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September 29, 2021

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Notice Concerning Acquisition of Asset (Kandabashi PR-EX)

Daiwa Office Investment Corporation (the "Investment Corporation") hereby announces that Daiwa Real Estate Asset Management Co. Ltd. (the "Asset Manager"), to which the Investment Corporation entrusts management of its assets, has determined today to acquire trust beneficiary interest in real estate as follows.

1. Summary of the Asset to Be Acquired

Asset Name	Kandabashi PR-EX (the "Property")
Type of Asset	Trust beneficiary interest in domestic real estate
Location	1-17-5 Kanda Nishikicho, Chiyoda-ku, Tokyo
Acquisition Price	1,970 million yen (Excluding acquisition costs, consumption tax, etc.)
Date of Conclusion of Purchase Agreement	September 29, 2021
Delivery Date	September 29, 2021
Seller	Butsuryu Center LLC
Funding for Acquisition	Cash on hand
Payment Method	Lump-sum payment at the time of delivery

(Note) The intermediary is neither an interested person, etc. as stipulated in the Order for Enforcement of the Act on Investment Trusts and Investment Corporations nor a related party as stipulated in the "rules on conflicts of interest," the Asset Manager's internal regulations.

2. Reason for Acquisition

The Property is an office building that conforms to the basic policy for asset management stipulated in the Regulations by the Investment Corporation. In principle, the Investment Corporation's management policy is to invest in properties with a total floor area of 2000 m² or more. However, the Investment Corporation has evaluated the scarcity and profitability of the location of the Property and decided to acquire it. Please refer to the following for further details.

(1) Location:

The Property is a 5-minute walk from Otemachi Station on the Tokyo Metro Marunouchi Line, Tozai Line, Chiyoda Line, Hanzomon Line and the Toei Subway Mita Line, a 6-minute walk from Ogawamachi Station on the Toei Subway Shinjuku Line, a 6-minute walk from Takebashi Station on the Tokyo Metro Tozai Line and a 9-minute walk from Kanda Station on the JR Yamanote Line and Tokyo Metro Ginza Line, making for excellent transportation convenience.

The Kanda-Jimbocho/Kanda-Ogawamachi area where the Property stands is located to the north of the Otemachi area where the headquarters of many leading firms, financial institutions and such are based and offers excellent access to various areas in central Tokyo as it is in close proximity to central business districts. For such a favorable location, the rent level has been maintained at a relatively reasonable level, and thus demand from all types of tenants is anticipated.

(2) Building Facilities:

The Property has 10 floors above ground and 1 floor below with a gross floor area of 1,341.05 m², and a leasable area of approximately 38 tsubos (≒ 125.62 m²) per floor is secured. The Property is equipped with 2,700 mm of typical floor ceiling height, OA floor, individual air-conditioning systems, etc. These are facility standards comparable to recently constructed buildings. Furthermore, because the pillars are located on the perimeters of rental spaces, a flexible and efficient layout is possible and office needs from a variety of business types can be satisfied.

Given the functionality and favorable location of the Property, it should perform competitively and contribute regularly to the profitability of the Investment Corporation's portfolio.

