



13th Fiscal Period

Business Report

July 1, 2012 to December 31, 2012



MID REIT, Inc.

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



In a conference room in Matsushita IMP Building with Twin 21 in the background

Leadership Message

With the end of the 13th fiscal period (July 1, 2012 to December 31, 2012) and start of the 14th fiscal period of MID REIT, Inc. (MID REIT), Tomoyuki Goto, President & CEO of MID REIT Management Co., Ltd. (MID REIT Management), was interviewed to provide an overview of the 13th fiscal period and Kansai's economic development as well as insight on future activities in light of such.

Executive Director, MID REIT, Inc.
President & CEO, MID REIT Management Co., Ltd.

Tomoyuki Goto

Q.1 What is your view of the recent Osaka economy?

A.1 The year 2012 lacked momentum overall due in part to poor performance of electrical household appliance manufacturers based in Kansai. However, the Hankyu Department Store Umeda Main Store reopened in November 2012 after the completion of seven years of rebuilding work. It is said to have continued to perform well and this could be described as a sign that retail facilities have started gaining momentum.

From a slightly medium-term perspective, progress of the Kansai Innovation International Strategic Comprehensive Special Zone Concept is anticipated to have a large impact and lead to improvement of the Osaka and Kansai economies. In the biomedical industry, which is a strength of Osaka, pharmaceutical research institutions have begun to concentrate in Northern Osaka's Saito district. In addition to Osaka City's Doshomachi that has long been known as a pharmaceutical town where Japan's major pharmaceutical companies set up their head offices, many foreign pharmaceutical companies have also set up bases in Kansai. Therefore, the biomedical related field is one in which increasing development can be anticipated in the future. In addition, research institutions and plants in the solar panel and battery industries, etc. are concentrating in the Maishima and Sakishima

Islands District as well as the district surrounding Osaka Station to form an environmental and new energy industrial area. This is another area that is anticipated as a next-generation key industry in the future.

Q.2 How do you evaluate MID REIT's performance under such circumstances?

A.2 In the 13th fiscal period (ended December 2012), although posting a gain on the sale of MID Shibakanasugibashi Building in September, the agreement renewal with major tenant Panasonic Corporation and other impacts were large, resulting in the distribution per unit unfortunately decreasing compared to both the previous period and initial forecast.

However, considering the difficult circumstances faced by electrical household appliance manufacturers, it is fair to say that certain results have been achieved in having managed to again extend the contract until the end of March 2017 for Twin 21 OBP Panasonic Tower with Panasonic premised on Panasonic using the property in its entirety.

Q.3 Can you provide some details regarding Panasonic?

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13th Fiscal Period Financial Highlights

(July 1, 2012 to December 31, 2012)

	12th Period Results	13th Period Results	Difference	Difference
Operating revenue	5,717 million yen	5,628 million yen	-88 million yen	-1.6%
Ordinary income	1,441 million yen	1,325 million yen	-115 million yen	-8.0%
Net income	1,439 million yen	1,323 million yen	-115 million yen	-8.0%
Number of units	183,625 units	183,625 units	-	-
Distribution per unit	7,840 yen	7,210 yen	-630 yen	-8.0%

A.3 The direction regarding major tenant Panasonic was a serious matter of concern, but as mentioned earlier, the decision was made to continue leasing Twin 21 OBP Panasonic Tower in its entirety even after April 2013. Several discussions with Panasonic over the rent and contract period successfully led to an agreement being reached. This has resolved one of the major challenges for the time being. On the other hand, concerning Panasonic Osaka Kyobashi Building, which is also occupied by Panasonic, the decision has been made to cancel the contract at the end of May 2013. Finding the next tenant will be a major challenge going forward.

Situated in the Osaka Business Park (OBP), which has convenient access and is surrounded by greenery, Panasonic Osaka Kyobashi Building has close to 4,000 tsubo of space leasable as a property in its entirety. The plan is to seek tenants after thoroughly conducting renewal construction work while drawing on such features as the scarcity value of the property.

The OBP, where the property is situated, will likely be revalued for its competitive advantages in terms of outstanding responsiveness to disasters, such as earthquakes, tsunamis and floods, even among Osaka City's business districts due to its high ground altitude, etc. It is becoming frequently raised as a potential location to which to relocate central functions by various companies in Kansai when considering business continuity planning (BCP). Currently, utilizing a pamphlet showcasing OBP's disaster responsiveness and other attractive features prepared in Japanese and English in leasing activities, financial institutions and foreign companies are among potential tenants considering moving into the property.

Q.4 New leasing will be an important theme for the 14th fiscal period and onwards?

A.4 Indeed. In addition to Panasonic Osaka Kyobashi Building, there are also some vacancies in Twin 21's MID Tower and Matsushita IMP Building and so attracting tenants to these will be a major theme for the 14th fiscal period and onwards.

During the 13th fiscal period, we managed to attract a group company of a major tenant occupying Matsushita IMP Building. After obtaining information that the group company was considering relocation, proactively proposing and making offers to the effect that their desired leased floor space could be secured led to this achievement. Although the support of the parent company that relocation of the group company to the same location would result in better operational efficiency and synergistic effects was the point that directly led to the closing of this deal, our long track-record of good relations founded on trust with the existing tenant was instrumental.

The OBP boasts a location that is favorable in terms of the surrounding environment and also in terms of convenient access. Drawing on such, we will remain committed to MID REIT's properties being selected by continuing to enhance tenant satisfaction through consistent response to tenant needs and providing finely-tuned services through the concerted efforts of the MID Group.

Q.5 Large changes are expected in Osaka's office building market with the construction of large-scale buildings being completed one after another. What are your thoughts on this?

A.5 Nakanoshima Festival Tower opened at the end of 2012. With Grand Front Osaka due to open in Umeda in spring 2013 and the construction of Abeno Harukas slated for completion in Abeno in 2014, the completion of construction of large-scale buildings will continue. At present, the Umeda area where Grand Front Osaka, which will be comprised of office and retail facilities, is to open soon seems to be drawing the most attention. Umeda is certain to keep solidifying its position as a prime area in the future. In addition, the increase in excellent options, such as Midosuji, Nakanoshima/Dojima, the OBP and Abeno, as areas that will follow Umeda is extremely good for both the market and tenants.

