

For Translation Purpose Only**REIT Financial Report for the 14th Fiscal Period (January 1, 2013 to June 30, 2013)**

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

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Executive Director

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Holding of analyst meeting: Yes / No (for institutional investors and analysts)

[Monetary amounts in million yen are rounded down]

1. PERFORMANCE FOR THE 14th FISCAL PERIOD (January 1, 2013 to June 30, 2013)**(1) Business Results**

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

	Operating revenue		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
14th fiscal period	5,457	(3.0)	646	(65.6)	105	(92.0)	104	(92.1)
13th fiscal period	5,628	(1.6)	1,881	(9.2)	1,325	(8.0)	1,323	(8.0)

	Net income per unit	Net income to unitholders' equity	Ordinary income to total assets	Ordinary income to operating revenue
	yen	%	%	%
14th fiscal period	567	0.1	0.1	1.9
13th fiscal period	7,210	1.4	0.8	23.5

(2) Distributions

	Distribution per unit [excluding distribution in excess of earnings]	Total distributions	Distribution in excess of earnings per unit	Total distributions in excess of earnings	Payout ratio	Distributions to net assets
	yen	million yen	yen	million yen	%	%
14th fiscal period	567	104	0	0	100.0	0.1
13th fiscal period	7,210	1,323	0	0	100.0	1.4

(3) Financial Position

	Total assets	Net assets	Unitholders' equity to total assets	Net assets per unit
	million yen	million yen	%	yen
14th fiscal period	173,711	90,476	52.1	492,726
13th fiscal period	175,445	91,696	52.3	499,369

(4) Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
14th fiscal period	8,578	(3,844)	(1,447)	17,871
13th fiscal period	3,562	(939)	(1,563)	14,584

2. FORECAST OF RESULTS FOR THE 15th FISCAL PERIOD (July 1, 2013 to December 31, 2013)

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

	Operating revenue		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
15th fiscal period	5,182	(5.0)	1,640	153.7	1,159	995.6	1,157	—

	Distribution per unit [excluding distribution in excess of earnings]		Distribution in excess of earnings per unit	
	yen		yen	
15th fiscal period	6,300		0	

[Reference] Estimated net income per unit for the 15th fiscal period: ¥6,300

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

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

(2) Number of Investment Units Issued and Outstanding

- (a) Number of investment units issued and outstanding (including own investment units) at end of period:
 - 14th fiscal period: 183,625 units
 - 13th fiscal period: 183,625 units
- (b) Number of own investment units at end of period:
 - 14th fiscal period: 0 units
 - 13th fiscal period: 0 units

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

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

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

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

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

For the preconditions and assumptions underlying the forecast of business results, matters of note in the use of the forecast of business results, and other matters of special note, please refer to “2. Asset Management Conditions; (2) Outlook of Next Fiscal Period; (b) Outlook of Business Results” on page 7.

1. Asset Management Policy

Disclosure is omitted because there are no significant changes from the “Investment Policy,” “Investment Target” and “Distribution Policy” presented in the most recent *yuka shoken hokokusho* (securities report) (submitted on March 25, 2013).

2. Asset Management Conditions

(1) Overview of Fiscal Period under Review

(a) Brief Background to MID REIT

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

As of the end of the fiscal period under review (14th fiscal period: January 1, 2013 to June 30, 2013), the total number of investment units issued and outstanding was 183,625 investment units.

As of the end of the 14th fiscal period, MID REIT’s portfolio comprised of 11 properties (however, excluding silent partnership interests) with the sum total of acquisition prices amounting to ¥155,390 million.

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

(b) Investment Environment and Management Performance

(i) Investment Environment

In the 14th fiscal period, the Japanese economy showed signs of picking up, due to a sense of expectation for economic measures and monetary policies proposed by the new administration following the change of government at the end of 2012, as well as recovery in price competitiveness from depreciation of the yen and increase in export volume and production volume, leading to improvement in the business conditions of the manufacturing industry, improvement in consumer sentiment, etc. Although there are concerns over the impact that risks of rise in long-term interest rates and downward swings in overseas economies would have on the Japanese economy, the investment sentiment also picking up and private consumption being strong amid improving corporate sales and revenues, led to expectations of the economy gradually heading toward economic recovery. In the real estate investment market, backed by the financial environment that has turned around and coupled with improvement in real estate fundamentals, acquisition activities by J-REITs and other Japanese investors was active and acquisition activities by foreign funds and other overseas investors was also growing active. In addition, in the real estate investment market in Osaka, the transaction volume was increasing.