3. Details of the Asset to Be Acquired and Lease

Asset Name	Kandabashi PR-EX		
Type of Specified Asset	Trust beneficiary interest in real estate		
Trustee (scheduled)	Sumitomo Mitsui Trust Bank, Limited		
Trust Period (scheduled)	From September 29, 2021 to September 30, 2031		
Location (Address)	1-17-5 Kanda Nishikicho, Chiyoda-ku, Tokyo and 2 other lots		
Use (Real Property Registry)	Office/Apartment/Shop		
Ownership Form	i) Land: Ownership ii) Building: Ownership		
Site Area (Real Property Registry)	190.17 m ²		
Total Floor Area (Real Property Registry)	1,341.05 m ²		
Structure (Real Property Registry)	Steel-framed structure with flat roof, 10 stories above ground and 1 below		
Construction Date (Real Property Registry)	August 28, 2009		
Building Engineer	Maeda Corporation		
Constructor	Maeda Corporation		
Structural Design Engineer	Maeda Corporation		
Floor Height/Ceiling Height	3,465 mm (for standard floor)/2,700 mm (for standard floor)		
Air-conditioning System/OA Laying	Each floor individual treatment air-conditioning/OA-capable floor		
Building Inspection Agency	Japan ERI Co., Ltd.		
Engineering Due Diligence Company	DAIWA REAL ESTATE APPRAISAL CO., LTD.		
Soil Contamination Risk Survey Company	Earth-Appraisal Co., Ltd.		
Probable Maximum Loss Level (Assessor)	6.83% (Sompo Risk Management Inc.)		
Acquisition Price	1,970 million yen (Excluding acquisition costs, consumption tax, etc.)		
Appraisal Value (Appraisal Date)	2,050 million yen (as of August 31, 2021)		
Appraiser	DAIWA REAL ESTATE APPRAISAL CO., LTD.		
Collateral	None		
Summary of Tenants			
Total Number of Tenants	11 (As of the scheduled acquisition date)		
Rent Revenue	6 million yen per month (July 2021)		
Security Deposit and Guaranty	44 million yen (July 31, 2021)		
Total Leased Floor Space	1,224.00 m ² (estimation for the scheduled delivery date) (Note 1)		
Total Leasable Floor Space	1,224.00 m ² (Note 1)		
Trend in Occupancy Rates (Note 1)	July 31, 2019	July 31, 2020	Acquisition date (scheduled)
	89.6%	100.0%	100.0%
NOI Yield at Acquisition (Note 2)	3.5%	Midterm NOI yield (Note 3)	3.9%
Appraisal NOI (NOI yield) (Note 4)	3.7%	Depreciation (Note 5)	0.6%
Other Relevant Information	Floors 9 and 10 of the building are comprised of residential units in a maisonette format. There are a total of 3 residential units, and the total leasable floor area of the residential sections is 182.97 m ² .		

(Note 1) The figures are based on the data obtained from the seller for the total leased floor space, total leasable floor space and trend in occupancy rates of the end tenants.

(Note 2) NOI yield at acquisition is calculated based on the leasing agreement for the property on the acquisition date by dividing the annual income with the assumption of the occupancy rate being 100% by acquisition price in consideration of the taxes and other costs that may be incurred. The figures are rounded to the first decimal place. The figure is not the forecast for the current fiscal period or the next fiscal period onward.

(Note 3) Midterm NOI yield is calculated based on the assumption that after the property acquisition, the Investment Corporation will receive rent on an ongoing basis for the medium term (with the assumption of the occupancy rate being 96.0%). The estimated figures where the rental business expenses are deducted from the rental revenue are divided by the acquisition price. The figures are rounded to the first decimal place. The figure is not the forecast for the current fiscal period or the next fiscal period onward.

(Note 4) The figure for appraised NOI yield is calculated based on net operating income used for the calculation of the income approach value as per the direct reduction process as stipulated by the real property appraisal report and divided by acquisition price. The figure is rounded to the first decimal place.

(Note 5) The figure for depreciation is the total amount of the six-month depreciation conversion price expected to accrue in the financial period of acquisition and the appropriate expected depreciation charge for the next financial period (six-month period), which are divided by the acquisition price. The figure is rounded to the first decimal place and is not a forecast for the current fiscal period or the next fiscal period onward.

