

June 21, 2022

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**Notice Concerning Partial Amendments to the Disclosed Matter of
Kandasudacho 2-Chome Development Project**

Daiwa Office Investment Corporation (the “Investment Corporation”) hereby announces that, concerning Kandasudacho 2-Chome Development Project (the “Project”) announced in “Notice Concerning Asset Replacement and Conclusion of Agreements Concerning Development Project with World Holdings Group (Kandasudacho 2-Chome Development Project” dated October 20, 2021 (the “News Release dated October 20, 2021”), it has decided to conclude a construction change contract for changing the construction costs related to major construction work in line with the partial change to the specifications of the building, settlement of the construction method, and a review of changes to parts of the schedule, and there has been a change to the details disclosed in the News Release dated October 20, 2021, as described in 1 below. The Investment Corporation will continue to update the status of progress of the Project.

1. Details of the Change

(Changes are underlined.)

① 4. Overview of the Project

(Before the change)

After development, the Building is scheduled to secure a leasable area of 12 stories, a total floor area of 11,423.00 square meters, and about 235 tsubo per floor. The shape of the rentable room is intended to allow rental by division and to increase the flexibility and efficiency of the layout.

Property Overview After Completion of the Building (Note 1)

Expected Acquisition Price	Price of Land	<u>15,286 million yen</u>
	Main Fees Related to Construction (Note 2)	<u>4,686 million yen</u>
	Structure	Steel framed structure flat roof, 12 stories above ground
Building (Note 3)	Construction Date	<u>March 2024 (Planned)</u>
	Building Area	<u>894 m²</u>
	Gross Floor Area	<u>11,423 m²</u>
	Total Leasable Space	<u>9,147 m²</u>
	Use	Office

(Note 1) This is based on the current plan and does not guarantee the details after development.

(Note 2) Main Fees Related to Construction include the total amount of the current estimates for construction fees, design supervision fees, and project management fees (excluding consumption tax, etc.), but may change depending on the progress of the Project in the future. The same applies hereafter.

(Note 3) Based on current design documents.

(After the change)

After development, the Building is scheduled to secure a leasable area of 12 stories, a total floor area of 11,960 square meters, and about 240 tsubo per floor. The shape of the rentable room is intended to allow rental by division and to increase the flexibility and efficiency of the layout.

Property Overview After Completion of the Building (Note 1)

Expected Acquisition Price	<u>15,422 million yen</u>
Price of Land	10,600 million yen

	Main Fees Related to Construction (Note 2)	<u>4,822 million yen</u>
Building (Note 3)	Structure	Steel framed structure flat roof, 12 stories above ground
	Construction Date	<u>June 2024 (Planned)</u>
	Building Area	<u>941 m²</u>
	Gross Floor Area	<u>11,960 m²</u>
	Total Leasable Space	<u>9,313 m²</u>
	Use	Office

(Note 1) This is based on the current plan and does not guarantee the details after development.

(Note 2) Main Fees Related to Construction include the total amount of the current estimates for construction fees, design supervision fees, and project management fees (excluding consumption tax, etc.), but may change depending on the progress of the Project in the future. The same applies hereafter.

(Note 3) Based on current design documents.

② 5. Impact on Management Status

I. Construction Costs

(Before the change)

(Previous section omitted)

The main fees related to construction (the “Construction Costs”) of the Project are currently expected to be a total of 4,686 million yen (excluding consumption tax). The Construction Costs are scheduled to be paid in installments corresponding to the completed amount of construction and will be capitalized as construction in progress in each period based on the timing of payment.

(Following section omitted)

(After the change)

(Previous section omitted)

The main fees related to construction (the “Construction Costs”) of the Project are currently expected to be a total of 4,822 million yen (excluding consumption tax). The Construction Costs are scheduled to be paid in installments corresponding to the completed amount of construction and will be capitalized as construction in progress in each period based on the timing of payment.

(Following section omitted)

II. Expected Revenue and Expenses of the Project

(Before the change)

Rental revenues from the real estate business will not be generated during the period from the start of the Project to the completion of construction (scheduled from December 2021 to March 2024). The income and expenditure after the completion of this business is also undecided at this time because it will fluctuate depending on the tenant's occupancy status. However, we expect to generate real estate leasing business revenues during the cruising period in which tenant occupancy is anticipated, as shown below.

