



14th Fiscal Period

Business Report

January 1, 2013 to June 30, 2013



MID REIT, Inc.

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



At the entrance of newly-acquired property "Higobashi MID Building"

Leadership Message

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

Tomoyuki Goto

With the end of the 14th fiscal period (January 1, 2013 to June 30, 2013) and start of the 15th fiscal period of MID REIT, Inc. (MID REIT), Tomoyuki Goto, President & CEO of MID REIT Management Co., Ltd. (MID REIT Management), was interviewed on the present and future of MID REIT in light of the 14th fiscal period activities and economic developments in Kansai.

Q.1: How do you evaluate MID REIT's performance in the 14th fiscal period?

In the 14th fiscal period (ended June 2013), we transferred Panasonic Osaka Kyobashi Building (Shiromi, Chuo-ku, Osaka) and acquired Higobashi MID Building (Edobori, Nishi-ku, Osaka) in June. Although this asset replacement is one that involved a large loss on sale of real estate in the short term and thus a large downward revision in business performance for the 14th fiscal period, we managed to maintain/enhance portfolio profitability and quality through the new asset acquisition.

Concerning leasing, tenant movements for such reasons as to improve location and consolidate/integrate bases in a manner that is in concert with adjusted market rent in the leasing market or to address business continuity planning (BCP) have become more active than the previous year. We managed to maintain/enhance the occupancy rate at MID Imabashi Building, MID Nishihommachi Building, etc. by having a good grasp of such movements.

At Matsushita IMP Building, with activities to attract tenants still underway for the floor from which a large tenant had moved out at the end of March 2013, challenges remain. However, there are leads to capturing tenants as there are

increasing cases of concrete talks on intentions to move to a building of a rent level that would be economically rational in view of floor space expansion or cost reduction without lowering building specifications/grade.

In addition, at Twin 21, we implemented renewal of the entrance portion, which is connected to Kyobashi Station by a pedestrian deck, and the 2F to 4F elevator hall of MID Tower, which is frequently used by tenants and the customers of restaurants, etc. Concerning the typical floor plate of common areas, on top of completing elevator hall renewal in the 14th fiscal period, restroom and staff kitchen renewal are also being implemented one after another. In this manner, we managed to aim for enhancement of satisfaction and convenience for existing tenants and to maintain/enhance property competitiveness in leasing.

Q.2: Please explain in detail the reasons for the recent asset replacement.

Concerning Panasonic Osaka Kyobashi Building, it was settled in the end of October 2012 that the tenant would move out at the end of May 2013. We stated at the previous financial results announcement that we intend to seek new tenants after thoroughly conducting renewal construction

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Cover: Namba Yasaka Shrine Dotonbori River Funatogyo (boat procession)

14th Fiscal Period Financial Highlights

(January 1, 2013 to June 30, 2013)

| | 13th Period Results | 14th Period Results | Difference | Difference |
|-----------------------|---------------------|---------------------|--------------------|------------|
| Operating revenue | 5,628 million yen | 5,457 million yen | -171 million yen | -3.0% |
| Ordinary income | 1,325 million yen | 105 million yen | -1,219 million yen | -92.0% |
| Net income | 1,323 million yen | 104 million yen | -1,219 million yen | -92.1% |
| Number of units | 183,625 units | 183,625 units | - | - |
| Distribution per unit | 7,210 yen | 567 yen | -6,643 yen | -92.1% |

work following the tenant exit. However, the plan to lease the 39-year-old property as a building in its entirety by injecting a large sum of money for refurbishment over a long period involves concerns of leasing up the property extending for a long period in light of such aspects as property size and conditions.

Therefore, we concluded that a replacement of assets by transferring the property with the support of the sponsor would be the best way to avoid the risk of a prolonged unoccupied state.

Above all, the desire to convey as a message our positive stance on future external growth through new asset acquisition was the main underlying reason for the recent asset replacement decision.

Q.3: What do you see as being the pros and cons of the asset replacement?

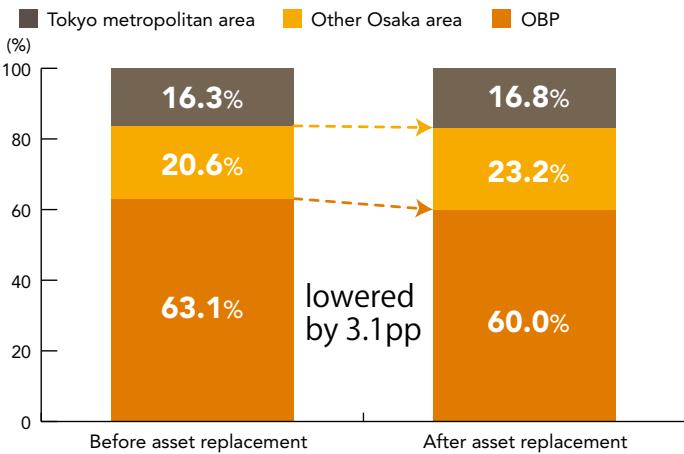
The positive aspect of the asset replacement is managing to avoid such management risks as revenue deteriorating due to maintenance expenses arising during the period of renovation construction work and period of vacancy over a long period following the tenant exit at Panasonic Osaka Kyobashi Building and due to the prolonged period for leasing up the property.

The newly-acquired Higobashi MID Building managed to be acquired from the sponsor at a price that is below the appraisal value and also is a relatively-newly-built property from which high NOI yield can be anticipated. We could therefore see prospects of such offsetting the decrease in revenue arising from the transfer of Panasonic Osaka Kyobashi Building to a certain degree.

In addition, through the recent asset replacement, we managed to realize reduction of portfolio building age (22.0 years at the end of the 13th fiscal period to 21.3 years at the end of the 14th fiscal period), lowering of PML, improvement of unrealized gain/loss of the entire portfolio and other improvements in portfolio quality.

Furthermore, by newly acquiring an asset in Higobashi that is an area other than the Osaka Business Park (OBP), we managed to relax the OBP concentration level of portfolio properties, which is one of the challenges facing MID REIT.

Asset Replacement Effects: Promotion of Lowering of OBP Concentration Level and Diversification of Assets



Based on acquisition price, 63.1% of assets were concentrated in the OBP in the past, but this has been lowered to 60.0%. Even based on property leasing revenue, the concentration was similarly lowered from 67.6% (results for 13th fiscal period) to 64.6% (assumed for 15th fiscal period). We intend to keep working to overcome this challenge by continuing to pursue external growth.

