

**MID REIT, Inc.**

**12th Period Results** (Ended June 30, 2012)



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



Osaka Tenjin Festival Eve in OBP

MID REIT Management Co., Ltd

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Osaka Business Park (OBP) and Tenjin Festival

# 1. Financial Highlights

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# 12th Period Business Results

**Increase in income compared to the 11th Period due in part to decrease in interest expenses**



| Item                               | 8th Period Results<br>(Jan. 1, 2010 - June 30, 2010) | 9th Period Results<br>(July 1, 2010 - Dec. 31, 2010) | 10th Period Results<br>(Jan. 1, 2011 - June 30, 2011) | 11th Period Results<br>(July 1, 2011 - Dec. 31, 2011) | 12th Period Results<br>(Jan. 1, 2012 - June 30, 2012) | Comparison with 11th Period Results |
|------------------------------------|--|--|---|---|---|-------------------------------------|
| Net operating days                 | 181  | 184  | 181   | 184   | 182   | -                                   |
| Operating revenue<br>(million yen) | 6,012  | 5,879  | 5,763   | 5,776   | 5,717   | -59                                 |
| Operating income<br>(million yen)  | 2,413  | 2,156  | 2,147   | 2,085   | 2,072   | -13                                 |
| Ordinary income<br>(million yen)   | 1,520  | 1,375  | 1,408   | 1,416   | 1,441   | 24                                  |
| Net income<br>(million yen)        | 1,518  | 1,383  | 1,396   | 1,416   | 1,439   | 22                                  |
| Distribution per unit<br>(yen)     | 8,269  | 7,532  | 7,605   | 7,715   | 7,840   | 125                                 |



# Financial Highlights

## Poured effort into internal growth



|                    |   |
|--------------------|---|
| Distributions      | <p>■ Distribution per unit: <b>7,840 yen</b></p> <p>Compared to initial forecasts (as at Feb. 16, 2012) + 284 yen, or + 3.8%<br/>Compared to the 11th Period: +125 yen, or + 1.6%</p>   |
| Internal Growth    | <p><b>Maintained tenant relations</b></p> <ul style="list-style-type: none"> <li>■ Amidst continued instability in the European debt crisis requiring caution, the impact of the strong yen on corporate results and the power supply issue in particular for the summer, MID REIT focused on maintaining tenant relations under cooperation with the property management company and building management companies, and continued to outperform the market.</li> <li>■ Concerning our efforts from before to transform the lower-floor retail spaces of Matsushita IMP Bldg. to office space in accordance with tenant needs, completed conversion of the 2nd floor to offices as the last retail tenant vacated the floor.</li> <li>■ Worked to obtain Development Bank of Japan Inc.'s DBJ Green Building Certification for Twin 21, Matsushita IMP Bldg. and Kitahama MID Bldg. and obtained the Certification in February, 2012 (each assigned Silver rank)</li> <li>■ Occupancy rate at end of period: 97.0% (down 0.5 points compared to the 11th Period) and NOI yield from property leasing: 4.7%</li> </ul> |
| External Growth    | <p><b>Continued collection of a wide range of property information</b></p> <ul style="list-style-type: none"> <li>■ Did not implement new acquisitions, but promoted activities to collect information on a broad range of areas and asset types.</li> <li>■ Advanced considerations by obtaining engineering report on subject properties as needed</li> </ul>   |
| Financial Strategy | <p><b>Maintained stable financial base</b></p> <ul style="list-style-type: none"> <li>■ Examined the refinancing of 14.5 billion yen in loans that are to mature in the 13th fiscal period (it was refinanced on July 31, 2012; see page 31&amp;32 for details).</li> <li>■ Issuer rating of "A (Stable)" (Rating and Investment Information, Inc. (R&amp;I))</li> <li>■ LTV ratio: 40.8% (Interest-bearing debt at end of period ÷ Total assets at end of period)</li> </ul>   |

# 13th and 14th Period Forecasts

## Decrease in income forecast for the 13th Period due to decrease in operating income



### Forecasts of Business Results

| Item                            | 12th Period Results<br>(Jan. 1, 2012 - June 30, 2012) | 13th Period Forecasts<br>(July 1, 2012 - Dec. 31, 2012) |   | 14th Period Forecasts<br>(Jan. 1, 2013 - June 30, 2013) |   |
|---------------------------------|---|---|---|---|---|
|                                 |   |   | Comparison with<br>12th Period<br>Forecasts |   | Comparison with<br>13th Period<br>Forecasts |
| Operating revenue (million yen) | 5,717   | 5,702   | -14   | 5,508   | -194  |
| Operating income (million yen)  | 2,072   | 1,923   | -148  | 1,847   | -76   |
| Ordinary income (million yen)   | 1,441   | 1,364   | -77   | 1,309   | -54   |
| Net income (million yen)        | 1,439   | 1,362   | -77   | 1,307   | -54   |
| Distribution per unit (yen)     | 7,840   | 7,418   | -422  | 7,122   | -296  |

### Preconditions

|  |      |      |     |      |     |
|--|------|------|-----|------|-----|
| Utilities (property leasing expenses) (million yen)  | 456  | 558  | 101 | 491  | -67 |
| Costs, including property and city planning taxes, posted in the fiscal period (million yen) | 567  | 531  | -36 | 531  | 0   |
| Repairs (million yen)  | 118  | 172  | 54  | 164  | -8  |
| Interest expenses (million yen)  | 446  | 434  | -11 | 429  | -5  |
| Borrowing related expenses (million yen)   | 202  | 126  | -76 | 110  | -16 |
| Portfolio occupancy rate at end of period (%)  | 97.0 | 97.9 | 0.9 | 98.4 | 0.5 |

### Primary Causes of Difference

(Unit: million yen)

|                            | Primary Causes of Difference<br>Between the 12th Period (Results) and 13th Period (Forecasts)             |   | Primary Causes of Difference<br>Between the 13th Period (Forecasts) and 14th Period (Forecasts)          |  |
|----------------------------|---|---|--|--|
| Impact on operating income | Operating revenue   | -14: decrease in rent revenue – real estate due to rent reductions and tenant cancellations | Operating revenue  | -194: decrease in rent revenue – real estate due to rent reductions and tenant cancellations |
|                            | Operating expenses  | +132: increase in utilities due to seasonal factors +101; increase in repairs +54           | Operating expenses   | -118: decrease in utilities due to seasonal factors -67                                      |
| Impact on ordinary income  | Non-operating expenses -88: decrease in interest expenses -11; decrease in borrowing related expenses -76 |   | Non-operating expenses -21: increase in interest expenses -5; decrease in borrowing related expenses -16 |  |

#### Notes:

- The above forecasts are based on the assumption that the number of units issued and outstanding in each period is 183,625 units.
- The above forecasts are based on certain criteria for calculation and reflect the situation as of August 16, 2012. Actual operating revenue, operating income, ordinary income, net income and distribution per unit may differ from the forecasts due to such factors as changes in the occupancy rate or rent of existing properties, acquisition/disposal of properties, changes in the real estate market environment and changes in the environment surrounding MID REIT going forward. Also, the forecasts shall not be construed as a guarantee of distribution amount.

## 2. Market Data

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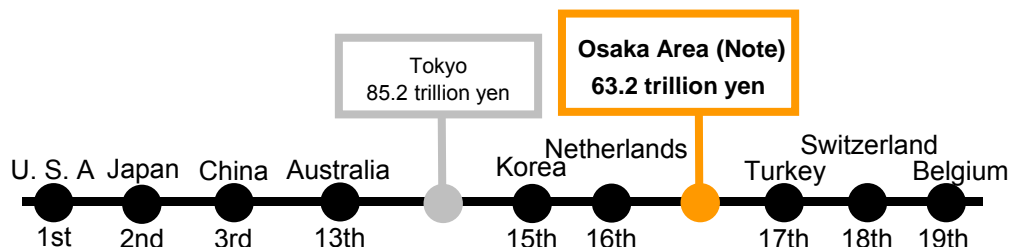
# Characteristics of the Osaka Area

## Potential of the Osaka area



### World-Class Economic Size

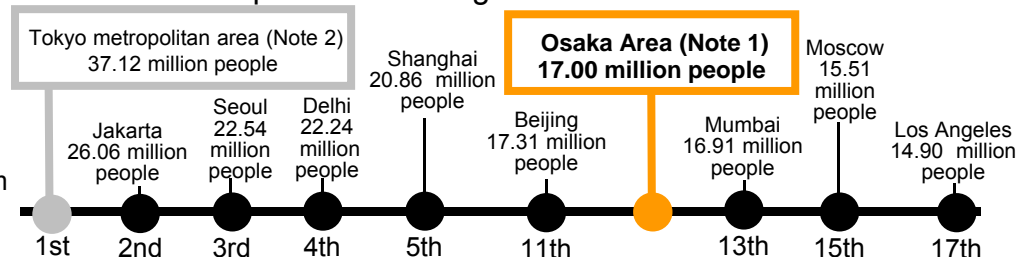
#### World GDP Ranking



Source: Government of Japan Cabinet Office's "Annual Report on Prefectural Accounts for Fiscal 2009" and "Annual Report on National Accounts," and IMF's "World Economic Outlook Database: April 2012 Edition"

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

#### Core Cities Population Ranking



Source: Demographia World Urban Areas: 8th Annual Edition (Apr. 2012), and National Statistics Center's "Social Indicators by Prefecture" (2012)

Notes:

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

### Enriched Infrastructure Network Forging the Future of the Region

Low cost carriers (LCC) have noticed the proximity of Kansai International Airport (KIX) to various Asian airports

#### ① Growing number of LCCs are newly joining

|                  |     |   |
|------------------|-----|---|
| Peach Aviation   | KIX | Seoul, Hong Kong, Taipei, Fukuoka, Nagasaki, Kagoshima, Naha, Shin-Chitose etc. |
| Jetstar Airways  | KIX | Cairns, Sydney, Singapore, Narita, Fukuoka, Shin-Chitose                        |
| Skymark Airlines | KIX | Haneda, Naha, Shin-Chitose, Asahikawa   |
| Jeju Air         | KIX | Seoul, Jeju (Cheju)   |
| Cebu Pacific Air | KIX | Manila  |
| Air Busan        | KIX | Busan   |
| Air Asia         | KIX | Kuala Lumpur  |
| Eastar Jet       | KIX | Seoul   |

Source: Homepages of the airlines

Note: Some are scheduled routes.

#### ② Dedicated LCC terminal scheduled to open on October 28

- Installed many stores, duty-free shops, and private parking lot.
- The plan expanded with the further attraction of LCC.

Source: New Kansai International Airport Company, Ltd.  
(press release on July 31, 2012)



#### Domestic Airport Ranking (Fiscal 2010)

- Passenger traffic  
Ranked 3rd behind Haneda Airport and Narita Airport (28,231 thousand people)
- Cargo traffic  
Ranked 2nd behind Narita Airport (875 thousand tons)
- Aircraft traffic  
Ranked 2nd behind Haneda Airport (115 thousand times)

Source: Ministry of Land, Infrastructure, Transport and Tourism's "Airport Management Records"

Note: Osaka International Airport and Kansai International Airport combined.

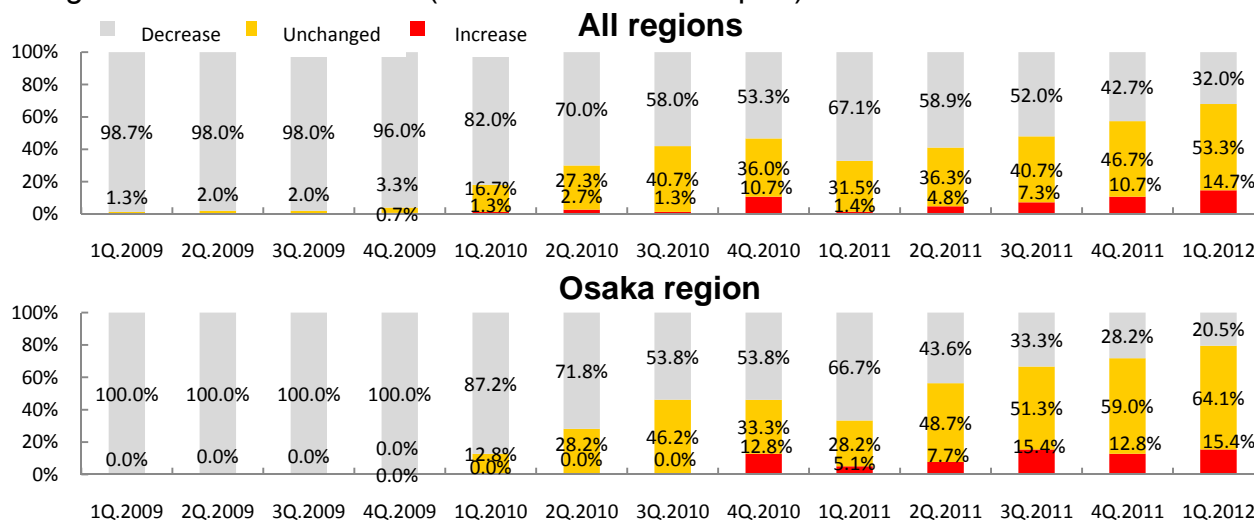


# Office Market Data (1): Basic Market Data and Changes in the Vacancy Rate

Signs of settling down from considerable fall in land price trends after the Great East Japan Earthquake



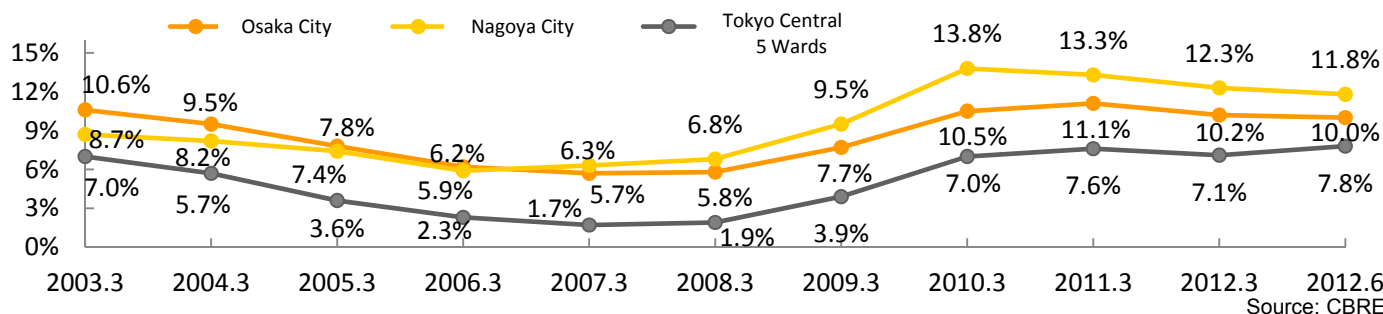
## Changes in Land Price Trends (Land Price LOOK Report)



- 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.

Source: Ministry of Land, Infrastructure, Transport and Tourism

## Changes in Office Building Vacancy Rates (Osaka City, Nagoya City and Tokyo Central 5 Wards)



- Notes:
- Osaka City refers to the 22 zones that are key office areas in Osaka, comprised of Yodoyabashi, Kitahama, Hommachi, Sakaisujihommachi, Temmabashi, Tanimachi 4-chome, OBP, Shinsaibashi, Nagahoribashi, Namba, Higobashi, Nishihommachi, Yotsubashi, Umeda, Dojima/Nakanoshima, Nishitemma, Minamimorimachi/Higashitemma, Nakatsu, Fukushima, Shin-Osaka, Tennoji/Abeno, and Esaka.
  - Nagoya City refers to the 9 zones that are key office areas in Nagoya, comprised of Meieki, Meieki Nishi, Fushimi, Sakae, Marunouchi, Izumi/Takatake, Shin-Sakae, Kanayama and Chikusa.
  - Tokyo Central 5 Wards are Chiyoda Ward, Chuo Ward, Minato Ward, Shinjuku Ward and Shibuya Ward.
  - A September 2011 revision of the office buildings for which data is computed included change from the past principle of all properties to office buildings with total floor space of 500 tsubo or more.