According to the Ministry of Land, Infrastructure, Transport and Tourism’s Land Price LOOK Report for the first quarter (January 1 to April 1) of 2013, the land price of intensively used land of major cities in Japan increased in 80 of the 150 districts, remained flat in 51 districts and decreased in 19 districts. The state of the number of districts with the land price increasing or remaining flat accounting for about 87% of the total indicates that the land price trend is continuing to take a turn toward an upward trend. However, in the Osaka Business Park (hereafter, the “OBP”), where MID REIT’s core properties are situated, transaction yields and land prices remained unchanged.

In the office leasing market in Osaka, with construction of a large office rental property Grand Front Osaka completing in March 2013 with vacancies, the vacancy rate for the business areas of Osaka City hovers above the 10% level. Nevertheless, the Osaka office leasing market was on a recovery trend as well, as evident for example by continuing movements that lead to growth of demand, such as office relocations and relocations from own buildings to offices for positive purposes like good location and office environment improvement.

The economy of the Kinki area has been gradually picking up, but with tenants’ cost consciousness remaining strong, recovery in the rent level is forecasted to take some time. Moreover, since the Great East Japan Earthquake, attention has been drawn to such property aspects as earthquake resistance performance and locational safety (including ground with high resistance against liquefaction, flooding and other disasters), which led to further intensifying competition among individual properties.

(ii) Asset Management Performance

<Investment Performance>

In the 14th fiscal period, MID REIT implemented an asset replacement with the sponsor to achieve relaxation of portfolio risks and enhancement of portfolio quality. Specifically, this involved the transfer of Panasonic Osaka Kyobashi Building (transfer price: ¥6,120 million) on June 21, 2013 and the acquisition of Higobashi MID Building (acquisition price: ¥3,000 million) on the same date. Following the contract cancellation decision of the tenant to which Panasonic Osaka Kyobashi Building is leased in its entirety, concerning the direction for management toward enhancement of the asset value of the Property after about 39 years has elapsed since it was constructed, MID REIT has been conducting careful consideration in both aspects of leasing and transfer based on a comprehensive review of the Osaka area real estate leasing market and real estate transaction market trends, etc. As a result, MID REIT concluded that, while a loss on sales of real estate properties will arise, the asset replacement above would be the optimal way to maintain and enhance the profitability and quality of its portfolio in the medium to long term.

Higobashi MID Building is a property that was constructed in January 2010. Facing Yotsubashisuji, which is a major arterial road in Osaka, and located a one-minute walk from Higobashi Station on the Osaka Municipal Subway Yotsubashi Line, the Property boasts superior transportation access. The Higobashi area, where the Property stands, is a business area lined with office buildings that is also in close proximity from Yodoyabashi, where there is a concentration of financial institutions, etc. In light of these factors, MID REIT assesses the area as having the potential to maintain constant tenancy needs and the Property is one that can retain high market competitiveness over the medium to long term and internal growth can also be anticipated. Therefore, MID REIT assesses the Property as being one that will contribute to enhancing the quality of its portfolio.

As a result, MID REIT's portfolio as of the end of the 14th fiscal period was comprised of 11 properties, the investment ratios (based on acquisition price) of which are distributed in terms of geographic region with 83.2% in the Osaka area and 16.8% in the Tokyo metropolitan area and other areas and are distributed in terms of property type with 81.4% being office buildings and 18.6% being retail facilities.

<Performance of Management of Portfolio Assets>

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

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

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

Concerning occupancy rate, at Matsushita IMP Building, although a large tenant's contract cancellation in the 14th fiscal period caused the occupancy rate for the entire portfolio to decrease by 1.3 points compared with that at the end of the previous fiscal period, the occupancy rate at the end of the 14th fiscal period was 96.3% and thus high occupancy continued to be maintained.

In the 14th fiscal period, from around early spring, there were tenant movements for reasons of relocation/expansion due to aging of the building and locational improvement. MID REIT managed to generally maintain the occupancy rate by capturing new tenants.

