



January 30, 2007

**For Translation Purpose Only**

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### **Notice Regarding Acquisition of Property (MID Imabashi Building)**

MID REIT, Inc. (hereafter “MID REIT”) today acquired the following property, detailed below.

#### 1. Acquisition Overview

- (1) Assets acquired: Trust beneficiary interest in entrusted real estate (trust beneficiary interest in real estate)
  - (2) Property name: MID Imabashi Building
  - (3) Location: 2-3-16 Imabashi, Chuo-ku, Osaka (indicated for residence)
  - (4) Acquisition price: ¥3,270 million  
(Excludes various acquisition expenses, property taxes, city planning taxes, consumption taxes, etc.)
  - (5) Contract date: January 30, 2007
  - (6) Acquisition completion date: April 3, 2007
  - (7) Buyer: Grimsby Asset TMK Limited (See “4. Acquisition Overview” below)
  - (8) Acquisition funding: Private funding
- The aforementioned property to be acquired is referred to hereinafter as “the Property.”

#### 2. Reason for Acquisition

The acquisition is being made to enhance Mid Reit’s property portfolio in accordance with the targeted assets and investment policies stipulated in its articles of incorporation.

In addition, the following points were evaluated in the decision to acquire this property.

##### (1) Location

Located between Midosuji and Sakaisuji, two major Osaka transportation arteries and a five-minute walk from Yodoyabashi Station on the Midosuji Line of the Osaka Municipal Subway and the private Keihan (train) Line, and only a three-minute walk from Kitahama Station on the Keihan Line, the Property offers unparalleled transportation access. The area surrounding the Property is made up of mid-to-high-rise office buildings and is a

business environs that features the Yodoyabashi area, which includes a branch office of the Bank of Japan and main and branch offices of various banks. The Kitahama area, where the Osaka Securities Exchange and the head offices of numerous securities companies are located, is also nearby. The area fulfills the needs of just such tenants, as well as those of relevant companies.

## (2) Building Features

The rental space of the Property affords open-column and pillar-free space, and each floor offers ample free space underneath for the wires and cables of computers and other office equipment. Furthermore, the outer wall is made of elaborately designed granite and fulfills tenant needs from the standpoint of fixtures and design. The MID Imabashi Building rates as a thoroughly market-competitive property.

## 3. Details of Acquired Property

Property Name		MID Imabashi Building
Type of Assets		Trust beneficiary interest in entrusted real estate (trust beneficiary interest in real estate)
Trustee		Mizuho Trust & Banking Co., Ltd. (planned)
Trust Expiration Date		March 10, 2006–March 9, 2011
Location (1)	Address	2-19-1, Imabashi, Chuo-ku, Osaka
	Residential	2-3-16, Imabashi, Chuo-ku, Osaka
Transportation		Five-minute walk from Yodoyabashi Station on the Midosuji Line of the Osaka Municipal Subway and the private Keihan (train) Line, and a three-minute walk from the Kitahama Station on the Keihan Line
Completion Date		October 31, 1990
Use (1)		Offices, parking
Structure (1)		S,RC, B2/11F
PML (2)		6.2% (Based on a detailed earthquake risk analysis (Level 3) report dated January 2007, created by Engineering & Risk Services Corporation and OYO RMS Corporation).
Architect		Akamatsu Sugano Construction Design Office Co., Ltd.
Structural designer		Akamatsu Sugano Construction Design Office Co., Ltd.
Builder		Kajima Corporation/The Zenitaka Corporation
Agency authorizing building construction		City of Osaka
Area (Note 1)	Land	1,187.43 m <sup>2</sup>
	Building	7,482.53 m <sup>2</sup>
Type of Ownership	Land	Fee simple
	Building	Fee simple
Floor-area ratio/Building-to-land ratio (3)		627.00%/100%
Mortgage		None
Special Instructions		Because a part of the Property is scheduled for siting on vacant public land, it has obtained an easing in the floor-area ratio (see Note 3 below). In addition, the vacant public land will be used for general thoroughfare and will require maintenance.
Acquisition Price		¥3,270 million
Appraisal Value (Appraisal method)		¥3,270 million (capitalization method date of value estimate: January 1, 2007) (Appraisal agency: Tanizawa Sogo Appraisal Co., Ltd.)
Rental status (as of January 30, 2007) (Note 4)		

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Total Tenants (5)	16
Total Annual Rent (6)	¥168,420 thousand
Security Deposit/Guarantee, etc. (7)	¥121,925 thousand
Rentable Area (8)	4,279.70 m <sup>2</sup>
Rental area (9)	3,235.51 m <sup>2</sup>
Occupancy rate (9)	75.6%

Notes:

- (1) “Location (lot number),” “date of construction,” “usage,” “structure,” and “area” are listed based on recorded registration.
- (2) “PML” is translated as “Projected Maximum Loss” in the real estate/insurance industries and is used as a rating index for earthquake risk in buildings. From the risk curve, which shows the relationship between loss and annual exceedance probability as calculated by Engineering & Risk Services Corporation and OYO RMS Corporation, divide the “projected loss for a building with a recurrence interval of 475 years” by the “replacement cost” and calculate the percentage. The result of this calculation defines “Projected Maximum Loss (PML).” A 475-year recurrence interval is the equivalent of a 10% certainty of an event occurring during the 50-year period of building use.
- (3) “Floor-area ratio is stipulated in Article 52 of the Building Standard Law and is the ratio of the area of floor space to site area, and the value specified in urban planning based on zoning and other factors is listed. Furthermore, the floor-area ratio of the Property’s land was originally 600%, but due to the application of an integrated design system, the floor-area ratio was expanded to 627.00%.  
“Building-to-land ratio” is stipulated in Article 53 of the Building Standard Law and is the ratio of building area to site area, and the value specified in urban planning based on zoning and other factors is listed. Moreover, the building-to-land ratio of the Property’s land was originally 80%, because the location was within a commercial zone, but because it was a fireproof building in a fire zone, its ratio was increased, and its applicable building-to-land ratio came to 100%.
- (4) “Rental status” is listed based on tenets that have already started their lease as of January 30, 2007, and is based on figures and information provided by the seller.
- (5) “Number of tenants” lists the number of end users (excluding tenants that are only renting storage space, parking, etc.) that are subleasing from the lessee of Master Lease Agreement and assumes that consent has been obtained for the lessee of said Master Lease Agreement to become the lessor.
- (6) “Annual rent” lists the total monthly rent, including monthly rent, monthly common-area fee, storage-area fee, and facility usage fee, multiplied by twelve and rounded down to the nearest one thousand yen.
- (7) “Security Deposit/Guarantee, etc.” lists the security deposit and guarantee (including room, storage space, parking space, etc.) balance rounded to the nearest decimal place.
- (8) “Rentable space” lists the rentable space of the Property’s building (excluding storage space, parking space, etc.)
- (9) “Rental space” lists the space (room area only) displayed in the end Tenant Lease Agreement
- (10) “Occupancy rate” is listed as a percentage, rounded to the nearest decimal place, obtained by dividing rental space by rentable space.

#### 4. Buyer Overview

Company Name	Grimsby Asset TMK Limited
Headquarter Location	Seikou Building 6F, 7-2-1 Minami Aoyama, Minato-ku, Tokyo
Representative	Koichi Yokoyama, Representative Director
Primary Business	1. Transfer, management, and disposal of specified assets in accordance with asset liquidation plans based on laws related to asset liquidation. 2. Other work incidental to the liquidation of the aforementioned specified assets.
Relationship to the Investment Corporation	87.6% of the outstanding shares of the the MID Urban Development Co., Ltd., the parent company of MID REIT Management Co., Ltd., the Investment Corporation's asset management company, are indirectly held by a fund managed by Aethos Capital, LLC. This special-purpose company is a company established by said fund. In addition, the MID Urban Development Co., Ltd. has been entrusted with the management of assets from this special-purpose company.

#### 5. Interest of the Asset Management Company in the Acquired Asset

The buyer mentioned above engages in appropriate asset management through the elimination of conflicts of interest. It also follows regulations established internally by the Asset Management Company to govern transactions between itself and related sponsoring parties with the aim of contributing to unitholder returns.

In accordance with the above regulations, agreements concluded by the buyer must be approved by the Compliance Committee of the Asset Management Company, whose members include outside experts, as well as discussed and resolved by the Investment Committee and the Board of Directors.

#### 6. Overview of the Property to be Acquired and the Acquiring Party

Property Name	MID Imabashi Building	
Status of Building Owner	Previous owner and trust beneficiary	Owner prior to the previous owner and trust beneficiary
Corporate Name	Grimsby Asset TMK Limited	Excluding special interests
Special Interests Held by the Company	See 4. above	—
Background and Reason for Acquisition	As a target for investment management	—
Acquisition Price (including other expenses)	(See note below)	—
Acquisition date	March 10, 2006	—

Note: Omitted so that ownership could take effect after a one-year period from the time of acquisition (scheduled for April 3, 2007) by MID REIT.

