

For Translation Purpose Only**REIT Financial Report for the 12th Fiscal Period (January 1, 2012 to June 30, 2012)**

MID REIT, Inc. (URL: <http://www.midreit.jp/>) is listed on the Tokyo Stock Exchange with the securities code 3227.

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Executive Director

Asset Management Company: MID REIT Management Co., Ltd.

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[Monetary amounts in million yen are rounded down]

1. PERFORMANCE FOR THE 12th FISCAL PERIOD (January 1, 2012 to June 30, 2012)**(1) Business Results**

[Percentage figures show the period-on-period increase (decrease)]

	Operating revenue		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
12th fiscal period	5,717	(1.0)	2,072	(0.6)	1,441	1.7	1,439	1.6
11th fiscal period	5,776	0.2	2,085	(2.9)	1,416	0.6	1,416	1.4

	Net income per unit	Net income to unitholders' equity	Ordinary income to total assets	Ordinary income to operating revenue
	yen	%	%	%
12th fiscal period	7,840	1.6	0.8	25.2
11th fiscal period	7,714	1.5	0.8	24.5

(2) Distributions

	Distribution per unit [excluding distribution in excess of earnings]	Total distributions	Distribution in excess of earnings per unit	Total distributions in excess of earnings	Payout ratio	Distributions to net assets
	Yen	million yen	yen	million yen	%	%
12th fiscal period	7,840	1,439	0	0	100.0	1.6
11th fiscal period	7,715	1,416	0	0	100.0	1.5

(3) Financial Position

	Total assets	Net assets	Unitholders' equity to total assets	Net assets per unit
	million yen	million yen	%	yen
12th fiscal period	176,300	91,812	52.1	499,998
11th fiscal period	176,561	91,789	52.0	499,873

(4) Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
12th fiscal period	2,810	(654)	(1,541)	13,524
11th fiscal period	2,419	(596)	(1,524)	12,909

2. FORECAST OF RESULTS FOR THE 13th FISCAL PERIOD (July 1, 2012 to December 31, 2012)

[Percentage figures show the period-on-period increase (decrease)]

	Operating revenue	Operating income	Ordinary income	Net income
	million yen %	million yen %	million yen %	million yen %
13th fiscal period	5,702 (0.3)	1,923 (7.2)	1,364 (5.3)	1,362 (5.4)

	Distribution per unit [excluding distribution in excess of earnings]	Distribution in excess of earnings per unit
	yen	yen
13th fiscal period	7,418	0

[Reference] Estimated net income per unit for the 13th fiscal period: ¥7,418

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

- (a) Changes in accounting policies accompanying amendments to accounting standards, etc.: None
- (b) Changes in accounting policies other than in (a): None
- (c) Changes in accounting estimates: None
- (d) Retrospective restatement: None

(2) Number of Investment Units Issued and Outstanding

- (a) Number of investment units issued and outstanding (including own investment units) at end of period:
- 12th fiscal period: 183,625 units
- 11th fiscal period: 183,625 units
- (b) Number of own investment units at end of period:
- 12th fiscal period: 0 units
- 11th fiscal period: 0 units

*** Notice on Implementation Status of Auditing Procedures**

As of the date of disclosure of this financial report, auditing procedures of financial statements based on the Financial Instruments and Exchange Law have not yet been completed.

***Explanation on Appropriate Use of Forecast of Business Results, and Other Matters of Special Note**

The forecast and outlook of business results and other forward-looking statements contained in this report are based on information currently available to and certain preconditions and assumptions deemed reasonable by MID REIT, Inc. Accordingly, actual business results and other performance may differ materially due to a variety of factors.

Moreover, the forecasts should not be construed as a guarantee of distribution amounts.

For the preconditions and assumptions underlying the forecast of business results, matters of note in the use of the forecast of business results, and other matters of special note, please refer to “2. Asset Management Conditions; (2) Outlook of Next Fiscal Period; (b) Outlook of Business Results” on page 6.