4. Details of the Seller

(1)	Name	Butsuryu Center LLC
(2)	Location	129 Ida Kitasakimachi, Obu City, Aichi
(3)	Title/Name of Representative	Representative Director Yuichi Kimura
(4)	Nature of Business	<ol style="list-style-type: none"> 1. Motor truck transportation business 2. Motor transportation handling business 3. Distribution center operation and management business 4. Leasing, management, ownership and operation of real estate 5. Import and export of goods 6. Fee-charging employment placement business 7. General worker dispatching business 8. All other business incidental/related to the above
(5)	Stated Capital	3,000,000 yen
(6)	Date of Incorporation	September 27, 1989
(7)	Net Assets	Not disclosed as the seller has not agreed to disclose net assets.
(8)	Total Assets	Not disclosed as the seller has not agreed to disclose total assets.
(9)	Relationship with the Investment Corporation/Asset Manager	
	Capital Relationship	There is no capital relationship to be stated between the Investment Corporation/Asset Manager and the seller. Furthermore, there is no capital relationship to be stated between the affiliated parties and the affiliated companies of the Investment Corporation/Asset Manager and those of the seller.
	Personnel Relationship	There is no personnel relationship to be stated between the Investment Corporation/Asset Manager and the seller. Furthermore, there is no personnel relationship to be stated between the affiliated parties and the affiliated companies of the Investment Corporation/Asset Manager and those of the seller.
	Business Relationship	There is no business relationship to be stated between the Investment Corporation/Asset Manager and the seller. Furthermore, there is no business relationship to be stated between the affiliated parties and the affiliated companies of the Investment Corporation/Asset Manager and those of the seller.
	Status of Classification as Related Party	The seller does not fall under the category of Related Party of the Investment Corporation/Asset Manager. Moreover, the affiliated parties and the affiliated companies of the seller do not fall under the category of Related Party of the Investment Corporation/Asset Manager.

5. Status of Owners, Etc. of the Property

The acquisition of the trust beneficiary interest does not pertain to acquisition from any persons having a special interest in the Investment Corporation or the Asset Manager.

6. Acquisition Schedule

Date of Determination of the Acquisition	September 29, 2021
Date of Conclusion of Purchase Agreement	September 29, 2021
Payment Date	September 29, 2021
Delivery Date	September 29, 2021

7. Future Prospect

The impact of the acquisition of the Property on the management status forecast for the fiscal period ending November 2021 (32nd fiscal period) and the fiscal period ending May 2022 (33rd fiscal period) is minimal, and there are currently no revisions to previously released forecasts.

8. Summary of Appraisal Report

Appraiser	DAIWA REAL ESTATE APPRAISAL CO., LTD.	
Appraisal Date	August 31, 2021	
Appraisal Value	2,050 million yen	

Items	(million yen) (Note 1)	Outline, etc.
Income Approach Value	2,050	Based on direct capitalization method with reference to DCF method.
Direct Capitalization Value	2,130	
(1) Operating Revenue	93	
Potential Annual Rent Revenue	97	Mid- to long-term competitiveness is accounted for in standardized rent, etc.
Amount of Loss Due to Vacancy	3	Estimated stable vacancy rate for the medium to long term.
(2) Operating Expenses	20	
Maintenance and Operation Cost	5	Recorded judging the current contract maintenance and operating cost as well as the scheduled PM agreement to be appropriate.
PM Fee	(Note 2)	
Water & Utility Charges	4	Based on actual historical data.
Repair	1	Recorded judging the average annualized repair expense stated in the ER to be appropriate.
Leasing Fee	0	Assessed referencing the levels of those for peer properties.
Tax	6	Based on actual historical data.
Non-life Insurance	0	Judged the amount in the contract as being appropriate.
Other	0	Based on fees including renewal contracts.
(3) Net Operating Revenue	73	
(4) Profit from Deposits/Guarantees	0	Return yield is assumed at 1.0%.
(5) Capital Expenditures	1	Recorded judging the average annual renewal fee stated in the ER to be appropriate and considering CM fees.
(6) Net Revenue ((3)+(4)-(5))	72	
(7) Capitalization Rate	3.4%	With the method of using peer property comparison as the standard, investor sounding, etc. have also been referenced.
Discounted Cash Flow Value	2,020	
Discount Rate	3.2%	Based on historical discount rates of peer properties as well as comparison with cap rates related to other financial instruments.
Terminal Capitalization Rate	3.6%	Considered marketability, etc. of the Property at the end of the period of analyzing cap rates.
Integrated Value by Using Cost Method	1,730	
Ratio of Land	86.7%	
Ratio of Building	13.3%	