At Twin 21, renewal of the interior and sanitary equipment of common areas of a typical floor plate for the purpose of maintaining/enhancing asset value and strengthening competitiveness have been continuously implemented and, in the 14th fiscal period, renewal of the interior of the lower-floor elevator hall and other entrance portions was implemented to achieve enhancement of tenant satisfaction and convenience with an aim for enhancement of property competitiveness in view of attracting new tenants. Furthermore, concerning the Matsushita IMP Building floor from which a large tenant had moved out at the end of March 2013, activities to attract potential tenants continue to be underway.

(c) Overview of Fund Procurement

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

As of the end of the 14th fiscal period, MID REIT had a balance of borrowings from 13 financial institutions in the amount of ¥71,675 million.

As of the end of the 14th fiscal period, the ratio of interest-bearing liabilities to total assets stands at 41.3%, 100.0% of loans payable are long-term loans payable (including current portion of long-term loans payable) and 72.8% of loans payable have fixed interest rates (including those for which interest rates have been fixed via interest rate swap agreements).

The following is the status of MID REIT's issuer ratings as of the end of the 14th fiscal period.

Credit rating agency	Issuer rating	Rating outlook
Rating and Investment Information, Inc. (R&I)	A-	Stable

(d) Overview of Business Performance and Distributions

As a result of the abovementioned asset management, MID REIT posted operating revenue of ¥5,457 million, operating income of ¥646 million, ordinary income of ¥105 million and net income of ¥104 million in its performance for the 14th fiscal period.

Concerning distributions, to ensure that distributions of retained earnings would be deductible for tax purposes based on application of Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, including amendments thereto) (hereafter, the "Act on Special Measures Concerning Taxation"), MID REIT decided to distribute the entire amount of unappropriated retained earnings, excluding fractions of the distribution per unit that are less than ¥1. Accordingly, MID REIT declared a distribution per unit of ¥567.

(2) Outlook of Next Fiscal Period

(a) Future Asset Management Policy and Challenges to Address

(i) Internal Growth Strategy

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

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

As an initiative for discerning the needs and heightening the satisfaction levels of existing tenants, the Asset Management Company conducts a survey of satisfaction levels on the tenants of Twin 21 and other multi-tenant buildings in MID REIT's portfolio. Since the start of the survey with the first survey conducted in the 1st fiscal period, the survey has been conducted a total of seven times. Based on the results of analysis of the survey, adequate measures are formed and follow-up activities performed. In the most recent survey, on top of maintaining high ratings for "Ambience," "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) awareness also heightening among tenants, such results are thought to be a reflection of the fire/disaster prevention training and disaster prevention measures being revalued.

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

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

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

<Strategy on Leasing to Attract New Tenants>

The OBP area, in which such buildings as MID REIT's core assets of Twin 21 and Matsushita IMP Building are situated, is a conglomerate business area adjacent to Osaka Castle Park and its lush greenery, and features outstanding access as it is within walking distance of six stations serving four railway lines, including one of Osaka's leading terminal stations Kyobashi Station. Combined with spacious floor space,

ability to secure ample parking space, etc., the OBP area exhibits strong capacity to attract tenants. In addition, there have been announcements that, compared to other business areas in Osaka, the OBP area has low risk of flooding because it is situated on ground that is as twice as high as the past-expected tsunami height (5.2m), has low expected seismic intensity in the event of a large-scale earthquake, and most of the area has found to be one where liquefaction is highly unlikely to occur according to liquefaction predictions, etc. Based on these, the OBP area can be said to be an area where safe and secure office environments can be provided. With more and more tenants placing emphasis on safety, earthquake resistance performance, BCP measures, etc. of office buildings since the Great East Japan Earthquake, for Twin 21 and Matsushita IMP Building, initiatives are taken to attract new tenants, or proactive initiatives are taken to attract group companies or partners of existing tenants, by drawing on these properties' strength of being large office buildings situated in the OBP area that is recognized as exhibiting one of the most superior capacities to respond to disaster prevention within Osaka City's business areas.

Moreover, initiatives are also taken at other portfolio assets to attract new tenants by making proposals in line with tenant size and needs.

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

<Enhance Property Competitiveness>

MID REIT conducts upgrading of facilities and renewal of interiors one after another in view of provision of comfortable office environments and enhancement of leasing capacity. MID REIT will also carry out such initiatives as systematic upgrading that reflect tenant satisfaction survey results, matters pointed out and requested by tenants, etc.