## Vacancy Rates of the 22 Zones that are Osaka's Key Office Areas (as of End of June 2012)

| Zone                         | Vacancy Rate | Comparison with end of June 2011 |
|------------------------------|--------------|----------------------------------|
| Yodoyabashi                  | 5.4%         | -1.5p                            |
| Kitahama                     | 9.2%         | -1.1p                            |
| Hommachi                     | 15.0%        | 0.7p                             |
| Sakaisujihommachi            | 13.1%        | -2.9p                            |
| Temmabashi                   | 12.8%        | 0.6p                             |
| Tanimachi 4-chome            | 14.1%        | 0.2p                             |
| <b>OBP</b>                   | <b>2.9%</b>  | <b>1.1p</b>                      |
| Shinsaibashi                 | 12.4%        | 0.8p                             |
| Nagahoribashi                | 15.3%        | -1.0p                            |
| Namba                        | 13.2%        | 0.2p                             |
| Higobashi                    | 11.7%        | -1.8p                            |
| Nishihommachi                | 10.5%        | -1.6p                            |
| Yotsubashi                   | 13.2%        | 1.2p                             |
| Umeda                        | 7.1%         | -2.6p                            |
| Dojima/Nakanoshima           | 5.8%         | -1.4p                            |
| Nishitemma                   | 8.4%         | -2.1p                            |
| Minamimorimachi/Higashitemma | 9.9%         | -0.3p                            |
| Nakatsu                      | 7.6%         | -3.3p                            |
| Fukushima                    | 4.3%         | -2.5p                            |
| Shin-Osaka                   | 9.7%         | -1.1p                            |
| Tennoji/Abeno                | 11.2%        | 3.9p                             |
| Esaka                        | 13.7%        | -1.6p                            |

Source: CBRE

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

## Large new supply centered on Grand Front Osaka in 2013

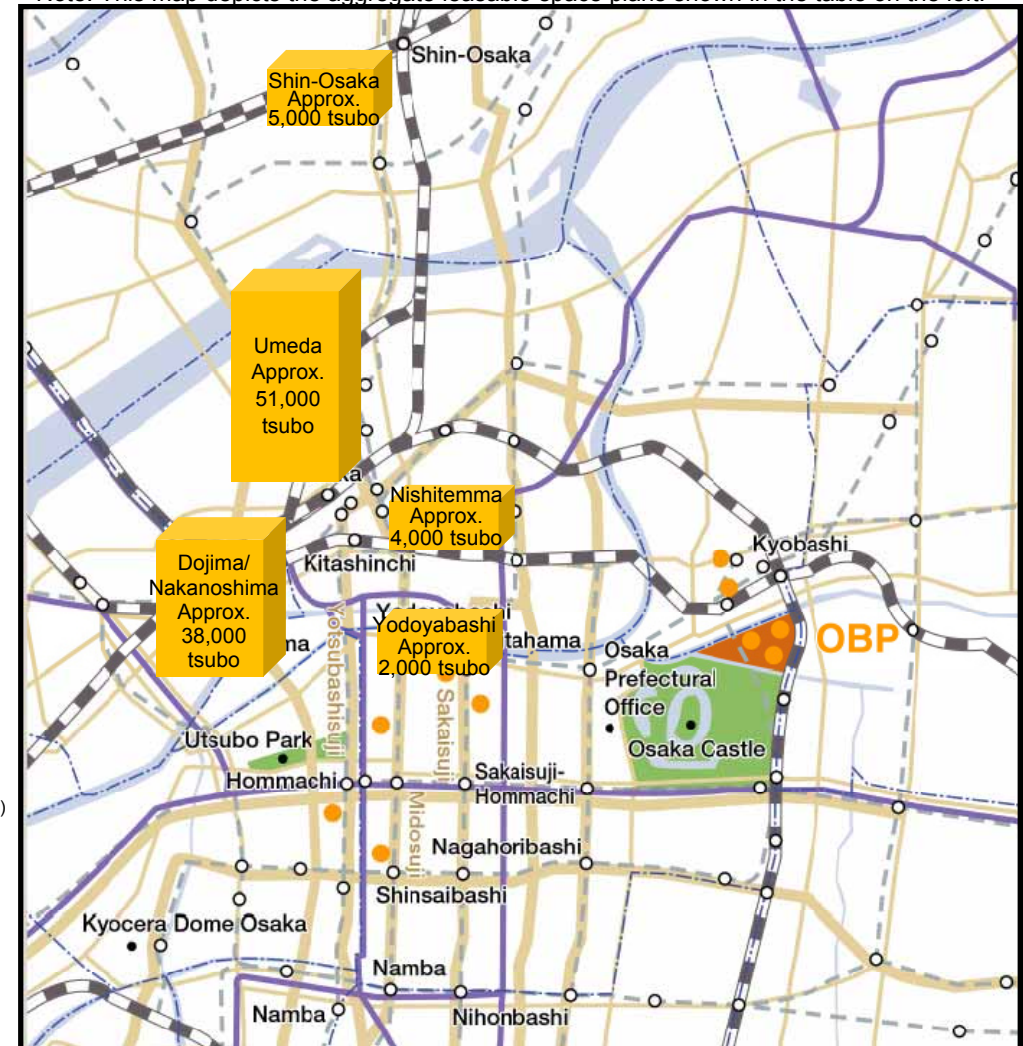


New Office Building Construction Plans and Leasable Space by Area in Key Office Areas in Osaka (Note)

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

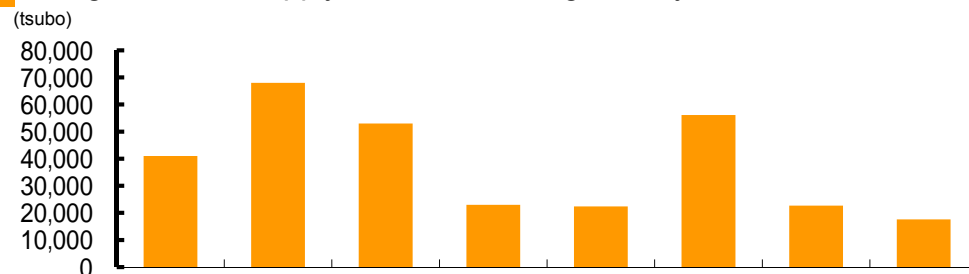
| Completion | Leasable Space by Year | No. | Area               | Property Name  | Leasable Space (plan) |
|------------|------------------------|-----|--------------------|--|-----------------------|
| 2012       | 22,400 (73,920)        | 1   | Shin-Osaka         | Shin-Osaka Hankyu Building                               | 4,800 (15,840)        |
|            |                        | 2   | Dojima/Nakanoshima | Nakanoshima Festival Tower (East area)                   | 17,600 (58,080)       |
| 2013       | 56,100 (185,130)       | 3   | Dojima/Nakanoshima | Daibiru Honkan   | 7,700 (25,410)        |
|            |                        | 4   | Umeda              | Grand Front Osaka block B (North, South)                 | 24,000 (79,200)       |
|            |                        | 5   | Umeda              | Grand Front Osaka block A                                | 22,000 (72,600)       |
|            |                        | 6   | Yodoyabashi        | Yodoyabashi Mid Cube                                     | 2,400 (7,920)         |
| 2014       | 22,700 (74,910)        | 7   | Tennoji/Abeno      | Abeno Harukas  | 18,800 (62,040)       |
|            |                        | 8   | Nishitemma         | Ujiden Building Rebuilding Plan (tentative name)         | 3,900 (12,870)        |
| 2015       | 17,600 (58,080)        | 9   | Dojima/Nakanoshima | New Shin Daibiru Building (tentative name)               | 13,000 (42,900)       |
|            |                        | 10  | Umeda              | Umeda Dai-ichi Building Rebuilding Plan (tentative name) | 4,600 (15,180)        |

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



Source: MID REIT Management Co., Ltd

## 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 1,500 tsubo (4,950m<sup>2</sup>) or more.

Note: Orange dots in the map indicate the locations of properties under management as of the end of the 12th fiscal period.

# Office Market Data (3): Market Status

## Remained flat overall



### Expected Cap Rate vs. Market Cap Rate

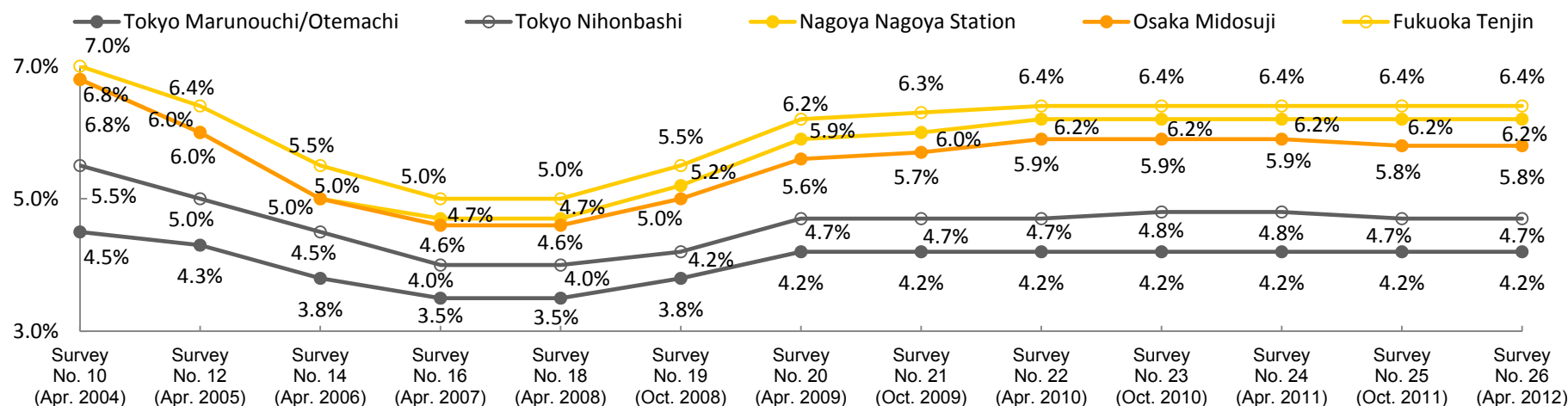
Expected Cap Rate and Market Cap Rate of Average-Sized Class A Office Building in Various Locations

( ) shows previous survey data (as of October 2011)

| Location                         | Expected Cap Rate | Market Cap Rate |
|----------------------------------|-------------------|-----------------|
| Tokyo Around Marunouchi/Otemachi | 4.5% (4.5%)       | 4.2% (4.2%)     |
| Tokyo Around Nihonbashi          | 4.9% (4.9%)       | 4.7% (4.7%)     |
| Nagoya Around Nagoya Station     | 6.4% (6.4%)       | 6.2% (6.2%)     |
| Osaka Midosuji Avenue            | 6.0% (6.0%)       | 5.8% (5.8%)     |
| Fukuoka Tenjin District          | 6.5% (6.5%)       | 6.4% (6.4%)     |

Source: Japan Real Estate Institute's "The Japanese Real Estate Investor Survey No. 26" (as of April 2012)

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



Source: Japan Real Estate Institute's

### **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

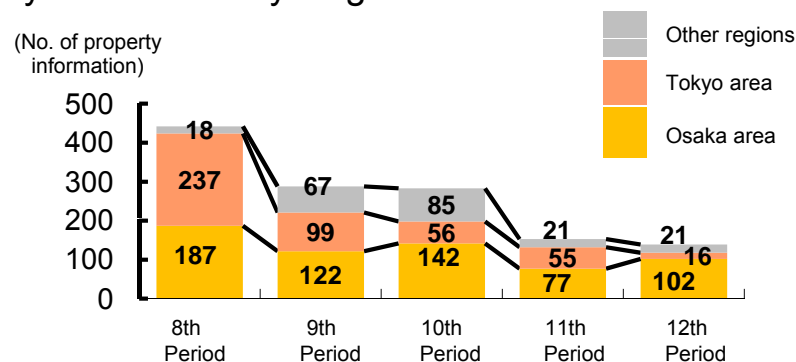
· Conduct asset management in pursuit of securing stable revenue and achieving steady growth of assets under management from a medium- to long-term perspective

## Image of Long-term External Growth

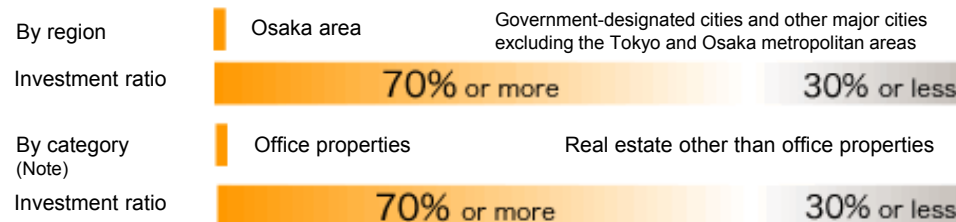
|   |  |
|---|--|
| Portfolio asset size of 200 billion yen     | · Aim for 200 billion yen in portfolio asset size through such measures as acquiring competitive properties when they are relatively new |
| OBP concentration level at the 50~59% range | · Seek to lower the OBP concentration level to the 50~59% range (based on acquisition price)   |

## Status of Property Information Acquisition

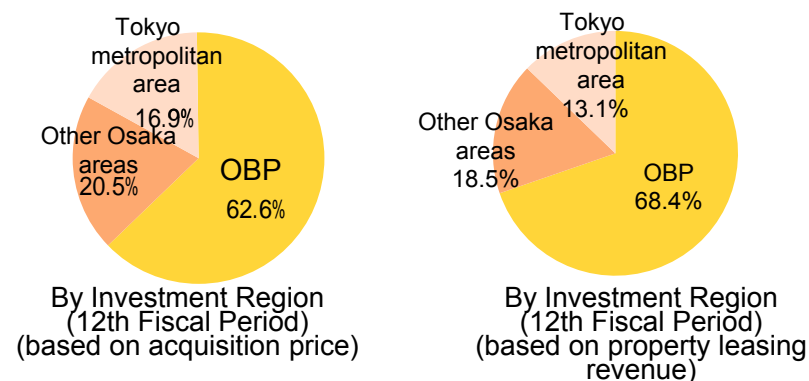
### Property Information by Region



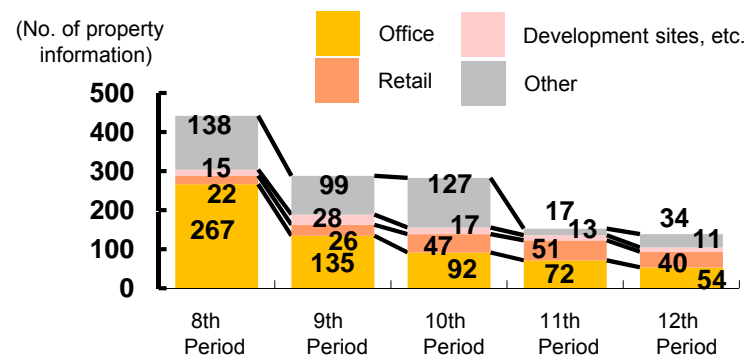
## Targeted Investment Regions and Categories (Types)



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.



## 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 15 buildings<br>(including Panasonic, Fujitsu, NEC, KDDI, Sumitomo Life Insurance, Tokio Marine & Nichido Fire Insurance, Yomiuri Telecasting and other large businesses) |
| No. of offices<br>(as of June 1, 2012) | Total 544<br>(restaurants 55, retails 99 and offices 390)   |
| No. of workers<br>(as of June 1, 2012) | Total 35,803 people<br>(restaurants 1,057 people, retails 2,611 people and offices 32,135 people)   |
| No. of parking                         | Twin 21 Parking approx. 400 vehicles<br>Matsushita IMP Parking approx. 300 vehicles<br>MID Shiromi Parking approx. 200 vehicles ...etc.<br>totaling approx. 3,000 vehicles      |

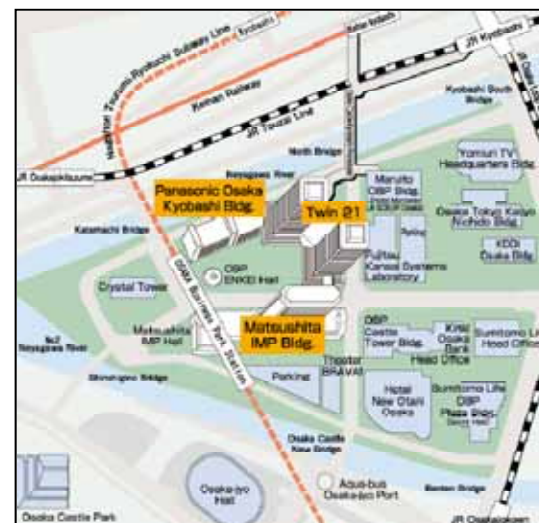


### Convenient Access as the “Gateway to Eastern Osaka”

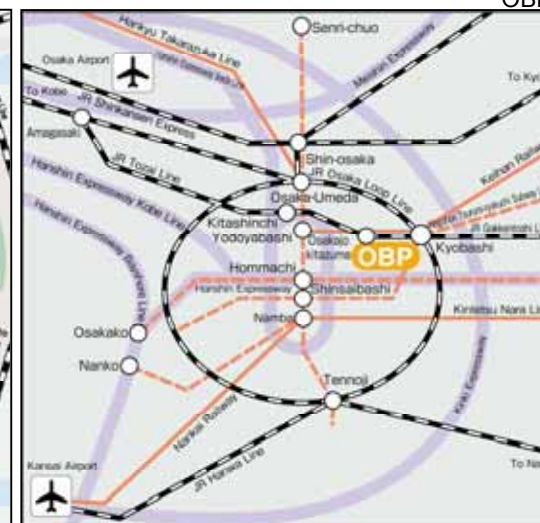
|                                 |  |
|---------------------------------|--|
| Access to 6 stations on 4 lines | JR Osaka Loop Line (Kyobashi Sta. and Osakajyo Koen Sta.)<br>JR Tozai Line (Kyobashi Sta. and Osakajyo Kitazume Sta.)<br>Keihan Main Line (Kyobashi Sta.)<br>Subway Tsurumi-Ryokuchi Line (Osaka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

