

**For Translation Purpose Only****REIT Financial Report for the 13th Fiscal Period (July 1, 2012 to December 31, 2012)**

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

Representative: Tomoyuki Goto  
Executive Director

Asset Management Company: MID REIT Management Co., Ltd.

Representative: Tomoyuki Goto  
President and CEO

Inquiries: Hirotaka Saito  
Managing Director, and General Manager of Finance & Planning Division  
TEL. +81-6-6456-0700

Planned submission of *yuka shoken hokokusho* (securities report): March 25, 2013

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

[Monetary amounts in million yen are rounded down]

**1. PERFORMANCE FOR THE 13th FISCAL PERIOD (July 1, 2013 to December 31, 2012)****(1) Business Results**

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

	Operating revenue		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
13th fiscal period	5,628	(1.6)	1,881	(9.2)	1,325	(8.0)	1,323	(8.0)
12th fiscal period	5,717	(1.0)	2,072	(0.6)	1,441	1.7	1,439	1.6

	Net income per unit	Net income to unitholders' equity	Ordinary income to total assets	Ordinary income to operating revenue
	yen	%	%	%
13th fiscal period	7,210	1.4	0.8	23.5
12th fiscal period	7,840	1.6	0.8	25.2

**(2) Distributions**

	Distribution per unit	Total distributions	Distribution in excess of earnings per unit	Total distributions in excess of earnings	Payout ratio	Distributions to net assets
	[excluding distribution in excess of earnings]	million yen	yen	million yen	%	%
13th fiscal period	7,210	1,323	0	0	100.0	1.4
12th fiscal period	7,840	1,439	0	0	100.0	1.6

**(3) Financial Position**

	Total assets	Net assets	Unitholders' equity to total assets	Net assets per unit
	million yen	million yen	%	yen
13th fiscal period	175,445	91,696	52.3	499,369
12th fiscal period	176,300	91,812	52.1	499,998

**(4) Cash Flows**

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
13th fiscal period	3,562	(939)	(1,563)	14,584
12th fiscal period	2,810	(654)	(1,541)	13,524

**2. FORECAST OF RESULTS FOR THE 14th FISCAL PERIOD (January 1, 2013 to June 30, 2013)**

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

	Operating revenue		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
14th fiscal period	5,454	(3.1)	1,856	(1.3)	1,326	0.0	1,324	0.0

  

	Distribution per unit [excluding distribution in excess of earnings]		Distribution in excess of earnings per unit	
	yen		yen	
14th fiscal period	7,210		0	

[Reference] Estimated net income per unit for the 14th fiscal period: ¥7,210

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

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

**(2) Number of Investment Units Issued and Outstanding**

- (a) Number of investment units issued and outstanding (including own investment units) at end of period:
- 13th fiscal period: 183,625 units
- 12th fiscal period: 183,625 units
- (b) Number of own investment units at end of period:
- 13th fiscal period: 0 units
- 12th fiscal period: 0 units

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

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

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

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

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

For the preconditions and assumptions underlying the forecast of business results, matters of note in the use of the forecast of business results, and other matters of special note, please refer to “2. Asset Management Conditions; (2) Outlook of Next Fiscal Period; (b) Outlook of Business Results” on page 6.

## 1. Asset Management Policy

Disclosure is omitted because there are no significant changes from the “Investment Policy,” “Investment Target” and “Distribution Policy” presented in the most recent *yuka shoken hokokusho* (securities report) (submitted on September 27, 2012).

## 2. Asset Management Conditions

### (1) Overview of Fiscal Period under Review

#### (a) Brief Background to MID REIT

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

As of the end of the fiscal period under review (13th fiscal period: July 1, 2012 to December 31, 2012), the total number of investment units issued and outstanding was 183,625 investment units.

At the end of the 13th fiscal period, MID REIT’s portfolio comprised of 11 properties (however, excluding silent partnership interests) with the sum total of acquisition prices amounting to ¥160,010 million.

