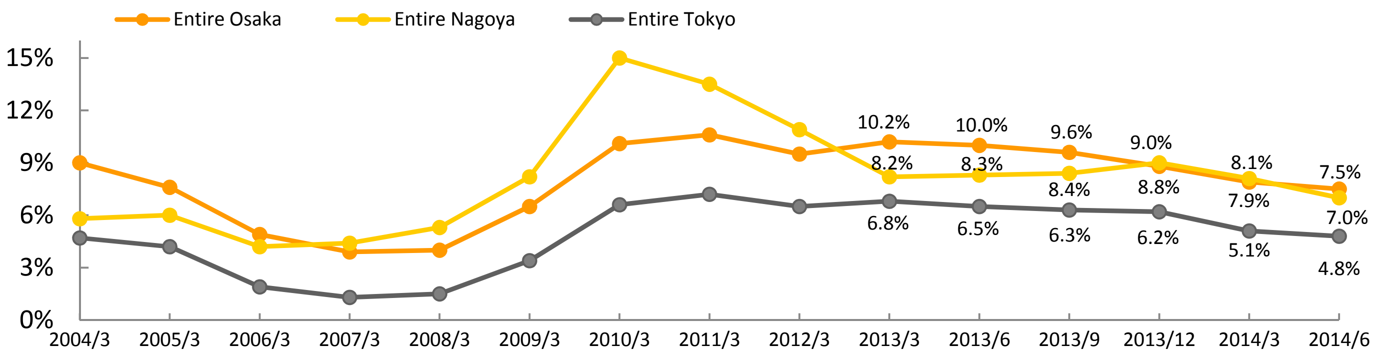
Land Price Trend in Major Areas in Osaka

Zone	2014. 1Q Evaluation	2013. 4Q Evaluation
Umeda	0% - 3% (Increase)	0% - 3% (Increase)
West side of Nakanoshima	0% - 3% (Increase)	0% - 3% (Increase)
Kitahama	0% - 3% (Increase)	0% - 3% (Increase)
Shinsaibashi	0% - 3% (Increase)	0% - 3% (Increase)
OBP	0% (Unchanged)	0% (Unchanged)
Shin-Osaka	0% - 3% (Increase)	0% - 3% (Increase)

Source: Ministry of Land, Infrastructure, Transport and Tourism

Changes in Office Building Vacancy Rates

(Entire Osaka, Entire Nagoya, Entire Tokyo)



Note:
1. Survey targets are rental buildings designated by CBRE with more than 1,000 tsubo of total floor space in principle fulfilling new quake-resistance standards.
2. Actual figures before the fiscal period ended March 31, 2013 are not indicated as consensus from CBRE has not been obtained.

Vacancy Rates of Osaka's Key Office Areas

(as of end of June, 2014)

Zone	Vacancy Rate	Comparison with end of Dec. 2013
Entire Osaka	7.5%	-1.3pt
Umeda	11.4%	-2.3pt
Dojima	5.2%	-1.8pt
Nakanoshima	3.7%	-0.2pt
Yodoyabashi	4.6%	1.1pt
Hommachi	8.8%	-3.5pt
Shin-Osaka	5.7%	-0.9pt

Source：CBRE

Office Market Data (2): New Supply of Office Buildings

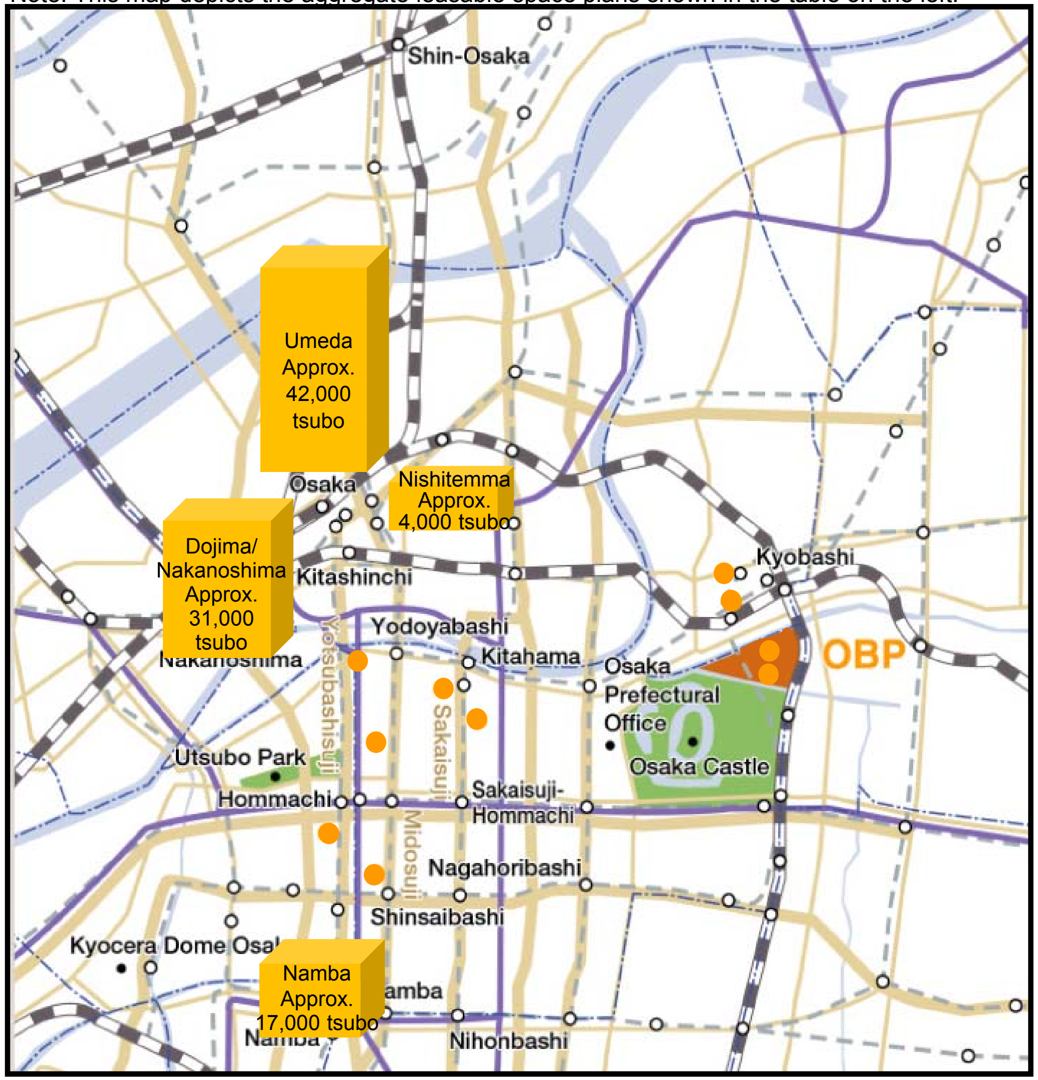
Large new supply peaked in 2013

New Office Building Construction Plans and Leasable Space by Area in Key Office Areas in Osaka (Note)

In tsubo; ( ) in m2

Completion	Leasable Space by Year	No.	Area	Property Name	Leasable Space (plan)
2014	15,600 (51,480)	1	Tennoji /Abeno	Abeno Harukas	11,700 (38,610)
		2	Nishi-temma	Ujiden Building	3,900 (12,870)
2015	17,600 (58,080)	3	Umeda	Seiwa Umeda Building	4,000 (13,200)
		4	Dojima /Nakano -shima	Shin Daibiru	13,600 (44,880)
2017	17,600 (58,080)	5	Dojima /Nakano -shima	Nakanoshima Festival Tower West (tentative name)	17,600 (58,080)
2019	17,200 (56,760)	6	Namba	Nankai Kaikan Building Reconstruction Project	17,200 (56,760)
2022	38,100 (125,730)	7	Umeda	Umeda 1-chome 1-banchi Project	38,100 (125,730)

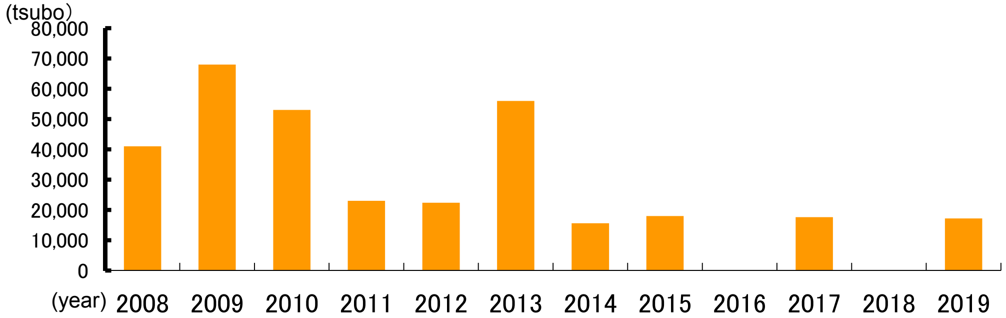
Note: This map depicts the aggregate leasable space plans shown in the table on the left.



Source: MID REIT Management Co., Ltd

Note: Orange dots in the map indicate the locations of properties under management as of the end of the 16th fiscal period.

Changes in New Supply of Office Buildings in Key Office Areas in Osaka (Note)



Note: Tally of office buildings with generally leased floor space of 2,000 tsubo (6,600m^2) or more . Properties for which leasable space are yet to be determined are not included.

Office Market Data (3): Market Status

Drop in expected cap rate and market cap rate seen in part of market area

MID REIT

Expected Cap Rate vs. Market Cap Rate

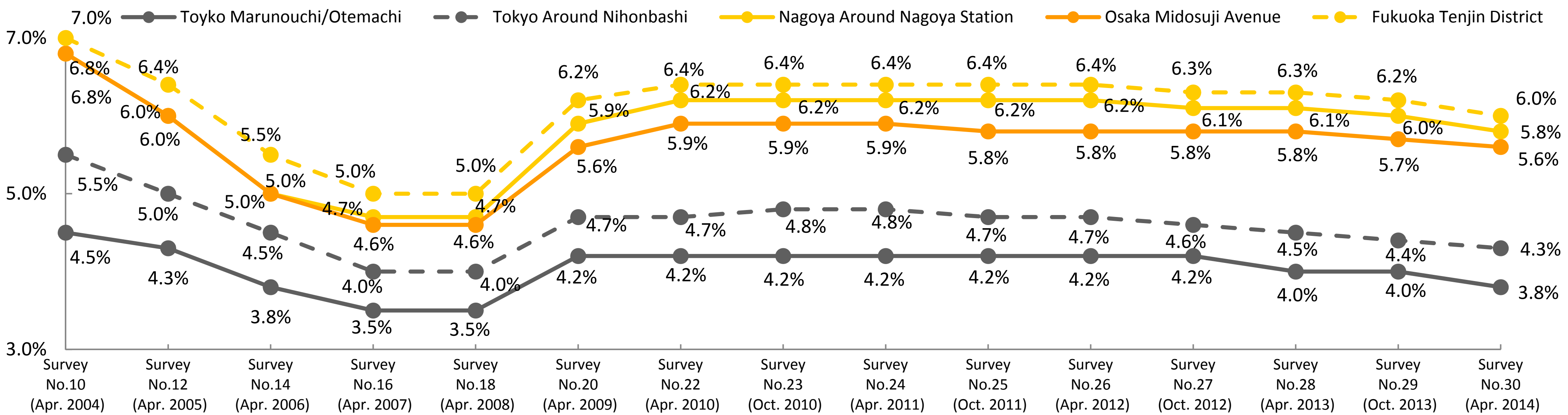
■ "Expected Cap Rate" and "Market Cap Rate" of Average-Sized Class A Office Building in Various Locations

( ) shows previous survey data (as of Oct. 2013)

Location	Expected Cap Rate	Market Cap Rate
Tokyo Around Marunouchi/Otemachi	4.0% (4.2%)	3.8% (4.0%)
Tokyo Around Nihonbashi	4.5% (4.6%)	4.3% (4.4%)
Nagoya Around Nagoya Station	6.0% (6.2%)	5.8% (6.0%)
Osaka Midosuji Avenue	5.8% (6.0%)	5.6% (5.7%)
Fukuoka Tenjin District	6.2% (6.4%)	6.0% (6.2%)

Source: Japan Real Estate Institute's "The Japanese Real Estate Investor Survey No. 30" (as of April 2014)

■ Changes in "Market Cap Rate" of Average-Sized Class A Office Building in Various Locations



Source: Japan Real Estate Institute

3. About MID REIT

A REIT Focusing on the Osaka Area and Office Properties

Investment target is 70% or higher in the Osaka area and 70 % or higher in office properties

MID REIT

Portfolio Building Policy

■ Basic Policy

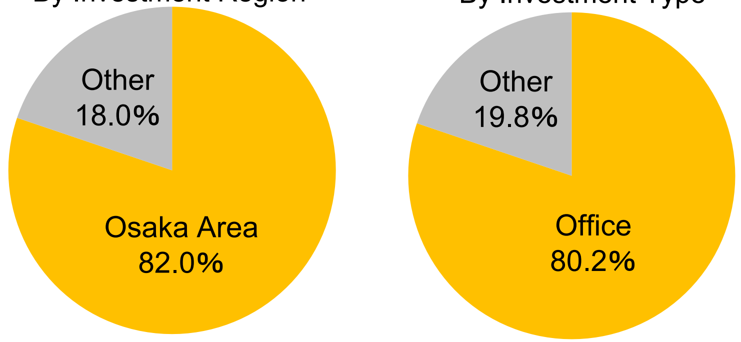
・Conduct asset management in pursuit of securing stable revenue and achieving steady growth of assets under management from a medium- to long-term perspective

■ Targeted Investment Regions and Categories (Types)

By region	Osaka area	Government-designated cities and other major cities excluding the Tokyo and Osaka metropolitan areas
Investment ratio	70% or more	30% or less
By category (Note)	Office properties	Real estate other than office properties
Investment ratio	70% or more	30% or less

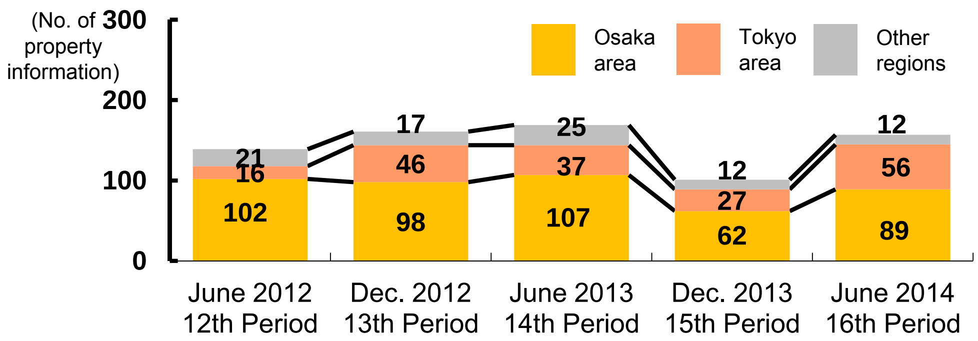
Note: When properties have multiple uses, we determine which category they belong to based on what the majority of leasable floor space for the real-estate-related assets of the portfolio as a whole are used for, and the total acquisition cost of said real-estate-related asset is included in the acquisition cost of said category.

