

**For Translation Purpose Only****REIT Financial Report for the 16th Fiscal Period (January 1, 2014 to June 30, 2014)**

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

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Executive Director

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

[Monetary amounts in million yen are rounded down]

**1. PERFORMANCE FOR THE 16th FISCAL PERIOD (January 1, 2014 to June 30, 2014)****(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	%
16th fiscal period	5,157	(2.1)	1,614	(2.2)	1,161	(1.3)	1,160	(1.3)
15th fiscal period	5,265	(3.5)	1,650	155.2	1,177	—	1,175	—

	Net income per unit	Net income to unitholders' equity	Ordinary income to total assets	Ordinary income to operating revenue
	yen	%	%	%
16th fiscal period	6,318	1.3	0.7	22.5
15th fiscal period	6,403	1.3	0.7	22.4

**(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]	[excluding distribution in excess of earnings]	per unit	in excess of earnings	ratio	to net assets
	yen	million yen	yen	million yen	%	%
16th fiscal period	6,318	1,160	0	0	100.0	1.3
15th fiscal period	6,404	1,175	0	0	100.0	1.3

**(3) Financial Position**

	Total assets	Net assets	Unitholders' equity to total assets	Net assets per unit
	million yen	million yen	%	yen
16th fiscal period	168,762	91,532	54.2	498,477
15th fiscal period	168,939	91,548	54.2	498,563

**(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
16th fiscal period	2,494	(499)	(1,296)	12,449
15th fiscal period	2,427	(2,317)	(6,230)	11,751

## 2. FORECASTS OF RESULTS FOR THE 17th FISCAL PERIOD (July 1, 2014 to December 31, 2014) and 18th FISCAL PERIOD (January 1, 2015 to June 30, 2015)

[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	%
17th fiscal period	5,175	0.3	1,519	(5.8)	1,067	(8.2)	1,065	(8.2)
18th fiscal period	5,166	(0.2)	1,511	(0.6)	1,067	(0.0)	1,065	(0.0)

	Distribution per unit [excluding distribution in excess of earnings]		Distribution in excess of earnings per unit	
	yen		yen	
17th fiscal period	5,800		0	
18th fiscal period	5,800		0	

[Reference] Estimated net income per unit for the 17th fiscal period: ¥5,800

Estimated net income per unit for the 18th fiscal period: ¥5,800

### 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:
- 16th fiscal period: 183,625 units
- 15th fiscal period: 183,625 units
- (b) Number of own investment units at end of period:
- 16th fiscal period: 0 units
- 15th 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 March 25, 2014).

## 2. Asset Management Conditions

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

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

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

As of the end of the fiscal period under review (16th fiscal period: January 1, 2014 to June 30, 2014), the total number of investment units issued and outstanding was 183,625 investment units.

As of the end of the 16th fiscal period, MID REIT’s portfolio comprised of 12 properties with the sum total of acquisition prices amounting to ¥157,670 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 16th fiscal period, with the continuous trend of yen depreciation and high stock price as well as improving corporate performances against the backdrop of the government’s economic measures and monetary easing measures, the Japanese economy saw a mild increase in capital investment. Employment situations are steadily improving and consumer spending has started to rally after a temporary backlash decrease in consumption after the consumption tax hike, leading to a mild recovery trend. Going forward, while there are concerns with regard to the risk of rising long-term interest rates and the impact that the downswing of overseas economies may have on the Japanese economy, a definite progression of economic recovery is expected as investment sentiment is picking up amidst improvements in the sales and revenues of corporations.

In the real estate investment market, backed by a favorable financial and capital environment, active property acquisitions by J-REITs in line with new listings and capital increase through public offerings continued to take place. Acquisition activities by overseas investors and corporate owners are also robust, and transaction yields are on a declining trend with the foreseen signs of recovery in the leasing market and anticipation for future rise in real estate prices, etc. Given such market trends, the transaction volume in the real estate investment market in Osaka is also increasing.

According to the Ministry of Land, Infrastructure, Transport and Tourism’s Land Price LOOK Report for the first quarter (January 1 to April 1) of 2014, the land price of intensively used land of major cities in Japan increased in 119 of the 150 districts, remained flat in 27 districts and decreased in 4 districts. The state of the number of districts with the land price increasing or remaining flat accounting for about 97% of the total indicates that the land price trend is continuing to take a turn toward an upward trend. As to the Osaka Business Park (hereafter, the “OBP”), where MID REIT’s core properties are situated, transaction yields and land prices remained unchanged.

In the office leasing market, vacancy rates improved centering on urban areas due to improving business sentiment, and signs of rent level bottoming out were observed.