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

#### (b) Investment Environment and Management Performance

##### (i) Investment Environment

In the 13th fiscal period, building on demand stemming from reconstruction after the Great East Japan Earthquake backed by the effects of policies following the Great East Japan Earthquake, the Japanese economy saw strong public investment and housing construction. However, weak corporate earnings centering on the manufacturing industry against a backdrop of such factors as global economic slowdown led to weak economic momentum. In addition, the U.S. fiscal crisis and European debt crisis, among other factors, kept global economic uncertainty high and there are concerns of such as downside risks on the Japanese economy. The outlook continues to be uncertain due in part to such trends. On the other hand, the immediate environment is one in which there are signs of the sense of anticipation towards the new administration, which was formed in the House of Representatives election at the end of 2012, developing into a state of depreciation of the yen and high stock prices.

In the office building transaction market, building on the steady fund procurement environment, the market continues to be on a recovery trend. However, there continue to be extremely little information on prime properties. Under such circumstances, J-REITs were more proactively increasing capital through public offering and newly listing and property acquisitions were strong centering on transactions utilizing sponsor pipelines.

According to the Ministry of Land, Infrastructure, Transport and Tourism’s Land Price LOOK Report for the third quarter (July 1 to October 1) of 2012, the land price of intensively used land of major cities in Japan increased in 34 of the 150 districts, remained flat in 87 districts and decreased in 29 districts. The state of the number of districts with the land price increasing or remaining flat accounting for about 80% of the total indicates that the land price trend is continuing to take a turn from the downward trend. The Osaka area, which is MID REIT’s key investment region, also showed a similar trend. Although, in the Osaka Business Park (hereafter, the “OBP”), where MID REIT’s core properties are situated, transaction yields remained unchanged while rent levels were still weak, and the decreasing trend in land prices continued.

In the office leasing market, vacancy rates continued to improve in the business area of Osaka City, but the ongoing sense of economic uncertainty kept tenants still highly conscious of cost reductions and it is expected to require more time for rent levels to recover. In addition, it is necessary to closely monitor the impact of Umekita Grand Front Osaka, which is slated for completion in March 2013, on the supply-demand balance. Moreover, since the Great East Japan Earthquake, attention has been drawn to such property aspects as earthquake resistance performance and locational safety (including ground with high resistance against liquefaction, flooding and other disasters). This is further intensifying competition among individual properties.

##### (ii) Asset Management Performance

<Investment Performance>

MID REIT did not conduct any acquisitions of real estate, etc. during the 13th fiscal period, but did

complete the transfer of MID Shibakanasugibashi Building on September 25, 2012. As a result, MID REIT's portfolio at the end of the 13th fiscal period was comprised of 11 properties, the investment ratios (based on acquisition price) of which are distributed in terms of geographic region with 83.7% in the Osaka area and 16.3% in the Tokyo metropolitan area and other areas and are distributed in terms of property type with 82.0% being office buildings and 18.0% being retail facilities.

<Performance of Management of Portfolio Assets>

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

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

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

Among efforts made during the 13th fiscal period, MID REIT concluded a memorandum on October 31, 2012 to change a lease agreement on leased units with the tenant to which Twin 21 OBP Panasonic Tower is being leased in its entirety (Panasonic Corporation), based on which an agreement was reached to continue leasing the property in its entirety even after April 2013. Moreover, in addition to successfully attracting a tenant that operates rental conference rooms to Midosuji MID Building, MID REIT conducted renewal of rental conference rooms at Twin 21 and Matsushita IMP Building and thereby enhanced tenant satisfaction levels and convenience.

As a result of such efforts and completion of the transfer of MID Shibakanasugibashi Building on September 25, 2012, the occupancy rate for the entire portfolio was 97.6% as at the end of the 13th fiscal period, achieving a 0.6 percentage point increase compared with that at the end of the previous fiscal period to continue to maintain high occupancy.

(c) Overview of Fund Procurement

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

As at the end of the 13th fiscal period, MID REIT had a balance of borrowings from 13 financial institutions in the amount of ¥71,800 million. In the 13th fiscal period, in the refinancing of a ¥14,500 million long-term loan payable that became due for repayment (loan period: 3 years), MID REIT borrowed in different loan periods (3, 5 and 7 years) in an effort to stagger repayment dates and extend loan periods.