### Information/Culture Base

|                              |  |
|------------------------------|--|
| Multi-purpose halls          | Osaka-Jo Hall, OBP Enkei Hall, Matsushita IMP Hall, Theater BRAVA!, Izumi Hall, etc.                       |
| Huge show rooms              | Panasonic Center Osaka, Panasonic Living Show Room Osaka, 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

# Safety of Osaka Business Park (OBP)

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

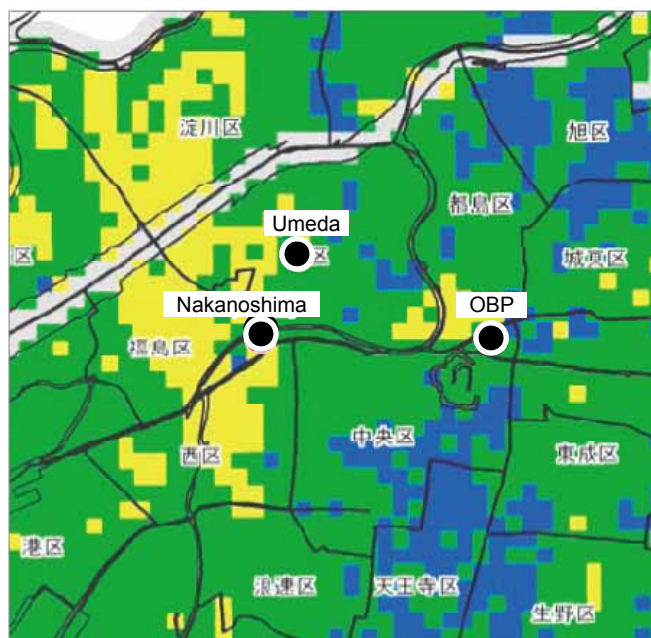


## Safety of OBP

### Earthquakes

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)

Distribution of seismic intensity from Tonankai-Nankai earthquake (assumed)



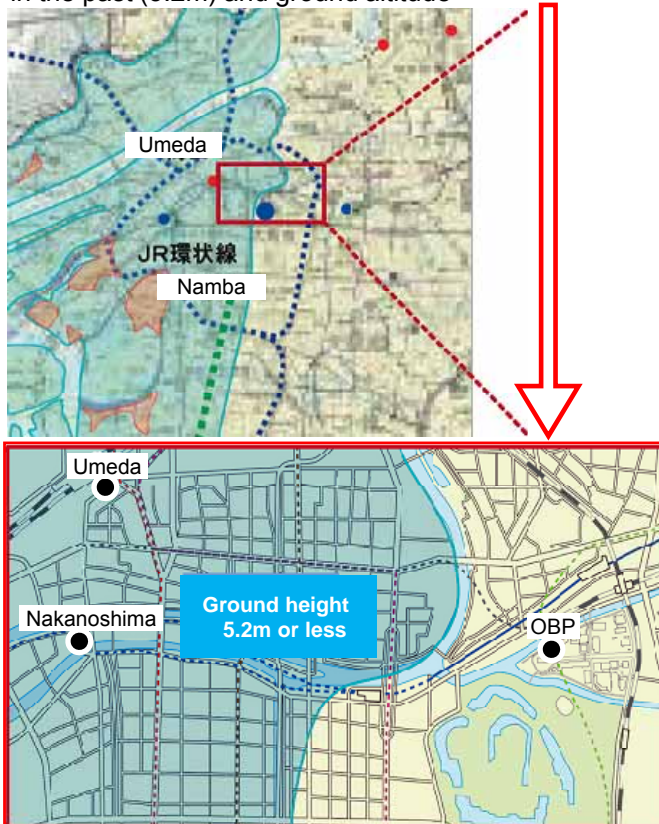
Instrumental seismic intensity  
Seismic intensity



### Tsunamis

Even if the tsunami is twice as high as expected in the past (5.2m) the OBP area is outside areas that would be flooded.  
(Based on announcement by Osaka Prefectural Government on July 6, 2011)

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



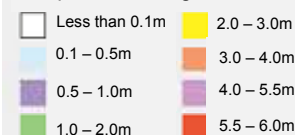
### Flooding

Compared to other business areas, the OBP area has relatively lower risk of flooding and, in the case where flooding occurs from local rainfall as well as from rivers, OBP is outside the expected flooding zones.  
(Based on announcement by Osaka City on October 27, 2011)

Case of flooding from rainfall (note)



Depth of flooding



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.

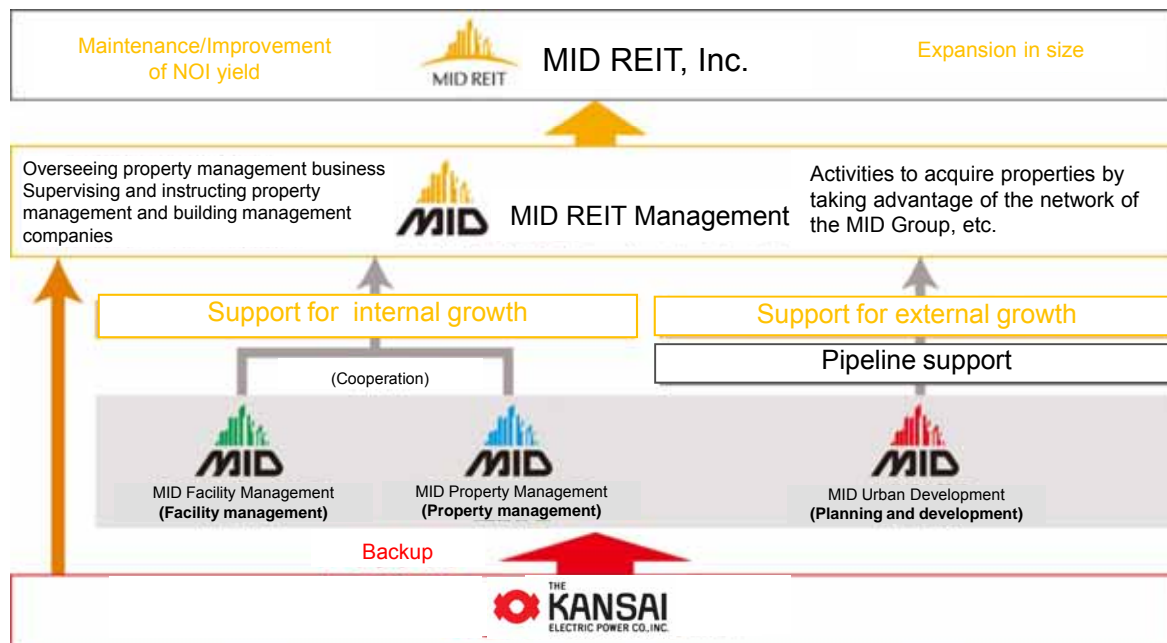


# Growth Strategy Utilizing the Collective Capacity of the MID Group

## Cooperation with Kansai Electric Power, a major shareholder of the MID Group



### Overview of the MID Group



### Overview of The Kansai Electric Power Co., Inc. (as of August 1, 2012)

|                          |  |
|--------------------------|--|
| Representative           | Makoto Yagi, President and Director  |
| Principal businesses     | Electricity business, heat supply business, telecommunications business, gas supply business, etc. |
| Shareholder              | City of Osaka, Nippon Life Insurance Company and City of Kobe, etc.                                |
| URL                      | <a href="http://www.kepc.co.jp/">http://www.kepc.co.jp/</a>  |
| Consolidated performance | Total assets: 7.5 trillion yen; Net sales: 2.8 trillion yen (fiscal year ended March 31, 2012)     |

### Overview of MID Urban Development Co., Ltd. (as of August 1, 2012)

|                      |  |
|----------------------|--|
| Representative       | Ryoichi Hanai, President, Member of the Board (former Senior Corporate Auditor of The Kansai Electric Power Co., Inc.)               |
| Principal businesses | Building business and housing business   |
| Shareholder          | The Kansai Electric Power Co., Inc. (ratio of shares held: 98.34%)   |
| URL                  | <a href="http://www.mid.co.jp/">http://www.mid.co.jp/</a> (financial results for the fiscal year ended March 31, 2012 are available) |

### Major Activities Implemented after Kansai Electric Power Became a Major Shareholder of the MID Group (After December 2009)

|   |   |
|---|---|
| Improvement of financial soundness              | <ul style="list-style-type: none"> <li>Released security interests pertaining to existing debt financing and, as a result, all existing debt financing became unsecured debt financing</li> <li>Extended loan periods (8th Period end (Jun. 30, 2010) remaining years: 1.2 years → End of July, 2012 remaining years: 2.4 years)</li> <li>Reduced borrowing related costs (interest + borrowing related fees) (7th Period (ended Dec. 31, 2009): 846 million yen → 12th Period (ended. June 30, 2012): 649 million yen)</li> <li>Strengthened bank formation</li> <li>Outlook of issuer rating acquired from R&amp;I changed from A (Negative) to A (Stable)</li> </ul> |
| Contribution to improvement of business results | <ul style="list-style-type: none"> <li>Executed a lease agreement on leased units with Kansai Electric Power and its affiliate companies (total leased space: 2,421.56m<sup>2</sup>)</li> <li>Introduced utility services for reducing the facility life cycle costs</li> </ul>   |
| Support of long-term vision                     | <ul style="list-style-type: none"> <li>Executed agreement on promoting use of and discussing redevelopment of OBP</li> </ul>  |

# Portfolio Overview

Properties under management as of the end of the 12<sup>th</sup> fiscal period: 12 properties (10 office buildings and 2 retail facilities)



| Type                     | Area               | Property Name                              | Location                | Completion Date                             | Acquisition Date            | Acquisition Price<br>(million yen)<br>(Note 1) | Investment Ratio<br>(%)<br>(Note 2) | Leasable Space<br>(m <sup>2</sup> )<br>(Note 3) | PML<br>(%)<br>(Note 4) |
|--------------------------|--------------------|--|-------------------------|---|-----------------------------|--|-------------------------------------|---|------------------------|
| Office Bldg              | Osaka area         | Twin 21 (Note 5)                           | Chuo-ku, Osaka          | March 1986                                  | August 2006                 | 68,700   | 42.6                                | 82,397.07                                       | 3.5                    |
|                          |                    | Matsushita IMP Bldg.                       | Chuo-ku, Osaka          | February 1990,<br>added on to in Nov. 2003  | August 2006                 | 24,600   | 15.3                                | 37,160.96                                       | 3.2                    |
|                          |                    | Panasonic Osaka Kyobashi Bldg.<br>(Note 6) | Chuo-ku, Osaka          | August 1974                                 | August 2006                 | 7,620  | 4.7                                 | 12,684.52                                       | 7.2                    |
|                          |                    | Midosuji MID Bldg.                         | Chuo-ku, Osaka          | October 1980,<br>added on to in Dec. 2009   | August 2006<br>October 2007 | 8,290  | 5.1                                 | 10,461.32                                       | 8.7                    |
|                          |                    | MID REIT Kyobashi Bldg.                    | Miyakojima-ku,<br>Osaka | February 2000                               | August 2006                 | 2,300  | 1.4                                 | 4,833.88  | 7.8                    |
|                          |                    | MID Imabashi Bldg.                         | Chuo-ku, Osaka          | October 1990                                | April 2007                  | 3,270  | 2.0                                 | 4,279.70  | 6.2                    |
|                          |                    | MID Midosujikawaramachi Bldg.              | Chuo-ku, Osaka          | March 1998                                  | May 2007                    | 2,000  | 1.2                                 | 3,097.42  | 6.2                    |
|                          |                    | Kitahama MID Bldg.                         | Chuo-ku, Osaka          | February 2008                               | April 2008                  | 10,800   | 6.7                                 | 10,189.50                                       | 3.0                    |
|                          |                    | MID Nishihommachi Bldg.                    | Nishi-ku, Osaka         | March 1989                                  | October 2008                | 3,550  | 2.2                                 | 3,870.82  | 5.6                    |
|                          | Other major cities | MID Shibakanasugibashi Bldg.               | Minato-ku, Tokyo        | January 1995                                | August 2006                 | 1,160  | 0.7                                 | 1,989.27  | 6.0                    |
| Subtotal (10 properties) |                    |  | -                       | -   | -                           | 132,290  | 82.1                                | 170,964.46                                      | -                      |
| Non-Office Bldg.         | Osaka area         | Konami Sports Club Kyobashi                | Miyakojima-ku,<br>Osaka | June 1999                                   | August 2006                 | 2,780  | 1.7                                 | 9,586.26  | 5.7                    |
|                          | Other major cities | AEON MALL Tsudanuma                        | Narashino-shi,<br>Chiba | September 2003,<br>added on to in Dec. 2007 | August 2006                 | 26,100   | 16.2                                | 101,210.44                                      | 4.0                    |
| Subtotal (2 properties)  |                    |  | -                       | -   | -                           | 28,880   | 17.9                                | 110,796.70                                      | -                      |
| Total (12 properties)    |                    |  | -                       | -   | -                           | 161,170  | 100.0                               | 281,761.16                                      | 2.8                    |

## Notes:

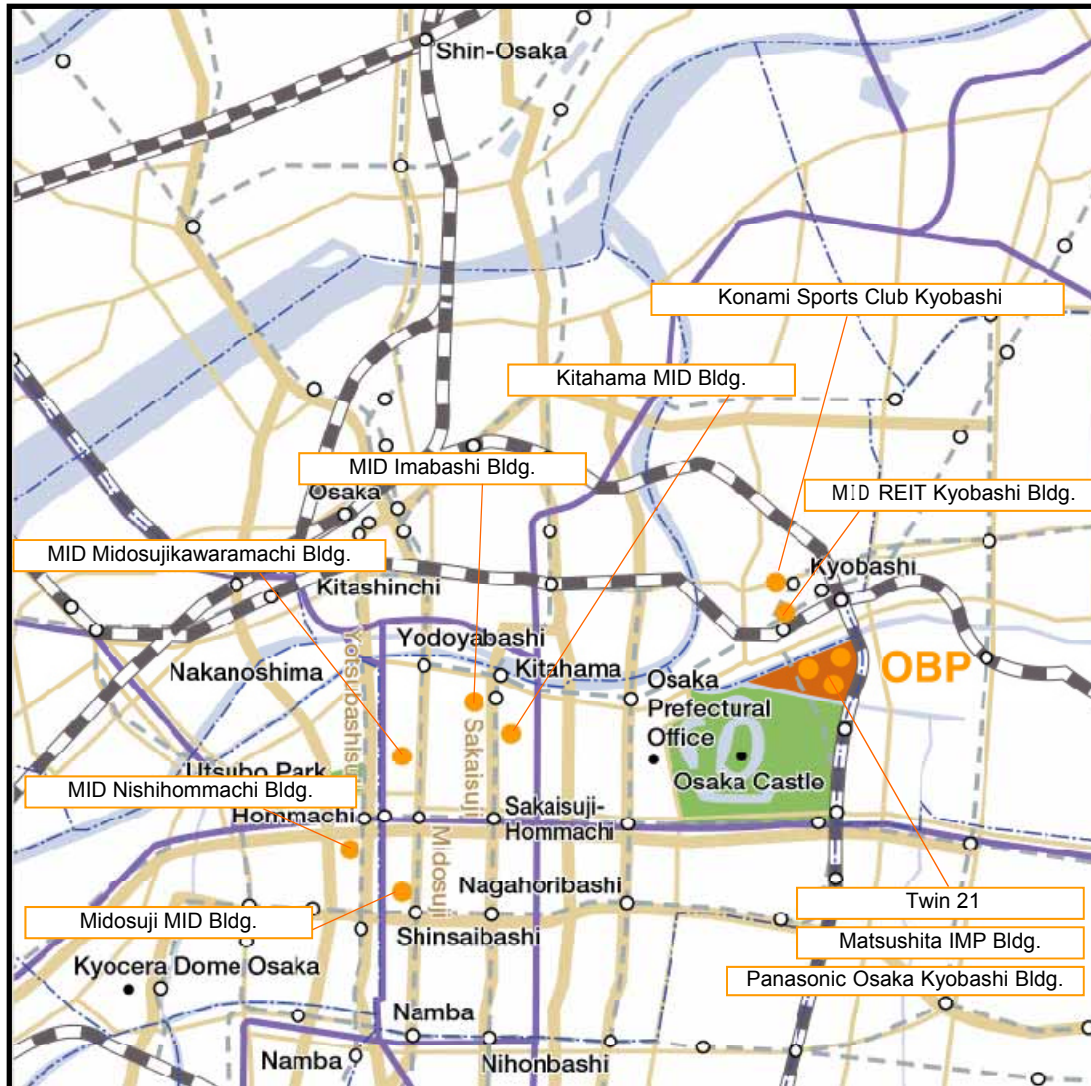
1. "Acquisition Price" states the sale price which is stated in the sales contract for the respective trust beneficiary interest, etc. (excluding various acquisition expenses, property taxes and consumption taxes, etc.).
2. "Investment Ratio" indicates the ratio of the acquisition price of the applicable asset to the total amount of acquisition prices and is rounded to the first decimal place. Accordingly, the entered amounts do not necessarily add up to the figures presented in the "Subtotal" and "Total" rows.
3. "Leasable Space" represent the total leasable floor space as of June 30, 2012. (Figures are for leasable units only and exclude the floor space for storage, halls, parking, etc. However, the leasable space of Konami Sports Club Kyobashi and AEON MALL Tsudanuma include the floor space for common areas and parking, while the leasable space of the MID REIT Kyobashi Bldg. include the floor space for common areas, each of which is leased 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. The total PML represents the PML for the entire portfolio. MID REIT has taken out earthquake insurance for all the portfolio properties presented above as of June 30, 2012.
5. Including the trust beneficiary interest of Twin 21 (partial ownership of leased land).
6. The property name was changed from Panasonic Denko Bldg. to Panasonic Osaka Kyobashi Bldg. on January 1, 2012.
7. In addition to the assets listed in the table above, MID REIT acquired silent partnership interests in Sakura Dori MID Bldg.