On the contrary, a loss on sale being incurred, not being an asset replacement that leads to expansion of portfolio asset size, etc. can be cited as negative aspects. Investors have also voiced criticism concerning this matter.

However, when the intentions and effects of the recent asset replacement are explained again, there have been many cases where we have received voices of encouragement expressing the desire for us to continue external growth, and for that we are grateful. We have also received positive responses from institutional investors.

We believe that the recent asset replacement served as a good opportunity for allowing us to

seek renewed communication with and convey our intentions and future strategies to investors.

Q.4: What is your view of the developments in the Osaka economy and Kansai economy in the past six months?

My view is an upward trend overall. For example, there have also been reports of exports in the manufacturing industry increasing and corporate capital investment also increasing. There is data known as “Economic Trends of Osaka” announced by the Osaka Prefectural Government’s Department of Commerce, Industry and Labor (Osaka Research Center for Industry and Economy). According to the data compiled based mainly on May 2013 indicators, consumer spending has begun to stop declining, home electronic appliance sales and new automobile sales decreased, while large-scale retailer sales, convenience store sales and household consumption expenditure are increasing.

In addition, housing investment and non-residential construction investment are also increasing. Exports have been increasing for three consecutive months and imports have been increasing for five consecutive months.



Furthermore, industrial production in the Kinki region is also increasing and employment is slowly picking up.

As for visible movements other than such data, new Osaka landmarks “Grand Front Osaka,” which opened at the North Exit of JR Osaka Station, and the retail facility that opened at “Abeno Harukas,” which is situated in the southern part of Osaka City and is set to be Japan’s tallest skyscraper at a height of 300 meters, prior to its grand opening, are among properties that are drawing a large crowd. While some say the Abenomics effects in the real

Economic Trends of Osaka (based mainly on May 2013 indicators)

| | | Demand | | | | | | | |
|-------|-----------------------|------------------------------------|---------------------------------|---|------------------------------|-----------------------------------|--------------------------------------|-----------------------|-----------------------------|
| | Overall | Consumption | | | | Investment | | Foreign Trade / Cargo | |
| | Coincident CI (Osaka) | Large-scale retailer sales (Osaka) | Convenience store sales (Kinki) | Home electronic appliance sales (Kinki) | New automobile sales (Osaka) | New housing constructions (Osaka) | Floor space of constructions (Osaka) | Exports (Kinki) | Cargo volume handled at KIX |
| May | — | ↗ | ↗ | — | ↘ | ↗ | ↗ | ↗ | ↘ |
| April | ↗ | ↗ | ↗ | ↘ | ↗ | ↘ | ↗ | ↗ | ↘ |

| | | Supply | | | | Other |
|-------|------------|--------------|--|---------------------------|--|---|
| | Production | Production | Employment | | Bankruptcy | Sightseeing |
| | (Osaka) | (Nationwide) | Ratio of active job openings-to-applicants (Osaka) | Unemployment rate (Kinki) | Number of corporate bankruptcies (Osaka) | Number of passengers from overseas to KIX |
| May | — | ↗ | ↗ | ↗ | ↗ | ↗ |
| April | ↗ | ↗ | ↗ | ↗ | ↗ | ↗ |

Date: July 2013
Source: Osaka Prefectural Government’s Department of Commerce, Industry and Labor (Osaka Research Center for Industry and Economy)

* Comparisons with the same month of the previous year, where an arrow pointing upwards indicates economic improvement and an arrow pointing downwards indicates economic deterioration. However, comparisons with the previous month in the case of the coincident CI, production index and ratio of active job openings-to-applicants because these are seasonally adjusted. In the case of the unemployment rate and number of corporate bankruptcies, a decrease or reduction is an economic improvement, which is indicated by an arrow pointing upwards.
— No data

economy are uneven, the Osaka economy and Kansai economy seem to be steadily, albeit gradually, gaining vigor compared to before, as evident by such factors as the trend of high stock prices and the increase in tourist visits with the effects of depreciation of the yen and the increase in low-cost carriers (LCCs) in service.

Q.5: Will there be changes from the existing policy in terms of future strategies?

The investment policy of focusing on the Osaka area and office buildings will not be significantly changed. However, we would like to consider also property acquisition other than in the Osaka area. We will also consider acquiring properties other than office buildings when the properties have long-term stable cash flow income-generating potential, as we did for AEON MALL Tsudanuma and Konami Sports Club Kyobashi.

Q.6: Please provide your insight on business performance recovery in subsequent fiscal periods.

Having managed to eliminate the immediate cause of concern of Panasonic Osaka Kyobashi

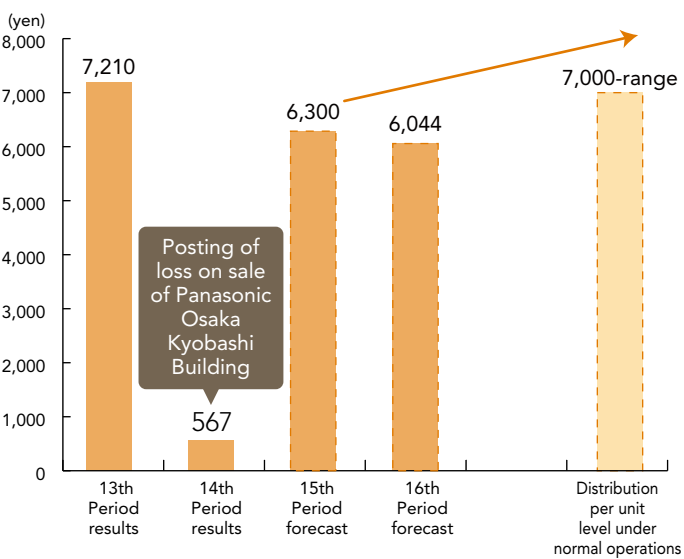
Building, the view is that we will be able to achieve bottoming out of the distribution per unit at an early point in time.

The aim is to be back to the 6,000-yen-range in the 15th fiscal period (July 1, 2013 to December 31, 2013) and return to the 7,000-yen-range distribution per unit level under normal operations by continuing to pursue external growth.