As of the end of the 13th fiscal period, the ratio of interest-bearing liabilities to total assets stands at 40.9%, 100.0% of loans payable are long-term loans payable (including current portion of long-term loans payable) and 72.8% of loans payable have fixed interest rates (including those for which interest rates have been fixed via interest rate swap agreements).

The following is the status of MID REIT's issuer ratings as of the end of the 13th fiscal period.

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

[Note] Rating and Investment Information, Inc. (R&I) changed MID REIT's issuer rating to the above on December 17, 2012.

(d) Overview of Business Performance and Distributions

As a result of the abovementioned asset management, MID REIT posted operating revenue of ¥5,628 million, operating income of ¥1,881 million, ordinary income of ¥1,325 million and net income of ¥1,323 million in its performance for the 13th fiscal period.

Concerning distributions, to ensure that distributions of retained earnings would be deductible for tax

purposes based on application of Article 67-15 of the Special Taxation Measures Law (Law No. 26 of 1957, including amendments thereto), MID REIT decided to distribute the entire amount of unappropriated retained earnings, excluding fractions of the distribution per unit that are less than ¥1. Accordingly, MID REIT declared a distribution per unit of ¥7,210.

## (2) Outlook of Next Fiscal Period

### (a) Future Asset Management Policy and Challenges to Address

#### (i) Internal Growth Strategy

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

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

As an initiative for discerning the needs and heightening the satisfaction levels of existing tenants, the Asset Management Company conducts a survey of satisfaction levels on the tenants of Twin 21 and other multi-tenant buildings in MID REIT's portfolio. Since the start of the survey with the first survey conducted in the 1st fiscal period, the survey has been conducted a total of seven times. Based on the results of analysis of the survey, adequate measures are formed and follow-up activities performed. In the most recent survey, on top of maintaining high ratings for "Ambience," "Effectiveness of facility management" and other items for which high ratings have been achieved from before, satisfaction levels are also improving for all rated items. In particular, ratings for "Security measures" are improving. With business continuity planning (BCP) consciousness also heightening among tenants, such results are thought to be a reflection of the fire / disaster prevention drills and disaster prevention measures being revalued.

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

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

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

##### <Strategy on Leasing to Attract New Tenants>

The OBP area, in which such buildings as MID REIT's core assets of Twin 21 and Matsushita IMP Building are situated, is a conglomerate business area adjacent to Osaka Castle Park and its lush greenery, and features outstanding access as it is within walking distance of six stations serving four railway lines, including one of Osaka's leading terminal stations Kyobashi Station. In addition to these locational advantages, the properties have spacious floor space and are able to secure ample parking space, exhibiting strong capacity to attract tenants. In addition, there have been announcements that, compared to other business areas in Osaka, the OBP area has high ground altitude and thus low risk of flooding and liquefaction, low expected seismic intensity in the event of a large-scale earthquake, etc. Based on these, the OBP area can be said to be a highly safe area as an office location. For Twin 21 and Matsushita IMP Building, initiatives are taken to attract new tenants, or proactive initiatives are taken to attract group companies or partners of existing tenants, by drawing on these properties' strength of being large office buildings situated in the OBP.

Moreover, initiatives are also taken at other portfolio assets to attract new tenants in line with the geographic region and size of the assets.

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

##### <Boost Property Competitiveness>

In view of maintaining and boosting property competitiveness, MID REIT upgrades facilities one after another. MID REIT will also carry out such initiatives as systematic upgrading that reflect tenant satisfaction survey results, matters pointed out and requested by tenants, etc.

##### <Address Energy Saving and CO<sub>2</sub> Reduction>



MID REIT will appropriately respond to the requests of society via CO<sub>2</sub> reduction efforts through such initiatives as introducing energy-saving facilities and equipment.

(ii) External Growth Strategy

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

Acquisitions of assets under management will proceed to be examined with a focus on office buildings in the Osaka area, but MID REIT will also consider acquiring and promote proactive gathering of information on properties deemed appropriate as an investment target in light of the location, size, etc. from among office buildings, etc. situated in the Tokyo metropolitan area, government-designated cities, etc.