■ Portfolio at the end of fiscal period ended June 30, 2014 (Acquisition Price Basis)

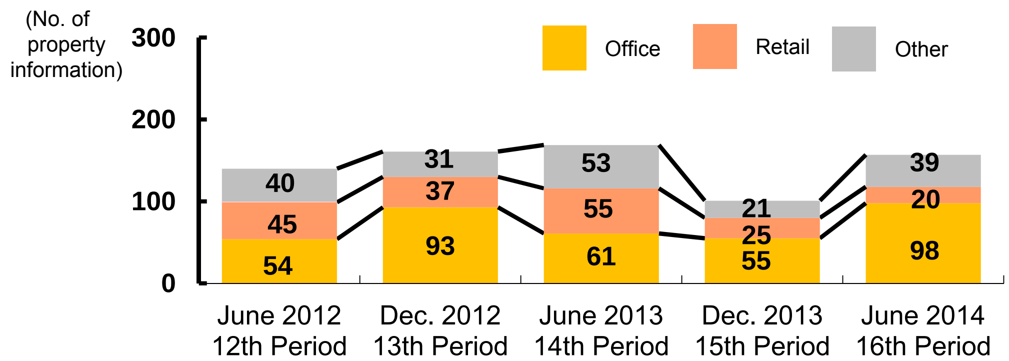


Status of Property Information Acquisition

■ Property Information by Region



■Property Information by Property Type



Portfolio with Large-Scale Office Buildings in OBP as Core Assets

OBP featuring business base, convenient access and information/culture base combined

MID REIT

Characteristics of the OBP

■ Business Base

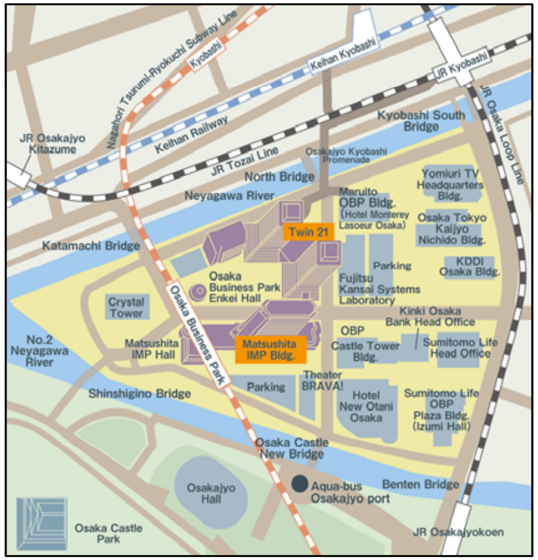
Total land space	Approx. 260,000㎡
No. of buildings	Total 14 buildings (including Panasonic, Fujitsu, NEC, KDDI, Sumitomo Life Insurance, Tokio Marine & Nichido Fire Insurance, Yomiuri Telecasting and other large businesses)
No. of offices (as of June 1, 2014)	Total 506 (Comparison with previous year: +5) (restaurants 58, retails 92 and offices 356)
No. of workers (as of June 1, 2014)	Total 34,187 people (Comparison with previous year :+1,225) (restaurants 1,034 people, retails 2,421 people and offices 30,732 people)
No. of parking	Twin 21 Parking approx. 400 vehicles Matsushita IMP Bldg. Parking approx. 300 vehicles MID Shiromi Parking approx. 200 vehicles …etc. totaling approx. 3,000 vehicles

■Convenient Access as the "Gateway to Eastern Osaka"

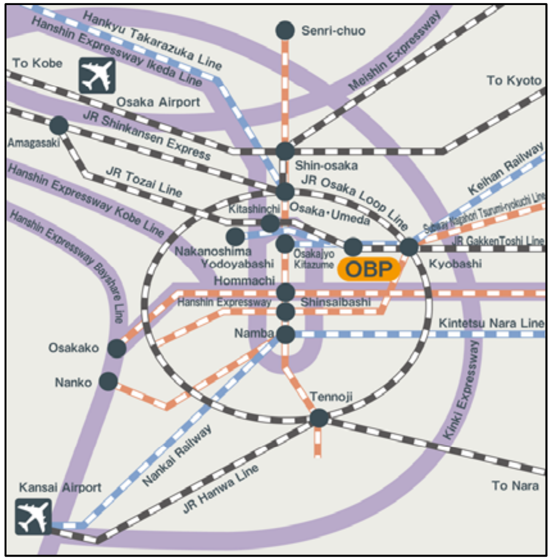
Access to 6 stations on 4 lines	JR Osaka Loop Line (Kyobashi Sta. and Osakajyo Koen Sta.) JR Tozai Line (Kyobashi Sta. and Osakajyo Kitazume Sta.) Keihan Main Line (Kyobashi Sta.) Subway Nagahori Tsurumi-Ryokuchi Line (Osaka Business Park Sta. and Kyobashi Sta.)

■ Information/Culture Base

Multi-purpose halls	Osaka-Jo Hall, OBP Enkei Hall, Matsushita IMP Hall, Theater BRAVA!, Izumi Hall, etc.
Extensive lodging facilities	Hotel New Otani Osaka, Hotel Monterey La Soeur Osaka
Consular offices	Consulate general of Australia, consulate general of the Netherlands, consulate general of the Philippines



OBP Area Map



OBP Access Map

Portfolio Overview

Properties under management : 12 properties (9 office buildings, 2 retail facilities and 1 hotel)

MID REIT

Type	Area	Property Name	Location	Completion Date	Acquisition Date	Acquisition Price (million yen) (Note 1)	Investment Ratio (%) (Note 2)	Leasable Space (m²) (Note 3)	PML (%) (Note 4)
Office Bldg.	Osaka area	Twin 21 (Note 5)	Chuo-ku, Osaka	March 1986	August 2006	68,700	43.6	82,396.80	3.9
		Matsushita IMP Bldg.	Chuo-ku, Osaka	February 1990, added on to in Nov. 2003	August 2006	24,600	15.6	37,375.89	3.6
		Midosuji MID Bldg.	Chuo-ku, Osaka	October 1980, added on to in Dec. 2009	August 2006 October 2007	8,290	5.3	10,461.32	9.6
		MID REIT Kyobashi Bldg.	Miyakojima-ku, Osaka	February 2000	August 2006	2,300	1.5	4,833.88	8.6
		MID Imabashi Bldg.	Chuo-ku, Osaka	October 1990	April 2007	3,270	2.1	4,277.65	6.9
		MID Midosujikawaramachi Bldg.	Chuo-ku, Osaka	March 1998	May 2007	2,000	1.3	3,097.39	6.8
		Kitahama MID Bldg.	Chuo-ku, Osaka	February 2008	April 2008	10,800	6.8	10,189.49	3.4
		MID Nishihommachi Bldg.	Nishi-ku, Osaka	March 1989	October 2008	3,550	2.3	3,877.38	6.1
		Higobashi MID Bldg.	Nishi-ku, Osaka	January 2010	June 2013	3,000	1.9	4,655.57	6.2
Subtotal (9 properties)			—	—	—	126,510	80.2	161,165.37	—
Other	Osaka area	Konami Sports Club Kyobashi	Miyakojima-ku, Osaka	June 1999	August 2006	2,780	1.8	9,586.26	6.3
	Other major cities	AEON MALL Tsudanuma	Narashino-shi, Chiba	September 2003, added on to in Dec. 2007	August 2006	26,100	16.6	101,210.44	4.1
		Dormy Inn Hakata Gion	Hakata-ku, Fukuoka	January 2009	September 2013	2,280	1.4	5,554.91	0.4
Subtotal (3 properties)			—	—	—	31,160	19.8	116,351.61	—
Total (12 properties)			—	—	—	157,670	100.0	277,516.98	2.9

Notes:

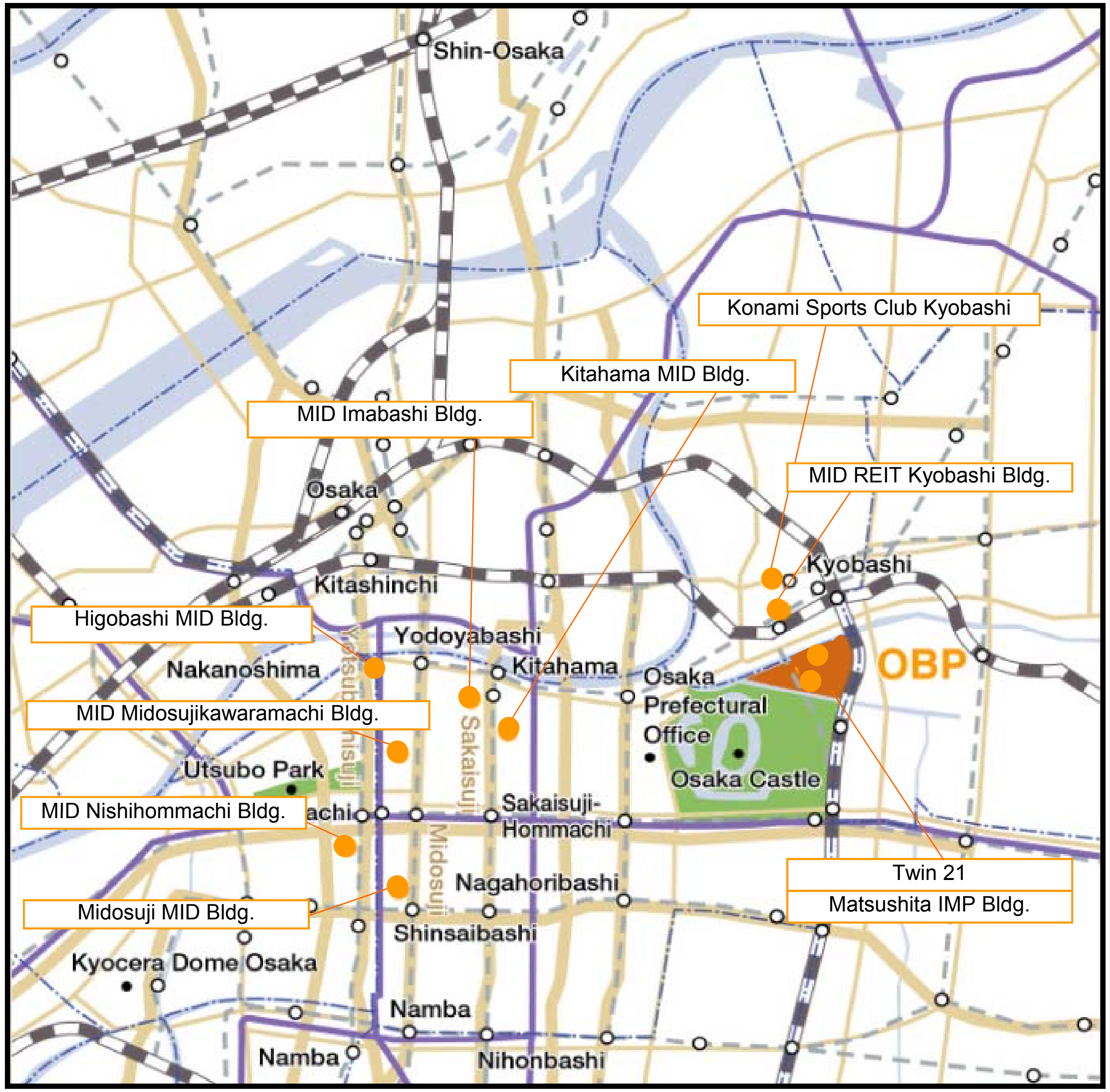
1. "Acquisition Price" states the sale price which is stated in the sales contract for the respective trust beneficiary interest, etc. (excluding various acquisition expenses, property taxes and consumption taxes, etc.).
2. "Investment Ratio" indicates the ratio of the acquisition price of the applicable asset to the total amount of acquisition prices and is rounded to the first decimal place. Accordingly, the entered amounts do not necessarily add up to the figures presented in the "Subtotal" and "Total" rows.
3. "Leasable Space" represent the total leasable floor space as of June 30, 2014. (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. and Dormy Inn Hakata Gion include the floor space for common areas, each of which is leased in its entirety to a sole tenant.)
4. Expressed as a percentage, "PML" indicates [total estimated loss for a building in proportion to an exceedance probability of 0.211% (reoccurrence period of once in 475 years)] ÷ [replacement cost]. The equation was calculated based upon the "Risk Curve" developed by Engineering Risk & Services Corporation and OYO RMS Corporation. The Risk Curve indicates the relationship between the total loss amount upon the occurrence of an earthquake and the annual exceedance probability. Moreover, entered figures are based on the earthquake risk analysis report created in July, 2013.
5. Including the trust beneficiary interest of Twin 21 (partial ownership of leased land).

