



MID REIT, Inc.
(Securities Code: 3227)

Financial Results
for
the Fiscal Period
ended December 31, 2013
(15th Period)

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

MID REIT Management Co., Ltd.



Osaka Castle
3D Projection Mapping Super Illumination

Contents



1 . Financial Highlights	3
2 . Market Data	21
3 . About MID REIT	26
4 . Business Results	31
5 . Financial Strategy	40
6 . Details on Unitholders and Units Held	43
7 . Appendix	46



Dormy Inn Hakata Gion
(acquired in September, 2013)

1. Financial Highlights

Overview of Financial Results for the fiscal period ended December 31, 2013 (15th Period)



Distribution per Unit 6,404 yen

Financial Highlights

	Fiscal Period ended June 30, 2013 (14th Period)	Fiscal Period ended Dec. 31, 2013 (15th Period)	
			Compared to the 14th period
Distribution per Unit	567 yen	6,404 yen	+5,837 yen
Occupancy rate at end of period	96.3%	96.1%	-0.2pt
Number of properties under management	11 properties	12 properties	+1 property
Asset Size (Note1)	155,390 million yen	157,670 million yen	+2,280 million yen
NOI	3,568 million yen	3,395 million yen	- 172million yen
NOI yield	4.5%	4.3%	-0.2pt
Interest-bearing debt at end of period	71,675 million yen	65,550 million yen	-6,125million yen
LTV (Note2)	41.3%	38.8%	-2.5pt
Average remaining years of borrowings	1.5 years	2.4 years	+0.9years
Issuer Rating	A - (Stable)	A - (Stable)	

Notes:

1. Total acquisition price

2. LTV = Interest-bearing debt at end of period ÷ Total assets at end of period

Efforts Addressing Issues in 15th Period

Focal issues in the 15th period



Internal Growth

- ① Refilling of space vacated by major tenant at Matsushita IMP Bldg. (3,773.39m²)
- ② Maintain and improve occupancy rate by early leasing of vacant spaces
(occupancy rate at end of 14th period: 96.3%; down 1.3 points from the 13th period)
- ③ Suppress downward revisions of rents and prevent existing tenants from departing

External Growth

- ① Recovery and increase of the asset size through the acquisition of properties that can secure stable earnings
The asset size decreased by 4.6 billion yen (acquisition price basis) with asset replacements during the 14th period
End of 13th period: 160.0 billion yen → End of 14th period: 155.3 billion yen

Finances

- ① Efforts for reducing procurement costs and diversifying and extending repayment dates
- ② Effective management of funds and securing a stable LTV level

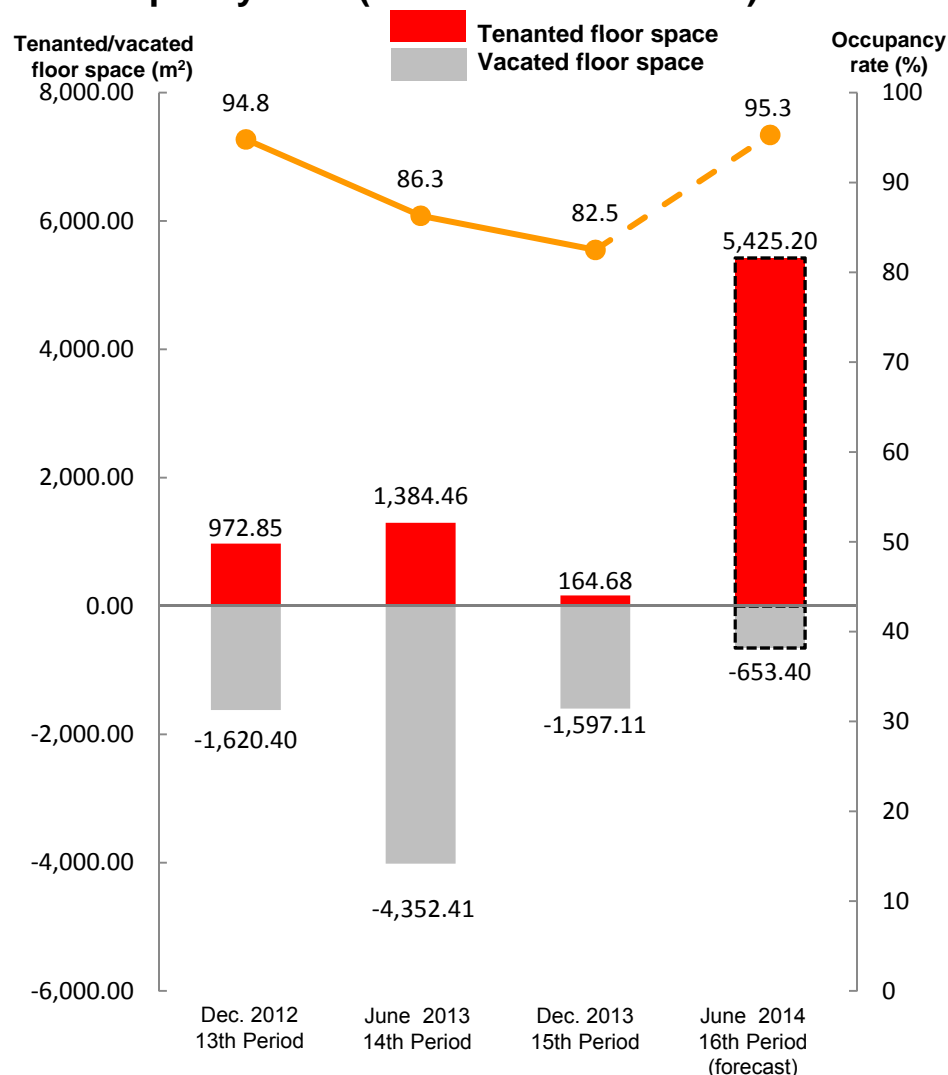
Efforts Addressing Issues and Results: Internal Growth

Refilled space vacated by major tenant at Matsushita IMP Bldg. (2.5 floors of space)



Matsushita IMP Bldg.

Change in Tenanted/Vacated Floor Space and Occupancy Rate (Results and Forecast)



Change in Occupancy Rate (Results and Forecast)

Fiscal Period ended Dec. 2012 (13th Period)	Fiscal Period ended June 2013 (14th Period)	Fiscal Period ended Dec. 2013 (15th Period)	Fiscal Period ending June 2014 (16th Period Forecast)
94.8%	86.3%	82.5%	95.3%

Note:

The occupancy rate for the end of the 16th Period is based on the new, expanded or decreased leased space for which lease agreements have been concluded or occupancy applications have been received, as well as the notices of cancellations which have been received as of the final day of January 2014.

Space vacated by a major tenant during the 14th Period was refilled by attracting a new tenant leasing floor space larger than the vacated space

· Departure: Cancellation on March 31, 2013 (14th Period) -2.5 floors -3,773.39m²

· Refilling: Contracted December 3, 2013 (15th Period) +3 floors +4,428.84m²

*Leasing begins March 1, 2014 (leasing for one floor began February 1, 2014).

*Due to free-rent, full-period contribution to revenue starts in the fiscal period ending June 2015 (18th Period).

*The ratio of the tenanted floor space is 11.8% of the property's total leasable space.

There were 5 cases (5,589.88m²) of conclusions of agreements and applications during the 15th Period

· Occupancy rate will increase to 95.8% when the 5 tenants move in (end of May 2014)

· Occupancy rate after the departure of 1 tenant for which notification has been received (end of June 2014) will be 95.3%

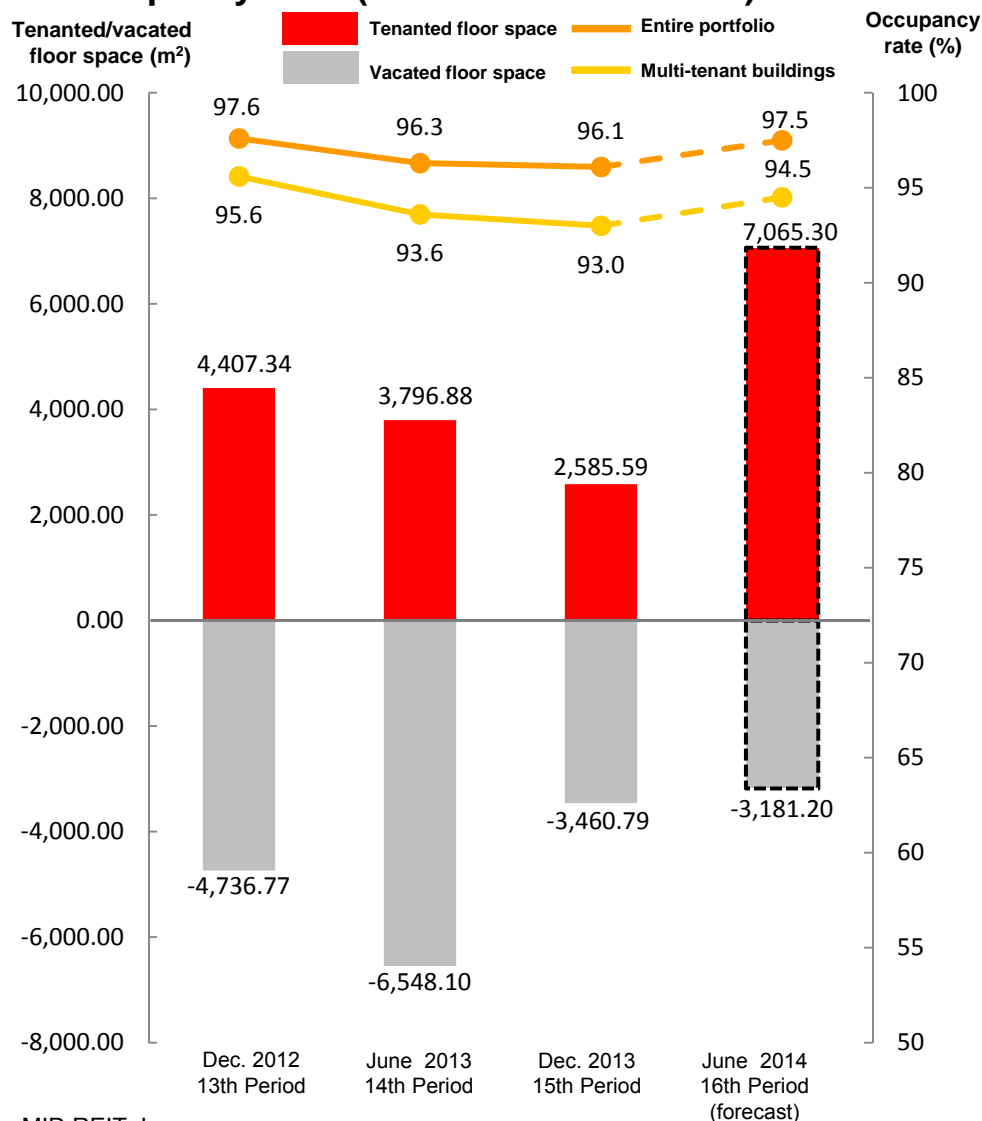
Efforts Addressing Issues and Results: Internal Growth – 1

The occupancy rate was maintained and increased by promoting leasing



Entire Portfolio

Change in Tenanted/Vacated Floor Space and Occupancy Rate (Results and Forecast)



MID REIT, Inc.

Change in Occupancy Rate of Entire Portfolio (Results and Forecast)

12 properties (+1 property from previous period)

Fiscal Period ended Dec. 2012 (13th Period)	Fiscal Period ended June 2013 (14th Period)	Fiscal Period ended Dec. 2013 (15th Period)	Fiscal Period ending June 2014 (16th Period Forecast)
97.6%	96.3%	96.1%	97.5%

Change in Occupancy Rate of Multi-Tenant Buildings (Results and Forecast)

8 properties

Fiscal Period ended Dec. 2012 (13th Period)	Fiscal Period ended June 2013 (14th Period)	Fiscal Period ended Dec. 2013 (15th Period)	Fiscal Period ending June 2014 (16th Period Forecast)
95.6%	93.6%	93.0%	94.5%

- MID Imabashi Bldg. achieved an occupancy rate of 100% during the 15th Period
- Kitahama MID Bldg. refilled its vacated space with no downtime (occupancy rate: 98.2%)

Note:

1. The occupancy rate for the end of the 16th Period is based on the new, expanded or decreased leased space for which lease agreements have been concluded or occupancy applications have been received, as well as the notices of cancellations which have been received as of the final day of January 2014.
2. Please refer to Page 34 (Note 1) for the properties subject to multi-tenant buildings.

Efforts of attracting tenants to vacant spaces

- Leasing activities are promoted with regard to current vacancies with the cooperation of brokers and our sponsor companies
- Viewings, notification activities, onsite guides, etc. continue to be implemented
- Implementation of strengthening relationships with existing tenants, making proposals for expansion of leased space, etc.

Efforts Addressing Issues and Results: Internal Growth – 2

Leasing status



Occupancy Rate (Results and Forecast)

Property Name	Fiscal Period as of Dec. 31, 2013 Occupancy Rate (15th Period End) (%)	Results, Fiscal Period Ending June 30, 2014 (16th Period) Forecast	Investment Ratio (%) (Note 1)	Leasable Space (m ²) (Note 2)
Twin 21	95.3	Occupancy rate of 94.7% is expected for the end of the 16th period. There were 4 new tenants and 1 case of expansion of leased space, as well as 2 departures and 1 case of decrease of leased space in the 15th period. 3 new contracts and 8 departures are expected for the 16th period.	43.6	82,396.80
Matsushita IMP Bldg.	82.5	Occupancy rate of 95.3% is expected for the end of the 16th period. There was 1 new tenant, 1 cancellation and 1 case of decrease of leased space in the 15th period. 4 new tenants and 3 cancellations are expected for the 16th period.	15.6	37,375.89
Midosuji MID Bldg.	100.0	The property became fully occupied in the 14th period (June 2013) and the 100% occupancy rate is expected to continue.	5.3	10,461.32
MID Imabashi Bldg.	100.0	There were 2 new tenants and 2 departures in the 15th period. The departed area was occupied by new tenants with no down time, the occupancy rate is 100%. Full occupancy is expected to continue to the end of the 16th period.	2.1	4,277.65
MID Midosujikawaramachi Bldg.	100.0	1 notice of cancellation was received in the 15th period. Occupancy rate of 92.5% is expected for the end of the 16th period.	1.3	3,097.39
Kitahama MID Bldg.	98.2	The area vacated by a tenant (582.50m ²) in the 15th period was leased without any downtime. The occupancy rate is 98.2%. Occupancy rate of 96.9% is expected for the end of the 16th period as 1 notice of cancellation has been received.	6.8	10,189.49
MID Nishihommachi Bldg.	96.7	Leasing activities are underway for 1 area (126.40m ²). Occupancy rate of 96.7% is expected for the end of the 16th period.	2.3	3,877.38
Higobashi MID Bldg.	96.5	1 case of expansion of leased space and 1 cancellation in the 16th period. Occupancy rate of 96.8% is expected for the end of the 16th period.	1.9	4,655.58
Multi-tenant buildings Subtotal: 8 properties	93.0	Forecast occupancy rate for the end of the 16th period: 94.5%	78.8	156,331.50
MID REIT Kyobashi Bldg.	100.0	Occupancy rate of 100% is expected to continue with the entire building leased to a single tenant.	1.5	4,833.88
Konami Sports Club Kyobashi	100.0	Occupancy rate of 100% is expected to continue with the entire building leased to a single tenant.	1.8	9,586.26
AEON MALL Tsudanuma	100.0	Occupancy rate of 100% is expected to continue with the entire building leased to a single tenant (expiration date of the contract is September 29, 2023).	16.6	101,210.44
Dormy Inn Hakata Gion	100.0	Contracted with 2 tenants, a hotel and a convenience store. Occupancy rate of 100% is expected to continue.	1.4	5,554.91
Entire Portfolio Total: 12 properties	96.1	Forecast occupancy rate for the end of the 16th period: 97.5%	100.0	277,516.99

Notes :

1. "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.
2. "Leasable Space" represent the total leasable floor space as of December 31, 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. and Dormy Inn Hakata Gion include the floor space for common areas, each of which is leased in its entirety to a sole tenant.)

Efforts Addressing Issues and Results: Internal Growth

Request for rent reductions from existing tenants continued before the end of the contract period but the majority renewed contracts with unchanged rent



Rent Revisions in the 15th period

Contract Renewals with Existing Tenants (Note 1)

		Number of Tenants	Floor Space (m ²)	Amount Difference (Monthly amount × 6) (million yen)
Revision of Rent Amount	Upward revision	—	—	—
	Unchanged	20	7,316.79	—
	Downward revision	1	312.30	-0
Total				-0

Contract Modifications with Existing Tenants (Note 2)

		Number of Tenants	Floor Space (m ²)	Amount Difference (Monthly amount × 6) (million yen)
Revision of Rent Amount	Upward revision	—	—	—
	Downward revision	4	1,615.17	-3
Total				-3

New Contracts (Note 3)

		Number of Tenants	Floor Space (m ²)	Amount Difference (Monthly amount × 6) (million yen)
Comparison of Rent Amount with Most Recent Unit Price (Note 4)	Up	—	—	—
	Same	1	160.70	—
	Down	9	2,424.89	-12
Total				-12

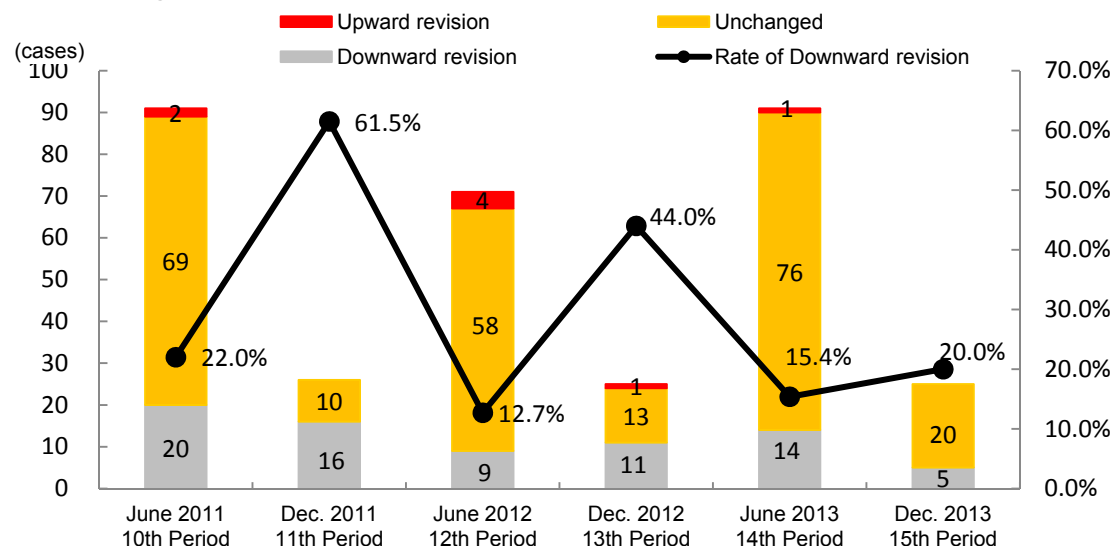
Notes:

1. Based on contract renewals, etc. with tenants whose contracts expired during the 15th Period.
2. Based on contract modifications with tenants whose contracts were active but were modified during the 15th Period.
3. Based on contracts signed with new tenants during the 15th Period and contracts newly signed with existing tenants for larger floor space, etc. during the 15th Period.
4. Comparison of the unit price of rent paid by new tenants with the unit price of rent (most recent unit price) paid by tenants who had occupied the same rental units as the concerned new tenants since MID REIT's acquisition of the property.