Furthermore, the long-term target portfolio asset size is set at the ¥200.0 billion level (based on acquisition price). Moreover, the pipeline support from MID Urban Development Co., Ltd., etc. will continue to be proactively leveraged.

(iii) Financial Strategy

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

(b) Outlook of Business Results

MID REIT expects the following business results for its 14th fiscal period (January 1, 2013 to June 30, 2013). For the assumptions underlying the forecast of business results, please refer to the “Assumptions Regarding Business Results Forecasts for the 14th Fiscal Period (January 1, 2013 to June 30, 2013) and the 15th Fiscal Period (July 1, 2013 to December 31, 2013)” below.

Operating revenue	¥5,454 million
Operating income	¥1,856 million
Ordinary income	¥1,326 million
Net income	¥1,324 million
Distribution per unit	¥7,210
Distribution in excess of earnings per unit	¥0

The following are expected to be the primary factors for the difference from the 13th fiscal period.

(Decrease in operating revenue)

- Decrease in real estate rent revenue due in part to rent reduction at Twin 21 OBP Panasonic Tower

(Decrease in operating expenses)

- Decrease in utility expenses due to seasonal factors
- Decrease in insurance premiums due to cancellation of earthquake insurance coverage

In addition, assuming that the “Assumptions Regarding Business Results Forecasts for the 14th Fiscal Period (January 1, 2013 to June 30, 2013) and the 15th Fiscal Period (July 1, 2013 to December 31, 2013)” remain unchanged, MID REIT expects the following business results forecasts for its 15th fiscal period (July 1, 2013 to December 31, 2013).

Operating revenue	¥5,115 million
Operating income	¥1,601 million
Ordinary income	¥1,079 million
Net income	¥1,077 million
Distribution per unit	¥5,868
Distribution in excess of earnings per unit	¥0

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

(Decrease in operating revenue)

- Decrease in real estate rent revenue due in part to tenants moving out of Panasonic Osaka Kyobashi Building, etc.

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

Assumptions Regarding Business Results Forecasts  
for the 14th Fiscal Period (January 1, 2013 to June 30, 2013)  
and the 15th Fiscal Period (July 1, 2013 to December 31, 2013)