	Normal Operation Period (Expected) (Note 1)
Real Estate Rental Revenue	<u>746 million yen</u>
NOI (Note 2)	<u>604 million yen</u>
NOI Yield (Based on Expected Acquisition Price (Note 3))	4.0%

(Note 1) Figures are based on the calculations of the Asset Manager after the completion of the Project, excluding special factors. The estimated occupancy rate used in the calculations is 96%.

(Note 2) Net Operating Income = Real estate rental income – Real estate rental costs + Depreciation

(Note 3) The amount is the sum of the acquisition price of the Property and the estimated Construction Costs as of today.

(After the change)

Rental revenues from the real estate business will not be generated during the period from the start of the Project to the completion of construction (scheduled from December 2021 to June 2024). The income and expenditure after the completion of this business is also undecided at this time because it will fluctuate depending on the tenant's occupancy status. However, we expect to generate real estate leasing business revenues during the cruising period in which tenant occupancy is anticipated, as shown below.

	Normal Operation Period (Expected) (Note 1)
Real Estate Rental Revenue	<u>759 million yen</u>

NOI (Note 2)	613 million yen
NOI Yield (Based on Expected Acquisition Price (Note 3))	4.0%

(Note 1) Figures are based on the calculations of the Asset Manager after the completion of the Project, excluding special factors. The estimated occupancy rate used in the calculations is 96%.

(Note 2) Net Operating Income = Real estate rental income – Real estate rental costs + Depreciation

(Note 3) The amount is the sum of the acquisition price of the Property and the estimated Construction Costs as of today.

③ 8. Project Schedule

(Before the change)

Conclusion of Design Supervision and Construction Contracts	October 20, 2021
Scheduled Building Certification Date	<u>June 2022</u>
New Construction Work (scheduled)	<u>July 2022 to March 2024</u>
Scheduled Completion Date	<u>March 2024</u>

(Note) This is the current schedule based on certain assumptions and could change based on the building specifications and deliberations with the contractor. The Construction Costs are scheduled to be paid in installments corresponding to the completed amount of construction.

(After the change)

Conclusion of Design Supervision and Construction Contracts	October 20, 2021
Scheduled Building Certification Date	<u>September 2022</u>
New Construction Work (scheduled)	<u>October 2022 to June 2024</u>
Scheduled Completion Date	<u>June 2024</u>

(Note) This is the current schedule based on certain assumptions and could change based on the building specifications and deliberations with the contractor. The Construction Costs are scheduled to be paid in installments corresponding to the completed amount of construction.

2. Future Prospect

As the Project is scheduled to be completed in June 2024, the impact of the Project and the conclusion of the construction change contract this time on the management status forecast for the fiscal period ended May 2022 (33rd fiscal period) and the fiscal period ending November 2022 (34th fiscal period) is minimal, and there are no revisions to previously released forecasts.