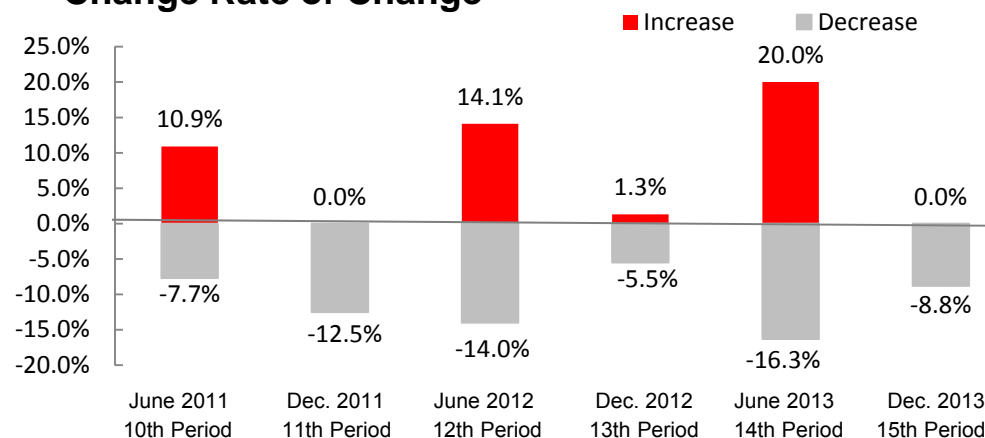
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Rent Revision Trends

Changes in Details of Rent Revision (Number of Cases)



Change Rate of Change



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

Efforts Addressing Issues and Results: External Growth

Utilized the sponsor pipeline to acquire a property developed by a sponsor – Asset Size 157.6 billion yen



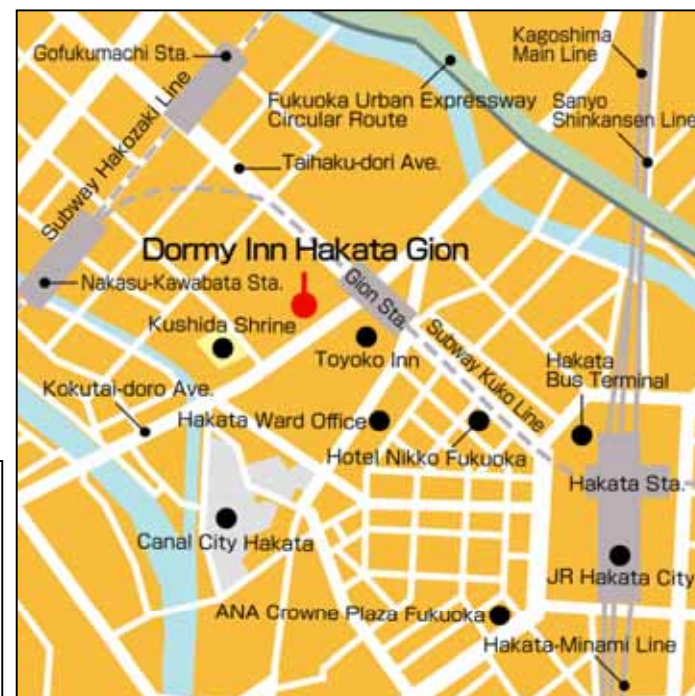
- Property acquired in the fiscal period ended December 31, 2013 (15th Period) :
Dormy Inn Hakata Gion



Use	Hotel
Location	Reisenmachi, Hakata-ku, Fukuoka
Structure	RC
Floors	10F
Total floor space	5,633.28m ²
Construction completed	January 2009
Acquired	September 2013

Acquisition Price	2,280 million yen
NOI yield	6.5%
Yield after depreciation	4.8%
Assumed NOI (Note)	148 million yen / year

(Note) MID REIT's estimated figures for time of steady stable occupancy.



Reasons for acquisition

- Acquired property developed by MID Urban Development with sponsor support.
- Securing stable revenue (fixed rent) with long-term fixed-term building lease agreement.
- The hotel section is leased in its entirety and the tenant side manages the facility.
- The hotel is located in an excellent location (2-minute walk from Gion Station, which is 1 station away from Hakata Station) and has high market competitiveness.

Efforts Addressing Issues and Results: Other

Recorded loss on liquidation of silent partnership interests concerning Sakura Dori Development Limited Liability Company which owns Sakura Dori MID Bldg.



Content

- Invested as part of efforts for development projects in collaboration with a sponsor.
- The property was scheduled to be acquired through preferential negotiation rights after completion, but the initial prospects for revenues could not be met due to market deterioration and such, and the acquisition was withheld.
- Silent partnership interests were partly redeemed in August 2013 through the sale of the property
- A loss of 116 million yen was recorded in the 15th Period

Property Overview

Property name	Sakura Dori MID Bldg.
Location	3-23-20 Marunouchi, Naka-ku, Nagoya-shi (indicated for residence)
Construction	Began December 2007, completed February 2009
Use	Office and retail
Structure	S, 13F

Timeline

Nov. 2007	Decided to make an investment in Sakura Dori Development LLC, the developer of Sakura Dori MID Bldg. (made a total of 4 ensuing investments)
Feb. 2009	Completed all investments in Sakura Dori Development LLC (Total investment of 211 million yen amounts to 10% of total equity of the limited liability company and around 3% of total business costs)
Aug. 2009	Preferential negotiation rights for Sakura Dori MID Bldg. expired
Mar. 2010	Sakura Dori Development LLC financed through mezzanine loan at refinancing and part of the structure changed
Aug. 2013	Asset manager of Sakura Dori Development LLC decided on the sale of Sakura Dori MID Bldg. Notification of sale of Sakura Dori MID Bldg. received Informed of the liquidation of investments in the silent partnership
Dec. 2013	Received 46 million yen of liquidation money for silent partnership investment

Income and Expenditures of Silent Partnership Investment

Content	Amount
Silent partnership interests (total initial investment)	211 million yen
Accumulated loss up to the 14th Period	49 million yen
Amount of redemption of silent partnership interests	46 million yen
Loss in the 15th Period	116 million yen

Scheme of Sakura Dori Development LLC (as of August, 2013)

Asset	Debt
Sakura Dori MID Bldg.	Senior loan
	Mezzanine loan
	Of this, redemption amount
Loss of silent partnership interest	Capital Silent partnership interest

Efforts Addressing Issues and Results: Finances

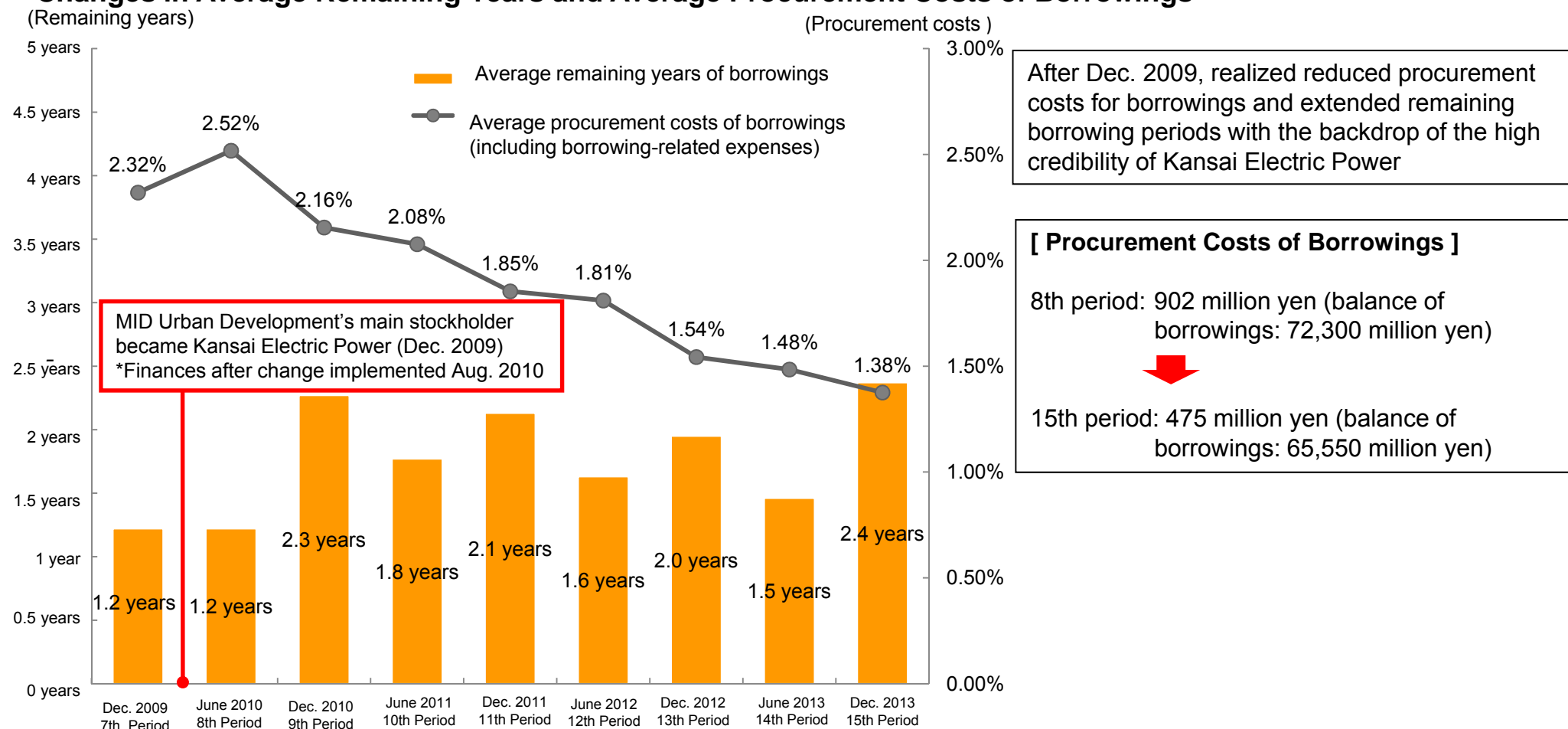
Realized further reduction of procurement costs for borrowings



15th Fiscal Period: Finished refinancing on July 31, 2013

- Of the 28.5 billion yen of maturing borrowings, repaid 6.0 billion yen and refinanced 22.5 billion yen (3 years: 15.9 billion yen; 5 years: 4.8 billion yen; 7 years: 1.8 billion yen)
- Realized diversified and extended repayment dates

Changes in Average Remaining Years and Average Procurement Costs of Borrowings

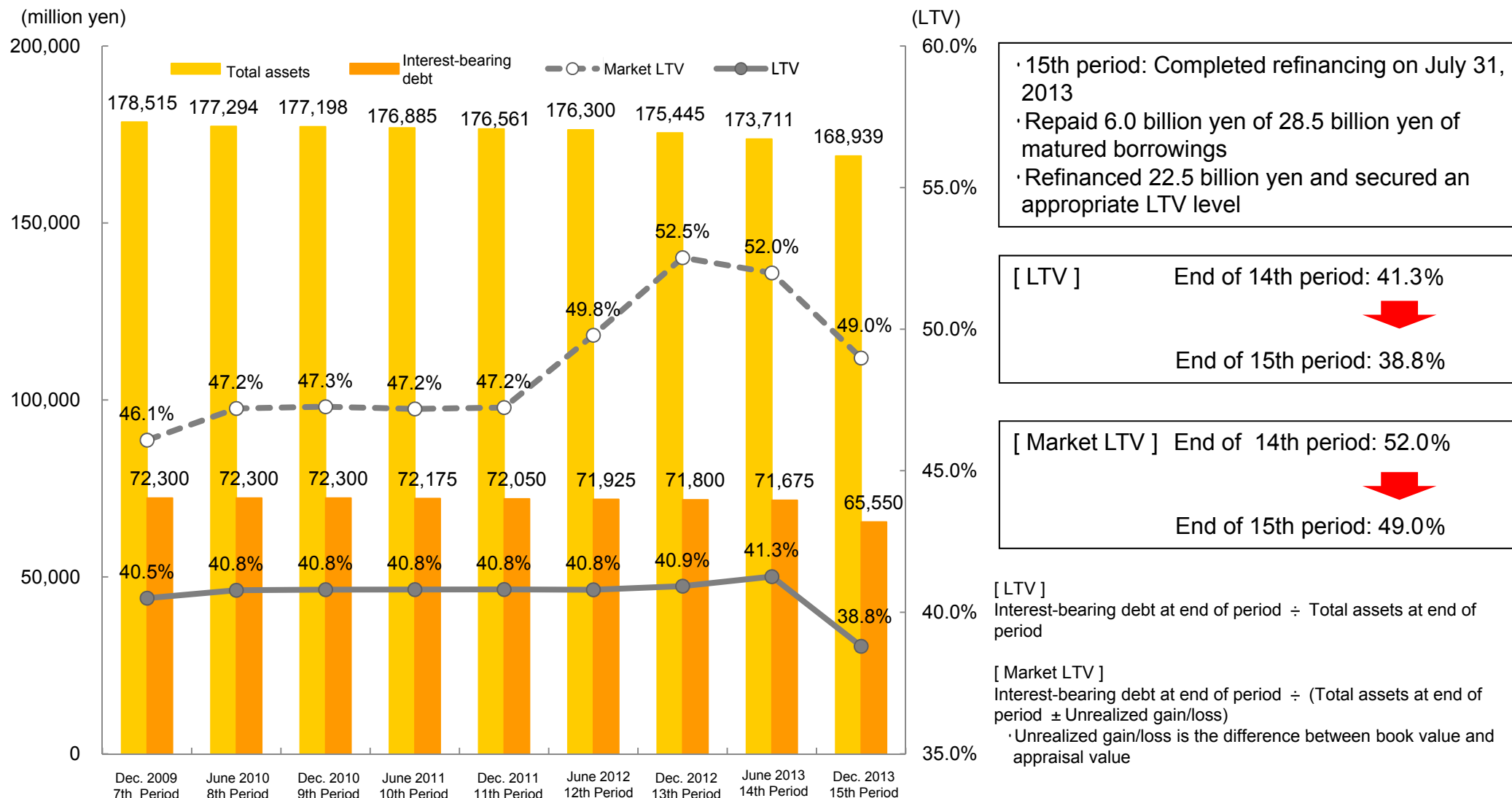


Efforts Addressing Issues and Results: Finances

Effectively managed funds and secured stable LTV level



Changes in Total Assets and Interest-bearing Debt



15th Period Financial Results – Comparison to Previous Period

Income increased while revenue decreased due to the rebound from decrease of loss on sale in the 14th Period



Cash Flow

(unit: million yen)

	Fiscal Period ended June 30, 2013 Results (14th Period)	Fiscal Period ended Dec. 31, 2013 Results (15th Period)	Difference
Operating revenue	5,457	5,265	-191
Rent revenue – real estate	4,751	4,858	107
Other lease business revenue	705	407	-298
Operating expenses	4,810	3,615	-1,194
Expenses related to rent business (Excluding depreciation/amortization and loss on retirement)	1,888	1,870	-18
Depreciation/amortization and loss on retirement	1,131	1,109	-21
Loss on sales of real estate properties	1,296	—	-1,296
Loss on liquidation of silent partnership interest	—	116	116
Other operating expenses	493	518	24
Operating income	646	1,650	1,003
Non-operating income	3	3	0
Non-operating expenses	543	475	-68
Ordinary income	105	1,177	1,071
Income before income taxes	105	1,177	1,071
Total income taxes, etc.	1	1	0
Net income	104	1,175	1,071
Total distributions	104	1,175	1,071
Distributions per unit (yen)	567	6,404	5,837
Gain/loss on real estate lease business	1,140	2,286	1,145
NOI	3,568	3,395	-172

Factors of Change from Previous Period (unit: million yen)

Operating revenue ①	-191
Rent revenue – real estate	107
Increase of revenue at Twin 21 P Tower (increase from end of limited-time rent decrease)	268
Higobashi MID Bldg. : full-period contribution, Dormy Inn Hakata Gion, etc.	126
Panasonic Osaka Kyobashi Bldg. (decrease of revenue through sale)	-249
Other (existing properties)	-38
Other lease business revenue	-298
14th period: Recording of revenue from expense to recover original state at Panasonic Osaka Kyobashi Bldg.	-346
Utilities revenue (seasonal factors)	48
Operating expenses ②	-1,194
Expenses related to rent business (excluding depreciation/amortization and loss on retirement)	-18
Repairs	-91
Utilities expenses (seasonal factors and increase of electricity bills)	112
Other	-39
Depreciation/amortization and loss on retirement	-21
Existing (sale of properties, etc.)	-49
New (acquisition of Dormy Inn Hakata Gion, etc.)	28
Loss on sale of real estate	-1,296
14th Period: Decrease from loss on sales of Panasonic Osaka Kyobashi Bldg.	
Loss on liquidation of silent partnership interests	116
Other operating expenses	24
Non-operating expenses ③	-68
Decrease of interest payment, etc.	

15th Period Financial Results – Comparison to Forecasts

Increase of rent revenue from new properties



Cash Flow

(unit: million yen)

	Fiscal Period ended Dec. 31, 2013 Forecast (as of Aug. 30, 2013)	Fiscal Period ended Dec. 31, 2013 Results	Difference
Operating revenue	5,190	5,265	75
Rent revenue – real estate	4,796	4,858	61
Other lease business revenue	393	407	13
Operating expenses	3,595	3,615	19
Expenses related to rent business (Excluding depreciation/amortization and loss on retirement)	1,842	1,870	28
Depreciation/amortization and loss on retirement	1,117	1,109	-8
Loss on liquidation of silent partnership interest	116	116	0
Other operating expenses	519	518	-0
Operating income	1,594	1,650	55
Non-operating income	1	3	1
Non-operating expenses	482	475	-6
Ordinary income	1,113	1,177	64
Income before income taxes	1,113	1,177	64
Total income taxes, etc.	2	1	-0
Net income	1,111	1,175	64
Total distributions	1,111	1,175	64
Distributions per unit (yen)	6,051	6,404	353
Gain/loss on real estate lease business	2,230	2,286	55
NOI	3,348	3,395	47

Factors of Change from Forecasts

(unit: million yen)

Operating revenue ①	75
Rent revenue – real estate	61
Newly acquired properties (Dormy Inn Hakata Gion, etc.)	42
Existing properties	19
Other lease business revenue	13
Utilities revenue (increase of electricity revenue)	8
Other revenue (Recording of damage insurance claim, etc.)	5
Operating expenses ②	19
Utilities expenses (common areas electricity bill, etc.)	30
Depreciation/amortization (newly acquired: Dormy Inn Hakata Gion), etc.	7
Commissions payment (brokerage fee for attracting Matsushita IMP Bldg. tenant)	5
Loss on retirement of noncurrent assets	-15
Advertising expenses	-5
Other	-3

■ Impact of acquisition of Dormy Inn Hakata Gion on cash flow
Operating income 31

Efforts for the 16th Period and Beyond

Aim for a “bottoming out” of revenue within 2014 (16th and 17th periods) and for stable distributions



Internal Growth

Make vacant areas (including space scheduled to be vacated) profitable at an early stage and to maximize revenues

Minimize the impact of requests of rent reductions from tenants

Aim to realize the following items through thorough rent condition negotiations:

- Increase of rent unit price
- Shrink range of decrease
- Reduce free rent periods when attracting new tenants

External Growth

No change to portfolio building policy (focus on the Osaka area and offices)

Promote deliberation of acquiring assets under management from which long-term stable cash flow with a corresponding level of risk return can be expected

Put the diversification of areas and asset types into view

Utilize the sponsor pipeline support (including warehousing)

Finances

Continue to focus on diversifying and extending repayment periods and reducing procurement costs

Business Result Forecasts for the 16th Fiscal Period and 17th Fiscal Period

Distributions are forecast at 6,170 yen for the 16th period and 5,900 yen for the 17th period

due to the decrease of rent revenue of existing properties



Cash Flow

(unit: million yen)

	Fiscal Period ended Dec. 31, 2013 (15th Period)	Fiscal Period ending June 30, 2014 Forecast (16th Period)	Fiscal Period ending Dec. 31, 2014 Forecast (17th Period)	16th Period – 15th Period	17th Period – 16th Period
Operating revenue	5,265	5,150	5,135	-115	-14
Rent revenue – real estate	4,858	4,777	4,740	-80	-36
Other lease business revenue	407	372	394	-34	22
Operating expenses	3,615	3,556	3,579	-59	22
Expenses related to rent business (Excluding depreciation/amortization and loss on retirement)	1,870	1,893	1,924	23	30
Depreciation/amortization and loss on retirement	1,109	1,138	1,141	29	2
Loss on liquidation of silent partnership interest	116	—	—	-116	—
Other operating expenses	518	524	513	5	-10
Operating income	1,650	1,593	1,556	-56	-37
Non-operating income	3	1	1	-1	—
Non-operating expenses	475	460	472	-15	12
Ordinary income	1,177	1,135	1,085	-42	-49
Income before income taxes	1,177	1,135	1,085	-42	-49
Income taxes, etc.	1	2	2	0	0
Net income	1,175	1,133	1,083	-42	-49
Total distributions	1,175	1,133	1,083	-42	-49
Distributions per unit (yen)	6,404	6,170	5,900	-234	-270
Gain/loss on real estate lease business	2,286	2,117	2,069	-168	-48
NOI	3,395	3,256	3,210	-139	-45