<Address Energy Saving and CO₂ Reduction>

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

Furthermore, Higobashi MID Building, which was acquired in the 14th fiscal period, has received "Silver 2013" rank under DBJ Green Building Certification by Development Bank of Japan Inc. Moreover, the Property has received the rank of "A Class" by the City of Osaka's Comprehensive Assessment System for Building Environmental Efficiency (CASBEE Osaka) in February 2012, which is a tool for comprehensive assessment and rating of not only consideration for the environment, such as use of energy-conserving and low-environmental-load resources and materials, but also consideration for the indoor and outdoor built environment and other building quality and performance.

(ii) External Growth Strategy

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

Acquisitions of assets under management will proceed to be examined with a focus on office buildings in the Osaka area, but MID REIT will also proceed to proactively examine with a view to acquiring properties deemed appropriate as an investment target in light of the location, size, etc. from a range of areas and asset types in the Tokyo metropolitan area, government-designated cities, and others.

Furthermore, the long-term target portfolio asset size is set at the ¥200 billion level (based on acquisition price). Moreover, the pipeline support from MID Urban Development Co., Ltd., etc. will continue to be proactively leveraged.

(iii) Financial Strategy

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

(b) Outlook of Business Results

MID REIT expects the following business results for its 15th fiscal period (July 1, 2013 to December 31, 2013). For the assumptions underlying the forecast of business results, please refer to the “Assumptions Regarding Business Results Forecasts for the 15th Fiscal Period (July 1, 2013 to December 31, 2013) and the 16th Fiscal Period (January 1, 2014 to June 30, 2014)” below.

Operating revenue	¥5,182 million
Operating income	¥1,640 million
Ordinary income	¥1,159 million
Net income	¥1,157 million
Distribution per unit	¥6,300
Distribution in excess of earnings per unit	¥0

The following are expected to be the primary factors for the difference from the 14th fiscal period.

(Decrease in operating revenue)

- Decrease in real estate rent revenue due to sale of Panasonic Osaka Kyobashi Building and tenant moving out of Matsushita IMP Building

(Decrease in operating expenses)

- Decrease on the rebound of not recording the loss on sale that was recorded in the 14th fiscal period (loss on sale of Panasonic Osaka Kyobashi Building)

In addition, assuming that the “Assumptions Regarding Business Results Forecasts for the 15th Fiscal Period (July 1, 2013 to December 31, 2013) and the 16th Fiscal Period (January 1, 2014 to June 30, 2014)” remain unchanged, MID REIT expects the following business results forecasts for its 16th fiscal period (January 1, 2014 to June 30, 2014).

Operating revenue	¥5,028 million
Operating income	¥1,586 million
Ordinary income	¥1,112 million
Net income	¥1,110 million
Distribution per unit	¥6,044
Distribution in excess of earnings per unit	¥0

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

Assumptions Regarding Business Results Forecasts
for the 15th Fiscal Period (July 1, 2013 to December 31, 2013)
and the 16th Fiscal Period (January 1, 2014 to June 30, 2014)