# Portfolio Map

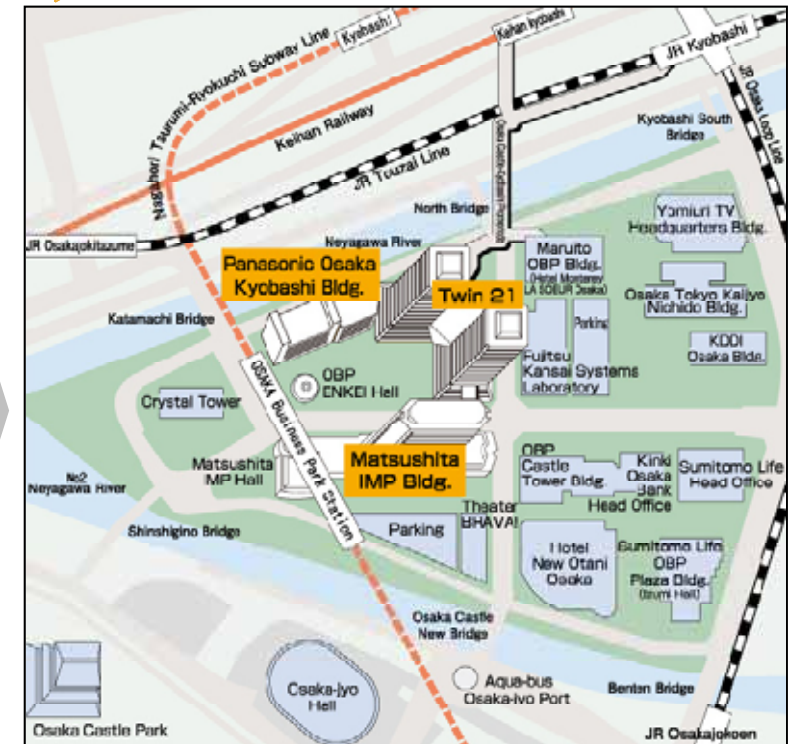
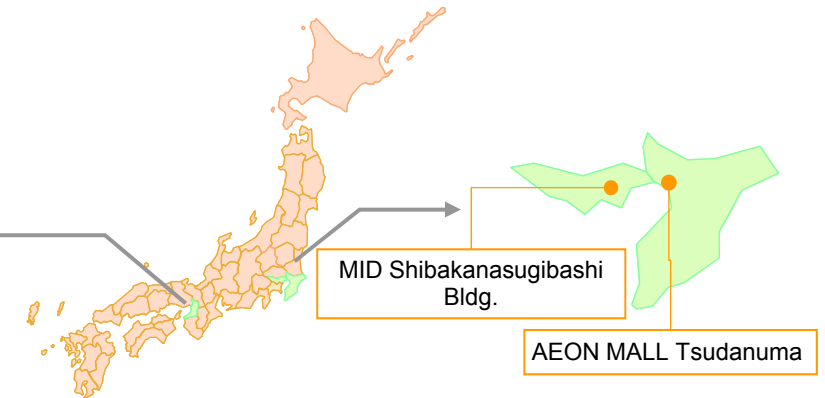
## Portfolio centering on the Osaka area



### Portfolio Data



Central Osaka














Osaka Business Park (OBP)



# Overview of Properties

10 properties located in Osaka City (3 of which are OBP properties), while 1 property each in Tokyo and Chiba prefectures



| Use                         | Osaka Metropolitan Area  |  |  |  | Other (Tokyo)  |
|-----------------------------|--|--|--|--|--|
| Office Building             | <p>Osaka Business Park (OBP)</p>  <p>Twin 21</p>  <p>Matsushita IMP Bldg.</p>  <p>Panasonic Osaka Kyobashi Bldg.</p>  <p>MID Nishihommachi Bldg.</p>  <p>MID Midosujikawaramachi Bldg.</p>  <p>MID REIT Kyobashi Bldg.</p> |  |  |  |  <p>MID Shibakanasugibashi Bldg.</p>  |
|                             | <p>Kitahama MID Bldg.</p>  <p>MID Imabashi Bldg.</p>  |  |  |  |  |
| Other than Office Buildings | <p>Osaka Metropolitan Area</p>  <p>Konami Sports Club Kyobashi</p>  |  | <p>Other (Chiba)</p>  <p>AEON MALL Tsudanuma</p> |  | <p>Silent Partnership Interests</p>  <p>Silent partnership interests operated by Sakura Dori Development LLC, the owner of Sakura Dori MID Bldg.(Located in Nagoya *)<br/>(Comprising 10% of Silent Partnership Interests)<br/>*70.2% occupancy rate as of the end of June 2012</p> |

## **4. Business Results**

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# Policy on Internal Growth

Strategic leasing activities and establishment of multifaceted relationships by making use of the comprehensive strengths of the MID Group



## Policy

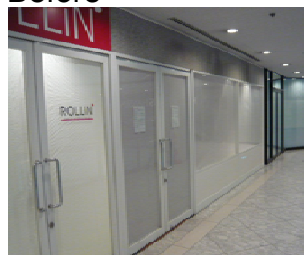
|  |  |
|--|--|
| Maintain and enhance property revenue                                  | <ul style="list-style-type: none"> <li>· Closely monitoring office market trends, strengthening the attracting of new tenants and strengthening relationships with existing tenants</li> <li>· Aim to enhance tenant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

## Activities to Maintain and Enhance Property Revenue (example)

### Matsushita IMP Bldg. (Osaka)

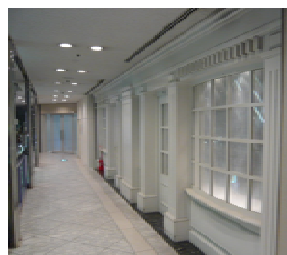
Of lower-floor retail spaces, completed transformation of the 2nd floor to an office

Before



Retail tenants have relocated from the 2nd floor to the 1st floor where there is a greater flow of people.

After



Tosho Co., Inc.  
Business systems office



Sekisui House, Ltd.  
Osaka SHAWOOD Home Branch

### Konami Sports Club Kyobashi (Osaka)

- Increased rents by renewing all air conditioning with energy-saving facilities
- Utilizing the system for subsidy for business expenses from power-saving renovations of buildings, renewed all air conditioning with energy-saving facilities and realized increased rent while at the same time meeting requests of tenants.

## Capital Expenditures (CAPEX)

### Actual Major CAPEX During 12th Period

|  |                |
|--|----------------|
| Renewal of heat source system coolant pump (Twin 21)             | 77 million yen |
| Renewal of air conditioner control system (Twin21)               | 47 million yen |
| Renewal of common areas of typical floor plate (Twin21)          | 47 million yen |
| Upgrading of the general receiving system (Matsushita IMP Bldg.) | 46 million yen |
| Construction work for new tenant (Matsushita IMP Bldg.)          | 36 million yen |
| Renewal of all air conditioning (Konami Sports Club Kyobashi)    | 31 million yen |

### Major CAPEX Expected (13th, 14th Period)

|  |                |
|--|----------------|
| Renewal of common areas of typical floor plate(WC) (Twin21)      | 82 million yen |
| Upgrading of light control system of Enkei Hall (Twin21)         | 65 million yen |
| Renewal of common areas of typical floor plate (Twin21)          | 52 million yen |
| Upgrading of the general receiving system (Matsushita IMP Bldg.) | 50 million yen |
| Upgrading of the general receiving system(Twin21)                | 49 million yen |

# Occupancy Conditions by Property

The Portfolio occupancy rate fell 0.5% partially due to the tenant vacation at MID Shibakanasugibashi Bldg.



| Type                                     | Property Name                              | Leasable Space<br>(m <sup>2</sup> )<br>(Note 1) | ①11th Period<br>Occupancy Rate<br>as of<br>Dec. 31, 2011<br>(%)<br>(Note 2) | ②12th Period<br>Occupancy Rate<br>as of<br>Jun. 30, 2012<br>(%)<br>(Note 2) | Difference<br>② - ①<br>(points) | Movements During 12th Period                 |  |                                   |   |
|--|--|---|---|---|---------------------------------|--|--|-----------------------------------|---|
|  |  |   |   |   |                                 | New Tenant<br>Occupancy<br>(m <sup>2</sup> ) | Expansion of<br>Leased Space by<br>Existing Tenants<br>(m <sup>2</sup> ) | Cancellation<br>(m <sup>2</sup> ) | Decrease in<br>Leased Space by<br>Existing Tenants<br>(m <sup>2</sup> ) |
| Office<br>Bldg.                          | Twin 21                                    | 82,397.07                                       | 96.0  | 95.8  | -0.2                            | 620.36                                       | 169.28   | -256.12                           | -686.4  |
|  | Matsushita IMP Bldg.                       | 37,160.96                                       | 95.1  | 96.6  | 1.5                             | 563.32                                       | 189.05   | -184.63                           | -   |
|  | Panasonic Osaka Kyobashi<br>Bldg. (Note 4) | 12,684.52                                       | 100.0   | 100.0   | -                               | -  | -  | -                                 | -   |
|  | Midosuji MID Bldg.                         | 10,461.32                                       | 91.4  | 91.4  | -                               | -  | -  | -                                 | -   |
|  | MID REIT Kyobashi Bldg.                    | 4,833.88  | 100.0   | 100.0   | -                               | -  | -  | -                                 | -   |
|  | MID Imabashi Bldg.                         | 4,279.70  | 83.6  | 86.4  | 2.8                             | 119.30                                       | -  | -                                 | -   |
|  | MID Midosujikawaramachi Bldg.              | 3,097.42  | 94.9  | 94.9  | -                               | 159.06                                       | -  | -                                 | -159.04   |
|  | Kitahama MID Bldg.                         | 10,189.50                                       | 100.0   | 100.0   | -                               | -  | 262.57   | -262.57                           | -   |
|  | MID Nishihommachi Bldg.                    | 3,870.82  | 100.0   | 100.0   | -                               | -  | -  | -                                 | -   |
|  | MID Shibakanasugibashi Bldg.               | 1,989.27  | 100.0   | 0.0   | -100.0                          | -  | -  | -1,989.27                         | -   |
| Non-<br>Office<br>Bldg.                  | Konami Sports Club Kyobashi                | 9,586.26  | 100.0   | 100.0   |                                 | Increase in floor space                      |  | 2,082.94m <sup>2</sup>            | -   |
|  | AEON MALL Tsudanuma                        | 101,210.44                                      | 100.0   | 100.0   |                                 | Decrease in floor space                      |  | 3,538.03m <sup>2</sup>            | -   |
|  |  |   |   |   |                                 | Net  |  | -1,455.09m <sup>2</sup>           | -   |
| Occupancy<br>Rate by<br>Type<br>(Note 3) | Office Bldg. Occupancy Rate                | 170,964.46                                      | 96.0  | 95.1  | -0.9                            | 1,462.04                                     | 620.90   | -2,692.59                         | -845.44   |
|  | Non-Office Bldg. Occupancy Rate            | 110,796.70                                      | 100.0   | 100.0   | -                               | -  | -  | -                                 | -   |
| Total                                    |  | 281,761.16                                      | 97.5  | 97.0  | -0.5                            | 1,462.04                                     | 620.90   | -2,692.59                         | -845.44   |

Notes:

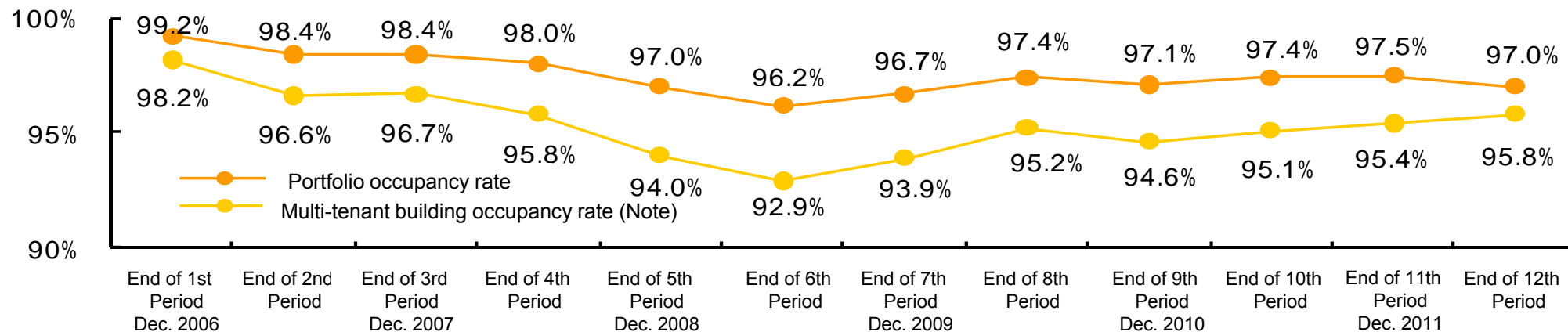
1. "Leasable Space" represent the total leasable floor space as of June 30, 2012. (Figures are for leasable units only and exclude the floor space for storage, halls, parking, etc. However, the leasable space of Konami Sports Club Kyobashi and AEON MALL Tsudanuma include the floor space for common areas and parking, while the leasable space of the MID REIT Kyobashi Bldg. include the floor space for common areas, each of which is leased in its entirety to a sole tenant.)
2. "Occupancy rate" is presented as percentage figures, which are obtained by dividing the period-end leased space by the leasable space and rounded to the first decimal place.
3. Occupancy rate by type and portfolio occupancy rate are presented as percentages that are obtained by dividing the sum of the leased space of each group by the sum of the group's leasable space and rounded to the first decimal place.
4. The property name was changed from Panasonic Denko Bldg. to Panasonic Osaka Kyobashi Bldg. on January 1, 2012.

# Changes in Occupancy Rates

## Maintaining a high occupancy rate since listing



### Changes in Occupancy Rates (End of 1st Period to End of 12th Period)



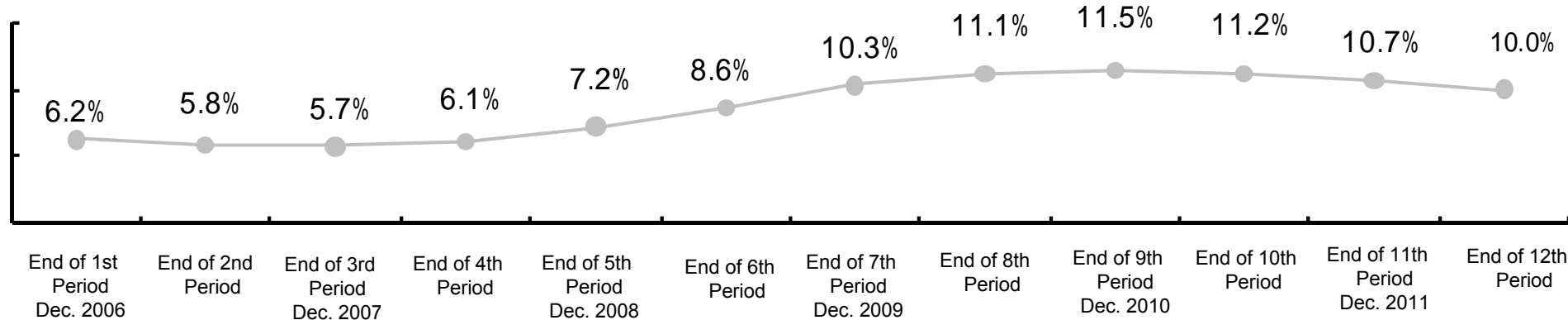
#### Notes:

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 and after: Twin 21, Matsushita IMP Bldg., MID Imabashi Bldg., MID Midosujikawaramachi Bldg., Kitahama MID Bldg., MID Nishihommachi Bldg. and Midosuji 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 9 for details of the office building vacancy rate in Osaka City.