Other Things Appraiser Noted Upon Valuation	-
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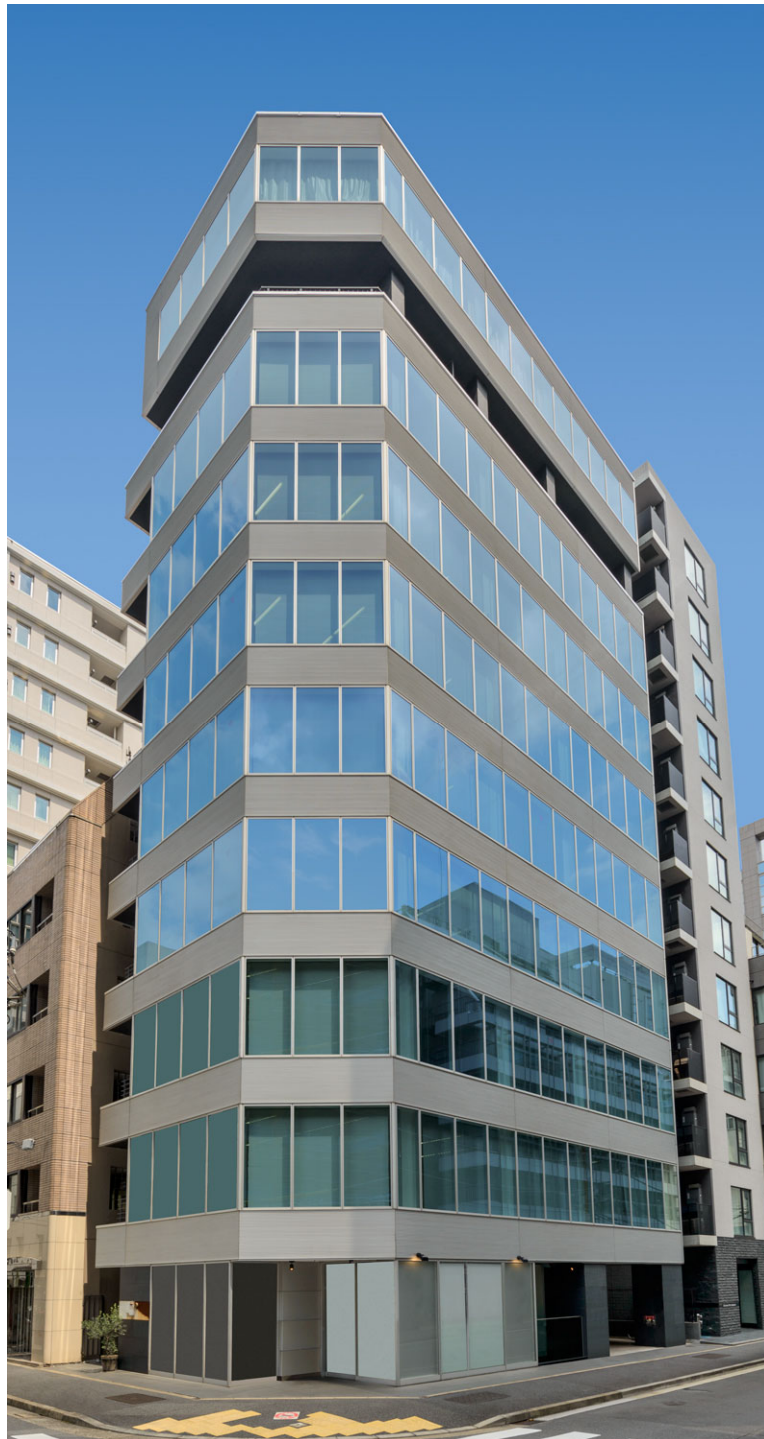
(Note 1) The above revenue and expenses are based on the appraisal report and are not the figures forecast by the Investment Corporation or the Asset Manager.