Factors of Change

(unit: million yen)

Factors of Change between 16th and 15th Periods

Operating revenue	-115
Existing properties (Rent revenue)	-122
Existing properties (Other revenue)	-34
New properties (Dormy Inn Hakata Gion), etc.	41
Operating expenses	-59
Elimination of loss on liquidation of silent partnership interest	-116
Utilities expenses (seasonal factors)	-89
Repairs (implementation of planned repairs)	113
Depreciation/amortization and loss on retirement (new properties, etc.)	29
Real estate taxes (new properties, etc.)	10
Other operating expenses	-6

Factors of Change between 17th and 16th Periods

Operating revenue	-14
Existing properties	-14
Operating expenses	22
Utilities expenses (seasonal factors)	94
Real estate taxes (new properties, etc.)	10
Depreciation/amortization and loss on retirement	2
Repairs	-67
Other operating expenses, etc.	-17

Change in Net Income in 15th Period Results and Net Income Forecasts for 16th and 17th Periods



Factors of Change in Net Income from Previous Period

Fiscal Period ended Dec. 31, 2013 Results (15th Period)		Fiscal Period ending June 30, 2014 Forecast (16th Period)		16th Period – 15th Period	Fiscal Period ending Dec. 30, 2014 Forecast (17th Period)		17th Period – 16th Period
Net income	1,175 million yen		1,133 million yen	-42 million yen		1,083 million yen	-49 million yen
Distribution per unit	6,404 yen		6,170 yen	-234 yen		5,900 yen	-270 yen

Comparison of 15th and 16th periods		(unit: million yen)	Comparison of 16th and 17th periods		(unit: million yen)
Comparison with previous period		-42	Comparison with previous period		-49

Factors of decrease of net income (-)		-303	Factors of decrease of net income (-)		-131
· Decrease of rent revenue of existing properties		-122	· Increase of utilities expenses (seasonal factors)		-94
· Decrease of other revenue of existing properties		-34	· Decrease of rent revenue of existing properties, etc.		-14
· Increase of repairs		-113	· Increase of procurement cost of borrowings		-12
· Expensing of fixed asset/city planning tax of 2 acquired properties		-10	· Expensing of fixed asset/city planning tax of 2 acquired properties		-10
· Increase of other operating expenses		-25			

Factors of increase of net income (+)		261	Factors of increase of net income (+)		81
· Elimination of loss on liquidation of silent partnership interests in 15th period		116	· Decrease of repairs		67
· Decrease of utility expenses (seasonal factors)		89	· Decrease of other operating expenses, etc.		14
· Full-period contribution of properties, etc. acquired in the 15th period		41			
· Decrease in procurement cost of borrowings		15			

Growth Strategy Utilizing the Collective Capacity of the MID Group

Cooperation with the MID Group and its major shareholder



Cooperation with Sponsors

Sourcing of property information, etc.
by MID Urban Development

- Provision of information on the sale of properties that it developed, owns or manages (preferential negotiation rights for office buildings)
- Provision of information on the sale of properties it is contracted to broker
- Provision of warehousing functions

Major properties owned and developed
by MID Urban Development

* These properties are not owned by MID REIT, Inc.

Overview of MID Urban Development Co., Ltd. (as of February 1, 2014)

Representative	Ryoichi Hanai, President, Member of the Board (former Senior Corporate Auditor of The Kansai Electric Power Co., Inc.)
Principal Business	Building business and housing business
Shareholder	The Kansai Electric Power Co., Inc. (ratio of shares held: 99.36%)
URL	http://www.mid.co.jp/ (financial results for the fiscal year ended March 31, 2013 are available)

Developed Properties



Kyobashi MID Bldg. (Note)

Use : Office building
Location : Chuo-ku, Tokyo
Completion : February, 2015 (plan)

Note:

Redevelopment of the property MID REIT, Inc. transferred to MID Urban Development in the fiscal period ended June 30, 2008 (4th period).



HOTEL GRAND BACH KYOTO

Use : Hotel
Location : Shimogyo-ku, Kyoto
Completion : March 15, 2014 (plan)

Portfolio Properties (Office Building)



Naniwa Sujimotocho MID Bldg.
(Nishi-ku, Osaka)



Kobe Itocho Bldg.
(Chuo-ku, Kobe)



Yaesu MID Bldg.
(Chuo-ku, Tokyo)



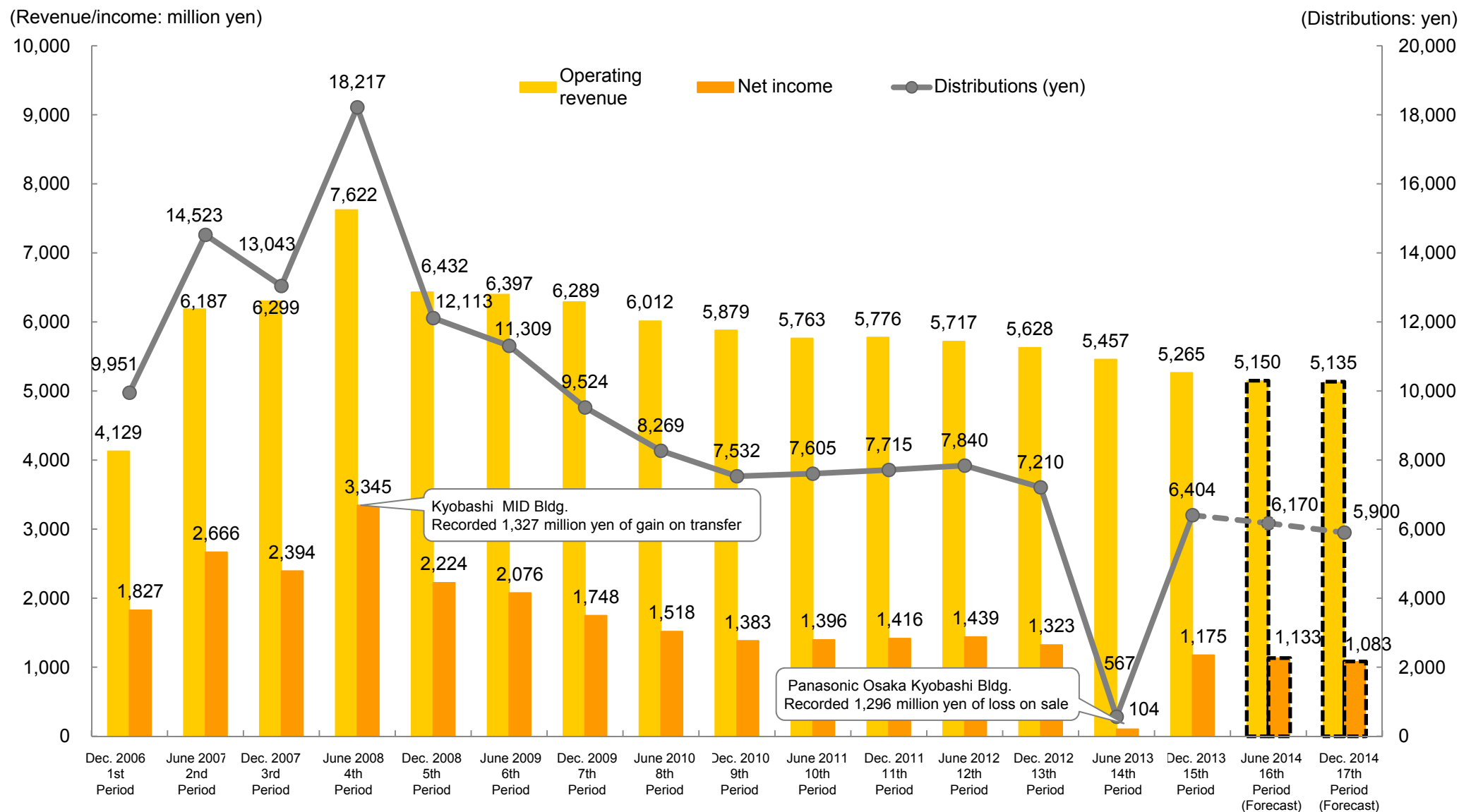
Nishigin MID Bldg.
(Chuo-ku, Tokyo)



MID Nihonbashi Horidomecho Bldg.
(Chuo-ku, Tokyo)

Changes in Operating Revenue, Net Income and Distributions

Operating revenue continues to decline due to decrease in rent, etc.



2. Market Data

Characteristics of the Osaka Area

Potential of the Osaka area



Topics in Center of Osaka

Midosuji Avenue – Creating a thriving environment

- The limit on the height of buildings along Midosuji Avenue, Osaka's main street, have been eliminated with conditions, and it will become possible to build skyscrapers up to about 200 meters.
- While buildings had been limited to office and retail use, it will now be possible to build condominiums as well with conditions.

One large-scale development after another

- The department section of Japan's tallest building, Abeno Harukas (300 meters), opened ahead of the rest of the building on June 13, 2013 (the entire building is scheduled to open on March 7, 2014). It is a redevelopment in central Osaka City following Grand Front Osaka and further vitalization is expected.

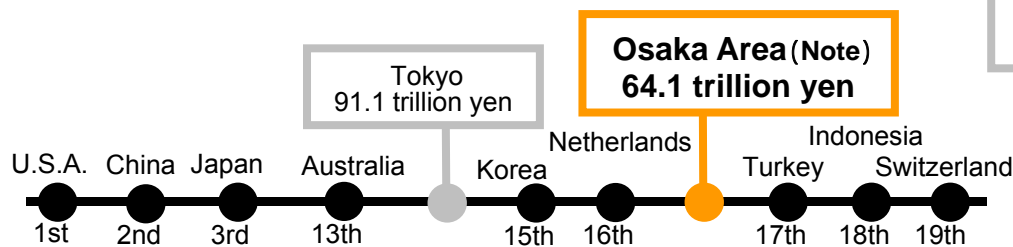
Midosuji MID Bldg.



Illuminated Midosuji Avenue

World-Class Economic Size

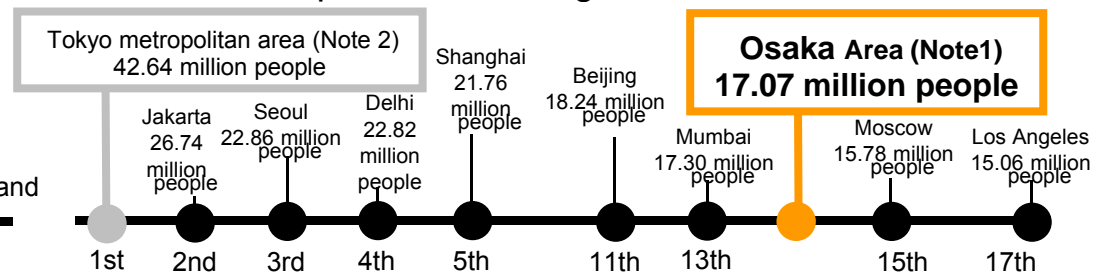
World GDP Ranking



Source: Government of Japan Cabinet Office's "Annual Report on Prefectural Accounts for Fiscal 2010" and "Annual Report on National Accounts," and IMF's "World Economic Outlook Database: April 2013 Edition"

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

Core Cities Population Ranking



Source: Demographia World Urban Areas: 9th Annual Edition (Mar. 2013) , and National Statistics Center's "Social Indicators by Prefecture"(2013)

Notes:

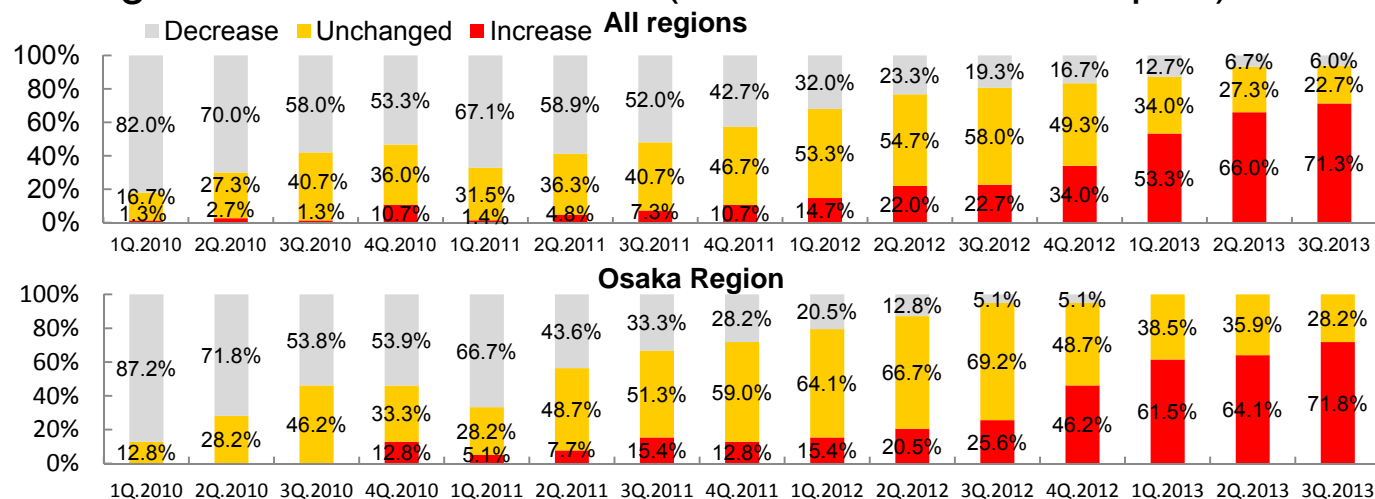
1. Osaka area refers to Osaka Prefecture, Hyogo Prefecture and Kyoto Prefecture.
2. Tokyo metropolitan area includes most of Tokyo, Kanagawa Prefecture, Chiba Prefecture and Saitama Prefecture, and part of Gunma Prefecture, Tochigi Prefecture and Ibaraki Prefecture.
3. The figures for other countries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

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

Land prices have continued to steadily move upward in the last year



Changes in Land Price Trends (Land Price LOOK Report)



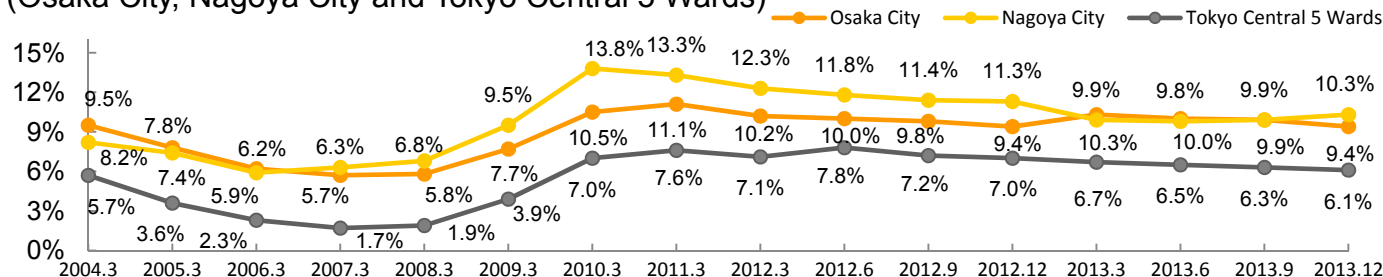
Notes:

- For each year, 1Q refers to January 1 to April 1, 2Q refers to April 1 to July 1, 3Q refers to July 1 to October 1 and 4Q refers to October 1 to January 1.
- With respect to figures for the 1Q and 2Q of 2011 for all regions, investigations were conducted by excluding the 4 regions for which market data for a certain period of time was lacking, as they were directly impacted by the Great East Japan Earthquake.

Source: Ministry of Land, Infrastructure, Transport and Tourism

Changes in Office Building Vacancy Rates

(Osaka City, Nagoya City and Tokyo Central 5 Wards)



Notes:

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

Source: CBRE

Vacancy Rates of the 22 Zones that are Osaka's Key Office Areas (as of End of December 2013)

Zone	Vacancy Rate	Comparison with end of June, 2013
Yodoyabashi	3.2%	-1.7 pt
Kitahama	7.5%	-0.2 pt
Hommachi	11.8%	-1.3 pt
Sakaisujihommachi	10.6%	-0.7 pt
Temmabashi	15.2%	2.6 pt
Tanimachi 4-chome	11.6%	-2.9 pt
OBP	3.7%	0.2 pt
Shinsaibashi	9.8%	-0.4 pt
Nagahoribashi	13.2%	0.4 pt
Namba	8.5%	-0.3 pt
Higobashi	12.6%	0.2 pt
Nishihommachi	8.1%	-0.7 pt
Yotsubashi	9.3%	-1.5 pt
Umeda	11.0%	-2.5 pt
Dojima/Nakanoshima	6.7%	0.6 pt
Nishitemma	10.7%	1.1 pt
Minamimorimachi/Higashitemma	8.7%	-0.8 pt
Nakatsu	6.3%	1.2 pt
Fukushima	4.7%	1.8 pt
Shin-Osaka	8.4%	0.1 pt
Tennoji/Abeno	7.2%	-4.1 pt
Esaka	12.9%	0.3 pt

Source: CBRE

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

Large new supply peaked in 2013

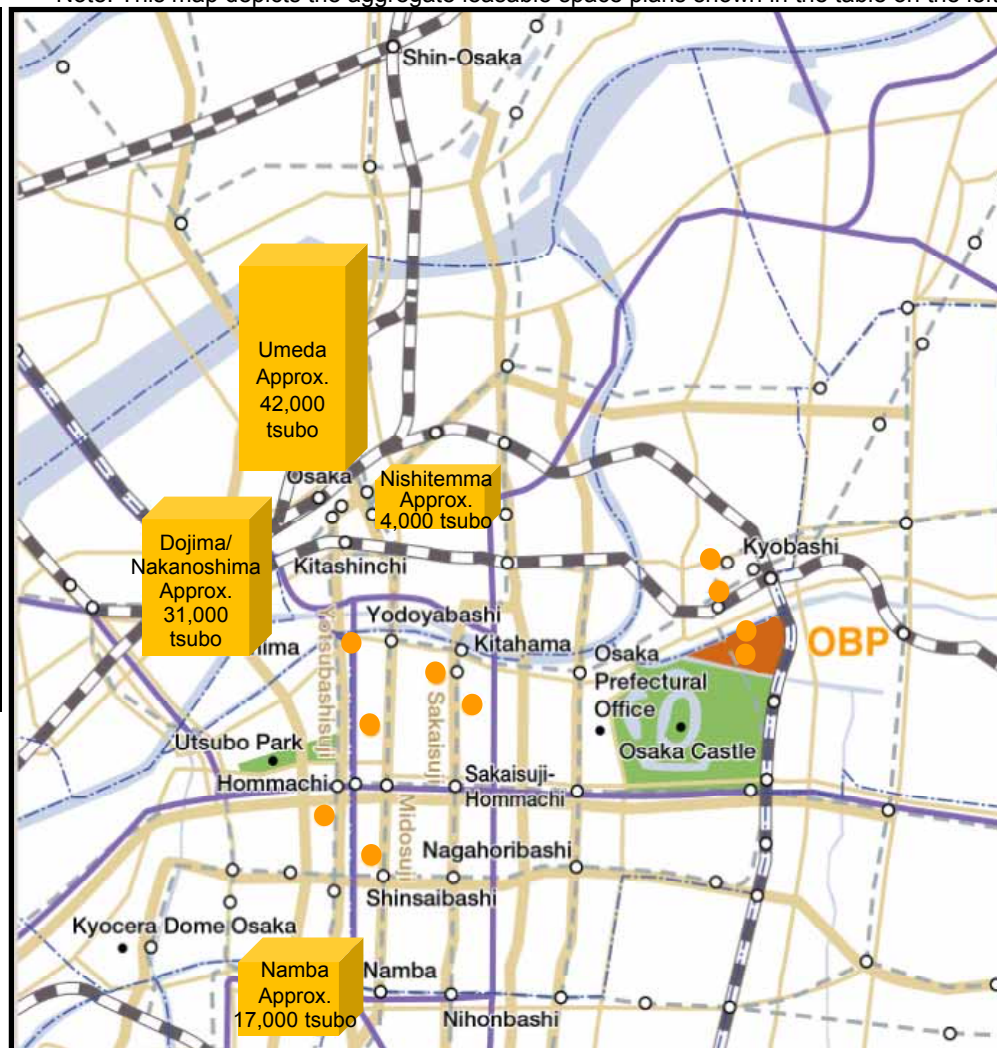


New Office Building Construction Plans and Leasable Space by Area in Key Office Areas in Osaka (Note)

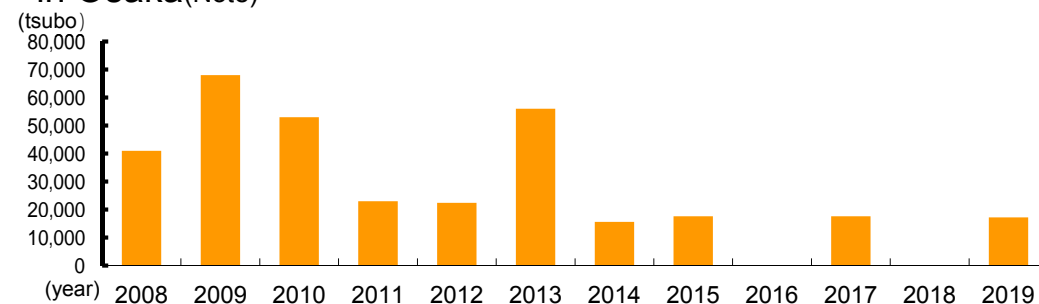
In tsubo; () in m²

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

Completion	Leasable Space by Year	No.	Area	Property Name	Leasable Space (plan)
2014	15,600 (51,480)	1	Tennoji /Abeno	Abeno Harukas	11,700 (38,610)
		2	Nishi-temma	Ujiden Building	3,900 (12,870)
2015	17,600 (58,080)	3	Umeda	Seiwa Umeda Building	4,000 (13,200)
		4	Dojima /Nakano-shima	Shin Daibiru	13,600 (44,880)
2017	17,600 (58,080)	5	Dojima /Nakano-shima	Nakanoshima Project (west area)	17,600 (58,080)
2019	17,200 (56,760)	6	Namba	Nankai Kaikan Building Reconstruction Project	17,200 (56,760)
2023	38,000 (125,400)	7	Umeda	Umeda 1-chome 1-banchi Project	38,000 (125,400)



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



Note: Tally of office buildings with generally leased floor space of 2,000 tsubo (6,600m²) or more .

