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May 23, 2018

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Notice concerning Acquisition of Asset
(Prime Kanda Building)

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

1. Summary of Assets to be Acquired

Asset Name	Prime Kanda Building (the “Property”)
Type of Asset	Trust beneficial interest in domestic real estate (Note 1)
Location	2-8-2 Kanda Suda-cho, Chiyoda-ku, Tokyo
Acquisition Price	1,800 million yen (Excluding acquisition costs, consumption tax, etc.)
Date of Conclusion of Purchase Agreement	May 23, 2018
Scheduled Delivery Date	June 7, 2018
Seller	Not disclosed (Note 2)
Funding for Acquisition	Cash on hand
Payment Method	Lump-sum payment at the time of delivery
Intermediary	Not disclosed (Note 3)

(Note 1) The asset is a trust beneficial interest with compartmentalized ownership of the B1 floor, part of the first floor and floors 4 to 10 as primary asset in trust. For more details, please refer to “3. Details of the Asset to be Acquired.”

(Note 2) The seller is a domestic special purpose company, which has not agreed to disclose its name.

(Note 3) The intermediary is a domestic corporation, which has not agreed to disclose its name.

2. Reason for Acquisition

The property is an office building pursuant to the basic policy for the asset management set forth in the Articles of Incorporation and the management policy of the Investment Corporation, and the acquisition was determined upon appreciation of the Property’s rarity and profitability. Please refer to the following for further details.

Note: This press release has been prepared as a public announcement regarding the Investment Corporation’s acquisition of assets and not prepared with the aim of soliciting investments.

(1) Location:

The Property is a 1-minute walk from Iwamotocho Station on the Toei Subway Shinjuku Line, a 7-minute walk from Akihabara Station on the JR Yamanote Line and Keihin Tohoku Line, a 4-minute walk from Akihabara Station on the Tokyo Metro Hibiya Line, an 8-minute walk from Kanda Station on the JR Yamanote Line, Keihin Tohoku Line and Chuo Line as well as a 6-minute walk from Kanda Station on the Tokyo Metro Ginza Line. As such, the area is highly convenient for transportation.

Office buildings in the Uchi-Kanda/Kanda Suda-cho area in which the Property is located often absorb demand through the appeal of being near to Otemachi and other areas of major business agglomeration as well as in having excellent convenience of transportation while also displaying a rent level that is comparatively cheap. The vast majority of companies in the area are domestic companies due to the character of the area and its environment and tend to be mid- to small-sized companies in manufacturing, wholesale and such.

(2) Building Facilities:

The Property has 10 floors above ground and one below with a gross floor area of 2,435.80 m² and a leasable area of approximately 70 tsubos per floor is secured. It is equipped with an OA floor, individual air conditioning and other facilities. Since the office space is without pillars, flexible layout and efficient use is possible.

The property is 27 years old but is maintained and managed appropriately and is considered to be able to draw the attention of potential tenants to its excellent image within the area where there are many office buildings that are 30 years old or older.

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

Asset Name	Prime Kanda Building		
Type of Specified Asset	Trust beneficial interest in real estate		
Trustee (scheduled)	Mitsubishi UFJ Trust and Banking Corporation		
Trust Period (scheduled)	From August 30, 2005 to June 30, 2028		
Location (Address)	2-8-2 Kanda Suda-cho, Chiyoda-ku, Tokyo		
Use (Real Property Registry)	Office, parking space		
Ownership Form	i) Land: Right of site ii) Building: Compartmentalized ownership		
Area	Land	Total site area	302.42 m ²
		Ratio of right of site to be acquired by the Investment Corporation	1,519,380 / 1,814,520 (approx. 83.73%)
	Building	Gross floor area of entire building	2,435.80 m ²
		Floor area of exclusive space and co-ownership interest of common space to be acquired by the Investment Corporation	Floor area of exclusive space: 1,716.51 m ² Co-ownership interest of common space: approx. 77.27%
Structure (Real Property Registry)	Steel construction / reinforced concrete with flat roof, 10 stories above ground and one below		
Construction Date (Real Property Registry)	August 30, 1990		
Building Engineer	Sekkei Koubou Co., Ltd.		
Constructor	Tada Corporation		