Portfolio Map

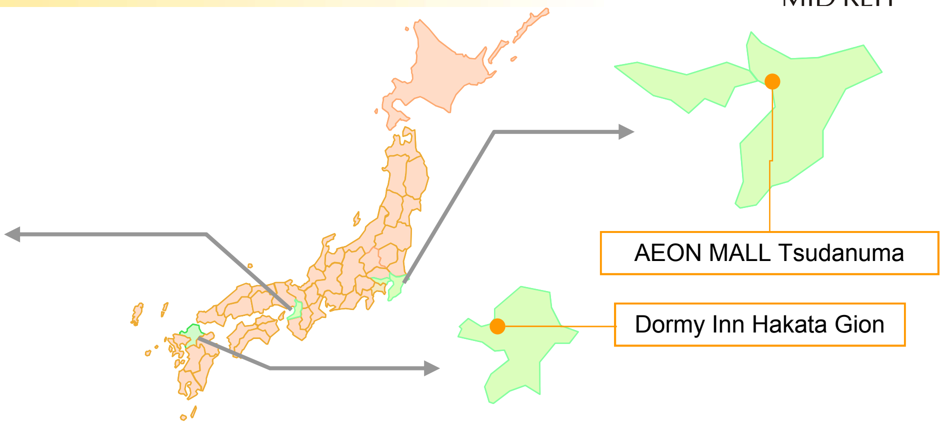
Portfolio centering on the Osaka area

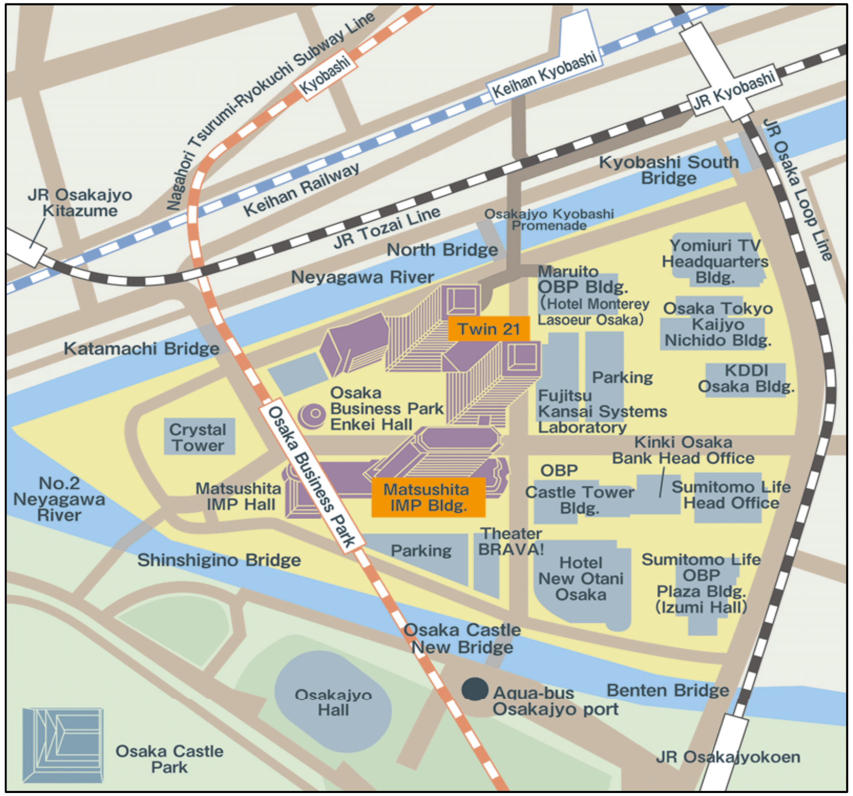
MID REIT

Portfolio Data



Central Osaka





Osaka Business Park (OBP)

4. Business Results

Occupancy Conditions by Property

Portfolio occupancy rate improved (+1.9 points compared to 15th period)

MID REIT

Type	Property Name	Leasable Space (m²) (Note 1)	①Occupancy Rate as of Dec. 31, 2013 (15th period end) (%) (Note 2)	②Occupancy Rate as of June 30, 2014 (16th period end) (%) (Note 2)	Difference ② - ① (points)	Movements During 16th Period (Jan 1, 2014 – June 30, 2014): New Tenant Occupancy (m²)	Expansion of Leased Space by Existing Tenants (m²)	Cancellation (m²)	Decrease in Leased Space by Existing Tenants (m²)
Office Bldg.	Twin 21	82,396.80	95.3	95.5	0.2	1,162.25	969.52	-967.15	-988.07
	Matsushita IMP Bldg.	37,375.89	82.5	96.9	14.4	5,720.48	398.88	-727.87	—
	Midosuji MID Bldg.	10,461.32	100.0	100.0	—	—	—	—	—
	MID REIT Kyobashi Bldg.	4,833.88	100.0	100.0	—	—	—	—	—
	MID Imabashi Bldg.	4,277.65	100.0	100.0	—	—	—	—	—
	MID Midosujikawaramachi Bldg.	3,097.39	100.0	92.5	-7.5	—	—	-231.80	—
	Kitahama MID Bldg.	10,189.49	98.2	96.9	-1.3	—	—	—	-125.10
	MID Nishihommachi Bldg.	3,877.38	96.7	96.7	—	—	—	—	—
	Higobashi MID Bldg.	4,655.57	96.5	96.8	0.3	—	162.40	-148.87	—
Other	Konami Sports Club Kyobashi	9,586.26	100.0	100.0	—	—	—	—	—
	AEON MALL Tsudanuma	101,210.44	100.0	100.0	—	—	—	—	—
	Dormy Inn Hakata Gion	5,554.91	100.0	100.0	—	—	—	—	—
Occupancy Rate by Type (Note 3)	Office Bldg. Occupancy Rate	161,165.37	93.3	96.5	3.2	6,882.73	1,530.80	-2,075.69	-1,113.17
	Non-Office Bldg. Occupancy Rate	116,351.61	100.0	100.0	—	—	—	—	—
Total		277,516.98	96.1	98.0	1.9	**6,882.73**	**1,530.80**	**-2,075.69**	**-1,113.17**

Increase in floor space	8,413.53 ㎡
Decrease in floor space	-3,188.86 ㎡
Net	**5,224.67 ㎡**

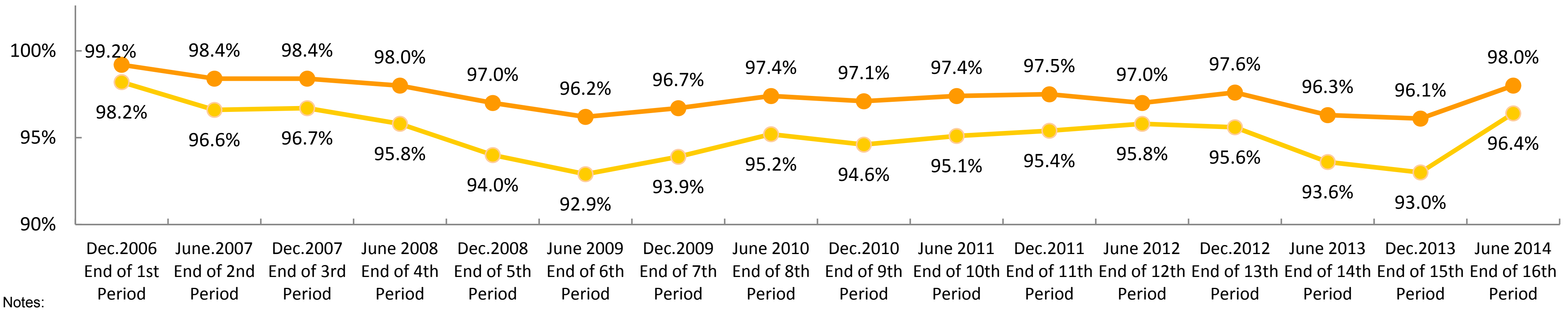
Notes:
1. "Leasable Space" represent the total leasable floor space as of June 30, 2014. (Figures are for leasable units only and exclude the floor space for storage, halls, parking, etc. However, the leasable space of Konami Sports Club Kyobashi and AEON MALL Tsudanuma include the floor space for common areas and parking, while the leasable space of the MID REIT Kyobashi Bldg. and Dormy Inn Hakata Gion include the floor space for common areas, each of which is leased in its entirety to a sole tenant.)
2. "Occupancy rate" is presented as percentage figures, which are obtained by dividing the period-end leased space by the leasable space and rounded to the first decimal place.
3. Occupancy rate by type and portfolio occupancy rate are presented as percentages that are obtained by dividing the sum of the leased space of each group by the sum of the group's leasable space and rounded to the first decimal place.

Changes in Occupancy Rates

Since listing, MID REIT has maintained high occupancy rate, exceeding that of Osaka's business area

MID REIT

Changes in Occupancy Rates (1st Period End to 16th Period End)

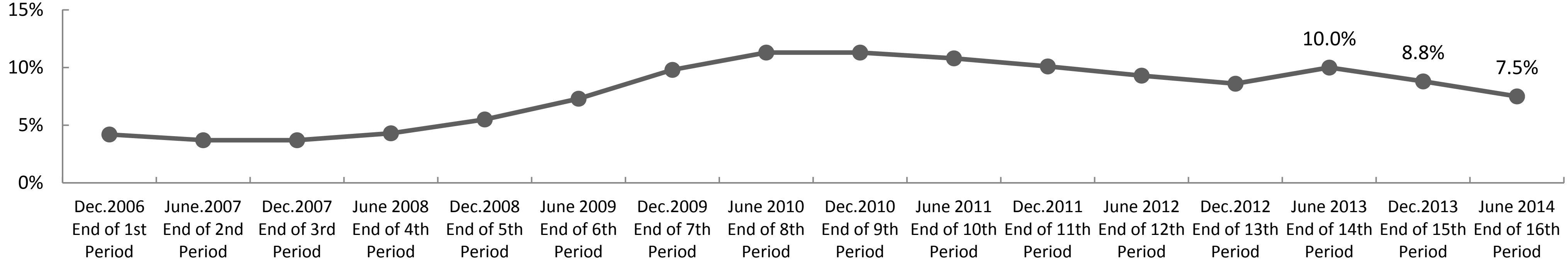


Notes:

1. Properties considered in the calculation are as follows.
   - a. August 2006 to March 2007: Twin 21, Matsushita IMP Bldg. and Kyobashi MID Bldg.
   - b. April 2007: Twin 21, Matsushita IMP Bldg., Kyobashi MID Bldg. and MID Imabashi Bldg.
   - c. May 2007 to March 2008: Twin 21, Matsushita IMP Bldg., Kyobashi MID Bldg., MID Imabashi Bldg. and MID Midosujikawaramachi Bldg.
   - d. April 2008 to September 2008: Twin 21, Matsushita IMP Bldg., MID Imabashi Bldg., MID Midosujikawaramachi Bldg. and Kitahama MID Bldg.
   - e. October 2008 to March 2009: Twin 21, Matsushita IMP Bldg., MID Imabashi Bldg., MID Midosujikawaramachi Bldg., Kitahama MID Bldg. and MID Nishihommachi Bldg.
   - f. April 2009 to May 2013: Twin 21, Matsushita IMP Bldg., MID Imabashi Bldg., MID Midosujikawaramachi Bldg., Kitahama MID Bldg., MID Nishihommachi Bldg. and Midosuji MID Bldg.
   - g. June 2013 and after: Twin 21, Matsushita IMP Bldg., MID Imabashi Bldg., MID Midosujikawaramachi Bldg., Kitahama MID Bldg., MID Nishihommachi Bldg., Midosuji MID Bldg. and Higobashi MID Bldg.

2. The following figure shows changes in the office building vacancy rate in Osaka City as of the end of each fiscal period. Please see page 23 for details of the office building vacancy rate in Osaka City.

Changes in Office Building Vacancy Rate in Entire Osaka Area (1st Period End to 16th Period End)



Note:

1. Survey targets are rental buildings designated by CBRE with more than 1,000 tsubo of total floor space in principle fulfilling new quake-resistance standards.
2. Actual figures before the fiscal period ended March 31, 2013 are not indicated as consensus from CBRE has not been obtained.

Source: CBRE

Overview of Properties

10 properties located in Osaka City (2 of which are OBP properties), 1 property in Chiba prefecture and 1 property in Fukuoka city

MID REIT

Use	Osaka Metropolitan Area

Office Building

Osaka Metropolitan Area

■ Osaka Business Park (OBP)

Twin 21

Matsushita IMP Bldg.

Kitahama MID Bldg.

Midosuji MID Bldg

MID Imabashi Bldg.

Higobashi MID Bldg

MID Nishihommachi Bldg.

MID Midosujikawaramachi Bldg.

MID REIT Kyobashi Bldg.