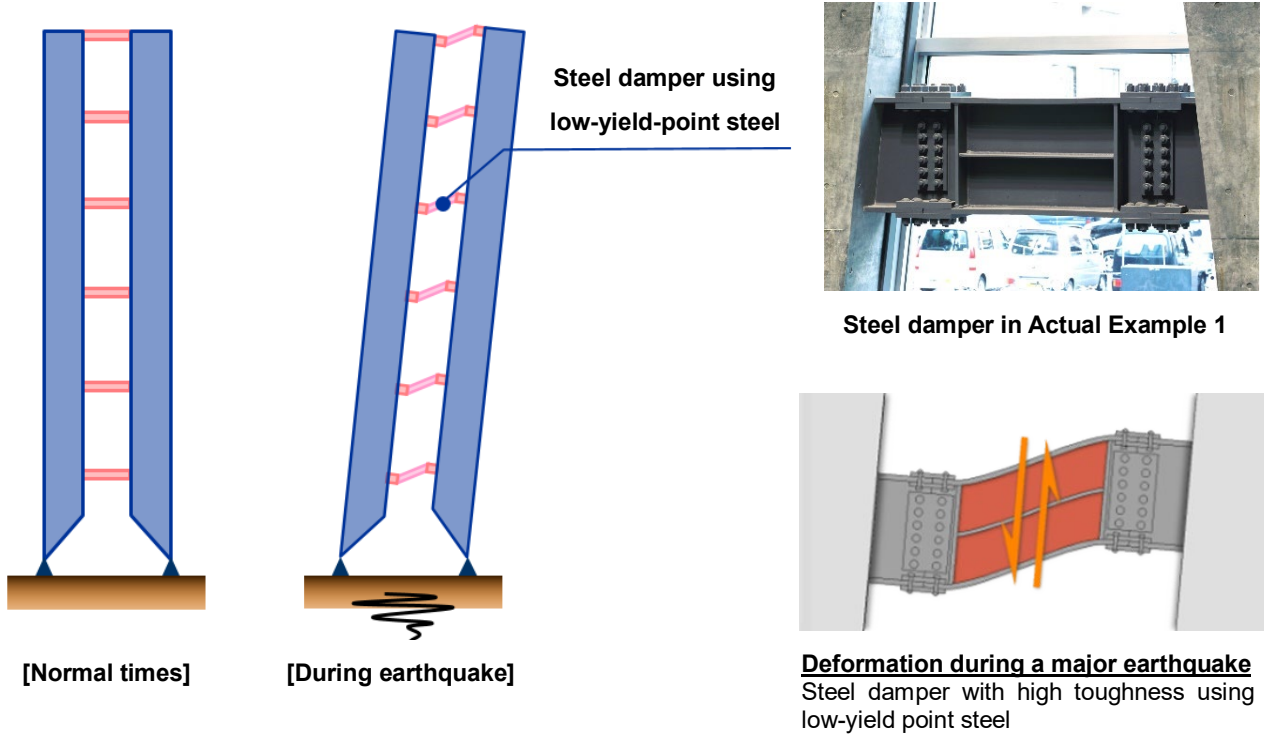
3. (Reference) About Taisei Corporation's TASMO construction method

The TASMO (Taisei Smart MOnitoring system) construction method will be employed for the building. TASMO is a damping structure system that imparts necessary rigidity and focuses the absorption of seismic energy from a major earthquake to steel dampers, by connecting wall pillars having wall foundation rotation performance with steel dampers, in order to mitigate damage to the building body. (See Fig. 1 below). It is a system that takes into consideration the business continuity plan (BCP), and can be counted on not only to save human lives in the aftermath of a major earthquake, but also to sustain the building performance by preventing damage to nonstructural components. Furthermore, by constructing a frame system made up of wall pillars as the outer shell structure, which is situated along the perimeter, it becomes possible for the building to realize areas that have no pillar forms, and create very spacious and highly innovative office space (See Fig. 2 below).