In the office leasing market in Osaka, the vacancy rate for the business areas of Osaka City is on a recovery trend as evidenced by Abeno Harukas, which fully opened in March 2014, having been 90% occupied at the time of its completion, while the large office rental property Grand Front Osaka still has some vacancies. Furthermore, office relocations seeking better locations and environments continue to be seen, resulting in increased opportunities for contracts with new tenants. Going forward, although it will take some time for the rent level to rise, vacancies are likely to be steadily absorbed and the vacancy rate is expected to improve since new large scale supply is limited.

## (ii) Asset Management Performance

## &lt;Investment Performance&gt;

During the 16th fiscal period, MID REIT did not acquire or sell any real estate, etc.

MID REIT's portfolio as of the end of the 16th fiscal period was comprised of 12 properties, the investment ratios (based on acquisition price) of which are distributed in terms of geographic region with 82.0% in the Osaka area and 18.0% in the Tokyo metropolitan area and other areas and are distributed in terms of property type with 80.2% being office buildings and 19.8% being others.

## &lt;Performance of Management of Portfolio Assets&gt;

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") thereby striving to maintain and enhance occupancy rates.

In the fiscal period under review, there were proactive activities of tenants for reasons of consolidating offices and improving locations, and MID REIT was able to improve the occupancy rate to 98.0%, up 1.9 points from the end of the previous fiscal period, through the securing of new tenants.

In particular, as a result of engaging in attraction of tenants to Matsushita IMP Building's floors which were vacated by a major tenant at the end of March 2013 as the issue of utmost importance, MID REIT successfully brought in a major tenant which now occupies three floors worth of space (4,428.84 m<sup>2</sup>), more than the space which had been vacated. As a result, the occupancy rate of Matsushita IMP Building at the end of the 16th fiscal period improved to 96.9%.

In terms of building management, the satisfaction and convenience of existing tenants were increased at Twin 21 as well as aiming to increase the property's competitiveness to attract new tenants through the ongoing renewal of the interior and sanitary facilities of standard floor common areas to maintain and increase the asset value and strengthen competitiveness.

## (c) Overview of Fund Procurement

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

As of the end of the 16th fiscal period, MID REIT had a balance of borrowings from 13 financial institutions in the amount of ¥65,425 million.

As of the end of the 16th fiscal period, the ratio of interest-bearing liabilities to total assets stands at 38.8%, 100.0% of loans payable are long-term loans payable (including current portion of long-term loans payable) and 62.7% 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 16th fiscal period.

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

## (d) Overview of Business Performance and Distributions

As a result of the abovementioned asset management, MID REIT posted operating revenue of ¥5,157 million, operating income of ¥1,614 million, ordinary income of ¥1,161 million and net income of ¥1,160 million in its performance for the 16th fiscal period.

Concerning distributions, to ensure that distributions of retained earnings would be deductible for tax purposes based on application of Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, including amendments thereto) (hereafter, the "Act on Special Measures Concerning Taxation"), MID REIT decided to distribute the entire amount of unappropriated retained earnings, excluding fractions of the distribution per unit that are less than ¥1. Accordingly, MID REIT declared a distribution per unit of ¥6,318.

(2) Outlook of Next Fiscal Period

(a) Future Asset Management Policy and Challenges to Address

(i) Internal Growth Strategy

In the Osaka office rental market, which is MID REIT's main investment target, while there can be seen an improvement in the vacancy rate as well as a comeback of office demand and such, more time is expected to be required for rent to increase upon rent renewal.

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

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

As an initiative for discerning the needs and heightening the satisfaction levels of existing tenants, the Asset Management Company conducts a survey of satisfaction levels on the tenants of Twin 21 and other multi-tenant buildings in MID REIT's portfolio. 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. Such efforts have resulted in increasing praise with regard to the "enhancement of common areas," and MID REIT believes that it is able to increase the satisfaction and convenience of existing tenants through the renewal of the interior and sanitary equipment of common areas of a standard floor at Twin 21, a major asset of MID REIT, which has been ongoing from the previous fiscal period.

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

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

<Strategy on Leasing to Attract New Tenants>

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

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

Furthermore, MID REIT launched a PR strategy on July 1, 2014 aiming to enhance the value of the OBP area. MID REIT believes that the targeted office workers at companies in Osaka and major companies' Kansai branches will rediscover the benefits of the OBP area through such PR strategy, leading to the maintenance and enhancement of the competitiveness of Twin 21 and Matsushita IMP Building as well as to the leasing to new tenants, etc.

