



**MID REIT, Inc.**  
(Securities Code: 3227)

**Financial Results  
for  
the Fiscal Period  
ended Dec. 31, 2014  
(17th Period)**

<http://www.midreit.jp/>

MID REIT Management Co., Ltd.



Ebisubashi Bridge over Dotomborigawa River, Osaka

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Matsushita IMP Hall (capacity: 857 people)  
in Matsushita IMP Building (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

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# Overview of Financial Results for the fiscal period ended Dec. 31, 2014 (17th Period)

**Distribution per Unit 5,958 yen**



## Financial Highlights

	Fiscal Period ended June 30, 2014 (16th Period)	Fiscal Period ended Dec. 31, 2014 (17th Period)	
			Compared to the 16th period
Distribution per unit	6,318 yen	5,958 yen	-360 yen
Occupancy rate at end of period	98.0%	97.7%	-0.3pt
Number of properties under management	12 properties	12 properties	—
Asset size (Note1)	157,670 million yen	157,670 million yen	—
NOI	3,268 million yen	3,182 million yen	-85 million yen
NOI yield	4.2%	4.0%	-0.2pt
Interest-bearing liabilities at end of period	65,425 million yen	65,300 million yen	-125 million yen
LTV (Note2)	38.8%	38.7%	-0.1pt
Average remaining years of borrowings	1.9 years	2.3 years	+0.4 years
Issuer rating	A— (Stable)	A— (Stable)	—

Notes:

1. Total acquisition price

2. LTV = Interest-bearing liabilities at end of period ÷ Total assets at end of period



# 17th Period Financial Results – Comparison to Previous Period

Slight increase in revenue, but decrease in income due in part to increase in utilities expenses



## Cash Flow

(unit: million yen)

	Fiscal Period ended June 30, 2014 (16th Period)	Fiscal Period ended Dec. 31, 2014 (17th Period)	Difference
Operating revenue	5,157	5,173	① 15
Rent revenue – real estate	4,795	4,790	-5
Other lease business revenue	362	383	21
Operating expenses	3,543	3,634	② 91
Expenses related to rent business (excluding Depreciation and loss on retirement)	1,888	1,990	101
Depreciation and loss on retirement	1,134	1,133	-1
Asset management fee	399	395	-3
Other operating expenses	120	115	-5
Operating income	1,614	1,538	-75
Non-operating income	2	2	-0
Non-operating expenses	455	453	-1
Ordinary income	1,161	1,087	-74
Extraordinary income	—	76	76
Extraordinary losses	—	68	68
Income before income taxes	1,161	1,095	-66
Income taxes	1	1	-0
Net income	1,160	1,093	-66
Total distributions	1,160	1,094	-66
Distribution per unit (yen)	6,318	5,958	-360
Gain/loss on real estate lease business	2,134	2,049	-84
NOI	3,268	3,182	-85
Occupancy rate at end of period	98.0%	97.7%	-0.3pt

## Factors of Change from Previous Period

(unit: million yen)

Operating revenue ①	15
Rent revenue – real estate	-5
Rent and CAM revenue	-8
Parking revenue	3
Other lease business revenue	21
Utilities revenue (increase due to seasonal factors)	22
Other revenue	-1
Operating expenses ②	91
Expenses related to rent business (excluding Depreciation and loss on retirement)	101
Utilities expenses (increase due to seasonal factors)	86
Repair expenses	-18
Other (increase of Property management fees and Real estate taxes, etc.)	34
Depreciation and loss on retirement	-1
Asset management fee	-3
Other operating expenses (decrease in expenses for general meeting of unitholders, etc.)	-5

# 17th Period Financial Results – Comparison to Forecasts

Distribution per unit was 5,958 yen (increased by 158 yen than forecast) due to decrease of expenses



## Cash Flow

(unit: million yen)

	Fiscal Period ended Dec. 31, 2014 Forecast (as of Aug. 19, 2014)	Fiscal Period ended Dec. 31, 2014 17th Period	Difference
Operating revenue	5,175	5,173 ①	-1
Rent revenue – real estate	4,773	4,790	16
Other lease business revenue	401	383	-18
Operating expenses	3,655	3,634 ②	-20
Expenses related to rent business (excluding Depreciation and loss on retirement)	2,004	1,990	-14
Depreciation and loss on retirement	1,138	1,133	-5
Asset management fee	393	395	1
Other operating expenses	118	115	-2
Operating income	1,519	1,538	18
Non-operating income	1	2	0
Non-operating expenses	454	453	-0
Ordinary income	1,067	1,087	20
Extraordinary income	—	76	76
Extraordinary losses	—	68	68
Income before income taxes	1,067	1,095	28
Income taxes	2	1	-0
Net income	1,065	1,093	28
Total distributions	1,065	1,094	29
Distribution per unit (yen)	5,800	5,958	158
Gain/loss on real estate lease business	2,031	2,049	17
NOI	3,170	3,182	12
Occupancy rate at end of period	97.9%	97.7%	-0.2pt

## Factors of Change from Forecasts

(unit: million yen)

<b>Operating revenue ①</b>	<b>-1</b>
Rent revenue – real estate	16
Rent and CAM revenue	17
Parking revenue	-0
Other lease business revenue	-18
Utilities revenue	-21
Other revenue	2
<b>Operating expenses ②</b>	<b>-20</b>
Expenses related to rent business (excluding Depreciation and loss on retirement)	-14
Utilities expenses (common areas electricity bill, etc.)	-43
Repair expenses	34
Other	-5
Depreciation and loss on retirement	-5
Asset management fee	1
Other operating expenses	-2

# Result of Efforts Addressing Issues in the 17th Period

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



## Internal Growth

Maintained occupancy rate (Occupancy rate: 97.7% Comparison with previous period: -0.3pt)

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

## External Growth

Pursue considering acquiring assets under management from which long-term stable cash flow corresponding to the level of risk-return can be expected

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

## Finances

Completed refinancing of 13.8 billion yen. Realized diversification and extension of repayment dates and reduction of procurement costs.

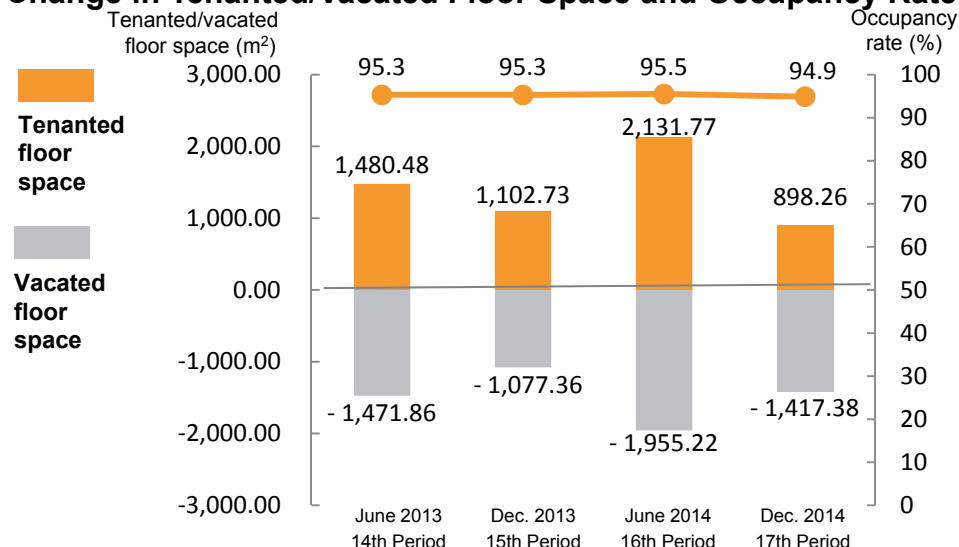
# Efforts Addressing Issues and Results – Internal Growth (1): Flagship Properties



## Twin 21 and Matsushita IMP Building occupancy rate continues to maintain high level

### Twin 21

#### Change in Tenanted/Vacated Floor Space and Occupancy Rate



### 17th Period Results

Tenanted: 3 cases / Expansion of leased space: 2 case  
Vacated: 3 cases / Decrease of leased space: 2 cases

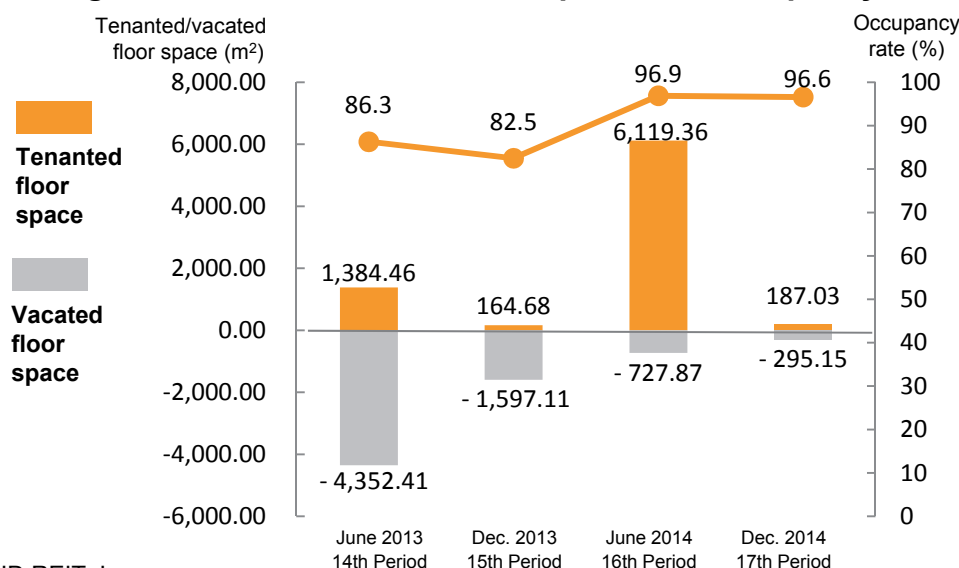
### 18th Period Forecast (Note)

Tenanted (including Expansion of leased space): 1 case  
Vacated (including Decrease of leased space): 2 cases  
Occupancy rate forecast: 96.8%

In addition to the above, negotiations are underway with tenants considering new tenancy, relocation for floor space expansion, etc. accompanying expansion of business operations or for other needs.

### Matsushita IMP Bldg.

#### Change in Tenanted/Vacated Floor Space and Occupancy Rate



### 17th Period Results

Tenanted: 2 cases  
Vacated: 2 cases

### 18th Period Forecast (Note)

Tenanted (including Expansion of leased space): 2 cases  
Vacated (including Decrease of leased space): 4 cases  
Occupancy rate forecast: 95.5%

In addition to the above, negotiations are underway for existing tenants' expansion of leased space within the facility, tenancy by existing tenants' related companies, etc.

Note: Based on lease contracts concluded, as well as tenancy application forms and contract cancellation notices received, as of January 29, 2015.



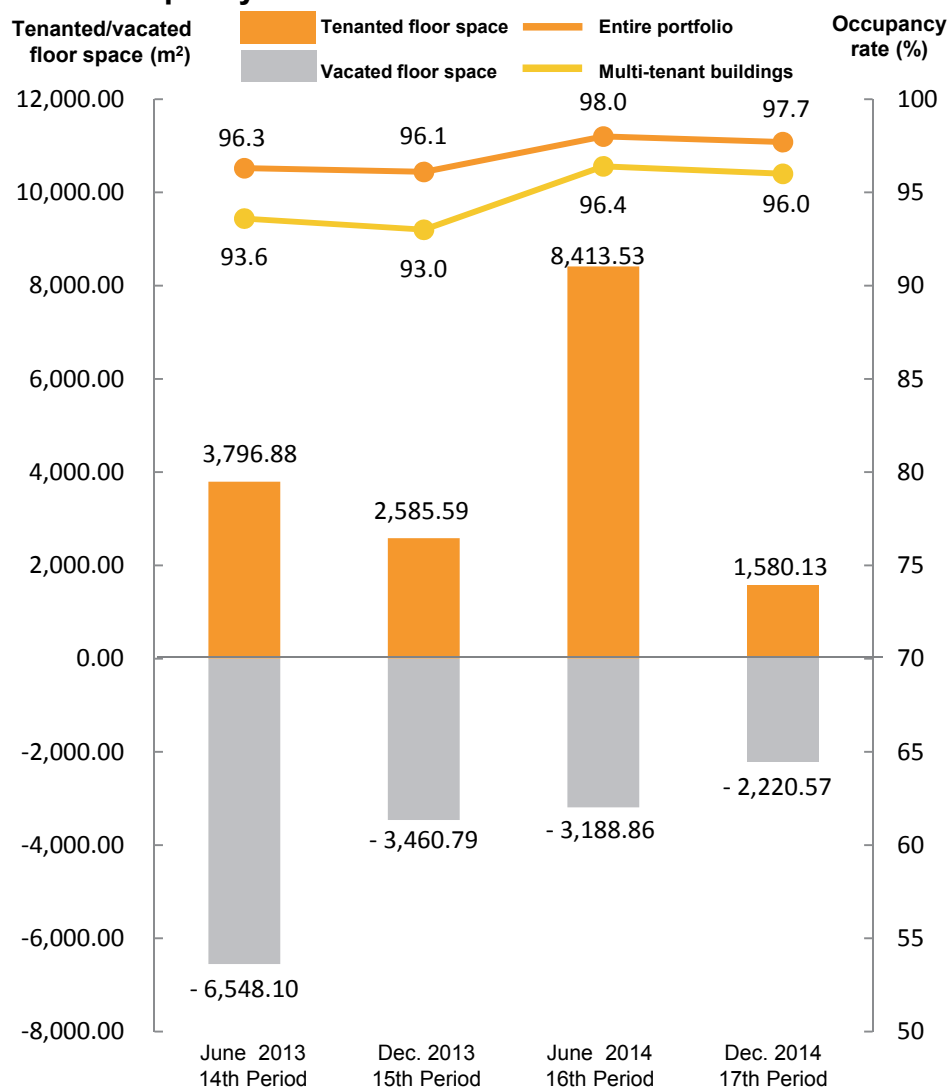
# Efforts Addressing Issues and Results – Internal Growth (2): Entire Portfolio

Despite tenant exits, maintaining high occupancy rate through proactive leasing activities



## Entire Portfolio

### Change in Tenanted/Vacated Floor Space and Occupancy Rate



### Change in Occupancy Rate of Entire Portfolio

12 properties

Fiscal Period ended June 2013 (14th Period)	Fiscal Period ended Dec. 2013 (15th Period)	Fiscal Period ended June 2014 (16th Period)	Fiscal Period ended Dec. 2014 (17th Period)
96.3%	96.1%	98.0%	97.7% (-0.3pt)

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

8 properties

Fiscal Period ended June 2013 (14th Period)	Fiscal Period ended Dec. 2013 (15th Period)	Fiscal Period ended June 2014 (16th Period)	Fiscal Period ended Dec. 2014 (17th Period)
93.6%	93.0%	96.4%	96.0% (-0.4pt)

Note: For the properties subject to multi-tenant buildings, please refer to Page 36 "Changes in Occupancy Rates" (Note 1).

### 17th Period Results

Tenanted (including Expansion of leased space): 10 cases, 1,580.13 m²

### 18th Period Forecast (Note)

Tenanted (including Expansion of leased space): 4 cases

Vacated (including Decrease of leased space): 11 cases

Occupancy rate forecast (Entire portfolio): 97.8%

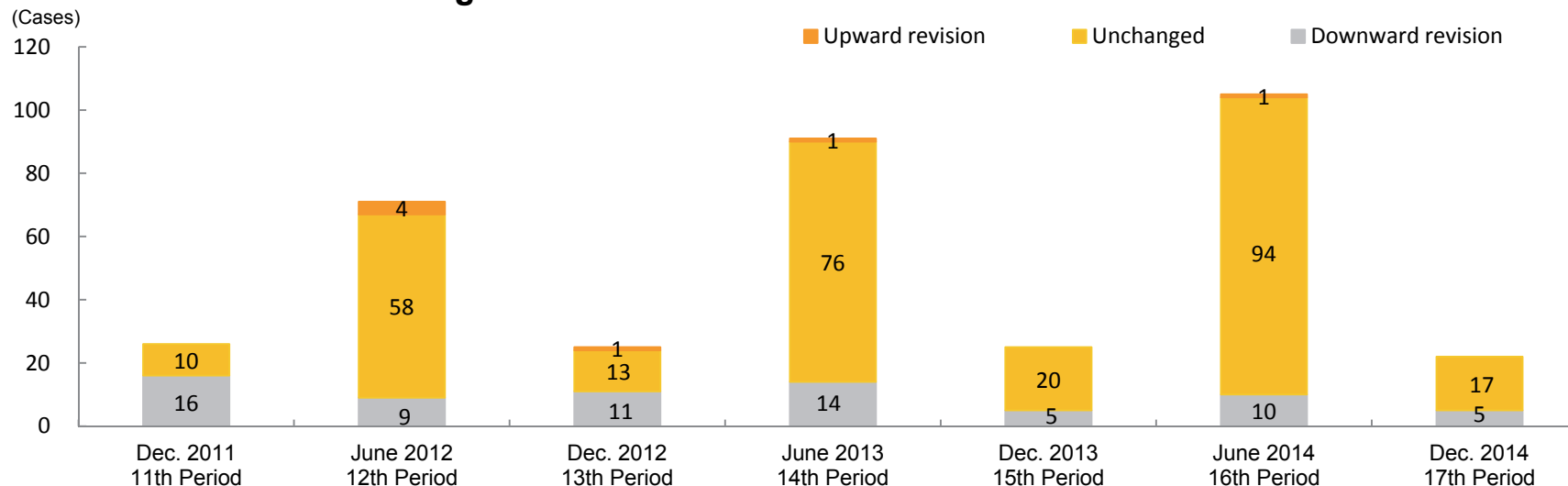
Note: Based on lease contracts concluded, as well as tenancy application forms and contract cancellation notices received, as of January 29, 2015.