Other

Osaka Metropolitan Area

Konami Sports Club Kyobashi

Other

AEON MALL Tsudanuma
(Chiba prefecture)

Dormy Inn Hakata Gion
(Fukuoka city)

List of Appraisal Values

Appraisal value increased by 1.2 billion yen for the entire portfolio; All cap rates are decreased

MID REIT

Type	Region	Property Name	Acquisition Price (million yen) (Note 1)	Appraisal Value as of Dec. 31, 2013 (15th Period End) (million yen) (Note 2)	Book Value as of June 30, 2014 (16th Period End) (million yen) (Note 3)	Appraisal Value as of June 30, 2014 (16th Period End) (million yen) (Note 2)	Difference from Acquisition Price (%)	Difference from Previous Period End (%)	Difference from Book Value (%)	Appraisal Company	15th Period Appraisal Value Rate (%) (Note 5)	16th Period Appraisal Value Rate (%) (Note 5)
Office Bldg.	Osaka area	Twin 21 (Note 4)	68,700	46,600	67,988	46,500	-32.3	-0.2	-31.6	Morii Appraisal & Investment Consulting, Inc.	5.1	5.1
		Matsushita IMP Bldg.	24,600	17,400	23,315	17,700	-28.0	1.7	-24.1	Tanizawa Sogo Appraisal Co., Ltd.	5.3	5.2
		Midosuji MID Bldg.	8,290	6,660	8,661	6,850	-17.4	2.9	-20.9	Tanizawa Sogo Appraisal Co., Ltd.	4.8	4.6
		MID REIT Kyobashi Bldg.	2,300	1,330	2,170	1,360	-40.9	2.3	-37.3	Tanizawa Sogo Appraisal Co., Ltd.	5.9	5.8
		MID Imabashi Bldg.	3,270	2,220	3,240	2,220	-32.1	—	-31.5	Tanizawa Sogo Appraisal Co., Ltd.	5.3	5.2
		MID Midosujikawaramachi Bldg.	2,000	1,370	1,961	1,390	-30.5	1.5	-29.1	Tanizawa Sogo Appraisal Co., Ltd.	5.7	5.6
		Kitahama MID Bldg.	10,800	8,160	10,633	8,230	-23.8	0.9	-22.6	Japan Real Estate Institute	5.1	5.0
		MID Nishihommachi Bldg.	3,550	2,110	3,437	2,120	-40.3	0.5	-38.3	Japan Real Estate Institute	5.4	5.2
		Higobashi MID Bldg.	3,000	3,110	2,992	3,140	4.7	1.0	4.9	Japan Real Estate Institute	5.1	5.0
Subtotal			126,510	88,960	124,401	89,510	-29.2	0.6	-28.0	—	—	—
Other	Osaka area	Konami Sports Club Kyobashi	2,780	2,970	2,506	3,020	8.6	1.7	20.5	Daiwa Real Estate Appraisal Co., Ltd.	5.8	5.7
	Other major cities	AEON MALL Tsudanuma	26,100	25,000	24,640	25,500	-2.3	2.0	3.5	Daiwa Real Estate Appraisal Co., Ltd.	5.2	5.1
		Dormy Inn Hakata Gion	2,280	2,500	2,276	2,600	14.0	4.0	14.2	Tanizawa Sogo Appraisal Co., Ltd.	5.9	5.7
Subtotal			31,160	30,470	29,423	31,120	-0.1	2.1	5.8	—	—	—
Total			157,670	119,430	153,824	120,630	-23.5	1.0	-21.6	—	—	—

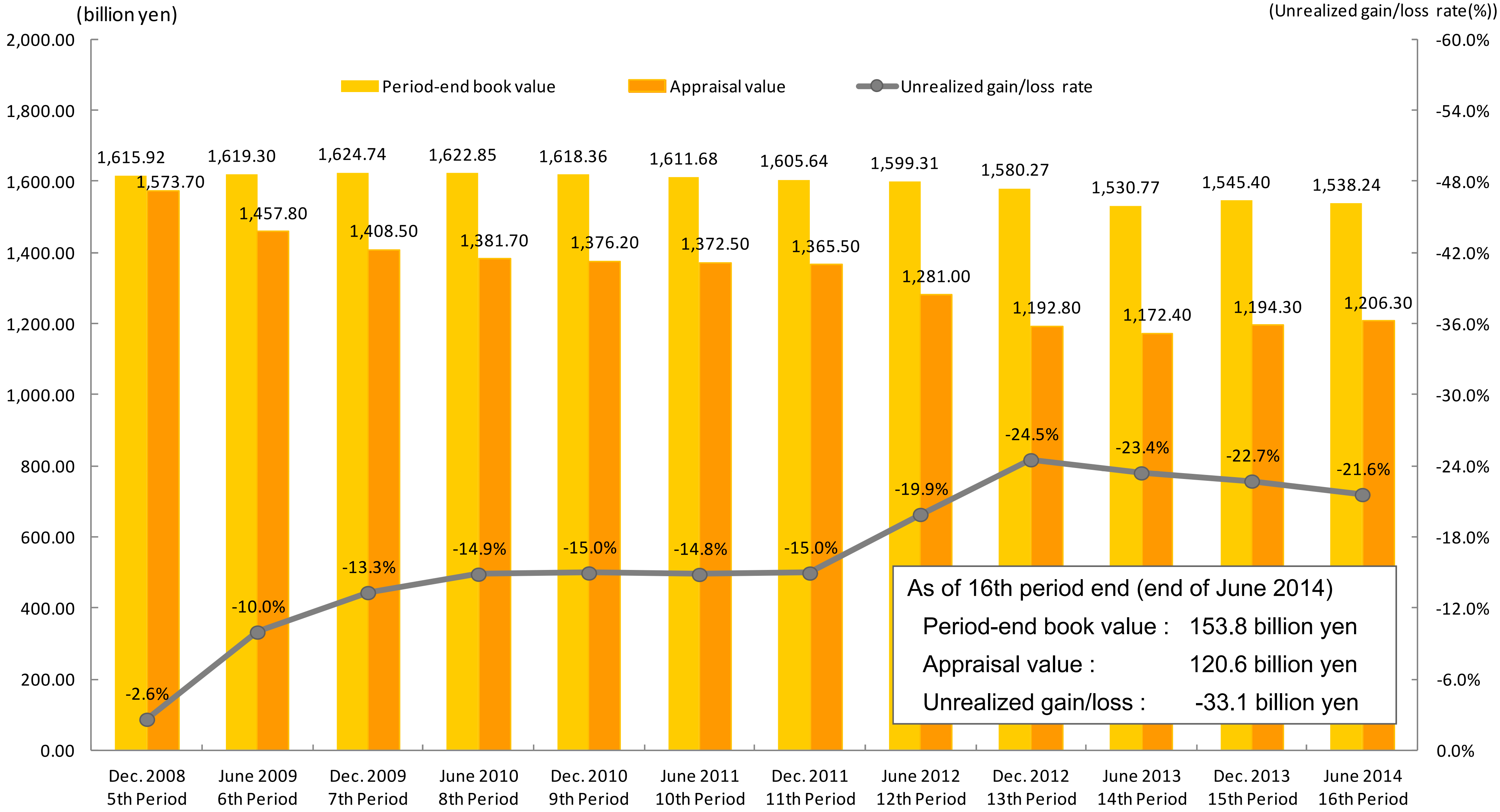
Notes:

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.).
2. "Appraisal Value" is the appraisal value at the end of the fiscal period based on the appraisal report with June 30, 2014 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.
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.
4. Including the trust beneficiary interest of Twin 21 (partial ownership of leased land).
5. Appraisal Value Rate" is the cap rate based on the direct capitalization method.

Status of Appraisal Value

MID REIT

Changes in Period-end Book Value, Appraisal Value and Unrealized Gain/Loss rate
(5th Period (July 1, 2008 – Dec. 31, 2008) to 16th Period (Jan. 1, 2014 – June 30, 2014))



As of 16th period end (end of June 2014)

Period-end book value :	153.8 billion yen
Appraisal value :	120.6 billion yen
Unrealized gain/loss :	-33.1 billion yen

Tenant Trends

Major tenants are AEON Retail and Panasonic

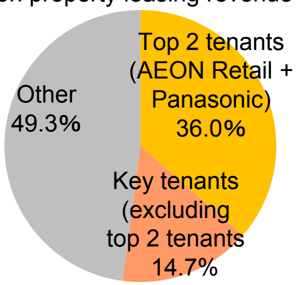
Overview of Key Tenants (as of June 30, 2014)

Tenant	Tenant of	Expiration Date of the Contract (Note 1)	Leased Floor Space (m^2)	As a Percentage of Total Leased Floor Space (%) (Note 2)
AEON Retail Co., Ltd.	AEON MALL Tsudanuma	Sep. 29, 2023	101,210.44	37.2
Panasonic Corporation	Twin21	Mar. 31, 2017	40,787.33	15.0
Konami Sports & Life Co., Ltd.	Konami Sports Club Kyobashi	—(Note 3)	9,586.26	3.5
Nippon Computer System Co., Ltd.	Matsushita IMP Bldg.	Apr. 30, 2019	5,632.24	2.1
Kyoritsu Maintenance Co., Ltd.	Dormy Inn Hakata Gion	Mar. 31, 2029	5,397.66	2.0
NTT Directory Services Co.	MID REIT Kyobashi Bldg.	Feb. 28, 2015	4,833.88	1.8
Human Academy Co., Ltd.	Midosuji MID Bldg.	—(Note 3)	4,643.59	1.7
Asahi Breweries Co., Ltd.	Matsushita IMP Bldg.	Mar. 31, 2015	4,531.23	1.7
Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.	Matsushita IMP Bldg.	Feb. 28, 2019	4,428.84	1.6
CTI Engineering Co., Ltd.	Kitahama MID Bldg.	—(Note 3)	4,077.50	1.5
Total			185,128.97	68.1

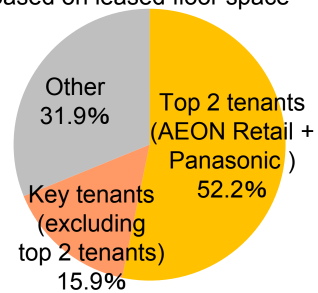
Notes:
1. The expiration date of the contract with the largest leased floor space is stated if there are multiple leasing contracts, etc.
2. The leased floor space as a percentage of total leased floor space is rounded to the first decimal place. Therefore, figures may not add up to the total in the "Total" column.
3. No statement is made on the expiration date of the contract when the consent for disclosure could not be obtained from tenant.

■Top Tenants' Share

Based on property leasing revenue



Based on leased floor space



Tenant Satisfaction Survey

Satisfaction raised for "common-area functions" and "security measures"

MID REIT

Tenant Satisfaction Survey

Applicable properties: Twin 21 MID Tower, Matsushita IMP Bldg., MID Imabashi Bldg., Kitahama MID Bldg., MID Nishihommachi Bldg., Midosuji MID Bldg., MID Midosujikawaramachi Bldg. and Higobashi MID bldg.

Survey period: Oct. 22, 2013 to Nov. 22, 2013

Number sampled: 220 tenants

Surveyor: Kanden CS Forum Inc.(Note 2), Ad Dentsu Osaka Inc. and Dentsu Marketing Insight Inc.

■ Survey Results: Customer Satisfaction Index (CSI) (Note 1)

Factors	2009	2010	2011	2012	2013	Difference (2012 → 2013)
Common-area functions	56.7	64.7	64.7	66.1	66.8	+0.7
Security measures	63.0	66.2	66.9	69.1	69.7	+0.6
User-friendliness of building facilities and equipment	57.2	65.2	65.5	67.1	67.4	+0.3
Effectiveness of property management	66.5	68.3	70.3	71.4	71.6	+0.2
Effectiveness of facility management	74.4	73.9	76.3	76.8	76.9	+0.1
Overall building comfort	52.2	55.1	56.5	57.8	57.2	-0.6
Cleanliness	71.1	71.5	72.1	72.8	72.0	-0.8
Ambience	73.0	79.5	79.3	81.0	79.7	-1.3
Attitude of management staff	72.8	74.1	74.4	75.5	74.2	-1.3

Notes:
1. CSI: Customer Satisfaction Index. The results of the customer (tenant) evaluation of building facilities, services and other factors are weighted to adjust the difference between the levels of their needs (expectations) and satisfaction for each factor. Then, the level of their satisfaction for each factor is rated on a scale of zero to 100.
2. The addition of Kanden CS Forum Inc. as surveyor, starting from the 2010 survey, adds the Kansai Electric Power Group's perspective on customer satisfaction and makes it clear that the stance is to place further emphasis on such.
3. Surveyed properties are the following:
   2009: Twin 21, Matsushita IMP Bldg., MID Imabashi Bldg., Kitahama MID Bldg. and MID Nishihommach Bldg.
   2010-2012: Twin 21, Matsushita IMP Bldg., MID Imabashi Bldg., Kitahama MID Bldg. and MID Nishihommachi Bldg., Midosuji MID Bldg. and MID Midosujikawaramachi Bldg.
   2013 and after: Twin 21, Matsushita IMP Bldg., MID Imabashi Bldg., Kitahama MID Bldg., MID Nishihommachi Bldg., Midosuji MID Bldg. and MID Midosujikawaramachi Bldg. and Higobashi MID Bldg.

5. Financial Strategy

Financial Policy (as of July 31, 2014)

Aim for extension, diversification and leveling of repayment dates (Completed refinancing on July 31, 2014)

MID REIT

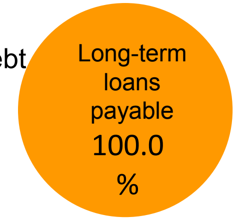
LTV Control

・The upper limit of LTV (Interest-bearing debt at end of period ÷ Total assets at end of period) is set at 60%, but we would like to control it within a stable range, targeting around 50% during normal operations
(LTV in the fiscal period as of June 30, 2014 [16th Period End] : 38.8%)

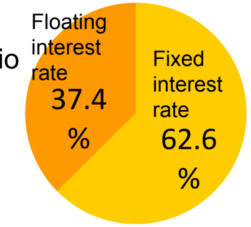
Reduction of Interest-rate Fluctuation Risk

・The goal is to balance out loan terms between long-term and short-term loans, and the form of interest rate between fixed and floating interest rates

Ratio of Long-term/Short-term Debt



Fixed Interest Rate Ratio



Reduction of Refinancing Risk

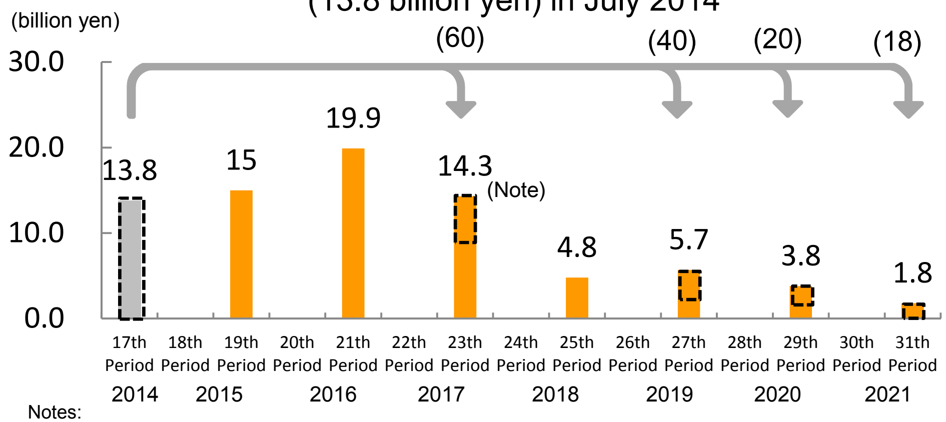
・Diversify lenders and repayment deadlines with participation of two new banks (The Hiroshima Bank, Ltd. and Sony Bank Incorporated)