At this timing of anticipated business revitalization resulting from aggressive financial and fiscal policies due to the change of government following the election of the House of Representatives at the end of 2012, the completion of new office and retail facilities will serve as an extremely good driving force for realizing a positive picture for the future of Osaka. Nakanoshima Festival Tower is showing bustle that conjures the image of future overall development of Osaka already at this point in time though a certain period has passed since its opening. With Osaka taking steps towards the future, the plan is to strive to combine the strengths of the entire MID Group so that MID REIT will continue to demonstrate its presence.

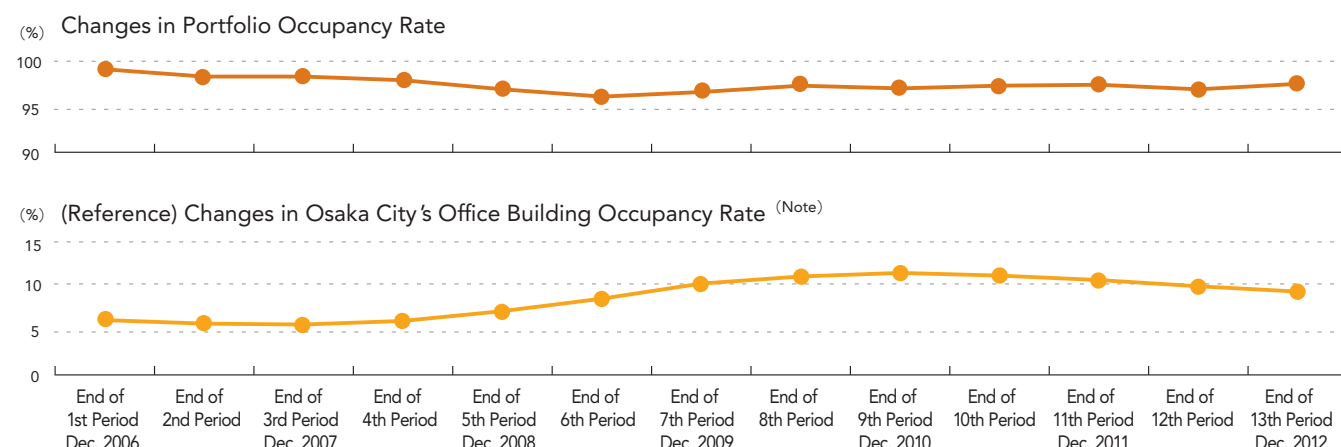
View of Twin 21 from Matsushita IMP Building (3F)



Internal Growth

Maintaining of Occupancy Rate

In Osaka's business districts, increasing tenant needs for integration/consolidation and floor space expansion of offices are leading to ongoing improvement in the vacancy rate. The occupancy rate of MID REIT's portfolio properties continues to maintain a high level of 95% or higher.



(Note) Source: CBRE

Initiatives to Maintain/Enhance Rental Revenues

MID REIT is promoting initiatives to heighten tenant satisfaction aimed at further strengthening activities to attract new tenants and relationships of trust with existing tenants.

As initiatives taken in the 13th fiscal period, in addition to successfully attracting a tenant that operates rental conference rooms to Midosuji MID Building, MID REIT conducted renewal of rental conference rooms at Twin 21 and Matsushita IMP Building and thereby heightened the properties' tenant satisfaction and convenience.

Matsushita IMP Building 2F conference room



Tenant Satisfaction Survey

Activities to discern the needs and heighten the satisfaction of existing tenants include conducting a survey of satisfaction levels on the tenants of Twin 21 and other multi-tenant buildings. Since the start of the survey with the first survey conducted in the 1st fiscal period, the survey has been conducted a total of seven times.

In the fiscal 2012 survey, on top of maintaining high ratings for "Ambience," "Effectiveness of facility management" and other items for which high ratings have been achieved from before, satisfaction levels are also improving for all rated items. In particular, ratings for "Security measures" are improving. With business continuity planning (BCP) consciousness also heightening among tenants, such results are thought to be a reflection of the fire / disaster prevention drills and disaster prevention measures, which we have been continuously implementing, being revalued.

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: October 22, 2012 to November 26, 2012

Number sampled: 204 tenants

Surveyor: Kanden CS Forum Inc., Ad Dentsu Osaka Inc. and Dentsu Marketing Insight Inc.

Factors	FY2010	FY2011	FY2012	Difference (FY2011 to FY2012)
Security measures	66.2	66.9	69.1	+2.2
Ambience	79.5	79.3	81.0	+1.7
User-friendliness of building facilities and equipment	65.2	65.5	67.1	+1.6
Common-area functions	64.7	64.7	66.1	+1.4
Overall building comfort	55.1	56.5	57.8	+1.3
Effectiveness of property management	68.3	70.3	71.4	+1.1
Attitude of management staff	74.1	74.4	75.5	+1.1
Cleanliness	71.5	72.1	72.8	+0.7
Effectiveness of facility management	73.9	76.3	76.8	+0.5

(Note) 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.

External Growth

Transfer of MID Shibakanasugibashi Building

MID REIT sold the real estate trust beneficiary interest in MID Shibakanasugibashi Building on September 25, 2012. Since the tenant to which the property was being leased in its entirety exited the property at the end of March 2012, considerations have been underway for the property in both aspects of attracting the next tenant and sale. Such considerations led to this sale at a price (¥1,255 million) that exceeds the book value (¥1,127 million) and appraisal value (¥1,140 million).

Considerations are currently underway to acquire properties owned by sponsors or other new properties by applying the funds from this sale, etc.



Property name:	MID Shibakanasugibashi Building	Construction completed:	January 31, 1995
Location:	1-4-3 Shiba, Minato-ku, Tokyo	Use:	Retail, office and parking
Total land space:	430.21 m ²	Structure:	SRC
Total floor space:	2,921.29 m ²	Floors:	B1/9F

Investment Policy

MID REIT is a J-REIT focusing on the Osaka area and office buildings with the investment targets of 70% or more in Osaka and 70% or more in office buildings. MID REIT adopts the basic policy of "manage assets in pursuit of securing stable revenue and achieving steady growth of assets under management from a medium- to long-term perspective" and sets the long-term targeted asset size of ¥200 billion. The past four years has lacked external growth, but property information are being gathered in a wide range of regions and asset types and deeper property research and property acquisition considerations are being conducted as needed. The following details the investment policy.