Properties for which leasable space are yet to be determined are not included.

Source: MID REIT Management Co., Ltd

Note: Orange dots in the map indicate the locations of properties under management as of the end of the 15th fiscal period.

Office Market Data (3): Market Status

Drop in expected cap rate and market cap rate seen in part of market area



Expected Cap Rate vs. Market Cap Rate

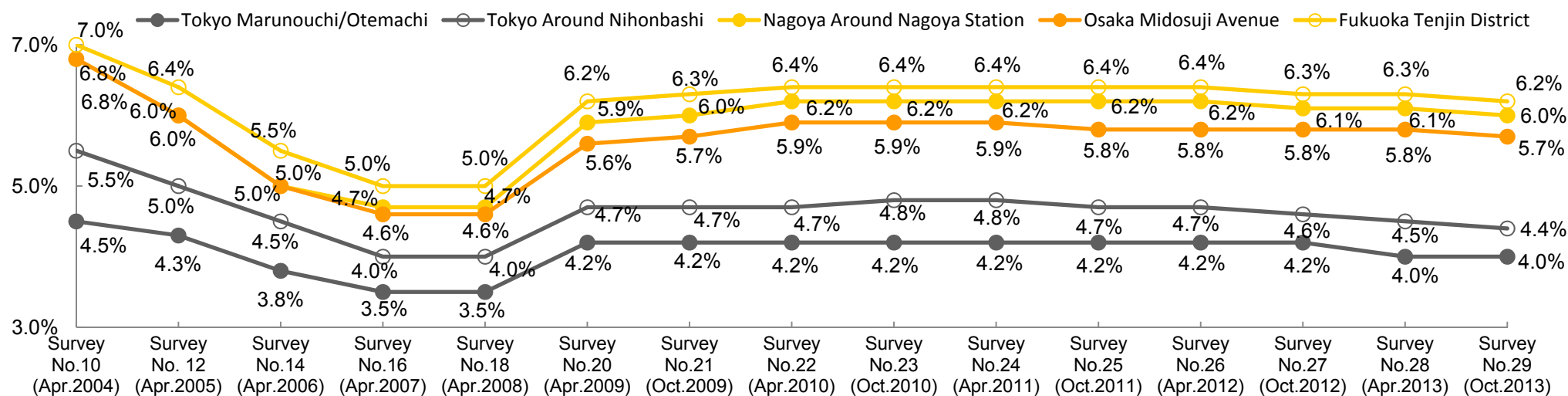
“Expected Cap Rate” and “Market Cap Rate” of Average-Sized Class A Office Building in Various Locations

() shows previous survey data (as of April 2013)

Location	Expected Cap Rate	Market Cap Rate
Tokyo Around Marunouchi/Otemachi	4.2% (4.3%)	4.0% (4.0%)
Tokyo Around Nihonbashi	4.6% (4.7%)	4.4% (4.5%)
Nagoya Around Nagoya Station	6.2% (6.3%)	6.0% (6.1%)
Osaka Midosuji Avenue	6.0% (6.0%)	5.7% (5.8%)
Fukuoka Tenjin District	6.4% (6.5%)	6.2% (6.3%)

Source: Japan Real Estate Institute's "The Japanese Real Estate Investor Survey No. 29" (as of October 2013)

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



Source: Japan Real Estate Institute

3. About MID REIT

A REIT Focusing on the Osaka Area and Office Properties

Investment target is 70% or higher in the Osaka area and 70 % or higher in office properties

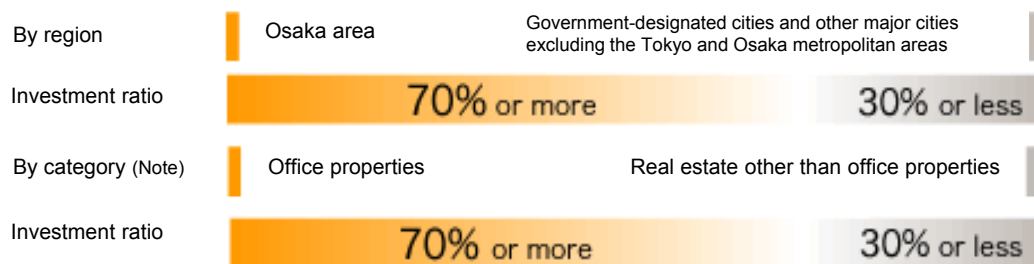


Portfolio Building Policy

Basic Policy

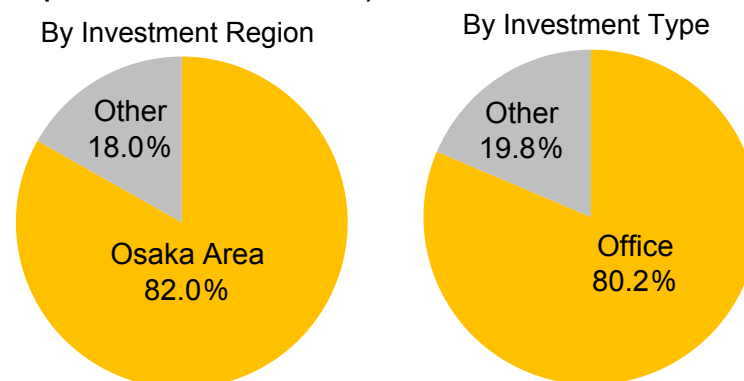
- Conduct asset management in pursuit of securing stable revenue and achieving steady growth of assets under management from a medium- to long-term perspective

Targeted Investment Regions and Categories (Types)



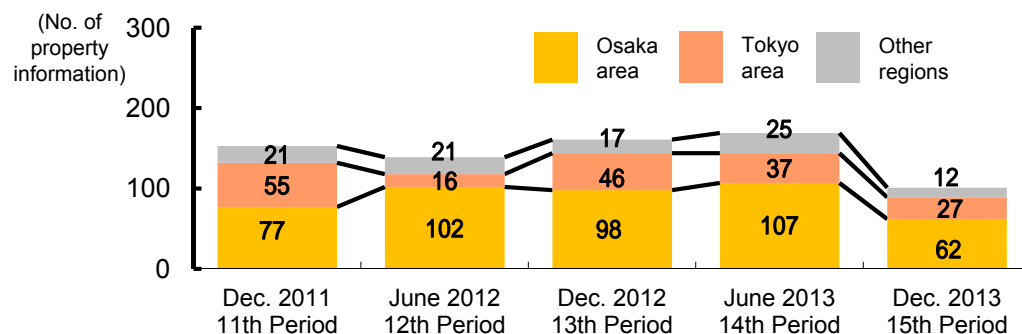
Note: When properties have multiple uses, we determine which category they belong to based on what the majority of leasable floor space for the real-estate-related assets of the portfolio as a whole are used for, and the total acquisition cost of said real-estate-related asset is included in the acquisition cost of said category.

Portfolio at the end of fiscal period ended Dec. 31, 2013 (Acquisition Price Basis)

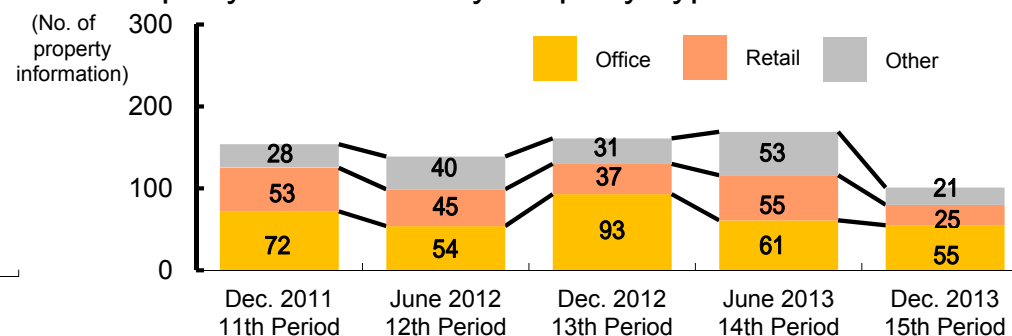


Status of Property Information Acquisition

Property Information by Region



Property Information by Property Type



Portfolio with Large-Scale Office Buildings in OBP as Core Assets

OBP featuring business base, convenient access and information/culture base combined



Characteristics of the OBP

Business Base

Total land space	Approx. 260,000m ²
No. of buildings	Total 15 buildings (including Panasonic, Fujitsu, NEC, KDDI, Sumitomo Life Insurance, Tokio Marine & Nichido Fire Insurance, Yomiuri Telecasting and other large businesses)
No. of offices (as of June 1, 2013)	Total 501 (restaurants 54, retails 93 and offices 354)
No. of workers (as of June 1, 2013)	Total 32,962 people (restaurants 906 people, retails 2,447 people and offices 29,609 people)
No. of parking	<div> <div>Twin 21 Parking</div> <div>approx. 400 vehicles</div> </div> <div> <div>Matsushita IMP Bldg. Parking</div> <div>approx. 300 vehicles</div> </div> <div> <div>MID Shiromi Parking</div> <div>approx. 200 vehicles</div> </div> <div> <div>...etc.</div> <div>totaling approx. 3,000 vehicles</div> </div>



Convenient Access as the “Gateway to Eastern Osaka”

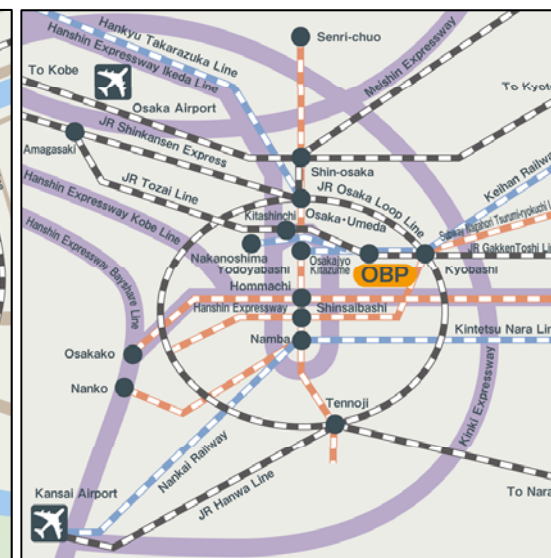
Access to 6 stations on 4 lines	JR Osaka Loop Line (Kyobashi Sta. and Osakajyo Koen Sta.) JR Tozai Line (Kyobashi Sta. and Osakajyo Kitazume Sta.) Keihan Main Line (Kyobashi Sta.) Subway Nagahori Tsurumi-Ryokuchi Line (Osaka Business Park Sta. and Kyobashi Sta.)
---------------------------------	---

Information/Culture Base

Multi-purpose halls	Osaka-Jo Hall, OBP Enkei Hall, Matsushita IMP Hall, Theater BRAVA!, Izumi Hall, etc.
Extensive lodging facilities	Hotel New Otani Osaka, Hotel Monterey La Soeur Osaka
Consular offices	Consulate general of Australia, consulate general of the Netherlands, consulate general of the Philippines



OBP Area Map



OBP Access Map

Portfolio Overview

Properties under management : 12 properties (9 office buildings, 2 retail facilities and 1 hotel)



Type	Area	Property Name	Location	Completion Date	Acquisition Date	Acquisition Price (million yen) (Note 1)	Investment Ratio (%) (Note 2)	Leasable Space (㎡) (Note 3)	PML (%) (Note 4)
Office Bldg.	Osaka area	Twin 21 (Note 5)	Chuo-ku, Osaka	March 1986	August 2006	68,700	43.6	82,396.80	3.9
		Matsushita IMP Bldg.	Chuo-ku, Osaka	February 1990, added on to in Nov. 2003	August 2006	24,600	15.6	37,375.89	3.6
		Midosuji MID Bldg.	Chuo-ku, Osaka	October 1980, added on to in Dec. 2009	August 2006 October 2007	8,290	5.3	10,461.32	9.6
		MID REIT Kyobashi Bldg.	Miyakojima-ku, Osaka	February 2000	August 2006	2,300	1.5	4,833.88	8.6
		MID Imabashi Bldg.	Chuo-ku, Osaka	October 1990	April 2007	3,270	2.1	4,277.65	6.9
		MID Midosujikawaramachi Bldg.	Chuo-ku, Osaka	March 1998	May 2007	2,000	1.3	3,097.39	6.8
		Kitahama MID Bldg.	Chuo-ku, Osaka	February 2008	April 2008	10,800	6.8	10,189.49	3.4
		MID Nishihommachi Bldg.	Nishi-ku, Osaka	March 1989	October 2008	3,550	2.3	3,877.38	6.1
		Higobashi MID Bldg.	Nishi-ku, Osaka	January 2010	June 2013	3,000	1.9	4,655.58	6.2
Subtotal (9 properties)			—			126,510	80.2	161,165.38	
Other	Osaka area	Konami Sports Club Kyobashi	Miyakojima-ku, Osaka	June 1999	August 2006	2,780	1.8	9,586.26	6.3
	Other major cities	AEON MALL Tsudanuma	Narashino-shi, Chiba	September 2003, added on to in Dec. 2007	August 2006	26,100	16.6	101,210.44	4.1
		Dormy Inn Hakata Gion	Hakata-ku, Fukuoka	January 2009	September 2013	2,280	1.4	5,554.91	0.4
Subtotal (3 properties)						31,160	19.8	116,351.61	
Total (12 properties)						157,670	100.0	277,516.99	2.9

Notes:

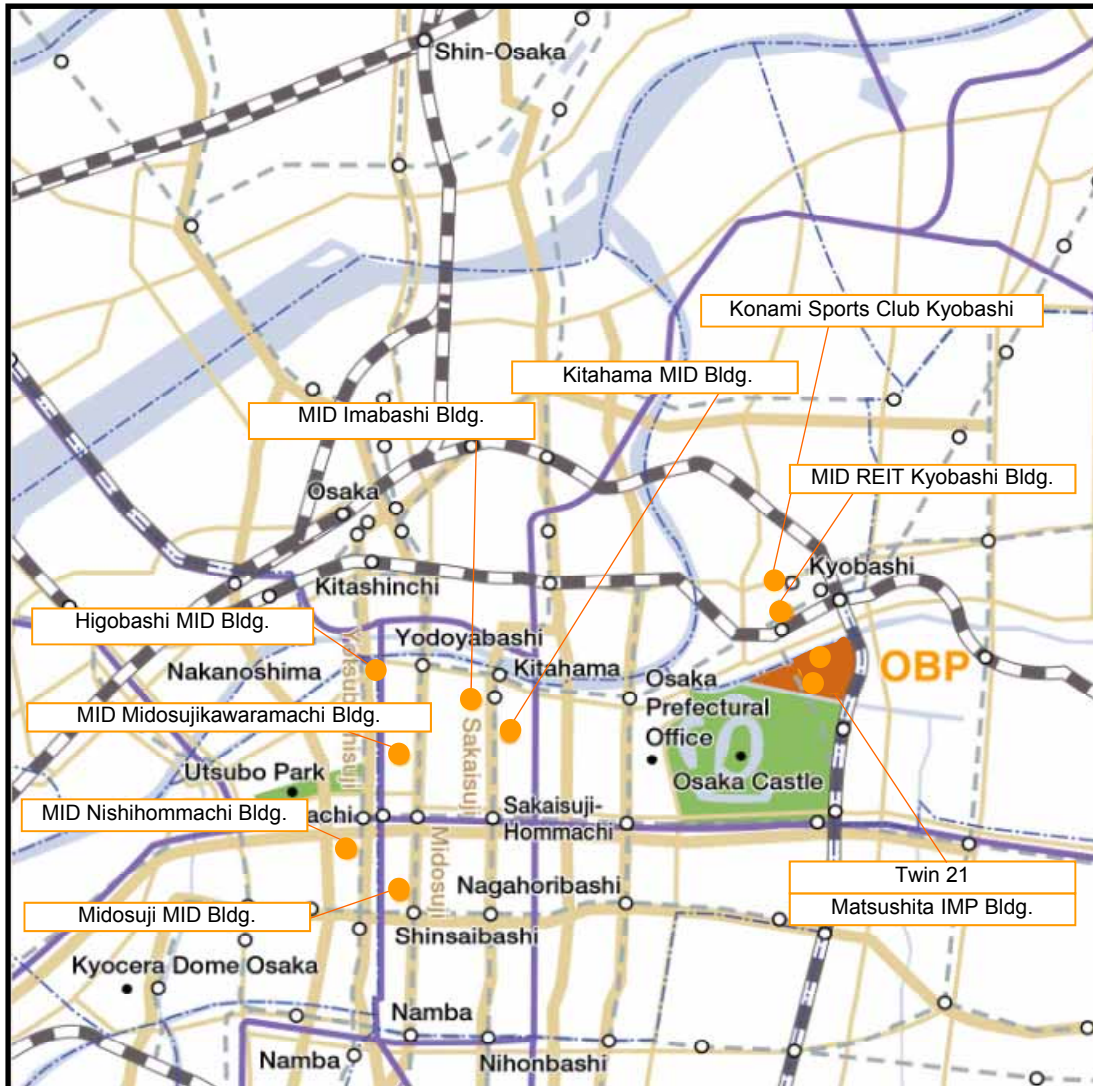
1. "Acquisition Price" states the sale price which is stated in the sales contract for the respective trust beneficiary interest, etc. (excluding various acquisition expenses, property taxes and consumption taxes, etc.).
2. "Investment Ratio" indicates the ratio of the acquisition price of the applicable asset to the total amount of acquisition prices and is rounded to the first decimal place. Accordingly, the entered amounts do not necessarily add up to the figures presented in the "Subtotal" and "Total" rows.
3. "Leasable Space" represent the total leasable floor space as of December 31, 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. and Dormy Inn Hakata Gion include the floor space for common areas, each of which is leased in its entirety to a sole tenant.)
4. Expressed as a percentage, "PML" indicates [total estimated loss for a building in proportion to an exceedance probability of 0.211% (reoccurrence period of once in 475 years)] ÷ [replacement cost]. The equation was calculated based upon the "Risk Curve" developed by Engineering Risk & Services Corporation and OYO RMS Corporation. The Risk Curve indicates the relationship between the total loss amount upon the occurrence of an earthquake and the annual exceedance probability. Moreover, entered figures are based on the earthquake risk analysis report created in July, 2013.
5. Including the trust beneficiary interest of Twin 21 (partial ownership of leased land).

MID REIT, Inc.