# Efforts Addressing Issues and Results – Internal Growth (3): Rent Revision Trends



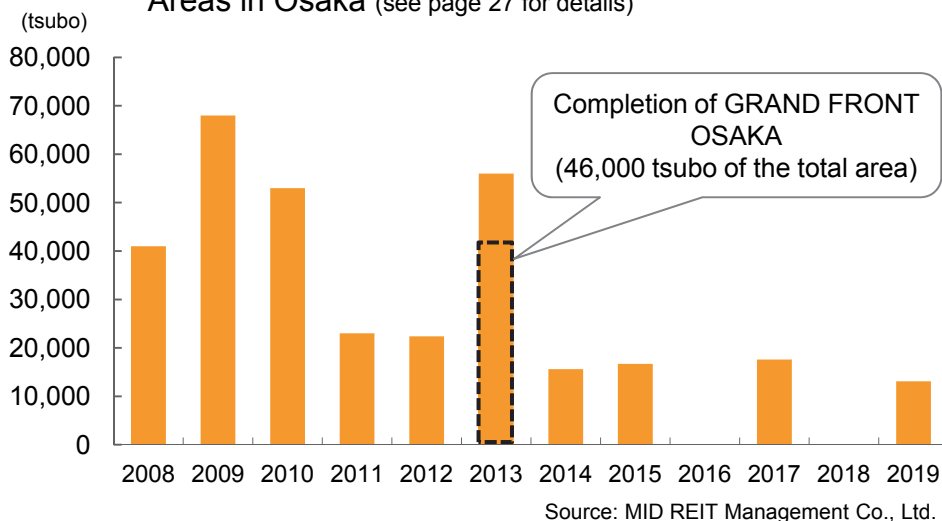
## Rent unchanged in majority of rent revisions

### Rent Revision Trends: Changes in Number of Rent Revisions

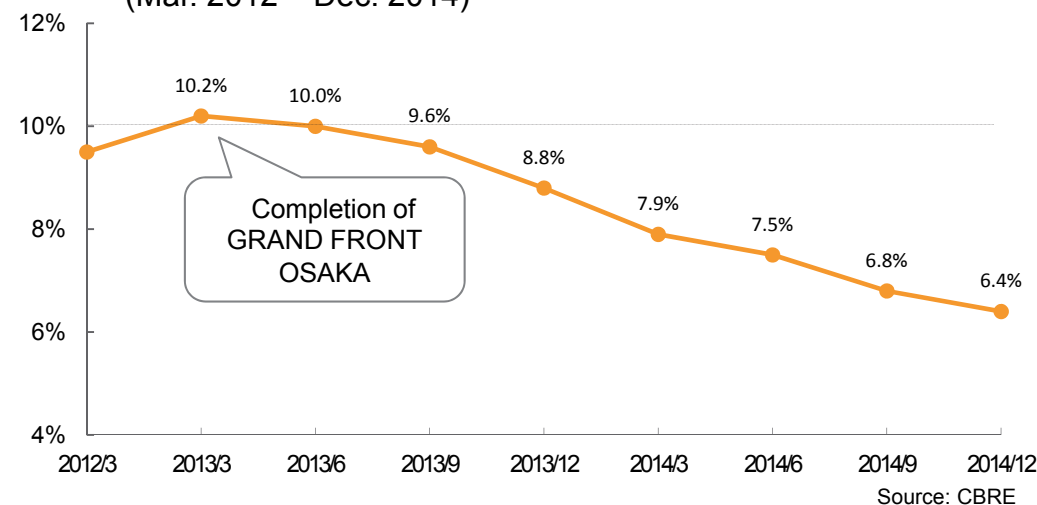


### Osaka Business Area Leasing Market Trends

#### Changes in New Supply of Office Buildings in Key Office Areas in Osaka (see page 27 for details)



#### Changes in Office Building Vacancy Rate in Entire Osaka (Mar. 2012 – Dec. 2014)



# Efforts Addressing Issues and Results – Internal Growth (4): Occupancy Rate by Property

## Leasing status



### Occupancy Rate (Results and Forecast)

Property Name	Fiscal Period as of Dec. 31, 2014 (17th Period End) Occupancy Rate Results (%)	Fiscal Period ended Dec. 31, 2014 (17th Period) Tenanted/Vacated Floor Space Results and Fiscal Period ending June 30, 2015 (18th Period) Tenanted/Vacated Floor Space Forecast (Note1)	Fiscal Period ending June 30, 2015 (18th Period End) Occupancy Rate Forecast (%) (Note1)	Leasable Space (m <sup>2</sup> ) (Note 2)
Twin 21	94.9	17th Period Results : Tenanted: 3 / Expansion of leased space: 2 / Vacated: 3 / Decrease of leased space: 2 18th Period Forecast: Tenanted: 1 / Vacated: 1 / Decrease of leased space: 1	96.8	82,396.80
Matsushita IMP Bldg.	96.6	17th Period Results : Tenanted: 2 / Vacated: 2 18th Period Forecast: Tenanted: 1 / Increase of leased space: 1 / Vacated: 3 / Decrease of leased space: 1	95.5	37,375.89
Midosuji MID Bldg.	98.8	17th Period Results : Vacated: 1 18th Period Forecast: —	98.8	10,461.32
MID Imabashi Bldg.	100.0	17th Period Results : Tenanted: 1 / Vacated: 1 18th Period Forecast: Vacated: 1	94.4	4,277.65
MID Midosujikawaramachi Bldg.	85.4	17th Period Results : Vacated: 1 18th Period Forecast: Tenanted : 1 / Vacated: 2	80.2	3,097.39
Kitahama MID Bldg.	98.8	17th Period Results : Tenanted: 1 18th Period Forecast: —	98.8	10,189.49
MID Nishihommachi Bldg.	96.7	17th Period Results : — 18th Period Forecast: Vacated: 1	91.3	3,877.38
Higobashi MID Bldg.	100.0	17th Period Results : Tenanted: 1 18th Period Forecast: Vacated: 1	95.0	4,655.57
Multi-tenant buildings Subtotal: 8 properties	96.0		96.2	156,331.49
MID REIT Kyobashi Bldg.	100.0	—	100.0	4,833.88
Konami Sports Club Kyobashi	100.0	—	100.0	9,586.26
AEON MALL Tsudanuma	100.0	—	100.0	101,210.44
Dormy Inn Hakata Gion	100.0	—	100.0	5,554.91
Entire Portfolio Total: 12 properties	97.7		97.8	277,516.98

Note:

1. 18th period forecast is based on lease contracts concluded, as well as tenancy application forms and contract cancellation notices received, as of January 29, 2015.

2. "Leasable Space" represents the total leasable floor space as of Dec. 31, 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 Addressing Issues and Results – Finance (1): Financial Policy

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



LTV control	<ul style="list-style-type: none"> <li>The upper limit of LTV (Interest-bearing liabilities 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 Dec. 31, 2014 [17th Period End] :38.7% )</li> </ul>																																		
Reduction of interest-rate fluctuation risk	<ul style="list-style-type: none"> <li>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</li> </ul> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <p>Ratio of Long-term/Short-term debt</p> <p>Long-term loans payable 100.0 %</p> </div> <div style="text-align: center;"> <p>Ratio of Fixed interest rate</p> <p>Floating interest rate 37.4 % Fixed interest rate 62.6 %</p> </div> </div> <p style="text-align: right;">As of Dec. 30, 2014 (17th Period End)</p>																																		
Reduction of refinancing risk	<ul style="list-style-type: none"> <li>Diversify lenders and repayment deadlines with participation of two new banks (The Hiroshima Bank, Ltd. and Sony Bank Incorporated)</li> </ul> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p style="text-align: center;">Debt Financing of Each Bank (million yen)</p> <table border="1"> <thead> <tr> <th>Lender</th><th>Balance</th></tr> </thead> <tbody> <tr><td>Mizuho Bank, Ltd.</td><td>9,800</td></tr> <tr><td>Development Bank of Japan</td><td>9,700</td></tr> <tr><td>Sumitomo Mitsui Trust Bank</td><td>7,900</td></tr> <tr><td>Sumitomo Mitsui Banking</td><td>7,900</td></tr> <tr><td>Aozora Bank</td><td>7,800</td></tr> <tr><td>Resona Bank</td><td>5,900</td></tr> <tr><td>Mitsubishi UFJ Trust and Banking</td><td>5,000</td></tr> <tr><td>Shinkin Central Bank</td><td>4,300</td></tr> <tr><td>Senshu Ikeda Bank</td><td>2,300</td></tr> <tr><td>Nishi-Nippon City Bank</td><td>1,600</td></tr> <tr><td>Hyakugo Bank</td><td>800</td></tr> <tr><td>Minato Bank</td><td>800</td></tr> <tr><td>Nanto Bank</td><td>500</td></tr> <tr style="border: 2px solid red;"><td>The Hiroshima Bank, Ltd.</td><td>500</td></tr> <tr style="border: 2px solid red;"><td>Sony Bank Incorporated</td><td>500</td></tr> <tr style="background-color: #f4a460;"><td><b>Total</b></td><td><b>65,300</b></td></tr> </tbody> </table> </div> <div style="width: 50%;"> <p style="text-align: center;">Diversification of Repayment Dates for refinancing (13.8 billion yen) in July 2014</p> <p style="text-align: center;">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</p> </div> </div>	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	<b>Total</b>	<b>65,300</b>
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Sony Bank Incorporated	500																																		
<b>Total</b>	<b>65,300</b>																																		



# Efforts Addressing Issues and Results – Finance (2): Details on Debt Financing

## Expanded the bank formation by adding two new banks



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:

- Loans are co-financed by the banks in the list.
- In accordance with the interest-rate swap agreement, the actual interest rate is 1.447% (p.a.) up to the principal repayment date.
- In accordance with the interest-rate swap agreement, the actual interest rate is 1.141% (p.a.) up to the principal repayment date.
- In accordance with the interest-rate swap agreement, the actual interest rate is 1.297% (p.a.) up to the principal repayment date.

- In accordance with the interest-rate swap agreement, the actual interest rate is 0.707% (p.a.) up to the principal repayment date.
- In accordance with the interest-rate swap agreement, the actual interest rate is 0.962% (p.a.) up to the principal repayment date.
- In accordance with the interest-rate swap agreement, the actual interest rate is 1.24% (p.a.) up to the principal repayment date.
- 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

## Efforts Addressing Issues and Results – Finance (3): Status of Fund Procurement Costs, Etc.



### Aim for a further reduction of fund procurement costs

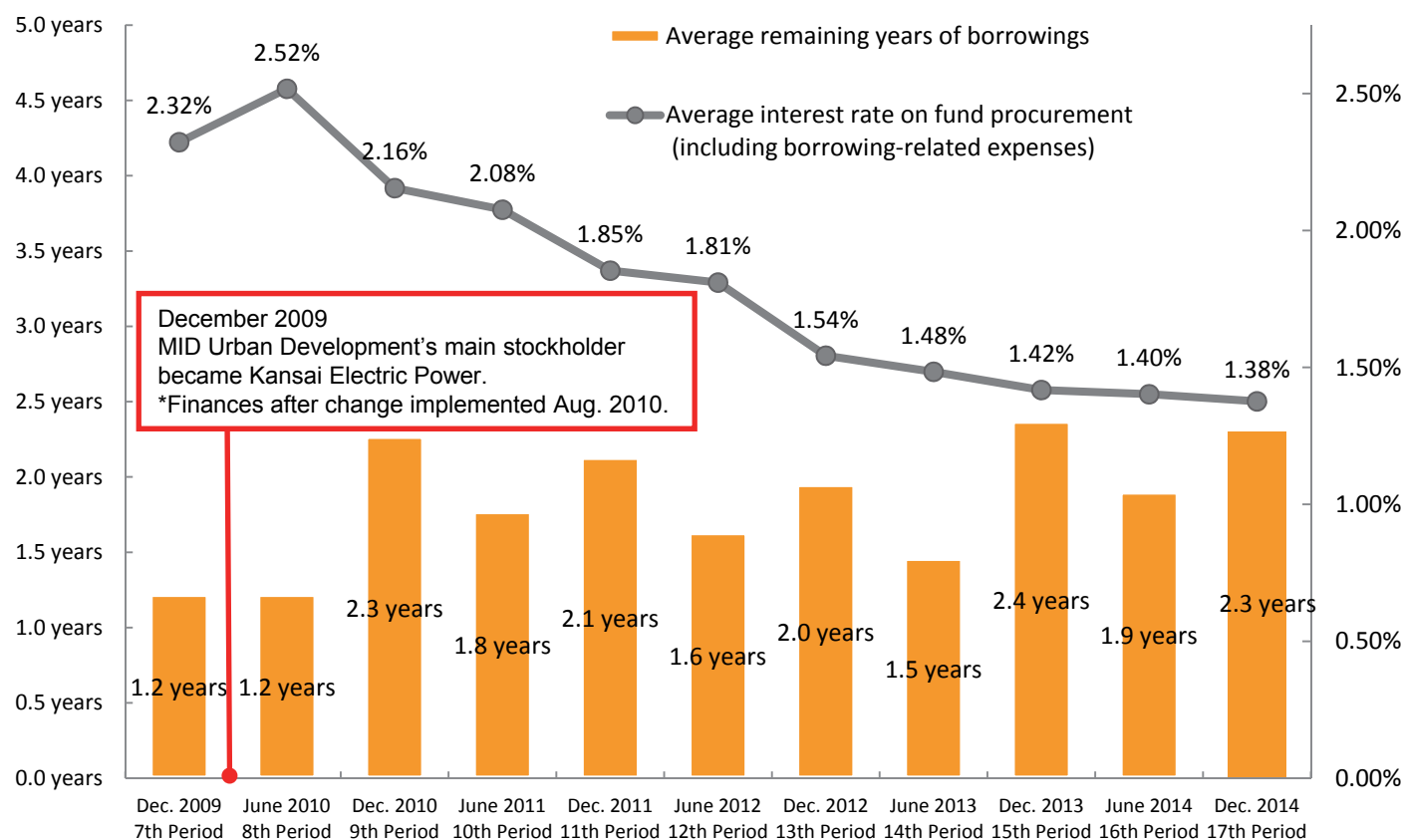
#### Completed refinancing on July 31, 2014

- 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

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

(Remaining years)

(Procurement costs)



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

#### [ Fund Procurement Costs ]

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

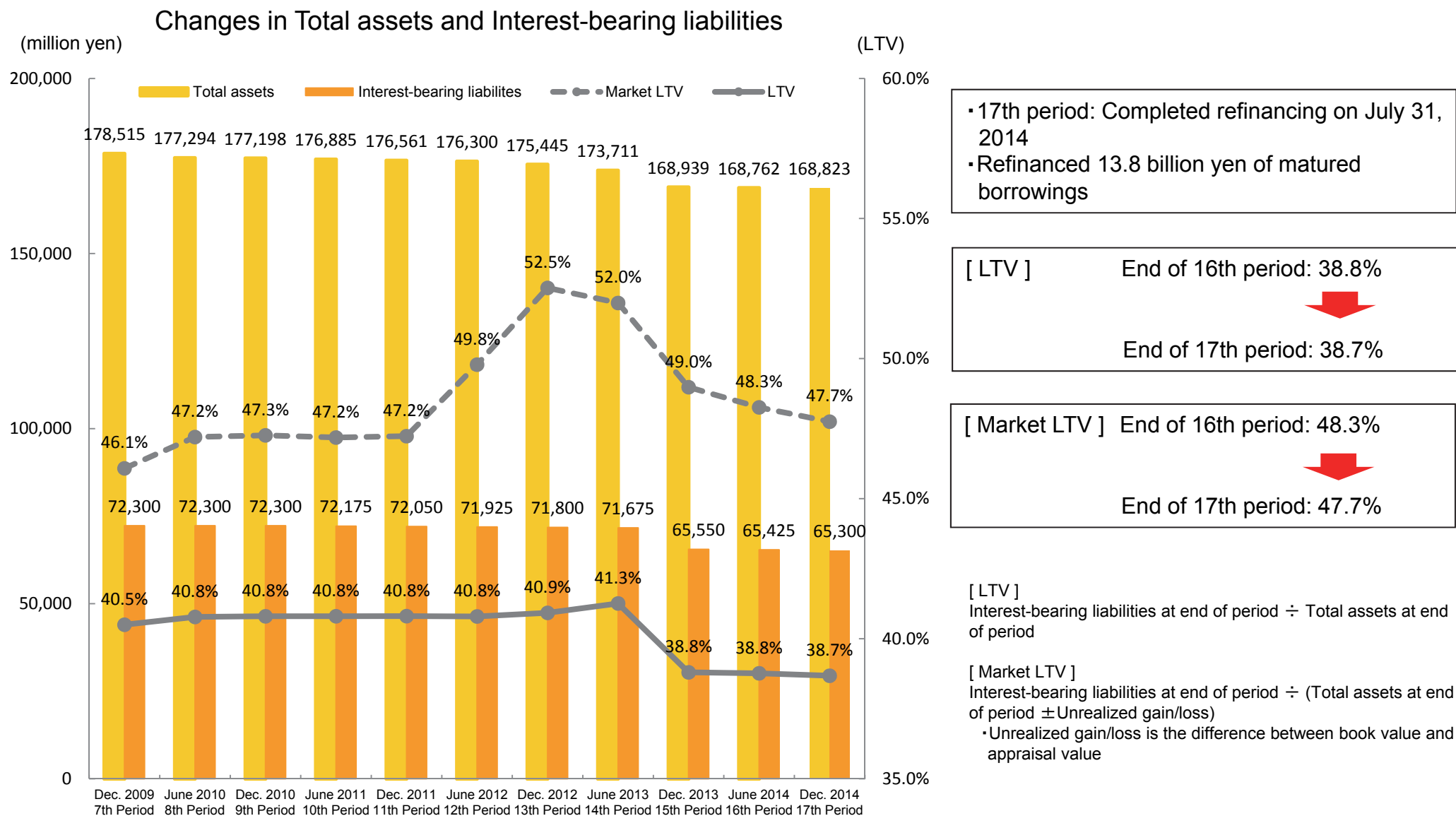


17th period: 453 million yen (balance of borrowings: 65,300 million yen)

Note: Average interest rate on fund procurement (including borrowing-related expenses) = Financing costs in each fiscal period ÷ Balance of average interest-bearing liabilities 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.)