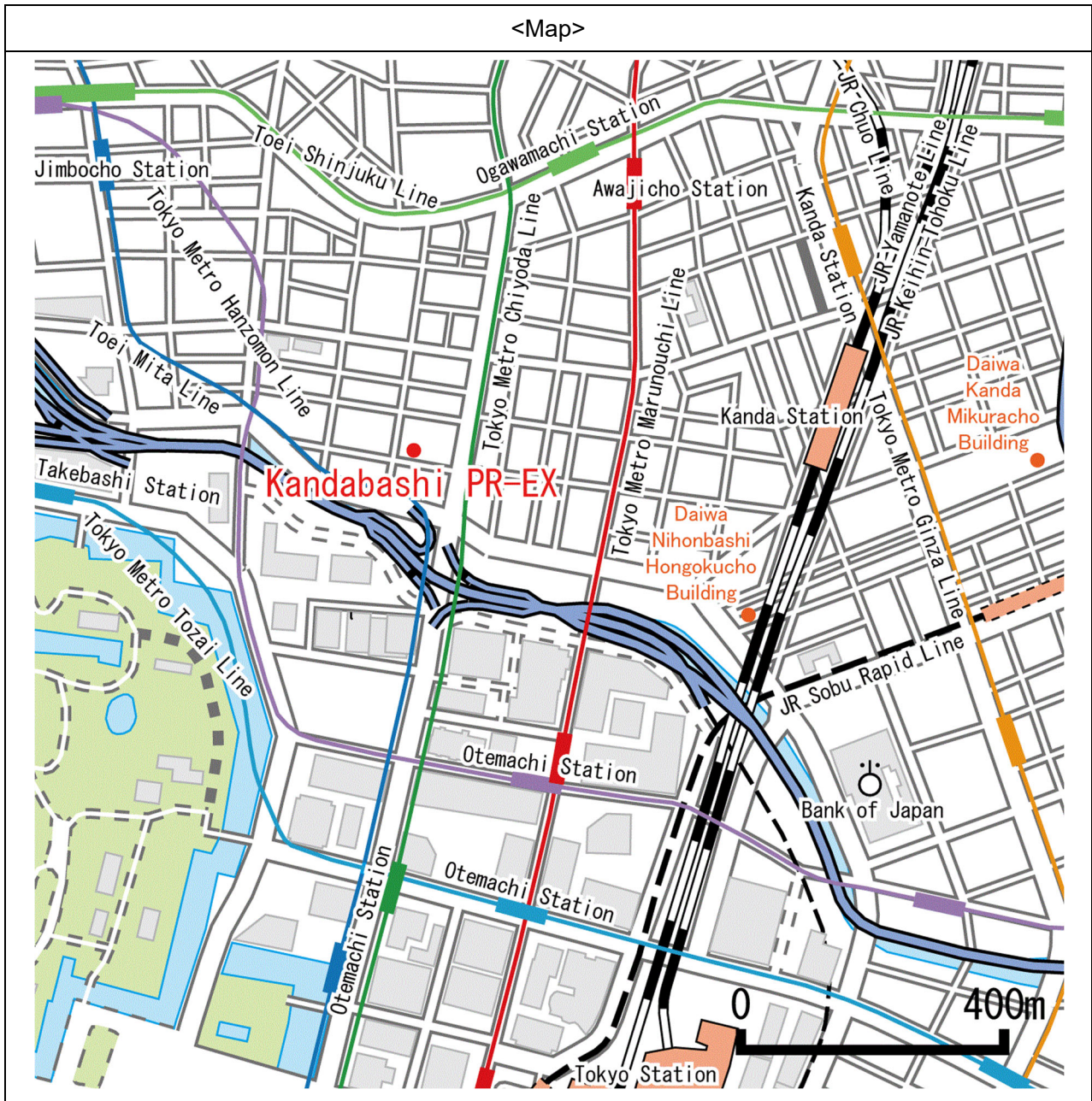
(Note 2) With no prospective PM's permission given for a specific disclosure of the PM fees, there is no disclosure of the breakdown of the fees. Disclosure of the PM fee figure in a specific manner may cause an adverse effect on the other business operations of the prospective PM, leading to a negative impact on the planned efficient operation that the Investment Corporation is to contract with the PM based on the administration and management policy. This may in return further adversely affect unitholders' interest. Therefore, the figure presented in this column is summed up with maintenance and operation cost.