### (Reference) Changes in Office Building Vacancy Rate in Osaka City



Source: CBRE



# Rent Revisions

## Existing tenants continue to request reductions before the end of the contract period



### Rent Revisions during the Period

#### Contract Renewals with Existing Tenants (Note 1)

|                         |                   | Number of Tenants | Floor Space (m <sup>2</sup> ) | Amount Difference (million yen)<br>*Monthly amount × 6 |
|-------------------------|-------------------|-------------------|-------------------------------|--|
| Revision of Rent Amount | Upward revision   | 0                 | 0                             | —  |
|                         | Unchanged         | 58                | 14,527.10                     | —  |
|                         | Downward revision | 5                 | 9,456.83                      | -40  |
| Total                   |                   |                   |                               | -40  |

#### Contract Modifications with Existing Tenants (Note 2)

|                         |                   | Number of Tenants | Floor Space (m <sup>2</sup> ) | Amount Difference (million yen)<br>*Monthly amount × 6 |
|-------------------------|-------------------|-------------------|-------------------------------|--|
| Revision of Rent Amount | Upward revision   | 4                 | 874.20                        | 1  |
|                         | Downward revision | 4                 | 1,175.51                      | -3   |
| Total                   |                   |                   |                               | -1   |

#### New Contracts (Note 3)

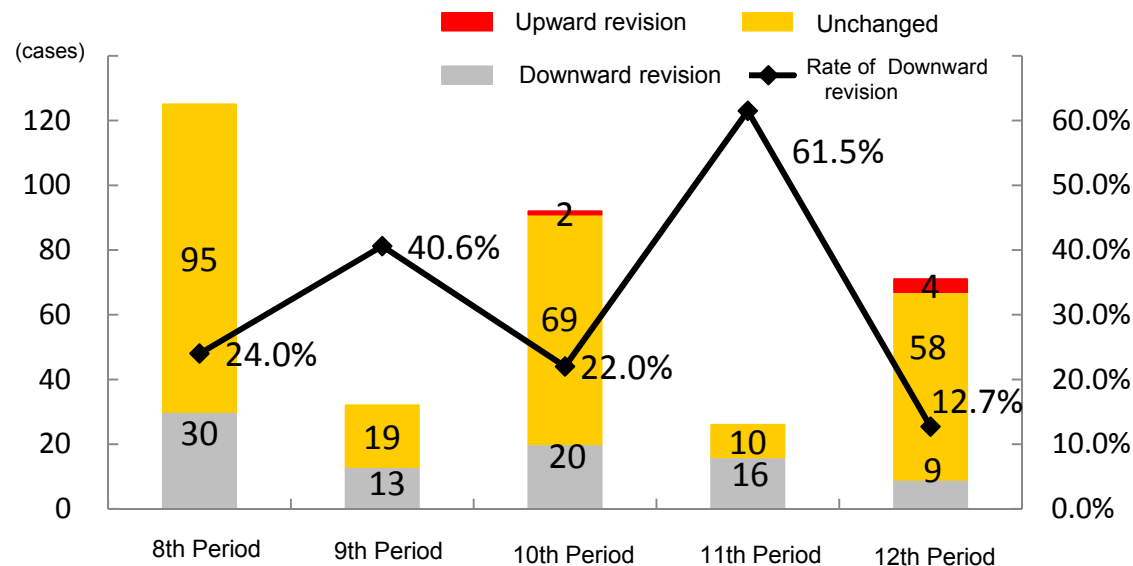
|  |      | Number of Tenants | Floor Space (m <sup>2</sup> ) | Amount Difference (million yen)<br>*Monthly amount × 6 |
|--|------|-------------------|-------------------------------|--|
| Comparison of Rent Amount with Most Recent Unit Price (Note 4) | Up   | 2                 | 155.57                        | 0  |
|  | Same | 1                 | 102.33                        | —  |
|  | Down | 10                | 1,825.04                      | -6   |
| Total  |      |                   |                               | -6   |

#### Notes:

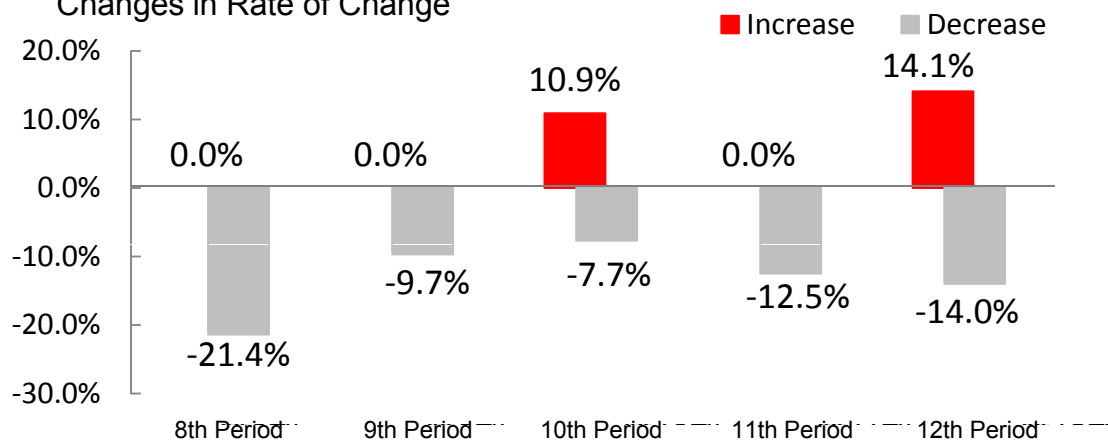
1. Based on contract renewals, etc. with tenants whose contracts expired during the 12th Period.
2. Based on contract modifications with tenants whose contracts were active but were modified during the 12th Period.
3. Based on contracts signed with new tenants during the 12th Period and contracts newly signed with existing tenants for larger floor space, etc. during the 12th Period.
4. Comparison of the unit price of rent paid by new tenants with the unit price of rent (most recent unit price) paid by tenants who had occupied the same rental units as the concerned new tenants since MID REIT's acquisition of the property.

### Rent Revision Trends

#### Changes in Number of Cases



#### Changes in Rate of Change



#### Note:

Based on contract renewals, etc. with tenants whose contracts expired during each period and contract modifications with tenants whose contracts were active but were modified during each period.

# List of Appraisal Values

Declined due to exempted payment of rent for unused floors in relation to the current contract for Twin 21  
OBP Panasonic Tower



| Type                | Region             | Property Name                              | Acquisition Price<br>(million yen)<br>(Note 1) | Appraisal Value at<br>11th Period<br>End<br>(million yen)<br>(Note 2) | Book Value<br>as of<br>12th Period<br>End<br>(million yen)<br>(Note 3) | Appraisal<br>Value at<br>12th Period<br>End<br>(million yen)<br>(Note 2) | Difference<br>from<br>Acquisition<br>Price<br>(%) | Difference<br>from<br>Previous<br>Period End<br>(%) | Difference<br>from<br>Book<br>Value<br>(%) | Appraisal Company                             | 11th Period<br>Appraisal<br>Value Rate<br>(%)<br>(Note 6) | 12th Period<br>Appraisal<br>Value Rate<br>(%)<br>(Note 6) |
|---------------------|--------------------|--|--|---|--|--|---|---|--|---|---|---|
| Office<br>Bldg.     | Osaka area         | Twin 21 (Note 4)                           | 68,700   | 59,000  | 69,040   | 51,000   | -25.8   | -13.6   | -26.1                                      | Morii Appraisal & Investment Consulting, Inc. | 5.2   | 5.2   |
|                     |                    | Matsushita IMP Bldg.                       | 24,600   | 20,300  | 23,962   | 19,700   | -19.9   | -3.0  | -17.8                                      | Tanizawa Sogo Appraisal Co., Ltd.             | 5.5   | 5.5   |
|                     |                    | Panasonic Osaka Kyobashi Bldg.<br>(Note 5) | 7,620  | 6,740   | 7,473  | 6,900  | -9.4  | 2.4   | -7.7                                       | Morii Appraisal & Investment Consulting, Inc. | 5.6   | 5.6   |
|                     |                    | Midosuji MID Bldg.                         | 8,290  | 7,150   | 8,894  | 7,040  | -15.1   | -1.5  | -20.8                                      | Tanizawa Sogo Appraisal Co., Ltd.             | 4.9   | 4.9   |
|                     |                    | MID REIT Kyobashi Bldg.                    | 2,300  | 1,250   | 2,205  | 1,260  | -45.2   | 0.8   | -42.9                                      | Tanizawa Sogo Appraisal Co., Ltd.             | 6.1   | 6.1   |
|                     |                    | MID Imabashi Bldg.                         | 3,270  | 2,310   | 3,299  | 2,290  | -30.0   | -0.9  | -30.6                                      | Tanizawa Sogo Appraisal Co., Ltd.             | 5.5   | 5.5   |
|                     |                    | MID Midosujikawaramachi Bldg.              | 2,000  | 1,360   | 1,982  | 1,360  | -32.0   | 0   | -31.4                                      | Tanizawa Sogo Appraisal Co., Ltd.             | 5.9   | 5.9   |
|                     |                    | Kitahama MID Bldg.                         | 10,800   | 8,640   | 10,787   | 8,510  | -21.2   | -1.5  | -21.1                                      | Japan Real Estate Institute                   | 5.1   | 5.1   |
|                     |                    | MID Nishihommachi Bldg.                    | 3,550  | 2,170   | 3,493  | 2,160  | -39.2   | -0.5  | -38.2                                      | Japan Real Estate Institute                   | 5.4   | 5.4   |
|                     | Other major cities | MID Shibakanasugibashi Bldg.               | 1,160  | 1,150   | 1,127  | 1,140  | -1.7  | -0.9  | 1.2  | Tanizawa Sogo Appraisal Co., Ltd.             | 5.5   | 5.5   |
| Subtotal            |                    |  | 132,290  | 110,070   | 132,266  | 101,360  | -23.4   | -7.9  | -23.4                                      | -   | -   | -   |
| Non-Office<br>Bldg. | Osaka area         | Konami Sports Club Kyobashi                | 2,780  | 2,780   | 2,583  | 2,840  | 2.2   | 2.2   | 9.9  | Daiwa Real Estate Appraisal Co., Ltd.         | 6.0   | 6.0   |
|                     | Other major cities | AEON MALL Tsudanuma                        | 26,100   | 23,700  | 25,081   | 23,900   | -8.4  | 0.8   | -4.7                                       | Daiwa Real Estate Appraisal Co., Ltd.         | 5.4   | 5.4   |
| Subtotal            |                    |  | 28,880   | 26,480  | 27,665   | 26,740   | -7.4  | 1.0   | -3.3                                       | -   | -   | -   |
| Total               |                    |  | 161,170  | 136,550   | 159,931  | 128,100  | -20.5   | -6.2  | -19.9                                      | -   | -   | -   |

Notes:

- "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.).
- "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.
- "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.
- Including the trust beneficiary interest of Twin 21 (partial ownership of leased land).
- The property name was changed from Panasonic Denko Bldg. to Panasonic Osaka Kyobashi Bldg. on January 1, 2012.
- "Appraisal Value Rate" is the cap rate based on the direct capitalization method.

# Tenant Trends (1)

## Major tenants are AEON Retail and Panasonic



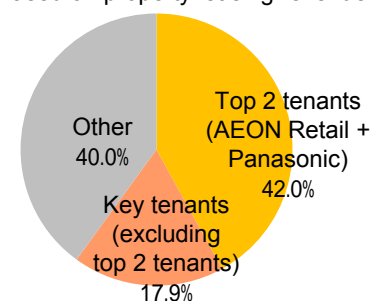
### Overview of Key Tenants

| 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                           | 37.0   |
| Panasonic Corporation (Note3)             | Twin21, Panasonic Osaka Kyobashi Bldg. (Note 4)      | Mar. 31, 2013                            | 53,641.12                            | 19.6   |
| Konami Sports & Life Co., Ltd.            | Konami Sports Club Kyobashi                          | - (Note 5)                               | 9,586.26                             | 3.5  |
| Nippon Computer System Co., Ltd.          | Matsushita IMP Bldg.                                 | Apr. 30, 2014                            | 5,632.24                             | 2.1  |
| NTT Directory Services Co., Ltd.          | MID REIT Kyobashi Bldg.                              | Feb. 28, 2013                            | 4,833.88                             | 1.8  |
| Human Academy Co., Ltd.                   | Midosuji MID Bldg.                                   | - (Note 5)                               | 4,643.59                             | 1.7  |
| Asahi Breweries Co., Ltd.                 | Matsushita IMP Bldg.                                 | Mar. 31, 2015                            | 4,531.23                             | 1.7  |
| MID Property Management Co., Ltd. (Note6) | Twin 21, Matsushita IMP Bldg. and Midosuji MID Bldg. | Nov. 30, 2012                            | 4,415.65                             | 1.6  |
| CTI Engineering Co., Ltd.                 | Kitahama MID Bldg.                                   | - (Note 5)                               | 4,077.50                             | 1.5  |
| Mizushima & Aoyama Co., Ltd.              | Matsushita IMP Bldg.                                 | Jun. 30, 2014                            | 3,998.83                             | 1.5  |
| Total                                     |  |  | 196,570.74                           | 71.9   |

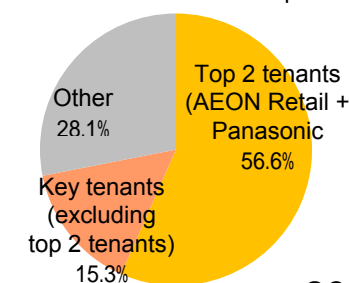
#### Notes:

- The expiration date of the contract with the largest leased floor space is stated if there are multiple leasing contracts, etc.
- 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.
- Panasonic Corporation and Panasonic Electric Works Co., Ltd. merged, with Panasonic Corporation as the surviving company, on January 1, 2012.
- The property name was changed from Panasonic Denko Bldg. to Panasonic Osaka Kyobashi Bldg. on January 1, 2012.
- No statement is made on the expiration date of the contract when the consent for disclosure could not be obtained from tenant.
- MID REIT has concluded a memorandum for the cancellation of the leasing contract for Midosuji MID Building as of June 8, 2012 (decrease in rented space: 1,807.18 m<sup>2</sup>; effective date of contract cancellation: November 30, 2012).

**Top Tenants' Share**  
Based on property leasing revenue



Based on leased floor space



# Tenant Trends (2)

**Negotiating agreement period, rent, etc. for the continued use of all of Twin 21 OBP Panasonic Tower by Panasonic in the next fiscal year and beyond**



## Current Conditions and Negotiation Status of Twin 21 OBP Panasonic Tower

- Continued use of the entire building by Panasonic (current agreement period ends March 31, 2013)
- Applied exemption of payment of rent for unused floors (maximum 10 floors out of 38) rather than reducing the unit price as a response to requests to reduce rent (based on "Notice Regarding Conclusion of Memorandum to Change Lease Agreement on Leased Units with a Major Tenant" dated April 30, 2010).
- Holding monthly meetings to discuss effective use of the property, lease conditions for the next fiscal year and after, etc.

| Twin 21                |   |
|------------------------|---|
| Location               | 2-1-61 Shiromi, Chuo-ku, Osaka  |
| Structure/Floors       | SRC/ B1/38F   |
| Total Land Space       | 28,163.07m <sup>2</sup>   |
| Total Floor Space      | 146,034.98m <sup>2</sup>  |
| Construction Completed | March 1986  |
| Other                  | Comprised of 150m-tall twin towers MID Tower and OBP Panasonic Tower.<br>MID Tower is a multi-tenant building occupied by about 100 tenants.<br>The entire OBP Panasonic Tower building is used by Panasonic. |



Twin 21, Matsushita IMP Bldg. Panasonic Osaka Kyobashi Bldg.