## 7. Agency Overview

Company Name	MID Urban Development Co. Ltd.
Headquarters Location	1-4-4 Dojimahama, Kita-ku, Osaka
Representative	Hideyuki Kudo, President, Member of the Board
Commission	654,000,000 yen (Excluding consumption taxes and local consumption taxes payable)
Relationship between the Investment Corporation and the Investment Trust	MID Urban Development Co., Ltd. is the sole unitholder of MID REIT Management Co., Ltd., the asset management company of MID REIT, with complete ownership of all of its units of common stock issued and outstanding. This relationship applies to related parties of the asset management company as stipulated by the Law for Investment Trusts and Investment Corporations.

## 8. Settlement Method

The acquisition price will be paid to the seller in full using cash on hand by MID REIT at the time the property is handed over (scheduled for April 3, 2007).

## 9. Acquisition Schedule

January 30, 2007 Reached decision to acquire property

January 30, 2007 Commenced trust beneficiary interest agreement

April 3, 2007 Acquire property in the form of trust beneficial interests (trust beneficiary interest in real estate) (Planned)

## 10. Outlook

As for the impact of the acquisition of this property on MID REIT's business results for the fiscal period ending June 30, 2007 (January 1, 2007–June 30, 2007), please refer to today's announcement "Notice Regarding Revision of Business Results for the Fiscal Period Ending June 31, 2007."

### <Attachments>

Attachment 1: Appraisal Summary

Attachment 2: Property Portfolio after Acquisition of MID Imabashi Building

Attachment 3: Photographs of MID Imabashi Building

Attachment 4: Map of MID Imabashi Building (Japanese Ver.)

## Appraisal Summary

Unit: Thousands of yen, unless otherwise stated (Note 1)

Appraiser	Tanizawa Sogo Appraisal Co., Ltd.
Final Appraisal Value	3,270,000
Appraisal Date	January 1, 2007
Value Calculated Using the Direct Capitalization (DC) Method	3,330,000
Gross Income	263,834
Potential Gross Income	180,852
Vacancy Loss	—9,043
Other Income	92,024
Total Expenses	78,075
Administrative and Maintenance Expenses (Note 2)	41,190
Real Estate Taxes	26,882
Other Expenses	10,003
Net Operating Income (NOI)	185,759
Annual Capex Reserve	14,468
Advertising Expenses, etc.	1,432
Net Cash Flow (NCF)	169,859
Overall Capitalization Rate	5.1%
Value Calculated Using the Discount Cash Flow (DCF) Method	3,240,000
Discount Rate	5.3%
Terminal Capitalization Rate	5.4%
Value Calculated Using the Cost Method	2,530,000
Ratio of Land Price	52.8%
Ratio of Building Price	47.2%
Location- and Building-Specific Considerations	The MID Imabashi Building is an office property located 350 meters east of Yodoyabashi Station on the Midosuji Line of the Osaka Municipal Subway. The Yodoyabashi area is a central business district that has a high concentration of mid-to-high-rise office properties that include banks, securities companies, insurance companies and others as tenants. Recent redevelopment of the existing buildings is upgrading the area into a spacious business district featuring effective land use. Offering excellent transportation access (within walking distance of the Midosuji Line Yodoyabashi Station and Kitahama Station), the MID Imabashi Building provides a great environment and view, while keeping its status as a high-profile building. MID REIT believes that the MID Imabashi Building is a highly competitive office property whose building specifications (quality of facilities, appearance, etc.) exceed the industry's standards.

Note 1: Amounts presented in the table above have been rounded to the nearest one-thousandth. Accordingly, the sum of the line items for each group may not add up to the amount shown in the subtotal.

Note 2: Administrative and maintenance expenses include utility expenses.

**Attachment 2**

**Property Portfolio after Acquisition of MID Imabashi Building**

Type	Region	Property No.	Property Name	Acquisition Price (Millions of Yen)	Investment Ratio (%)	Acquisition Date
Office Property	Osaka Area	1	Twin 21	68,700	45.9	Aug. 31, 2006
		2	Matsushita IMP Bldg.	24,600	16.4	Aug. 31, 2006
		3	Matsushita Denko Bldg.	7,620	5.1	Aug. 31, 2006
		4	Midosuji MID Bldg.	7,500	5.0	Aug. 31, 2006
		5	Higashinoda MID Bldg.	2,300	1.5	Aug. 31, 2006
		10	MID Imabashi Bldg.	3,270	2.2	April 3, 2007 (planned)
	Tokyo metropolitan area, Government-designated cities (excluding the Osaka area) and other major cities	6	Kyobashi MID Bldg.	5,690	3.8	Aug. 31, 2006
		7	MID Shibakanasugibashi Bldg.	1,160	0.8	Aug. 31, 2006
Subtotal (8 Properties)				120,840	80.7	
Real estate other than office properties	Osaka area	8	Konami Sports Club Kyobashi	2,780	1.9	Aug. 31, 2006
	Tokyo metropolitan area, Government-designated cities (excluding the Osaka area) and other major cities	9	AEON Tsudanuma Shopping Center	26,100	17.4	Aug. 31, 2006
	Subtotal (2 Properties)				28,880	19.3
Total (10 Properties)				149,720	100.0	

Note 1: Investment ratios presented in the table above have been rounded to the nearest decimal place. Accordingly, the sum of the investment ratio figures may not add up to 100.0%.