1. Asset Management Policy

Disclosure is omitted because there are no significant changes from the “Investment Policy,” “Investment Target” and “Distribution Policy” presented in the most recent *yuka shoken hokokusho* (securities report) (submitted on March 26, 2012).

2. Asset Management Conditions

(1) Overview of Fiscal Period under Review

(a) Brief Background to MID REIT

MID REIT, Inc. (hereafter, “MID REIT”) was established by MID REIT Management Co., Ltd. (hereafter, the “Asset Management Company”) on June 1, 2006 under the Law Concerning Investment Trusts and Investment Corporations (Law No. 198 of 1951, including amendments thereto) (hereafter, the “ITL”), and listed on the Tokyo Stock Exchange, Inc.’s Real Estate Investment Trust Section (Securities Code: 3227) on August 29, 2006.

As of the end of the fiscal period under review (12th fiscal period: January 1, 2012 to June 30, 2012), the total number of investment units issued and outstanding was 183,625 investment units.

At the end of the 12th fiscal period, MID REIT’s portfolio comprised of 12 properties (however, excluding silent partnership interests) with the sum total of acquisition prices amounting to ¥161,170 million.

MID REIT conducts asset management with investment focused on office buildings in the Osaka area under the basic policy of managing assets in pursuit of securing stable revenue and achieving steady growth of its assets under management from a medium- to long-term perspective.

(b) Investment Environment and Management Performance

(i) Investment Environment

In the 12h fiscal period the Japanese economy was on a gradual recovery trend with the footing of reconstruction demand based on the effects of policies following the Great East Japan Earthquake and also supported by strong private consumption. However, the economic outlook continues to be uncertain as the European sovereign debt crisis is still critical and there are concerns over the impact of the appreciation of the yen on corporate performance and the power shortage issue particularly during the summer.

The office building transaction market is continuing on a recovering trend with the backdrop of a steady fund procurement environment and vigorous appetite for property acquisitions centering on J-REITs. However, since there is little information on prime properties, even acquisitions by J-REITs were largely accounted for by transactions with sponsor companies.

According to the Ministry of Land, Infrastructure, Transport and Tourism’s Land Price LOOK Report for the first quarter (January 1 to April 1) of 2012, the land price of intensively used land of major cities in Japan decreased in 48 of the 150 districts, remained flat in 80 districts and increased in 22 districts. As the number of districts with decreases is on a downward trend and the number of districts with increases is growing, it can be seen that there is a recovery from the large drop caused by the impact of the Great East Japan Earthquake. The Osaka area, which is MID REIT’s key investment region, also showed a similar trend. In the Osaka Business Park (hereafter, the “OBP”), where MID REIT’s core properties are situated, transaction yields remained unchanged while rent levels were still weak, and the decreasing trend in land prices continued.

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

(ii) Asset Management Performance

<Investment Performance>

MID REIT did not conduct any acquisitions or transfers of real estate, etc. during the 12th fiscal period. MID REIT’s portfolio at the end of the 12th fiscal period was comprised of 12 properties, the investment ratios (based on acquisition price) of which are distributed in terms of geographic region with 83.1% in the Osaka area and 16.9% in the Tokyo metropolitan area and other areas and are distributed in terms of property type with 82.1% being office buildings and 17.9% being retail facilities.

<Performance of Management of Portfolio Assets>

In view of securing stable revenue from a medium- to long-term perspective pursuant to its basic policy, leveraging the strengths of having as its sponsor a comprehensive real estate business group that primarily operates in Osaka, MID REIT is promoting the heightening of tenant satisfaction levels in seeking to attract new tenants and making its relationship of trust with existing tenants even stronger by working together with MID Property Management Co., Ltd., which is the company to which MID REIT outsources property management operations (hereafter, “MID Property Management”).

Amid the severe office leasing market, MID REIT conducts activities for favorable tenant relations and to attract new tenants, with dedicated efforts made toward prompt tenant response and discerning of tenant needs by MID Property Management, appropriate building management by building management companies, and renovation of common-area spaces and other provision of comfortable office environments suited to tenant needs.