Targeted Investment Regions

MID REIT's focused targeted investment region is the Osaka area (Osaka, Hyogo and Kyoto Prefectures). In addition, from the standpoint of securing of more opportunities for property acquisition and diversified investment that takes into consideration such factors as earthquake risks and regional economic risks, MID REIT's targeted investment regions also include the Tokyo metropolitan area (Tokyo, Kanagawa, Saitama and Chiba Prefectures), as well as government-designated cities (excluding the Osaka area) and other major cities.



Targeted Investment Types (Uses) (Note)

MID REIT's primary investment target is office buildings. However, from the standpoint of securing of opportunities for property acquisition and diversified investment that takes into consideration such factors as economic risks, MID REIT's investment targets also include real estate, etc. for other than office building use.



(Note) In the case of multiple uses, which use that the respective real estate related asset is categorized under shall be determined based on the use that accounts for the majority of the leasable floor space of the real estate related asset as a whole, and the total amount of the acquisition price of the concerned real estate related asset shall be included in the concerned use's acquisition price.

Financial Status

MID REIT completed refinancing of 14.5 billion yen in loans in July 2012.
The following is the status of debt financing as of December 31, 2012.

Breakdown of Debt Financing

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

(Note1) Loans are co-financed by the banks in the list.

(Note2) In accordance with the interest-rate swap agreement, the actual interest rate is 1.142% (p.a.) up to the principal repayment date.

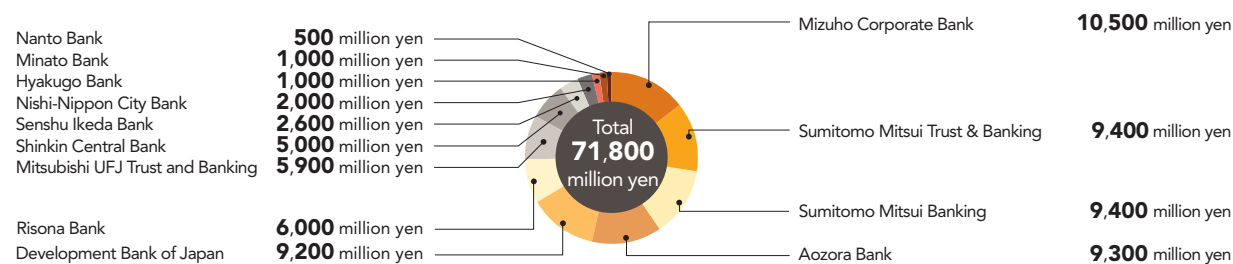
(Note3) In accordance with the interest-rate swap agreement, the actual interest rate is 1.447% (p.a.) up to the principal repayment date.

(Note4) Interest rates are fixed.

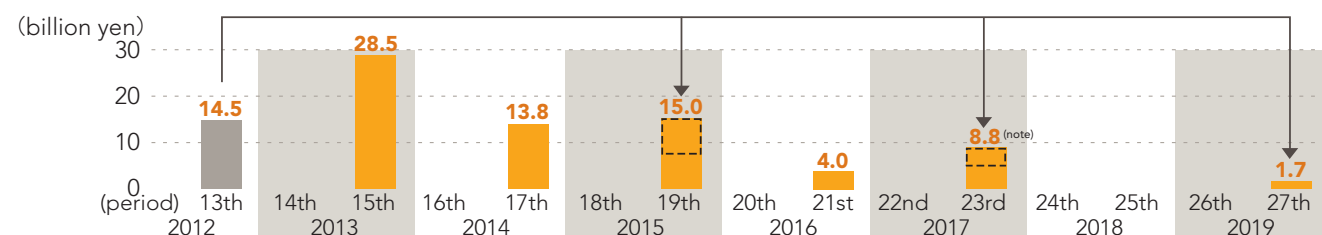
(Note5) In accordance with the interest-rate swap agreement, the actual interest rate is 1.0625% (p.a.) up to the principal repayment date.

(Note6) In accordance with the interest-rate swap agreement, the actual interest rate is 1.141% (p.a.) up to the principal repayment date.

Borrowing Status by Bank



Diversification of Repayment Dates

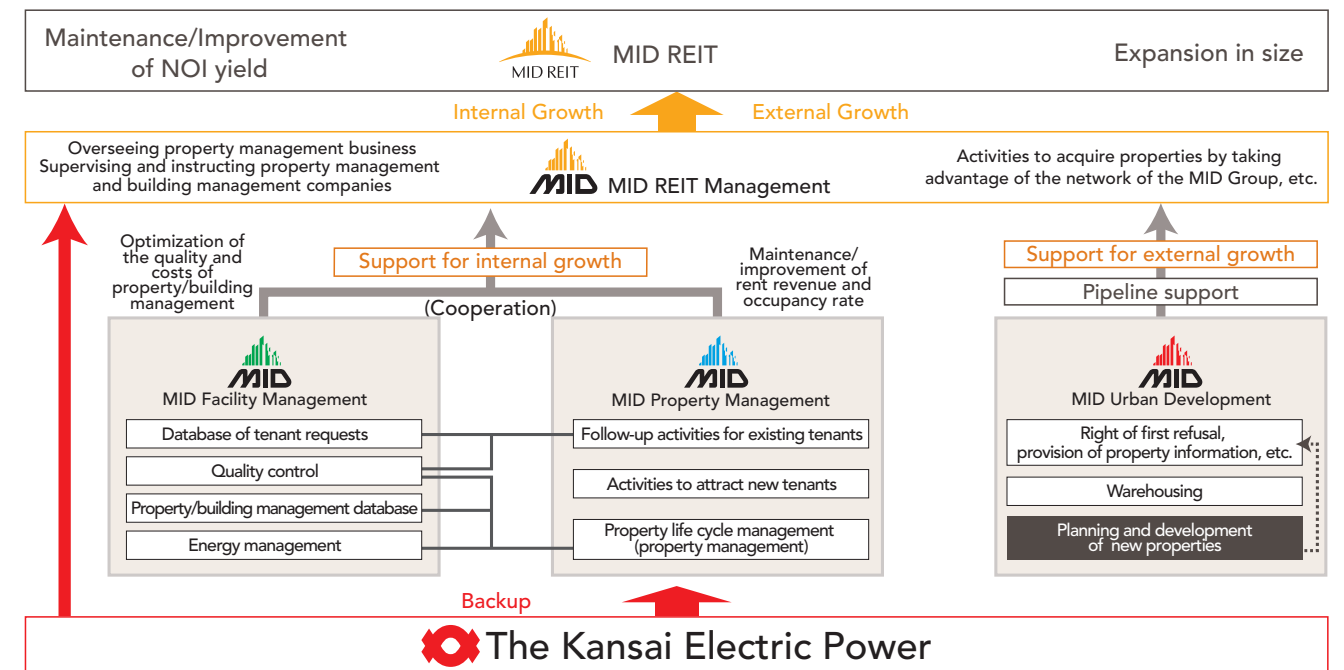


(Note) For the 4.5 billion yen of 8.8 billion yen that will mature in the 23rd fiscal period, it has been arranged that repayment of 125 million yen shall be made respectively at the end of January and July every year, starting on January 31, 2011, and the final repayment shall be made on July 31, 2017 for 3,375 million yen.