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Structural-design Engineer	Tada Corporation		
Floor Height/Ceiling Height	3,160 mm (for standard floor)/2,435 mm (for standard floor)		
Air-conditioning System/ OA Laying	Each floor individual treatment air-conditioning OA-capable floor		
Building Inspection Agency	Chiyoda Ward Government Office		
Engineering Due Diligence Company	Tokyo Bldg-Tech Center Co., Ltd		
Soil Contamination Risk Survey Company	Earth-Appraisal Co., Ltd.		
Soil Contamination Risk Survey Company	5.12% (Sompo Risk Management & Health Care Inc.)		
Acquisition Price	1,800 million yen (Excluding acquisition costs, consumption tax, etc.)		
Appraisal Value (Appraisal Date)	1,940 million yen (as of May 1 2018)		
Appraiser	The Tanizawa Sogo Appraisal Co., Ltd.		
Collateral	None		
Summary of Tenants			
Total Number of Tenants	6 (As of the scheduled acquisition date) (Note 1)		
Rent Revenue	8 million yen per month (March 2018) (Note 1)		
Security Deposit and Guaranty	48 million yen (March 31,2018) (Note 1)		
Total Leased Floor Space	1,680.07 m ² (estimation for the scheduled delivery date) (Note 1)		
Total Leasable Floor Space	1,680.07 m ² (Note 1)		
Trend in occupancy rates (Note 1)	Mar. 31, 2016	Mar.31, 2017	Acquisition date (scheduled)
	100.0%	100.0%	100.0%
NOI yield at acquisition (Note 2)	3.8%	Midterm NOI yield (Note 3)	4.2%
Appraisal NOI (NOI yield) (Note 4)	4.5%	Depreciation (Note 5)	0.5%
Other Relevant Information	Not applicable		

(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 tenants concerning compartmentalized ownership of the Property to be acquired by the Investment Corporation.

(Note 2) NOI yield at acquisition is calculated based on leasing agreement for the property by dividing the annual income with the assumption of the occupancy rate being 100.0% in consideration of the taxes and other costs that may be incurred by 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 3) Mid-term NOI yield is calculated based on the assumption that after the property acquisition, the Investment Corporation will receive rents on an ongoing basis for the mid-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 divided by acquisition price and used for the calculation of the income approach value as per the direct reduction process as stipulated by the real property appraisal report. 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 appropriated 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.

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4. Details of the Seller

The seller is a domestic special purpose company. However, since consent on disclosure of its name, etc. has not been obtained, such information is not disclosed. There is no relationship required to be disclosed between the Investment Corporation/Asset Manager and the seller in terms of capital, personnel and business. In addition, the seller does not fall under the Related Persons of the Investment Corporation/Asset Manager

5. Status of Owners etc. of Properties

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

6. Status of Intermediary

(1) Summary of Intermediary

The intermediary for the acquisition of Prime Kanda Building is a domestic corporation. However, since consent on disclosure of its name, etc. has not been obtained, such details are not presented. There is no relationship required to be disclosed between the Investment Corporation/Asset Manager and the intermediary in terms of capital, personnel and business. The Intermediary does not fall under the Related Party of the Investment Corporation/Asset Manager. Furthermore, the intermediary does not fall under the Related Persons of the Investment Corporation/Asset Manager or under the Related Persons of the sponsor.

(2) Fees for the Intermediary

Fees for the acquisition of the Property are not disclosed as consent has not been obtained from the intermediary.

7. Acquisition Schedule

Date of Determination of the Acquisition	May 23, 2018
Date of Execution of Purchase Agreement	May 23, 2018
Scheduled Payment Date	June 7, 2018
Scheduled Delivery Date	June 7, 2018

8. Future Prospect

As the Property is scheduled to be delivered on June 7, 2018, there is no impact of the acquisition of the Property on the management status forecasts for the fiscal period ending May 2018 (25th fiscal period). The impact of the acquisition of the Property on the management status forecast for the fiscal period ending November 2018 (26th fiscal period) is not significant and there are presently no revisions to the previously released forecasts.

9. Summary of Appraisal Report

Appraiser	The Tanizawa Sogo Appraisal Co., Ltd.	
Appraisal Date	May 1, 2018	
Appraisal Value	1,940 million yen	

Items	(million yen) (Note 1)	Outline, etc.
Income Approach Value	1,940	Based on DCF method with reference/verification to direct capitalization value.