Concerning leasing, MID REIT conducts leasing activities striving to maintain and boost occupancy rates, through the various measures and policies of MID Property Management described above. Notably, with regard to MID REIT’s core assets of Twin 21 and Matsushita IMP Building, new tenants are being attracted by drawing on the characteristics of their location being situated in the OBP – Osaka’s representative conglomerate business area.

Among efforts made during the 12th fiscal period, MID REIT has been promoting efforts for renewal construction work at Matsushita IMP Building, one of its core assets, to shift the lower-floor retail space to office space according to tenant needs, and as the last remaining shop in the second floor has moved out, MID REIT has completed the transformation of the second floor into office space as had been planned.

As a result of such efforts, the occupancy rate for the entire portfolio was 97.0% as at the end of the 12th fiscal period. Although this is a decrease of 0.5 percentage points compared with the end of the previous fiscal period, MID REIT realized a 0.2 percentage point increase from the initial forecast and continues to maintain high occupancy.

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

(c) Overview of Fund Procurement

MID REIT procures funds pursuant to its financial policy that considers the maintaining of a balance between fund procurement flexibility and financial stability, including keeping the LTV at a conservative level, reducing refinancing risks and mitigating interest rate fluctuation risks.

As of the end of the 12th fiscal period, MID REIT had a balance of borrowings from 13 financial institutions in the amount of ¥71,925 million. Of which, ¥46,425 million has been borrowed at fixed interest rates (including those for which interest rates have been fixed via interest rate swap agreements).

As of the end of the 12th fiscal period, the ratio of interest-bearing liabilities to total assets stands at 40.8%, 100.0% of loans payable are long-term loans payable, and 64.5% of loans payable have fixed interest rates.

(d) Overview of Business Performance and Distributions

As a result of the abovementioned asset management, MID REIT posted operating revenue of ¥5,717 million, operating income of ¥2,072 million, ordinary income of ¥1,441 million and net income of ¥1,439 million in its performance for the 12th fiscal period.

Concerning distributions, to ensure that distributions of retained earnings would be deductible for tax purposes based on application of Article 67-15 of the Special Taxation Measures Law (Law No. 26 of 1957, including amendments thereto), MID REIT decided to distribute the entire amount of unappropriated retained earnings, excluding fractions of the distribution per unit that are less than ¥1. Accordingly, MID REIT declared a distribution per unit of ¥7,840.

(2) Outlook of Next Fiscal Period

(a) Future Asset Management Policy and Challenges to Address

(i) Internal Growth Strategy

In view of maintaining and enhancing revenue over the medium and long term, MID REIT will remain dedicated to its efforts aimed at heightening the tenant satisfaction levels of existing tenants through the provision of comfortable office environments and services, as well as maintaining and boosting rent income

and occupancy rates through initiatives for attracting new tenants.

<Strategy on Existing Tenants Aimed at Maintaining High Occupancy Rates>

As an initiative for discerning the needs and heightening the satisfaction levels of existing tenants, the Asset Management Company conducts a survey of satisfaction levels on the tenants of Twin 21 and other multi-tenant buildings in MID REIT's portfolio. Since the start of the survey with the first survey conducted in the 1st fiscal period, the survey has been conducted a total of six times. Based on the results of analysis of the survey, adequate measures are formed and follow-up activities performed. In the most recent survey, on top of maintaining high ratings for "Ambience" and other items for which high ratings have been achieved from before, ratings are also improving for human-related items including "Effectiveness of facility management" and "Effectiveness of property management."

The results of the concerned survey are used as the base in instructing MID Property Management and building management companies, as well as in considering and carrying out repair and maintenance, value-enhancement and other construction work that fulfills tenant needs.

Moreover, proactive efforts are being made to suggest floor space expansion and other proposals in response to tenant needs, on the basis of various opinions and requests that can be obtained from the fine-tuned relationship MID Property Management keeps with existing tenants in its daily operations.

By proceeding to conduct such initiatives, MID REIT will keep striving to heighten tenant satisfaction levels and remain committed to maintaining and boosting occupancy rates.