Item	Assumption(s)
Assets under management	<ul style="list-style-type: none"> Assumes there will be no changes (new property acquisition, sale of existing property, etc.) in MID REIT's assets under management from the 11 properties it owns as at June 30, 2013. The actual assets under management may vary due to changes in the property portfolio and other factors.
Operating revenue	<ul style="list-style-type: none"> Rent revenue (rent revenue – real estate) is calculated based on lease agreements effective as at June 30, 2013 with due consideration given to such factors as the market environment, the characteristics and market competitiveness of individual properties, status of individual tenants and recent deterioration of the real estate market. Operating revenue is calculated assuming there are no tenant defaults or non-payments of rent by tenants.
Operating expenses	<ul style="list-style-type: none"> Of the expenses related to rent business, which constitute a principal component of operating expenses, expenses other than depreciation and amortization are calculated based on historical data and reflecting seasonal and other factors that may cause fluctuations in expenses. Property management fees in the amount of ¥665 million are expected for the 15th fiscal period and ¥644 million are expected for the 16th fiscal period. Utility expenses in the amount of ¥571 million are expected for the 15th fiscal period and ¥496 million are expected for the 16th fiscal period. Property taxes, etc. in the amount of ¥505 million are expected for the 15th fiscal period and ¥512 million are expected for the 16th fiscal period. The amount expected to be necessary for building repair costs in the respective fiscal period is recorded as expenses. MID REIT expects repair costs for the 15th fiscal period will be ¥63 million less than the 14th fiscal period to amount to ¥74 million. Furthermore, please note that actual repair costs may differ significantly from the forecasted amounts due to various reasons, including repair costs possibly arising from damages, etc. to buildings due to unexpected causes. Depreciation and amortization are calculated based on the straight-line method inclusive of associated costs and future additional capital expenditures. MID REIT estimates ¥1,100 million for the 15th fiscal period and ¥1,106 million for the 16th fiscal period.
Non-operating expenses	<ul style="list-style-type: none"> Interest expenses of ¥388 million are expected for the 15th fiscal period and ¥386 million are expected for the 16th fiscal period. Borrowing related expenses of ¥93 million are expected for the 15th fiscal period and ¥89 million are expected for the 16th fiscal period.
Interest-bearing liabilities	<ul style="list-style-type: none"> Assumes the balance of interest-bearing liabilities outstanding will be ¥65,550 million at the end of the 15th fiscal period and ¥65,425 million at the end of the 16th fiscal period. Assumes the scheduled repayment in the 16th fiscal period of ¥125 million (due for repayment on January 31, 2014) will be repaid using cash reserves.
Number of investment units issued and outstanding	<ul style="list-style-type: none"> Assumes the number of investment units issued and outstanding will be the 183,625 units as at June 30, 2013 and no additional investment units will be issued through to June 30, 2014.
Distribution per unit	<ul style="list-style-type: none"> Distribution per unit is calculated assuming the cash distribution policy set forth in the Articles of Incorporation of MID REIT. Distribution per unit could change due to various factors, including changes in assets under management, fluctuations in rent income associated with tenant changes, etc., incurrence of unexpected repairs, fluctuations in interest rates, and the issuance of additional investment units.
Distribution in excess of earnings per unit	<ul style="list-style-type: none"> Assumes there will be no cash distributions in excess of earnings (distributions in excess of earnings per unit).
Other	<ul style="list-style-type: none"> Assumes no changes will be made to laws, the tax system, accounting standards, listing regulations, rules of The Investment Trusts Association, Japan, etc. affecting the aforementioned forecasts. Assumes there will be no major and unforeseen changes in general economic trends, real estate market conditions, etc.

3. Investment Risks

Disclosure is omitted because there are no significant changes from the “Investment Risks” presented in the most recent *yuka shoken hokokusho* (securities report) (submitted on March 25, 2013).

4. Financial Statements

(1) Balance Sheets

	[Unit: thousand yen]	
	13th Fiscal Period [as of Dec. 31, 2012]	14th Fiscal Period [as of June 30, 2013]
Assets		
Current assets		
Cash and deposits	11,263,384	14,431,265
Cash and deposits in trust	5,398,384	5,519,113
Operating accounts receivable	135,418	124,827
Consumption taxes receivable	—	70,474
Prepaid expenses	23,963	13,106
Deferred tax assets	28	29
Total current assets	16,821,179	20,158,817
Noncurrent assets		
Property, plant and equipment		
Buildings in trust	61,293,434	62,009,392
Accumulated depreciation	(12,069,744)	(12,542,465)
Buildings in trust, net	49,223,689	49,466,927
Structures in trust	111,384	107,849
Accumulated depreciation	(14,650)	(15,245)
Structures in trust, net	96,733	92,604
Machinery and equipment in trust	—	7,916
Accumulated depreciation	—	(80)
Machinery and equipment in trust, net	—	7,835
Tools, furniture and fixtures in trust	421,439	431,505
Accumulated depreciation	(170,464)	(198,918)
Tools, furniture and fixtures in trust, net	250,974	232,587
Land in trust	108,456,074	103,277,324
Construction in progress in trust	1,995	—
Total property, plant and equipment	158,029,467	153,077,279
Intangible assets		
Software	1,010	893
Right of trademark	736	672
Total intangible assets	1,747	1,566
Investments and other assets		
Investment securities	172,970	162,757
Lease and guarantee deposits	10,000	10,000
Long-term prepaid expenses	410,317	301,493
Total investments and other assets	593,288	474,251
Total noncurrent assets	158,624,503	153,553,096
Total assets	175,445,682	173,711,914