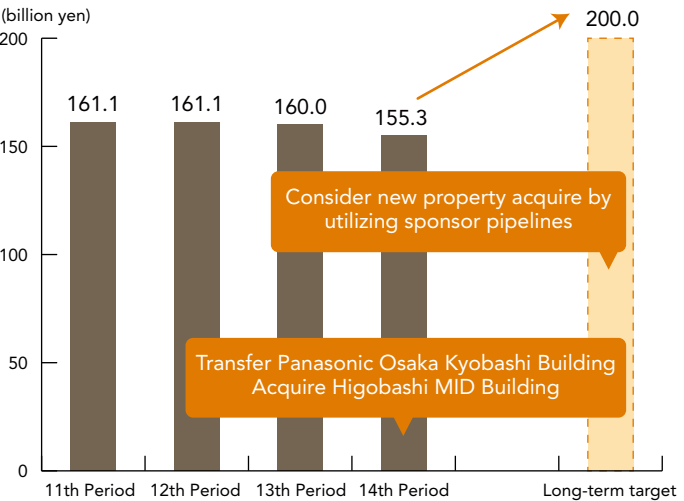
The external growth strategy for such is to maintain the policy of setting the long-term target for portfolio asset size at about 200 billion yen, mainly by utilizing sponsor pipelines. Furthermore, in terms of targeted investment types, while considering mainly office buildings in the Osaka area, the view is to also flexibly consider various areas and asset types in order to expand the portfolio asset size through new property acquisition at an early stage.

In terms of internal growth, we will be more devoted than ever to thoroughly keeping up tireless cost-cutting efforts while placing emphasis on safety, as well as strengthening new tenant leasing to raise occupancy rates and strengthening relationships of trust with existing tenants not only as a defense against tenant exits but also in order to minimize contract cancellation risks.

Changes in Distributions



Changes in Asset Size



Introduction of Newly-Acquired Property

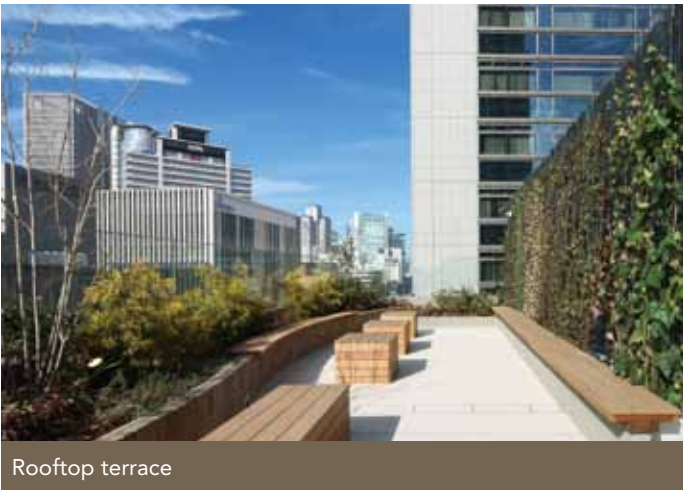
In accordance with the MID REIT asset management policy and based on the conclusion that it would be the optimal way to maintain/enhance the profitability and quality of the portfolio in the medium to long term, MID REIT acquired the trust beneficiary interest of Higobashi MID Building for 3,000 million yen on June 21, 2013.

The property is located in a business area that boasts superior transportation access in that it faces Yotsubashisuji, which is a major arterial road in Osaka, and is a one-minute walk from Higobashi Station on the Subway Yotsubashi Line, six-minute walk from Yodoyabashi Station on the Subway Midosuji Line and six-minute walk from Watanabebashi Station on the Keihan Nakanoshima Line.



In February 2010, the property was assigned the rank of "A Class" by CASBEE Osaka, which comprehensively assesses building quality/performance, and received honorable mention in the 2010 Osaka Sustainable Building Awards for reduction of environmental load and other initiatives in consideration for the environment. In addition, the property was assigned the DBJ Green Building Certification rank of "Silver 2013" by Development Bank of Japan Inc. for being a building with "consideration for the environment/society" at an extremely outstanding level.

| | |
|------------------------|---------------------------------|
| Property name | Higobashi MID Building |
| Location | 1-5-16 Edobori, Nishi-ku, Osaka |
| Construction completed | January 2010 |
| Total land space | 797.86m ² |
| Total floor space | 6,519.63m ² |
| Structure | S |
| Floors | B1/11F |



Transfer of Panasonic Osaka Kyobashi Building

MID REIT transferred Panasonic Osaka Kyobashi Building on June 21, 2013. The property had been managed as a building that was leased in its entirety, but with the tenant to which the building was leased in its entirety exiting the property on May 31, 2013, consideration had been underway concerning the direction for management toward enhancement of the asset value of the property after about 39 years had elapsed since it was constructed. As a result of such consideration, MID REIT concluded that, while a difference arises between the book value and transfer price, transfer to MID REIT sponsor MID Urban Development Co., Ltd. by leveraging sponsor support would be best.



Internal Growth

Initiatives to Maintain/Enhance Rental Revenues

MID REIT implemented renewal of the common areas of Twin 21 MID Tower to aim for enhancement of tenant satisfaction and convenience and, furthermore, to maintain/enhance property competitiveness for attracting new tenants.

MID Tower lower-floor (2~4F) elevator hall

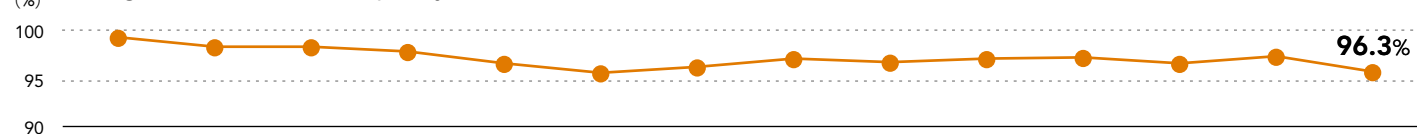


MID Tower typical floor plate restroom

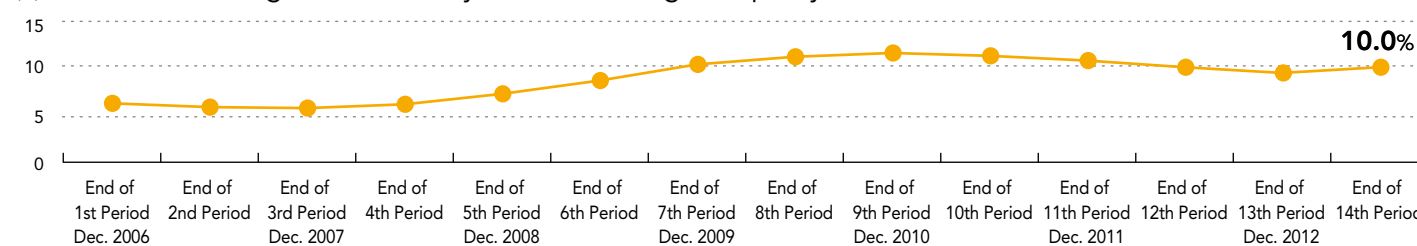


Maintaining of High Occupancy Exceeding Osaka City's Business Area Occupancy Rate Since Listing