<Strategy on Leasing to Attract New Tenants>

The OBP area, in which such buildings as MID REIT's core assets of Twin 21 and Matsushita IMP Building are situated, is a conglomerate business area adjacent to Osaka Castle Park and its lush greenery, and features outstanding access as it is within walking distance of six stations serving four railway lines, including one of Osaka's leading terminal stations Kyobashi Station. In addition to these locational advantages, the properties have spacious floor space and are able to secure ample parking space, exhibiting strong capacity to attract tenants. For Twin 21 and Matsushita IMP Building, initiatives are taken to attract new tenants, or proactive initiatives are taken to attract group companies or partners of existing tenants, by drawing on these properties' strength of being large office buildings situated in the OBP.

Moreover, initiatives are also taken at other portfolio assets to attract new tenants in line with the geographic region and size of the assets.

Leveraging the strengths of having as its sponsor a comprehensive real estate business group that primarily operates in Osaka, the Asset Management Company will conduct market analyses, etc. by utilizing tenant information, etc. that MID Property Management has acquired in working closely with the site and, based on the results, will develop strategies for attracting tenants, including value-enhancement plans that lead to increased competitiveness of MID REIT's portfolio assets, in order to carry out effective attracting of new tenants.

<Boost Property Competitiveness>

In view of maintaining and boosting property competitiveness, MID REIT upgrades facilities one after another. MID REIT will also carry out such initiatives as systematic upgrading that reflect tenant satisfaction survey results, matters pointed out and requested by tenants, etc.

<Address Energy Saving and CO₂ Reduction>

MID REIT will appropriately respond to the requests of society via CO₂ reduction efforts through such initiatives as introducing energy-saving facilities and equipment.

(ii) External Growth Strategy

MID REIT will proceed to aim to enhance the quality of its portfolio via such measures as acquiring assets under management in view of minimizing asset and building management costs through economies of scale, mitigating risks of fluctuations in revenue with the effects of diversifying its portfolio of assets under management, and such.

Acquisitions of assets under management will proceed to be examined with a focus on office buildings in the Osaka area, but MID REIT will also consider acquiring and promote proactive gathering of information on properties deemed appropriate as an investment target in light of the location, size, etc. from among office buildings, etc. situated in the Tokyo metropolitan area, government-designated cities, etc.

Furthermore, the long-term target portfolio asset size is set at the ¥200.0 billion level (based on acquisition price). Moreover, the pipeline support from MID Urban Development, etc. will continue to be proactively leveraged.

(iii) Financial Strategy

Ongoing efforts will be made to keeping the LTV at a conservative level, stable fund procurement, diversifying repayment dates for interest-bearing liabilities, promoting the addition of lending financial institutions, etc. with the goal of maintaining financial stability. In addition, measures will be taken to hedge against interest rate fluctuation risks by fixing interest rates depending on interest rate trends.

(b) Outlook of Business Results

MID REIT expects the following business results for its 13th fiscal period (July 1, 2012 to December 31, 2012). For the assumptions underlying the forecast of business results, please refer to the “Assumptions Regarding Business Results Forecasts for the 13th Fiscal Period (July 1, 2012 to December 31, 2012) and the 14th Fiscal Period (January 1, 2013 to June 30, 2013)” below.

Operating revenue	¥5,702 million
Operating income	¥1,923 million
Ordinary income	¥1,364 million
Net income	¥1,362 million
Distribution per unit	¥7,418
Distribution in excess of earnings per unit	¥0

The following are expected to be the primary factors for the difference from the 12th fiscal period.

(Increase in operating expenses)

- Increase in utility expenses due to seasonal factors

(Decrease in non-operating expenses)

- Decrease in borrowing related expenses

In addition, assuming that the “Assumptions Regarding Business Results Forecasts for the 13th Fiscal Period (July 1, 2012 to December 31, 2012) and the 14th Fiscal Period (January 1, 2013 to June 30, 2013)” remain unchanged, MID REIT expects the following business results forecasts for its 14th fiscal period (January 1, 2013 to June 30, 2013).