Debt Financing of Each Bank (million yen)

Lender	Balance
Mizuho Bank, Ltd.	9,800
Development Bank of Japan	9,700
Sumitomo Mitsui Trust Bank	7,900
Sumitomo Mitsui Banking	7,900
Aozora Bank	7,800
Resona Bank	5,900
Mitsubishi UFJ Trust and Banking	5,000
Shinkin Central Bank	4,300
Senshu Ikeda Bank	2,300
Nishi-Nippon City Bank	1,600
Hyakugo Bank	800
Minato Bank	800
Nanto Bank	500
The Hiroshima Bank, Ltd.	500
Sony Bank Incorporated	500
Total	65,300

・ Issuer rating of A－(stable)
(Rating and Investment Information, Inc. (R&I))

Diversification of Repayment Dates for refinancing (13.8 billion yen) in July 2014



Notes:
The 4.0 billion yen out of 14.3 billion yen due for repayment in the 23rd Period will be repaid as follows:
1. Repayment dates: The first repayment shall be January 31, 2011, followed by subsequent repayments on the last day of January and July of each year, with the final repayment on July 31, 2017 (Should said date not fall on a business day, the effective date will be the first business day following said date. If this following business day falls into the next month, the effective date will be the business day immediately prior to said date.)
2. Repayment method: From January 31, 2011 to last day of January 2017 Repayments of 125 million yen each time
On July 31, 2017 Repayment of 3,375 million yen

Details on Debt Financing (as of July 31, 2014)

Expanded the bank formation by adding two new banks

MID REIT

Type	Lenders		Drawdown Date	Balance	Interest Rate	Repayment Date	Repayment Method	Remarks
Long-term loans payable (Note 1)	Term loan (4 years and 11 months)	Mizuho Bank, Resona Bank, Shinkin Central Bank, Nanto Bank	Aug. 31, 2010	6,500 million yen	JBA Japanese Yen TIBOR + 1.0% (Note 2)	July 31, 2015	Bullet payment	Unsecured Unguaranteed
	Term loan (6 years and 11 months)	Development Bank of Japan	Aug. 31, 2010	4,000 million yen	1.79507% (Note 8)	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 (5 years)	Mizuho Bank, Development Bank of Japan	July 29, 2011	4,000 million yen	1.36375% (Note 8)	July 31, 2016	Bullet payment	Unsecured Unguaranteed
	Term loan (3 years)	Mizuho Bank, Sumitomo Mitsui Banking, Resona Bank, Mitsubishi UFJ Trust and Banking, Senshu Ikeda Bank	July 31, 2012	8,500 million yen	JBA Japanese Yen TIBOR + 0.6%	July 31, 2015	Bullet payment	Unsecured Unguaranteed
	Term loan (5 years)	Sumitomo Mitsui Trust Bank, Aozora Bank	July 31, 2012	4,300 million yen	JBA Japanese Yen TIBOR + 0.8% (Note 3)	July 31, 2017	Bullet payment	Unsecured Unguaranteed
	Term loan (7 years)	Development Bank of Japan	July 31, 2012	1,700 million yen	1.52375% (Note 8)	July 31, 2019	Bullet payment	Unsecured Unguaranteed
	Term loan (3 years)	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Aozora Bank, Mitsubishi UFJ Trust and Banking, Shinkin Central Bank, Senshu Ikeda Bank, The Nishi-Nippon City Bank, Hyakugo Bank	July 31, 2013	15,900 million yen	JBA Japanese Yen TIBOR + 0.6%	July 29, 2016	Bullet payment	Unsecured Unguaranteed
	Term loan (5 years)	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Aozora Bank	July 31, 2013	4,800 million yen	JBA Japanese Yen TIBOR + 0.8% (Note 4)	July 31, 2018	Bullet payment	Unsecured Unguaranteed
	Term loan (7 years)	Development Bank of Japan, Minato Bank	July 31, 2013	1,800 million yen	1.70875% (Note 8)	July 31, 2020	Bullet payment	Unsecured Unguaranteed
	Term loan (3 years)	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Shinkin Central Bank, Senshu Ikeda Bank	July 31, 2014	6,000 million yen	JBA Japanese Yen TIBOR + 0.5% (Note 5)	July 31, 2017	Bullet payment	Unsecured Unguaranteed
	Term loan (5 years)	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Resona Bank	July 31, 2014	4,000 million yen	JBA Japanese Yen TIBOR + 0.7% (Note 6)	July 31, 2019	Bullet payment	Unsecured Unguaranteed
	Term loan (6 years)	Mizuho Bank, The Hiroshima Bank, Ltd., Sony Bank Incorporated	July 31, 2014	2,000 million yen	JBA Japanese Yen TIBOR + 0.8% (Note 7)	July 31, 2020	Bullet payment	Unsecured Unguaranteed
	Term loan (7 years)	Mizuho Bank, Aozora Bank	July 31, 2014	1,800 million yen	1.47806% (Note 8)	July 31, 2021	Bullet payment	Unsecured Unguaranteed
Total				65,300 million yen				

Notes:
1. Loans are co-financed by the banks in the list.
2. In accordance with the interest-rate swap agreement, the actual interest rate is 1.447% (p.a.) up to the principal repayment date.
3. In accordance with the interest-rate swap agreement, the actual interest rate is 1.141% (p.a.) up to the principal repayment date.
4. In accordance with the interest-rate swap agreement, the actual interest rate is 1.297% (p.a.) up to the principal repayment date.
5. In accordance with the interest-rate swap agreement, the actual interest rate is 0.707% (p.a.) up to the principal repayment date.
6. In accordance with the interest-rate swap agreement, the actual interest rate is 0.962% (p.a.) up to the principal repayment date.
7. In accordance with the interest-rate swap agreement, the actual interest rate is 1.24% (p.a.) up to the principal repayment date.
8. Interest rates are fixed.

Credit Line

Type	Lenders	Credit Line	Use of Funds
Basic credit line agreement	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking	10.0 billion yen	Future new asset acquisition and payment of related expenses

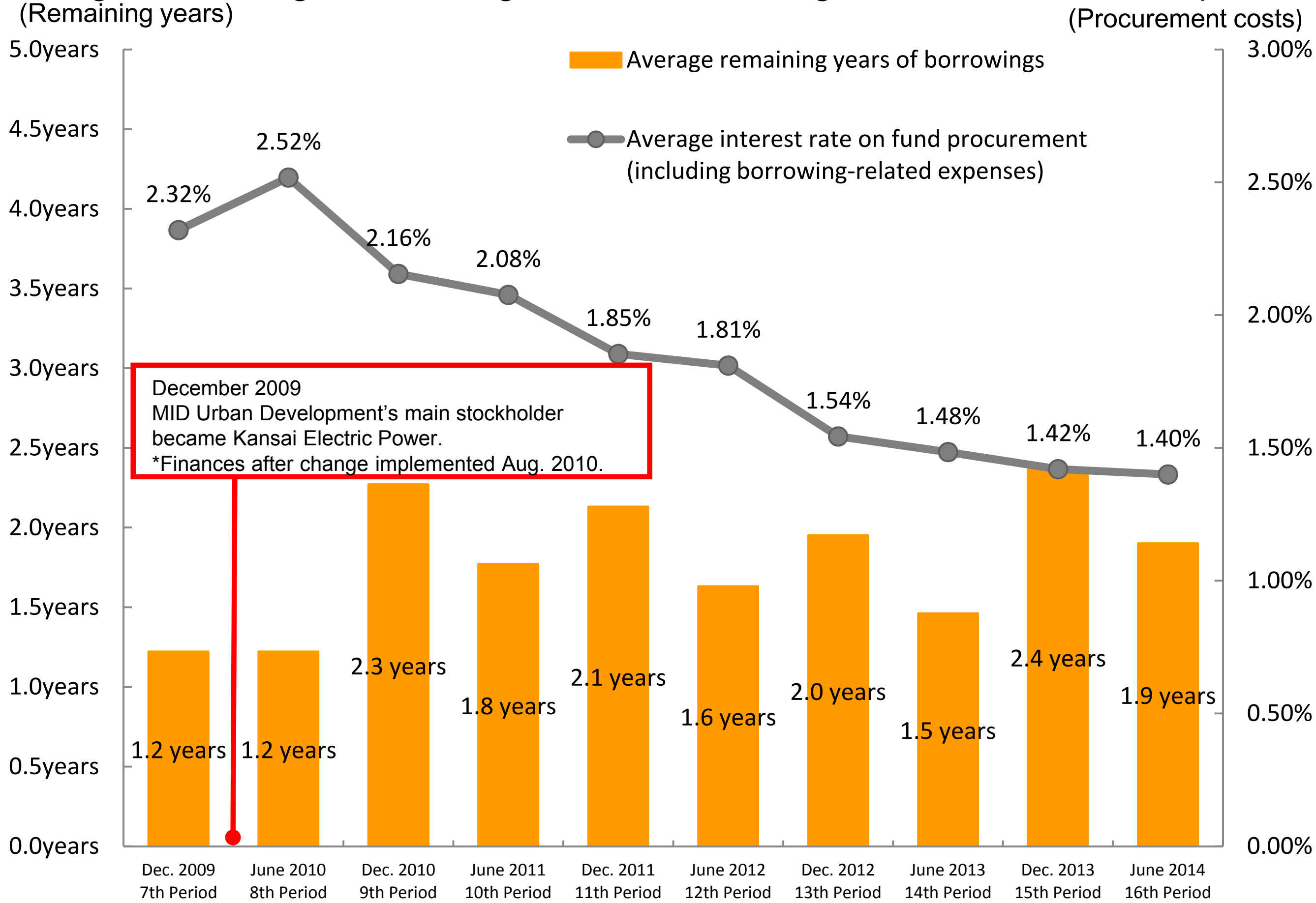
Financial Situation ①

Aim for a further reduction of procurement costs for borrowings

Completed refinancing on July 31, 2014

- Refinanced 13.8 billion yen (3 years) of maturing borrowings (3 years: 6.0 billion yen, 5 years: 4.0 billion yen, 6 years: 2.0 billion yen, 7 years: 1.8 billion yen)
- Realized diversification and extension of repayment dates with participation of two new banks (Average remaining years of borrowings was 2.8 years as of July 31, 2014)

Changes in Average Remaining Years and : Average interest rate on fund procurement (Note)



After Dec. 2009, realized reduced procurement costs for borrowings and extended remaining borrowing periods with the backdrop of the high credibility of Kansai Electric Power

[Procurement Costs of Borrowings]

8th period: 902 million yen (balance of borrowings: 72,300 million yen)

16th period: 455 million yen (balance of borrowings: 65,425 million yen)

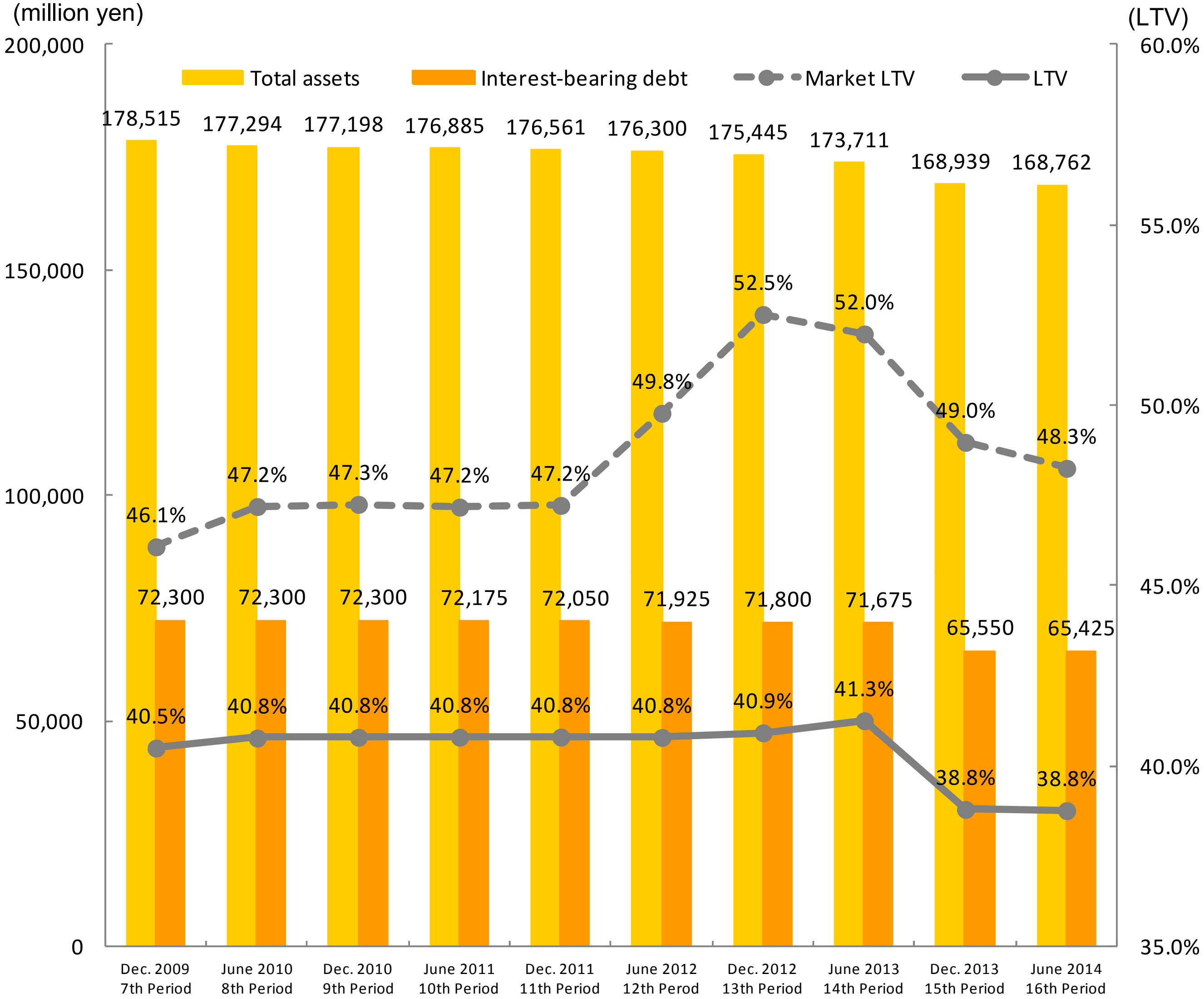
Note: Average interest rate on fund procurement (including borrowing-related expenses) = Financing costs in each fiscal period ÷ Balance of average interest-bearing debt in the fiscal period
(Average interest rate on fund procurement is rounded to the second decimal place, and the Average of remaining years of borrowing is rounded to the first decimal place.)