Changes in Portfolio Occupancy Rate



(Reference) Changes in Osaka City's Office Building Occupancy Rate (Note)



(Note) Source: CBRE

MID REIT completed refinancing of 22.5 billion yen in loans in July 2013. The following is the status of debt financing as of July 31, 2013 after the refinancing.

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 (4 years and 11 months) Mizuho Bank, Resona Bank, Shinkin Central Bank, Nanto Bank | 6,500 | JBA Japanese Yen TIBOR + 1.0% (Note 2) | Aug. 31 2010 | July 31 2015 | Bullet payment | Unsecured Unguaranteed |
| | Term loan (6 years and 11 months) Development Bank of Japan | 4,250 | 1.79507% (Note 6) | Aug. 31 2010 | July 31 2017 | (Note 7) | Unsecured Unguaranteed |
| | Term loan (3 years) Mizuho 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 3) | July 29 2011 | July 31 2014 | Bullet payment | Unsecured Unguaranteed |
| | Term loan (5 years) Mizuho Bank, Development Bank of Japan | 4,000 | 1.36375% (Note 6) | July 29 2011 | July 31 2016 | Bullet payment | Unsecured Unguaranteed |
| | Term loan (3 years) Mizuho Bank, Sumitomo Mitsui Banking, Resona Bank, Mitsubishi UFJ Trust and Banking, Senshu Ikeda Bank | 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 4) | July 31 2012 | July 31 2017 | Bullet payment | Unsecured Unguaranteed |
| | Term loan (7 years) Development Bank of Japan | 1,700 | 1.52375% (Note 6) | July 31 2012 | July 31 2019 | Bullet payment | Unsecured Unguaranteed |
| | Term loan (3 years) Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Aozora Bank, Mitsubishi UFJ Trust and Banking, Shinkin Central Bank, Senshu Ikeda Bank, Nishi-Nippon City Bank, Hyakugo Bank | 15,900 | JBA Japanese Yen TIBOR + 0.6% | July 31 2013 | July 29 2016 | Bullet payment | Unsecured Unguaranteed |
| | Term loan (5 years) Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Aozora Bank | 4,800 | JBA Japanese Yen TIBOR + 0.8% (Note 5) | July 31 2013 | July 31 2018 | Bullet payment | Unsecured Unguaranteed |
| | Term loan (7 years) Development Bank of Japan, Minato Bank | 1,800 | 1.70875% (Note 6) | July 31 2013 | July 31 2020 | Bullet payment | Unsecured Unguaranteed |
| TOTAL | | 65,550 | | | | | |

(Note 1) Loans are co-financed by the banks in the list.

(Note 2) In accordance with the interest-rate swap agreement, the actual interest rate is 1.447% (p.a.) up to the principal repayment date.

(Note 3) In accordance with the interest-rate swap agreement, the actual interest rate is 1.0625% (p.a.) up to the principal repayment date.

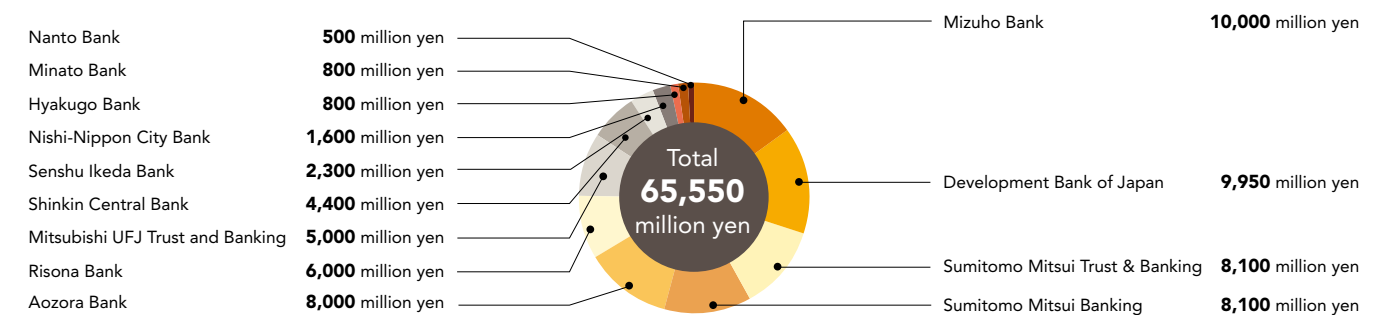
(Note 4) In accordance with the interest-rate swap agreement, the actual interest rate is 1.141% (p.a.) up to the principal repayment date.

(Note 5) In accordance with the interest-rate swap agreement, the actual interest rate is 1.297% (p.a.) up to the principal repayment date.

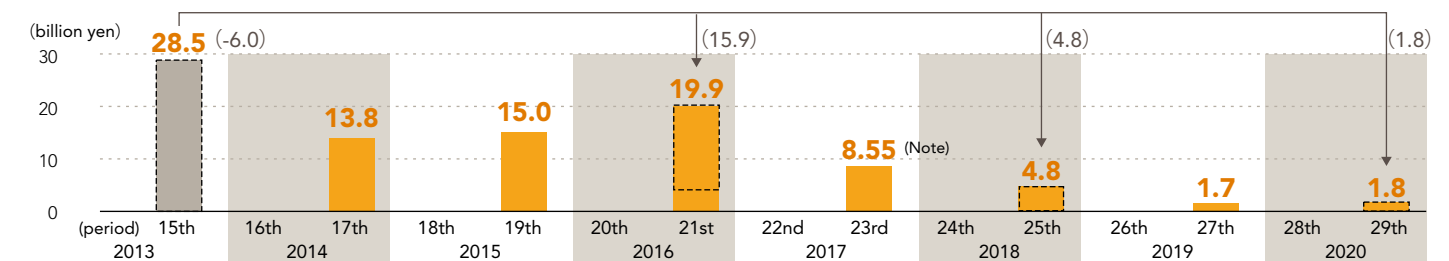
(Note 6) Interest rates are fixed.