Operating revenue	¥5,508 million
Operating income	¥1,847 million
Ordinary income	¥1,309 million
Net income	¥1,307 million
Distribution per unit	¥7,122
Distribution in excess of earnings per unit	¥0

[Note] The business results forecasts presented herein are current expectations calculated based on certain assumptions. Accordingly, actual operating revenue, operating income, ordinary income, net income and distribution per unit may differ from the forecasts due to changes in the conditions. Moreover, the forecasts should not be construed as a guarantee of distribution amounts.

Assumptions Regarding Business Results Forecasts
for the 13th Fiscal Period (July 1, 2012 to December 31, 2012)
and the 14th Fiscal Period (January 1, 2013 to June 30, 2013)

Item	Assumption(s)
Assets under Management	<ul style="list-style-type: none"> Assumes there will be no changes (new property acquisition, sale of existing property, etc.) in MID REIT's assets under management from the 12 properties it owns as at June 30, 2012. The actual assets under management may vary due to changes in the property portfolio and other factors.
Operating Revenue	<ul style="list-style-type: none"> Rent revenue (rent revenue – real estate) is calculated based on lease agreements effective as at June 30, 2012, with due consideration given to such factors as the market environment, the characteristics and market competitiveness of individual properties, status of individual tenants and recent deterioration of the real estate market. Furthermore, as announced in the “Notice Regarding Conclusion of Memorandum to Change Lease Agreement on Leased Units with a Major Tenant, etc.” dated February 16, 2012, MID REIT reached an agreement with Twin 21 tenant, Panasonic Corporation, to extend the set up period by another year for floors exempt from payment of rent and common-area fees (free-rent) (no more than 10 floors) to March 31, 2013. Accordingly, rent revenue (rent revenue – real estate) of the 13th fiscal period and from January to March of the 14th fiscal period are calculated assuming exemption from payment of rent and common-area fees for the maximum number of 10 floors. Rent revenue from April to June of the 14th fiscal period is calculated assuming an amount equivalent to that of January to March of the 13th fiscal period will be received due to the renewal of the lease agreement. Operating revenue is calculated assuming there are no tenant defaults or non-payments of rent by tenants.
Operating expenses	<ul style="list-style-type: none"> Of the expenses related to rent business, which constitute a principal component of operating expenses, expenses other than depreciation and amortization are calculated based on historical data and reflecting seasonal and other factors that may cause fluctuations in expenses. Property management fees in the amount of ¥711 million are expected for the 13th fiscal period and ¥699 million are expected for the 14th fiscal period. Utility expenses in the amount of ¥558 million are expected for the 13th fiscal period and ¥491 million are expected for the 14th fiscal period. Property taxes, etc. in the amount of ¥531 million are expected for the 13th fiscal period and ¥531 million are expected for the 14th fiscal period. The amount expected to be necessary for building repair costs in the respective fiscal period is recorded as expenses. MID REIT expects repair costs for the 13th fiscal period will be ¥54 million more than the 12th fiscal period to amount to ¥172 million. Furthermore, please note that actual repair costs may differ significantly from the forecasted amounts due to various reasons, including repair costs possibly arising from damages, etc. to buildings due to unexpected causes. Depreciation and amortization are calculated based on the straight-line method inclusive of associated costs and future additional capital expenditures. MID REIT estimates ¥1,094 million for the 13th fiscal period and ¥1,105 million for the 14th fiscal period.
Non-operating expenses	<ul style="list-style-type: none"> Interest expenses of ¥434 million are expected for the 13th fiscal period and ¥429 million are expected for the 14th fiscal period. Borrowing related expenses of ¥126 million are expected for the 13th fiscal period and ¥110 million are expected for the 14th fiscal period.
Interest-bearing liabilities	<ul style="list-style-type: none"> Assumes the balance of interest-bearing liabilities outstanding will be ¥71,800 million at the end of the 13th fiscal period and ¥71,675 million at the end of the 14th fiscal period. Assumes the scheduled repayment of ¥125 million in the 14th fiscal period (due for repayment on January 31, 2013) will be repaid using cash reserves.
Number of investment units issued and outstanding	<ul style="list-style-type: none"> Assumes the number of investment units issued and outstanding will be the 183,625 units as at June 30, 2012 and no additional investment units will be issued through to June 30, 2013.
Distribution per unit	<ul style="list-style-type: none"> Distribution per unit is calculated assuming the cash distribution policy set forth in the Articles of Incorporation of MID REIT. Distribution per unit could change due to various factors, including changes in assets under management, fluctuations in rent income associated with tenant changes, etc., incurrence of unexpected repairs, fluctuations in interest rates, and the issuance of additional investment units.
Distribution in excess of earnings per unit	<ul style="list-style-type: none"> Assumes there will be no cash distributions in excess of earnings (distributions in excess of earnings per unit).
Other	<ul style="list-style-type: none"> Assumes no changes will be made to laws, the tax system, accounting standards, listing regulations, rules of The Investment Trusts Association, Japan, etc. affecting the aforementioned forecasts. Assumes there will be no major and unforeseen changes in general economic trends, real estate market conditions, etc.