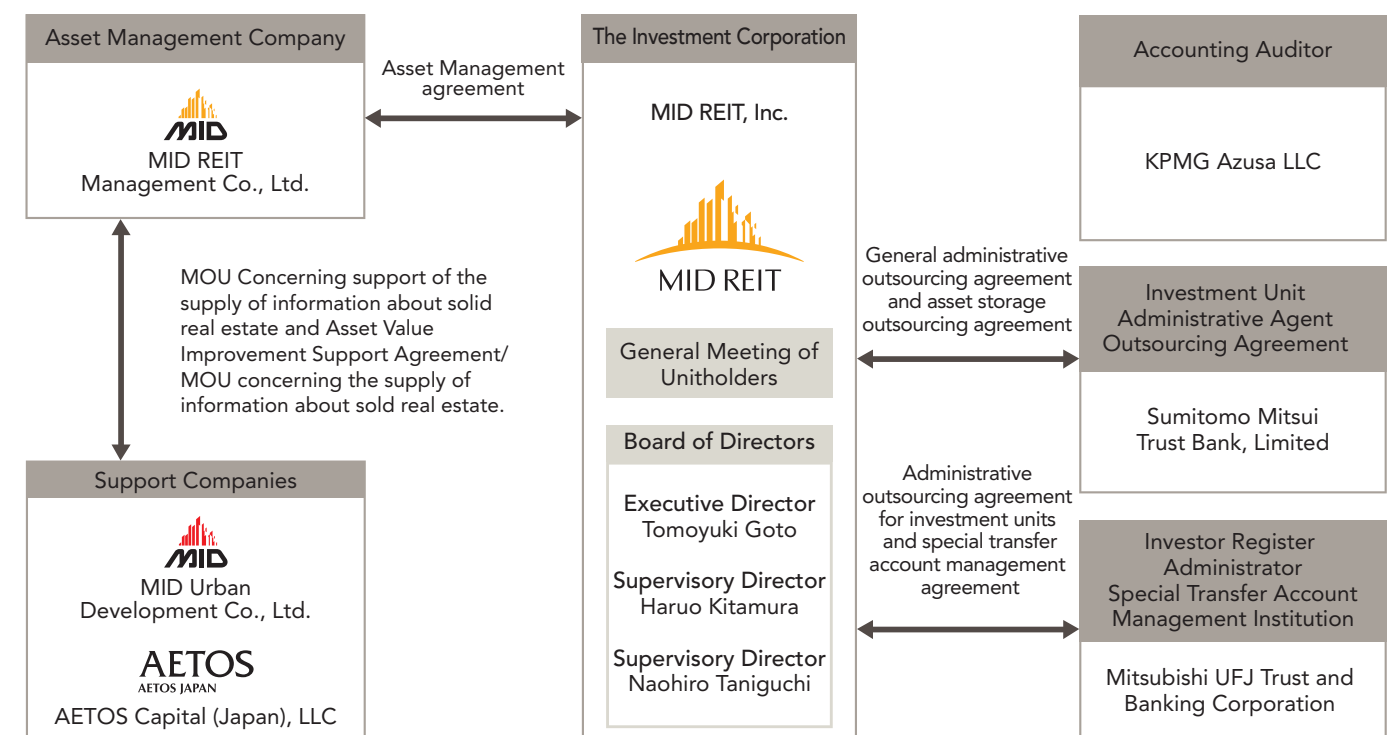
About MID REIT

Growth Strategy in Cooperation with the MID Group

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



Organization of MID REIT



Portfolio Overview / Portfolio Analysis

Portfolio Overview

The following is the status of MID REIT's portfolio as of December 31, 2012.

Investment Category	Investment Area	Property Name	Location	Acquisition Price (million yen) (Note 1)	Investment Ratio (%) (Note 2)	Acquisition Date	Leasable Space (m ²) (Note 3)	Occupancy Rate (%) (Note 4)
Office Bldg.	Osaka area	Twin 21 (Note 5)	Chuo-ku, Osaka	68,700	42.9	August 2006	82,396.79	95.3
		Matsushita IMP Bldg.	Chuo-ku, Osaka	24,600	15.4	August 2006	37,160.95	94.8
		Panasonic Osaka Kyobashi Bldg.	Chuo-ku, Osaka	7,620	4.8	August 2006	12,684.52	100.0
		Midosuji MID Bldg.	Chuo-ku, Osaka	8,290	5.2	August 2006 October 2007	10,461.32	100.0
		MID REIT Kyobashi Bldg.	Miyakojima-ku, Osaka	2,300	1.4	August 2006	4,833.88	100.0
		MID Imabashi Bldg.	Chuo-ku, Osaka	3,270	2.0	April 2007	4,279.69	91.1
		MID Midosujikawaramachi Bldg.	Chuo-ku, Osaka	2,000	1.2	May 2007	3,097.39	100.0
		Kitahama MID Bldg.	Chuo-ku, Osaka	10,800	6.7	April 2008	10,189.49	98.2
		MID Nishihommachi Bldg.	Nishi-ku, Osaka	3,550	2.2	October 2008	3,875.17	91.6
		Subtotal (9 properties)		131,130	82.0		168,979.20	96.0
Non-Office Bldg.	Osaka area	Konami Sports Club Kyobashi	Miyakojima-ku, Osaka	2,780	1.7	August 2006	9,586.26	100.0
	Other major cities	AEON MALL Tsudanuma	Narashino-shi, Chiba	26,100	16.3	August 2006	101,210.44	100.0
		Subtotal (2 properties)		28,880	18.0		110,796.70	100.0
		Total (11 properties)		160,010	100.0		279,775.90	97.6

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

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

(Note 3) "Leasable Space" represents the total leasable floor space as of December 31, 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.)