Item	Assumption(s)
Assets under management	<ul style="list-style-type: none"> <li>• Assumes there will be no changes (new property acquisition, sale of existing property, etc.) in MID REIT's assets under management from the 11 properties it owns as at December 31, 2012.</li> <li>• The actual assets under management may vary due to changes in the property portfolio and other factors.</li> </ul>
Operating revenue	<ul style="list-style-type: none"> <li>• Rent revenue (rent revenue – real estate) is calculated based on lease agreements effective as at December 31, 2012, with due consideration given to such factors as the market environment, the characteristics and market competitiveness of individual properties, status of individual tenants and recent deterioration of the real estate market.</li> <li>• Operating revenue is calculated assuming there are no tenant defaults or non-payments of rent by tenants.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>• Of the expenses related to rent business, which constitute a principal component of operating expenses, expenses other than depreciation and amortization are calculated based on historical data and reflecting seasonal and other factors that may cause fluctuations in expenses.</li> <li>• Property management fees in the amount of ¥686 million are expected for the 14th fiscal period and ¥652 million are expected for the 15th fiscal period.</li> <li>• Utility expenses in the amount of ¥504 million are expected for the 14th fiscal period and ¥589 million are expected for the 15th fiscal period.</li> <li>• Property taxes, etc. in the amount of ¥523 million are expected for the 14th fiscal period and ¥523 million are expected for the 15th fiscal period.</li> <li>• The amount expected to be necessary for building repair costs in the respective fiscal period is recorded as expenses. MID REIT expects repair costs for the 14th fiscal period will be ¥58 million less than the 13th fiscal period to amount to ¥145 million. Furthermore, please note that actual repair costs may differ significantly from the forecasted amounts due to various reasons, including repair costs possibly arising from damages, etc. to buildings due to unexpected causes.</li> <li>• Depreciation and amortization are calculated based on the straight-line method inclusive of associated costs and future additional capital expenditures. MID REIT estimates ¥1,092 million for the 14th fiscal period and ¥1,102 million for the 15th fiscal period.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>• Interest expenses of ¥421 million are expected for the 14th fiscal period and ¥420 million are expected for the 15th fiscal period.</li> <li>• Borrowing related expenses of ¥109 million are expected for the 14th fiscal period and ¥103 million are expected for the 15th fiscal period.</li> </ul>
Interest-bearing liabilities	<ul style="list-style-type: none"> <li>• Assumes the balance of interest-bearing liabilities outstanding will be ¥71,675 million at the end of the 14th fiscal period and ¥71,550 million at the end of the 15th fiscal period.</li> <li>• Assumes the scheduled repayment in the 15th fiscal period of ¥125 million (due for repayment on July 31, 2013) will be repaid using cash reserves.</li> <li>• Assumes the loans payable due for repayment in the 15th fiscal period of ¥11,000 million (due for repayment on July 31, 2013) and ¥17,500 million (due for repayment on July 31, 2013) will be refinanced in the same amount.</li> </ul>
Number of investment units issued and outstanding	<ul style="list-style-type: none"> <li>• Assumes the number of investment units issued and outstanding will be the 183,625 units as at December 31, 2012 and no additional investment units will be issued through to December 31, 2013.</li> </ul>
Distribution per unit	<ul style="list-style-type: none"> <li>• Distribution per unit is calculated assuming the cash distribution policy set forth in the Articles of Incorporation of MID REIT.</li> <li>• Distribution per unit could change due to various factors, including changes in assets under management, fluctuations in rent income associated with tenant changes, etc., incurrence of unexpected repairs, fluctuations in interest rates, and the issuance of additional investment units.</li> </ul>
Distribution in excess of earnings per unit	<ul style="list-style-type: none"> <li>• Assumes there will be no cash distributions in excess of earnings (distributions in excess of earnings per unit).</li> </ul>
Other	<ul style="list-style-type: none"> <li>• Assumes no changes will be made to laws, the tax system, accounting standards, listing regulations, rules of The Investment Trusts Association, Japan, etc. affecting the aforementioned forecasts.</li> <li>• Assumes there will be no major and unforeseen changes in general economic trends, real estate market conditions, etc.</li> </ul>

### 3. Investment Risks

Disclosure is omitted because there are no significant changes from the “Investment Risks” presented in the most recent *yuka shoken hokokusho* (securities report) (submitted on September 27, 2012).

## 4. Financial Statements

## (1) Balance Sheets

	[Unit: thousand yen]	
	12th Fiscal Period [as of June 30, 2012]	13th Fiscal Period [as of Dec. 31, 2012]
Assets		
Current assets		
Cash and deposits	10,093,427	11,263,384
Cash and deposits in trust	5,507,893	5,398,384
Operating accounts receivable	138,826	135,418
Prepaid expenses	33,994	23,963
Deferred tax assets	30	28
Total current assets	15,774,173	16,821,179
Noncurrent assets		
Property, plant and equipment		
Buildings in trust	61,498,176	61,293,434
Accumulated depreciation	(11,127,681)	(12,069,744)
Buildings in trust, net	50,370,495	49,223,689
Structures in trust	109,184	111,384
Accumulated depreciation	(12,894)	(14,650)
Structures in trust, net	96,289	96,733
Tools, furniture and fixtures in trust	399,319	421,439
Accumulated depreciation	(144,546)	(170,464)
Tools, furniture and fixtures in trust, net	254,773	250,974
Land in trust	109,210,052	108,456,074
Construction in progress in trust	1,995	1,995
Total property, plant and equipment	159,933,605	158,029,467
Intangible assets		
Software	1,127	1,010
Right of trademark	800	736
Total intangible assets	1,928	1,747
Investments and other assets		
Investment securities	182,836	172,970
Lease and guarantee deposits	10,000	10,000
Long-term prepaid expenses	398,400	410,317
Total investments and other assets	591,236	593,288
Total noncurrent assets	160,526,771	158,624,503
Total assets	176,300,944	175,445,682