Financial Situation ②

Effectively managed funds and secured stable LTV level

MID REIT

Changes in Total Assets and Interest-bearing Debt



- 17th period: Completed refinancing on July 31, 2014
- Refinanced 13.8 billion yen of matured borrowings

[LTV] End of 15th period: 38.8%

End of 16th period: 38.8%

[Market LTV] End of 15th period: 49.0%

End of 16th period: 48.3%

[LTV]
Interest-bearing debt at end of period ÷ Total assets at end of period

[Market LTV]
Interest-bearing debt at end of period ÷ (Total assets at end of period ±Unrealized gain/loss)
- Unrealized gain/loss is the difference between book value and appraisal value

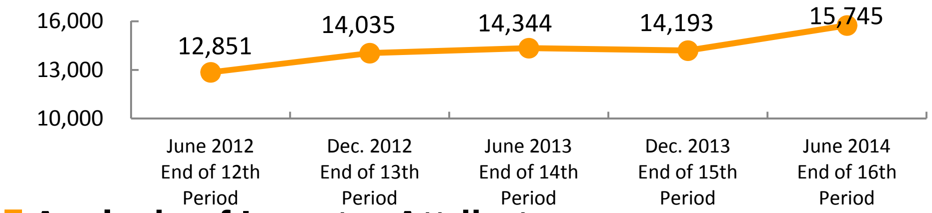
6. Details on Unitholders and Units Held

Unitholder Details

15,745 unitholders as of 16th Period End, with increasing individual investors

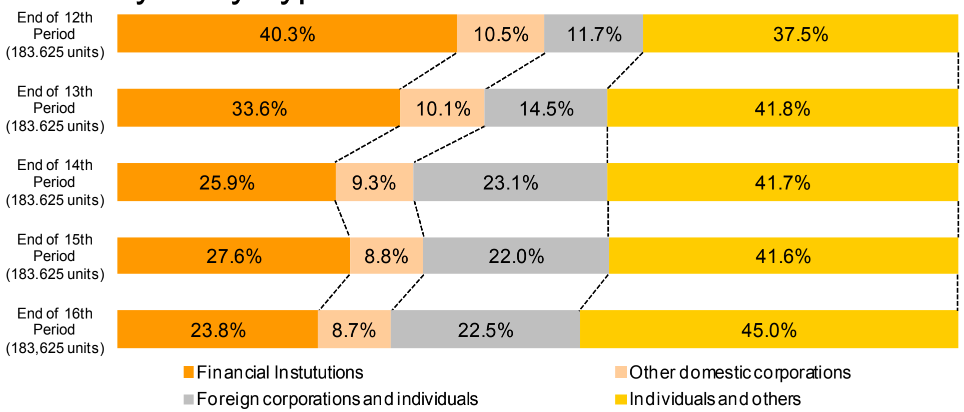
MID REIT

Changes in Number of Unitholders

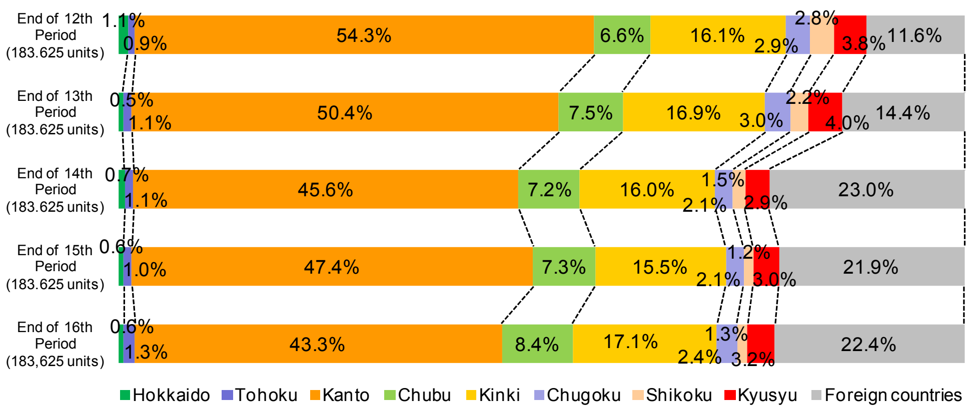


Analysis of Investor Attributes (Distribution of Number of Units Held)

■ Analysis by Type of Investor



■ Analysis by Region



Top Unitholders

■ Major Unitholders

Name	Number of units held	Ratio of units held to total units issued and outstanding (%) (Note)	Difference from 15th period end
Japan Trustee Services Bank, Ltd. (Trust Account)	13,267	7.23	-1,350
MID Urban Development Co., Ltd.	9,200	5.01	0
JP Morgan Chase Bank 380180	9,077	4.94	-84
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	8,008	4.36	-3,182
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,017	3.28	+3,376
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	5,415	2.95	-386
Goldman Sachs International	3,888	2.12	+285
Bank of New York GCM Client Accounts E BD	1,653	0.90	+1,145
Morgan Stanley & Co. International plc	1,482	0.81	+559
The Daisan Bank, Ltd.	1,455	0.79	0
Total	59,462	32.38	—

Note: The ratios of units held to total units issued and outstanding are rounded off to two decimal places.

■Status of Large Unitholding Reports Submitted (as of Aug. 1, 2014)

Submitter or name of joint unitholder	Number of units held	Ratio of units held to total units issued and outstanding (%) (Note)	Dates of latest submissions
Mizuho Asset Management Co., Ltd. Shinko Asset Management Co., Ltd.	9,405	5.12	July 7, 2014
MID Urban Development Co., Ltd.	9,200	5.01	Jan. 10, 2007
Prospect Asset Management Inc.	9,163	4.99	June 20, 2014

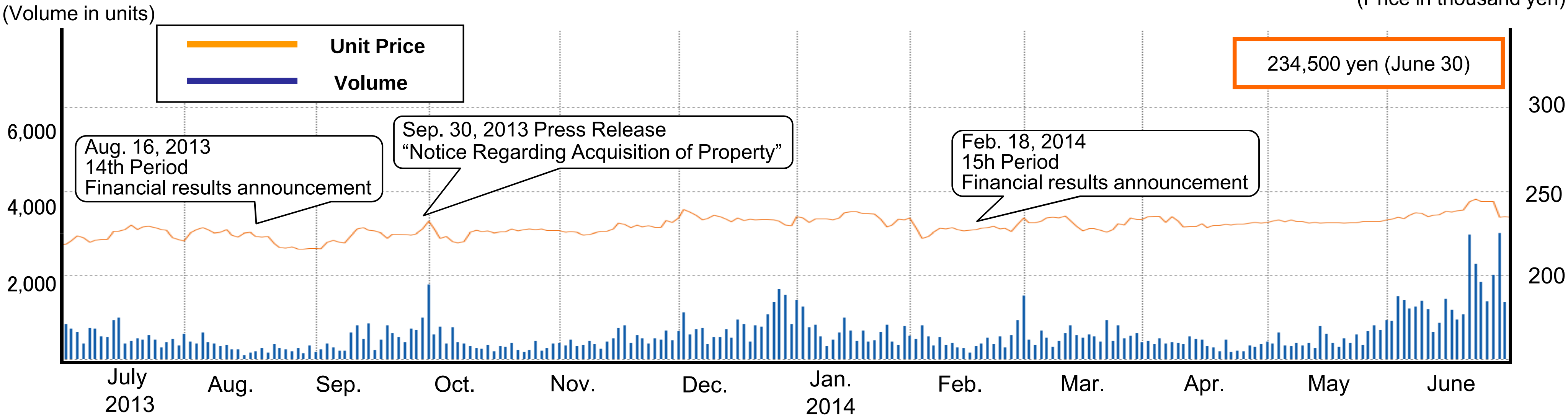
Notes : The ratios of units held to total units issued and outstanding are based on values recorded in large unitholding reports.

Unit Price Performance

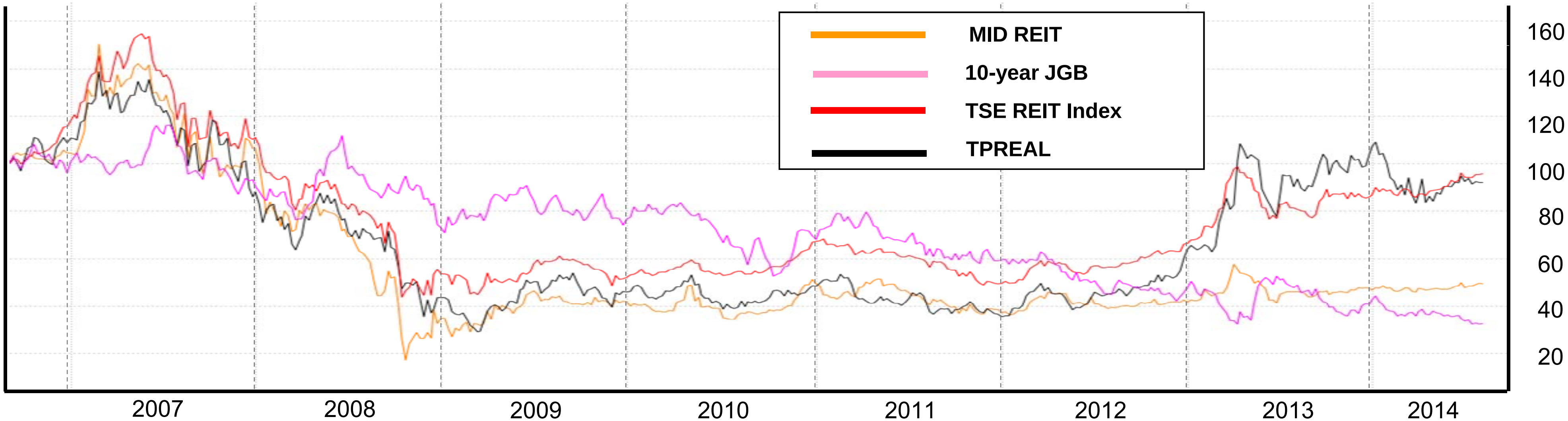
Generally stayed around the 200,000 yen level

MID REIT

Unit Price Performance for the Past 1 Year



Price Comparison Since Listing (Aug. 29, 2006－Aug. 1, 2014)



Note: The TSE REIT Index and TOPIX Real Estate (TPREAL) are shown with prices as of August 29, 2006 set as 100.
MID REIT's unit price is shown with the closing price of MID REIT's units on August 29, 2006 (on which MID REIT's units were publicly listed) set as 100

Source: Bloomberg

7. Appendix

CSR Initiatives

MID REIT

Promotion of DBJ Green Building Certification Acquisition

Acquisition of DBJ Green Building Certification (Note)

Twin21

DBJ Green Building Silver 2013

Location	Shiromi, Chuo-ku, Osaka
Structure	SRC
Floors	B1/38F
Total floor space	146,034.98㎡
Construction completed	March 1986
Acquired	August 2006

Matsushita IMP Bldg.

DBJ Green Building Silver 2013

Location	Shiromi, Chuo-ku, Osaka
Structure	S, SRC
Floors	B2/26F
Total floor space	84,952.57㎡
Construction completed	February 1990 Added on to in November 2003
Acquired	August 2006

Kitahama MID Bldg.

DBJ Green Building Silver 2013

Location	Doshomachi, Chuo-ku, Osaka
Structure	S, SRC
Floors	B1/18F
Total floor space	14,648.13㎡
Construction completed	February 2008
Acquired	April 2008

Higobashi MID Bldg. acquired in June, 2013 has already received DBJ Green Building Certification and other evaluation

Higobashi MID Bldg.

DBJ Green Building Silver 2013

Location	Edobori, Nishi-ku, Osaka
Structure	S
Floors	B1/11F
Total Floor Space	6,519.63㎡
Construction Completed	January 2010
Acquired	June 2013

DBJ Green Building Certification (Silver, 2013)

[Evaluation points]

■Excellent energy-saving design
- ･Adoption of high-efficiency lighting at exclusive-use areas
- ･Adoption of dimming control system (brightness sensors)
- ･The design of common areas that allows in natural light.

■Excellent earthquake resistance
- ･Reduction of swaying of buildings during earthquakes through adoption of seismic damping through quake-resistant walls formed by corrugated steel

CASBEE Osaka Class A certification (February 2010)

[Evaluation points]

■Design that significantly reduces heat load
- ･Common areas (core) such as EV, restroom, hallway, etc. placed on the south side of the site

■Resource-saving environmental efforts
- ･Reused pile foundation of existing building

*Honorable mention in 2010 Osaka Sustainable Building Awards

Note：Evaluation system which Development Bank of Japan identifies and certifies real estate properties with high environmental and social awareness.