# Efforts Addressing Issues and Results – Finance (4): LTV Status

## Effectively managed funds and secured stable LTV level



# Efforts for the 18th Period and Beyond

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



### 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

Continue to utilize acquisition capacity, etc. and consider acquiring properties 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



# Business Result Forecasts for the 18th Fiscal Period and 19th Fiscal Period

Distributions are forecast at 5,850 yen for the 18th period and 5,900 yen for the 19th period



## Cash Flow

(unit: million yen)

	Fiscal Period ended Dec. 31, 2014 (17th Period)	Fiscal Period ending June 30, 2015 (18th Period) Forecast	Fiscal Period ending Dec. 31, 2015 (19th Period) Forecast	18th Period – 17th Period	19th Period – 18th Period
Operating revenue	5,173	5,172	5,099	① -1	③ -73
Rent revenue – real estate	4,790	4,804	4,695	13	-108
Other lease business revenue	383	368	403	-14	35
Operating expenses	3,634	3,655	3,576	② 20	④ -78
Expenses related to rent business (excluding Depreciation and loss on retirement)	1,990	2,052	1,985	61	-66
Depreciation and loss on retirement	1,133	1,160	1,162	27	2
Asset management fee	395	309	310	-85	0
Other operating expenses	115	132	118	16	-14
Operating income	1,538	1,517	1,522	-21	5
Non-operating income	2	1	1	-1	—
Non-operating expenses	453	441	438	-11	-3
Ordinary income	1,087	1,076	1,085	-11	9
Extraordinary income	76	—	—	-76	—
Extraordinary losses	68	—	—	-68	—
Income before income taxes	1,095	1,076	1,085	-19	9
Income taxes	1	2	2	0	—
Net income	1,093	1,074	1,083	-19	9
Total distributions	1,094	1,074	1,083	-19	9
Distribution per unit (yen)	5,958	5,850	5,900	-108	50
Gain/loss on real estate lease business	2,049	1,959	1,950	-89	-8
NOI	3,182	3,120	3,113	-62	-6
Occupancy rate at end of period	97.7%	97.8%	97.3%	0.1pt	-0.5pt

## Factors of Change from Previous Period (unit: million yen)

### Factors of Change between 18th and 17th Periods

<b>Operating revenue ①</b>	<b>-1</b>
Existing properties	-1
<b>Operating expenses ②</b>	<b>20</b>
Expenses related to rent business (excluding Depreciation and loss on retirement)	61
Repair expenses	109
Utilities expenses (decrease due to seasonal factors)	-53
Increase of other expenses related to rent business	5
Depreciation and loss on retirement	27
Asset management fee (see page 19 for details)	-85
Other operating expenses (increase of commission fee, etc.)	16

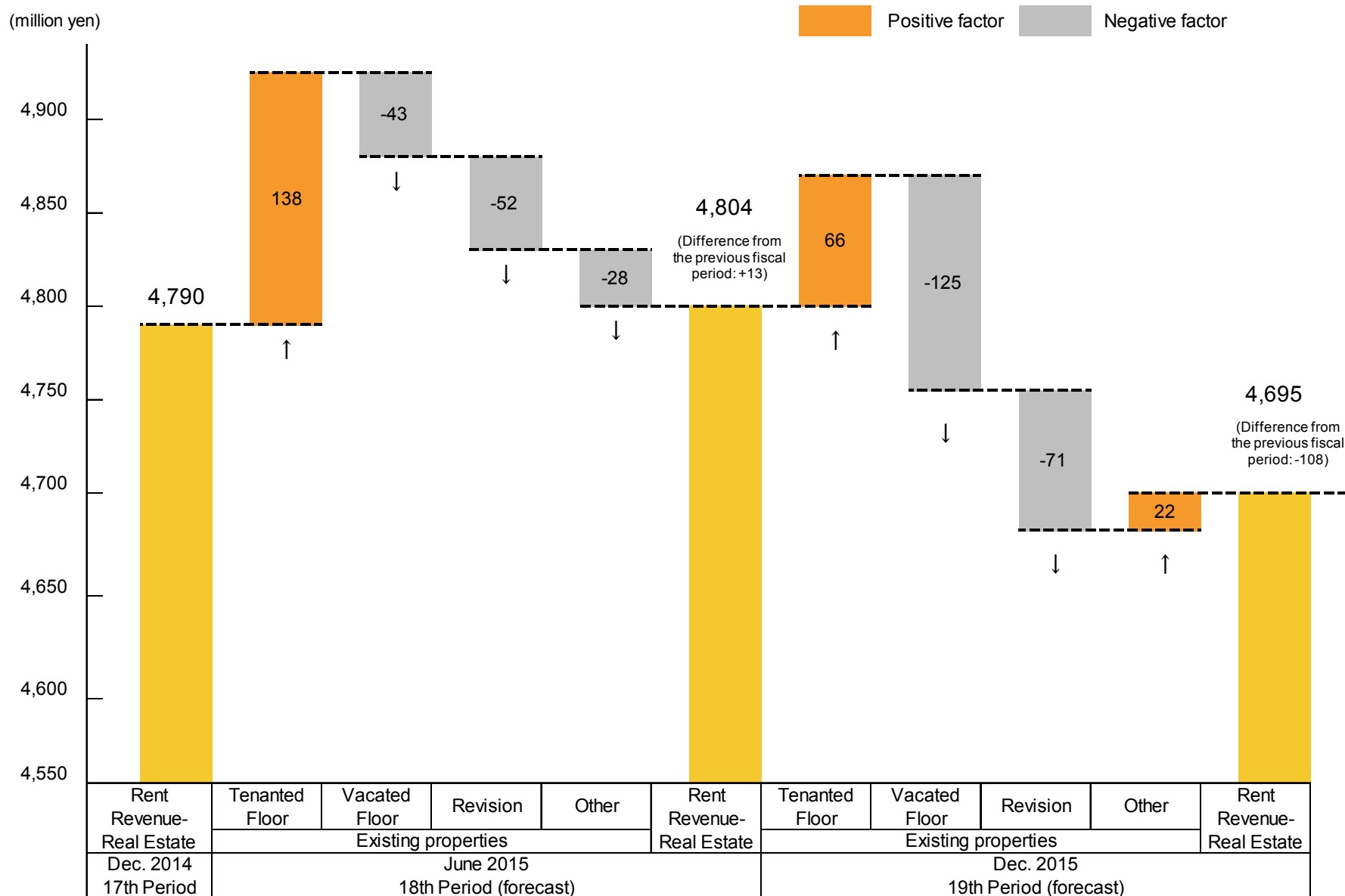
### Factors of Change between 19th and 18th Periods

<b>Operating revenue ③</b>	<b>-73</b>
Existing properties	-73
<b>Operating expenses ④</b>	<b>-78</b>
Expenses related to rent business (excluding Depreciation and loss on retirement)	-66
Repair expenses	-186
Utilities expenses (increase due to seasonal factors)	127
Decrease of other expenses related to rent business	-8
Depreciation and loss on retirement	2
Other operating expenses (decrease of commission fee, etc.)	-14

# 17th Period Results and 18th -19th Periods Forecasts – Change in Rent Revenue-Real Estate



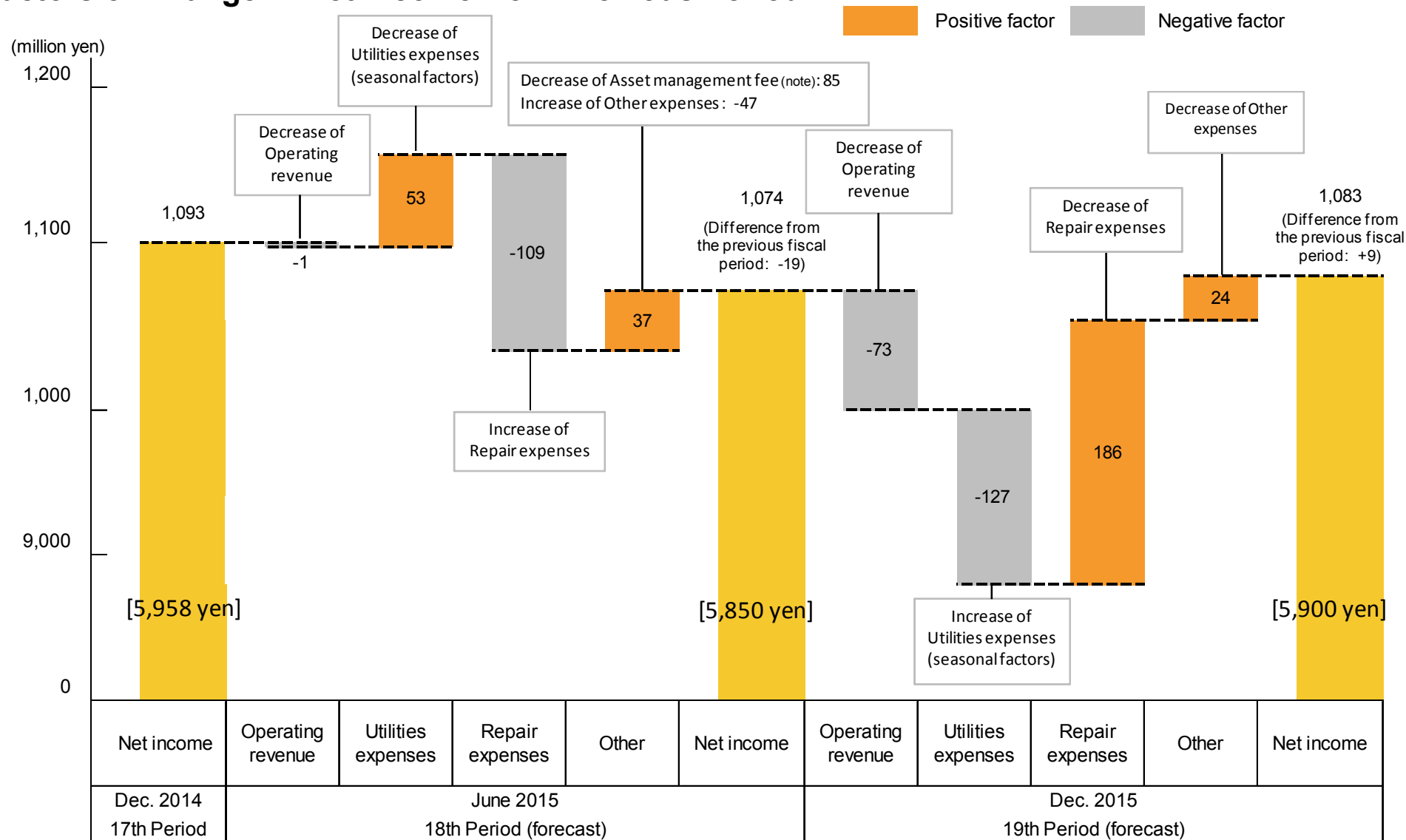
## Factors of Change in Rent Revenue-Real Estate from Previous Period



# 17th Period Results and 18th -19th Periods Forecasts – Change in Net Income



## Factors of Change in Net Income from Previous Period



Note: Decrease in amount due to limited-time reduction of the applicable rate of the portion of the asset management fee that is linked to total assets in view of more stable operation of MID REIT.  
Rate of fee linked to total assets 17th period: 0.20% → 18th period: 0.15% (approx. -84 million yen)

# Growth Strategy – Internal Growth

Strengthening of competitiveness of Twin 21 and Matsushita IMP Building through enhancement of value of Osaka Business Park (OBP)



## 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 Umeda area.

## 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 page 48 for details of OBP “V2X” Project)

### Efforts in 17th Period (Results)

- Facilities maintenance: Implement renewal work for the entrance and the tenant sign
- Conduct advertising activities to call attention to OBP's excellent environment
- Prepare new pamphlets from the viewpoint of office workers

[Twin 21: Flowerbed at Atrium]



[Twin 21 Advertisement at Keihan Electric Railway Kyobashi Station]



### Efforts in and after 18th Period (Plans)

- Continue to conduct advertisement activities appealing the excellent environment of OBP
- Implement renewal work for outdoor facilities including the green space

## Holding of “Town Rebranding Strategy Symposium ~ Evolution of OBP~” (December 2014 / Organized by OBP Development Council)

- Under “efforts toward metamorphosis into the second generation ~evolution of OBP~,” introduced demonstration experiments and concrete efforts for bustle and revitalization toward making OBP a smart city
- Under the theme of “expectations for OBP toward revitalization of Osaka,” implemented a panel discussion of panelists from industry, government and academia





# Growth Strategy – External Growth (1)

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



### 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

#### ■ Major properties developed and owned by MID Urban Development

\* These properties are not owned by MID REIT, Inc.

#### Overview of MID Urban Development Co., Ltd. (as of February 1, 2015)

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	<a href="http://www.mid.co.jp/">http://www.mid.co.jp/</a> (financial results for the fiscal year ended March 31, 2014 are available)

#### Developed Properties



Kyobashi MID Bldg. (Note)  
Location: Chuo-ku, Tokyo  
Completion: End of 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



Sakurabashi Toyo Bldg. (scheduled to change to Nishiumeda MID Building)  
(Kita-ku, Osaka)



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



HOTEL GRAND BACH KYOTO  
(Shimogyo-ku, Kyoto)



Rokko Island Distribution Center  
(Higashinada-ku, Kobe)



Yaesu MID Bldg.  
(Chuo-ku, Tokyo)



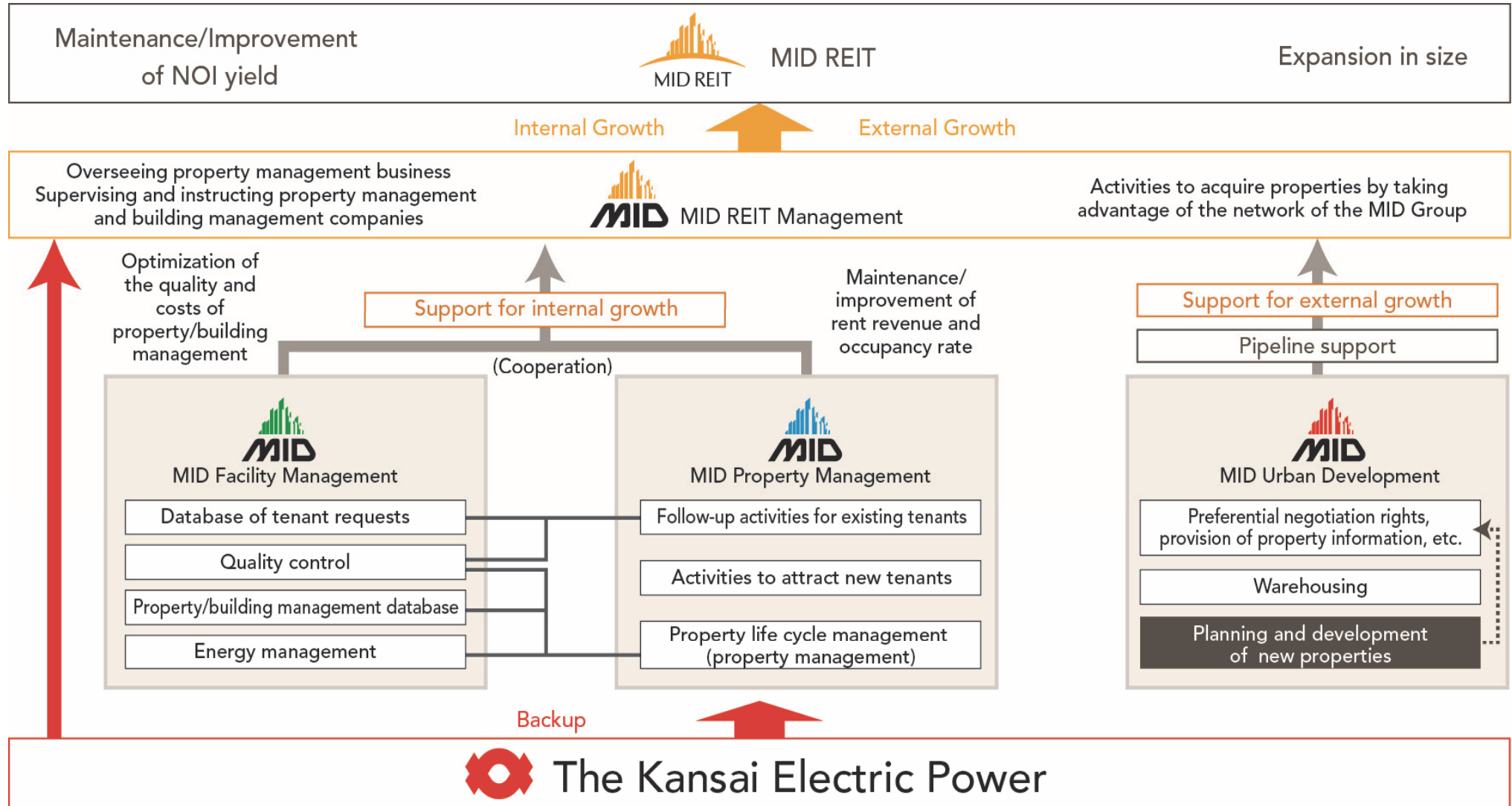
Nishigin MID Bldg.  
(Chuo-ku, Tokyo)