(Note 4) "Occupancy Rate" is presented as percentage figures, which are obtained by dividing the leased space as of December 31, 2012 by the leasable space. In addition, the figures in the "Subtotal" and the "Total" rows are presented as percentages that are obtained by dividing the sum of the leased space of each property group by the sum of the group's leasable space and rounded to the first decimal place.

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

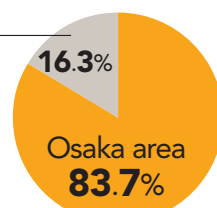
(Note 6) In addition to the assets listed in the table above, MID REIT acquired silent partnership interests of a silent partnership operated by Sakura Dori Contributions Development Limited Liability Company, the party that developed the Sakura Dori MID Building, on November 29, 2007, January 30, 2008, September 29, 2008 and February 26, 2009.

Portfolio Analysis

The following is the diversification of MID REIT's portfolio by respective category. (Note 1)

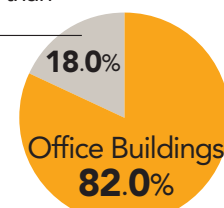
By Region (Note 2)

Other major cities

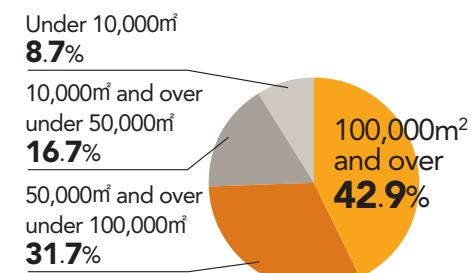


By Type

Real estate other than office properties



By Size (Note 3)

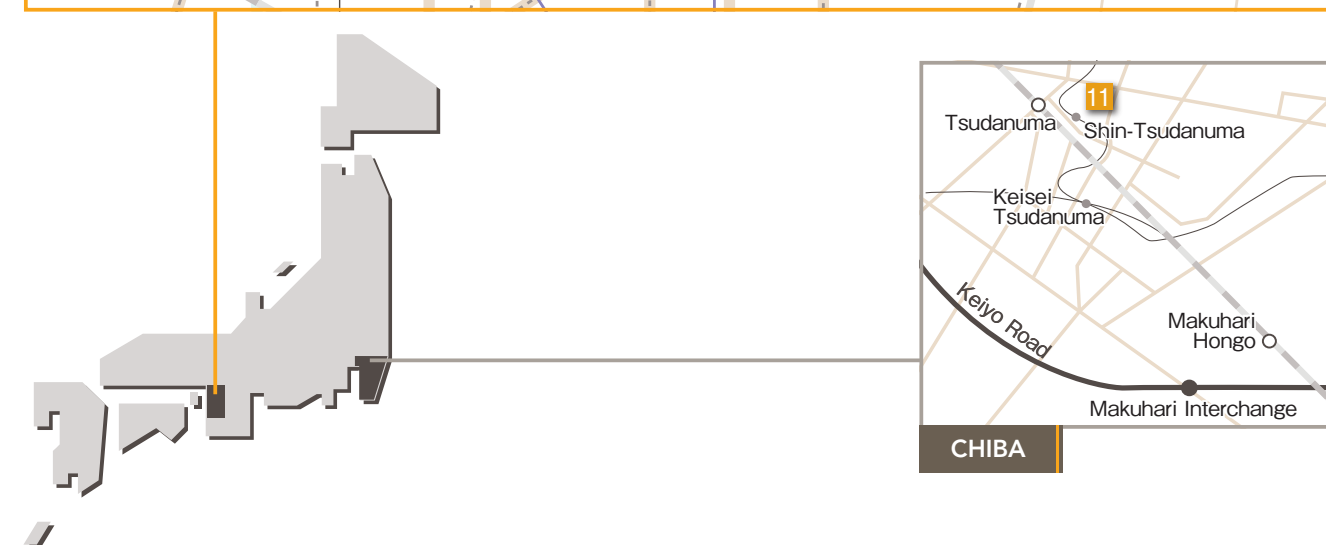
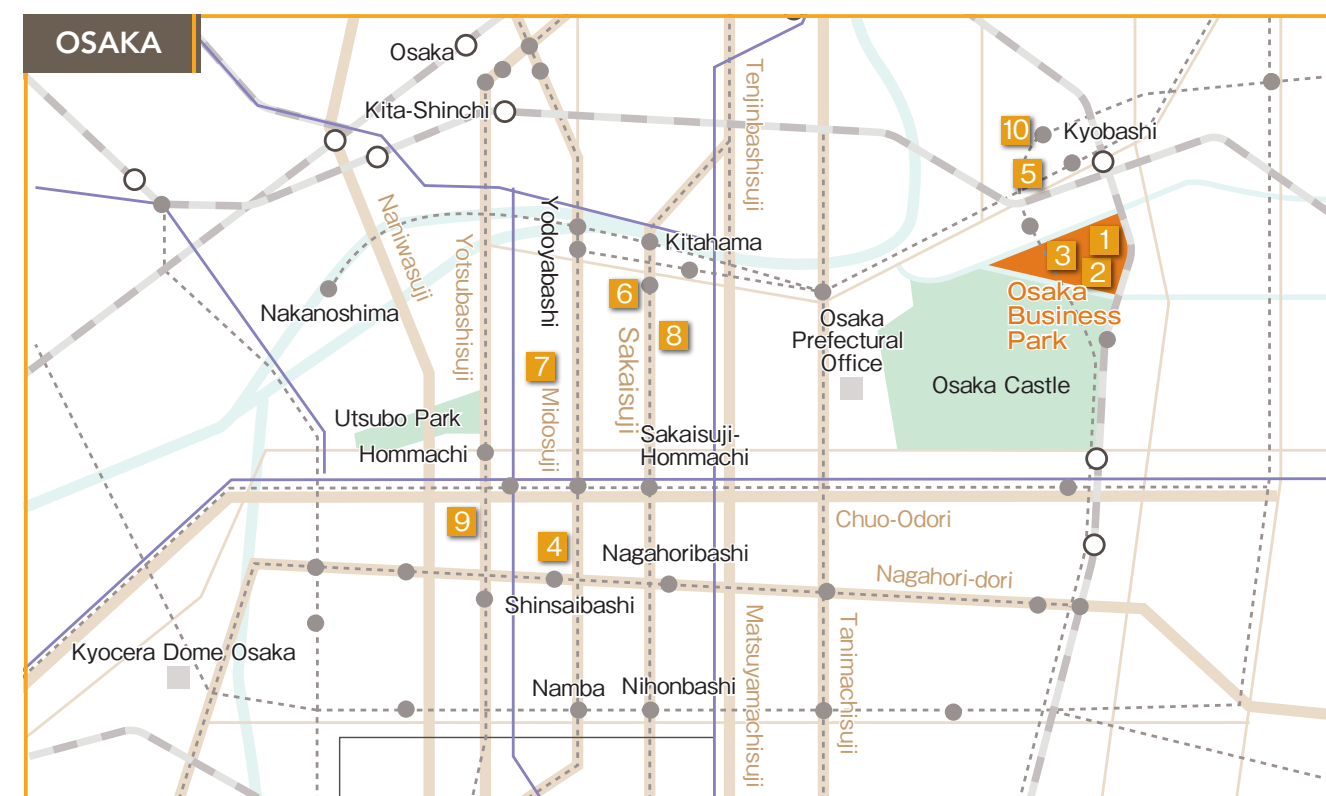