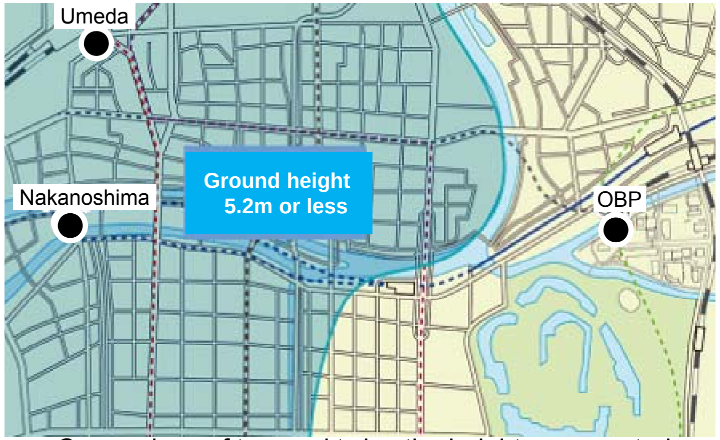
Safety of Osaka Business Park (OBP) ①

Exhibits superior capacity even among business areas in Osaka business area to withstand earthquakes, tsunamis and flooding disasters

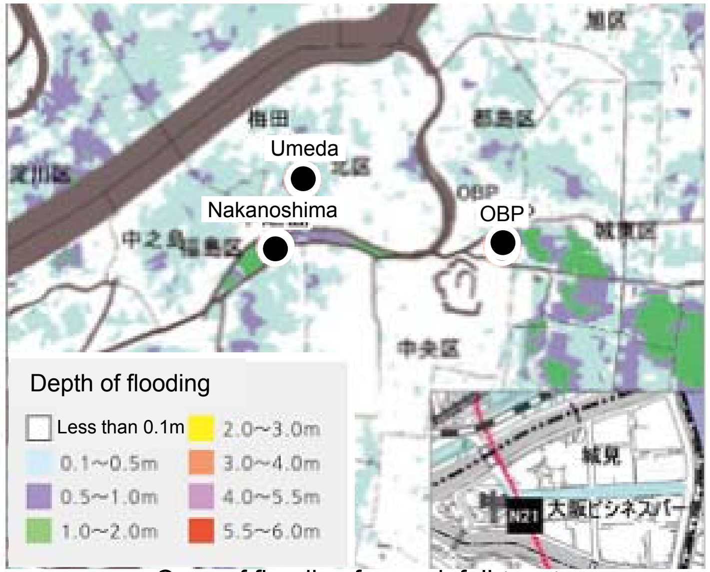
MID REIT

Safety of OBP

Earthquakes	Compared to other business areas, the OBP area has a relatively low expected seismic intensity and risk of liquefaction when it comes to large-scale earthquakes that can be expected to occur. (Based on announcement by Osaka City on March 14, 2009)
Tsunamis	Even if the tsunami is twice as high as expected in the past (5.2m) the OBP area is outside areas that would be flooded. (Based on announcement by Osaka Prefectural Government on July 6, 2011)
Flooding	Compared to other business areas, the OBP area has relatively lower risk of flooding and, in the case where flooding occurs from local rainfall as well as from rivers, OBP is outside the expected flooding zones. (Based on announcement by Osaka City on October 27, 2011)



Comparison of tsunami twice the height as expected in the past (5.2m) and ground altitude



Case of flooding from rainfall (note)

Note: Flooding from rainfall is flooding resulting from the accumulation of local rain that is not able to be fully drained by sewers and other drainage systems.

Utilization to Leasing

- With the increased awareness of corporate BCP (Business Continuity Plan), there is a surge in demand for safety provision and business continuation in preparation for times of disasters
- Inquiries from crisis-conscious companies such as foreign companies and financial institutions increased as a result of using pamphlets about the safety of OBP’s area for leasing
- Such is being used as a strategy construction tool to promote superiority and differentiation with other areas and office buildings

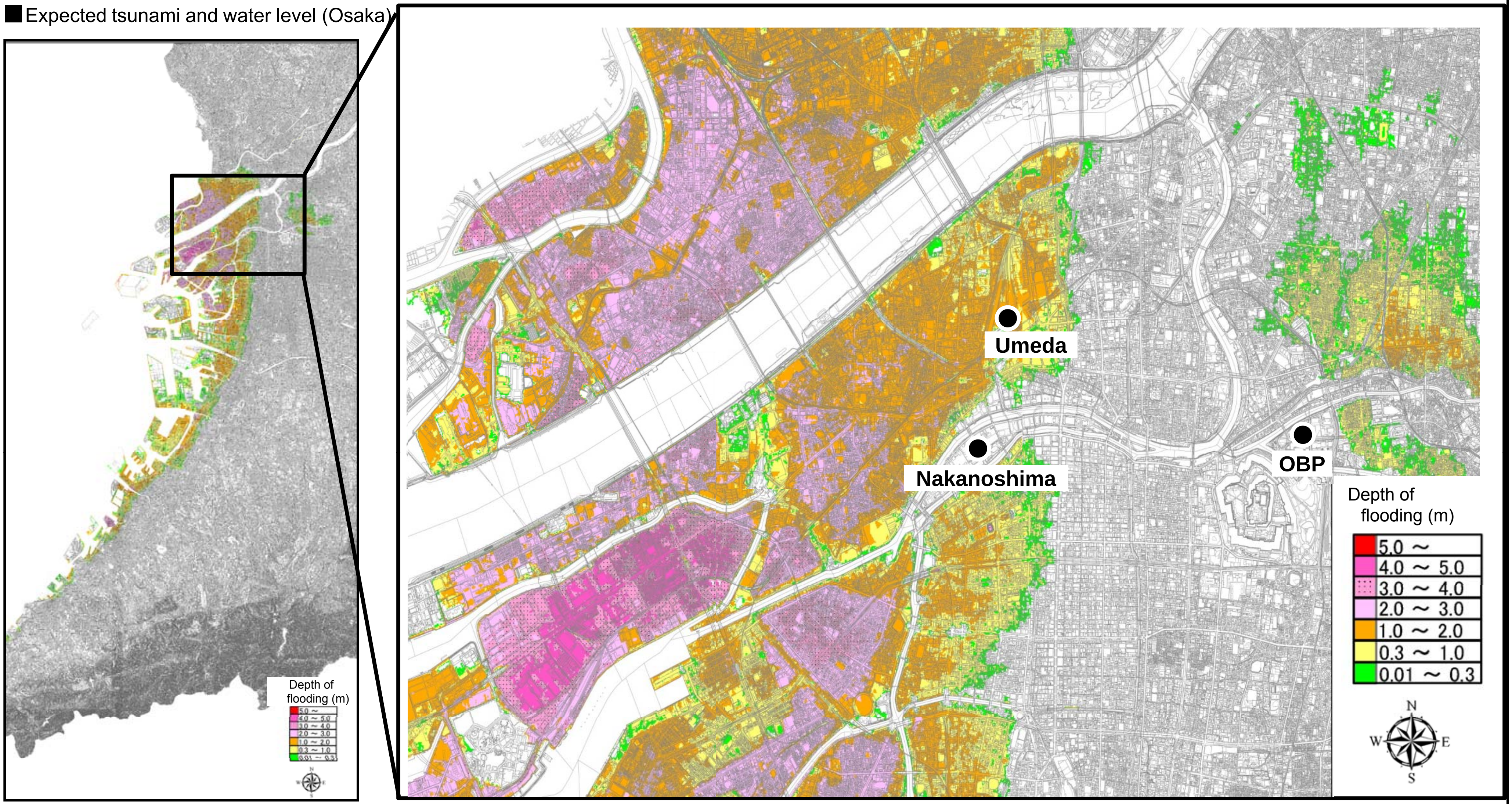
Safety of Osaka Business Park (OBP) ②

The possibility of inundation based on the expected tsunami and water level from a major Nankai Trough earthquake (magnitude of 9.1) is low

MID REIT

Expected tsunami and water level from the Osaka Municipal Government's Major Nankai Trough Earthquake Disaster Response Study Group Meeting held in Osaka on August 8, 2013

■Expected tsunami and water level (Osaka)



Source: Excerpt from the Osaka Municipal Government's documents on the third Major Nankai Trough Earthquake Disaster Response Study Group Meeting

Renovation Project of Osaka Business Park (OBP)

The technology demonstration project of the power supply system launched from July 1, 2014

MID REIT

Implementing the renovation project at Matsushita IMP Bldg.

【OBP "V2X" project】

- The technology demonstration project of the power supply system which utilizes batteries of corporate-owned electric vehicles (EV) and plug-in hybrid vehicles (PHV)
- This project was adopted as "Ministry of Economy, Trade and Industry's fiscal 2013 next-generation energy technology demonstration project" as of June 14, 2013.
- MID REIT is cooperating with the project in consideration of its public nature and the competitiveness of OBP as a business district.

OBP "V2X" project (V2X stands for "Vehicle to X")

■Project implementers

MID Urban Development Co., Ltd.,
Kansai Electric Power Co., Inc.,
Osaka Business Park Development Council
and 3 other companies

■Project overview

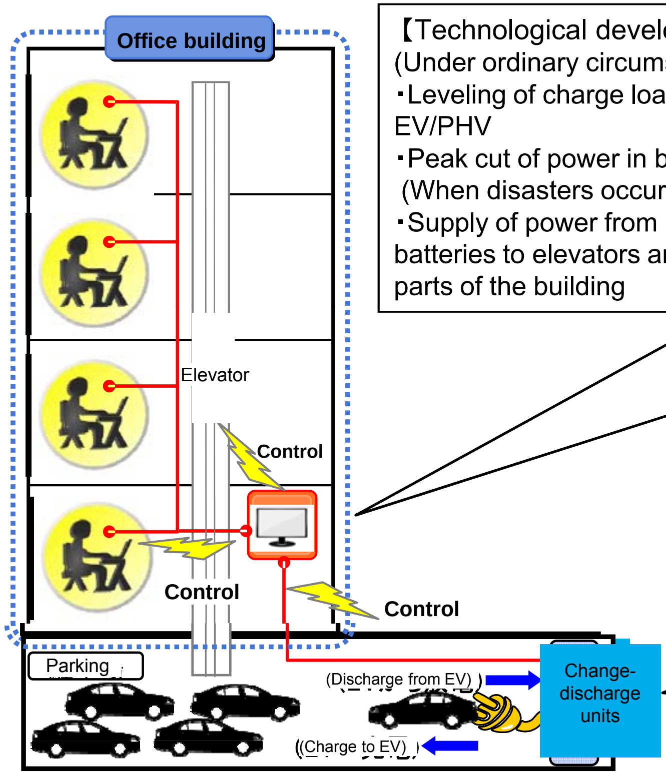
[Technological development: within fiscal 2013]

- EV charge-discharge units (charge-discharge of 5 EV/PHV simultaneously for the first time in Japan)
- Energy management system for EV

[Technological demonstration and analysis/evaluation: fiscal 2014 to 2015]

- Introducing charge-discharge units and energy management system to Matsushita IMP Bldg.
- Inspecting the effectiveness, etc. of power supply from EV/PHV batteries to disaster prevention base and elevators in the building, assuming power outages caused by disasters, and power peak cut effect of the building due to EV/PHV batteries

■Experiment of Technological Demonstration



【Technological development】
(Under ordinary circumstances)
- Leveling of charge load of EV/PHV
- Peak cut of power in building
(When disasters occur)
- Supply of power from EV/PHV batteries to elevators and other parts of the building

【Technological development】
- Energy management system for EV

【Technological development】
- EV charge-discharge units (exterior)

Source: Excerpt from press materials of OBP Development Council

Financial Statements（Balance Sheet）

MID REIT

(unit: amount of money (million yen), ratio (%))

Description	Fiscal Period ended Dec. 31,2013 (15th Period) (as of Dec. 31, 2013)		Fiscal Period ended June 30,2014 (16th Period) (as of June 30, 2014)		Difference	
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)
(ASSETS)						
Ⅰ Total Current Assets	13,971	8.3	14,596	8.6	625	4.5
Cash and deposits	7,869		8,951		1,082	13.8
Cash and deposits in trust	5,961		5,502		-458	-7.7
Operating accounts receivable	118		129		10	9.1
Prepaid expenses	22		12		-9	-44.0
Deferred tax assets	0		0		-0	-3.7
Ⅱ Total Noncurrent Assets	154,968	91.7	154,165	91.4	-802	-0.5
1. Property, plant and equipment						
Buildings in trust	63,565		63,932		-720	
Accumulated depreciation	-13,612		-14,700			
Structures in trust	107		108		-0	
Accumulated depreciation	-16		-18			
Machinery and equipment in trust	7		7		-0	
Accumulated depreciation	-0		-0			
Tools, furniture and fixtures in trust	448		489		6	
Accumulated depreciation	-232		-267			
Land in trust	104,273		104,273		—	
Total property, plant and equipment	154,540	91.5	153,824	91.1	-715	-0.5
2. Intangible assets						
Software	0		0		-0	
Right of trademark	0		0		-0	
Total intangible assets	1	0.0	1	0.0	-0	-13.0
3. Investments and other assets						
Lease and guarantee deposits	10		10		—	
Long-term prepaid expenses	416		329		-86	
Total investments and other assets	426	0.3	339	0.2	-86	-20.4
Total Assets	168,939	100.0	168,762	100.0	-177	-0.1

Description	Fiscal Period ended Dec. 31,2013 (15th Period) (as of Dec. 31, 2013)		Fiscal Period ended June 30,2014 (16th Period) (as of June 30, 2014)		Difference	
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)
(LIABILITIES)						
Ⅰ Total Current Liabilities	16,258	9.6	16,323	9.7	64	0.4
Operating accounts payable	243		262		19	
Current portion of long-term loans payable	14,050		14,050		—	
Accounts payable - other	736		645		-90	
Accrued expenses	112		111		-1	
Distribution payable	8		11		3	
Income taxes payable	1		1		0	
Accrued consumption taxes	23		100		76	
Advances received	674		713		39	
Other	410		428		17	
Ⅱ Total Noncurrent Liabilities	61,132	36.2	60,905	36.1	-226	-0.4
Long-term loans payable	51,500		51,375		-125	
Tenant leasehold and security deposits	7,371		7,517		145	
Tenant leasehold and security deposits in trust	2,260		2,013		-247	
Total Liabilities	77,391	45.8	77,229	45.8	-161	-0.2
(NET ASSETS)						
Ⅰ Unitholders' Equity						
1. Unitholders' capital	90,372		90,372		—	
2. Surplus						
Unappropriated retained earnings (undisposed loss)	1,176		1,160		-15	
Total surplus	1,176		1,160		-15	
Total unitholders' equity	91,548		91,532		-15	
Total Net Assets	91,548	54.2	91,532	54.2	-15	-0.0
Total Liabilities and Net Assets	168,939	100.0	168,762	100.0	-177	-0.1