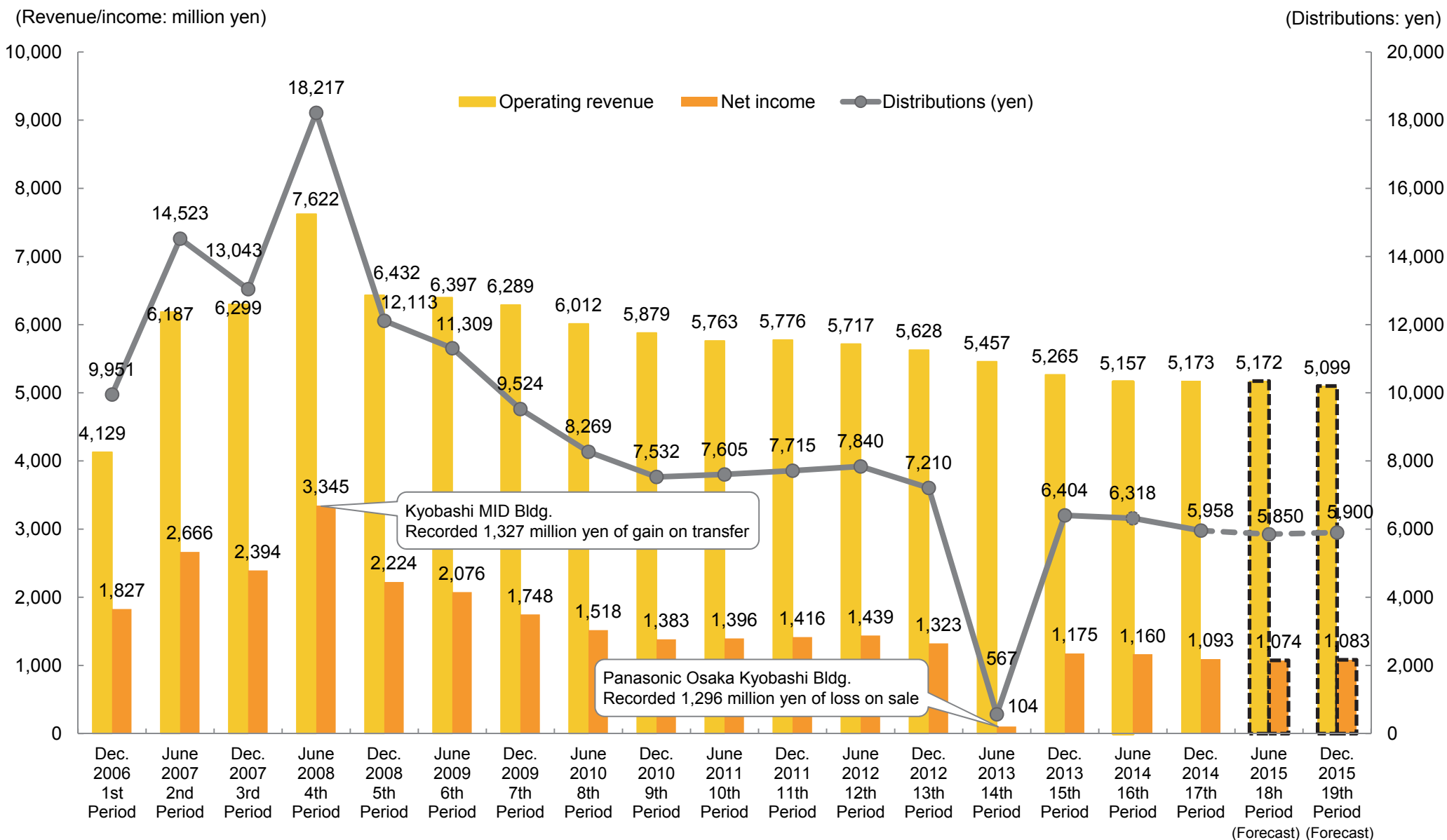
MID Nihonbashi Horidomecho Bldg.  
(Chuo-ku, Tokyo)

# 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

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# Characteristics of the Osaka Area

## Potential of the Osaka area



### Topics (2014) The economy in the Kansai Region has shown mild recovery.

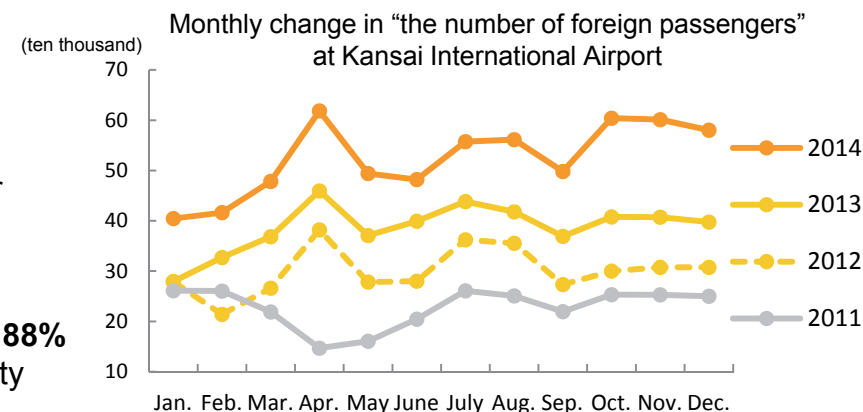
#### ■Kansai economic trends

The Kansai economy is gradually picking up. Maintained high level even after the consumption tax hike, but decreased in August. Although falling below the level at the beginning of the year, the level later recovered again.

Consumer spending and housing investment remain in a state where weak activity stands out due in part to the consumption tax hike, but activity in the corporate sector, such as exports and production, continues to show signs of pickup and is favorable even compared to that nationwide. Capital investment also showed signs of pickup.

#### ■Increase in tourists

The total number of passengers on domestic and international flights using Kansai International Airport in 2014 was 19.35 million, which surpassed that of the previous year for the third consecutive year and exceeded that of the same month of the previous year for the 39th consecutive month. It also exceeded 19 million for the first time in 13 years. Moreover, the number of foreign passengers on international flights was 6.3 million, which marked a record high.



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

#### ■Occupancy rate in 2014 of 13 major hotels in Osaka marked record high of 88%

Annual average guest room occupancy rate in 2014 of 13 major hotels in Osaka City increased 1.5 points year-on-year to 88.5% to mark a new record high since 2009.

In addition to increase in foreigners visiting Japan, the effects of the opening of a new area at Universal Studios Japan also served to boost the occupancy rate.

The outlook is that this tailwind will also continue in 2015.

#### Change in "Most Popular City in Asia as Investment Prospect" Rankings (excerpt of top 6 cities in 2015 survey)

Investment city	2013	2014	2015
Tokyo	13	1	1
Jakarta	1	3	2
Osaka	22	9	3
Sydney	4	5	4
Melbourne	10	13	5
Shanghai	2	2	6

Source: Emerging Trends in Real Estate Asia Pacific 2015 survey

### World-Class Attractiveness

#### ■Osaka Ranked 3rd Most Popular City in Asia as Investment Prospect

According to the Emerging Trends in Real Estate Asia Pacific 2015 survey, Osaka, in third, ranked above Sydney, Shanghai and Singapore in the ranking of top cities in Asia Pacific as an investment prospect.

Osaka ranked the lowest out of the 22 cities in the 2013 survey, but its ranking restored to ninth in 2014. Osaka ranked fourth most popular city as a development prospect.

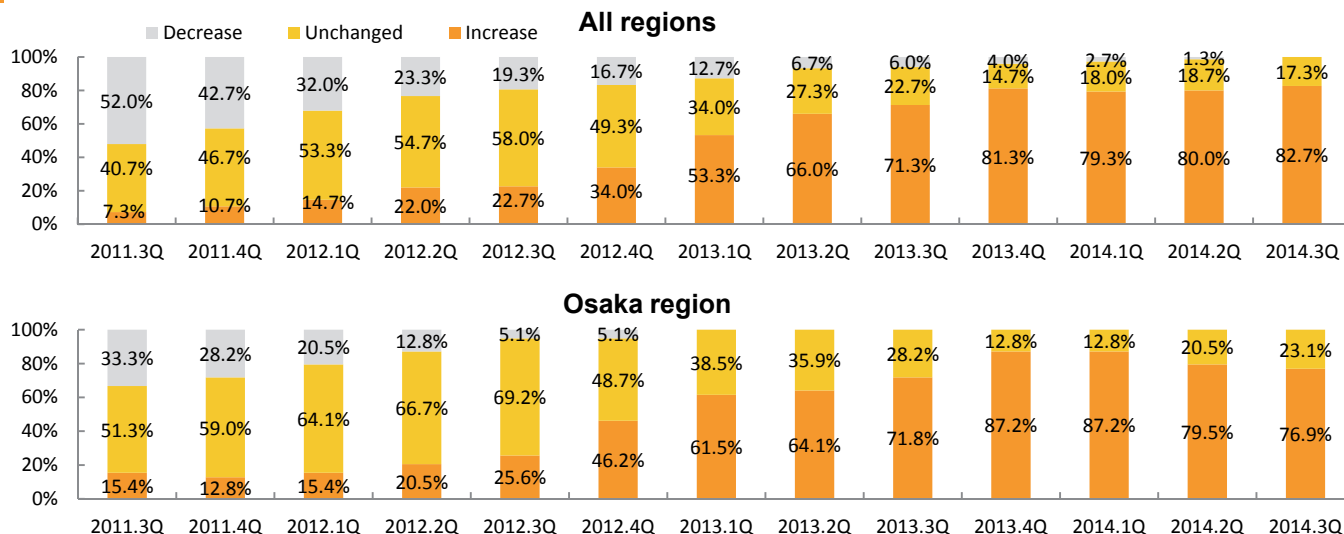


# Office Market Data (1): Changes in Land Price Trends and Vacancy Rate

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



## Changes in Land Price Trends (Land Price LOOK Report)



Notes:

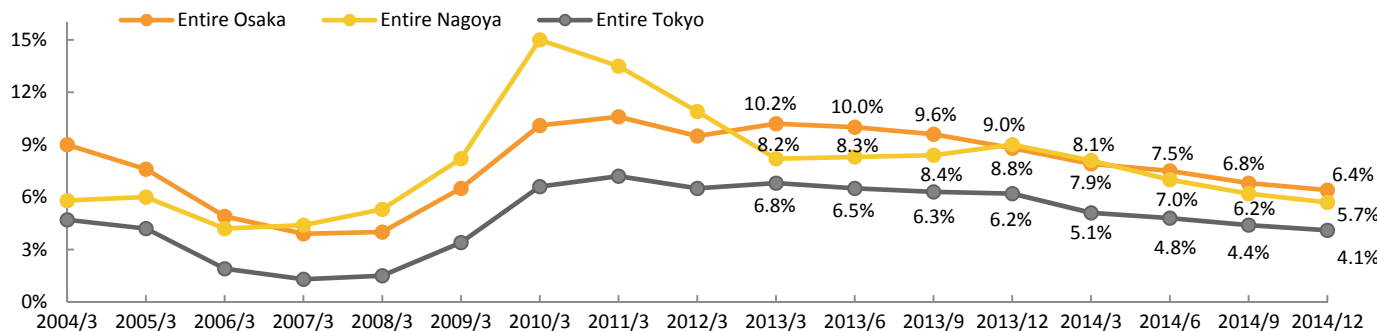
- For each year, 1Q refers to January 1 to April 1, 2Q refers to April 1 to July 1, 3Q refers to July 1 to October 1 and 4Q refers to October 1 to January 1.
- With respect to figures for the 1Q and 2Q of 2011 for all regions, investigations were conducted by excluding the 4 regions for which market 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. 2Q Evaluation	2014. 3Q 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:

- 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.
- 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 Dec., 2014)

Zone	Vacancy Rate	Comparison with end of June, 2014
Entire Osaka	6.4%	-1.1pt
Umeda	9.8%	-1.6pt
Dojima	5.0%	-0.2pt
Nakanoshima	3.2%	-0.5pt
Yodoyabashi	3.2%	-1.4pt
Hommachi	8.7%	-0.1pt
Shin-Osaka	4.2%	-1.5pt

Source: CBRE

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

## Large new supply peaked in 2013



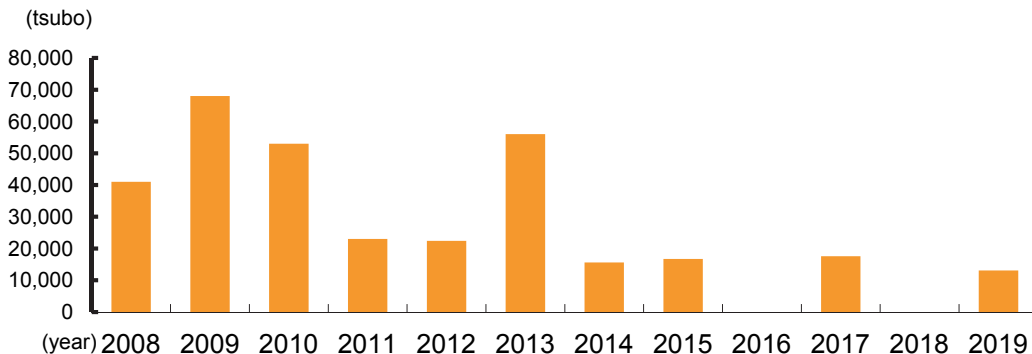
### New Office Building Construction Plans and Leasable Space by Area in Key Office Areas in Osaka (Note)

In tsubo; ( ) in m<sup>2</sup>

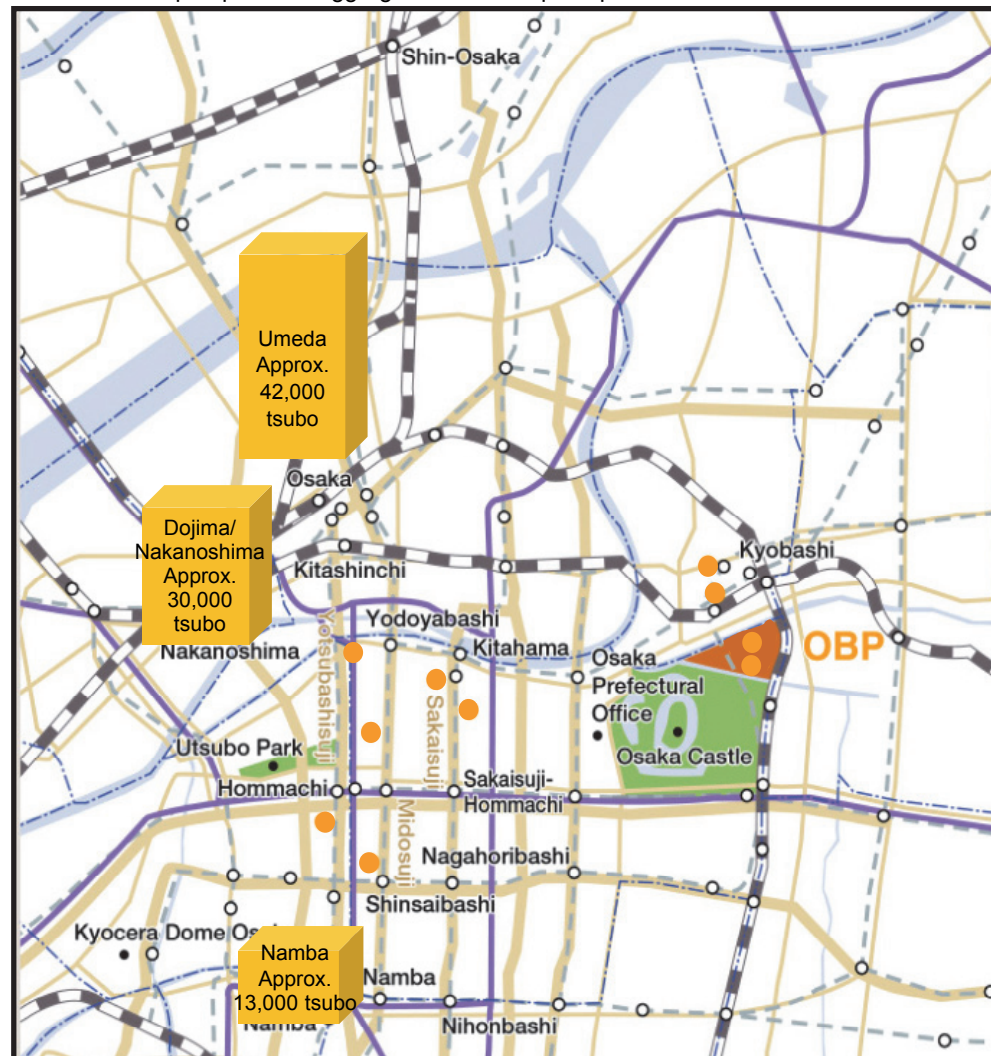
Note: This map depicts the aggregate leasable space plans shown in the table on the left.