(Note 7) 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.

Borrowing Status by Bank



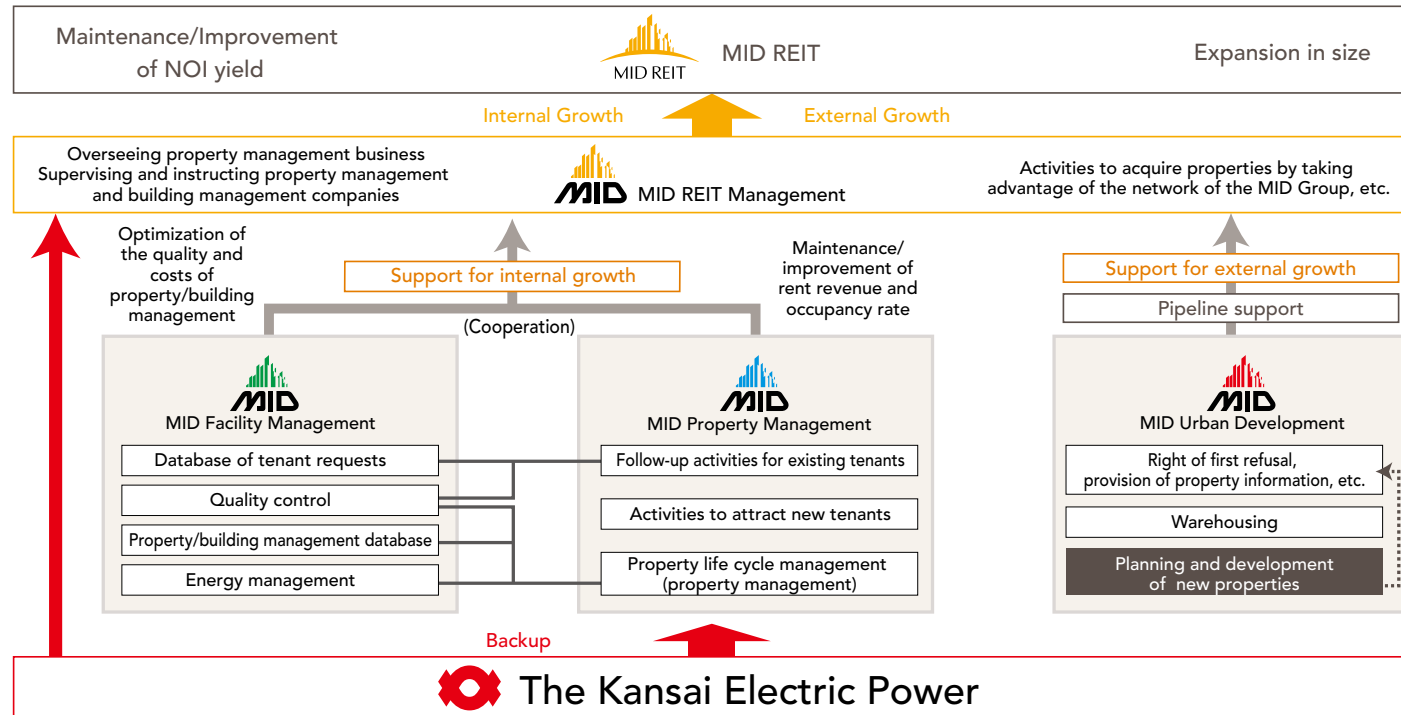
Diversification of Repayment Dates



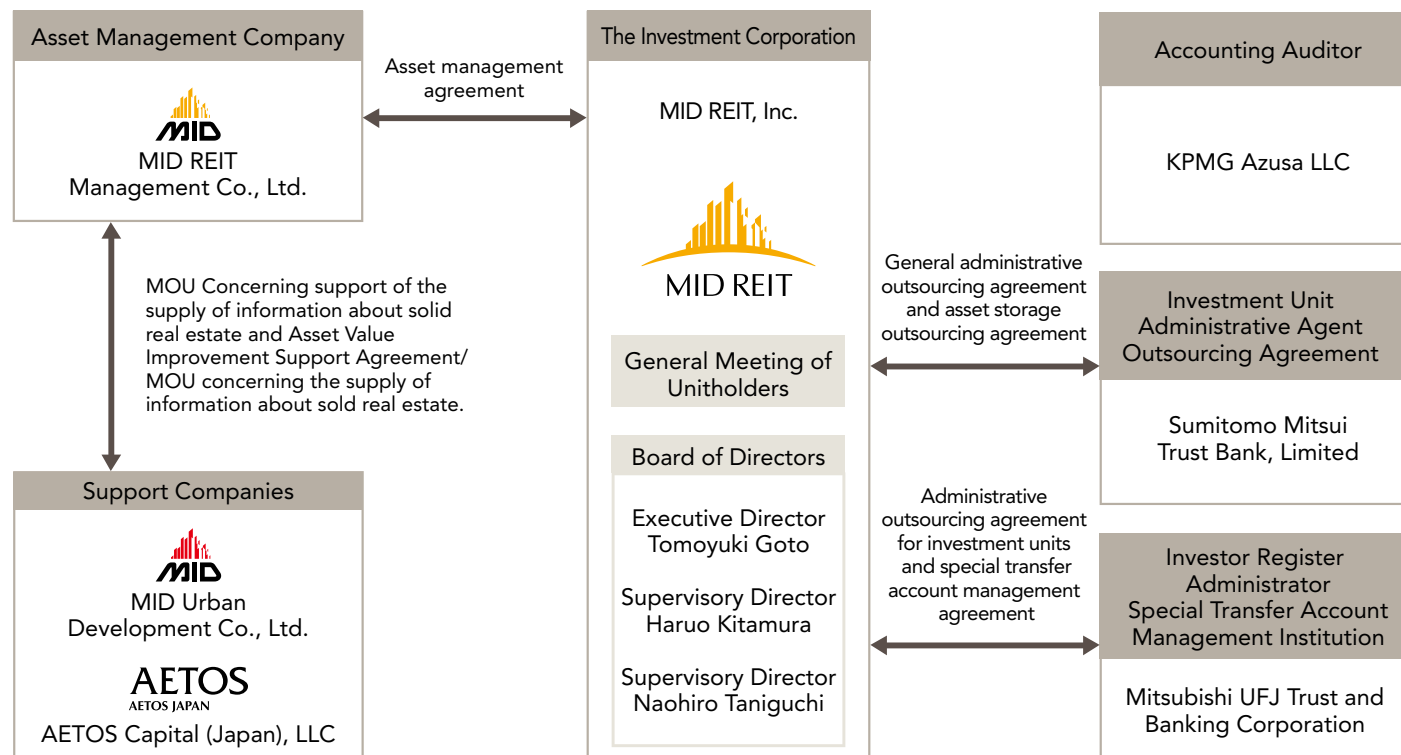
(Note) For the 4.25 billion yen of 8.55 billion yen that will mature in the 23rd fiscal period, it has been arranged that repayment of 125 million yen shall be made respectively at the end of January and July every year, starting on January 31, 2011, and the final repayment shall be made on July 31, 2017 for 3,375 million yen.