-End-

[Reference Material 1] Kandabashi PR-EX

<External View>





[Reference Material 2] Portfolio Overview After Acquisition of the Property

Region	Name of Property	Date of (Scheduled) Acquisition	Acquisition Price (million yen)	Investment Ratio (Note 4)
Five Central Wards of Tokyo (Note 1)	Daiwa Ginza	Oct 21, 2005	14,100.0	3.0%
	Daiwa Ginza Annex	Oct 21, 2005	3,050.0	0.7%
	Daiwa Shibaura	Oct 21, 2005	8,265.0	1.8%
	Daiwa Minami-Aoyama	Oct 21, 2005	4,550.0	1.0%
	Daiwa Sarugakucho	Oct 21, 2005/ Mar 30, 2012	3,190.0	0.7%
	Daiwa A Hamamatsucho	Oct 21, 2005	2,865.0	0.6%
	Daiwa Jingumae	Oct 21, 2005	2,800.0	0.6%
	Daiwa Shibadaimon	Oct 21, 2005	2,578.0	0.6%
	Daiwa Misakicho	Oct 21, 2005	2,346.0	0.5%
	Daiwa Tsukijiekimae	Jan 27, 2006	1,560.0	0.3%
	Daiwa Tsukiji	Jan 27, 2006	1,240.0	0.3%
	Daiwa Tsukishima	Mar 24, 2006	7,840.0	1.7%
	Daiwa Nihonbashi Horidomecho	May 1, 2006	2,520.0	0.5%
	Daiwa Azabudai	May 1, 2006	1,600.0	0.3%
	Daiwa Kojimachi 4-Chome	Oct 6, 2006 Mar 29/ May 29, 2013	2,910.0	0.6%
	Shinjuku Maynds Tower	Jul 13/ Nov 26, 2007	66,900.0	14.4%
	Daiwa SHIBUYA EDGE	Jul 13, 2007	5,900.0	1.3%
	Daiwa Kodenmacho	Aug 31, 2007	2,460.0	0.5%
	Daiwa Nishi-Shimbashi	Aug 13, 2010	5,000.0	1.1%
	Daiwa Kayabacho Building	Mar 25, 2011	5,600.0	1.2%
	Daiwa Jimbocho 3-chome	Mar 29, 2011	3,550.0	0.8%
	E SPACE TOWER	Jul 8, 2011	24,000.0	5.2%
	Daiwa Nihonbashi Hongokucho	May 11, 2012	1,721.0	0.4%
	shinyon curumu	Dec 3, 2012/ Apr 12, 2013	9,650.0	2.1%
	Daiwa Akasaka	Aug 9, 2013	9,200.0	2.0%
	Daiwa Shibuya Miyamasuzaka	Sep 27, 2013	7,000.0	1.5%
	Daiwa Azabu Terrace	Jul 4, 2014	14,000.0	3.0%
	Daiwa Ebisu 4-chome	Dec 1, 2014	4,135.2	0.9%
	LAQUAS Higashi Shinjuku	Dec 3, 2014	8,450.0	1.8%
	Daiwa Aoyama	Mar 2, 2015	9,800.0	2.1%
Shinsen Place	Mar 2, 2015	4,800.0	1.0%	
Daiwa Shibuya Square	May 1, 2015	16,000.0	3.5%	
Daiwa River Gate	Jun 2, 2015	28,000.0	6.0%	
Daiwa Hatchobori ekimae	Sep 11, 2015	2,871.0	0.6%	
Daiwa Hatchobori ekimae West	Sep 11, 2015	1,647.0	0.4%	