Completion	Leasable Space by Year	No.	Area	Property Name	Leasable Space (plan)
2015	16,700 (55,110)	1	Umeda	Seiwa Umeda Building	4,000 (13,200)
		2	Dojima /Nakano -shima	Shin Daibiru	12,700 (41,910)
2017	17,600 (58,080)	3	Dojima /Nakano -shima	Nakanoshima Festival Tower West (tentative name)	17,600 (58,080)
2019	13,100 (43,230)	4	Namba	Nankai Kaikan Building Reconstruction Project	13,100 (43,230)
2022	38,100 (125,730)	5	Umeda	Umeda 1-chome 1- banchi Project	38,100 (125,730)

### 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<sup>2</sup>) or more .  
Properties for which leasable space are yet to be determined are not included.



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 17th fiscal period.



# Office Market Data (3): Market Status

## Drop in expected cap rate and market cap rate



### Expected Cap Rate vs. Market Cap Rate

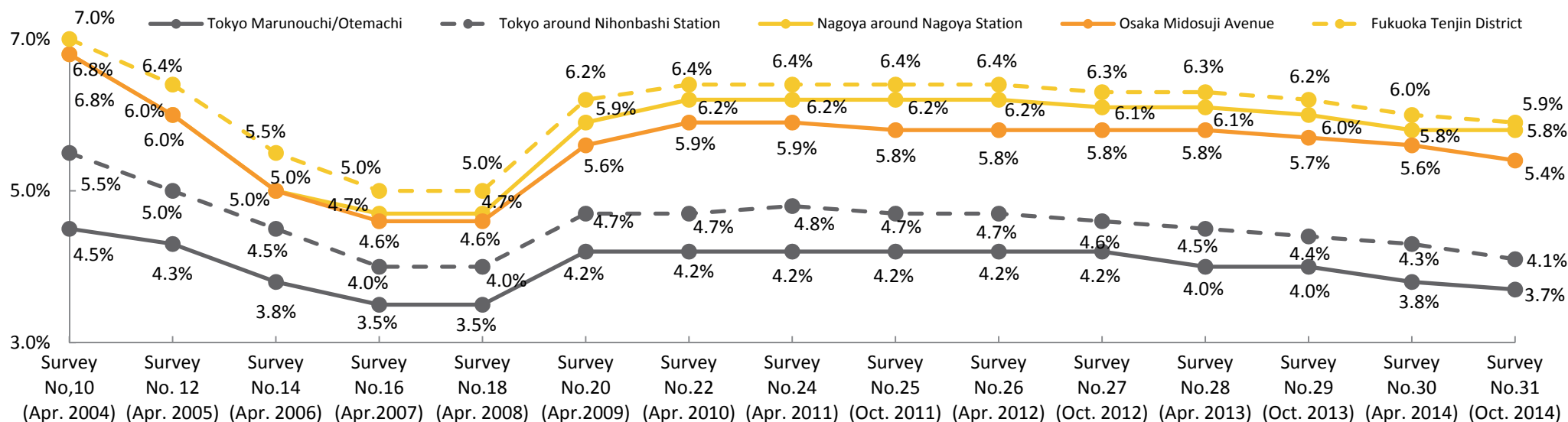
■ “Expected Cap Rate” and “Market Cap Rate” of Average-Sized Class A Office Building in Various Locations

( ) shows previous survey data (as of Apr. 2014)

Location	Expected Cap Rate	Market Cap Rate
Tokyo Around Marunouchi/Otemachi	4.0% (4.0%)	3.7% (3.8%)
Tokyo Around Nihonbashi Station	4.3% (4.5%)	4.1% (4.3%)
Nagoya Around Nagoya Station	5.9% (6.0%)	5.8% (5.8%)
Osaka Midosuji Avenue	5.6% (5.8%)	5.4% (5.6%)
Fukuoka Tenjin District	6.0% (6.2%)	5.9% (6.0%)

Source: Japan Real Estate Institute’s “The Japanese Real Estate Investor Survey No. 31” (as of Oct. 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**

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# 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

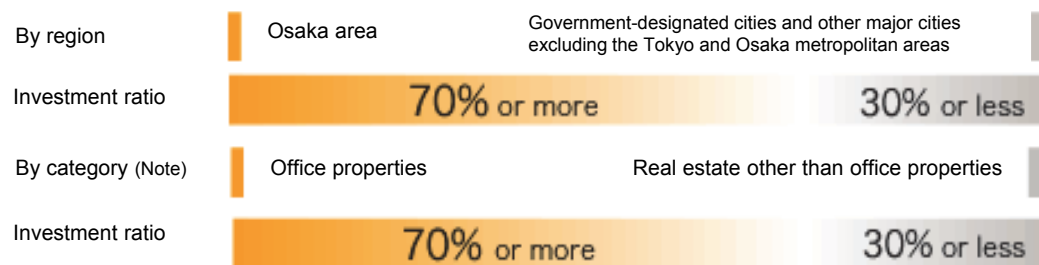


## Portfolio Building Policy

### Basic Policy

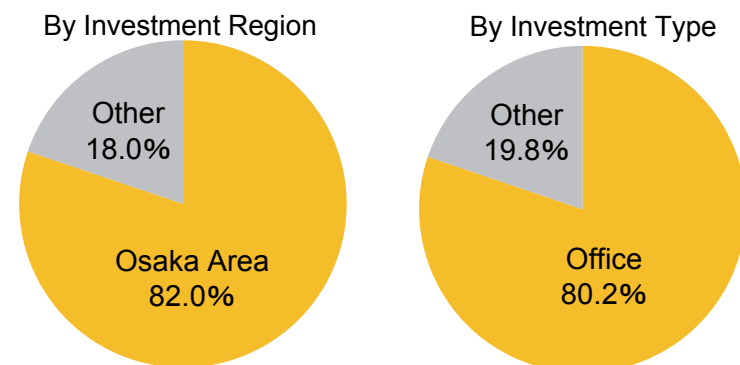
- Conduct asset management in pursuit of securing stable revenue and achieving steady growth of assets under management from a medium- to long-term perspective

### Targeted Investment Regions and Categories (Types)



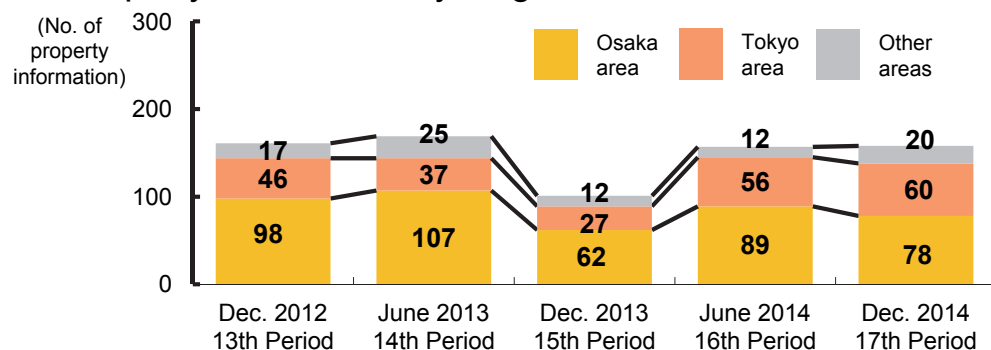
Note: When properties have multiple uses, we determine which category they belong to based on what the majority of leasable floor space for the real-estate-related assets of the portfolio as a whole are used for, and the total acquisition cost of said real-estate-related asset is included in the acquisition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

### Portfolio as of the end of fiscal period ended Dec. 31, 2014 (Acquisition Price Basis)

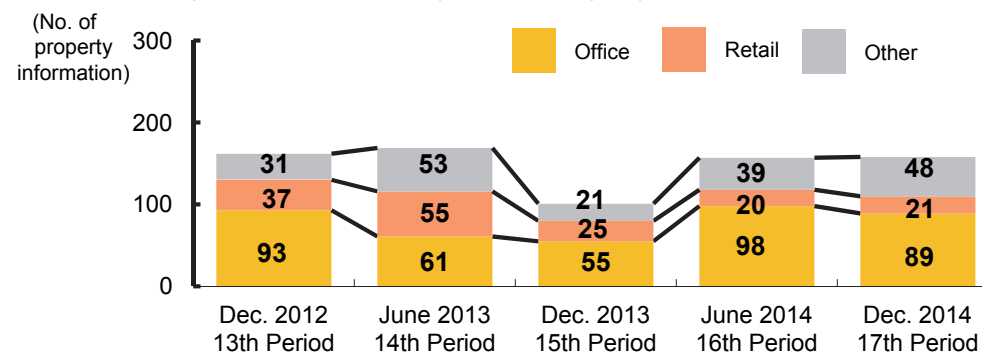


## Status of Property Information Acquisition

### 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



## Characteristics of the OBP

### ■ Business Base

Total land space	Approx. 260,000m <sup>2</sup>
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	<div> <div>Twin 21 Parking</div> <div>approx. 400 vehicles</div> </div> <div> <div>Matsushita IMP Bldg. Parking</div> <div>approx. 300 vehicles</div> </div> <div> <div>MID Shiromi Parking</div> <div>approx. 200 vehicles</div> </div> <div> <div>...etc.</div> <div>totaling approx. 3,000 vehicles</div> </div>

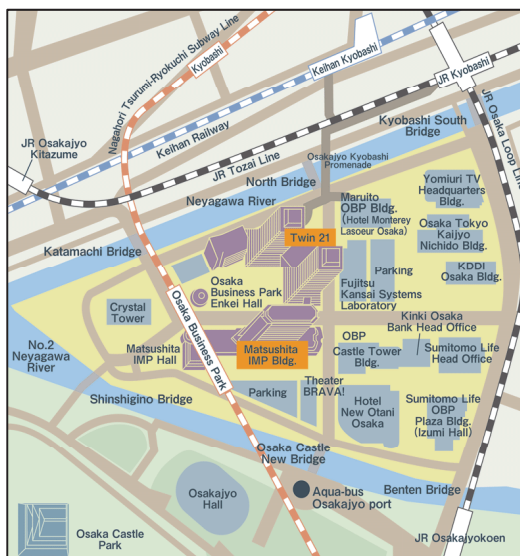


### ■ Convenient Access as the “Gateway to Eastern Osaka”

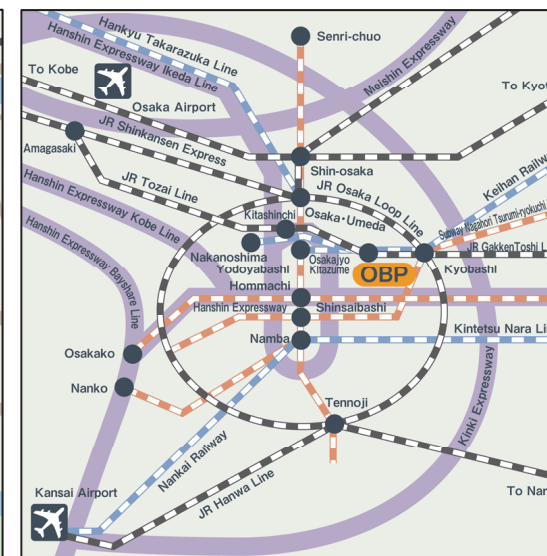
Access to 6 stations on 4 lines	JR Osaka Loop Line (Kyobashi Sta. and Osakajyo Koen Sta.) JR Tozai Line (Kyobashi Sta. and Osakajyo Kitazume Sta.) Keihan Main Line (Kyobashi Sta.) Subway Nagahori Tsurumi-Ryokuchi Line (Osaka Business Park Sta. and Kyobashi Sta.)
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###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



Type	Area	Property Name	Location	Completion Date	Acquisition Date	Acquisition Price (million yen) (Note 1)	Investment Ratio (%) (Note 2)	Leasable Space (㎡) (Note 3)	PML (%) (Note 4)
Office Bldg.	Osaka area	Twin 21	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

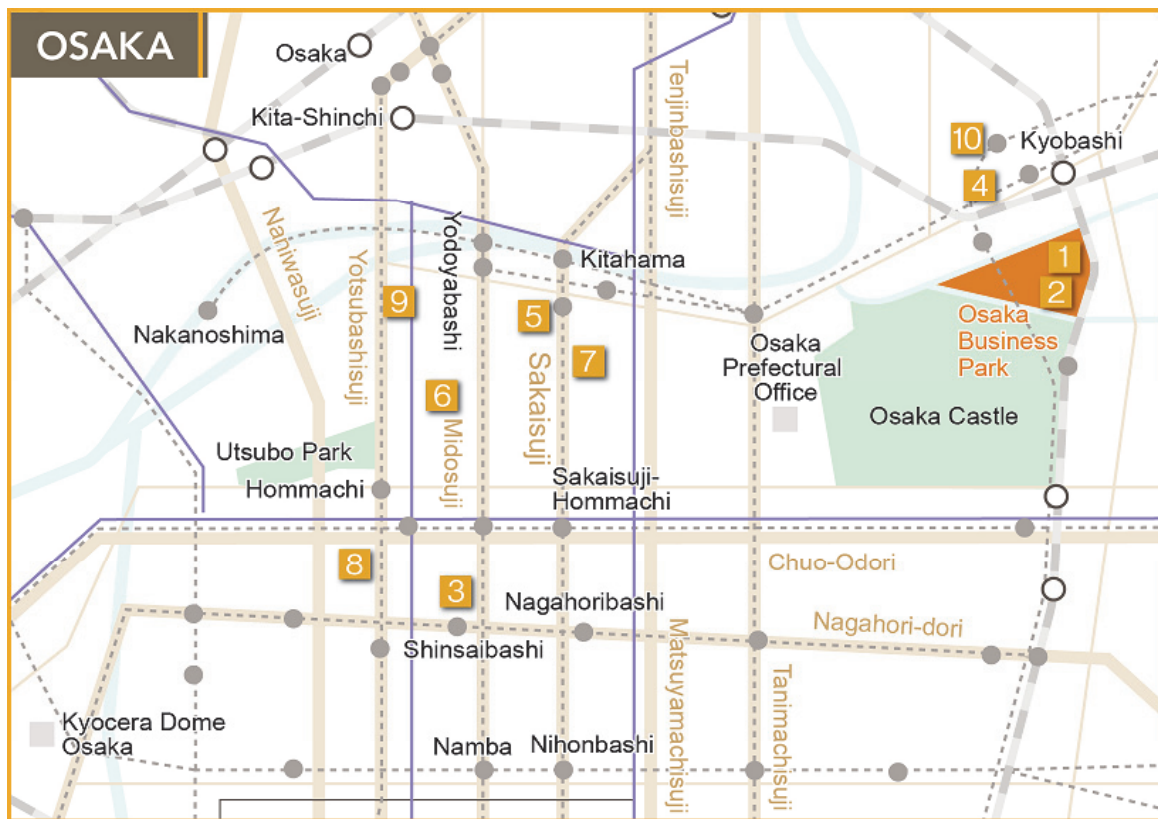
## Notes:

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 Dec. 31, 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.