】 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.



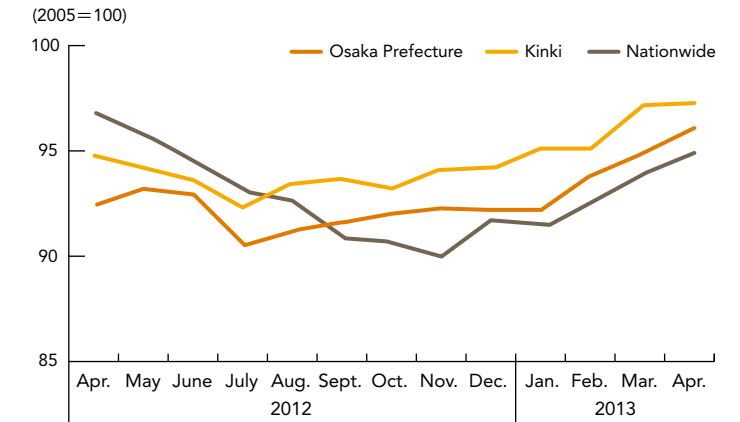
】 Organization of MID REIT



】 Kinki and Osaka Vigor Also Evident in Indexes of Business Conditions

Of the indexes of business conditions, an analysis of the coincident CI^(Note) that coincides with the business cycle indicates that the coincident CI for Kinki and Osaka is on a stronger upward trend than the nationwide coincident CI.

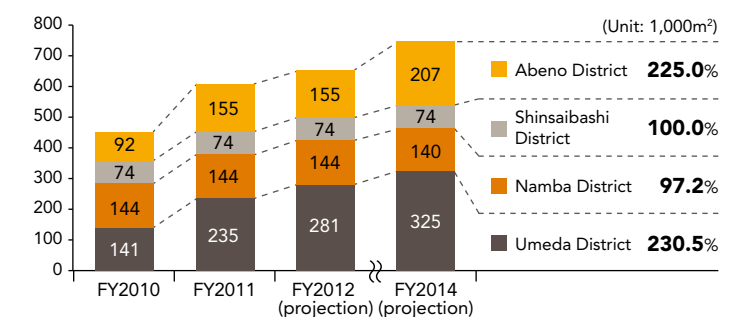
This trend is particularly attributable to the ratio of active job openings-to-applicants, amount of department store sales per store floor space and amount of import customs clearance, showing that Kinki and Osaka are regaining vitality in the aspects of employment, consumption and imports.



(Note) Coincident CI refers to the composite index (CI) that coincides with the business cycle. An increasing coincident CI reflects that the economy is in an expansion phase.
Source: Economic Trends of Osaka (based mainly on May 2013 indicators)
Osaka Research Center for Industry and Economy's "Indexes of Business Conditions" and Cabinet Office's "Indexes of Business Conditions"

】 Retail Facilities in Osaka Continue to Increase

The period from 2011 to 2012 saw the opening of Daimaru Umeda Store (floor space expansion), JR Osaka Mitsukoshi Isetan, LUCUA and Hankyu Umeda Main Store (floor space expansion). With the opening of Grand Front Osaka in the Umeda district and Abeno Harukas Kintetsu Main Store (floor space expansion) in the Abeno district in 2013, the store floor space of retail facilities including department stores in Osaka City is further significantly increasing.

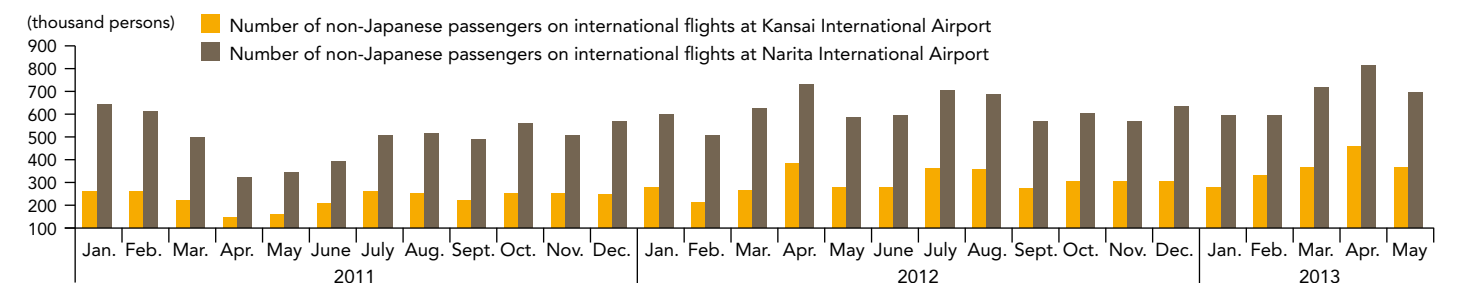


Source: Development Bank of Japan Inc. Kansai Branch / Regional Planning Department "Prospects of Department Store Industry in Osaka" February 2013
Store floor space is prepared by Development Bank of Japan Inc. based on Toyo Keizai Inc. "Directory of Large-scale Retail Stores in Japan" and companies' disclosure materials (financial results announcement materials, etc.). The rate of increase/decrease is the store floor space in fiscal 2014 expressed as a percentage of the store floor space in fiscal 2010.

