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**For Translation Purpose Only**

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

MID REIT, Inc. (hereafter “MID REIT”) today announced its decision to acquire the following property, detailed below.

#### 1. Acquisition Overview

- (1) Asset to be acquired: Trust beneficiary interest in entrusted real estate (trust beneficiary interest in real estate)
- (2) Property name: MID Midosujikawaramachi Building (Note)
- (3) Location: 4-3-7 Kawaramachi, Chuo-ku, Osaka (indicated for residence)
- (4) Acquisition price: ¥2,000 million  
(Excludes various acquisition expenses, property taxes, city planning taxes, consumption taxes, etc.)
- (5) Contract date: May 16, 2007 (planned)
- (6) Acquisition completion date: May 16, 2007 (planned)
- (7) Buyer: Grimsby Asset TMK Limited (See “4. Acquisition Overview” below)
- (8) Acquisition funding: Private funding

Note: The current name of the MID Midosujikawaramachi Building is the “Kawagoe Building.” MID REIT plans to change the name of the building to the “MID Midosujikawaramachi Building” on May 16, 2007.

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 the Property.

##### (1) Location

Located nearby the major Osaka transportation artery of Midosuji, and a five-minute walk

from Honmachi Station where the Midosuji, Yotsubashi and Chuo lines of the Osaka Municipal Subway meet, the Property offers exceptional transportation access. The area surrounding the Property is made up of mid-to-high-rise office buildings in business environs that MID REIT evaluates highly, with expectations that the area will remain in high demand among prospective tenants.

## (2) Building Features

Each floor of the Property's rental area features approximately 180 *tsubo* (595m<sup>2</sup>) of office space that can be divided into a number of smaller segments, providing for a range of tenant needs. The Property is equipped with the basic facilities required by today's tenants, including air conditioning that can be regulated by each individual office segment, as well as "office-automation" (OA) floors with ample free space underneath for the wires and cables of computers and other office equipment. The building also features an elaborately designed glass exterior and fulfills tenant needs from the standpoint of fixtures and design. The MID Midosujikawaramachi Building rates as a thoroughly market-competitive property.

## 3. Details of the Property

Property Name		MID Midosujikawaramachi Building
Type of Assets		Trust beneficiary interest in entrusted real estate (trust beneficiary interest in real estate)
Trustee		The Sumitomo Trust & Banking Co., Ltd. (planned)
Trust Expiration Date		May 16, 2007 – March 31, 2017
Location (Lot number) (Note 1)	Address	49 Kawaramachi, Chuo-ku, Osaka
	Residential	4-3-7 Kawaramachi, Chuo-ku, Osaka
Transportation		Five-minute walk from Honmachi Station on the Midosuji Line, the Yotsubashi Line and the Chuo Line of the Osaka Municipal Subway.
Completion Date (Note 1)		March 2, 1998
Use (Note 1)		Offices
Structure (Note 1)		S, RC, 6F
PML (Note 2)		6.2%, based on a detailed earthquake risk analysis (Level 3) report dated May 2007, created by Engineering & Risk Services Corporation and OYO RMS Corporation.
Architect		RESEARCH INSTITUTE OF ARCHITECTURE
Structural designer		Yugen Kaisha Aoyagi Kozo Sekkei
Builder		A consortium comprising Kajima Corporation, Hazama Corporation and Haseko Corporation
Agency Authorizing Building Construction		City of Osaka
Area (Note 1)	Land	934.79 m <sup>2</sup>
	Building	3,945.88 m <sup>2</sup>
Type of Ownership	Land	Fee simple
	Building	Fee simple
Floor-area Ratio/Building-to-land Ratio (Note 3)		600%/100%
Mortgage		None
Special Instructions		None
Acquisition Price		¥2,000 million
Appraisal Value (Appraisal method)		¥2,000 million (capitalization method date of value estimate: March 1, 2007) (Appraisal agency: Tanizawa Sogo Appraisal Co., Ltd.)
Rental Status (as of May 15, 2007) (Note 4)		

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Total Tenants (Note 5)	6
Total Annual Rent (Note 6)	¥144,446 thousand
Security Deposit/Guarantee, etc. (Note 7)	¥74,548 thousand
Rentable Area (Note 8)	3,039.09 m <sup>2</sup>
Rental area (Note 9)	2,261.97 m <sup>2</sup>
Occupancy rate (Note 10)	74.4%