Moreover, initiatives are also taken at other portfolio assets such as Higobashi MID Building to attract new tenants by making proposals in line with tenant size and needs amid the recovering office leasing market.

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

<Enhance Property Competitiveness>

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

<Address Energy Saving and 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.

As of the end of the 16th fiscal period, Twin 21, Matsushita IMP Building, Kitahama MID Building and Higobashi MID Building, have received “Silver 2013” rank under DBJ Green Building Certification by Development Bank of Japan Inc. Moreover, Higobashi MID Building has received the rank of “A Class” by the City of Osaka’s Comprehensive Assessment System for Building Environmental Efficiency (CASBEE Osaka) in February 2010, which is a tool for comprehensive assessment and rating of not only consideration for the environment, such as use of energy-conserving and low-environmental-load resources and materials, but also consideration for the indoor and outdoor built environment and other building quality and performance.

Furthermore, as part of the OBP renovation project, the “technological demonstration concerning power supply systems utilizing corporate-owned electric vehicles (hereafter, “EVs” and plug-in hybrid vehicles (hereafter, “PHVs”))” (a fiscal 2013 next-generation energy technology demonstration project employed by the Ministry of Economy, Trade and Industry as of June 14, 2013) planned by the Osaka Business Park Development Council, Kansai Electric Power, the sponsor MID Urban Development and others was launched on July 1, 2014 at Matsushita IMP Building. This is a demonstration experiment with the purpose of the construction of a system that can level the charge load of EVs under normal circumstances, apply electric peak cuts utilizing the batteries of EVs and PHVs and supply power in times of disasters, assuming that automobiles owned by companies in the OBP area will transition to EVs and PHVs to realize a low-carbon society, and MID REIT is cooperating with the project in view of its “benefits for the public” and “expectations for increased attention on the OBP area.”

(ii) External Growth Strategy

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

Acquisitions of assets under management will proceed to be examined with a focus on office buildings in the Osaka area, but MID REIT will also proceed to proactively examine with a view to acquiring properties deemed appropriate as an investment target in light of the location, size, etc. from a range of areas and asset types in the Tokyo metropolitan area, government-designated cities, and others. Furthermore, the long-term target portfolio asset size is set at the ¥200 billion level (based on acquisition price). Moreover, the pipeline support from MID Urban Development will continue to be proactively leveraged.

(iii) Financial Strategy

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

(b) Outlook of Business Results

MID REIT expects the following business results for its 17th fiscal period (July 1, 2014 to December 31, 2014). For the assumptions underlying the forecast of business results, please refer to the “Assumptions Regarding Business Results Forecasts for the 17th Fiscal Period (July 1, 2014 to December 31, 2014) and the 18th Fiscal Period (January 1, 2015 to June 30, 2015)” below.

Operating revenue	¥5,175 million
Operating income	¥1,519 million
Ordinary income	¥1,067 million
Net income	¥1,065 million
Distribution per unit	¥5,800
Distribution in excess of earnings per unit	¥0

In addition, assuming that the “Assumptions Regarding Business Results Forecasts for the 17th fiscal period (July 1, 2014 to December 31, 2014) and the 18th Fiscal Period (January 1, 2015 to June 30, 2015)” remain unchanged, MID REIT expects the following business results forecasts for its 18th Fiscal Period (January 1, 2015 to June 30, 2015).

Operating revenue	¥5,166 million
Operating income	¥1,511 million
Ordinary income	¥1,067 million
Net income	¥1,065 million
Distribution per unit	¥5,800
Distribution in excess of earnings per unit	¥0

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

Assumptions Regarding Business Results Forecasts  
for the 17th Fiscal Period (July 1, 2014 to December 31, 2014) and the  
18th Fiscal Period (January 1, 2015 to June 30, 2015)

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 12 properties it owns as at June 30, 2014.</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 June 30, 2014 with due consideration given to such factors as the market environment, the characteristics and market competitiveness of individual properties, status of individual tenants.</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 ¥650 million are expected for the 17th fiscal period and ¥663 million are expected for the 18th fiscal period.</li> <li>• Utility expenses in the amount of ¥656 million are expected for the 17th fiscal period and ¥553 million are expected for the 18th fiscal period.</li> <li>• Property taxes, etc. in the amount of ¥527 million are expected for the 17th fiscal period and ¥527 million are expected for the 18th 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 17th fiscal period will be ¥53 million less than the 16th fiscal period to amount to ¥109 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 ¥1,134 million for the 17th fiscal period and ¥1,141 million for the 18th fiscal period.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>• Interest expenses of ¥364 million are expected for the 17th fiscal period and ¥356 million are expected for the 18th fiscal period.</li> <li>• Borrowing related expenses of ¥89 million are expected for the 17th fiscal period and ¥89 million are expected for the 18th fiscal period.</li> </ul>
Interest-bearing liabilities	<ul style="list-style-type: none"> <li>• Assumes the balance of interest-bearing liabilities outstanding will be ¥65,300 million at the end of the 17th fiscal period and ¥65,175 million at the end of the 18th fiscal period.</li> <li>• Assumes the scheduled repayment in the 18th fiscal period of ¥125 million (due for repayment on January 30, 2015) will be repaid using cash reserves.</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 June 30, 2014 and no additional investment units will be issued through to June 30, 2015.</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 March 25, 2014).