Includes CAPEX accrued during the period: 418 million yen
(see page 55 for details of properties)

Financial Statements（Income Statement）

MID REIT

(unit: amount of money (million yen), ratio (%))

Description	Fiscal Period ended Dec. 31, 2013 (15th Period) (July 1, 2013-Dec. 31, 2013)			Fiscal Period ended June 30, 2014 (16th Period) (Jan. 1, 2014-June 30, 2014)			Difference	
	(million yen)		(%)	(million yen)		(%)	(million yen)	(%)
1. Operating revenue	5,265		100.0	5,157		100.0	-108	-2.1
Rent revenue - real estate		4,858			4,795			
Other lease business revenue		407			362			
2. Operating expenses	3,615		68.7	3,543		68.7	-72	-2.0
Expenses related to rent business		2,979			3,023			
Loss on liquidation of Silent partnership interest		116			—			
Asset management fee		409			399			
Asset custody fee		8			8			
Administrative service fees		35			41			
Directors' compensations		5			5			
Other operating expenses		59			65			
Operating income	1,650		31.3	1,614		31.3	-36	-2.2
3. Non-operating income	3		0.1	2		0.1	-0	-6.5
Interest income		1			1			
Reversal of distribution payable		0			1			
Other		0			—			
4. Non-operating expenses	475		9.0	455		8.8	-20	-4.3
Interest expenses		382			365			
Borrowing related expenses		93			89			
Other		0			0			
Ordinary income	1,177		22.4	1,161		22.5	-15	-1.3
Income before income taxes	1,177		22.4	1,161		22.5	-15	-1.3
Total income taxes	1		0.0	1		0.0	0	1.9
Income taxes - current		1			1			
Income taxes - deferred		0			0			
Net income	1,175		22.3	1,160		22.5	-15	-1.3
Retained earnings brought forward	0			0				
Unappropriated retained earnings (undisposed loss)	1,176			1,160			-15	-1.3

Details of rent revenue - real estate

Rent	3,893
CAM	758
Parking revenue	143

Details of expenses related to rent business

Property management fees	630
Utilities	526
Real estate taxes	516
Insurance premiums	9
Repairs	162
Depreciation and amortization	1,127
Loss on retirement of noncurrent assets	7
Other lease business expenses	43

Financial and Accounting Indices

MID REIT

Indices	Fiscal Period ended Dec. 31, 2013 (15th Period) (July 1, 2013-Dec. 31, 2013)	Fiscal Period ended June 30, 2014 (16th Period) (Jan. 1, 2014-June 30, 2014)	Comments
Net operating days	184 days	181 days	–
NOI from property leasing	3,395 million yen	3,268 million yen	Property leasing income ＋ Depreciation and amortization＋Loss on retirement of noncurrent assets
NOI yield from property leasing (p.a.)	4.3%	4.2%	NOI from property leasing (annualized) ÷ Total acquisition price of portfolio properties (on an average daily balance basis)
Funds from operations (FFO)	2,285 million yen	2,294 million yen	Net income (excl. gain or loss on sales of real estate properties) ＋Depreciation and amortization＋Loss on retirement of noncurrent assets
FFO per unit	12,446 yen	12,497 yen	FFO ÷ Total investment units issued and outstanding at end of period
Return on assets (ROA)	1.4%	1.4%	Ordinary income [annualized] ÷ {(Total assets at beginning of period ＋ Total assets at end of period) ÷ 2}
Return on equity (ROE)	2.6%	2.6%	Net income [annualized] ÷ {(NAV at beginning of period ＋ NAV at end of period) ÷ 2}
NAV per unit	498,563 yen	498,477 yen	NAV at end of period ÷ Total investment units issued and outstanding at end of period
Loan to value (LTV)	38.8%	38.8%	Interest-bearing liabilities at end of period ÷ Total assets at end of period
Debt service coverage ratio (DSCR)	7.0	7.3	Net income before interest and depreciation (Net income ＋ Interest expenses ＋ Depreciation and amortization) ÷ Interest expenses
Price book-value ratio (PBR)	0.5	0.5	Unit price at end of period ÷ NAV per unit
Price earnings ratio (PER)	18.5	18.4	Unit price at end of period ÷ Net income per unit [annualized]
FFO multiple	9.5	9.3	Unit price at end of period ÷ FFO per unit [annualized]

Note: Unit price at end of period is 234,500 yen, which is the closing price on June 30, 2014.

Cash Flows from Properties

(Unit：million yen)

	Twin 21	Matsushita IMP Bldg.	Midosuji MID Bldg.	MID REIT Kyobashi Bldg. (Note 2)	Konami Sports Club Kyobashi (Note 2)	AEON MALL Tsudanuma	MID Imabashi Bldg.	MID Midosuji-kawaramachi Bldg.	Kitahama MID Bldg.	MID Nishihommachi Bldg.	Higobashi MID Bldg.	Dormy Inn Hakata Gion (Note2)
Operating days	181	181	181	181	181	181	181	181	181	181	181	181
Rent	1,628	609	237	–	–	726	73	49	208	70	61	–
CAM	461	172	16	–	–	–	12	8	50	9	26	–
Parking revenue	63	54	6	–	–	–	7	1	4	1	2	–
Rent revenue - real estate	2,154	836	260	–	–	726	93	58	263	81	91	–
Utilities	149	91	26	–	–	–	7	4	35	11	10	–
Early-withdrawal penalties received	5	–	–	–	–	–	–	–	–	–	–	–
Other revenue	10	5	1	–	–	–	0	0	1	1	0	–
Other lease business revenue	164	96	28	–	–	–	7	4	37	12	11	–
① Property leasing revenue	2,319	932	288	–	–	726	100	63	300	94	102	–
Property management fees	325	181	33	–	–	7	14	9	33	10	11	–
Commissions payment	2	3	–	–	–	–	–	–	0	–	–	–
Utilities	273	151	29	–	–	–	10	5	31	12	11	–
Real estate taxes	208	129	45	–	–	58	12	6	22	8	6	–
Insurance premiums	4	2	0	–	–	1	0	0	0	0	0	–
Repairs	66	74	6	–	–	2	3	2	2	3	0	–
Other lease business expenses	23	11	0	–	–	–	–	0	0	–	0	–
② Property leasing expenses	904	554	115	–	–	69	40	23	91	35	30	–
③ NOI (① - ②) NOI yield (Acquisition price basis) (p.a.)	1,414 4.2%	378 3.1%	172 4.2%	41 3.7%	85 6.2%	656 5.1%	59 3.7%	39 4.0%	209 3.9%	59 3.4%	72 4.9%	78 6.9%
④ Depreciation and amortization	517	263	61	14	18	115	24	13	39	18	22	19
⑤ Loss on retirement of noncurrent assets	0	–	–	–	–	–	–	7	–	–	–	–
⑥ Property leasing income (③ - ④ - ⑤)	896	114	111	27	67	541	35	19	169	40	50	59

CAPEX	295	74	0	–	–	–	11	35	–	0	–	–

Notes:
1. Amounts of less than the nearest million yen are rounded down.
2. No detailed statement is made except for those on NOI, depreciation and amortization and property leasing income when the consent for disclosure could not be obtained from the tenant.

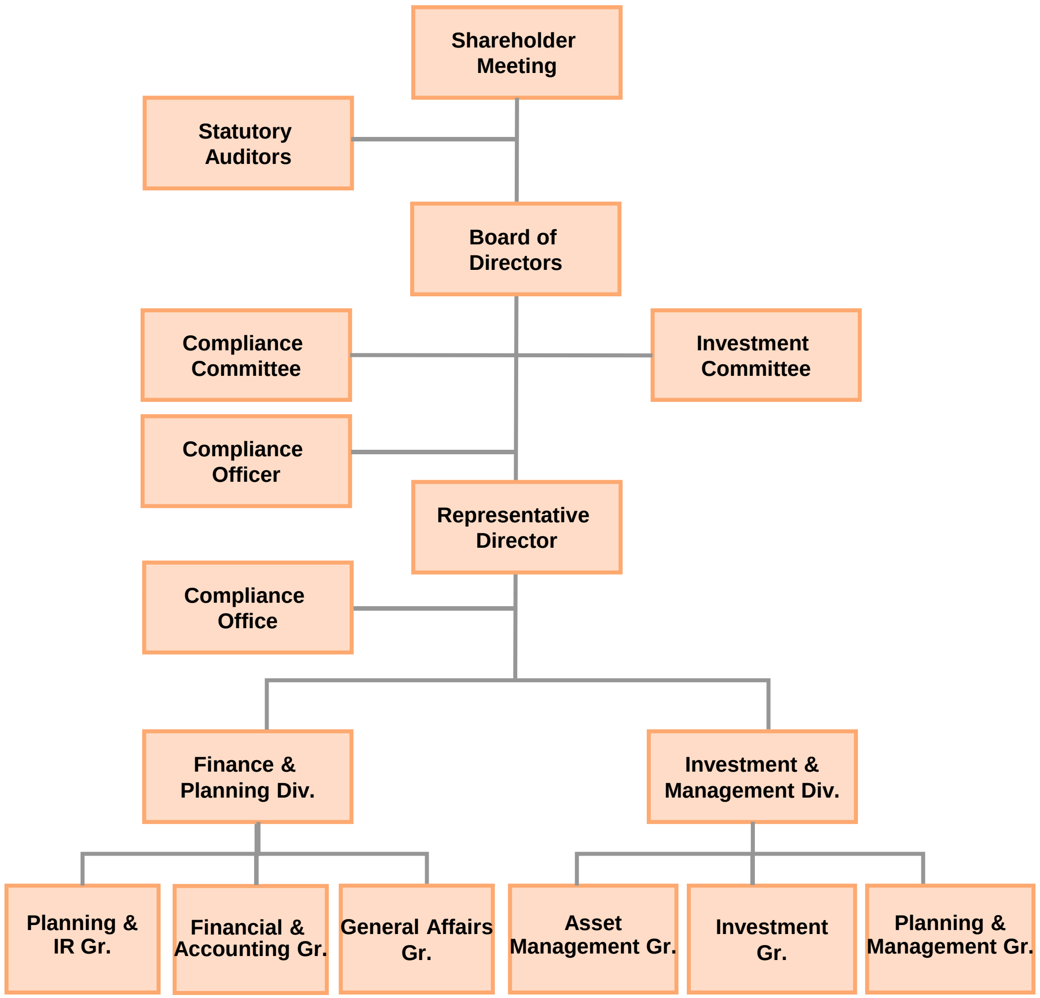
Overview of Asset Management Company

MID REIT

Company Overview

Company Overview (as of August 1, 2014)		
Name	MID REIT Management Co., Ltd.	
Location	1-4-4 Dojimahama, Kita-ku, Osaka	
Establishment	September 1, 2005	
Capital	210 million yen	
Shareholder	MID Urban Development Co., Ltd. (ratio of shareholding: 100%)	
No. of employees	31 (inclusive of 1 temporary worker and 2 part-timers)	
Officers	President & CEO	Tomoyuki Goto
	Managing Director General Manager, Finance & Planning Division	Hirotaka Saito
	Managing Director General Manager, Investment & Management Division	Noriyuki Iijima
	Statutory Director	Masaaki Kobayashi (Manager, Group Management Planning Group, Group Management Promotion Headquarters, The Kansai Electric Power Co., Inc.)
	Statutory Auditor	Atsushi Ishiguro (Director and Managing Executive Officer, MID Urban Development Co., Ltd.)
Business description	Investment management business	
Regulatory approval	Financial Instruments Firm (Director-General of Kinki Local Finance Bureau (Kinsho) Registration No. 43) Discretionary transaction agent license (Minister of Land, Infrastructure, Transport and Tourism Approval No. 50) Real estate agent license (Governor of Osaka Prefecture (2) No. 51806)	
Membership associations	A member of the Investment Trusts Association, Japan	

Structure



Checking System for Transactions with Sponsor Related Parties

MID REIT

Definition of Sponsor Related Parties	(a)Interested persons as defined by the Investment Trust Law (b)Major shareholders of the asset management company (major shareholders of financial instruments firms defined under the Financial Instruments and Exchange Law of Japan) and subsidiaries/affiliates of the major shareholders of the asset management company as defined by regulations for consolidated financial statements ("Regulation for Terminology, Forms and Preparation of Consolidated Financial Statements"; same hereafter) (excluding those applicable to (a)) (c) Funds or corporate entities, associations, trusts and other similar organizations that entrust investment management (discretionary investment) operations or investment advisory operations to parties described in (a) and (b) above (hereafter collectively called "corporate entities, etc." (including specific purpose companies, limited liability companies, stock companies, etc. as defined in the Act on Securitization of Assets)) (d)Corporate entities, etc. in which parties described in (a) and (b) above hold a majority stake and in cases where shares issued by parties described in (a) above are listed on the financial instruments exchange as defined by regulations for consolidated financial statements (excluding those applicable to (a) through (c))	
Transaction and Selection Criteria (Principles)	Property acquisition/disposal	Transaction has to comply with the following criteria: Acquisition price ≦ Appraised value, Appraised value ≦ Disposal price
	Property leasing	Leasing terms must be appropriately and fairly measured by prevailing market conditions
	Sale/Leasing agent commissions	Commissions must be within limits set by the Building Lots and Building Transaction Business Law
	Commissioning of property/building management	Examine comprehensively if company to be commissioned satisfies required conditions and terms, and if fee level is appropriate
	Contracting of construction works (over 1 million yen)	Check that quotations are not notably different from quotations by third parties
Decision-making Process	Each Group: Proposal drafting → Compliance Officer: Approval → Compliance Committee (Notes 1 and 2): Approval → Investment Committee (Notes 1 and 3): Examination decision → Board of Directors (Note 1): Examination decision → MID REIT Board of Directors: Reporting	Notes: 1. Those who have status as a board member of sponsor related parties (excl. employees on loan or employees after transfer to the asset management company) cannot join resolutions. 2. An external expert (lawyer) is included in deliberations as a member. 3. An external expert (real estate appraiser) is included in deliberations as a member.

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