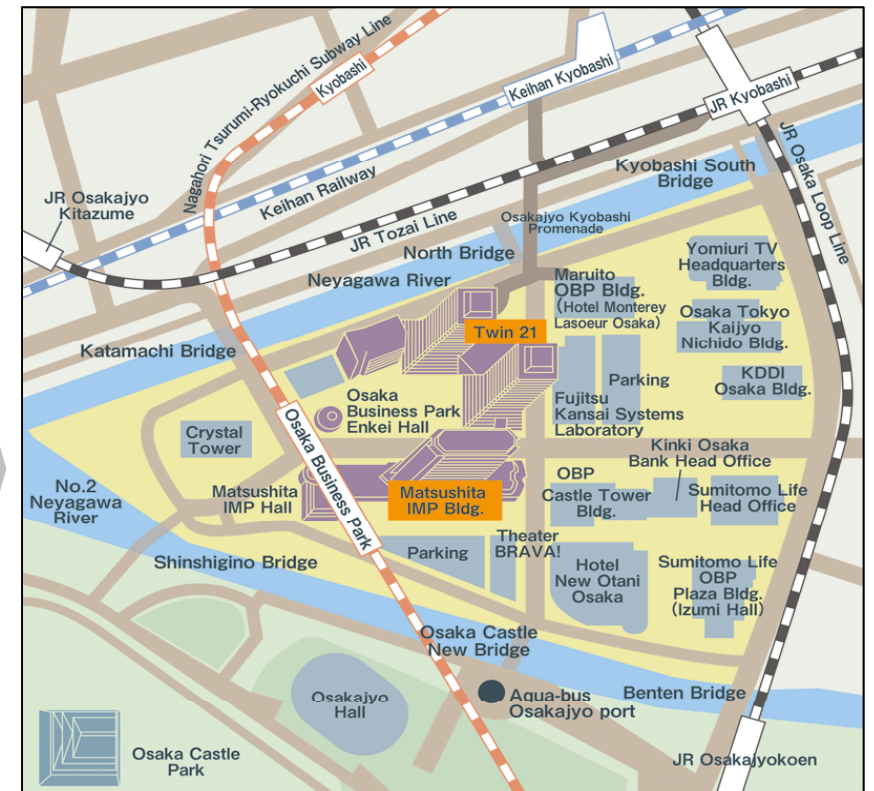
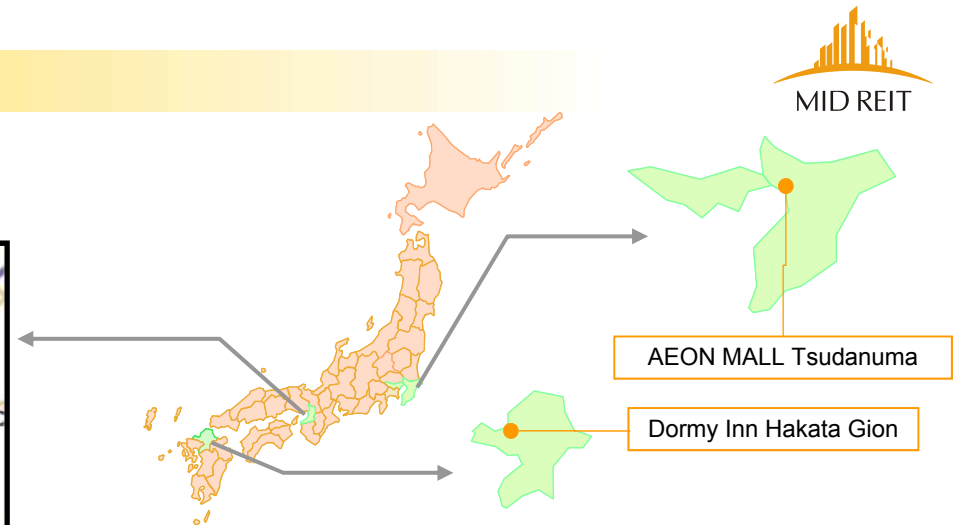
Portfolio Map

Portfolio centering on the Osaka area

Portfolio Data



Central Osaka



Osaka Business Park (OBP)

4. Business Results

Policy on Internal Growth

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



Policy

Maintain and enhance property revenue	<ul style="list-style-type: none"> · Closely monitoring office market trends, strengthening the attracting of new tenants and strengthening relationships with existing tenants · Aim to enhance tenant satisfaction by conducting repairs and capital expenditures of appropriate content and at the right timing for safe and secure property management · Implement upgrading and renewal to energy-saving and CO₂-reduction equipment in light of the needs for a low-carbon society
Strategy on existing tenants aimed at maintaining high occupancy rates	<ul style="list-style-type: none"> · Accurately discern tenant needs, such as for larger floor space within the facility, and proactively make proposals by conducting well-thought-out visits and tenant satisfaction surveys · Maintain and enhance relationships of trust with tenants and minimize contract cancellation risks through flexible and sincere response
Strategy on leasing to attract new tenants	<ul style="list-style-type: none"> · Implementation of efforts focused on shortening the duration of vacancy and enhancing occupancy rates by accurately discerning market conditions and property characteristics as well as promptly responding to the various needs of new tenants · Proactively implement leasing activities to the group companies of existing tenants and client companies · Engage in effective activities that leverage the strengths of having a comprehensive real estate business group that primarily operates in the Osaka region as a sponsor
Boost property competitiveness	<ul style="list-style-type: none"> · Carry out systematic upgrading, reflecting tenant satisfaction surveys, matters pointed out and requested by tenants, etc.
Address energy saving and CO ₂ reduction	<ul style="list-style-type: none"> · Appropriately respond to the requests of society via CO₂ reduction efforts through the introduction of energy-saving facilities and equipment

Activities to Maintain and Enhance Property Revenue

Results of leasing strategies and efforts for the increase of occupancy rates at Twin 21 and Matsushita IMP Bldg.

Stickers introducing the superiority of OBP were put on Keihan trains riding into Kyobashi Station, which is a major station for use from Twin 21 and Matsushita IMP Bldg. as a leasing strategy, thereby attracting companies along the line.



Renewed common areas of Twin21 and Matsushita IMP Bldg., aiming to increase and maintain tenant satisfaction and the property competitiveness to attract new tenants.

[Standard floor restroom at Matsushita IMP Bldg.]

Installation of handrails



Installation of fitting boards



Capital Expenditures (CAPEX)

Actual Major CAPEX During 15th Period

Renewal of common areas of typical floor plate(WC)(Twin21)	65 million yen
Air conditioning work (Matsushita IMP Bldg.)	45 million yen
Waterproofing of exposed section of gallery (Twin21)	27 million yen
Renewal of common areas of lower floors (Twin21)	26 million yen

Major CAPEX Expected (16th, 17th Period)

Update of lower elevators (Twin21)	110 million yen
Update of emergency elevators (Twin21)	96 million yen
Renewal of common areas of typical floor plate (WC)(Twin21)	(17th Period) 87 million yen
Renewal of common areas of typical floor plate (WC)(Twin21)	(16th Period) 78 million yen
Replacement of air circuit breaker (Twin21)	60 million yen

Occupancy Conditions by Property

**Portfolio occupancy rate maintains the same level as the previous period
(-0.2 points compared to 14th period)**



Type	Property Name	Leasable Space (m ²) (Note 1)	①Occupancy Rate as of June 30, 2013 (14th period end) (%) (Note 2)	②Occupancy Rate as of Dec. 31, 2013 (15th period end) (%) (Note 2)	Difference ② - ① (points)	Movements During 15th Period (July 1, 2013 – Dec.31, 2013)			
						New Tenant Occupancy (m ²)	Expansion of Leased Space by Existing Tenants (m ²)	Cancellation (m ²)	Decrease in Leased Space by Existing Tenants (m ²)
Office Bldg.	Twin 21	82,396.80	95.3	95.3	-	933.45	169.28	-818.79	-258.57
	Matsushita IMP Bldg.	37,375.89	86.3	82.5	-3.8	164.68	-	-86.72	-1,510.39
	Midosuji MID Bldg.	10,461.32	100.0	100.0	-	-	-	-	-
	MID REIT Kyobashi Bldg.	4,833.88	100.0	100.0	-	-	-	-	-
	MID Imabashi Bldg.	4,277.65	91.3	100.0	8.7	574.98	-	-203.82	-
	MID Midosujikawaramachi Bldg.	3,097.39	100.0	100.0	-	-	-	-	-
	Kitahama MID Bldg.	10,189.49	98.2	98.2	-	582.50	-	-582.50	-
	MID Nishihommachi Bldg.	3,877.38	96.7	96.7	-	-	-	-	-
	Higobashi MID Bldg.	4,655.58	93.1	96.5	3.4	160.70	-	-	-
Other	Konami Sports Club Kyobashi	9,586.26	100.0	100.0	-	-	-	-	-
	AEON MALL Tsudanuma	101,210.44	100.0	100.0	-	-	-	-	-
	Dormy Inn Hakata Gion (Note4)	5,554.91	-	100.0	-	-	-	-	-
Occupancy Rate by Type (Note 3)	Office Bldg. Occupancy Rate	161,165.38	93.8	93.3	-0.5	2,416.31	169.28	-1,691.83	-1,768.96
	Non-Office Bldg. Occupancy Rate	116,351.61	100.0	100.0	-	-	-	-	-
Total		277,516.99	96.3	96.1	-0.2	2,416.31	169.28	-1,691.83	-1,768.96

Notes:

- "Leasable Space" represent the total leasable floor space as of December 31, 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. and Dormy Inn Hakata Gion include the floor space for common areas, each of which is leased in its entirety to a sole tenant.)
- "Occupancy rate" is presented as percentage figures, which are obtained by dividing the period-end leased space by the leasable space and rounded to the first decimal place.
- Occupancy rate by type and portfolio occupancy rate are presented as percentages that are obtained by dividing the sum of the leased space of each group by the sum of the group's leasable space and rounded to the first decimal place.
- MID REIT acquired Dormy Inn Hakata Gion on September 30, 2013.

MID REIT, Inc.

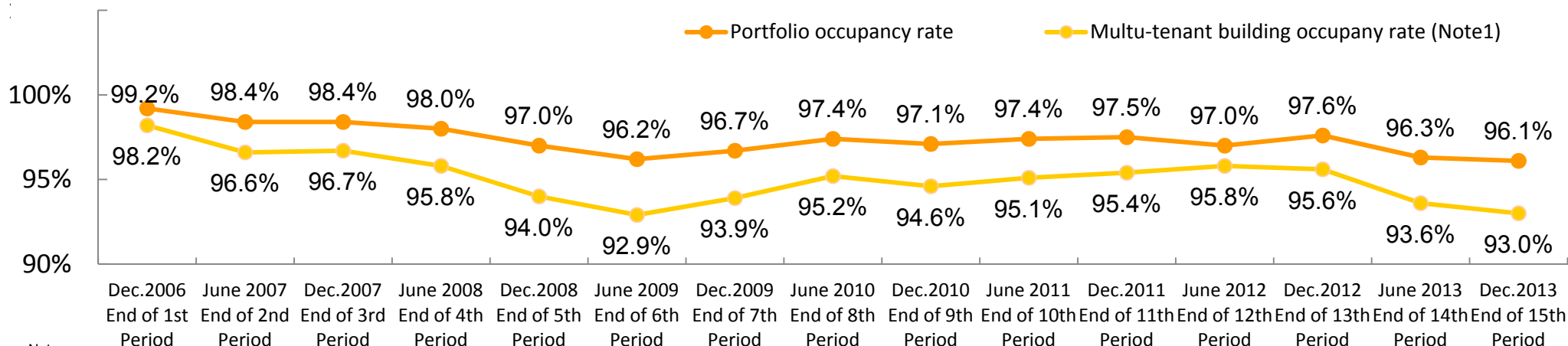
Increase in floor space	2,585.59m ²
Decrease in floor space	-3,460.79m ²
Net	-875.20m²

Changes in Occupancy Rates

Since listing, MID REIT has maintained high occupancy rate, exceeding that of Osaka's business area



Changes in Occupancy Rates (End of 1st Period to End of 15th Period)



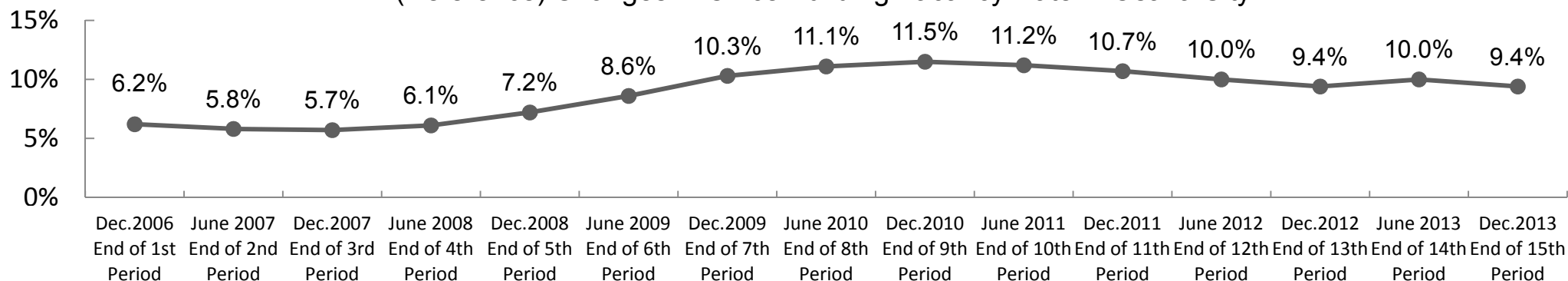
Notes:

1. Properties considered in the calculation are as follows.

- a. August 2006 to March 2007: Twin 21, Matsushita IMP Bldg. and Kyobashi MID Bldg.
- b. April 2007: Twin 21, Matsushita IMP Bldg., Kyobashi MID Bldg. and MID Imabashi Bldg.
- c. May 2007 to March 2008: Twin 21, Matsushita IMP Bldg., Kyobashi MID Bldg., MID Imabashi Bldg. and MID Midosujikawaramachi Bldg.
- d. April 2008 to September 2008: Twin 21, Matsushita IMP Bldg., MID Imabashi Bldg., MID Midosujikawaramachi Bldg. and Kitahama MID Bldg.
- e. October 2008 to March 2009: Twin 21, Matsushita IMP Bldg., MID Imabashi Bldg., MID Midosujikawaramachi Bldg., Kitahama MID Bldg. and MID Nishihommachi Bldg.
- f. April 2009 to May 2013: Twin 21, Matsushita IMP Bldg., MID Imabashi Bldg., MID Midosujikawaramachi Bldg., Kitahama MID Bldg., MID Nishihommachi Bldg. and Midosuji MID Bldg.
- g. June 2013 and after: Twin 21, Matsushita IMP Bldg., MID Imabashi Bldg., MID Midosujikawaramachi Bldg., Kitahama MID Bldg., MID Nishihommachi Bldg., Midosuji MID Bldg. and Higobashi MID Bldg.

2. The following figure shows changes in the office building vacancy rate in Osaka City as of the end of each fiscal period. Please see page 23 for details of the office building vacancy rate in Osaka City.

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



Source: CBRE

Overview of Properties

10 properties located in Osaka City (2 of which are OBP properties), 1 property in Chiba prefecture and 1 property in Fukuoka city



Use	Osaka Metropolitan Area		
Office Building	<p>Osaka Business Park (OBP)</p>  <p>Twin 21</p>  <p>Matsushita IMP Bldg.</p>	 <p>Kitahama MID Bldg.</p>  <p>MID Nishihommachi Bldg</p>	 <p>Midosuji MID Bldg</p>  <p>MID Midosujikawaramachi Bldg.</p>  <p>MID Imabashi Bldg.</p>  <p>MID REIT Kyobashi Bldg.</p>  <p>Higobashi MID Bldg</p>
Other	<p>Osaka Metropolitan Area</p>  <p>Konami Sports Club Kyobashi</p>	<p>Other</p>  <p>AEON MALL Tsudanuma (Chiba prefecture)</p>  <p>Newly Acquired (15th Period)</p> <p>Dormy Inn Hakata Gion (Fukuoka city)</p>	

List of Appraisal Values

Appraisal value dropped by 310 million yen for the properties that have been owned; All cap rates are decreased



Type	Region	Property Name	Acquisition Price (million yen) (Note 1)	Appraisal Value as of June 30, 2013 (14th Period End) (million yen) (Note 2)	Book Value as of Dec. 31, 2013 (15th Period End) (million yen) (Note 3)	Appraisal Value as of Dec. 31, 2013 (15th Period End) (million yen) (Note 2)	Difference from Acquisition Price (%)	Difference from Previous Period End (%)	Difference from Book Value (%)	Appraisal Company	14th Period Appraisal Value Rate (%) (Note 5)	15th Period Appraisal Value Rate (%) (Note 5)
Office Bldg.	Osaka area	Twin 21 (Note 4)	68,700	46,800	68,210	46,600	-32.2	-0.4	-31.7	Morii Appraisal & Investment Consulting, Inc.	5.2	5.1
		Matsushita IMP Bldg.	24,600	18,200	23,503	17,400	-29.3	-4.4	-26.0	Tanizawa Sogo Appraisal Co., Ltd.	5.4	5.3
		Midosuji MID Bldg.	8,290	6,720	8,722	6,660	-19.7	-0.9	-23.6	Tanizawa Sogo Appraisal Co., Ltd.	4.9	4.8
		MID REIT Kyobashi Bldg.	2,300	1,280	2,185	1,330	-42.2	3.9	-39.1	Tanizawa Sogo Appraisal Co., Ltd.	6.0	5.9
		MID Imabashi Bldg.	3,270	2,230	3,252	2,220	-32.1	-0.4	-31.7	Tanizawa Sogo Appraisal Co., Ltd.	5.4	5.3
		MID Midosujikawaramachi Bldg.	2,000	1,370	1,946	1,370	-31.5	-	-29.6	Tanizawa Sogo Appraisal Co., Ltd.	5.8	5.7
		Kitahama MID Bldg.	10,800	8,130	10,673	8,160	-24.4	0.4	-23.5	Japan Real Estate Institute	5.1	5.1
		MID Nishihommachi Bldg.	3,550	2,070	3,455	2,110	-40.6	1.9	-38.9	Japan Real Estate Institute	5.4	5.4
		Higobashi MID Bldg.	3,000	3,140	3,014	3,110	3.7	-1.0	3.2	Japan Real Estate Institute	5.1	5.1
Subtotal			126,510	89,940	124,963	88,960	-29.7	-1.1	-28.8	-	-	-
Other	Osaka area	Konami Sports Club Kyobashi	2,780	2,900	2,524	2,970	6.8	2.4	17.7	Daiwa Real Estate Appraisal Co., Ltd.	5.9	5.8
	Other major cities	AEON MALL Tsudanuma	26,100	24,400	24,755	25,000	-4.2	2.5	1.0	Daiwa Real Estate Appraisal Co., Ltd.	5.3	5.2
		Dormy Inn Hakata Gion (Note6)	2,280	—	2,295	2,500	9.6	-	8.9	Tanizawa Sogo Appraisal Co., Ltd.	-	5.9
Subtotal			31,160	27,300	29,576	30,470	-2.2	11.6	3.0	-	-	-
Total			157,670	117,240	154,540	119,430	-24.3	1.9	-22.7	-	-	-

Notes:

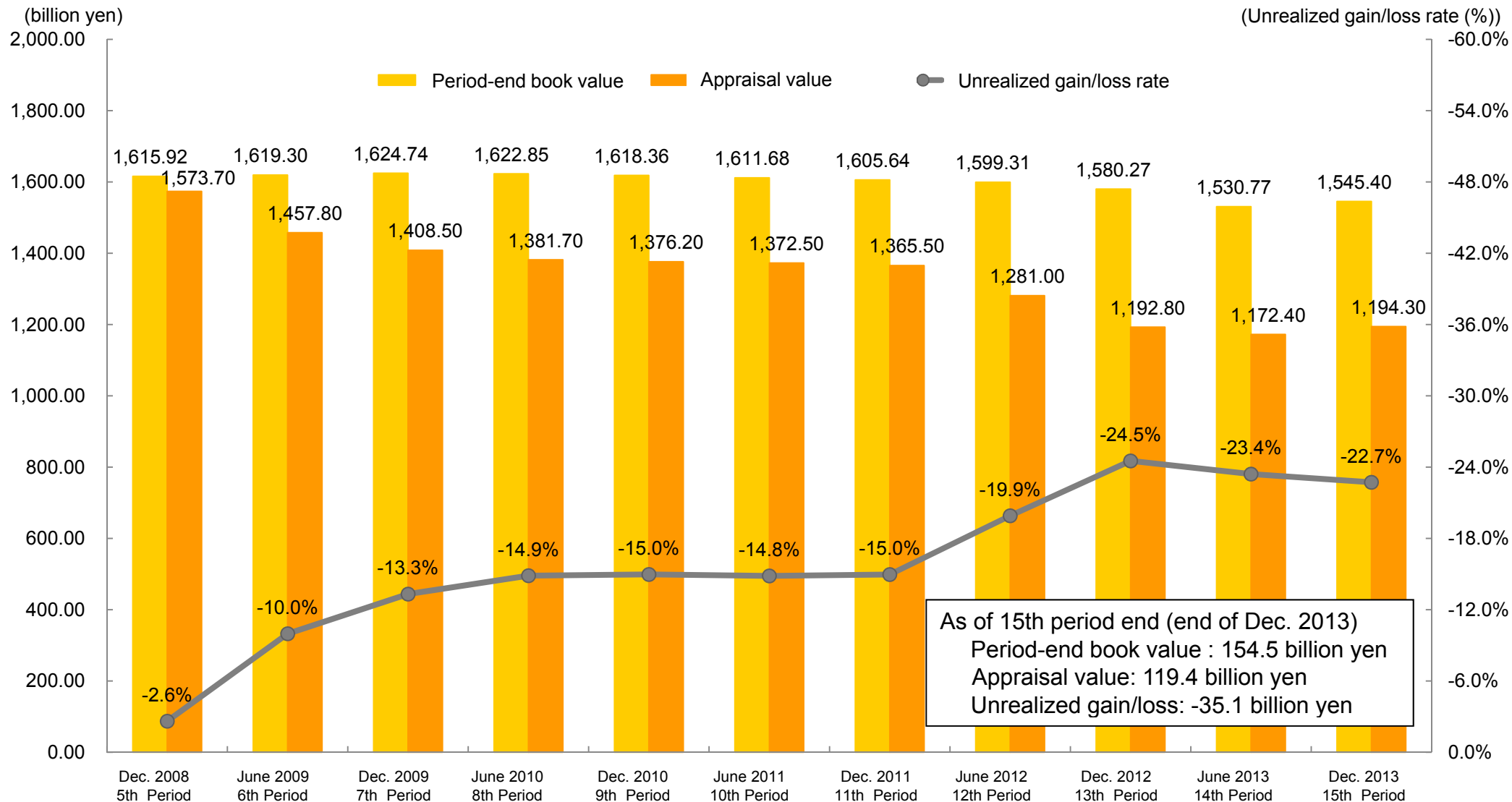
1. "Acquisition Price" states the sale price which is stated in the sales contract for the respective trust beneficiary interest, etc. (excluding various acquisition expenses, property taxes and consumption taxes, etc.).
2. "Appraisal Value" is the appraisal value at the end of the fiscal period based on the appraisal report with December 31, 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.
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.
4. Including the trust beneficiary interest of Twin 21 (partial ownership of leased land).
5. Appraisal Value Rate" is the cap rate based on the direct capitalization method.
6. MID REIT acquired Dormy Inn Hakata Gion on September 30, 2013.