	[Unit: thousand yen]	
	12th Fiscal Period [as of June 30, 2012]	13th Fiscal Period [as of Dec. 31, 2012]
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	292,723	366,622
Current portion of long-term loans payable	14,750,000	28,750,000
Accounts payable – other	721,732	700,761
Accrued expenses	138,277	129,984
Distribution payable	9,956	9,679
Income taxes payable	1,347	1,276
Accrued consumption taxes	26,177	44,686
Advances received	688,775	592,579
Other	353,117	838,944
Total current liabilities	16,982,108	31,434,535
Noncurrent liabilities		
Long-term loans payable	57,175,000	43,050,000
Tenant leasehold and security deposits	8,202,676	7,130,640
Tenant leasehold and security deposits in trust	2,128,867	2,133,868
Total noncurrent liabilities	67,506,543	52,314,509
Total liabilities	84,488,652	83,749,044
<b>Net assets</b>		
Unitholders' equity		
Unitholders' capital	90,372,613	90,372,613
Surplus		
Unappropriated retained earnings (undisposed loss)	1,439,678	1,324,023
Total surplus	1,439,678	1,324,023
Total unitholders' equity	91,812,292	91,696,637
Total net assets	91,812,292	91,696,637
Total liabilities and net assets	176,300,944	175,445,682

## (2) Statements of Income

	[Unit: thousand yen]	
	12th Fiscal Period	13th Fiscal Period
	[Jan. 1, 2012 to June 30, 2012]	[July 1, 2012 to Dec. 31, 2012]
Operating revenue		
Rent revenue – real estate	5,338,522	5,113,863
Other lease business revenue	378,686	437,028
Gain on sales of real estate properties	–	77,680
Total operating revenue	5,717,208	5,628,572
Operating expenses		
Expenses related to rent business	3,065,426	3,194,486
Asset management fee	428,981	422,368
Asset custody fee	8,801	8,799
Administrative service fees	44,460	44,793
Directors' compensations	9,500	5,700
Other operating expenses	87,823	71,241
Total operating expenses	3,644,993	3,747,390
Operating income	2,072,215	1,881,182
Non-operating income		
Interest income	1,618	1,609
Reversal of distribution payable	1,744	1,587
Property taxes refund	15,337	–
Other	0	–
Total non-operating income	18,699	3,197
Non-operating expenses		
Interest expenses	446,473	432,376
Borrowing related expenses	202,872	126,291
Other	255	196
Total non-operating expenses	649,601	558,864
Ordinary income	1,441,313	1,325,514
Extraordinary income		
Subsidy income	–	4,914
Total extraordinary income	–	4,914
Extraordinary loss		
Loss on reduction of noncurrent assets	–	4,864
Total extraordinary losses	–	4,864
Income before income taxes	1,441,313	1,325,564
Income taxes – current	1,670	1,597
Income taxes – deferred	1	1
Total income taxes	1,671	1,599
Net income	1,439,642	1,323,965
Retained earnings brought forward	36	58
Unappropriated retained earnings (undisposed loss)	1,439,678	1,324,023