Notes:

- (1) “Location (lot number),” “completion date,” “use,” “structure,” and “area” are listed based on recorded registration.
- (2) “PML” stands for “Projected Maximum Loss” in the real estate and insurance industries, and is used as a rating index for earthquake risk to buildings. From a risk curve, which shows the relationship between loss and annual exceedance probability as calculated by Engineering & Risk Services Corporation and OYO RMS Corporation, “projected loss for a building with a recurrence interval of 475 years” is divided by the “replacement cost” and calculated as a percentage. The result of this calculation determines the PML. The 475-year recurrence interval is the equivalent of a 10% certainty of an earthquake occurring during a 50-year period of building use.
- (3) “Floor-area ratio,” as stipulated in Article 52 of the Building Standards Law, refers to 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.  
“Building-to-land ratio,” as stipulated in Article 53 of the Building Standards Law, refers to the ratio of building area to site area, and the value specified in urban planning based on zoning and other factors is listed. The building-to-land ratio of the Property was originally 80% because its location was within a commercial zone, but its applicable building-to-land ratio was increased to 100% because it is a fireproof building in a fire zone.
- (4) “Rental Status” is determined from the list of tenants that have already started their lease as of May 15, 2007, and is based on figures and information provided by the seller.
- (5) “Total tenants” refers to the number of end users (excluding tenants that are only renting storage space, parking, etc.) that are subleasing from the lessee of a Master Lease Agreement, and assumes that consent has been obtained for the lessee of said Master Lease Agreement to become the lessor.
- (6) “Total annual rent” refers to total monthly rent, including monthly rent, monthly common-area fees, storage-area fees, and facility usage fees, multiplied by twelve and rounded down to the nearest one thousand yen.
- (7) “Security Deposit/Guarantee, etc.” refers to the security deposit and guarantee deposit (including unit, storage space, parking space, etc.) balance rounded to the nearest one thousand yen.
- (8) “Rentable area” refers to the rentable space of the Property’s building (excluding storage space, parking space, etc.).
- (9) “Rental area” refers to the space (unit area only) displayed in the end Tenant Lease Agreement.
- (10) “Occupancy rate” is presented as a percentage, rounded to the nearest decimal place, calculated by dividing rental area by rentable area.

#### 4. Buyer Overview

Company Name	Grimsby Asset TMK Limited
Headquarters Location	Seikou Building 6F, 7-2-1 Minami Aoyama, Minato-ku, Tokyo
Representative	Koichi Yokoyama, Representative Director
Paid-in Capital	Not shown, as MID REIT has not yet received permission to disclose this information from the buyer.
Capital Contributors	Not shown, as MID REIT has not yet received permission to disclose this information from the buyer.
Primary Business	1. Undertaking, 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 MID REIT	87.8% of the outstanding shares of MID Urban Development Co., Ltd., the parent company of MID REIT Management Co., Ltd., which is also MID REIT's asset management company, are indirectly held by a fund managed by Aethos Capital, LLC. This special-purpose company was established by said fund. In addition, 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 Property

With the aim of eliminating potential conflicts of interest and thereby enabling it to perform efficient asset management to the benefit of MID REIT's unitholders, the asset management company has formulated internal regulations that provide guidelines for transactions between its sponsor companies and MID REIT. Under the internal regulations, the buyer listed above falls under the category of a sponsor company. Accordingly, upon entering into an agreement with the buyer, the asset management company shall follow certain procedures stipulated in the aforementioned internal regulations, including the following: approval by its Compliance Committee, which includes a number of outside experts; deliberation and resolution by its Investment Committee; and deliberation and resolution at a meeting of its Board of Directors.

MID REIT shall consign property management operations for the Property to sponsor companies, MID Property Management Co., Ltd. and MID Facility Management Co., Ltd. Consignment of operations to these sponsor companies has been undertaken after conducting the aforementioned deliberations and resolutions, pursuant to internal regulations concerning transactions with sponsor companies.