】 Kansai International Airport's Aircraft and Passenger Traffic Favorable ~Opening of LCC Dedicated Terminal~

Having opened a terminal dedicated to low-cost carriers (LCCs), which is Japan's first full-fledged LCC dedicated facility, in October 2012, Kansai International Airport's aircraft traffic in May 2013 saw the second highest number of international passenger flights ever recorded for May and, due in part to new and expanded service, total domestic flights were up 17% compared with May 2012, resulting in a year-on-year increase.

The number of passengers on international flights was up 1% compared with May 2012, resulting in a year-on-year increase for the first time in two months. Due in part to depreciation of the yen, the number of non-Japanese passengers was up 32% compared with May 2012, resulting in a year-on-year increase for 15 consecutive months and recording the highest number for May since the airport opened. The number of passengers on domestic flights was also up 12% compared with May 2012, resulting in a year-on-year increase for 20 consecutive months.



Source: New Kansai International Airport Company, Ltd. "Traffic Report" and Narita International Airport Corporation "Traffic Statistics"

Portfolio Overview

The following is the status of MID REIT's portfolio as of June 30, 2013.

| 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 | 44.2 | August 2006 | 82,396.80 | 95.3 |
| | | Matsushita IMP Bldg. | Chuo-ku, Osaka | 24,600 | 15.8 | August 2006 | 37,375.89 | 86.3 |
| | | Midosuji MID Bldg. | Chuo-ku, Osaka | 8,290 | 5.3 | August 2006 October 2007 | 10,461.32 | 100.0 |
| | | MID REIT Kyobashi Bldg. | Miyakojima-ku, Osaka | 2,300 | 1.5 | August 2006 | 4,833.88 | 100.0 |
| | | MID Imabashi Bldg. | Chuo-ku, Osaka | 3,270 | 2.1 | April 2007 | 4,279.52 | 91.3 |
| | | MID Midosujikawaramachi Bldg. | Chuo-ku, Osaka | 2,000 | 1.3 | May 2007 | 3,097.39 | 100.0 |
| | | Kitahama MID Bldg. | Chuo-ku, Osaka | 10,800 | 7.0 | April 2008 | 10,189.49 | 98.2 |
| | | MID Nishihommachi Bldg. | Nishi-ku, Osaka | 3,550 | 2.3 | October 2008 | 3,877.38 | 96.7 |
| | | Higobashi MID Bldg. | Nishi-ku, Osaka | 3,000 | 1.9 | June 2013 | 4,655.58 | 93.1 |
| | | Subtotal (9 properties) | | 126,510 | 81.4 | | 161,167.25 | 93.8 |
| Non-Office Bldg. | Osaka area | Konami Sports Club Kyobashi | Miyakojima-ku, Osaka | 2,780 | 1.8 | August 2006 | 9,586.26 | 100.0 |
| | Other major cities | AEON MALL Tsudanuma | Narashino-shi, Chiba | 26,100 | 16.8 | August 2006 | 101,210.44 | 100.0 |
| | | Subtotal (2 properties) | | 28,880 | 18.6 | | 110,796.70 | 100.0 |
| | | Total (11 properties) | | 155,390 | 100.0 | | 271,963.95 | 96.3 |

(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 June 30, 2013. (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.)

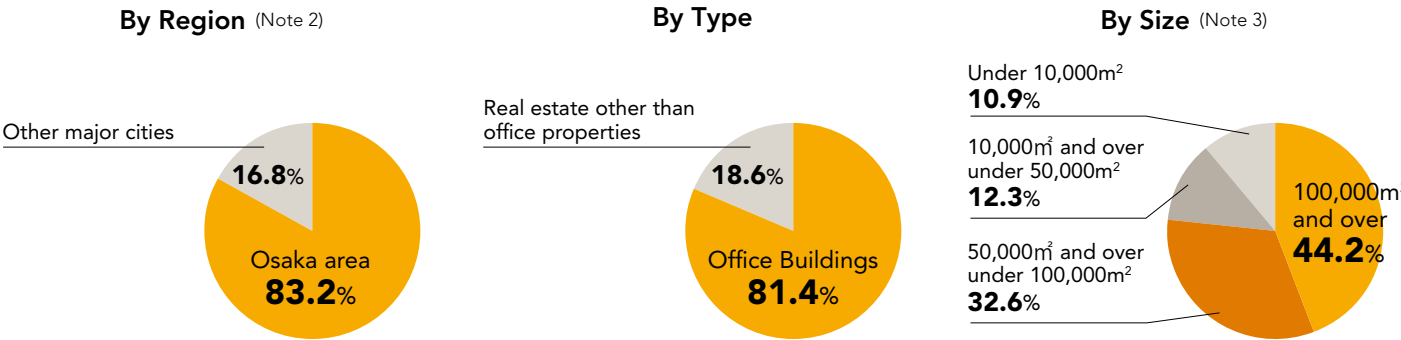
(Note 4) "Occupancy Rate" is presented as percentage figures, which are obtained by dividing the leased space as of June 30, 2013 by the leasable space. In addition, the figures in the "Subtotal" and the "Total" rows are presented as percentages that are obtained by dividing the sum of the leased space 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)



(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.