(Note 1) The ratios represent the ratios of the combined acquisition prices for respective categories over the total acquisition price, and are rounded to the first decimal place. Accordingly, the total of such figures is not necessarily 100%.

(Note 2) "Osaka area" refers to Osaka Prefecture, Hyogo Prefecture and Kyoto Prefecture, and "Other major cities" refers to government-designated cities and other major cities in Tokyo, Kanagawa Prefecture, Saitama Prefecture and Chiba Prefecture.

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

Portfolio Map



New offices, retail facilities, hotels, cultural facilities, etc. are emerging one after another in Nakanoshima, Umeda, Abeno, Shin-Osaka, etc.

The office vacancy rate for Osaka's business districts is recently improving, with the vacancy rate at the end of December 2012 at 9.4% (CBRE). Existing retail facilities and leisure facilities, such as Universal Studios Japan, are also performing well. Combined, further revitalization of Osaka is anticipated in the future.

Seizing such future trends as business opportunities, the MID Group will proactively promote various initiatives by drawing on its strength of being based in Osaka.

Large-Scale Development Forging the Future of the Osaka Area

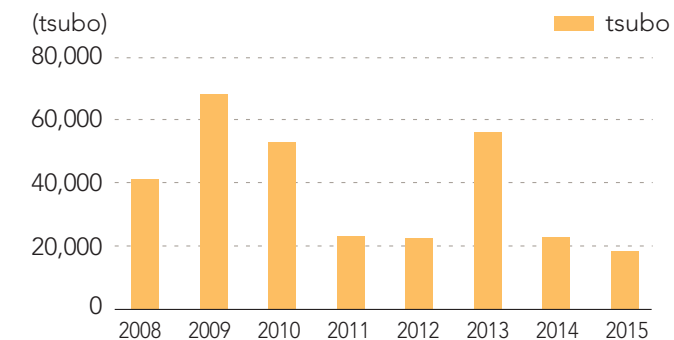
Completion of Construction of Large-Scale Office Buildings

While there are concerns of loosening of rental office supply-demand in the short term, it will likely contribute to the enhancement of value of the Osaka area on the whole in the medium to long term.

Nakanoshima Festival Tower (East District)	Completion in 2012
Grand Front Osaka	Completion in 2013 (scheduled)
Abeno Harukas	Completion in 2014 (scheduled)

(Note) Tally of office buildings with generally leased floor space of 1,500 tsubo (4,950m²) or more. In addition, figures for 2013 or later are subject to change.
Source: MID REIT Management Co., Ltd.

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



Bustle of the Osaka Area

Hankyu Department Store's full refurbishment and other development of retail facilities, expansion of a multi-purpose hall, hotel, etc. in Nakanoshima, large renewal of JR Shin-Osaka Station and such are anticipated to further increase the bustle of the Osaka area.

Transformation of Nakanoshima



Nakanoshima is not only where office buildings are located, but also where the Osaka City Hall, the Bank of Japan's Osaka Branch and other landmark buildings of Osaka stand. It is also blessed with nature, such as rivers and parks. In addition, there are such facilities as hotels, a convention center, concert hall and museums.

The new supply of office buildings in Osaka's business districts in 2011 and 2012 remained relatively low overall. In Nakanoshima, however, the completion of construction of large-scale and high-impact office buildings has been following one after another. In addition, it is a district where urban activities and beautiful urban development have been advancing at global standards.

Shin-Osaka Station: Osaka's Gateway to Transform



This station, which serves the Tokaido-Sanyo Shinkansen Lines, JR Tokaido Main Line and Osaka Municipal Subway and is used by over 170,000 passengers a day, made a large transformation in 2012. With the opening of the Shin-Osaka Hankyu Building directly connected to the station, this innovative and modern building comprising a hotel, offices, retail facilities and bus terminal, etc. is enhancing the value of Shin-Osaka Station. In addition, renovation of the Station's north exit situated to the north of the Tokaido-Sanyo Shinkansen Lines, large renewal of stores, improvement of the traffic flow and lighting and other measures taken have transformed it into a bright, user-friendly terminal station. Furthermore, the opening of "Osaka Norenmeguri," which broadened shopping options with its wide variety of goods, has played a part in expanding the range of wining/dining and souvenirs.



Nakanoshima Festival Tower



Hankyu Umeda Building (Hankyu Department Store Umeda Main Store)