## 4. Financial Statements

## (1) Balance Sheets

	[Unit: thousand yen]	
	15th Fiscal Period	16th Fiscal Period
	[as of December 31, 2013]	[as of June 30, 2014]
Assets		
Current assets		
Cash and deposits	7,869,117	8,951,990
Cash and deposits in trust	5,961,132	5,502,756
Operating accounts receivable	118,801	129,557
Prepaid expenses	22,166	12,405
Deferred tax assets	27	26
Total current assets	13,971,244	14,596,737
Noncurrent assets		
Property, plant and equipment		
Buildings in trust	63,565,514	63,932,895
Accumulated depreciation	(13,612,976)	(14,700,917)
Buildings in trust, net	49,952,538	49,231,977
Structures in trust	107,849	108,687
Accumulated depreciation	(16,981)	(18,724)
Structures in trust, net	90,868	89,962
Machinery and equipment in trust	7,916	7,916
Accumulated depreciation	(408)	(736)
Machinery and equipment in trust, net	7,507	7,179
Tools, furniture and fixtures in trust	448,423	489,649
Accumulated depreciation	(232,439)	(267,536)
Tools, furniture and fixtures in trust, net	215,984	222,112
Land in trust	104,273,346	104,273,346
Total property, plant and equipment	154,540,245	153,824,579
Intangible assets		
Software	777	660
Right of trademark	608	544
Total intangible assets	1,386	1,205
Investments and other assets		
Lease and guarantee deposits	10,000	10,000
Long-term prepaid expenses	416,898	329,956
Total investments and other assets	426,898	339,956
Total noncurrent assets	154,968,530	154,165,741
Total assets	168,939,774	168,762,479

	[Unit: thousand yen]	
	15th Fiscal Period	16th Fiscal Period
	[as of December 31, 2013]	[as of June 30, 2014]
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	243,224	262,662
Current portion of long-term loans payable	14,050,000	14,050,000
Accounts payable – other	736,300	645,337
Accrued expenses	112,138	111,046
Distribution payable	8,008	11,095
Income taxes payable	1,216	1,223
Accrued consumption taxes	23,278	100,272
Advances received	674,381	713,800
Other	410,404	428,221
Total current liabilities	16,258,951	16,323,659
Noncurrent liabilities		
Long-term loans payable	51,500,000	51,375,000
Tenant leasehold and security deposits	7,371,830	7,517,704
Tenant leasehold and security deposits in trust	2,260,332	2,013,239
Total noncurrent liabilities	61,132,163	60,905,943
Total liabilities	77,391,115	77,229,602
<b>Net assets</b>		
Unitholders' equity		
Unitholders' capital	90,372,613	90,372,613
Surplus		
Unappropriated retained earnings (undisposed loss)	1,176,045	1,160,263
Total surplus	1,176,045	1,160,263
Total unitholders' equity	91,548,659	91,532,877
Total net assets	91,548,659	91,532,877
Total liabilities and net assets	168,939,774	168,762,479

## (2) Statements of Income

	[Unit: thousand yen]	
	15th Fiscal Period	16th Fiscal Period
	[July 1, 2013 to Dec. 31, 2013]	[Jan. 1, 2014 to June 30, 2014]
Operating revenue		
Rent revenue – real estate	4,858,597	4,795,497
Other lease business revenue	407,375	362,030
Total operating revenue	5,265,973	5,157,527
Operating expenses		
Expenses related to rent business	2,979,848	3,023,451
Loss on liquidation of silent partnership interests	116,946	–
Asset management fee	409,395	399,023
Asset custody fee	8,440	8,344
Administrative service fees	35,406	41,528
Directors' compensations	5,700	5,700
Other operating expenses	59,967	65,412
Total operating expenses	3,615,704	3,543,460
Operating income	1,650,269	1,614,067
Non-operating income		
Interest income	1,690	1,812
Reversal of distribution payable	900	1,132
Other	559	–
Total non-operating income	3,149	2,944
Non-operating expenses		
Interest expenses	382,045	365,425
Borrowing related expenses	93,722	89,646
Other	190	195
Total non-operating expenses	475,958	455,268
Ordinary income	1,177,460	1,161,744
Income before income taxes	1,177,460	1,161,744
Income taxes – current	1,559	1,591
Income taxes – deferred	2	0
Total income taxes	1,562	1,591
Net income	1,175,898	1,160,152
Retained earnings brought forward	146	110
Unappropriated retained earnings (undisposed loss)	1,176,045	1,160,263