	[Unit: thousand yen]	
	13th Fiscal Period [as of Dec. 31, 2012]	14th Fiscal Period [as of June 30, 2013]
Liabilities		
Current liabilities		
Operating accounts payable	366,622	290,520
Current portion of long-term loans payable	28,750,000	28,750,000
Accounts payable – other	700,761	634,184
Accrued expenses	129,984	126,759
Distribution payable	9,679	9,845
Income taxes payable	1,276	1,222
Accrued consumption taxes	44,686	—
Advances received	592,579	665,915
Other	838,944	451,766
Total current liabilities	31,434,535	30,930,214
Noncurrent liabilities		
Long-term loans payable	43,050,000	42,925,000
Tenant leasehold and security deposits	7,130,640	7,140,955
Tenant leasehold and security deposits in trust	2,133,868	2,238,868
Total noncurrent liabilities	52,314,509	52,304,823
Total liabilities	83,749,044	83,235,038
Net assets		
Unitholders' equity		
Unitholders' capital	90,372,613	90,372,613
Surplus		
Unappropriated retained earnings (undisposed loss)	1,324,023	104,262
Total surplus	1,324,023	104,262
Total unitholders' equity	91,696,637	90,476,875
Total net assets	91,696,637	90,476,875
Total liabilities and net assets	175,445,682	173,711,914

(2) Statements of Income

	[Unit: thousand yen]	
	13th Fiscal Period	14th Fiscal Period
	[July 1, 2012 to Dec. 31, 2012]	[Jan. 1, 2013 to June 30, 2013]
Operating revenue		
Rent revenue – real estate	5,113,863	4,751,397
Other lease business revenue	437,028	705,762
Gain on sales of real estate properties	77,680	—
Total operating revenue	5,628,572	5,457,160
Operating expenses		
Expenses related to rent business	3,194,486	3,020,056
Loss on sales of real estate properties	—	1,296,499
Asset management fee	422,368	356,459
Asset custody fee	8,799	8,741
Administrative service fees	44,793	43,499
Directors' compensations	5,700	5,700
Other operating expenses	71,241	79,565
Total operating expenses	3,747,390	4,810,522
Operating income	1,881,182	646,637
Non-operating income		
Interest income	1,609	1,945
Reversal of distribution payable	1,587	1,165
Other	—	1
Total non-operating income	3,197	3,112
Non-operating expenses		
Interest expenses	432,376	417,707
Borrowing related expenses	126,291	109,987
Other	196	16,264
Total non-operating expenses	558,864	543,959
Ordinary income	1,325,514	105,791
Extraordinary income		
Subsidy income	4,914	—
Total extraordinary income	4,914	—
Extraordinary loss		
Loss on reduction of noncurrent assets	4,864	—
Total extraordinary losses	4,864	—
Income before income taxes	1,325,564	105,791
Income taxes – current	1,597	1,617
Income taxes – deferred	1	(0)
Total income taxes	1,599	1,616
Net income	1,323,965	104,174
Retained earnings brought forward	58	87
Unappropriated retained earnings (undisposed loss)	1,324,023	104,262