Historical Results of Operations for MID REIT

Overview of Asset Management

| Period | | 10th Period | 11th Period | 12th Period | 13th Period | 14th Period |
|---|----------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Fiscal period | | (Jan. 1, 2011 – June 30, 2011) | (July 1, 2011 – Dec. 31, 2011) | (Jan. 1, 2012 – June 30, 2012) | (July 1, 2012 – Dec. 31, 2012) | (Jan. 1, 2013 – June 30, 2013) |
| Operating revenue | (million yen) | 5,763 | 5,776 | 5,717 | 5,628 | 5,457 |
| (Real estate rental revenues) | (million yen) | (5,763) | (5,776) | (5,717) | (5,550) | (5,457) |
| Operating expenses | (million yen) | 3,615 | 3,691 | 3,644 | 3,747 | 4,810 |
| (Real estate rental expenses) | (million yen) | (3,054) | (3,132) | (3,065) | (3,194) | (3,020) |
| Operating income | (million yen) | 2,147 | 2,085 | 2,072 | 1,881 | 646 |
| Ordinary income | (million yen) | 1,408 | 1,416 | 1,441 | 1,325 | 105 |
| Net income | (million yen) | 1,396 | 1,416 | 1,439 | 1,323 | 104 |
| Total assets | (million yen) | 176,885 | 176,561 | 176,300 | 175,445 | 173,711 |
| (Period-on-period variation) | (%) | (-0.2) | (-0.2) | (-0.1) | (-0.5) | (-1.0) |
| Net assets | (million yen) | 91,769 | 91,789 | 91,812 | 91,696 | 90,476 |
| (Period-on-period variation) | (%) | (0.0) | (0.0) | (0.0) | (-0.1) | (-1.3) |
| Interest-bearing liabilities | (million yen) | 72,175 | 72,050 | 71,925 | 71,800 | 71,675 |
| 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) | 499,763 | 499,873 | 499,998 | 449,369 | 492,726 |
| Total distributions | (million yen) | 1,396 | 1,416 | 1,439 | 1,323 | 104 |
| Distribution per unit | (yen) | 7,605 | 7,715 | 7,840 | 7,210 | 567 |
| (Earnings distribution per unit) | (yen) | (7,605) | (7,715) | (7,840) | (7,210) | (567) |
| (Distribution in excess of earnings per unit) | (yen) | (-) | (-) | (-) | (-) | (-) |
| Return on assets (ROA) | (Note 1) (Note 2) (%) | 0.8 (1.6) | 0.8 (1.6) | 0.8 (1.6) | 0.8 (1.5) | 0.1 (0.1) |
| Return on unitholders' equity | (Note 1) (Note 3) (%) | 1.5 (3.1) | 1.5 (3.1) | 1.6 (3.1) | 1.4 (2.9) | 0.1 (0.2) |
| Unitholders' equity ratio at end of period | (Note 4) (%) | 51.9 (0.1) | 52.0 (0.1) | 52.1 (0.1) | 52.3 (0.2) | 52.1 (-0.2) |
| (Period-on-period variation) | | | | | | |
| Interest-bearing liabilities ratio at end of period | (Note 5) (%) | 40.8 | 40.8 | 40.8 | 40.9 | 41.3 |
| Payout ratio | (%) | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Number of investment properties | (properties) | 12 | 12 | 12 | 11 | 11 |
| Leasable space | (Note 6) (m ²) | 281,770.07 | 281,771.44 | 281,761.16 | 279,755.90 | 271,963.95 |
| Number of tenants at end of period | (Note 7) (tenants) | 217 | 214 | 214 | 217 | 230 |
| Occupancy rate at end of period | (Note 8) (%) | 97.4 | 97.5 | 97.0 | 97.6 | 96.3 |
| Depreciation and amortization for the period | (million yen) | 1,068 | 1,080 | 1,077 | 1,089 | 1,113 |
| Capital expenditures for the period | (million yen) | 421 | 492 | 505 | 343 | 538 |
| NOI from property leasing | (Note 9) (million yen) | 3,798 | 3,741 | 3,789 | 3,474 | 3,568 |

(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.)

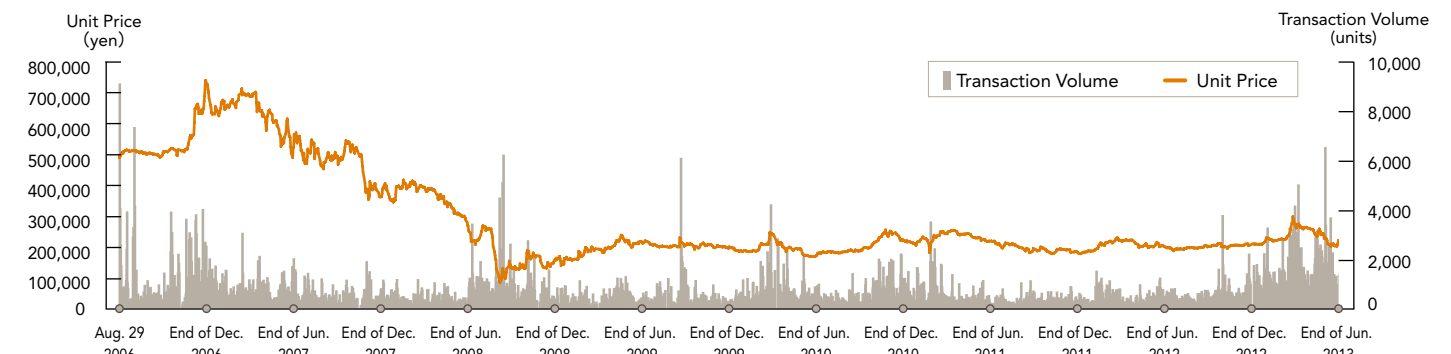
(Note 7) "Number of tenants at end of period" represents the number of tenants based on lease agreements that are valid as of the end of each fiscal period. (Figures are for leasable units only and exclude the tenants who lease only the floor space for storage, halls, parking, etc.). When one tenant 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

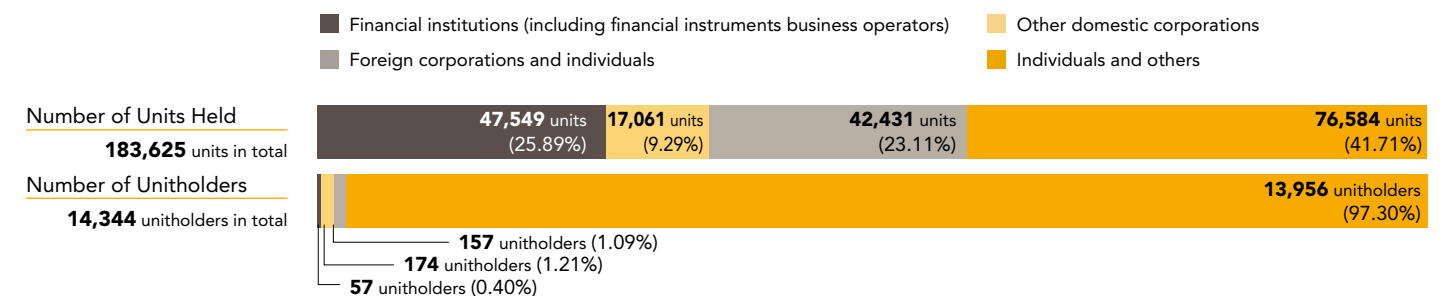
Unit Price Performance

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 June 30, 2013.



Breakdown of Unitholders

The following is the breakdown of MID REIT's unitholders as of June 30, 2013.



Overview of Asset Management Company (as of June 30, 2013)

| | |
|----------------------|---|
| 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> |