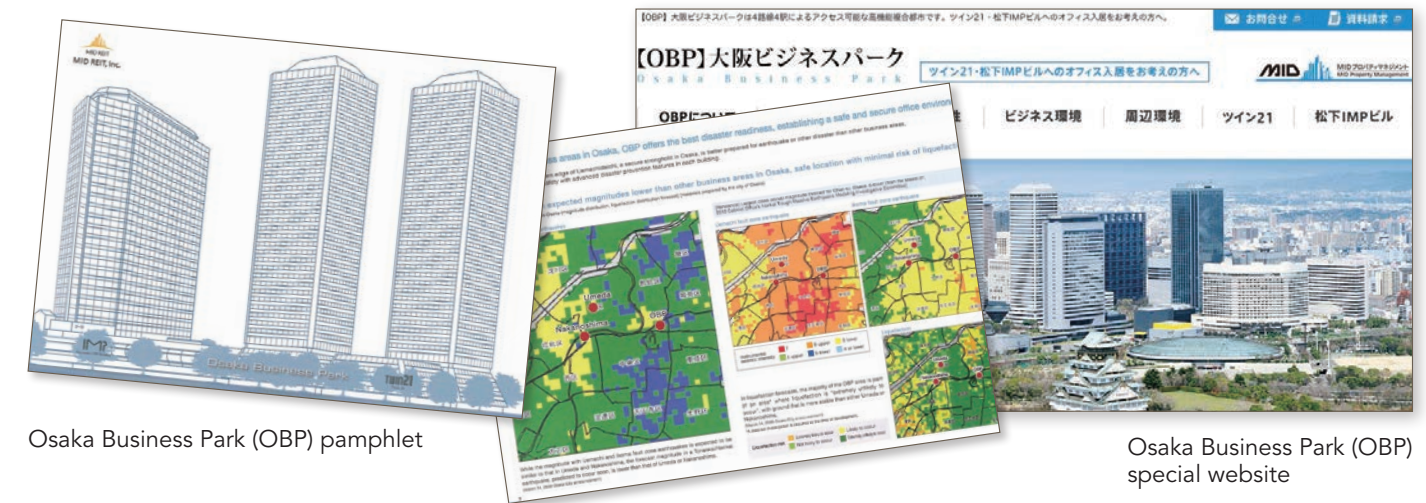
Initiatives of the MID Group

Preparation of Market Appeal Tool

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

Based on this leasing strategy, a tool (pamphlet) showcasing the attractive features of the Osaka Business Park (OBP) was recently newly prepared. Use of this in daily activities is serving useful in not only attracting tenants but also area branding and other image strategies.

This OBP pamphlet introduces in detail over 14 pages the attractive features as a highly-functional complex city that are of particularly high interest to tenants, such as the environment, cultural aspects and safety in the event of a disaster. In addition, by preparing an English version, too, we are also proactively marketing to foreign companies, etc.



Osaka Business Park (OBP) pamphlet

Osaka Business Park (OBP) special website

Participation in Events

Assisting in the "Regional Promotion Seminar (Tokyo)" (January 22, 2013) Organized by the Ministry of Foreign Affairs for Diplomatic Corps in Japan

This event organized by the Local Partnership Cooperation Division of the Ministry of Foreign Affairs is one in which several local governments address diplomat corps in Tokyo, etc. through presentations and networking sessions for marketing the attractive features of the region, such as industrial promotion, manufacturing, attracting companies and introducing regional products, and to have such follow through to strengthening of cooperation going forward. With the City of Osaka exhibiting at the event this time and giving a presentation on the status of development projects underway in the Osaka Bay area and Osaka Station vicinity, etc. and its surrounding business environment, the MID Group had the opportunity to assist as a real estate business representative of the Osaka area and market the attractive features of the Osaka Business Park (OBP).

Materials were handed to the 101 people from 75 countries that attended on the day and further marketed the attractive features to those who visited the booth. We will continue to seize similar opportunities to communicate the attractive features of the MID Group and OBP in and out of Japan.



Booth of the City of Osaka



Presentation of the City of Osaka

Historical Results of Operations for MID REIT

Overview of Asset Management

Period		9th Period	10th Period	11th Period	12th Period	13th Period
Fiscal period		(July 1, 2010 – Dec. 31, 2010)	(Jan. 1, 2011 – June 30, 2011)	(July 1, 2011 – Dec. 31, 2011)	(Jan. 1, 2012 – June 30, 2012)	(July 1, 2012 – Dec. 31, 2012)
Operating revenue	(million yen)	5,879	5,763	5,776	5,717	5,628
(Real estate rental revenues)	(million yen)	(5,879)	(5,763)	(5,776)	(5,717)	(5,550)
Operating expenses	(million yen)	3,722	3,615	3,691	3,644	3,747
(Real estate rental expenses)	(million yen)	(3,151)	(3,054)	(3,132)	(3,065)	(3,194)
Operating income	(million yen)	2,156	2,147	2,085	2,072	1,881
Ordinary income	(million yen)	1,375	1,408	1,416	1,441	1,325
Net income	(million yen)	1,383	1,396	1,416	1,439	1,323
Total assets	(million yen)	177,198	176,885	176,561	176,300	175,445
(Period-on-period variation)	(%)	(-0.1)	(-0.2)	(-0.2)	(-0.1)	(-0.5)
Net assets	(million yen)	91,755	91,769	91,789	91,812	91,696
(Period-on-period variation)	(%)	(-0.1)	(0.0)	(0.0)	(0.0)	(-0.1)
Interest-bearing liabilities	(million yen)	72,300	72,175	72,050	71,925	71,800
Unitholders' capital	(million yen)	90,372	90,372	90,372	90,372	90,372
Total investment units issued and outstanding	(units)	183,625	183,625	183,625	183,625	183,625
Net assets per unit	(yen)	499,691	499,763	499,873	499,998	449,369
Total distributions	(million yen)	1,383	1,396	1,416	1,439	1,323
Distribution per unit	(yen)	7,532	7,605	7,715	7,840	7,210
(Earnings distribution per unit)	(yen)	(7,532)	(7,605)	(7,715)	(7,840)	(7,210)
(Distribution in excess of earnings per unit)	(yen)	(-)	(-)	(-)	(-)	(-)
Return on assets (ROA)	(Note 1) (Note 2) (%)	0.8 (1.5)	0.8 (1.6)	0.8 (1.6)	0.8 (1.6)	0.8 (1.5)
Return on unitholders' equity	(Note 1) (Note 3) (%)	1.5 (3.0)	1.5 (3.1)	1.5 (3.1)	1.6 (3.1)	1.4 (2.9)
Unitholders' equity ratio at end of period	(Note 4) (%)	51.8 (0.0)	51.9 (0.1)	52.0 (0.1)	52.1 (0.1)	52.3 (0.2)
(Period-on-period variation)						
Interest-bearing liabilities ratio at end of period	(Note 5) (%)	40.8	40.8	40.8	40.8	40.9
Payout ratio	(%)	99.9	100.0	100.0	100.0	100.0
Number of investment properties	(properties)	12	12	12	12	11
Leasable space	(Note 6) (m ²)	281,744.45	281,770.07	281,771.44	281,761.16	279,755.90
Number of tenants at end of period	(Note 7) (tenants)	216	217	214	214	217
Occupancy rate at end of period	(Note 8) (%)	97.1	97.4	97.5	97.0	97.6
Depreciation and amortization for the period	(million yen)	1,064	1,068	1,080	1,077	1,089
Capital expenditures for the period	(million yen)	621	421	492	505	343
NOI from property leasing	(Note 9)(million yen)	3,798	3,798	3,741	3,789	3,474

(Note 1) Figures in parenthesis have been annualized.