## (3) Statements of Cash Flows

	[Unit: thousand yen]	
	12th Fiscal Period	13th Fiscal Period
	[Jan. 1, 2012 to June 30, 2012]	[July 1, 2012 to Dec. 31, 2012]
Net cash provided by (used in) operating activities		
Income before income taxes	1,441,313	1,325,564
Depreciation and amortization	1,077,435	1,089,361
Amortization of long-term prepaid expenses	207,388	126,053
Interest income	(1,618)	(1,609)
Interest expenses	446,473	432,376
Loss on retirement of noncurrent assets	60,666	29,103
Subsidy income	—	(4,914)
Loss on reduction of noncurrent assets	—	4,864
Decrease (increase) in operating accounts receivable	1,443	3,408
Increase (decrease) in accrued consumption taxes	3,437	18,509
Increase (decrease) in operating accounts payable	8,700	73,898
Increase (decrease) in advances received	2,569	(96,196)
Decrease (increase) in prepaid expenses	35,749	10,031
Decrease (increase) in long-term prepaid expenses	—	(137,970)
Decrease from sales of property, plant and equipment in trust	—	1,124,682
Other	(30,681)	6,509
Subtotal	3,252,876	4,003,672
Interest income received	1,618	1,609
Interest expenses paid	(442,534)	(440,669)
Income taxes paid	(1,638)	(1,668)
Net cash provided by (used in) operating activities	2,810,322	3,562,943
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment in trust	(599,374)	(338,005)
Purchase of intangible assets	(1,166)	—
Proceeds from tenant leasehold and security deposits	50,180	108,951
Proceeds from tenant leasehold and security deposits in trust	102,670	100,296
Repayments of tenant leasehold and security deposits	(153,194)	(720,048)
Repayments of tenant leasehold and security deposits in trust	(50,180)	(95,295)
Payments for deposits in trust for tenant leasehold and security deposits in trust	(3,374)	—
Proceeds from subsidy	—	4,914
Net cash provided by (used in) investing activities	(654,438)	(939,187)
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	—	14,500,000
Repayment of long-term loans payable	(125,000)	(14,625,000)
Dividends paid	(1,416,102)	(1,438,309)
Net cash provided by (used in) financing activities	(1,541,102)	(1,563,309)
Net increase (decrease) in cash and cash equivalents	614,782	1,060,447
Cash and cash equivalents at beginning of period	12,909,486	13,524,269
Cash and cash equivalents at end of period	13,524,269	14,584,716

## 5. Real Estate for Investment

The following summarizes the assets (11 properties) owned by MID REIT as of December 31, 2012

Use	Region [Note 1]	Property		Type of Asset	Acquisition Price [Note 2] [million yen]	Book Value [Note 3] [million yen]	Appraisal Value [Note 4] [million yen]	Appraisal Company [Note 5]	Investment Ratio [Note 6] [%]	Collateral [Note 7]
		No.	Name							
Office Building	Osaka area	1	Twin 21 [Note 8]	Trust beneficiary interest	68,700	68,770	47,200	Morii	42.9	None
		2	Matsushita IMP Building		24,600	23,789	18,800	Tanizawa	15.4	None
		3	Panasonic Osaka Kyobashi Building		7,620	7,436	4,080	Morii	4.8	None
		4	Midosuji MID Building		8,290	8,833	6,790	Tanizawa	5.2	None
		5	MID REIT Kyobashi Building		2,300	2,192	1,260	Tanizawa	1.4	None
		10	MID Imabashi Building		3,270	3,276	2,270	Tanizawa	2.0	None
		11	MID Midosujikawaramachi Building		2,000	1,971	1,360	Tanizawa	1.2	None
		12	Kitahama MID Building		10,800	10,749	8,210	JREI	6.7	None
		13	MID Nishihommachi Building		3,550	3,480	2,060	JREI	2.2	None
		Subtotal						131,130	130,500	92,030
Retail Facility	Osaka area	8	Konami Sports Club Kyobashi	Trust beneficiary interest	2,780	2,560	2,850	Daiwa	1.7	None
	Other	9	AEON MALL Tsudanuma		26,100	24,966	24,400	Daiwa	16.3	None
	Subtotal						28,880	27,526	27,250	
Total					160,010	158,027	119,280		100.0	

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

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

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

[Note 4] “Appraisal Value” is the appraisal value at the end of the fiscal period based on the appraisal report with December 31, 2012 as the date of the value opinion prepared by Morii Appraisal & Investment Consulting, Inc., Tanizawa Sogo Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd. or Japan Real Estate Institute pursuant to the Regulations Concerning Accounting of Investment Corporations, methods and criteria for asset valuation defined in MID REIT’s Articles of Incorporation and rules of The Investment Trusts Association, Japan.

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

Tanizawa: Tanizawa Sogo Appraisal Co., Ltd.

JREI: Japan Real Estate Institute

Daiwa: Daiwa Real Estate Appraisal Co., Ltd.

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

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

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

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

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