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Direct Capitalization Value	2,000	
(1) Operating Revenue	109	
Potential Annual Rent Revenue	114	Mid- to long-term competitiveness is accounted for the standardized rent.
Amount of Loss due to Vacancy	5	Estimated based on vacancy rate deemed to be stable in the medium to long term.
(2) Operating Expenses	27	
Maintenance and Operation Cost	10	Maintenance and operating cost is based on the current contract and PM fee based on the scheduled PM contract, with verification using the standard fee levels of peer properties
PM Fee	(Note 2)	
Water & Utility Charges	5	Based on actual historical data.
Repair	1	Based on ER and similar cases (includes CM fee).
Leasing Fee	1	Based on scheduled PM contract and fee level of similar properties
Tax	7	Based on actual historical data.
Non-life Insurance	0	Based on quoted premium judged appropriate.
Other	0	
(3) Net Operating Revenue	81	
(4) Profit from deposits/guarantees	0	Return yield is assumed at 1.0%.
(5) Capital Expenditures	4	Based on ER and similar cases (includes CM fee).
(6) Net Revenue ((3)+(4)-(5))	78	
(7) Capitalization Rate	3.9%	Peer property comparison as well as investor sounding has been referenced.
Discounted Cash Flow Value	1,910	
Discount Rate	3.9%	Accumulation of risk premium of targeted properties on the cap rate based on standard properties (comparison with cap rate related to various financial instruments and by reference to investor survey).
Terminal Capitalization Rate	4.1%	Consideration of forecasted future uncertainty based on capitalization rate.
Integrated Value by Using Cost Method	1,910	
Ratio of Land	93.9%	
Ratio of Building	6.1%	

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 forecasted 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 bring about negative impact on the planned efficient operation that the Investment Corporation is to contract with the PM. This may in return further cause adverse effect on unitholders' interest. Therefore, the figure presented at this column is summed up with maintenance and operation cost.

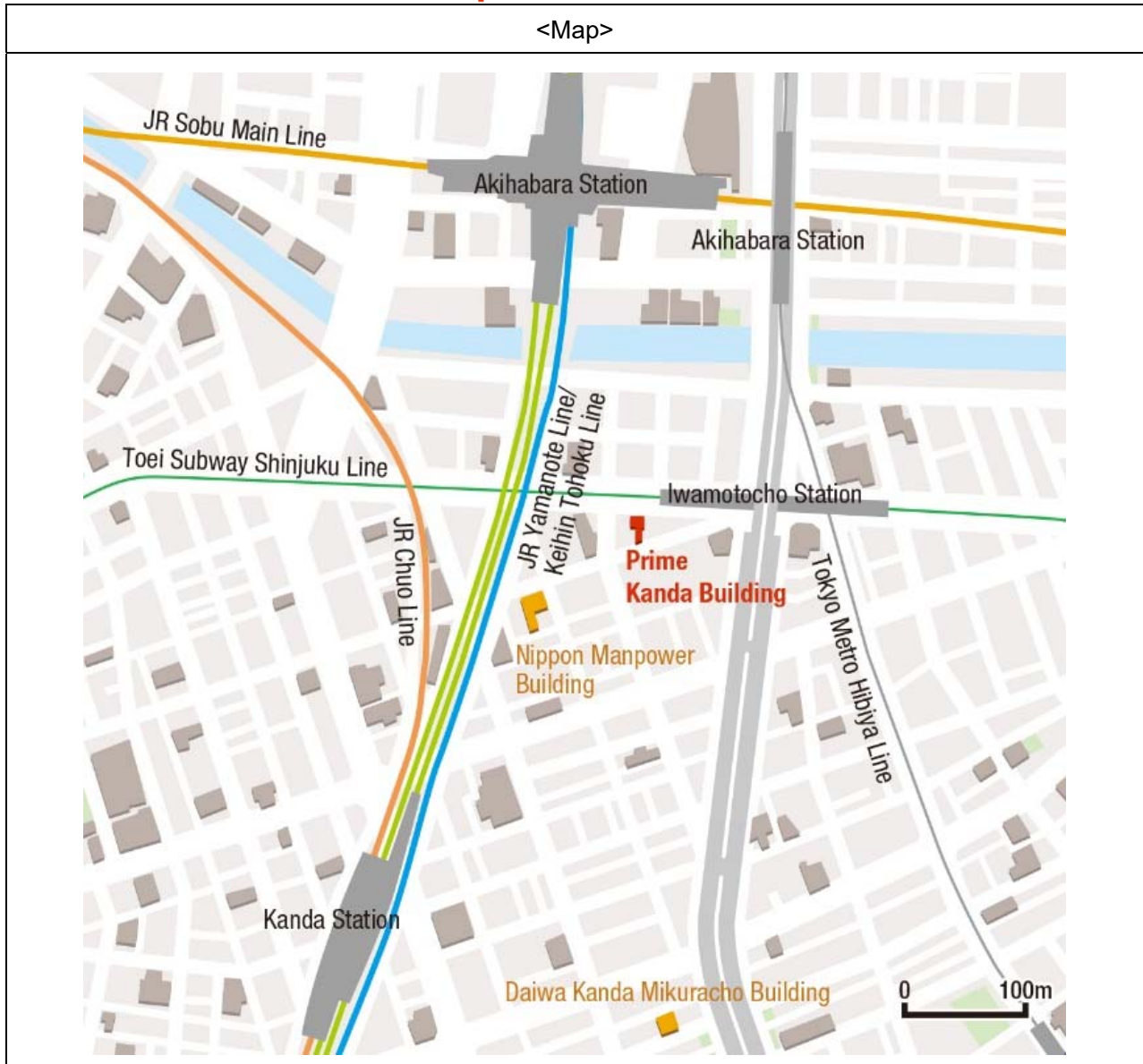
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<External View>