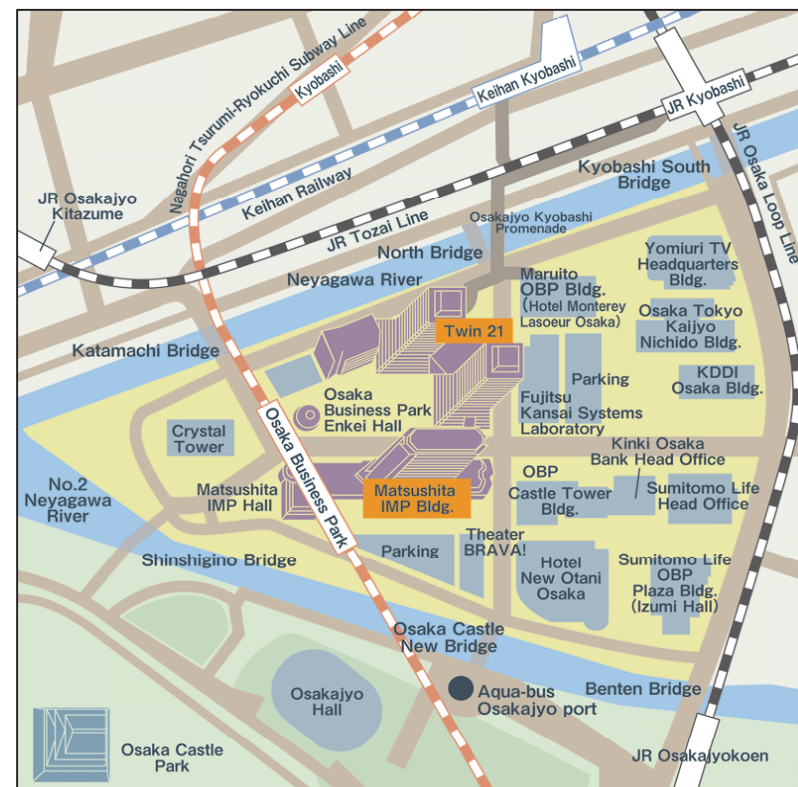


# Portfolio Map

## Portfolio centering on the Osaka area

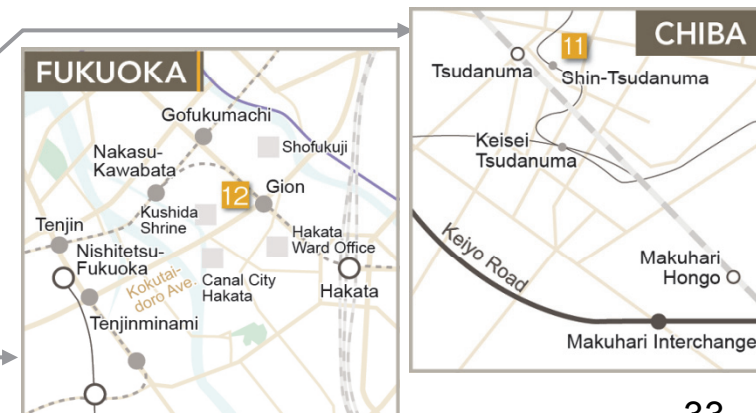
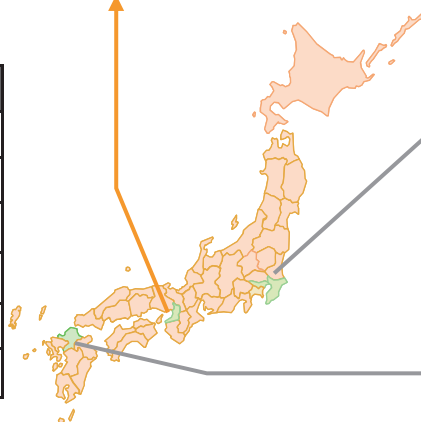


Central Osaka



Osaka Business Park (OBP)

No	Property Name	No	Property Name
1	Twin 21	7	Kitahama MID Bldg.
2	Matsushita IMP Bldg.	8	MID Nishihommachi Bldg.
3	Midosuji MID Bldg.	9	Higobashi MID Bldg.
4	MID REIT Kyobashi Bldg.	10	Konami Sports Club Kyobashi
5	MID Imabashi Bldg.	11	AEON MALL Tsudanuma
6	MID Midosujikawaramachi Bldg.	12	Dormy Inn Hakata Gion



## **4. Business Results**

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# Occupancy Conditions by Property

Portfolio occupancy rate maintained high percentage (-0.3 points compared to 16th period)



Type	Property Name	Leasable Space (m <sup>2</sup> ) (Note 1)	①Occupancy Rate as of June 30, 2014 (16th period end) (%) (Note 2)	②Occupancy Rate as of Dec. 31, 2014 (17th period end) (%) (Note 2)	Difference ② - ① (points)	Movements During 17th Period (July 1, 2014 – Dec. 31, 2014)			
						New Tenant Occupancy (m <sup>2</sup> )	Expansion of Leased Space by Existing Tenants (m <sup>2</sup> )	Cancellation (m <sup>2</sup> )	Decrease in Leased Space by Existing Tenants (m <sup>2</sup> )
Office Bldg.	Twin 21	82,396.80	95.5	94.9	-0.6	744.15	154.11	-1,233.00	-184.38
	Matsushita IMP Bldg.	37,375.89	96.9	96.6	-0.3	187.03	—	-295.15	—
	Midosuji MID Bldg.	10,461.32	100.0	98.8	-1.2	—	—	-129.52	—
	MID REIT Kyobashi Bldg.	4,833.88	100.0	100.0	—	—	—	—	—
	MID Imabashi Bldg.	4,277.65	100.0	100.0	—	158.16	—	-158.16	—
	MID Midosujikawaramachi Bldg.	3,097.39	92.5	85.4	-7.1	—	—	-220.36	—
	Kitahama MID Bldg.	10,189.49	96.9	98.8	1.9	187.81	—	—	—
	MID Nishihommachi Bldg.	3,877.38	96.7	96.7	—	—	—	—	—
	Higobashi MID Bldg.	4,655.57	96.8	100.0	3.2	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	96.5	96.1	-0.4	1,426.02	154.11	-2,036.19	-184.38
	Non-Office Bldg. Occupancy Rate	116,351.61	100.0	100.0	—	—	—	—	—
Total		277,516.98	98.0	97.7	-0.3	1,426.02	154.11	-2,036.19	-184.38

## Notes:

1. "Leasable Space" represent the total leasable floor space as of Dec. 31, 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 is 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.

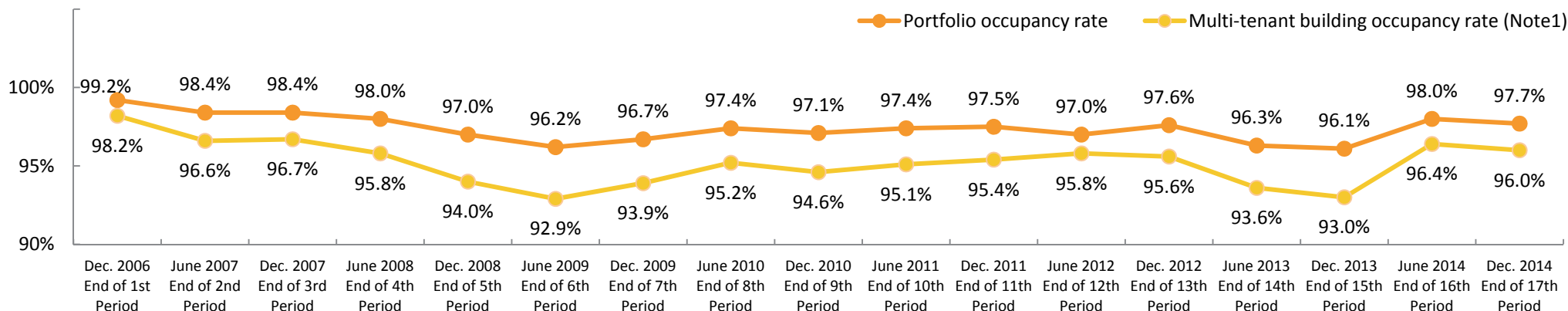
Increase in floor space 1,580.13 m<sup>2</sup>  
 Decrease in floor space -2,220.57 m<sup>2</sup>  
 Net -640.44 m<sup>2</sup>

# Changes in Occupancy Rates

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



## Changes in Occupancy Rates (1st Period End to 17th 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.

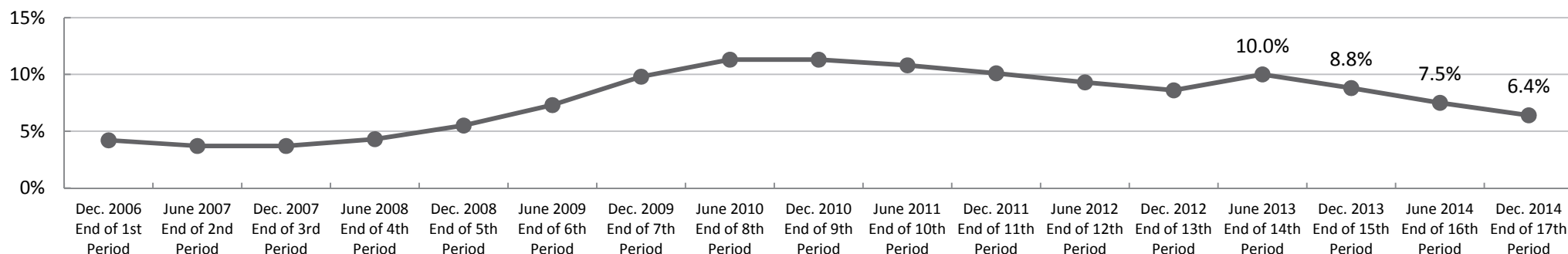
e. October 2008 to March 2009: Twin 21, Matsushita IMP Bldg., MID Imabashi Bldg., MID Midosujikawaramachi Bldg., Kitahama MID Bldg. and MID Nishihommachi Bldg.

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 26 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 17th 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 June 30, 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



Use	Osaka Area	
Office Building	<p>■ Osaka Business Park (OBP)</p>  <p>Twin 21</p>  <p>Matsushita IMP Bldg.</p>	 <p>Kitahama MID Bldg.</p>  <p>Midosuji MID Bldg</p>  <p>MID Imabashi Bldg.</p>  <p>Higobashi MID Bldg.</p>  <p>MID Nishihommachi Bldg.</p>  <p>MID Midosujikawaramachi Bldg.</p>  <p>MID REIT Kyobashi Bldg.</p>
	<p>Osaka Area</p>  <p>Konami Sports Club Kyobashi</p>	<p>Other</p>  <p>AEON MALL Tsudanuma (Narashino-shi, Chiba prefecture)</p>  <p>Dormy Inn Hakata Gion (Hakata-ku, Fukuoka-shi)</p>

# List of Appraisal Values

Appraisal value increased by 440 million yen for the entire portfolio; All cap rates are decreased



Type	Region	Property Name	Acquisition Price (million yen) (Note 1)	Appraisal Value as of June 30, 2014 (16th Period End) (million yen) (Note 2)	Book Value as of Dec. 31, 2014 (17th Period End) (million yen) (Note 3)	Appraisal Value as of Dec. 31, 2014 (17th Period End) (million yen) (Note 2)	Difference from Previous Period End (%)	Difference from Book Value (%)	Appraisal Company	16th Period Appraisal Value Rate (%) (Note 4)	17th Period Appraisal Value Rate (%) (Note 4)
Office Bldg.	Osaka area	Twin 21	68,700	46,500	67,813	46,000	-1.1	-32.2	Morii Appraisal & Investment Consulting, Inc.	5.1	5.0
		Matsushita IMP Bldg.	24,600	17,700	23,126	17,700	—	-23.5	Tanizawa Sogo Appraisal Co., Ltd.	5.2	5.1
		Midosuji MID Bldg.	8,290	6,850	8,602	6,960	1.6	-19.1	Tanizawa Sogo Appraisal Co., Ltd.	4.6	4.4
		MID REIT Kyobashi Bldg.	2,300	1,360	2,155	1,370	0.7	-36.4	Tanizawa Sogo Appraisal Co., Ltd.	5.8	5.7
		MID Imabashi Bldg.	3,270	2,220	3,224	2,240	0.9	-30.5	Tanizawa Sogo Appraisal Co., Ltd.	5.2	5.1
		MID Midosujikawaramachi Bldg.	2,000	1,390	1,956	1,380	-0.7	-29.4	Tanizawa Sogo Appraisal Co., Ltd.	5.6	5.5
		Kitahama MID Bldg.	10,800	8,230	10,594	8,290	0.7	-21.7	Japan Real Estate Institute	5.0	4.9
		MID Nishihommachi Bldg.	3,550	2,120	3,419	2,150	1.4	-37.1	Japan Real Estate Institute	5.2	5.1
		Higobashi MID Bldg.	3,000	3,140	2,969	3,180	1.3	7.1	Japan Real Estate Institute	5.0	4.9
Subtotal			126,510	89,510	123,863	89,270	-0.3	-27.9	—	—	—
Other	Osaka area	Konami Sports Club Kyobashi	2,780	3,020	2,488	3,070	1.7	23.4	Daiwa Real Estate Appraisal Co., Ltd.	5.7	5.6
	Other major cities	AEON MALL Tsudanuma	26,100	25,500	24,528	26,000	2.0	6.0	Daiwa Real Estate Appraisal Co., Ltd.	5.1	5.0
		Dormy Inn Hakata Gion	2,280	2,600	2,256	2,730	5.0	21.0	Tanizawa Sogo Appraisal Co., Ltd.	5.7	5.4
Subtotal			31,160	31,120	29,274	31,800	2.2	8.6	—	—	—
Total			157,670	120,630	153,137	121,070	0.4	-20.9	—	—	—

Notes:

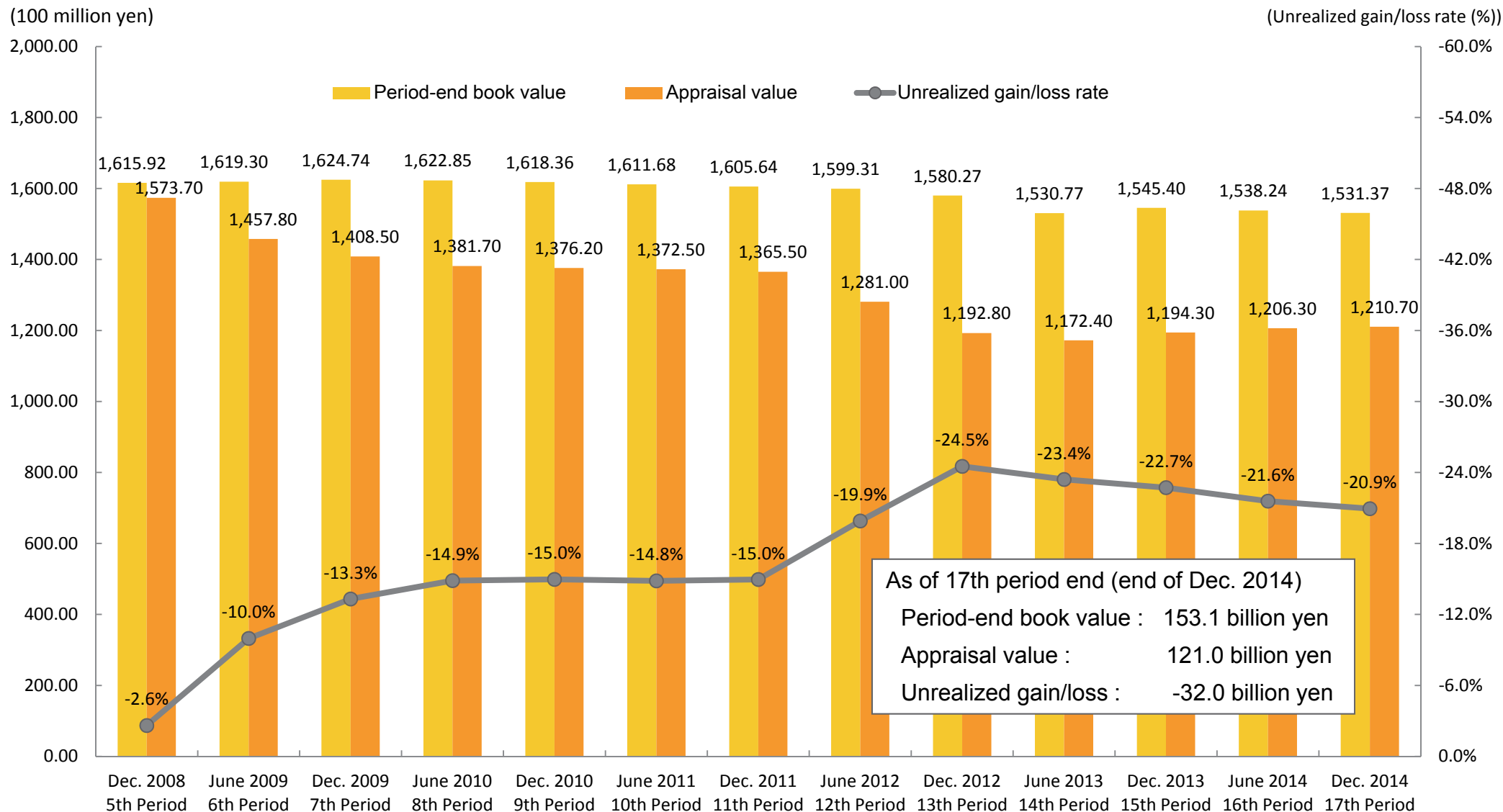
1. "Acquisition Price" states the sale price which is stated in the sales contract for the respective trust beneficiary interest, etc. (excluding various acquisition expenses, property taxes and consumption taxes, etc.).
2. "Appraisal Value" is the appraisal value at the end of the fiscal period based on the appraisal report with Dec. 31, 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. Appraisal Value Rate" is the cap rate based on the direct capitalization method.

# Status of Appraisal Value



## Changes in Period-end Book Value, Appraisal Value and Unrealized Gain/Loss rate

(5th Period (July 1, 2008 – Dec. 31, 2008) to 17th Period (July 1, 2014 – Dec. 31, 2014))





# Tenant Trends

## Major tenants are AEON Retail and Panasonic



### Overview of Key Tenants (as of Dec. 31, 2014)

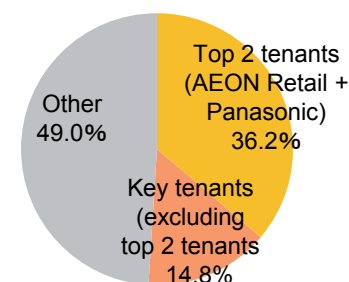
Tenant	Tenant of	Expiration Date of the Contract (Note 1)	Leased Floor Space (m <sup>2</sup> )	As a Percentage of Total Leased Floor Space (%) (Note 2)
AEON Retail Co., Ltd.	AEON MALL Tsudanuma	Sep. 29, 2023	101,210.44	37.3
Panasonic Corporation	Twin21	Mar. 31, 2017 (Note 3)	40,787.33	15.0
Konami Sports & Life Co., Ltd.	Konami Sports Club Kyobashi	— (Note 4)	9,586.26	3.5
NCS&A 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 4)	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 4)	4,077.50	1.5
Total			185,128.97	68.3

#### Notes:

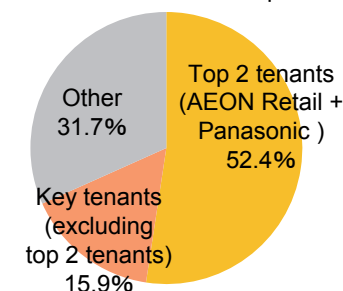
1. The expiration date of the contract with the largest leased floor space is stated if there are multiple leasing contracts, etc.
2. The leased floor space as a percentage of total leased floor space is rounded to the first decimal place.  
Therefore, figures may not add up to the total in the "Total" column.
3. A memorandum to change the lease contract on leased units of content extending the contract period was concluded on January 20, 2015. This changes the current expiration date of the contract to March 31, 2018.
4. 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 Rent revenue – real estate



Based on leased floor space



# Tenant Satisfaction Survey

**Better satisfaction for almost all surveyed items, including “ambience”**



## 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. 21, 2014 to Nov. 21, 2014

Number sampled: 218 tenants

Surveyor: Kanden CS Forum Inc., Ad Dentsu Osaka Inc. and DENTSU MACROMILL INSIGHT, INC.