Status of Appraisal Value

Appraisal values are trending downwards due to such as the decrease of the rent level



Changes in Period-end Book Value, Appraisal Value and Unrealized Gain/Loss rate
(5th Period (July 1, 2008 – Dec. 31, 2008) to 15th Period (July 1, 2013 – Dec. 31, 2013))



Tenant Trends

Major tenants are AEON Retail and Panasonic



Overview of Key Tenants

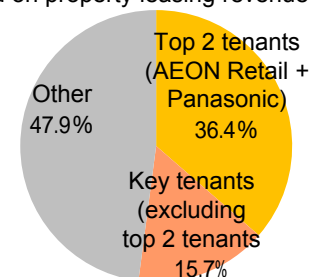
Tenant	Tenant of	Expiration Date of the Contract (Note 1)	Leased Floor Space (m ²)	As a Percentage of Total Leased Floor Space (%) (Note 2)
AEON Retail Co., Ltd.	AEON MALL Tsudanuma	Sep. 29, 2023	101,210.44	38.0
Panasonic Corporation	Twin21	Mar. 31, 2017	40,787.33	15.3
Konami Sports & Life Co., Ltd.	Konami Sports Club Kyobashi	- (Note 3)	9,586.26	3.6
Nippon Computer System Co., Ltd.	Matsushita IMP Bldg.	Apr. 30, 2014	5,632.24	2.1
Kyoritsu Maintenance Co., Ltd.	Dormy Inn Hakata Gion	Mar. 31, 2029	5,397.66	2.0
NTT Directory Services Co.	MID REIT Kyobashi Bldg.	Feb. 28, 2015	4,833.88	1.8
Human Academy Co., Ltd.	Midosuji MID Bldg.	- (Note 3)	4,643.59	1.7
Asahi Breweries Co., Ltd.	Matsushita IMP Bldg.	Mar. 31, 2015	4,531.23	1.7
CTI Engineering Co., Ltd.	Kitahama MID Bldg.	- (Note 3)	4,077.50	1.5
SOHGO Security Services Co., Ltd.	Matsushita IMP Bldg.	Mar. 31, 2014	2,816.12	1.1
Total			183,516.25	68.8

Notes:

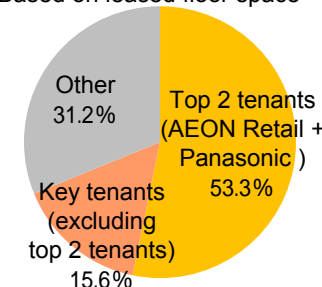
1. The expiration date of the contract with the largest leased floor space is stated if there are multiple leasing contracts, etc.
2. The leased floor space as a percentage of total leased floor space is rounded to the first decimal place. Therefore, figures may not add up to the total in the "Total" column.
3. No statement is made on the expiration date of the contract when the consent for disclosure could not be obtained from tenant.

Top Tenants' Share

Based on property leasing revenue



Based on leased floor space



Tenant Satisfaction Survey

Satisfaction raised for “common-area functions” due to renewal of common area at Twin21



Tenant Satisfaction Survey

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

Survey period: Oct. 22, 2013 to Nov. 22, 2013

Number sampled: 220 tenants

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

Survey Results: Customer Satisfaction Index (CSI) (Note 1)

Factors	2009	2010	2011	2012	2013	Difference (2012 → 2013)
Common-area functions	56.7	64.7	64.7	66.1	66.8	+0.7
Security measures	63.0	66.2	66.9	69.1	69.7	+0.6
User-friendliness of building facilities and equipment	57.2	65.2	65.5	67.1	67.4	+0.3
Effectiveness of property management	66.5	68.3	70.3	71.4	71.6	+0.2
Effectiveness of facility management	74.4	73.9	76.3	76.8	76.9	+0.1
Overall building comfort	52.2	55.1	56.5	57.8	57.2	-0.6
Cleanliness	71.1	71.5	72.1	72.8	72.0	-0.8
Ambience	73.0	79.5	79.3	81.0	79.7	-1.3
Attitude of management staff	72.8	74.1	74.4	75.5	74.2	-1.3

Notes:

1. 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.
2. The addition of Kanden CS Forum Inc. as surveyor, starting from the 2010 survey, adds the Kansai Electric Power Group's perspective on customer satisfaction and makes it clear that the stance is to place further emphasis on such.
3. Surveyed properties are the following:
 2009: Twin 21, Matsushita IMP Bldg., MID Imabashi Bldg., Kitahama MID Bldg. and MID Nishihommachi Bldg.
 2010-2012: Twin 21, Matsushita IMP Bldg., MID Imabashi Bldg., Kitahama MID Bldg. and MID Nishihommachi Bldg., Midosuji MID Bldg. and MID Midosujikawaramachi Bldg.
 2013 and after: Twin 21, Matsushita IMP Bldg., MID Imabashi Bldg., Kitahama MID Bldg., MID Nishihommachi Bldg., Midosuji MID Bldg. and MID Midosujikawaramachi Bldg. and Higobashi MID Bldg.

5. Financial Strategy

Financial Policy

Establishment of a stable financial base



LTV Control	<ul style="list-style-type: none"> The upper limit of LTV (Interest-bearing debt at end of period ÷ Total assets at end of period) is set at 60%, but we would like to control it within a stable range, targeting around 50% during normal operations (LTV in the fiscal period as of Dec. 31, 2013 [15th Period End] : 38.8%) 																														
Reduction of Interest-rate Fluctuation Risk	<ul style="list-style-type: none"> The goal is to balance out loan terms between long-term and short-term loans, and the form of interest rate between fixed and floating interest rates <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <p>Ratio of Long-term/Short-term Debt</p> <p>Long-term loans payable 100.0 %</p> </div> <div style="text-align: center;"> <p>Fixed Interest Rate Ratio</p> <p>Floating interest rate 37.2 % Fixed interest rate 62.8 %</p> </div> </div>																														
Reduction of Refinancing Risk	<ul style="list-style-type: none"> Our goal is to diversify lenders, diversify procurement schemes (loans, investment corporate bonds, etc.) and to spread repayment and redemption deadlines, among others <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>Debt Financing of Each Bank (million yen)</p> <table border="1"> <thead> <tr> <th>Lender</th><th>Balance</th></tr> </thead> <tbody> <tr><td>Mizuho Bank, Ltd.</td><td>10,000</td></tr> <tr><td>Sumitomo Mitsui Trust Bank</td><td>8,100</td></tr> <tr><td>Sumitomo Mitsui Banking</td><td>8,100</td></tr> <tr><td>Aozora Bank</td><td>8,000</td></tr> <tr><td>Development Bank of Japan</td><td>9,950</td></tr> <tr><td>Resona Bank</td><td>6,000</td></tr> <tr><td>Mitsubishi UFJ Trust and Banking</td><td>5,000</td></tr> <tr><td>Shinkin Central Bank</td><td>4,400</td></tr> <tr><td>Senshu Ikeda Bank</td><td>2,300</td></tr> <tr><td>Nishi-Nippon City Bank</td><td>1,600</td></tr> <tr><td>Hyakugo Bank</td><td>800</td></tr> <tr><td>Minato Bank</td><td>800</td></tr> <tr><td>Nanto Bank</td><td>500</td></tr> <tr><td>Total</td><td>65,550</td></tr> </tbody> </table> </div> <div style="width: 45%;"> <p>Diversification of Repayment Dates</p> <p>(billion yen)</p> <p>Notes: The 4.25 billion yen out of 8.55 billion yen due for repayment in the 23rd Period will be repaid as follows: 1. Repayment dates: The first repayment shall be January 31, 2011, followed by subsequent repayments on the last day of January and July of each year, with the final repayment on July 31, 2017 (Should said date not fall on a business day, the effective date will be the first business day following said date. If this following business day falls into the next month, the effective date will be the business day immediately prior to said date.) 2. Repayment method: From January 31, 2011 to last day of January 2017 On July 31, 2017 Repayments of 125 million yen each time Repayment of 3,375 million yen</p> </div> </div>	Lender	Balance	Mizuho Bank, Ltd.	10,000	Sumitomo Mitsui Trust Bank	8,100	Sumitomo Mitsui Banking	8,100	Aozora Bank	8,000	Development Bank of Japan	9,950	Resona Bank	6,000	Mitsubishi UFJ Trust and Banking	5,000	Shinkin Central Bank	4,400	Senshu Ikeda Bank	2,300	Nishi-Nippon City Bank	1,600	Hyakugo Bank	800	Minato Bank	800	Nanto Bank	500	Total	65,550
Lender	Balance																														
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Nanto Bank	500																														
Total	65,550																														

Details on Debt Financing

Finished refinancing borrowings that were due for repayment on July 31, 2013



Breakdown of Debt Financing

Type	Lenders		Drawdown Date	Balance	Interest Rate	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	Aug. 31, 2010	6,500 million yen	JBA Japanese Yen TIBOR + 1.0% (Note 2)	July 31, 2015	Bullet payment	Unsecured Unguaranteed
	Term loan (6 years and 11 months)	Development Bank of Japan	Aug. 31, 2010	4,250 million yen	1.79507% (Note 6)	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 Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Aozora Bank, Resona Bank, Shinkin Central Bank, Senshu Ikeda Bank	July 29, 2011	13,800 million yen	JBA Japanese Yen TIBOR + 0.6% (Note 3)	July 31, 2014	Bullet payment	Unsecured Unguaranteed
	Term loan (5years)	Mizuho Bank, Development Bank of Japan	July 29, 2011	4,000 million yen	1.36375% (Note 6)	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	July 31, 2012	8,500 million yen	JBA Japanese Yen TIBOR + 0.6%	July 31, 2015	Bullet payment	Unsecured Unguaranteed
	Term loan (5 years)	Sumitomo Mitsui Trust Bank, Aozora Bank,	July 31, 2012	4,300 million yen	JBA Japanese Yen TIBOR + 0.8% (Note 4)	July 31, 2017	Bullet payment	Unsecured Unguaranteed
	Term loan (7 years)	Development Bank of Japan	July 31, 2012	1,700 million yen	1.52375% (Note 6)	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, The Nishi-Nippon City Bank, Hyakugo Bank	July 31, 2013	15,900 million yen	JBA Japanese Yen TIBOR + 0.6%	July 29, 2016	Bullet payment	Unsecured Unguaranteed
	Term loan (5 years)	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Aozora Bank	July 31, 2013	4,800 million yen	JBA Japanese Yen TIBOR + 0.8% (Note 5)	July 31, 2018	Bullet payment	Unsecured Unguaranteed
	Term loan (7 years)	Development Bank of Japan, Minato Bank	July 31, 2013	1,800 million yen	1.70875% (Note 6)	July 31, 2020	Bullet payment	Unsecured Unguaranteed
Total				65,550 million yen				

Notes:

- Loans are co-financed by the banks in the list.
- In accordance with the interest-rate swap agreement, the actual interest rate is 1.447% (p.a.) up to the principal repayment date.
- In accordance with the interest-rate swap agreement, the actual interest rate is 1.0625% (p.a.) up to the principal repayment date.
- In accordance with the interest-rate swap agreement, the actual interest rate is 1.141% (p.a.) up to the principal repayment date.
- In accordance with the interest-rate swap agreement, the actual interest rate is 1.297% (p.a.) up to the principal repayment date.
- Interest rates are fixed.

Credit Line

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

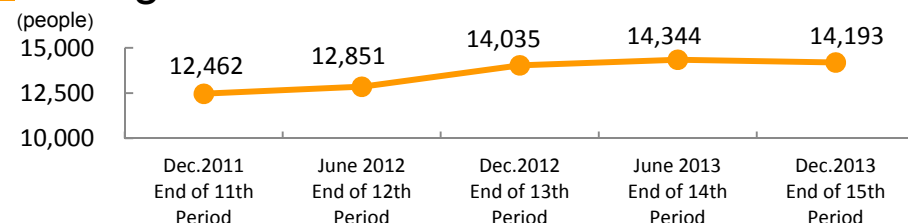
6. Details on Unitholders and Units Held

Unitholder Details

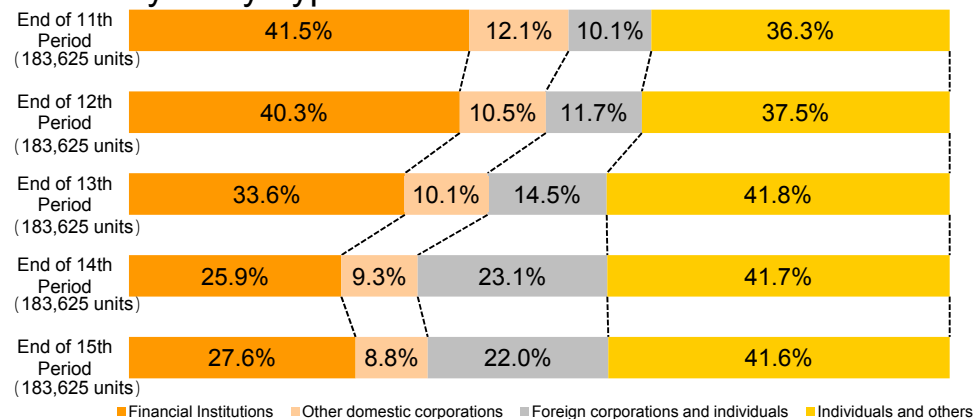
14,193 unitholders as of 15th Period End, with increasing financial institutions



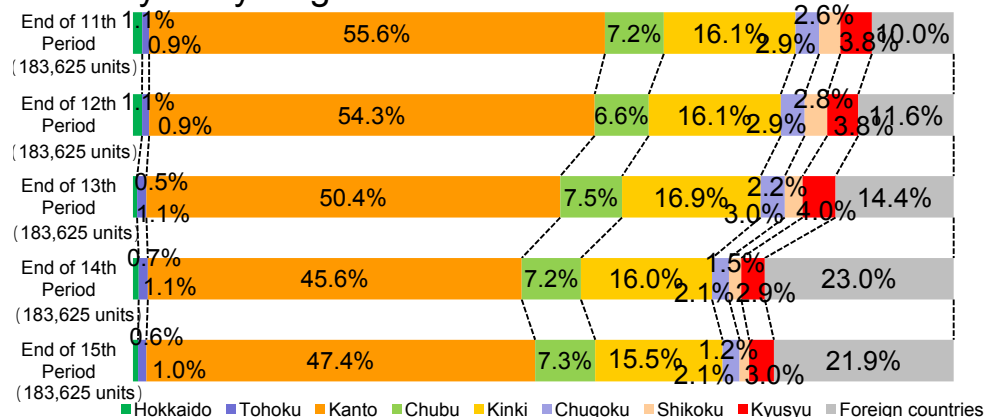
Changes in Number of Unitholders



Analysis of Investor Attributes (Distribution of Number of Units Held) Analysis by Type of Investor



Analysis by Region



MID REIT, Inc.

Top Unitholders

Major Unitholders

Name	Number of units held	Ratio of units held to total units issued and outstanding (%) (Note)	Difference from 14th period end
Japan Trustee Services Bank, Ltd. (Trust Account)	14,617	7.96	-4,161
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	11,190	6.09	+5,097
MID Urban Development Co., Ltd.	9,200	5.01	0
JP Morgan Chase Bank 380180	9,161	4.99	-1
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	5,801	3.16	-30
The Fuji Fire and Marine Insurance Co., Ltd.	4,758	2.59	-
Goldman Sachs International	3,603	1.96	-354
Prospect Japan Fund Limited	3,504	1.91	+816
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,641	1.44	-350
Morgan Stanley & Co. LLC	1,458	0.79	+565
Total	65,933	35.91	-

Note: The ratios of units held to total units issued and outstanding are rounded off to two decimal places.

Status of Large Unitholding Reports Submitted (as of Jan. 31, 2014)

Submitter or name of joint unitholder	Number of units held	Ratio of units held to total units issued and outstanding (%) (Note)	Dates of latest submissions
Prospect Asset Management Inc.	14,439	7.86	June 7, 2013
Mizuho Asset Management Co., Ltd. Shinko Asset Management Co., Ltd.	13,281	7.23	August 22, 2013
MID Urban Development Co., Ltd.	9,200	5.01	January 10, 2007

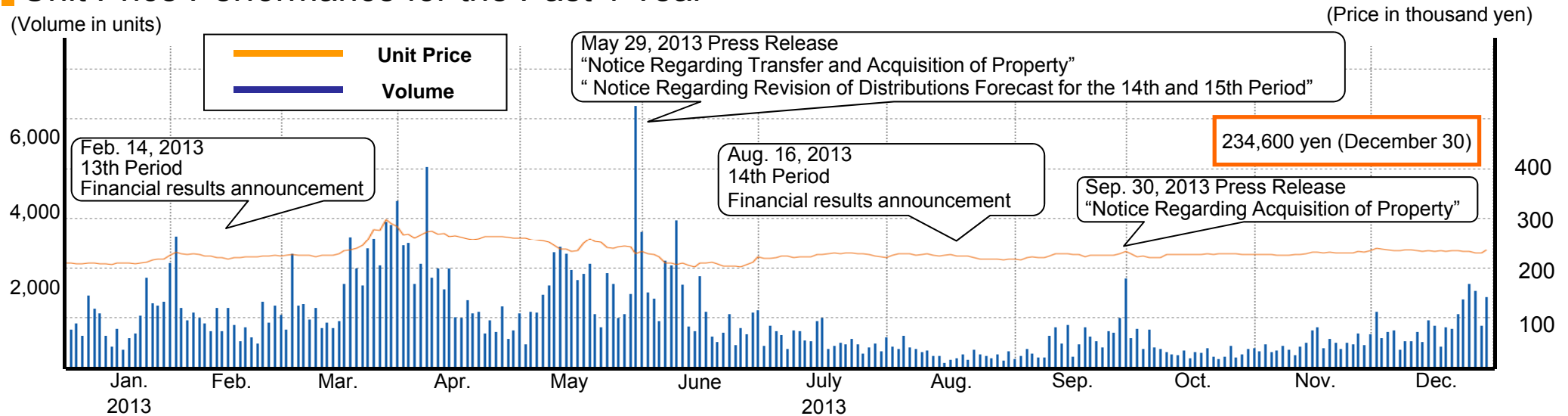
Notes : The ratios of units held to total units issued and outstanding are based on values recorded in large unitholding reports.