## (3) Statements of Cash Flows

	[Unit: thousand yen]	
	15th Fiscal Period	16th Fiscal Period
	[July 1, 2013 to Dec. 31, 2013]	[Jan. 1, 2014 to June 30, 2014]
Net cash provided by (used in) operating activities		
Income before income taxes	1,177,460	1,161,744
Depreciation and amortization	1,107,822	1,127,133
Amortization of long-term prepaid expenses	91,235	86,941
Interest income	(1,690)	(1,812)
Interest expenses	382,045	365,425
Loss on retirement of noncurrent assets	1,755	7,511
Decrease (increase) in operating accounts receivable	6,026	(10,756)
Decrease (increase) in consumption taxes refund receivable	70,474	—
Increase (decrease) in accrued consumption taxes	23,278	76,993
Increase (decrease) in operating accounts payable	(47,296)	19,438
Increase (decrease) in advances received	8,465	39,419
Decrease (increase) in prepaid expenses	(9,059)	9,760
Decrease (increase) in long-term prepaid expenses	(206,640)	—
Decrease from liquidation of silent partnership interests	162,757	—
Other	57,589	(21,407)
Subtotal	2,824,224	2,860,391
Interest income received	1,690	1,812
Interest expenses paid	(396,667)	(366,517)
Income taxes paid	(1,565)	(1,584)
Net cash provided by (used in) operating activities	2,427,681	2,494,101
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment in trust	(2,471,141)	(520,181)
Proceeds from tenant leasehold and security deposits	354,768	357,374
Proceeds from tenant leasehold and security deposits in trust	376,233	110,281
Repayments of tenant leasehold and security deposits	(222,850)	(162,989)
Repayments of tenant leasehold and security deposits in trust	(354,768)	(357,374)
Proceeds from withdrawal of deposits in trust for tenant leasehold and security deposits in trust	—	73,471
Net cash provided by (used in) investing activities	(2,317,758)	(499,417)
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	22,500,000	—
Repayment of long-term loans payable	(28,625,000)	(125,000)
Dividends paid	(105,051)	(1,171,715)
Net cash provided by (used in) financing activities	(6,230,051)	(1,296,715)
Net increase (decrease) in cash and cash equivalents	(6,120,128)	697,969
Cash and cash equivalents at beginning of period	17,871,337	11,751,208
Cash and cash equivalents at end of period	11,751,208	12,449,177

## 5. Real Estate for Investment

The following summarizes the assets (12 properties) owned by MID REIT as of June 30, 2014

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	67,988	46,500	Morii	43.6	None
		2	Matsushita IMP Building		24,600	23,315	17,700	Tanizawa	15.6	None
		4	Midosuji MID Building		8,290	8,661	6,850	Tanizawa	5.3	None
		5	MID REIT Kyobashi Building		2,300	2,170	1,360	Tanizawa	1.5	None
		10	MID Imabashi Building		3,270	3,240	2,220	Tanizawa	2.1	None
		11	MID Midosujikawaramachi Building		2,000	1,961	1,390	Tanizawa	1.3	None
		12	Kitahama MID Building		10,800	10,633	8,230	JREI	6.8	None
		13	MID Nishihommachi Building		3,550	3,437	2,120	JREI	2.3	None
		14	Higobashi MID Building		3,000	2,992	3,140	JREI	1.9	None
		Subtotal					126,510	124,401	89,510	
Other	Osaka area	8	Konami Sports Club Kyobashi	Trust beneficiary interest	2,780	2,506	3,020	Daiwa	1.8	None
	Other	9	AEON MALL Tsudanuma		26,100	24,640	25,500	Daiwa	16.6	None
		15	Dormy Inn Hakata Gion		2,280	2,276	2,600	Tanizawa	1.4	None
	Subtotal					31,160	29,423	31,120		19.8
Total				157,670	153,824	120,630		100.0		

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

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

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

[Note 4] "Appraisal Value" is the appraisal value at the end of the fiscal period based on the appraisal report with June 30, 2014 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.