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

Factors	2010	2011	2012	2013	2014	Difference (2013 → 2014)
Ambience	79.5	79.3	81.0	79.7	82.3	+2.6
Effectiveness of facility management	73.9	76.3	76.8	76.9	78.4	+1.5
Overall building comfort	55.1	56.5	57.8	57.2	58.6	+1.4
Attitude of management staff	74.1	74.4	75.5	74.2	75.2	+1.0
Effectiveness of property management	68.3	70.3	71.4	71.6	72.5	+0.9
Security measures	66.2	66.9	69.1	69.7	70.4	+0.7
Common-area functions	64.7	64.7	66.1	66.8	67.4	+0.6
User-friendliness of building facilities and equipment	65.2	65.5	67.1	67.4	67.9	+0.5
Cleanliness	71.5	72.1	72.8	72.0	71.3	-0.7

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. Surveyed properties are the following:  
2010-2012: Twin 21, Matsushita IMP Bldg., MID Imabashi Bldg., Kitahama MID Bldg., 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., MID Midosujikawaramachi Bldg. and Higobashi MID Bldg.



## **5. Details on Unitholders and Units Held**

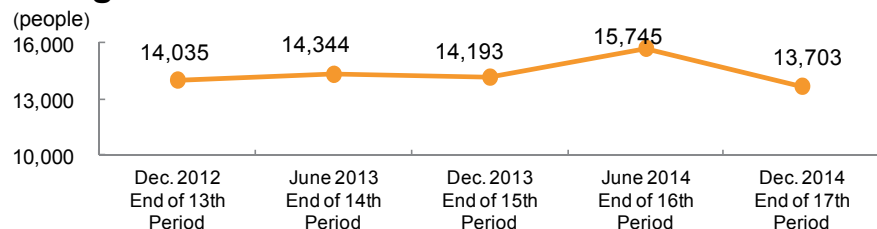
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# Unitholder Details

**13,703 unitholders as of 17th Period End, with increasing financial institutions and foreign corporations and individuals**

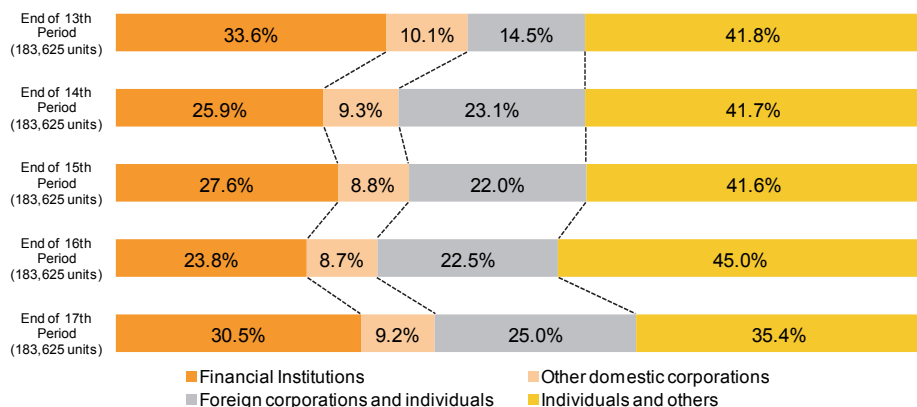


## Changes in Number of Unitholders

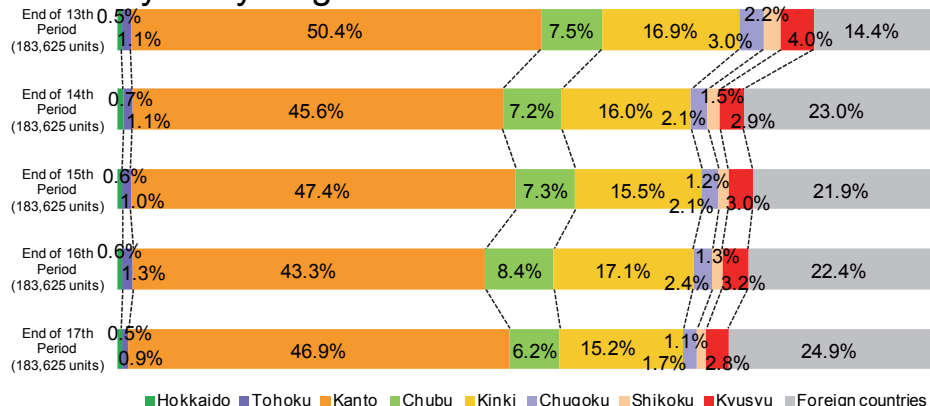


## Analysis of Investor Attributes (Distribution of Number of Units Held)

### 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 16th period end
Japan Trustee Services Bank, Ltd. (Trust Account)	25,902	14.11	+12,635
MID Urban Development Co., Ltd.	9,200	5.01	0
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,914	3.77	+897
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	6,509	3.54	-1,499
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	4,664	2.54	-751
JP Morgan Chase Bank 380180	3,419	1.86	-5,658
Barclays Capital Securities Limited	2,704	1.47	+1,260
State Street Bank and Trust Company	1,904	1.04	+1,220
Mellon Bank Treaty Clients Omnibus	1,741	0.95	+1,339
CBNY DFA International Real Estate Securities Portfolio	1,673	0.91	+292
Total	64,630	35.20	—

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 Feb. 6, 2015)

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 Securities Co., Ltd. Mizuho Asset Management Co., Ltd. Shinko Asset Management Co., Ltd.	9,272	5.05	Sep. 22, 2014
MID Urban Development Co., Ltd.	9,200	5.01	Jan. 10, 2007
DIAM Co., Ltd.	9,008	4.91	Feb. 4, 2015

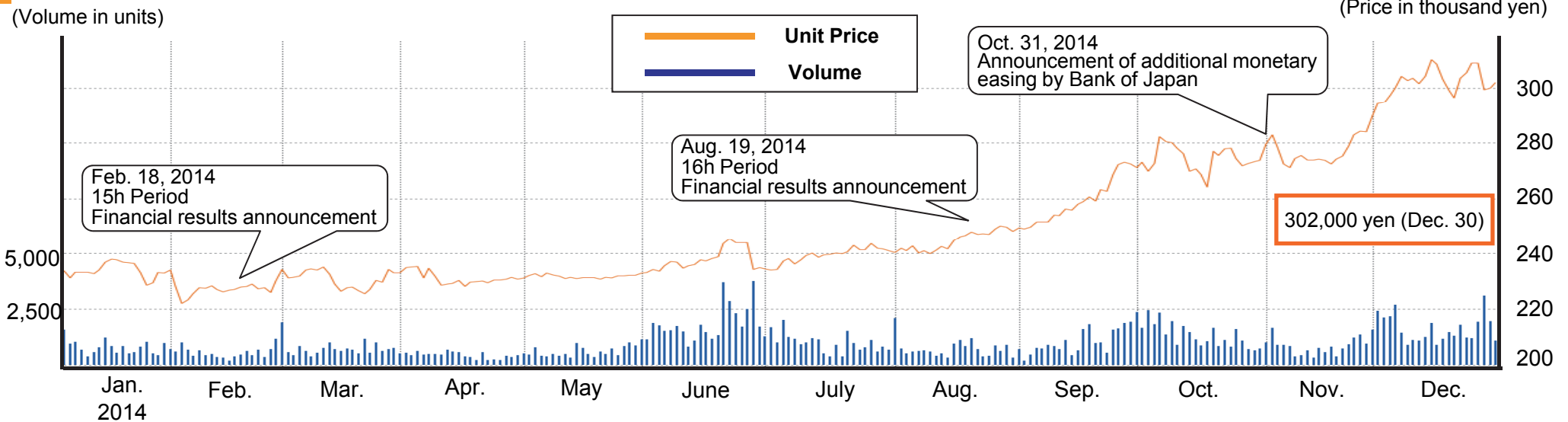
Notes : The ratios of units held to total units issued and outstanding are based on values recorded in large unitholding reports.

# Unit Price Performance

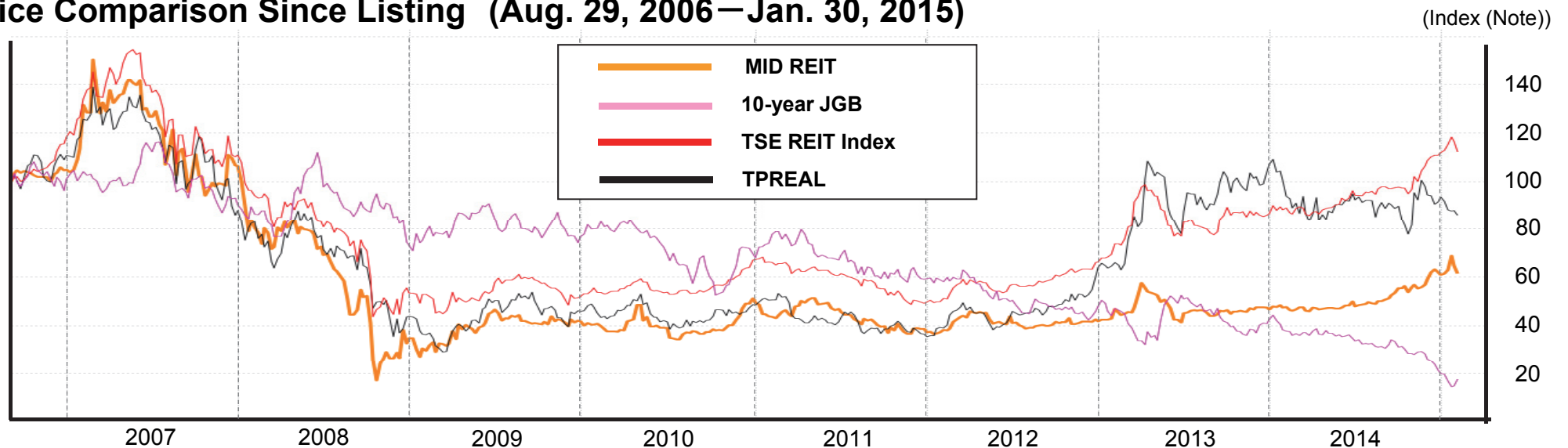
## Generally favorable performance in 17th period



### Unit Price Performance for the Past 1 Year



### Price Comparison Since Listing (Aug. 29, 2006—Jan. 30, 2015)



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

## 6. Appendix






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# CSR Initiatives

## Promotion of DBJ Green Building Certification Acquisition



### Acquisition of DBJ Green Building Certification (system assigning one of five ranks of certification)

 <p>DBJ Green Building 2014</p> <p>These buildings received “DBJ Green Building Certification,” which certifies real estate properties with high environmental and social awareness, from Development Bank of Japan Inc. as “properties with excellent environmental and social awareness.”</p>	Twin21 (three stars)		Matsushita IMP Bldg. (three stars)		Kitahama MID Bldg. (three stars)		Higobashi MID Bldg. (three stars)	
								
	Location	Shiromi, Chuo-ku, Osaka	Location	Shiromi, Chuo-ku, Osaka	Location	Doshomachi, Chuo-ku, Osaka	Location	Edobori, Nishi-ku, Osaka
	Structure	SRC	Structure	S, SRC	Structure	S, SRC	Structure	S
	Floors	B1/38F	Floors	B2/26F	Floors	B1/18F	Floors	B1/11F
	Total floor space	146,034.98㎡	Total floor space	84,952.57㎡	Total floor space	14,648.13㎡	Total Floor Space	6,519.63㎡
	Construction completed	March 1986	Construction completed	February 1990 Added on to in November 2003	Construction completed	February 2008	Construction Completed	January 2010
	Acquired	August 2006	Acquired	August 2006	Acquired	April 2008	Acquired	June 2013

### CASBEE Osaka Class A certification (February 2010)

#### Higobashi MID Bldg.

#### \*Honorable mention in 2010 Osaka Sustainable Building Awards

##### [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)



# Safety of Osaka Business Park (OBP)

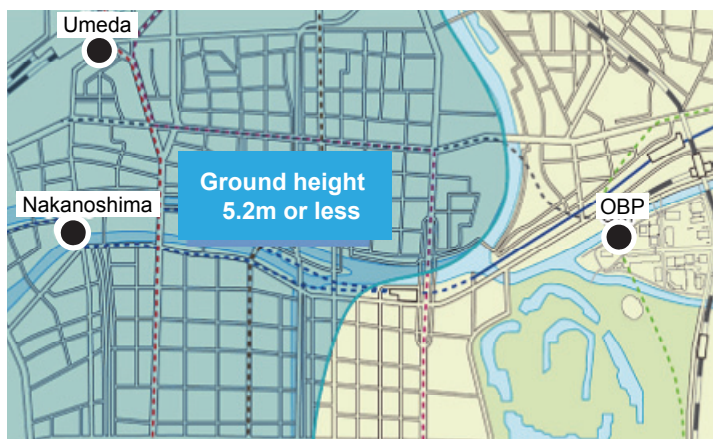
**Exhibits superior capacity even among business areas in Osaka business area to withstand earthquakes, tsunamis and flooding disasters**



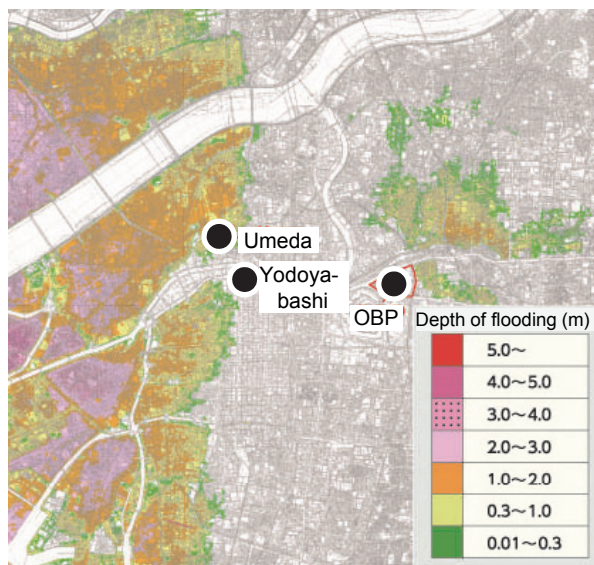
## Safety of OBP

Earthquakes	<ul style="list-style-type: none"> <li>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)</li> </ul>
Tsunamis	<ul style="list-style-type: none"> <li>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)</li> <li>The possibility of inundation based on the expected tsunami and water level from a major Nankai Trough earthquake (magnitude of 9.1) is low (Based on the Osaka Municipal Government's Major Nankai Trough Earthquake Disaster Response Study Group Meeting held in Osaka on August 8, 2013)</li> </ul>
Flooding	<ul style="list-style-type: none"> <li>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)</li> </ul>

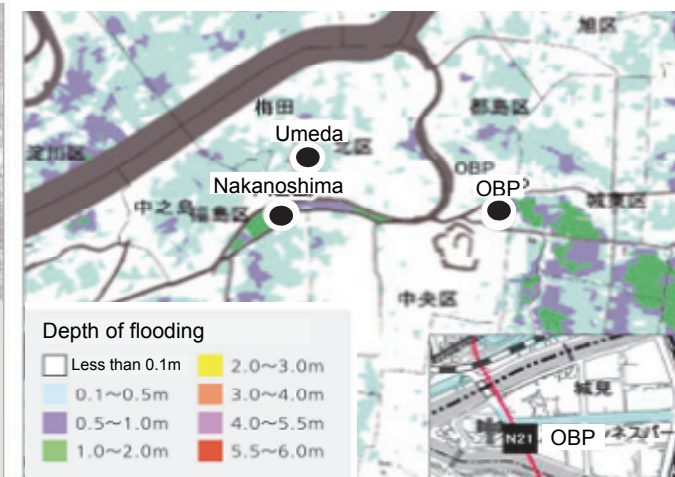
### Comparison of tsunami twice the height as expected in the past (5.2m) and ground altitude



### Expected tsunami and water level



### 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.

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



## 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 2013/2014 next-generation energy technology demonstration project.
- 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