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

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

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

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

(Note 6) "Leasable space" represents the total leasable floor space as of the end of each fiscal period. (Figures are for leasable units only and exclude the floor space for storage, halls, parking, etc., but include the floor space for common areas and parking, etc. when leased to tenants.)

(Note 7) "Number of tenants at end of period" represents the number of tenants based on lease agreements that are valid as of the end of each fiscal period. (Figures are for leasable units only and exclude the tenants who lease only the floor space for storage, halls, parking, etc.). When one tenant leases multiple rooms for rent in the same property, it is regarded as one tenant, and when in multiple properties, it is regarded as multiple tenants (one tenant for each property) and counted as such.

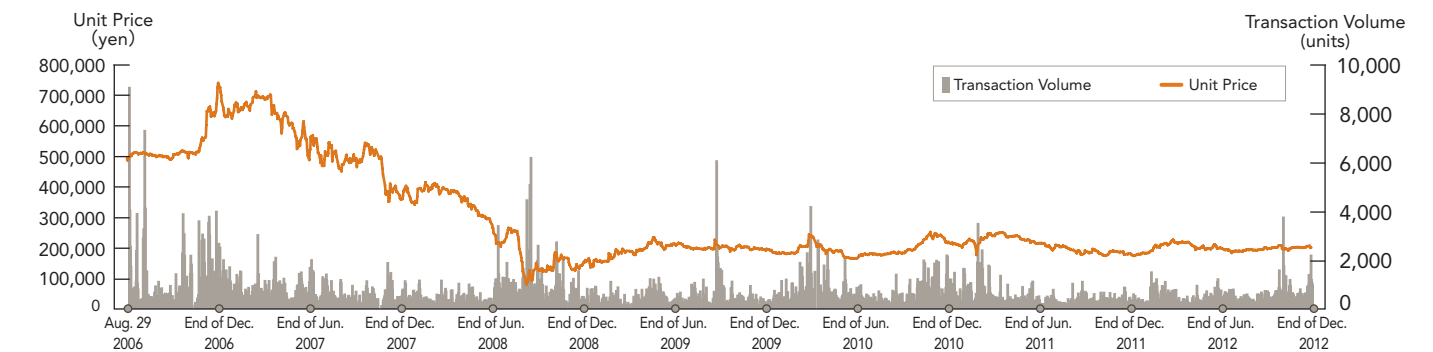
(Note 8) "Occupancy rate at end of period" is the figure obtained by dividing the total leased space of respective properties at the end of each fiscal period by the total leasable floor space, and is expressed as a percentage.

(Note 9) Rental income for the period (Real estate rental revenues – Real estate rental expenses) + Depreciation and amortization for the period + Loss on retirement of noncurrent assets for the period

Investment Unit Status

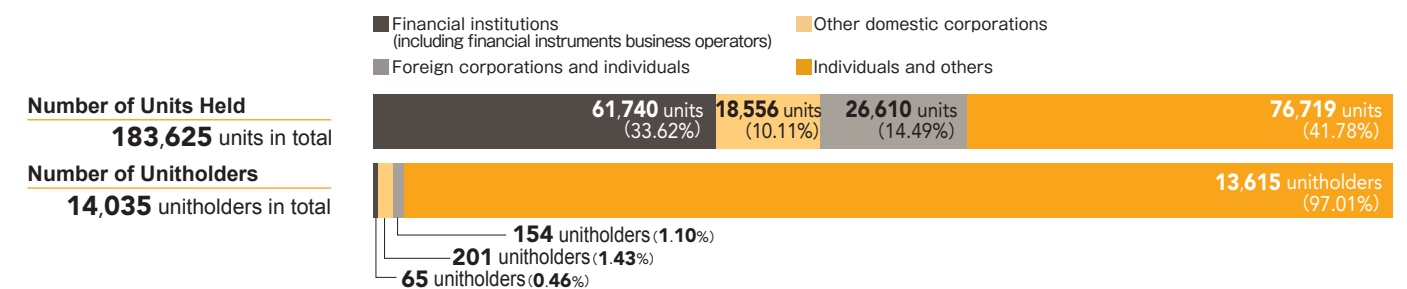
Unit Price Performance

The following is the history of investment unit prices (closing prices) and transaction volumes of MID REIT on the Tokyo Stock Exchange from the date of listing (August 29, 2006) to December 31, 2012.



Breakdown of Unitholders

The following is the breakdown of MID REIT's unitholders as of December 31, 2012.



Overview of Asset Management Company (as of December 31, 2012)

Name	MID REIT Management Co., Ltd.
Location	1-4-4 Dojimahama, Kita-ku, Osaka
Capital	210 million yen
Shareholder	MID Urban Development Co., Ltd. (shareholding: 100%)
Representative	President & CEO, Tomoyuki Goto
Business Description	Investment management business
Company History	<p>September 1, 2005: MID REIT Management Co., Ltd. established</p> <p>October 5, 2005: Acquired the real estate brokerage license (License Number: 2-51806, Osaka Governor)</p> <p>February 2, 2006: Obtained grant for agency by discretionary trust, based on the Building Lots and Buildings Transaction Business Law (Grant Number: 50, Minister of Land, Infrastructure, Transport and Tourism)</p> <p>May 26, 2006: Obtained grant for asset management under the Investment Trust and Investment Corporation Law (Grant Number: 64, Prime Minister of Japan)</p> <p>September 30, 2007: Registered as an investment management business under the Financial Instruments and Exchange Law of Japan (the "FIE Law") (Registration No. 43[FIE], Director-General, Kinki Local Finance Bureau) (Note)</p> <p>(Note) Subject to the stipulation under Article 159, Paragraph 1 of the Supplementary Provisions of the Law Concerning the Amendments of the Securities and Exchange Law and Other Financial Laws, the Asset Management Company is deemed to have been registered in accordance with Article 29 of the FIE Law, effective as of September 30, 2007, the date of the FIE Law implementation.</p>