Region	Name of Property	Date of Acquisition	Acquisition Price (million yen)	Investment Ratio (Note 4)
	Daiwa Nishi-Shinjuku	Mar 29, 2016	13,710.0	3.0%
	Kirin Nihonbashi Building	May 26, 2016	8,180.0	1.8%
	Daiwa Higashi-Nihonbashi	Jun 1, 2016	6,370.0	1.4%
	Daiwa Daikanyama	Jun 29, 2016	2,280.0	0.5%
	Daiwa Shinjuku West	Jul 21, 2016	942.0	0.2%
	Daiwa Kanda Mikuracho Building	Dec 21, 2016	1,592.0	0.3%
	Daiwa Kanda East	Jan 12, 2018	4,200.0	0.9%
	Daiwa Kandasudacho	Jun 7, 2018/ Nov 1, 2018	2,295.0	0.5%
	Daiwa Sasazuka Tower	Oct 30, 2018	15,500.0	3.3%
	Daiwa Sasazuka	Dec 27, 2018	3,000.0	0.6%
	Daiwa Harumi	Feb 27, 2019	11,200.0	2.4%
	Daiwa Mita 2-Chome	Jul 1, 2019	2,635.0	0.6%
	Nihonbashi Central Square	May 21, 2020	3,521.5	0.8%
	Nihonbashi-Bakurocho 1-Chome Development Site	Nov 13, 2020	3,775.0 (note 5)	0.8%
	Kandabashi PR-EX	Sep. 29, 2021	1,970.0	0.4%
Total Number of Properties located in Five Central Wards of Tokyo: 50			373,268.7	80.6%
Greater Tokyo (Note 2)	Daiwa Higashi-Ikebukuro	Oct 21, 2005	2,958.0	0.6%
	Daiwa Shinagawa North	Jul 13, 2007	7,710.0	1.7%
	Daiwa Kamiooka	Mar 1, 2013	2,000.0	0.4%
	Daiwa Ogikubo Tower	May 29, 2014	15,220.0	3.3%
	Daiwa Meguro Square	May 1, 2015	5,600.0	1.2%
	Daiwa Ogikubo	Jul 21, 2016	3,800.0	0.8%
	CONCURRED Yokohama	Jan 11, 2018	38,100.0	8.2%
	Daiwa Shinagawa Gotenyama	Sep 13, 2018	2,500.0	0.5%
	Daiwa Nakano-Sakaue	Dec 13, 2019	2,750.0	0.6%
Total Number of Properties located in Greater Tokyo: 9			80,638.0	17.4%
Major Regional Cities (Note 3)	Daiwa Kitahama	Aug 1, 2014	9,481.5	2.0%
Total Number of Properties located in Major Regional Cities: 1			9,481.5	2.0%
Total Number of Properties: 60			463,388.2	100.0%

(Note 1) "Five Central Wards of Tokyo" means Chiyoda-ku, Chuo-ku, Minato-ku, Shinjuku-ku and Shibuya-ku.

(Note 2) "Greater Tokyo" means Tokyo (excluding the Five Central Wards of Tokyo), Kanagawa, Chiba and Saitama prefectures.

(Note 3) "Major Regional Cities" means Osaka area (i.e., Osaka, Kyoto and Hyogo prefectures), Nagoya area (Aichi, Mie and Gifu prefectures), ordinance-designated cities and core cities under Local Autonomy Act.

(Note 4) Figures in the "Investment Ratio" column represent the percentage of the (scheduled) acquisition price of each property to the aggregate amount of the (scheduled) acquisition price and are rounded to the first decimal place. Please note that adding up of the investment ratio of the properties may not exactly match the investment ratio for each investment region or for the overall portfolio.

(Note 5) The acquisition price indicates that of the development site. For more details, please refer to "Notice Concerning Acquisition of Asset and Conclusion of Agreements Concerning Development of Asset (Nihonbashi-Bakurocho 1-Chome Development Project)" announced on October 21, 2020.

*Website URL of the Investment Corporation:

<http://www.daiwa-office.co.jp/en/>