3. Investment Risks

Disclosure is omitted because there are no significant changes from the “Investment Risks” presented in the most recent *yuka shoken hokokusho* (securities report) (submitted on March 26, 2012).

4. Financial Statements

(1) Balance Sheets

	[Unit: thousand yen]	
	11th Fiscal Period [as of December 31, 2011]	12th Fiscal Period [as of June 30, 2012]
Assets		
Current assets		
Cash and deposits	9,411,546	10,093,427
Cash and deposits in trust	5,571,618	5,507,893
Operating accounts receivable	140,270	138,826
Prepaid expenses	69,744	33,994
Deferred tax assets	31	30
Total current assets	15,193,210	15,774,173
Noncurrent assets		
Property, plant and equipment		
Buildings in trust	61,124,643	61,498,176
Accumulated depreciation	(10,112,752)	(11,127,681)
Buildings in trust, net	51,011,891	50,370,495
Structures in trust	106,744	109,184
Accumulated depreciation	(11,201)	(12,894)
Structures in trust, net	95,542	96,289
Tools, furniture and fixtures in trust	368,897	399,319
Accumulated depreciation	(122,068)	(144,546)
Tools, furniture and fixtures in trust, net	246,828	254,773
Land in trust	109,210,052	109,210,052
Construction in progress in trust	—	1,995
Total property, plant and equipment	160,564,315	159,933,605
Intangible assets		
Software	153	1,127
Right of trademark	865	800
Total intangible assets	1,018	1,928
Investments and other assets		
Investment securities	187,121	182,836
Lease and guarantee deposits	10,000	10,000
Long-term prepaid expenses	605,788	398,400
Total investments and other assets	802,909	591,236
Total noncurrent assets	161,368,243	160,526,771
Total assets	176,561,454	176,300,944

	[Unit: thousand yen]	
	11th Fiscal Period [as of December 31, 2011]	12th Fiscal Period [as of June 30, 2012]
Liabilities		
Current liabilities		
Operating accounts payable	284,023	292,723
Current portion of long-term loans payable	14,750,000	14,750,000
Accounts payable – other	796,386	721,732
Accrued expenses	134,339	138,277
Distribution payable	11,136	9,956
Income taxes payable	1,314	1,347
Accrued consumption taxes	22,739	26,177
Advances received	686,206	688,775
Other	383,740	353,117
Total current liabilities	17,069,886	16,982,108
Noncurrent liabilities		
Long-term loans payable	57,300,000	57,175,000
Tenant leasehold and security deposits	8,325,873	8,202,676
Tenant leasehold and security deposits in trust	2,076,377	2,128,867
Total noncurrent liabilities	67,702,250	67,506,543
Total liabilities	84,772,137	84,488,652
Net assets		
Unitholders' equity		
Unitholders' capital	90,372,613	90,372,613
Surplus		
Unappropriated retained earnings (undisposed loss)	1,416,703	1,439,678
Total surplus	1,416,703	1,439,678
Total unitholders' equity	91,789,316	91,812,292
Total net assets	91,789,316	91,812,292
Total liabilities and net assets	176,561,454	176,300,944