Note 2: Twin 21 is listed as one property consisting of the structure and limited proprietary rights of applicable land.

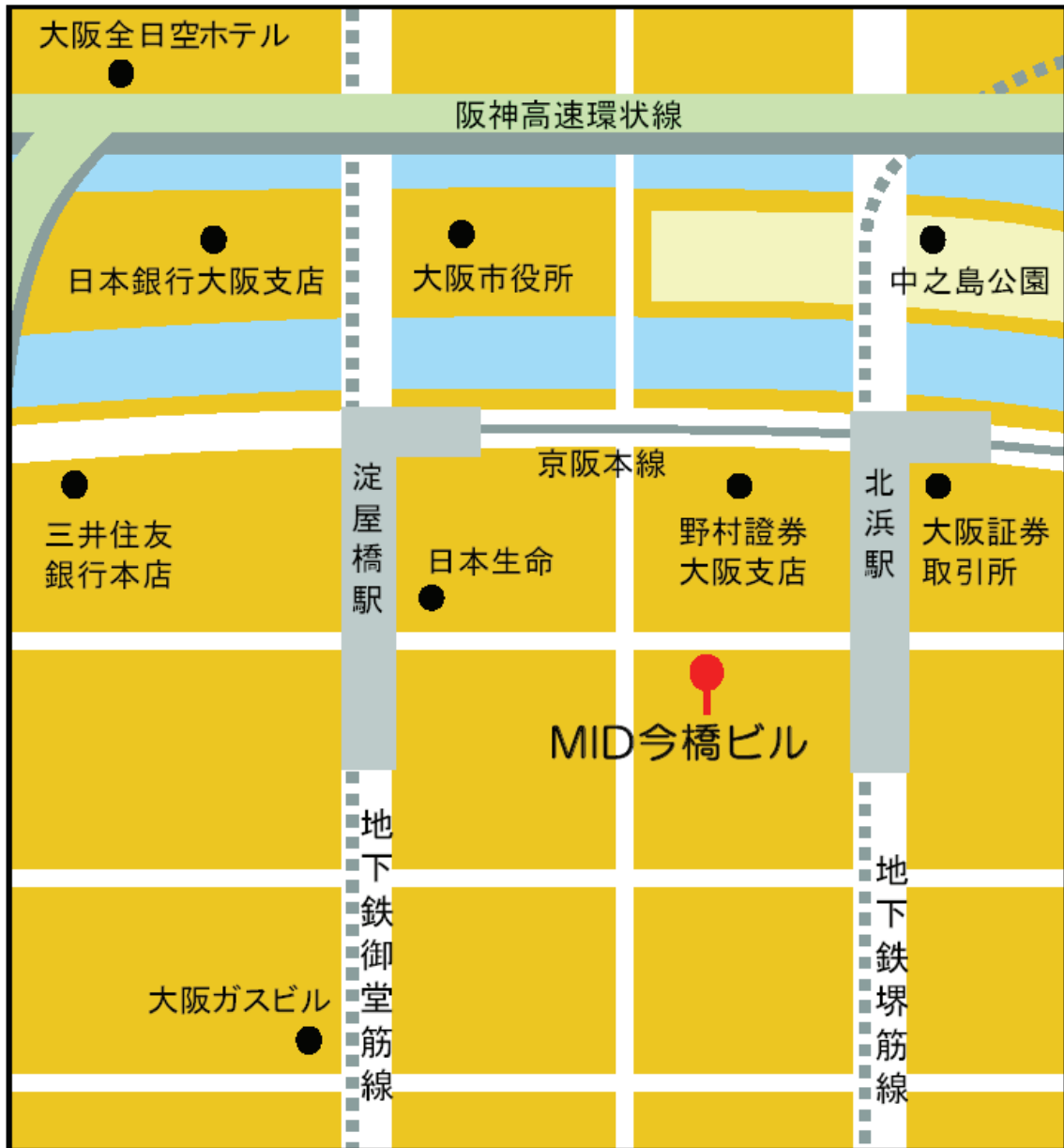
Photographs of the MID Imabashi Building



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Map of MID Imabashi Building (Japanese Ver.)



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