## Response to Requests of Tenants

### Step-by-Step Renewal of Common Areas

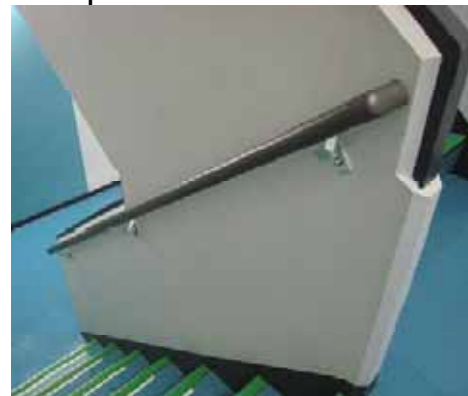


Office floor



Restaurant floor

### Implementation of Security Measures



Installed handrails and luminous tape on emergency staircases





# CSR Initiatives

## Acquisition of DBJ Green Building Certification and Promotion of Disaster Prevention and BCP Measures



### Acquisition of DBJ Green Building Certification Certified Properties

| Twin21(Acquired certification in February 2012)                                   |   | Matsushita IMP Bldg.<br>(Acquired certification in February 2012)                  |   | Kitahama MID Bldg.<br>(Acquired certification in February 2012)                     |   |   |                        |                            |
|---|---|--|---|---|---|---|------------------------|----------------------------|
|  |  |  |  |  |  |   |                        |                            |
|   | Location  |  | Shiromi, Chuo-ku, Osaka   |   | Location  | Shiromi, Chuo-ku, Osaka                       | Location               | Doshomachi, Chuo-ku, Osaka |
|   | Structure   |  | SRC   |   | Structure   | S, SRC  | Structure              | S, SRC                     |
|   | Floors  |  | B1/38F  |   | Floors  | B2/26F  | Floors                 | B1/18F                     |
|   | Total floor space   |  | 146,034.98㎡   |   | Total floor space   | 84,952.57㎡                                    | Total floor space      | 14,648.13㎡                 |
|   | Construction completed  |  | March 1986  |   | Construction completed  | February 1990<br>Added on to in November 2003 | Construction completed | February 2008              |
|   | Acquired  |  | August 2006   |   | Acquired  | August 2006                                   | Acquired               | April 2008                 |

### Promotion of Disaster Prevention and BCP Measures

#### Periodic Implementation of Firefighting and Emergency Drills(Matsushita IMP Bldg.)

Implementing emergency drills with the participation of tenants with the aim of teaching how to better respond to disasters and improve disaster prevention awareness through practical evacuation and firefighting drills under the instruction of the fire department.



#### Supplied Disaster Mitigation Equipment at All Multi-Tenant Buildings

Supplied disaster mitigation goods at all 7 multi-tenant buildings as part of follow-up for tenants in preparation of disasters.





# Tenant Satisfaction Survey

**Satisfaction raised for factors involving people, such as “Effectiveness of facility management” and “Effectiveness of property management”**



## Tenant Satisfaction Survey

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

Survey period: Nov. 18, 2011 to Nov. 25, 2011

Number sampled: 203 tenants

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

### Survey Results: Customer Satisfaction Index (CSI\*)

| Factors  | 2007 | 2008 | 2009 | 2010 | 2011 | Difference<br>(2010 → 2011) |
|--|------|------|------|------|------|-----------------------------|
| Effectiveness of facility management                   | 72.9 | 76.7 | 74.4 | 73.9 | 76.3 | + 2.4                       |
| Effectiveness of property management                   | 67.3 | 68.9 | 66.5 | 68.3 | 70.3 | + 2.0                       |
| Overall building comfort                               | 49.5 | 54.2 | 52.2 | 55.1 | 56.5 | + 1.4                       |
| Security measures                                      | 65.7 | 68.0 | 63.0 | 66.2 | 66.9 | + 0.7                       |
| Cleanliness  | 71.1 | 73.1 | 71.1 | 71.5 | 72.1 | + 0.6                       |
| User-friendliness of building facilities and equipment | 59.0 | 60.4 | 57.2 | 65.2 | 65.5 | + 0.3                       |
| Attitude of management staff                           | 70.8 | 74.2 | 72.8 | 74.1 | 74.4 | + 0.3                       |
| Common-area functions                                  | 56.5 | 58.5 | 56.7 | 64.7 | 64.7 | + 0.0                       |
| Ambience   | 74.3 | 75.3 | 73.0 | 79.5 | 79.3 | - 0.2                       |

#### Notes:

- \*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.
- The addition of Kanden CS Forum Inc. as surveyor, starting from the 2010 survey, adds the Kansai Electric Power Group's perspective on customer satisfaction and makes it clear that the stance is to place further emphasis on such.
- Surveyed properties are the following:  
 2007 and 2008: Twin 21, Matsushita IMP Bldg., MID Imabashi Bldg.  
 2009: Twin 21, Matsushita IMP Bldg., MID Imabashi Bldg., Kitahama MID Bldg. and MID Nishihommachi Bldg.  
 2010 and after: Twin 21, Matsushita IMP Bldg., MID Imabashi Bldg., Kitahama MID Bldg., MID Nishihommachi Bldg., Midosuji MID Bldg. and MID Midosujikawaramachi Bldg.

## **5. Financial Strategy**

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# Financial Policy

## Establishment of a stable financial base



| LTV Control                                 | <ul style="list-style-type: none"> <li>The upper limit of LTV (Interest-bearing debt at end of period ÷ Total assets at end of period) is set at 60%, but we would like to control it within a stable range, targeting around 50% during normal operations (LTV was 40.8% at the end of the 12th fiscal period)</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: flex-end;"> <div style="text-align: center;"> <p>Ratio of Long-term/Short-term Debt</p> <p>Long-term loans payable<br/>100.0<br/>%</p> </div> <div style="text-align: center;"> <p>Fixed Interest Rate Ratio</p> <p>Floating interest rate<br/>27.2%<br/>Fixed interest rate<br/>72.8%</p> </div> </div> <p style="text-align: right;">(As of July 31, 2012)</p>  |        |         |                       |        |                            |       |                         |       |             |       |                           |       |             |       |                                  |       |                      |       |                   |       |                        |       |              |       |             |       |            |     |              |               |
| Reduction of Refinancing Risk               | <ul style="list-style-type: none"> <li>Our goal is to diversify lenders, diversify procurement schemes (loans, investment corporate bonds, etc.) and to spread repayment and redemption deadlines, among others</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 Corporate Bank</td><td>10,500</td></tr> <tr><td>Sumitomo Mitsui Trust Bank</td><td>9,400</td></tr> <tr><td>Sumitomo Mitsui Banking</td><td>9,400</td></tr> <tr><td>Aozora Bank</td><td>9,300</td></tr> <tr><td>Development Bank of Japan</td><td>9,200</td></tr> <tr><td>Resona Bank</td><td>6,000</td></tr> <tr><td>Mitsubishi UFJ Trust and Banking</td><td>5,900</td></tr> <tr><td>Shinkin Central Bank</td><td>5,000</td></tr> <tr><td>Senshu Ikeda Bank</td><td>2,600</td></tr> <tr><td>Nishi-Nippon City Bank</td><td>2,000</td></tr> <tr><td>Hyakugo Bank</td><td>1,000</td></tr> <tr><td>Minato Bank</td><td>1,000</td></tr> <tr><td>Nanto Bank</td><td>500</td></tr> <tr><td><b>Total</b></td><td><b>71,800</b></td></tr> </tbody> </table> </div> <div style="width: 45%;"> <p style="text-align: center;">Diversification of Repayment Dates</p> <p style="text-align: center;">Notes:</p> <p>The 4.5 billion yen out of 8.8 billion yen due for repayment in the 23rd Period will be repaid as follows:</p> <ol style="list-style-type: none"> <li>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.)</li> <li>Repayment method: From January 31, 2011 to last day of January 2017<br/> Repayments of 125 million yen each time<br/> On July 31, 2017 Repayment of 3,375 million yen</li> </ol> <p style="text-align: right;">(As of July 31, 2012)</p> </div> </div> | Lender | Balance | Mizuho Corporate Bank | 10,500 | Sumitomo Mitsui Trust Bank | 9,400 | Sumitomo Mitsui Banking | 9,400 | Aozora Bank | 9,300 | Development Bank of Japan | 9,200 | Resona Bank | 6,000 | Mitsubishi UFJ Trust and Banking | 5,900 | Shinkin Central Bank | 5,000 | Senshu Ikeda Bank | 2,600 | Nishi-Nippon City Bank | 2,000 | Hyakugo Bank | 1,000 | Minato Bank | 1,000 | Nanto Bank | 500 | <b>Total</b> | <b>71,800</b> |
| Lender                                      | Balance  |        |         |                       |        |                            |       |                         |       |             |       |                           |       |             |       |                                  |       |                      |       |                   |       |                        |       |              |       |             |       |            |     |              |               |
| Mizuho Corporate Bank                       | 10,500   |        |         |                       |        |                            |       |                         |       |             |       |                           |       |             |       |                                  |       |                      |       |                   |       |                        |       |              |       |             |       |            |     |              |               |
| Sumitomo Mitsui Trust Bank                  | 9,400  |        |         |                       |        |                            |       |                         |       |             |       |                           |       |             |       |                                  |       |                      |       |                   |       |                        |       |              |       |             |       |            |     |              |               |
| Sumitomo Mitsui Banking                     | 9,400  |        |         |                       |        |                            |       |                         |       |             |       |                           |       |             |       |                                  |       |                      |       |                   |       |                        |       |              |       |             |       |            |     |              |               |
| Aozora Bank                                 | 9,300  |        |         |                       |        |                            |       |                         |       |             |       |                           |       |             |       |                                  |       |                      |       |                   |       |                        |       |              |       |             |       |            |     |              |               |
| Development Bank of Japan                   | 9,200  |        |         |                       |        |                            |       |                         |       |             |       |                           |       |             |       |                                  |       |                      |       |                   |       |                        |       |              |       |             |       |            |     |              |               |
| Resona Bank                                 | 6,000  |        |         |                       |        |                            |       |                         |       |             |       |                           |       |             |       |                                  |       |                      |       |                   |       |                        |       |              |       |             |       |            |     |              |               |
| Mitsubishi UFJ Trust and Banking            | 5,900  |        |         |                       |        |                            |       |                         |       |             |       |                           |       |             |       |                                  |       |                      |       |                   |       |                        |       |              |       |             |       |            |     |              |               |
| Shinkin Central Bank                        | 5,000  |        |         |                       |        |                            |       |                         |       |             |       |                           |       |             |       |                                  |       |                      |       |                   |       |                        |       |              |       |             |       |            |     |              |               |
| Senshu Ikeda Bank                           | 2,600  |        |         |                       |        |                            |       |                         |       |             |       |                           |       |             |       |                                  |       |                      |       |                   |       |                        |       |              |       |             |       |            |     |              |               |
| Nishi-Nippon City Bank                      | 2,000  |        |         |                       |        |                            |       |                         |       |             |       |                           |       |             |       |                                  |       |                      |       |                   |       |                        |       |              |       |             |       |            |     |              |               |
| Hyakugo Bank                                | 1,000  |        |         |                       |        |                            |       |                         |       |             |       |                           |       |             |       |                                  |       |                      |       |                   |       |                        |       |              |       |             |       |            |     |              |               |
| Minato Bank                                 | 1,000  |        |         |                       |        |                            |       |                         |       |             |       |                           |       |             |       |                                  |       |                      |       |                   |       |                        |       |              |       |             |       |            |     |              |               |
| Nanto Bank                                  | 500  |        |         |                       |        |                            |       |                         |       |             |       |                           |       |             |       |                                  |       |                      |       |                   |       |                        |       |              |       |             |       |            |     |              |               |
| <b>Total</b>                                | <b>71,800</b>  |        |         |                       |        |                            |       |                         |       |             |       |                           |       |             |       |                                  |       |                      |       |                   |       |                        |       |              |       |             |       |            |     |              |               |

# Details on Debt Financing (as of July 31, 2012)

## Finished refinancing borrowings that were due for repayment on July 31, 2012



### Breakdown of Debt Financing

| Type                             | Lenders  | Drawdown Date | Balance            | Interest Rate                                   | Repayment Date | Repayment Method  | Remarks                   |
|----------------------------------|--|---------------|--------------------|---|----------------|---|---------------------------|
| Long-term loans payable (Note 1) | Term loan (3 years and 3 months)<br>Mizuho Corporate Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Aozora Bank, Mitsubishi UFJ Trust and Banking, Shinkin Central Bank, The Nishi-Nippon City Bank. | Apr. 23, 2010 | 11,000 million yen | JBA<br>Japanese Yen<br>TIBOR + 0.8%             | July 31, 2013  | Bullet payment  | Unsecured<br>Unguaranteed |
|                                  | Term loan (2 years and 11 months)<br>Mizuho Corporate Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Aozora Bank, Mitsubishi UFJ Trust and Banking, Senshu Ikeda Bank, Hyakugo Bank, Minato Bank     | Aug. 31, 2010 | 17,500 million yen | JBA<br>Japanese Yen<br>TIBOR + 0.8%<br>(Note 2) | July 31, 2013  | Bullet payment  | Unsecured<br>Unguaranteed |
|                                  | Term loan (4 years and 11 months)<br>Mizuho Corporate Bank, Resona Bank, Shinkin Central Bank, Nanto Bank  | Aug. 31, 2010 | 6,500 million yen  | JBA<br>Japanese Yen<br>TIBOR + 1.0%<br>(Note 3) | July 31, 2015  | Bullet payment  | Unsecured<br>Unguaranteed |
|                                  | Term loan (6 years and 11 months)<br>Development Bank of Japan   | Aug. 31, 2010 | 4,500 million yen  | 1.79507%<br>(Note 5)                            | July 31, 2017  | 125 million yen every 6 months (end of January and July)<br>3,375 million yen on final principal repayment date | Unsecured<br>Unguaranteed |
|                                  | Term loan (3 years)<br>Mizuho Corporate Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Aozora Bank, Resona Bank, Shinkin Central Bank, Senshu Ikeda Bank   | July 29, 2011 | 13,800 million yen | JBA<br>Japanese Yen<br>TIBOR + 0.6%<br>(Note 4) | July 31, 2014  | Bullet payment  | Unsecured<br>Unguaranteed |
|                                  | Term loan (5 years)<br>Mizuho Corporate Bank, Development Bank of Japan  | July 29, 2011 | 4,000 million yen  | 1.36375%<br>(Note 6)                            | July 31, 2016  | Bullet payment  | Unsecured<br>Unguaranteed |
|                                  | Term loan (3 years)<br>Mizuho Corporate Bank, Sumitomo Mitsui Banking, Resona Bank, Mitsubishi UFJ Trust and Banking, Senshu Ikeda Bank  | July 31, 2012 | 8,500 million yen  | JBA<br>Japanese Yen<br>TIBOR + 0.6%             | July 31, 2015  | Bullet payment  | Unsecured<br>Unguaranteed |
|                                  | Term loan (5 years)<br>Sumitomo Mitsui Trust Bank, Aozora Bank   | July 31, 2012 | 4,300 million yen  | JBA<br>Japanese Yen<br>TIBOR + 0.8%<br>(Note 5) | July 31, 2017  | Bullet payment  | Unsecured<br>Unguaranteed |
|                                  | Term loan (7 years)<br>Development Bank of Japan   | July 31, 2012 | 1,700 million yen  | 1.52375%<br>(Note 6)                            | July 31, 2019  | Bullet payment  | Unsecured<br>Unguaranteed |
| Total                            |  |               | 71,800 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 1.142% (p.a.) up to the principal repayment date.
- 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 1.0625% (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.
- Interest rates are fixed.