(2) Statements of Income

	[Unit: thousand yen]	
	11th Fiscal Period	12th Fiscal Period
	[Jul. 1, 2011 to Dec. 31, 2011]	[Jan. 1, 2012 to June 30, 2012]
Operating revenue		
Rent revenue – real estate	5,384,168	5,338,522
Other lease business revenue	392,696	378,686
Total operating revenue	5,776,865	5,717,208
Operating expenses		
Expenses related to rent business	3,132,259	3,065,426
Asset management fee	428,419	428,981
Asset custody fee	8,816	8,801
Administrative service fees	45,333	44,460
Directors' compensations	10,260	9,500
Other operating expenses	66,317	87,823
Total operating expenses	3,691,405	3,644,993
Operating income	2,085,459	2,072,215
Non-operating income		
Interest income	1,666	1,618
Reversal of distribution payable	3,377	1,744
Property taxes refund	—	15,337
Other	0	0
Total non-operating income	5,044	18,699
Non-operating expenses		
Interest expenses	464,048	446,473
Borrowing related expenses	209,383	202,872
Other	245	255
Total non-operating expenses	673,677	649,601
Ordinary income	1,416,826	1,441,313
Extraordinary income		
Insurance income	30,975	—
Total extraordinary income	30,975	—
Extraordinary loss		
Loss on disaster	29,500	—
Total extraordinary loss	29,500	—
Income before income taxes	1,418,301	1,441,313
Income taxes – current	1,647	1,670
Income taxes – deferred	(0)	1
Total income taxes	1,646	1,671
Net income	1,416,655	1,439,642
Retained earnings brought forward	47	36
Unappropriated retained earnings (undisposed loss)	1,416,703	1,439,678

(3) Statements of Cash Flows

	[Unit: thousand yen]	
	11th Fiscal Period	12th Fiscal Period
	[Jul. 1, 2011 to Dec. 31, 2011]	[Jan. 1, 2012 to June 30, 2012]
Net cash provided by (used in) operating activities		
Income before income taxes	1,418,301	1,441,313
Depreciation and amortization	1,080,173	1,077,435
Amortization of long-term prepaid expenses	214,193	207,388
Interest income	(1,666)	(1,618)
Interest expenses	464,048	446,473
Loss on retirement of noncurrent assets	16,862	60,666
Decrease (increase) in operating accounts receivable	(579)	1,443
Increase (decrease) in accrued consumption taxes	(9,789)	3,437
Increase (decrease) in operating accounts payable	(55,714)	8,700
Increase (decrease) in advances received	(10,713)	2,569
Decrease (increase) in prepaid expenses	(41,587)	35,749
Decrease (increase) in long-term prepaid expenses	(157,920)	—
Other	(6,822)	(30,681)
Subtotal	2,908,785	3,252,876
Interest income received	1,666	1,618
Interest expenses paid	(489,248)	(442,534)
Income taxes paid	(1,618)	(1,638)
Net cash provided by (used in) operating activities	2,419,585	2,810,322
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment in trust	(387,371)	(599,374)
Purchase of intangible assets	—	(1,166)
Proceeds from tenant leasehold and security deposits	56,184	50,180
Proceeds from tenant leasehold and security deposits in trust	32,726	102,670
Repayments of tenant leasehold and security deposits	(254,519)	(153,194)
Repayments of tenant leasehold and security deposits in trust	(43,679)	(50,180)
Payments for deposits in trust for tenant leasehold and security deposits in trust	—	(3,374)
Net cash provided by (used in) investing activities	(596,659)	(654,438)
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	17,800,000	—
Repayment of long-term loans payable	(17,925,000)	(125,000)
Dividends paid	(1,399,646)	(1,416,102)
Net cash provided by (used in) financing activities	(1,524,646)	(1,541,102)
Net increase (decrease) in cash and cash equivalents	298,279	614,782
Cash and cash equivalents at beginning of period	12,611,207	12,909,486
Cash and cash equivalents at end of period	12,909,486	13,524,269