#### 6. Overview of the Property to be Acquired and the Buyer

Property Name	MID Midosujikawaramachi Building	
Status of Building Owner	Previous owner and trust beneficiary	Owner prior to the previous owner and trust beneficiary

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Corporate Name of Buyer	Grimsby Asset TMK Limited	Excluding special interests
Special Interests Held by the Buyer	(See 4., above)	—
Background and Reason for Acquisition	As a target for investment management	—
Acquisition Price (including other expenses)	(See note below)	—
Acquisition Date	December 8, 2005	—

Note: Omitted so that ownership could take effect after a one-year period from the time of acquisition (scheduled for May 16, 2007) by MID REIT.

#### 7. Agency Overview

Company Name	MID Urban Development Co. Ltd.
Headquarters Location	1-4-4 Dojimahama, Kita-ku, Osaka
Representative	Isao Yamamoto, President, Member of the Board
Commission	40,000,000 yen (Excluding consumption taxes and local consumption taxes payable)
Relationship between MID REIT 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 May 16, 2007).

#### 9. Acquisition Schedule

May 15, 2007 Reached decision to acquire the Property  
May 16, 2007 Commence trust beneficiary interest agreement (Planned)  
May 16, 2007 Acquire property in the form of trust beneficiary interests (trust beneficiary interest in real estate) (Planned)

#### 10. Outlook

MID REIT has not revised forecasts of its business results for the fiscal period ending June 30, 2007 (January 1, 2007 – June 30, 2007) owing to the acquisition of the Property.

#### <Attachments>

Attachment 1: Appraisal Summary

Attachment 2: Property Portfolio after Acquisition of the MID Midosujikawaramachi Building

Attachment 3: Photographs of the MID Midosujikawaramachi Building

Attachment 4: Map of the MID Midosujikawaramachi Building (Japanese version)

## Appraisal Summary

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

Appraiser	Tanizawa Sogo Appraisal Co., Ltd.
Final Appraisal Value	2,000,000
Appraisal Date	March 1, 2007
Value Calculated Using the Direct Capitalization (DC) Method	2,060,000
Gross Income	156,972
Potential Gross Income	107,249
Vacancy Loss	—6,435
Other Income	56,157
Total Expenses	40,482
Administrative and Maintenance Expenses (Note 2)	22,246
Real Estate Taxes	13,105
Other Expenses	5,130
Net Operating Income (NOI)	116,490
Annual Capex Reserve	6,382
Advertising Expenses, etc.	840
Net Cash Flow (NCF)	109,268
Overall Capitalization Rate	5.3%
Value Calculated Using the Discount Cash Flow (DCF) Method	1,970,000
Discount Rate	5.5%
Terminal Capitalization Rate	5.6%
Value Calculated Using the Cost Method	1,830,000
Ratio of Land Price	55.6%
Ratio of Building Price	44.4%
Location- and Building-Specific Considerations	The MID Midosujikawaramachi Building is an office property located approximately 290 meters northwest of Honmachi Station on the Midosuji Line of the Osaka Municipal Subway. The Honmachi area is comprised of well-established business districts, including the large-scale office buildings that line Midosuji and Honmachi avenues and a high concentration of mid-to-high-rise office properties behind these central thoroughfares. In addition to the excellent transportation access to several subway lines provided by Honmachi Station, the attractive exterior of the MID Midosujikawaramachi Building is a grade above those of surrounding office buildings. Moreover, conditions in the office rental market have improved in recent years, and MID REIT expects steady tenant demand for the Property.

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 the MID Midosujikawaramachi 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	45.3	Aug. 31, 2006
		2	Matsushita IMP Bldg.	24,600	16.2	Aug. 31, 2006
		3	Matsushita Denko Bldg.	7,620	5.0	Aug. 31, 2006
		4	Midosuji MID Bldg.	7,500	4.9	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
		11	MID Midosujikawaramachi Bldg.	2,000	1.3	May 16, 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 (9 Properties)				122,840	81.0	
Real estate other than office properties	Osaka area	8	Konami Sports Club Kyobashi	2,780	1.8	Aug. 31, 2006
	Tokyo metropolitan area, Government-designated cities (excluding the Osaka area) and other major cities	9	AEON Tsudanuma Shopping Center	26,100	17.2	Aug. 31, 2006
	Subtotal (2 Properties)				28,880	19.0
Total (11 Properties)				151,720	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.

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Photographs of the MID Midosujikawaramachi Building



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Map of the MID Midosujikawaramachi Building (Japanese version)



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