### Credit Line

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

## **6. Appendix**

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# Financial Statements (1)



## Balance Sheet

| Description                            | 11th Period<br>(as of Dec. 31, 2011) |       | 12th Period<br>(as of June 30, 2012) |       | Difference    |       |
|--|--------------------------------------|-------|--------------------------------------|-------|---------------|-------|
|  | (million yen)                        | (%)   | (million yen)                        | (%)   | (million yen) | (%)   |
| (ASSETS)                               |                                      |       |                                      |       |               |       |
| Total Current Assets                   | 15,193                               | 8.6   | 15,774                               | 8.9   | 580           | 3.8   |
| Cash and deposits                      | 9,411                                |       | 10,093                               |       | 681           |       |
| Cash and deposits in trust             | 5,571                                |       | 5,507                                |       | -63           |       |
| Operating accounts receivable          | 140                                  |       | 138                                  |       | -1            |       |
| Prepaid expenses                       | 69                                   |       | 33                                   |       | -35           |       |
| Deferred tax assets                    | 0                                    |       | 0                                    |       | 0             |       |
| Total Noncurrent Assets                | 161,368                              | 91.4  | 160,526                              | 91.1  | -841          | -0.5  |
| 1. Property, plant and equipment       |                                      |       |                                      |       |               |       |
| Buildings in trust                     | 61,124                               |       | 61,498                               |       | -641          |       |
| Accumulated depreciation               | -10,112                              |       | -11,127                              |       |               |       |
| Structures in trust                    | 106                                  |       | 109                                  |       | 0             |       |
| Accumulated depreciation               | -11                                  |       | -12                                  |       |               |       |
| Tools, furniture and fixtures in trust | 368                                  |       | 399                                  |       | 7             |       |
| Accumulated depreciation               | -122                                 |       | -144                                 |       |               |       |
| Land in trust                          | 109,210                              |       | 109,210                              |       | -             |       |
| Construction in progress in trust      | -                                    |       | 1                                    |       | -             |       |
| Total property, plant and equipment    | 160,564                              | 90.9  | 159,933                              | 90.7  | -630          | -0.4  |
| 2. Intangible assets                   |                                      |       |                                      |       |               |       |
| Software                               | 0                                    |       | 1                                    |       | 0             |       |
| Right of trademark                     | 0                                    |       | 0                                    |       | -0            |       |
| Total intangible assets                | 1                                    | 0.0   | 1                                    | 0.0   | 0             | 89.4  |
| 3. Investments and other assets        |                                      |       |                                      |       |               |       |
| Investment securities                  | 187                                  |       | 182                                  |       | -4            |       |
| Lease and guarantee deposits           | 10                                   |       | 10                                   |       | -             |       |
| Long-term prepaid expenses             | 605                                  |       | 398                                  |       | -207          |       |
| Total investments and other assets     | 802                                  | 0.5   | 591                                  | 0.3   | -211          | -26.4 |
| Total Assets                           | 176,561                              | 100.0 | 176,300                              | 100.0 | -260          | -0.1  |

| Description  | 11th Period<br>(as of Dec. 31, 2011) |       | 12th Period<br>(as of June 30, 2012) |       | Difference    |      |
|--|--------------------------------------|-------|--------------------------------------|-------|---------------|------|
|  | (million yen)                        | (%)   | (million yen)                        | (%)   | (million yen) | (%)  |
| (LIABILITIES)                                      |                                      |       |                                      |       |               |      |
| Total Current Liabilities                          | 17,069                               | 9.7   | 16,982                               | 9.6   | -87           | -0.5 |
| Operating accounts payable                         | 284                                  |       | 292                                  |       | 8             |      |
| Current portion of long-term loans payable         | 14,750                               |       | 14,750                               |       | -             |      |
| Accounts payable - other                           | 796                                  |       | 721                                  |       | -74           |      |
| Accrued expenses                                   | 134                                  |       | 138                                  |       | 3             |      |
| Distribution payable                               | 11                                   |       | 9                                    |       | -1            |      |
| Income taxes payable                               | 1                                    |       | 1                                    |       | 0             |      |
| Accrued consumption taxes                          | 22                                   |       | 26                                   |       | 3             |      |
| Advances received                                  | 686                                  |       | 688                                  |       | 2             |      |
| Other  | 383                                  |       | 353                                  |       | -30           |      |
| Total Noncurrent Liabilities                       | 67,702                               | 38.3  | 67,506                               | 38.3  | -195          | -0.3 |
| Long-term loans payable                            | 57,300                               |       | 57,175                               |       | -125          |      |
| Tenant leasehold and security deposits             | 8,325                                |       | 8,202                                |       | -123          |      |
| Tenant leasehold and security deposits in trust    | 2,076                                |       | 2,128                                |       | 52            |      |
| Total Liabilities                                  | 84,772                               | 48.0  | 84,488                               | 47.9  | -283          | -0.3 |
| (NET ASSETS)                                       |                                      |       |                                      |       |               |      |
| Unitholders' Equity                                |                                      |       |                                      |       |               |      |
| 1. Unitholders' capital                            | 90,372                               |       | 90,372                               |       | -             |      |
| 2. Surplus   |                                      |       |                                      |       |               |      |
| Unappropriated retained earnings (undisposed loss) | 1,416                                |       | 1,439                                |       | 22            |      |
| Total surplus                                      | 1,416                                |       | 1,439                                |       | 22            |      |
| Total unitholders' equity                          | 91,789                               |       | 91,812                               |       | 22            |      |
| Total Net Assets                                   | 91,789                               | 52.0  | 91,812                               | 52.1  | 22            | 0.0  |
| Total Liabilities and Net Assets                   | 176,561                              | 100.0 | 176,300                              | 100.0 | -260          | -0.1 |

Includes CAPEX accrued during the period: 505 million yen  
(see page 37 for details of properties)

# Financial Statements (2)



## Income Statement

| Description   | 11th Period<br>(July 1, 2011 – Dec. 31, 2011) |       | 12th Period<br>(Jan. 1, 2012 – June 30, 2012) |       | Difference    |       |
|---|---|-------|---|-------|---------------|-------|
|   | (million yen)                                 | (%)   | (million yen)                                 | (%)   | (million yen) | (%)   |
| 1. Operating revenue                                  | 5,776   |       | 5,717   |       | -59           | -1.0  |
| Rent revenue - real estate                            |   | 5,384 |   | 5,338 |               |       |
| Other lease business revenue                          |   | 392   |   | 378   |               |       |
| 2. Operating expenses                                 | 3,691   | 63.9  | 3,644   | 63.8  | -46           | -1.3  |
| Expenses related to rent business                     |   | 3,132 |   | 3,065 |               |       |
| Asset management fee                                  |   | 428   |   | 428   |               |       |
| Asset custody fee                                     |   | 8     |   | 8     |               |       |
| Administrative service fees                           |   | 45    |   | 44    |               |       |
| Directors' compensations                              |   | 10    |   | 9     |               |       |
| Other operating expenses                              |   | 66    |   | 87    |               |       |
| Operating income                                      | 2,085   | 36.1  | 2,072   | 36.2  | -13           | -0.6  |
| 3. Non-operating income                               | 5   | 0.1   | 18  | 0.3   | 13            | 270.7 |
| Interest income                                       |   | 1     |   | 1     |               |       |
| Reversal of distribution payable                      |   | 3     |   | 1     |               |       |
| Property taxes refund                                 |   | -     |   | 15    |               |       |
| Other   |   | 0     |   | 0     |               |       |
| 4. Non-operating expenses                             | 673   | 11.7  | 649   | 11.4  | -24           | -3.6  |
| Interest expenses                                     |   | 464   |   | 446   |               |       |
| Borrowing related expenses                            |   | 209   |   | 202   |               |       |
| Other   |   | 0     |   | 0     |               |       |
| Ordinary income                                       | 1,416   | 24.5  | 1,441   | 25.2  | 24            | 1.7   |
| 5. Extraordinary income                               | 30  | 0.5   | -   | -     | -             | -     |
| Insurance income                                      |   | 30    |   | -     |               |       |
| 6. Extraordinary loss                                 | 29  | 0.5   | -   | -     | -             | -     |
| Loss on disaster                                      |   | 29    |   | -     |               |       |
| Income before income taxes                            | 1,418   | 24.6  | 1,441   | 25.2  | 23            | 1.6   |
| Total income taxes                                    | 1   | 0.0   | 1   | 0.0   | 0             | 1.5   |
| Income taxes - current                                |   | 1     |   | 1     |               |       |
| Income taxes - deferred                               |   | -0    |   | 0     |               |       |
| Net income  | 1,416   | 24.5  | 1,439   | 25.2  | 22            | 1.6   |
| Retained earnings brought forward                     | 0   |       | 0   |       |               |       |
| Unappropriated retained earnings<br>(undisposed loss) | 1,416   |       | 1,439   |       | 22            | 1.6   |

### Details of rent revenue - real estate

|                 |       |
|-----------------|-------|
| Rent            | 4,174 |
| CAM             | 1,017 |
| Parking revenue | 146   |

### Details of expenses related to rent business

|   |       |
|---|-------|
| Property management fees                | 713   |
| Utilities                               | 456   |
| Real estate taxes                       | 567   |
| Insurance premiums                      | 35    |
| Repairs                                 | 118   |
| Depreciation and amortization           | 1,077 |
| Loss on retirement of noncurrent assets | 60    |
| Other lease business expenses           | 36    |

# Financial and Accounting Indices



| Indices                                | 11th Period Results<br>(July 1, 2011 – Dec. 31, 2011) | 12th Period Results<br>(Jan. 1, 2012 – June 30, 2012) | Comments   |
|--|---|---|--|
| Net operating days                     | 184days   | 182days   | -  |
| NOI from property leasing              | 3,741million yen                                      | 3,789million yen                                      | Property leasing income + Depreciation and amortization + Loss on retirement of noncurrent assets  |
| NOI yield from property leasing (p.a.) | 4.6%  | 4.7%  | NOI from property leasing (annualized) ÷ Total acquisition price of portfolio properties (on an average daily balance basis)                 |
| Funds from operations (FFO)            | 2,513million yen                                      | 2,577million yen                                      | Net income (excl. gain or loss on sales of real estate properties) + Depreciation and amortization + Loss on retirement of noncurrent assets |
| FFO per unit                           | 13,689yen   | 14,038yen   | FFO ÷ Total investment units issued and outstanding at end of period   |
| Return on assets (ROA)                 | 1.6%  | 1.6%  | Ordinary income [annualized] ÷ {(Total assets at beginning of period + Total assets at end of period) ÷ 2}                                   |
| Return on equity (ROE)                 | 3.1%  | 3.1%  | Net income [annualized] ÷ {(NAV at beginning of period + NAV at end of period) ÷ 2}  |
| NAV per unit                           | 499,873yen  | 499,998yen  | NAV at end of period ÷ Total investment units issued and outstanding at end of period  |
| Loan to value (LTV)                    | 40.8%   | 40.8%   | Interest-bearing liabilities at end of period ÷ Total assets at end of period  |
| Debt service coverage ratio (DSCR)     | 6.4   | 6.6   | Net income before interest and depreciation (Net income + Interest expenses + Depreciation and amortization) ÷ Interest expenses             |
| Price book-value ratio (PBR)           | 0.4   | 0.4   | Unit price at end of period ÷ NAV per unit   |
| Price earnings ratio (PER)             | 11.9  | 12.8  | Unit price at end of period ÷ Net income per unit [annualized]   |
| FFO multiple                           | 6.7   | 7.2   | Unit price at end of period ÷ FFO per unit [annualized]  |

Note: Unit price at end of period is 201,700 yen, which is the closing price on June 29, 2012.

# Cash Flows from Properties



(Unit : million yen)

|  | Twin 21 | Matsushita IMP Bldg. | Panasonic Osaka Kyobashi Bldg. (Note 2) | Midosuji MID Bldg. | MID REIT Kyobashi Bldg. (Note 3) | MID Shibakanasugibashi Bldg. | Konami Sports Club Kyobashi (Note 3) | AEON MALL Tsudanuma | MID Imabashi Bldg. | MID Midosujikawaramachi Bldg. | Kitahama MID Bldg. | MID Nishihommachi Bldg. |
|--|---------|----------------------|---|--------------------|----------------------------------|------------------------------|--------------------------------------|---------------------|--------------------|-------------------------------|--------------------|-------------------------|
| Operating days                             | 182     | 182                  | 182                                     | 182                | 182                              | 182                          | 182                                  | 182                 | 182                | 182                           | 182                | 182                     |
| Rent                                       | 1,688   | 702                  | 242                                     | 235                | -                                | 21                           | -                                    | 726                 | 59                 | 44                            | 236                | 73                      |
| CAM  | 543     | 280                  | 52                                      | 31                 | -                                | -                            | -                                    | -                   | 22                 | 12                            | 58                 | 16                      |
| Parking revenue                            | 61      | 49                   | 4                                       | 5                  | -                                | 1                            | -                                    | -                   | 9                  | 1                             | 8                  | 2                       |
| Rent revenue - real estate                 | 2,293   | 1,033                | 299                                     | 271                | -                                | 23                           | -                                    | 726                 | 91                 | 58                            | 303                | 92                      |
| Utilities                                  | 139     | 93                   | 26                                      | 23                 | -                                | -                            | -                                    | -                   | 6                  | 5                             | 35                 | 11                      |
| Early-withdrawal penalties received        | 10      | -                    | -                                       | -                  | -                                | 0                            | -                                    | -                   | -                  | -                             | -                  | 3                       |
| Other revenue                              | 9       | 3                    | 2                                       | 3                  | -                                | 0                            | -                                    | -                   | 0                  | 0                             | 2                  | 1                       |
| Other lease business revenue               | 159     | 96                   | 28                                      | 26                 | -                                | 0                            | -                                    | -                   | 6                  | 5                             | 38                 | 16                      |
| ① Property leasing revenue                 | 2,453   | 1,129                | 327                                     | 298                | -                                | 23                           | -                                    | 726                 | 97                 | 64                            | 341                | 108                     |
| Property management fees                   | 335     | 196                  | 51                                      | 39                 | -                                | 1                            | -                                    | 11                  | 15                 | 8                             | 38                 | 11                      |
| Commissions payment                        | 0       | 1                    | -                                       | -                  | -                                | -                            | -                                    | -                   | 0                  | 0                             | -                  | -                       |
| Utilities                                  | 220     | 131                  | 29                                      | 23                 | -                                | 0                            | -                                    | -                   | 8                  | 4                             | 26                 | 11                      |
| Real estate taxes                          | 224     | 138                  | 19                                      | 49                 | -                                | 7                            | -                                    | 61                  | 13                 | 6                             | 23                 | 8                       |
| Insurance premiums                         | 13      | 7                    | 1                                       | 1                  | -                                | 0                            | -                                    | 6                   | 0                  | 0                             | 1                  | 0                       |
| Repairs                                    | 67      | 19                   | 7                                       | 2                  | -                                | 0                            | -                                    | -                   | 6                  | 5                             | 1                  | 2                       |
| Other lease business expenses              | 20      | 9                    | 1                                       | 0                  | -                                | 0                            | -                                    | -                   | -                  | 0                             | 0                  | -                       |
| ② Property leasing expenses                | 883     | 503                  | 110                                     | 116                | -                                | 11                           | -                                    | 79                  | 44                 | 26                            | 91                 | 34                      |
| ③ NOI (① - ②)                              | 1,569   | 626                  | 217                                     | 181                | 41                               | 12                           | 78                                   | 646                 | 53                 | 38                            | 250                | 74                      |
| NOI yield (Acquisition price basis) (p.a.) | 4.6%    | 5.1%                 | 5.7%                                    | 4.4%               | 3.6%                             | 2.1%                         | 5.7%                                 | 5.0%                | 3.2%               | 3.8%                          | 4.6%               | 4.2%                    |
| ④ Depreciation and amortization            | 473     | 255                  | 38                                      | 60                 | 14                               | 5                            | 19                                   | 115                 | 24                 | 12                            | 39                 | 17                      |
| ⑤ Loss on retirement of noncurrent assets  | 2       | 8                    | -                                       | -                  | -                                | -                            | 38                                   | -                   | 1                  | 9                             | -                  | -                       |
| ⑥ Property leasing income (③ - ④ - ⑤)      | 1,094   | 362                  | 178                                     | 120                | 27                               | 6                            | 20                                   | 530                 | 27                 | 15                            | 211                | 56                      |
| CAPEX                                      | 312     | 148                  | -                                       | -                  | 4                                | -                            | 31                                   | -                   | 3                  | 3                             | -                  | 1                       |

## Notes:

- Amounts of less than the nearest million yen are rounded down.
- The property name was changed from Panasonic Denko Bldg. to Panasonic Osaka Kyobashi Bldg. on January 1, 2012.
- No detailed statement is made except for those on NOI, depreciation and amortization, loss on retirement of noncurrent assets, and property leasing income when the consent for disclosure could not be obtained from the tenant.