5. Real Estate for Investment

The following summarizes the assets (12 properties) owned by MID REIT as of June 30, 2012

Use	Region [Note 1]	Property		Type of Asset	Acquisition Price	Book Value	Appraisal Value	Appraisal Company	Investment Ratio	Collateral
		No.	Name		[Note 2] [million yen]	[Note 3] [million yen]	[Note 4] [million yen]	[Note 5]	[Note 6] [%]	[Note 7]
Office Building	Osaka area	1	Twin 21 [Note 8]	Trust beneficiary interest	68,700	69,040	51,000	Morii	42.6	None
		2	Matsushita IMP Building		24,600	23,962	19,700	Tanizawa	15.3	None
		3	Panasonic Osaka Kyobashi Building [Note 9]		7,620	7,473	6,900	Morii	4.7	None
		4	Midosuji MID Building		8,290	8,894	7,040	Tanizawa	5.1	None
		5	MID REIT Kyobashi Building		2,300	2,205	1,260	Tanizawa	1.4	None
		10	MID Imabashi Building		3,270	3,299	2,290	Tanizawa	2.0	None
		11	MID Midosujikawaramachi Building		2,000	1,982	1,360	Tanizawa	1.2	None
		12	Kitahama MID Building		10,800	10,787	8,510	JREI	6.7	None
		13	MID Nishihommachi Building		3,550	3,493	2,160	JREI	2.2	None
	Other	7	MID Shibakanasugibashi Building	1,160	1,127	1,140	Tanizawa	0.7	None	
	Subtotal				132,290	132,266	101,360		82.1	
Retail Facility	Osaka area	8	Konami Sports Club Kyobashi	Trust beneficiary interest	2,780	2,583	2,840	Daiwa	1.7	None
	Other	9	AEON MALL Tsudanuma [Note 10]		26,100	25,081	23,900	Daiwa	16.2	None
	Subtotal				28,880	27,665	26,740		17.9	
Total					161,170	159,931	128,100		100.0	

[Note 1] “Other” refers to the Tokyo metropolitan area, Government-designated cities (excluding the Osaka area) and other major cities.

[Note 2] “Acquisition Price” states the sale price which is stated in the sales contract for the respective trust beneficiary interest, etc. (excluding various acquisition expenses, property taxes and consumption taxes, etc.).

[Note 3] “Book Value” is the value appropriated to the balance sheets and is expressed as the applicable asset’s acquisition price (including various acquisition expenses) less accumulated depreciation.

[Note 4] “Appraisal Value” is the appraisal value at the end of the fiscal period based on the appraisal report with June 30, 2012 as the date of the value opinion prepared by Morii Appraisal & Investment Consulting, Inc., Tanizawa Sogo Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd. or Japan Real Estate Institute pursuant to the Regulations Concerning Accounting of Investment Corporations, methods and criteria for asset valuation defined in MID REIT’s Articles of Incorporation and rules of The Investment Trusts Association, Japan.

[Note 5] Morii: Morii Appraisal & Investment Consulting, Inc.

Tanizawa: Tanizawa Sogo Appraisal Co., Ltd.

JREI: Japan Real Estate Institute

Daiwa: Daiwa Real Estate Appraisal Co., Ltd.

[Note 6] “Investment Ratio” indicates the ratio of the acquisition price of the applicable asset to the total amount of acquisition prices and is rounded to the first decimal place. Accordingly, the entered amounts do not necessarily add up to the figures presented in the “Subtotal” and “Total” rows.

[Note 7] “Collateral” states whether or not a pledge has been established for the real estate trust beneficiary interest.

[Note 8] Including the trust beneficiary interest of Twin 21 (partial ownership of leased land).

[Note 9] The property name was changed from Panasonic Denko Building to Panasonic Osaka Kyobashi Building as of January 1, 2012.

[Note 10] Monetary amounts are rounded down to the nearest million yen.

[Note 11] In addition to the assets listed in the table above, MID REIT acquired silent partnership interests on November 29, 2007, January 30, 2008, September 29, 2008 and February 26, 2009.