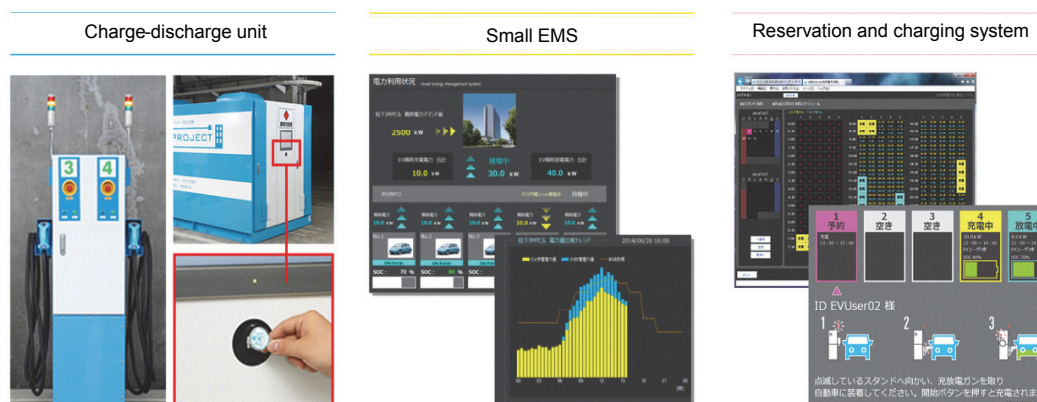
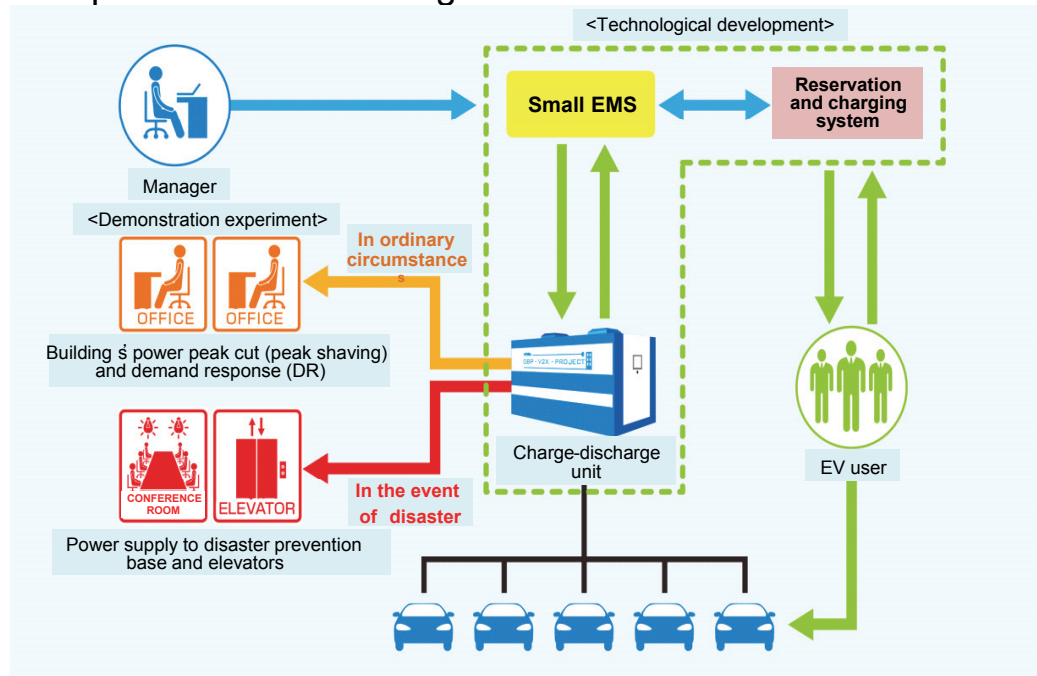
[Technological development: within fiscal 2013]

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

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

- Introducing charge-discharge units and EMS 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



\*Figures are an image and differ from actual figures.

Source: Excerpt from Osaka Business Park Development Council’s press materials and MID Urban Development Co., Ltd.’s “OBP “V2X” Project Official Website” (<http://obp-smartcity.com/>)

# Financial Statements (Balance Sheet)



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

Description	Fiscal Period ended June 30, 2014 (16th Period) (as of June 30, 2014)		Fiscal Period ended Dec. 31, 2014 (17th Period) (as of Dec. 31, 2014)		Difference	
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)
(Assets)						
I Total current assets	14,596	8.6	15,281	9.1	685	4.7
Cash and deposits	8,951		9,270		318	
Cash and deposits in trust	5,502		5,862		359	
Operating accounts receivable	129		123		-5	
Prepaid expenses	12		25		13	
Deferred tax assets	0		0		-0	
II Total non-current assets	154,165	91.4	153,542	90.9	-623	-0.4
1. Property, plant and equipment						
Buildings in trust	63,932		64,350		-677	
Accumulated depreciation	-14,700		-15,796		-	
Structures in trust	108		109		-0	
Accumulated depreciation	-18		-20		-	
Machinery and equipment in trust	7		7		-0	
Accumulated depreciation	-0		-1		-	
Tools, furniture and fixtures in trust	489		516		-8	
Accumulated depreciation	-267		-302		-	
Land in trust	104,273		104,273		—	
Construction in progress in trust	—		3		3	
Total property, plant and equipment	153,824	91.1	153,140	90.7	-683	-0.4
2. Intangible assets						
Software	0		0		-0	
Trademark right	0		0		-0	
Total intangible assets	1	0.0	1	0.0	-0	-14.9
3. Investments and other assets						
Lease and guarantee deposits	10		10		—	
Long-term prepaid expenses	329		390		60	
Total investments and other assets	339	0.2	400	0.2	60	17.8
Total assets	168,762	100.0	168,823	100.0	61	0.0

Description	Fiscal Period ended June 30, 2014 (16th Period) (as of June 30, 2014)		Fiscal Period ended Dec. 31, 2014 (17th Period) (as of Dec. 31, 2014)		Difference	
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)
(Liabilities)						
I Total current liabilities	16,323	9.7	17,904	10.6	1,581	9.7
Operating accounts payable	262		314		52	
Current portion of long-term loans payable	14,050		15,250		1,200	
Accounts payable - other	645		864		219	
Accrued expenses	111		108		-2	
Distribution payable	11		8		-2	
Income taxes payable	1		1		-0	
Accrued consumption taxes	100		56		-43	
Advances received	713		711		-1	
Other	428		588		160	
II Total non-current liabilities	60,905	36.1	59,452	35.2	-1,453	-2.4
Long-term loans payable	51,375		50,050		-1,325	
Tenant leasehold and security deposits	7,517		7,340		-177	
Tenant leasehold and security deposits in trust	2,013		2,062		49	
Total liabilities	77,229	45.8	77,357	45.8	127	0.2
(Net assets)						
I Unitholders' equity						
1. Unitholders' capital	90,372		90,372		—	
2. Surplus						
Unappropriated retained earnings (undisposed loss)	1,160		1,094		-66	
Total surplus	1,160		1,094		-66	
Total unitholders' equity	91,532		91,466		-66	
Total net assets	91,532	54.2	91,466	54.2	-66	-0.1
Total liabilities and net assets	168,762	100.0	168,823	100.0	61	0.0

CAPEX accrued during the period: 514 million yen  
(see page 52 for details of properties)

# Financial Statements (Income Statement)



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

Description	Fiscal Period ended June 30, 2014 (16th Period) (Jan. 1, 2014-June 30, 2014)		Fiscal Period ended Dec. 31, 2014 (17th Period) (July. 1, 2014-Dec. 31, 2014)		Difference	
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)
1. Operating revenue	5,157	100.0	5,173	100.0	15	0.3
Rent revenue - real estate	4,795		4,790			
Other lease business revenue	362		383			
2. Operating expenses	3,543	68.7	3,634	70.3	91	2.6
Expenses related to rent business	3,023		3,123			
Asset management fee	399		395			
Asset custody fee	8		8			
Administrative service fees	41		41			
Directors' compensations	5		5			
Other operating expenses	65		59			
Operating income	1,614	31.3	1,538	29.7	-75	-4.7
3. Non-operating income	2	0.1	2	0.0	-0	-23.1
Interest income	1		1			
Refund of unpaid distributions	1		0			
4. Non-operating expenses	455	8.8	453	8.8	-1	-0.4
Interest expenses	365		363			
Borrowing related expenses	89		89			
Other	0		0			
Ordinary income	1,161	22.5	1,087	21.0	-74	-6.4
5. Extraordinary income	—	—	76	1.5	76	—
Gain on insurance adjustment	—		76			
6. Extraordinary losses	—	—	68	1.3	68	—
Loss on reduction of non-current assets	—		68			
Income before income taxes	1,161	22.5	1,095	21.2	-66	-5.7
Income taxes	1	0.0	1	0.0	-0	-7.8
Income taxes - current	1		1			
Income taxes - deferred	0		0			
Net income	1,160	22.5	1,093	21.1	-66	-5.7
Retained earnings brought forward	0		0		0	8.2
Unappropriated retained earnings (undisposed loss)	1,160		1,094		-66	-5.7

## Details of Rent revenue – real estate

Rent revenue	3,918
CAM revenue	724
Parking revenue	147

## Details of Expenses related to rent business

Property management fees	645
Utilities expenses	612
Real estate taxes	527
Insurance premiums	10
Repairs expenses	143
Depreciation	1,133
Loss on retirement of non-current assets	0
Other lease business expenses	50

# Financial and Accounting Indices



Indices	Fiscal Period ended June 30, 2014 (16th Period) (Jan. 1, 2014-June 30, 2014)	Fiscal Period ended Dec. 31, 2014 (17th Period) (July 1, 2014-Dec. 31, 2014)	Comments
Net operating days	181 days	184 days	—
NOI from property leasing	3,268 million yen	3,182 million yen	Property leasing income + Depreciation + Loss on retirement of noncurrent assets
NOI yield from property leasing (p.a.)	4.2%	4.0%	NOI from property leasing (annualized) ÷ Total acquisition price of portfolio properties (on an average daily balance basis)
Funds from operations (FFO)	2,294 million yen	2,227 million yen	Net income (excl. gain or loss on sales of real estate properties) + Depreciation + Loss on retirement of non-current assets
FFO per unit	12,497 yen	12,129 yen	FFO ÷ Total investment units issued and outstanding at end of period
Return on assets (ROA)	1.4%	1.3%	Ordinary income [annualized] ÷ {(Total assets at beginning of period + Total assets at end of period) ÷ 2}
Return on equity (ROE)	2.6%	2.4%	Net income [annualized] ÷ {(Net assets at beginning of period + Net assets at end of period) ÷ 2}
Net assets per unit	498,477 yen	498,116 yen	Net assets at end of period ÷ Total investment units issued and outstanding at end of period
NAV per unit	318,248Yen	323,480 yen	{Net assets at end of period + (Appraisal value at end of period – Book value at end of period)} ÷ Total investment units issued and outstanding at end of period
NAV multiple	0.74	0.93	Unit price at end of period ÷ NAV per unit
Loan to value (LTV)	38.8%	38.7%	Interest-bearing liabilities at end of period ÷ Total assets at end of period
Debt service coverage ratio (DSCR)	7.3	7.1	Net income before interest and depreciation (Net income + Interest expenses + Depreciation) ÷ Interest expenses
Price book-value ratio (PBR)	0.5	0.6	Unit price at end of period ÷ Net assets per unit
Price earnings ratio (PER)	18.4	25.6	Unit price at end of period ÷ Net income per unit [annualized]
FFO multiple	9.3	12.6	Unit price at end of period ÷ FFO per unit [annualized]

Note: Unit price at end of period is 302,000 yen, which is the closing price on Dec. 31, 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	184	184	184	184	184	184	184	184	184	184	184	184
Rent revenue	1,626	623	235	—	—	726	70	44	217	70	76	—
CAM revenue	459	143	15	—	—	—	11	8	50	9	26	—
Parking revenue	64	56	6	—	—	—	7	1	5	1	2	—
Rent revenue - real estate	2,150	823	257	—	—	726	89	54	272	81	105	—
Utilities revenue	154	99	28	—	—	—	7	4	39	12	11	—
Early-withdrawal penalties received	1	—	—	—	—	—	—	2	—	—	—	—
Other revenue	9	4	2	—	—	—	0	0	1	1	0	—
Other lease business revenue	166	103	30	—	—	—	7	7	41	13	12	—
① Property leasing revenue	2,317	926	288	—	—	726	97	61	313	95	117	—
Property management fees	335	184	33	—	—	8	14	8	33	10	12	—
Commission fee	10	0	—	—	—	—	0	—	—	—	1	—
Utilities expenses	320	185	32	—	—	—	10	5	33	13	11	—
Real estate taxes	208	128	45	—	—	59	12	6	22	8	12	—
Insurance premiums	4	2	0	—	—	1	0	0	0	0	0	—
Repair expenses	36	36	8	—	—	41	0	2	9	1	2	—
Other lease business expenses	26	10	0	—	—	—	—	0	0	0	0	—
② Expenses related to rent business	942	548	120	—	—	109	38	21	100	34	41	—
③ NOI (① - ②)	1,374	378	168	39	84	616	58	39	213	60	75	74
NOI yield (Acquisition price basis) (p.a.)	4.0%	3.1%	4.0%	3.4%	6.0%	4.7%	3.6%	3.9%	3.9%	3.4%	5.0%	6.5%
④ Depreciation	525	261	61	14	18	115	24	13	39	18	22	19
⑤ Loss on retirement of non-current assets	—	0	—	—	—	—	—	—	—	—	—	—
⑥ Property leasing income (③ - ④ - ⑤)	849	116	107	24	66	500	34	25	173	42	53	54
CAPEX	350	72	1	—	(Note 3) 38	4	8	9	—	—	—	—

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.
3. An asset acquired with insurance proceeds, etc. and reduction entry thus applies.

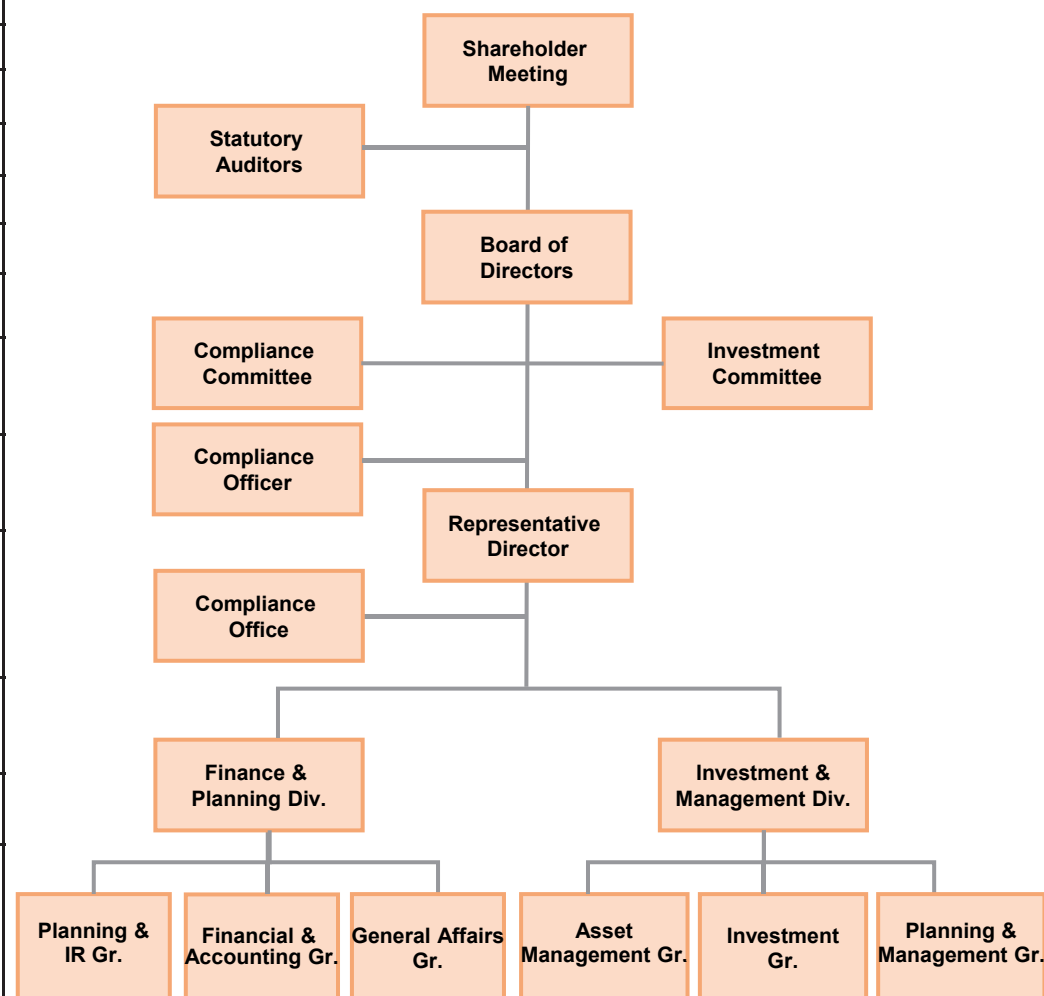
# Overview of Asset Management Company



## Company Overview

Company Overview (as of February 1, 2015)		
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	30 (inclusive of 1 temporary worker and 2 part-timers)	
Officers	President & CEO	Tomoyuki Goto
	Managing Director General Manager, Finance & Planning Division	Hiroataka 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



Definition of Sponsor Related Parties	<p>(a) Interested persons as defined by the Investment Trust Law</p> <p>(b) Consolidated subsidiaries and affiliated companies as defined by regulations for consolidated financial statements (Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements; same hereafter) of the major shareholders of the asset management company (those defined by the Financial Instruments and Exchange Law of Japan as major shareholders of financial services providers) (excluding those applicable to (a))</p> <p>(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))</p> <p>(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))</p>	
Transaction and Selection Criteria (Principles)	Property acquisition/disposal	Transaction has to comply with the following criteria: Acquisition price $\leq$ Appraised value, Appraised value $\leq$ 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	<pre> graph LR     A[Each Group Proposal drafting] --&gt; B[Compliance Officer Approval]     B --&gt; C[Compliance Committee (Notes 1 and 2) Approval]     C --&gt; D[Investment Committee (Notes 1 and 3) Examination decision]     D --&gt; E[Board of Directors (Note 1) Examination decision]     E --&gt; F[MID REIT Board of Directors Reporting]             </pre> <p>Notes:</p> <ol style="list-style-type: none"> <li>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.</li> <li>An external expert (lawyer) is included in deliberations as a member.</li> <li>An external expert (real estate appraiser) is included in deliberations as a member.</li> </ol>	

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