(3) Statements of Cash Flows

	[Unit: thousand yen]	
	13th Fiscal Period	14th Fiscal Period
	[July 1, 2012 to Dec. 31, 2012]	[Jan. 1, 2013 to June 30, 2013]
Net cash provided by (used in) operating activities		
Income before income taxes	1,325,564	105,791
Depreciation and amortization	1,089,361	1,113,041
Amortization of long-term prepaid expenses	126,053	108,823
Interest income	(1,609)	(1,945)
Interest expenses	432,376	417,707
Loss on retirement of noncurrent assets	29,103	18,532
Subsidy income	(4,914)	—
Loss on reduction of noncurrent assets	4,864	—
Decrease (increase) in operating accounts receivable	3,408	10,590
Decrease (increase) in consumption taxes refund receivable	—	(70,474)
Increase (decrease) in accrued consumption taxes	18,509	(44,686)
Increase (decrease) in operating accounts payable	73,898	(76,102)
Increase (decrease) in advances received	(96,196)	73,336
Decrease (increase) in prepaid expenses	10,031	10,857
Decrease (increase) in long-term prepaid expenses	(137,970)	—
Decrease from sales of property, plant and equipment in trust	1,124,682	7,397,754
Other	6,509	(63,799)
Subtotal	4,003,672	8,999,426
Interest income received	1,609	1,945
Interest expenses paid	(440,669)	(420,932)
Income taxes paid	(1,668)	(1,671)
Net cash provided by (used in) operating activities	3,562,943	8,578,768
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment in trust	(338,005)	(3,608,618)
Proceeds from tenant leasehold and security deposits	108,951	126,711
Proceeds from tenant leasehold and security deposits in trust	100,296	231,710
Repayments of tenant leasehold and security deposits	(720,048)	(465,645)
Repayments of tenant leasehold and security deposits in trust	(95,295)	(126,711)
Payments for deposits in trust for tenant leasehold and security deposits in trust	—	(1,989)
Proceeds from subsidy	4,914	—
Net cash provided by (used in) investing activities	(939,187)	(3,844,543)
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	14,500,000	—
Repayment of long-term loans payable	(14,625,000)	(125,000)
Dividends paid	(1,438,309)	(1,322,604)
Net cash provided by (used in) financing activities	(1,563,309)	(1,447,604)
Net increase (decrease) in cash and cash equivalents	1,060,447	3,286,620
Cash and cash equivalents at beginning of period	13,524,269	14,584,716
Cash and cash equivalents at end of period	14,584,716	17,871,337

5. Real Estate for Investment

The following summarizes the assets (11 properties) owned by MID REIT as of June 30, 2013

Use	Region [Note 1]	Property		Type of Asset	Acquisition Price	Book Value	Appraisal Value	Appraisal Company	Investment Ratio	Collateral
		No.	Name		[Note 2] [million yen]	[Note 3] [million yen]	[Note 4] [million yen]	[Note 5]	[Note 6] [%]	[Note 7]
Office Building	Osaka area	1	Twin 21 [Note 8]	Trust beneficiary interest	68,700	68,581	46,800	Morii	44.2	None
		2	Matsushita IMP Building		24,600	23,650	18,200	Tanizawa	15.8	None
		4	Midosuji MID Building		8,290	8,782	6,720	Tanizawa	5.3	None
		5	MID REIT Kyobashi Building		2,300	2,199	1,280	Tanizawa	1.5	None
		10	MID Imabashi Building		3,270	3,273	2,230	Tanizawa	2.1	None
		11	MID Midosujikawaramachi Building		2,000	1,958	1,370	Tanizawa	1.3	None
		12	Kitahama MID Building		10,800	10,709	8,130	JREI	7.0	None
		13	MID Nishihommachi Building		3,550	3,469	2,070	JREI	2.3	None
		14	Higobashi MID Building		3,000	3,036	3,140	JREI	1.9	None
	Subtotal				126,510	125,662	89,940		81.4	
Retail Facility	Osaka area	8	Konami Sports Club Kyobashi	Trust beneficiary interest	2,780	2,542	2,900	Daiwa	1.8	None
	Other	9	AEON MALL Tsudanuma		26,100	24,871	24,400	Daiwa	16.8	None
	Subtotal				28,880	27,414	27,300		18.6	
Total					155,390	153,077	117,240		100.0	

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

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

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

[Note 4] “Appraisal Value” is the appraisal value at the end of the fiscal period based on the appraisal report with June 30, 2013 as the date of the value opinion prepared by Morii Appraisal & Investment Consulting, Inc., Tanizawa Sogo Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd. or Japan Real Estate Institute pursuant to the Regulations Concerning Accounting of Investment Corporations, methods and criteria for asset valuation defined in MID REIT’s Articles of Incorporation and rules of The Investment Trusts Association, Japan.

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

Tanizawa: Tanizawa Sogo Appraisal Co., Ltd.

JREI: Japan Real Estate Institute

Daiwa: Daiwa Real Estate Appraisal Co., Ltd.

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

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

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

[Note 9] Monetary amounts are rounded down to the nearest million yen.

[Note 10] In addition to the assets listed in the table above, MID REIT acquired silent partnership interests on November 29, 2007, January 30, 2008, September 29, 2008 and February 26, 2009.