Unit Price Performance

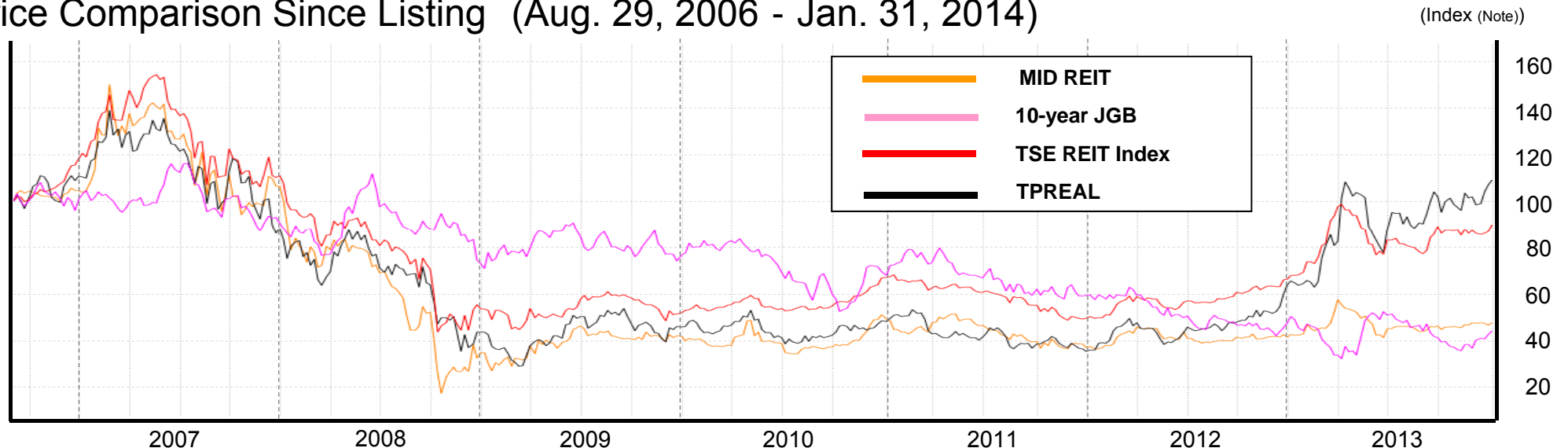
Generally stayed around the 200,000 yen level



Unit Price Performance for the Past 1 Year



Price Comparison Since Listing (Aug. 29, 2006 - Jan. 31, 2014)



Note: The TSE REIT Index and TOPIX Real Estate (TPREAL) are shown with prices as of August 29, 2006 set as 100.

MID REIT's unit price is shown with the closing price of MID REIT's units on August 29, 2006 (on which MID REIT's units were publicly listed) set as 100

Source: Bloomberg







7 . Appendix

CSR Initiatives



Promotion of DBJ Green Building Certification Acquisition



Acquisition of DBJ Green Building Certification

Twin21		Matsushita IMP Bldg.		Kitahama MID Bldg.	
					
	Location		Location		Location
	Shiromi, Chuo-ku, Osaka		Shiromi, Chuo-ku, Osaka		Doshomachi, Chuo-ku, Osaka
	Structure		Structure		Structure
	SRC		S, SRC		S, SRC
	Floors		Floors		Floors
	B1/38F		B2/26F		B1/18F
	Total floor space		Total floor space		Total floor space
	146,034.98m ²		84,952.57m ²		14,648.13m ²
	Construction completed		Construction completed		Construction completed
	March 1986		February 1990 Added on to in November 2003		February 2008
	Acquired		Acquired		Acquired
August 2006		August 2006		April 2008	

Higobashi MID Bldg. acquired in June, 2013 has already received DBJ Green Building Certification and other evaluation

Higobashi MID Bldg.		DBJ Green Building Certification (Silver, 2013)	CASBEE Osaka Class A certification (February 2010)	
		<p>[Evaluation points]</p> <p>Excellent energy-saving design</p> <ul style="list-style-type: none">· Adoption of high-efficiency lighting at exclusive-use areas· Adoption of dimming control system (brightness sensors)· The design of common areas that allows in natural light. <p>Excellent earthquake resistance</p> <ul style="list-style-type: none">· Reduction of swaying of buildings during earthquakes through adoption of seismic damping through quake-resistant walls formed by corrugated steel	<p>[Evaluation points]</p> <p>Design that significantly reduces heat load</p> <ul style="list-style-type: none">· Common areas (core) such as EV, restroom, hallway, etc. placed on the south side of the site <p>Resource-saving environmental efforts</p> <ul style="list-style-type: none">· Reused pile foundation of existing building <div>*Honorable mention in 2010 Osaka Sustainable Building Awards</div>	
	Location			Edobori, Nishi-ku, Osaka
	Structure			S
	Floors			B1/11F
	Total Floor Space			6,519.63㎡
	Construction Completed			January 2010
	Acquired			June 2013

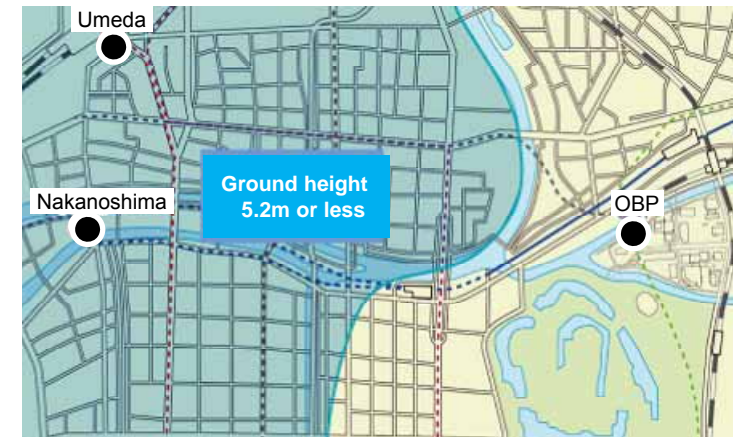
Safety of Osaka Business Park (OBP)

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

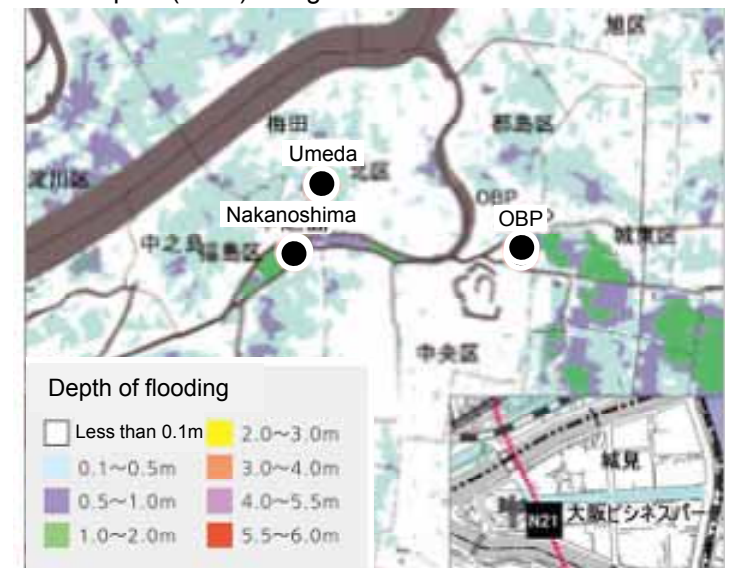


Safety of OBP

Earthquakes	Compared to other business areas, the OBP area has a relatively low expected seismic intensity and risk of liquefaction when it comes to large-scale earthquakes that can be expected to occur. (Based on announcement by Osaka City on March 14, 2009)
Tsunamis	Even if the tsunami is twice as high as expected in the past (5.2m) the OBP area is outside areas that would be flooded. (Based on announcement by Osaka Prefectural Government on July 6, 2011)
Flooding	Compared to other business areas, the OBP area has relatively lower risk of flooding and, in the case where flooding occurs from local rainfall as well as from rivers, OBP is outside the expected flooding zones. (Based on announcement by Osaka City on October 27, 2011)



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



Case of flooding from rainfall (note)

Note: Flooding from rainfall is flooding resulting from the accumulation of local rain that is not able to be fully drained by sewers and other drainage systems.

Utilization to Leasing

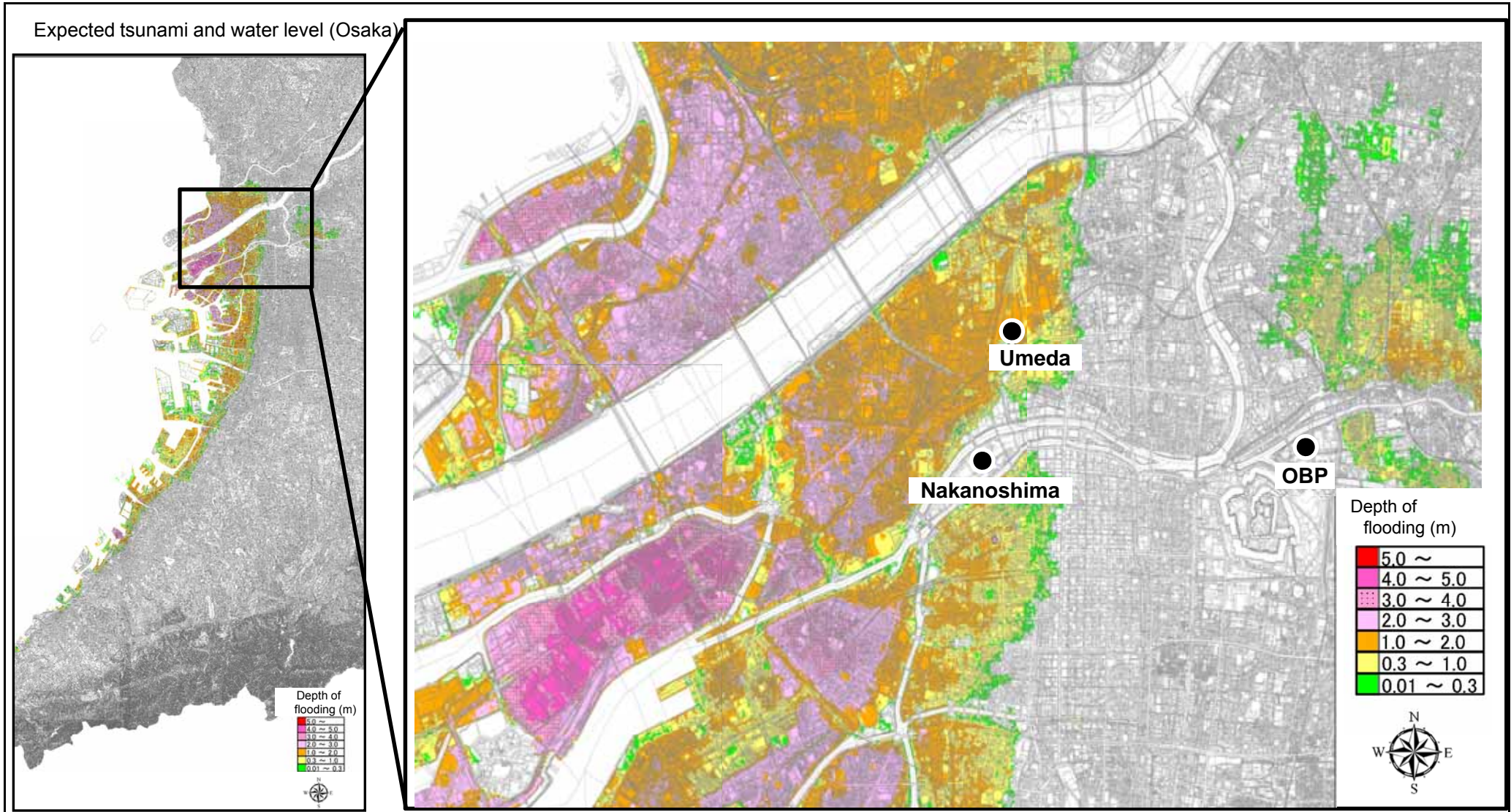
- With the increased awareness of corporate BCP, there is a surge in demand for safety provision and business continuation in preparation for times of disasters
- Inquiries from crisis-conscious companies such as foreign companies and financial institutions increased as a result of using pamphlets about the safety of OBP's area for leasing
- Such is being used as a strategy construction tool to promote superiority and differentiation with other areas and office buildings

Safety of Osaka Business Park (OBP)

The possibility of inundation based on the expected tsunami and water level from a major Nankai Trough earthquake (magnitude of 9.1) is low



Expected tsunami and water level from the Osaka Municipal Government's Major Nankai Trough Earthquake Disaster Response Study Group Meeting held in Osaka on August 8, 2013



Source: Excerpt from the Osaka Municipal Government's documents on the third Major Nankai Trough Earthquake Disaster Response Study Group Meeting

Renovation Project of Osaka Business Park (OBP)

Promoting with the aim of rebranding the OBP area



Osaka Business Park (OBP) Smart City Renovation Project Fully Launched

General Overview

- From 2011, the “OBP Renovation Project Promotion Council” (Note 2) comprised by landowners, tenants, academic experts and government (observer) was established primarily by the OBP Development Council (Note 1) and began promoting efforts for a smart city with the themes of “low-carbon,” “smart community” and “disaster prevention.”
- Demonstration projects began in fiscal 2013 with the support of the Ministry of Economy, Trade and Industry and the Ministry of the Environment.

Note:

- A council comprised of 11 landowner companies, etc. in the OBP area (including MID Urban Development Co., Ltd. and MID Property Management Co., Ltd.).
- A council comprised of OBP Development Council (Note 1), corporate citizens (including Kansai Electric Power, Co., Inc.), academic experts and government (Observers: Kansai Bureau of Economy, Trade and Industry, Kinki Regional Development Bureau, Kinki Regional Environment Office, Osaka City and Osaka Prefecture).

Schedule

Fiscal 2011

Ministry of the Environment / Sustainable urban development promotion model project
Formulation of “OBP Renovation Guideline (Proposal)” for low-carbon

Low-carbon

Fiscal 2012

Ministry of Economy, Trade and Industry / Project to support spreading smart community concept
Survey on the possibility of introducing regionally integrated EMS and independent energy systems for disasters

Smart community

Cabinet Office / Project to establish plan to secure safety in urban rejuvenation
Basic survey toward establishing plan to secure safety in OBP urban rejuvenation (1)

Disaster prevention

Fiscal 2013

Ministry of Economy, Trade and Industry / Next-generation energy technology demonstration project [OBP “V2X” Project]
Power supply system utilizing corporate-owned EV and PHV

Smart community

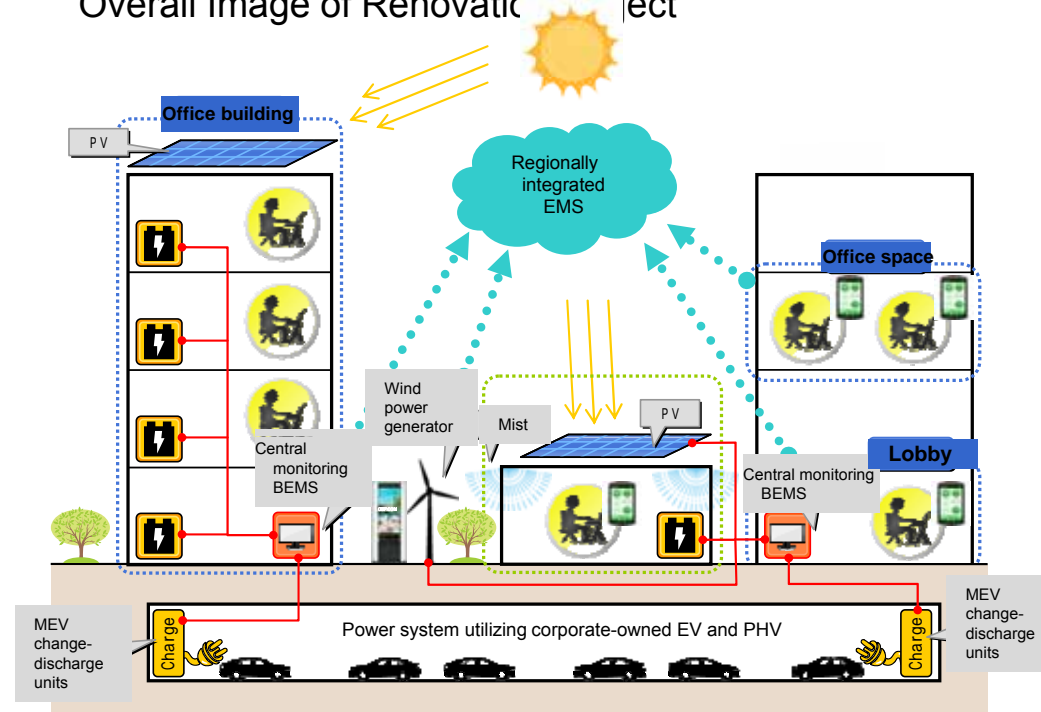
Ministry of the Environment / Project for development and demonstration of technology that guide the strengthening of CO₂ emissions reduction measures
Space design and construction of guidance systems for promoting the relocation of residents that will lead to conservation of energy

Low-carbon

Cabinet Office / Project to establish plan to secure safety in urban rejuvenation
Basic survey toward establishing plan to secure safety in OBP urban rejuvenation (2)

Disaster prevention

Overall Image of Renovation Project



Source: Excerpt from press materials of OBP Development Council

Renovation Project of Osaka Business Park (OBP)

Ministry of Economy, Trade and Industry / Next-generation energy technology demonstration project

OBP “V2X” project



Implementing as part of the renovation project (Matsushita IMP Bldg.)

- As part of the OBP renovation project, the “OBP “V2X” project (representative administrative agent: MID Urban Development), the technology demonstration project of the power supply system which utilizes batteries of corporate-owned electric vehicles (EV) and plug-in hybrid vehicles (PHV)” was adopted as “Ministry of Economy, Trade and Industry’s fiscal 2013 next-generation energy technology demonstration project” as of June 14, 2013.
- MID REIT will cooperate with the project with the aim of increased competitiveness of OBP as a business district.