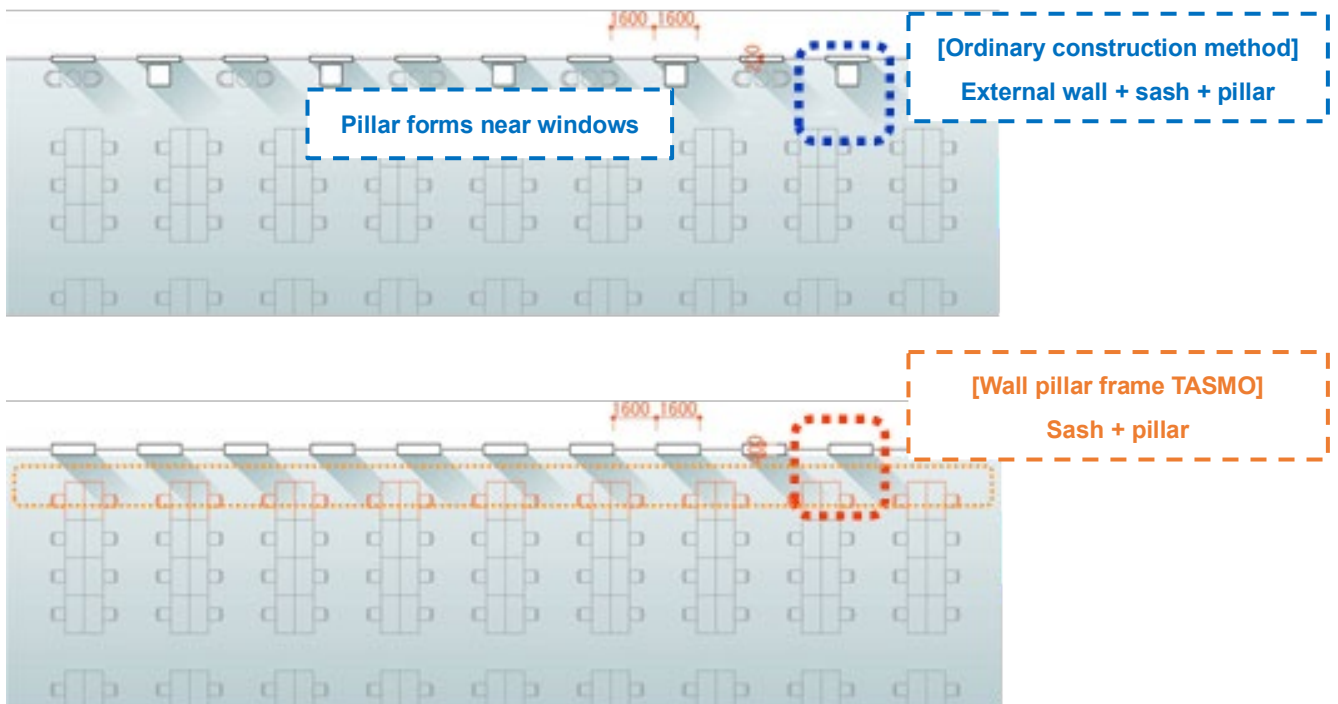
TASMO is a technology that Taisei Corporation has patented. Last year, TASMO was presented with the Infrastructure Technology Development Award's most prestigious prize, the MLIT Minister's Award, as an outstanding new technology for the construction industry.

(Taisei Corporation Website (Japanese only) https://www.taisei-techsolu.jp/solution/ct_earthquake/post_96.html)

(Fig. 1) TASMO Wall Pillar Frame System



(Fig. 2) Comparison of wall pillar structures (top: Ordinary structure, bottom: wall pillar frame system)



[Reference press release]

As of October 20, 2021 “Notice Concerning Asset Replacement and Conclusion of Agreements Concerning Development Project with World Holdings Group (Kandasudacho 2-Chome Development Project)”

As of December 16, 2021 “Notice Concerning Completion of Acquisition and Transfer of Trust Beneficial Interest in Domestic Real Estate”

- End -

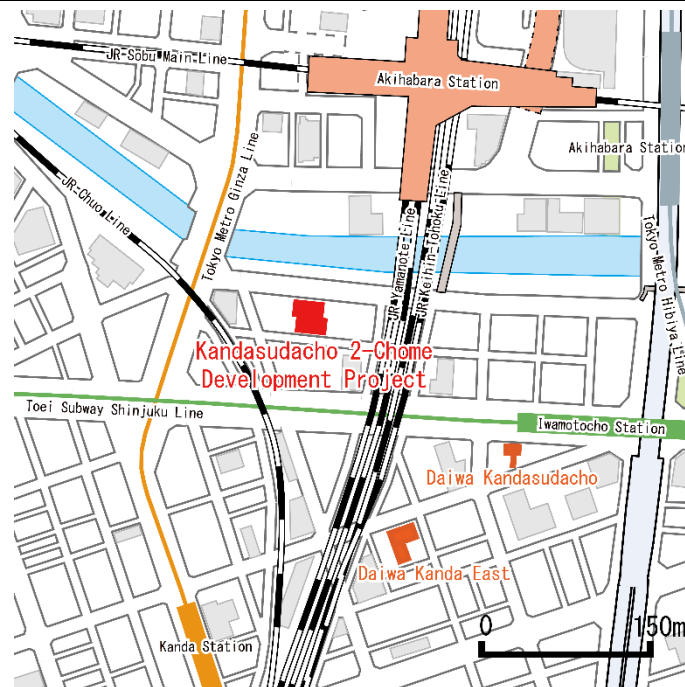
【Reference Material】 Graphic rendering of the completed project/Map

« Graphic rendering of the completed project (Note) »



(Note) The above is an architectural rendering prepared based on the expected building after development and may differ from the actual building.

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*Website URL of the Investment Corporation: <https://www.daiwa-office.co.jp/en/>