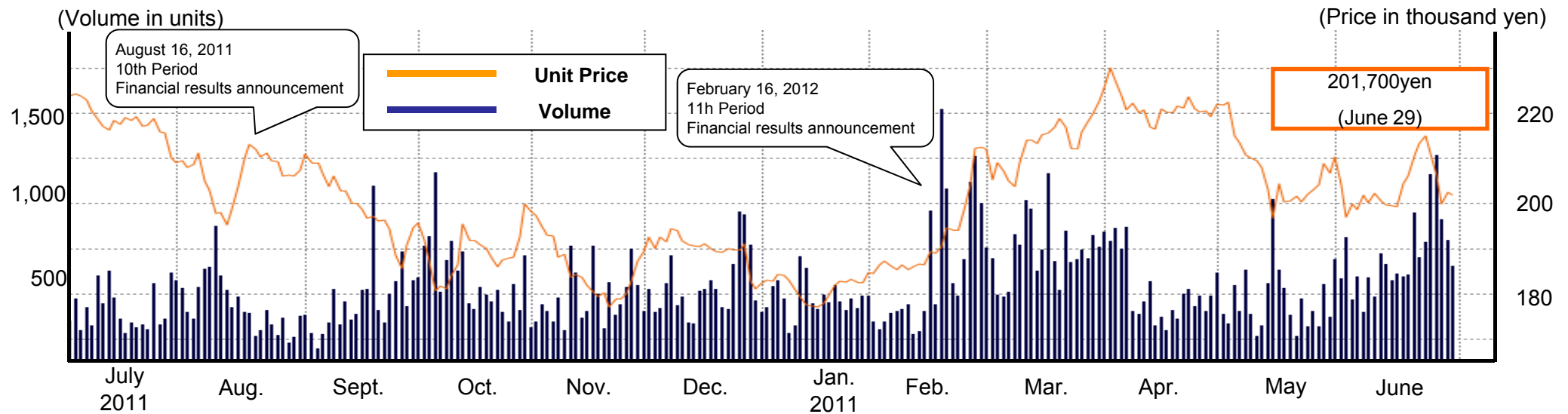


# Unit Price Performance

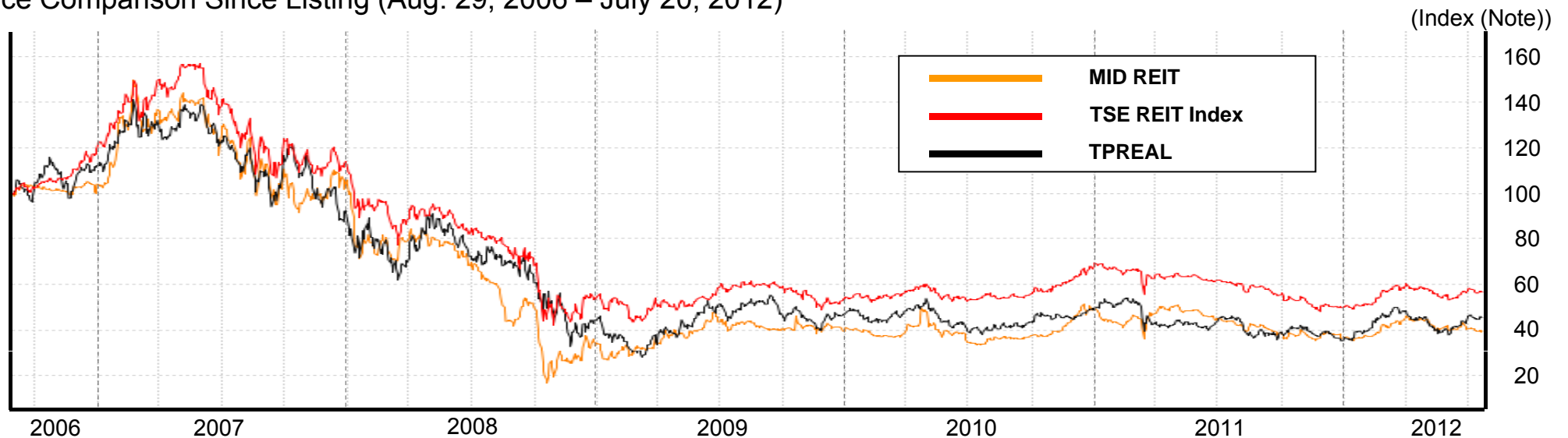
Albeit increasing towards end of fiscal 2011, weight from European debt issue and the supply-demand environment



## Unit Price Performance for the Past 1 Year



## Price Comparison Since Listing (Aug. 29, 2006 – July 20, 2012)



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  
MID REIT, Inc.

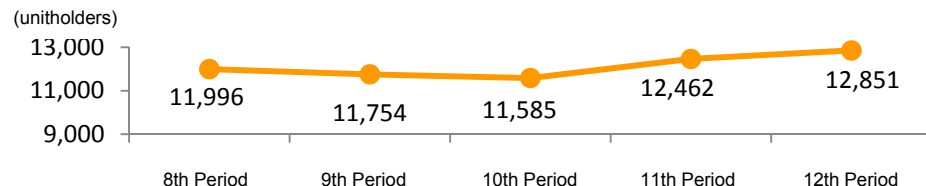
(Source: Bloomberg)

# Unitholder Details

**12,851 unitholders as of end of 12th Period, with individuals and others increasing to record high**

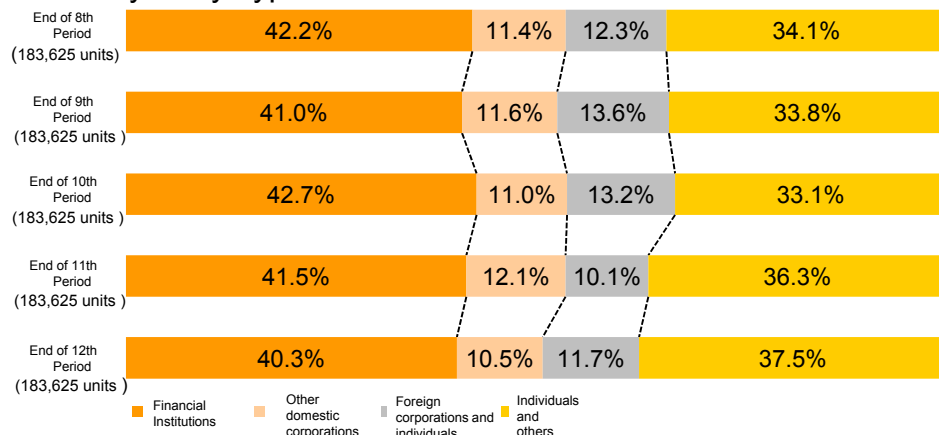


## Changes in Number of Unitholders

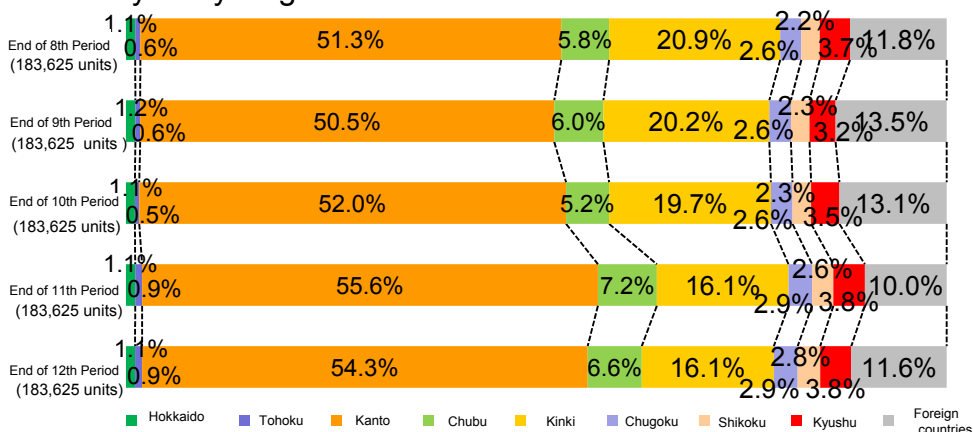


## Analysis of Investor Attributes (Distribution of Number of Units Held)

### Analysis by Type of Investor



### Analysis by Region



## Top Unitholders

Top 10 Companies (as of the end of June 2012)

| Name  | Number of units held | Ratio of units held to total units issued and outstanding (%) (Note) | Difference |
|---|----------------------|--|------------|
| Japan Trustee Services Bank, Ltd. (Trust Account)                         | 38,483               | 20.96  | +10,622    |
| MID Urban Development Co., Ltd.   | 9,200                | 5.01   | 0          |
| The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)         | 8,675                | 4.72   | -1,969     |
| The Master Trust Bank of Japan, Ltd. (Trust Account)                      | 4,691                | 2.55   | -517       |
| Nomura Bank (Luxembourg) S.A.   | 4,460                | 2.43   | +677       |
| Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account) | 3,883                | 2.11   | -1,076     |
| Shikoku Railway Company   | 2,478                | 1.35   | +361       |
| The Hiroshima Bank, Ltd.  | 1,892                | 1.03   | 0          |
| The Daisan Bank, Ltd.   | 1,465                | 0.80   | 0          |
| BBH GMO Flexible Equities Fund  | 1,442                | 0.79   | +115       |
| Total   | 76,669               | 41.75  | -          |

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 August 10, 2012)

| Submitter or name of joint unitholder  | Number of units held | Ratio of units held to total units issued and outstanding (%) (Note 1) (Note 2) | Dates of latest submissions |
|--|----------------------|---|-----------------------------|
| DIAM Co., Ltd.   | 14,374               | 7.83  | August 3, 2012              |
| Sumitomo Mitsui Trust Asset Management Co., Ltd.<br>Nikko Asset Management Co., Ltd.                       | 10,472               | 5.70  | June 6, 2012                |
| The Fuji Fire and Marine Insurance Co., Ltd.   | 9,714                | 5.29  | October 7, 2008             |
| Mizuho Trust & Banking Co., Ltd.<br>Mizuho Asset Management Co., Ltd.<br>Shinko Asset Management Co., Ltd. | 9,271                | 5.05  | May 9, 2012                 |
| MID Urban Development Co., Ltd.  | 9,200                | 5.01  | January 10, 2007            |

- The ratios of units held to total units issued and outstanding are based on values recorded in large unitholding reports.
- Only submitters and joint unitholders who hold 5% or more of total units issued and outstanding are presented in the table above.

# Overview of Asset Management Company

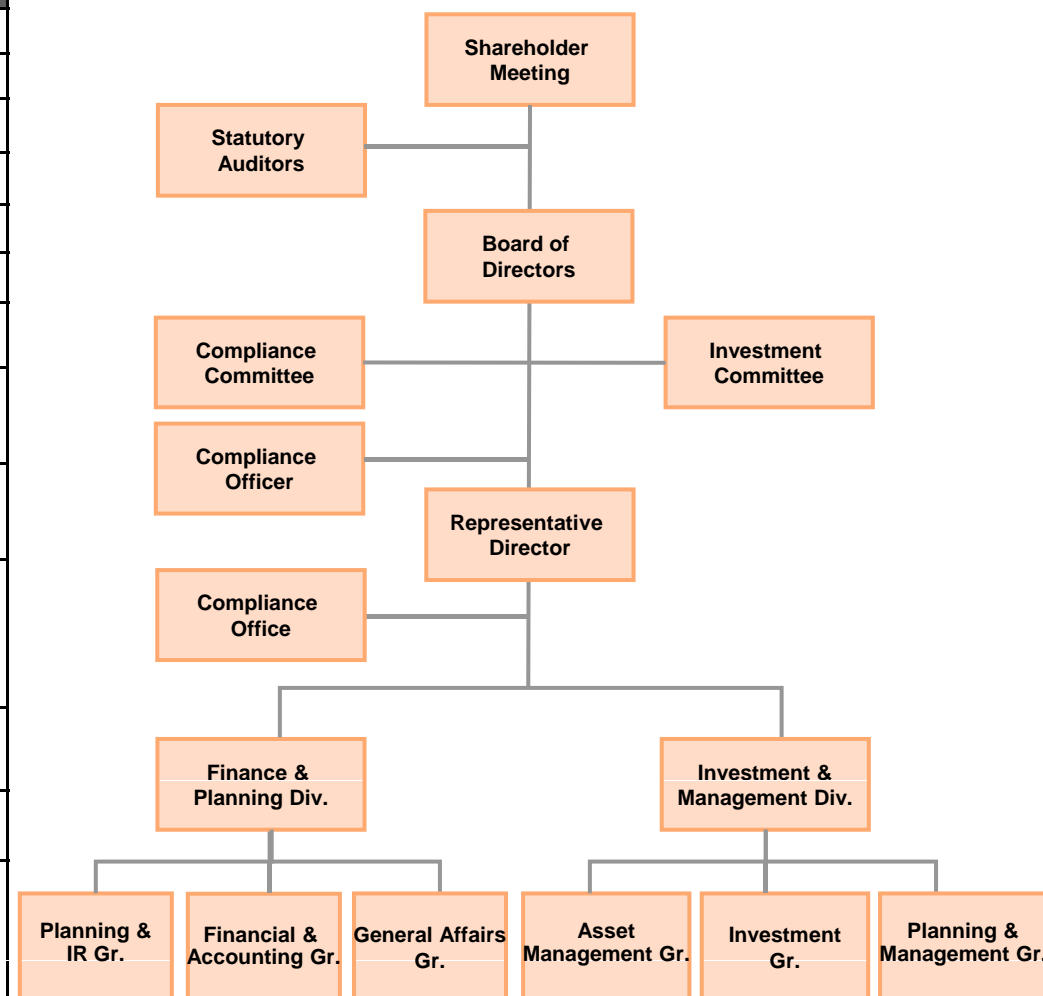
Board members were dispatched from Kansai Electric Power, strengthening the cooperation system with our sponsor



## Company Overview

| Company Overview (as of Aug. 1, 2012) |   |  |
|---------------------------------------|---|--|
| 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.   |  |
| No. of employees                      | 34 (inclusive of 4 temporary workers)   |  |
| Officers                              | President & CEO   | Tomoyuki Goto  |
|                                       | Managing Director<br>General Manager, Finance & Planning Division   | Hiroataka Saito  |
|                                       | Managing Director<br>General Manager, Investment & Management Division  | Noriyuki Iijima  |
|                                       | Statutory Director  | Yoshitsugu Nojiri<br>(Chief Manager, Group Management Control Support Group, Group Management Promotion Headquarters, Kansai Electric Power Co., Inc.) |
|                                       | Statutory Auditor   | Atsushi Ishiguro<br>(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)<br>Discretionary transaction agent license (Minister of Land, Infrastructure, Transport and Tourism Approval No. 50)<br>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

Strict transaction criteria and checking system in place 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) Major shareholders of the asset management company (major shareholders of financial instruments firms defined under the Financial Instruments and Exchange Law of Japan) and subsidiaries/affiliates of the major shareholders of the asset management company as defined by regulations for consolidated financial statements ("Regulation for Terminology, Forms and Preparation of Consolidated Financial Statements"; same hereafter) (excluding those applicable to (a))</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   Appraised value, Appraised value   Disposal price   |
|   | Property leasing  | Leasing terms must be appropriately and fairly measured by prevailing market conditions  |
|   | Sale/Leasing agent commissions  | Commissions must be within limits set by the Building Lots and Building Transaction Business Law                               |
|   | Commissioning of property/building management   | Examine comprehensively if company to be commissioned satisfies required conditions and terms, and if fee level is appropriate |
|   | Contracting of construction works (over 1 million yen)  | Check that quotations are not notably different from quotations by third parties   |
| Decision-making Process                         | <pre> graph LR     A[Each Group<br/>Proposal drafting] --&gt; B[Compliance Officer<br/>Approval]     B --&gt; C[Compliance Committee<br/>(Notes 1 and 2)<br/>Approval]     C --&gt; D[Investment Committee<br/>(Notes 1 and 3)<br/>Examination, decision]     D --&gt; E[Board of Directors<br/>(Note 1)<br/>Examination, decision]     E --&gt; F[MID REIT Board of Directors<br/>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>   |  |



# MID REIT Website

## Full Renewal



MID REIT aims for highly transparent asset management and is working to provide accurate information in a speedy and straightforward manner by utilizing our website.

**Osaka-Area Report**  
Information on the Osaka area such as global and domestic ranking and status of the office market can be checked here.

**Contact Us**  
Requests for materials or questions can be sent by the mail form.

**Topics**  
Provides information on IR events for investors in which MID REIT participates and more.

**Latest Data**  
Cash distribution, projected distributions, number of properties owned, portfolio size and occupancy rates in a glance.

**Video Message from the President**  
Introduces the characteristics of MID REIT and its growth strategy via video message.

**Website URL**  
<http://www.midreit.jp/english/>

**Website Content Details:**

- Header:** MID REIT, Inc. | Site Search (Google Custom Search) | Search | Letter size (Medium, Large) | Print | 日本語 | English
- Navigation:** HOME, About MID REIT, Portfolio, IR/Finance, Contact Us
- Osaka-Area Report:**
  - Financial Results (Ended Dec. 2011 (11th Period))
    - Financial Report (208.6 KB)
    - Analyst Meeting Material (1.7 MB)
    - Business Report (3.3 MB)
    - Analyst Meeting (Video/audio presentation)
    - Download (ZIP) (2.7 MB)
  - Click here for more data
- Latest Data:**
  - Distribution per Unit
    - December 31, 2011 (11th Fiscal Period): Cash distribution 7.715yen
    - June 30, 2012 (12th Fiscal Period): Projected cash distribution 7.856yen
  - December 31, 2012 (13th Fiscal Period): Projected cash distribution 7.160yen
  - Click here for details
  - Number of Properties: 12
  - Total Acquisition Price: 161.1 billion yen
  - Occupancy Rate: As of April 30, 2012: 96.9%
  - Click here for details
- Unit quote (3727)**
- What's New / Press Releases:**
  - 5.30.2012 Update: MID-REIT unveils new website.
  - 5.29.2012 Release: Notice Concerning Debt Financing (Determination of Interest Rates)
  - 5.21.2012 Update: Occupancy Rate updated (as of April 30, 2012)
  - 5.16.2012 Update: General Meeting of Unitholders updated
  - 5.02.2012 Update: Debt Financing updated
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  - IR/Finance:** Property Portfolio, Portfolio Map, Portfolio Analysis, Occupancy Rate, Press Releases, Disclosure, Materials, IR Calendar, Financial Highlights
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