OBP “V2X” project (V2X stands for “Vehicle to X”)

Project implementers

MID Urban Development Co., Ltd., Kansai Electric Power Co., Inc.,
OPB Development Council and 3 other companies

Project overview

[Technological development: within fiscal 2013]

- EV charge-discharge units (charge-discharge of 5 EV/PHV simultaneously for the first time in Japan)
- Energy management system for EV

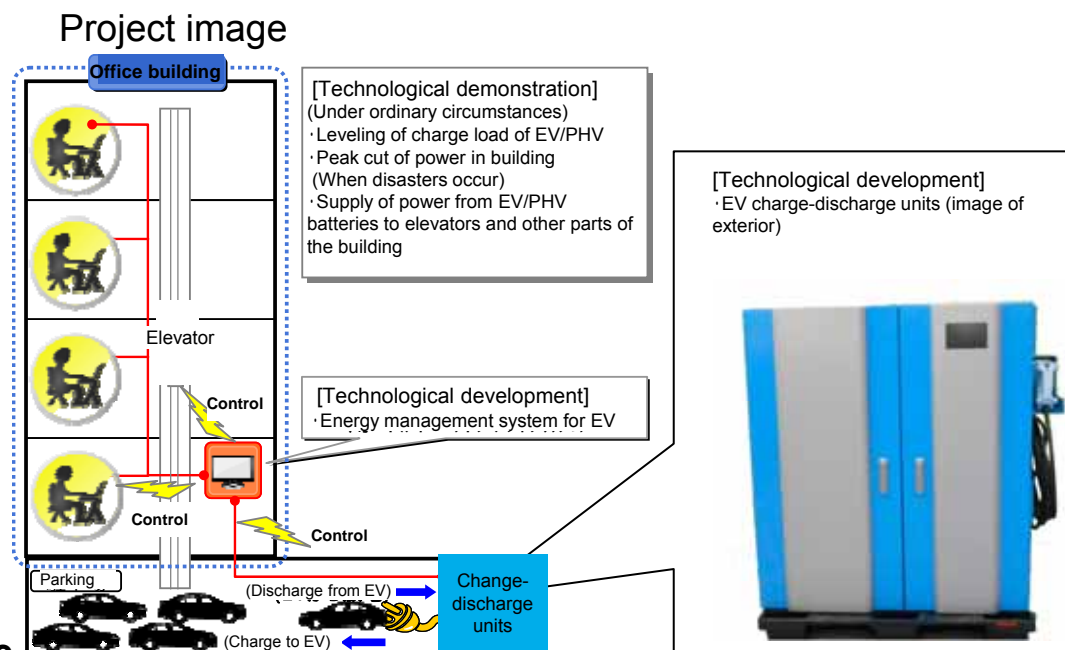
[Technological demonstration and analysis/evaluation: fiscal 2014 to 2015]

- Introducing charge-discharge units and energy management system to Matsushita IMP Bldg.
- Inspecting the effectiveness, etc. of power supply from EV/PHV batteries to disaster prevention base and elevators in the building, assuming power outages caused by disasters, and power peak cut effect of the building due to EV/PHV batteries

Ministry of Economy, Trade and Industry’s fiscal 2013 next-generation energy technology demonstration project

Project overview

In addition to the comprehensive smart community model making to be conducted by the “next-generation energy and social system demonstration project” to be implemented in 4 regions in Japan (Yokohama, Toyota, Keihanna and Kitakyushu), complementary efforts for the establishment of advanced and versatile technologies as well as the establishment of regionally-based smart communities which utilize regional resources



Financial Statements (Balance Sheet)



(unit: amount of money (million yen), ratio (%))

Description	Fiscal Period ended June 30, 2013 (14th Period)		Fiscal Period ended Dec. 31, 2013 (15th Period)		Difference	
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)
(ASSETS)						
Total Current Assets	20,158	11.6	13,971	8.3	-6,187	-30.7
Cash and deposits	14,431		7,869		-6,562	
Cash and deposits in trust	5,519		5,961		442	
Operating accounts receivable	124		118		-6	
Consumption taxes receivable	70		-		-70	
Prepaid expenses	13		22		9	
Deferred tax assets	0		0		-0	
Total Noncurrent Assets	153,553	88.4	154,968	91.7	1,415	0.9
1. Property, plant and equipment						
Buildings in trust	62,009		63,565		485	
Accumulated depreciation	-12,542		-13,612		-1	
Structures in trust	107		107		-1	
Accumulated depreciation	-15		-16		-0	
Machinery and equipment in trust	7		7		-0	
Accumulated depreciation	-0		-0		-16	
Tools, furniture and fixtures in trust	431		448		-16	
Accumulated depreciation	-198		-232		-16	
Land in trust	103,277		104,273		996	
Total property, plant and equipment	153,077	88.1	154,540	91.5	1,462	1.0
2. Intangible assets						
Software	0		0		-0	
Right of trademark	0		0		-0	
Total intangible assets	1	0.0	1	0.0	-0	-11.5
3. Investments and other assets						
Investment securities	162		-		-162	
Lease and guarantee deposits	10		10		-	
Long-term prepaid expenses	301		416		115	
Total investments and other assets	474	0.3	426	0.3	-47	-10.0
Total Assets	173,711	100.0	168,939	100.0	-4,772	-2.7

Description	Fiscal Period ended June 30, 2013 (14th Period)		Fiscal Period ended Dec. 31, 2013 (15th Period)		Difference	
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)
(LIABILITIES)						
Total Current Liabilities	30,930	17.8	16,258	9.6	-14,671	-47.4
Operating accounts payable	290		243		-47	
Current portion of long-term loans payable	28,750		14,050		-14,700	
Accounts payable - other	634		736		102	
Accrued expenses	126		112		-14	
Distribution payable	9		8		-1	
Income taxes payable	1		1		-0	
Accrued consumption taxes	-		23		23	
Advances received	665		674		8	
Other	451		410		-41	
Total Noncurrent Liabilities	52,304	30.1	61,132	36.2	8,827	16.9
Long-term loans payable	42,925		51,500		8,575	
Tenant leasehold and security deposits	7,140		7,371		230	
Tenant leasehold and security deposits in trust	2,238		2,260		21	
Total Liabilities	83,235	47.9	77,391	45.8	-5,843	-7.0
(NET ASSETS)						
Unitholders' Equity						
1. Unitholders' capital	90,372		90,372		-	
2. Surplus						
Unappropriated retained earnings (undisposed loss)	104		1,176		1,071	
Total surplus	104		1,176		1,071	
Total unitholders' equity	90,476		91,548		1,071	
Total Net Assets	90,476	52.1	91,548	54.2	1,071	1.2
Total Liabilities and Net Assets	173,711	100.0	168,939	100.0	-4,772	-2.7

Includes CAPEX accrued during the period: 266 million yen (see page 55 for details of properties)

Financial Statements (Income Statement)



(unit: amount of money (million yen), ratio (%))

Description	Fiscal Period ended June 30, 2013 (14th Period) (Jan.1, 2013-June 30, 2013)		Fiscal Period ended Dec. 31, 2013 (15th Period) (July 1, 2013-Dec.31, 2013)		Difference	
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)
1. Operating revenue	5,457	100.0	5,265	100.0	-191	-3.5
Rent revenue - real estate		4,751		4,858		
Other lease business revenue		705		407		
2. Operating expenses	4,810	88.2	3,615	68.7	-1,194	-24.8
Expenses related to rent business		3,020		2,979		
Loss on sales of real estate properties		1,296		-		
Loss on liquidation of Silent partnership interest		-		116		
Asset management fee		356		409		
Asset custody fee		8		8		
Administrative service fees		43		35		
Directors' compensations		5		5		
Other operating expenses		79		59		
Operating income	646	11.8	1,650	31.3	1,003	155.2
3. Non-operating income	3	0.1	3	0.1	0	1.2
Interest income		1		1		
Reversal of distribution payable		1		0		
Other		0		0		
4. Non-operating expenses	543	10.0	475	9.0	-68	-12.5
Interest expenses		417		382		
Borrowing related expenses		109		93		
Other		16		0		
Ordinary income	105	1.9	1,177	22.4	1,071	-
Income before income taxes	105	1.9	1,177	22.4	1,071	-
Total income taxes	1	0.0	1	0.0	-0	-3.3
Income taxes - current		1		1		
Income taxes - deferred		-0		0		
Net income	104	1.9	1,175	22.3	1,071	-
Retained earnings brought forward	0		0			
Unappropriated retained earnings (undisposed loss)	104		1,176		1,071	-

Details of rent revenue - real estate

Rent	3,897
CAM	818
Parking revenue	142

Details of expenses related to rent business

Property management fees	638
Utilities	603
Real estate taxes	505
Insurance premiums	10
Repairs	46
Depreciation and amortization	1,107
Loss on retirement of noncurrent assets	1
Other lease business expenses	65

Financial and Accounting Indices



Indices	Fiscal Period ended June 30, 2013 (14th Period) (Jan.1, 2013-June 30, 2013)	Fiscal Period ended Dec. 31, 2013 (15th Period) (July 1,2013-Dec.31, 2013)	Comments
Net operating days	181 days	184 days	-
NOI from property leasing	3,568 million yen	3,395 million yen	Property leasing income + Depreciation and amortization + Loss on retirement of noncurrent assets
NOI yield from property leasing (p.a.)	4.5%	4.3%	NOI from property leasing (annualized) ÷ Total acquisition price of portfolio properties (on an average daily balance basis)
Funds from operations (FFO)	2,532 million yen	2,285 million yen	Net income (excl. gain or loss on sales of real estate properties) + Depreciation and amortization + Loss on retirement of noncurrent assets
FFO per unit	13,790 yen	12,446 yen	FFO ÷ Total investment units issued and outstanding at end of period
Return on assets (ROA)	0.1%	1.4%	Ordinary income [annualized] ÷ {(Total assets at beginning of period + Total assets at end of period) ÷ 2}
Return on equity (ROE)	0.2%	2.6%	Net income [annualized] ÷ {(NAV at beginning of period + NAV at end of period) ÷ 2}
NAV per unit	492,726 yen	498,563 yen	NAV at end of period ÷ Total investment units issued and outstanding at end of period
Loan to value (LTV)	41.3%	38.8%	Interest-bearing liabilities at end of period ÷ Total assets at end of period
Debt service coverage ratio (DSCR)	7.0	7.0	Net income before interest and depreciation (Net income + Interest expenses + Depreciation and amortization) ÷ Interest expenses
Price book-value ratio (PBR)	0.5	0.5	Unit price at end of period ÷ NAV per unit
Price earnings ratio (PER)	193.7	18.5	Unit price at end of period ÷ Net income per unit [annualized]
FFO multiple	16.3	9.5	Unit price at end of period ÷ FFO per unit [annualized]

Note: Unit price at end of period is 234,600 yen, which is the closing price on December 30, 2013.

Cash Flows from Properties



MID REIT
(Unit : million yen)

	Twin 21	Matsushita IMP Bldg.	Midosuji MID Bldg.	MID REIT Kyobashi Bldg. (Note 2)	Konami Sports Club Kyobashi (Note 2)	AEON MALL Tsudanuma	MID Imabashi Bldg.	MID Midosuji-kawaramachi Bldg.	Kitahama MID Bldg.	MID Nishihommachi Bldg.	Higobashi MID Bldg.	Dormy Inn Hakata Gion (Note2)(Note3)
Operating days	184	184	184	184	184	184	184	184	184	184	184	93
Rent	1,653	636	235			726	66	51	213	70	56	
CAM	481	204	16	-	-	-	14	8	52	9	29	-
Parking revenue	60	56	5	-	-	-	7	1	5	1	2	-
Rent revenue - real estate	2,194	898	257	-	-	726	88	61	272	81	89	-
Utilities	154	102	29	-	-	-	8	7	41	13	12	-
Early-withdrawal penalties received	-	0	-	-	-	-	-	-	-	-	-	-
Other revenue	17	15	1	-	-	0	0	0	1	1	0	-
Other lease business revenue	171	118	31	-	-	0	8	7	42	14	12	-
① Property leasing revenue	2,366	1,016	289	-	-	726	96	68	314	96	102	-
Property management fees	328	183	33	-	-	8	14	7	34	11	12	-
Commissions payment	4	26	-	-	-	-	-	-	-	-	-	-
Utilities	316	177	32	-	-	-	11	6	33	13	11	-
Real estate taxes	208	129	45	-	-	57	12	6	22	8	-	-
Insurance premiums	4	2	0	-	-	1	0	0	0	0	0	-
Repairs	24	16	1	-	-	0	0	0	0	0	0	-
Other lease business expenses	21	11	0	-	-	-	-	0	0	-	-	-
② Property leasing expenses	908	547	113	-	-	67	38	21	92	34	24	-
③ NOI (① - ②) NOI yield (Acquisition price basis) (p.a.)	1,457 4.2%	468 3.8%	175 4.2%	41 3.6%	85 6.2%	658 5.0%	57 3.5%	46 4.6%	222 4.1%	61 3.5%	77 5.2%	41 7.1%
④ Depreciation and amortization	510	260	61	14	18	115	24	12	39	18	22	9
⑤ Loss on retirement of noncurrent assets	0	0	-	-	-	-	1	-	-	0	-	-
⑥ Property leasing income (③ - ④ - ⑤)	946	208	114	27	67	542	32	33	183	43	55	31
CAPEX	139	113	1	-	-	-	4	-	3	4	-	-

Notes:

- Amounts of less than the nearest million yen are rounded down.
- No detailed statement is made except for those on NOI, depreciation and amortization and property leasing income when the consent for disclosure could not be obtained from the tenant.
- MID REIT acquired Dormy Inn Hakata Gion on September 30, 2013.

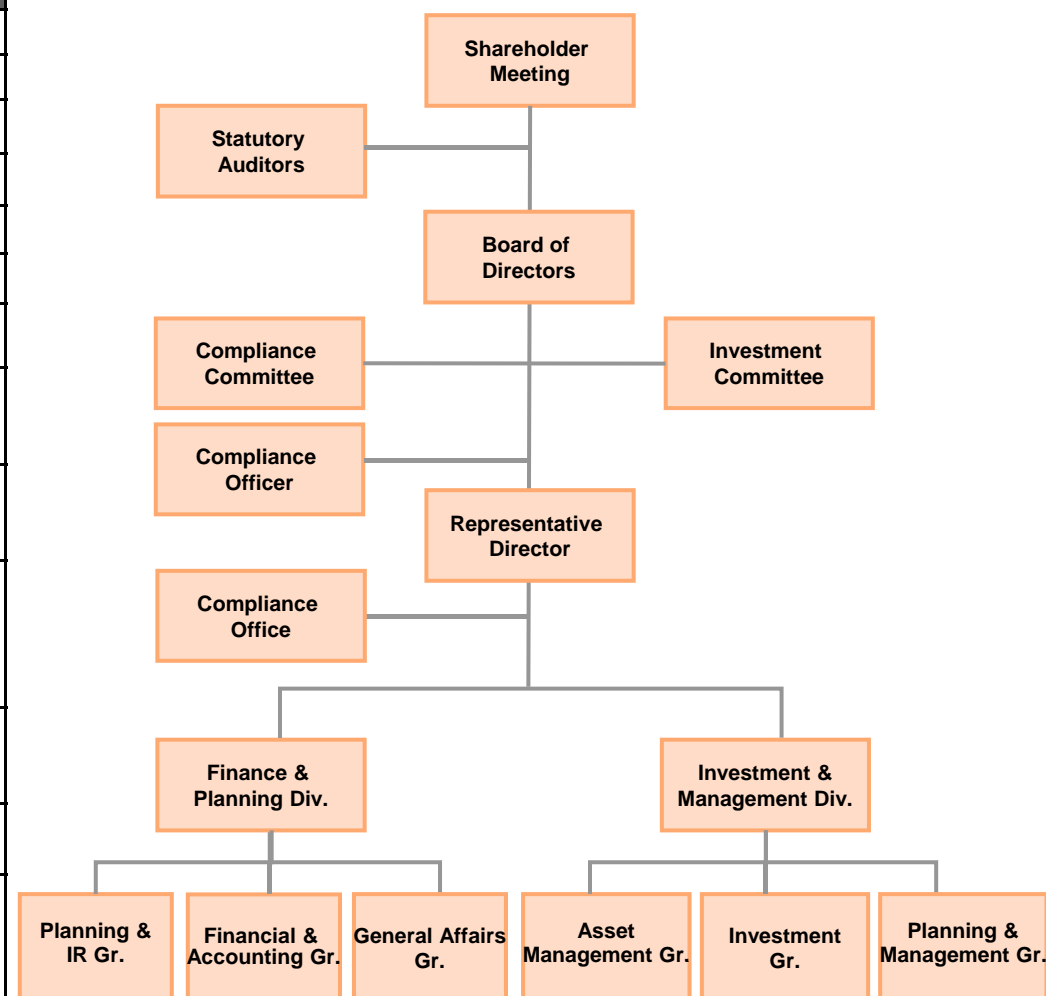
Overview of Asset Management Company



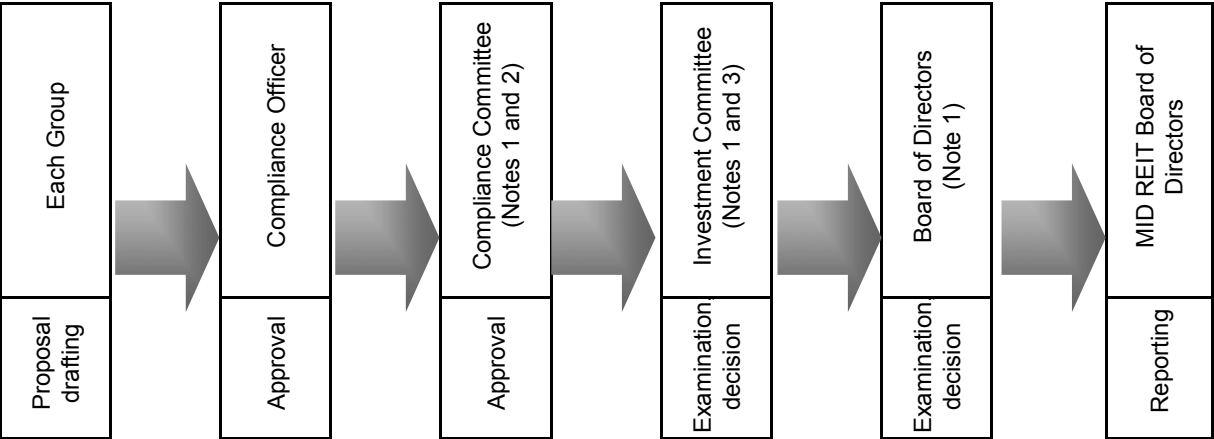
Company Overview

Company Overview (as of Feb. 1, 2014)		
Name	MID REIT Management Co., Ltd.	
Location	1-4-4 Dojimahama, Kita-ku, Osaka	
Establishment	September 1, 2005	
Capital	210 million yen	
Shareholder	MID Urban Development Co., Ltd. (ratio of shareholding: 100%)	
No. of employees	30 (inclusive of 1 temporary worker and 2 part-timers)	
Officers	President & CEO	Tomoyuki Goto
	Managing Director General Manager, Finance & Planning Division	Hiroataka Saito
	Managing Director General Manager, Investment & Management Division	Noriyuki Iijima
	Statutory Director	Yoshitsugu Nojiri (Chief Manager, Group Management Control Support Group, Group Management Promotion Headquarters, Kansai Electric Power Co., Inc.)
	Statutory Auditor	Atsushi Ishiguro (Director and Managing Executive Officer, MID Urban Development Co., Ltd.)
Business description	Investment management business	
Regulatory approval	Financial Instruments Firm (Director-General of Kinki Local Finance Bureau (Kinsho) Registration No. 43) Discretionary transaction agent license (Minister of Land, Infrastructure, Transport and Tourism Approval No. 50) Real estate agent license (Governor of Osaka Prefecture (2) No. 51806)	
Membership associations	A member of the Investment Trusts Association, Japan	

Structure



Checking System for Transactions with Sponsor Related Parties

Definition of Sponsor Related Parties	<p>(a) Interested persons as defined by the Investment Trust Law</p> <p>(b) Major shareholders of the asset management company (major shareholders of financial instruments firms defined under the Financial Instruments and Exchange Law of Japan) and subsidiaries/affiliates of the major shareholders of the asset management company as defined by regulations for consolidated financial statements ("Regulation for Terminology, Forms and Preparation of Consolidated Financial Statements"; same hereafter) (excluding those applicable to (a))</p> <p>(c) Funds or corporate entities, associations, trusts and other similar organizations that entrust investment management (discretionary investment) operations or investment advisory operations to parties described in (a) and (b) above (hereafter collectively called "corporate entities, etc." (including specific purpose companies, limited liability companies, stock companies, etc. as defined in the Act on Securitization of Assets))</p> <p>(d) Corporate entities, etc. in which parties described in (a) and (b) above hold a majority stake and in cases where shares issued by parties described in (a) above are listed on the financial instruments exchange as defined by regulations for consolidated financial statements (excluding those applicable to (a) through (c))</p>	
Transaction and Selection Criteria (Principles)	Property acquisition/disposal	Transaction has to comply with the following criteria: Acquisition price Appraised value, Appraised value Disposal price
	Property leasing	Leasing terms must be appropriately and fairly measured by prevailing market conditions
	Sale/Leasing agent commissions	Commissions must be within limits set by the Building Lots and Building Transaction Business Law
	Commissioning of property/building management	Examine comprehensively if company to be commissioned satisfies required conditions and terms, and if fee level is appropriate
	Contracting of construction works (over 1 million yen)	Check that quotations are not notably different from quotations by third parties
Decision-making Process	 <pre> graph LR A[Each Group Proposal drafting] --> B[Compliance Officer Approval] B --> C[Compliance Committee (Notes 1 and 2) Approval] C --> D[Investment Committee (Notes 1 and 3) Examination decision] D --> E[Board of Directors (Note 1) Examination decision] E --> F[MID REIT Board of Directors Reporting] </pre> <p>Notes:</p> <ol style="list-style-type: none"> Those who have status as a board member of sponsor related parties (excl. employees on loan or employees after transfer to the asset management company) cannot join resolutions. An external expert (lawyer) is included in deliberations as a member. An external expert (real estate appraiser) is included in deliberations as a member. 	

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