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[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	3.2%
	Daiwa Ginza Annex	Oct 21, 2005	3,050.0	0.7%
	Daiwa Shibaura	Oct 21, 2005	8,265.0	1.9%
	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 Shimbashi 510	Oct 21, 2005	2,080.0	0.5%
	Daiwa Tsukijiekimae	Jan 27, 2006	1,560.0	0.4%
	Daiwa Tsukiji	Jan 27, 2006	1,240.0	0.3%
	Daiwa Tsukishima	Mar 24, 2006	7,840.0	1.8%
	Daiwa Nihombashi Horidomecho	May 1, 2006	2,520.0	0.6%
	Daiwa Azabudai	May 1, 2006	1,600.0	0.4%
	Daiwa Kyobashi	Jul 31, 2006	3,460.0	0.8%
	Daiwa Kojimachi 4 Chome	Oct 6, 2006 Mar 29/ May 29, 2013	2,910.0	0.7%
	Daiwa Onarimon	Dec 1, 2006	13,860.0	3.1%
	Shinjuku Maynds Tower	Jul 13/ Nov 26, 2007	66,900.0	15.2%
	SHIBUYA EDGE	Jul 13, 2007	5,900.0	1.3%
	Daiwa Kodenmacho	Aug 31, 2007	2,460.0	0.6%
	Daiwa Jimbocho	Mar 10, 2010	4,150.0	0.9%
	Daiwa Nishi-Shimbashi	Aug 13, 2010	5,000.0	1.1%
	Daiwa Kayabacho Building	Mar 25, 2011	5,600.0	1.3%
	Daiwa Jimbocho 3 Chome	Mar 29, 2011	3,550.0	0.8%
	E SPACE TOWER	Jul 8, 2011	24,000.0	5.4%
	Daiwa Nihonbashi Hongokucho	May 11, 2012	1,721.0	0.4%
	shinyon curumu	Dec 3, 2012/ Apr 12, 2013	9,650.0	2.2%
	Daiwa Akasaka	Aug 9, 2013	9,200.0	2.1%
	Daiwa Shibuya Miyamasuzaka	Sep 27, 2013	7,000.0	1.6%
	Azabu Green Terrace	July 4, 2014	14,000.0	3.2%
	Daiwa Ebisu 4-chome	December 1, 2014	4,135.2	0.9%
LAQAS Higashi Shinjuku	December 3, 2014	8,450.0	1.9%	
Daiwa Aoyama	March 2, 2015	9,800.0	2.2%	
Shinsen Place	March 2, 2015	4,800.0	1.1%	
Grass City Shibuya	May 1, 2015	16,000.0	3.6%	
Daiwa River Gate	Jun 2, 2015	28,000.0	6.3%	

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Region	Name of Property	Date of Acquisition	Acquisition Price (million yen)	Investment Ratio (Note 4)
Five Central Wards of Tokyo (Note 1)	Daiwa Hatchobori ekimae	September 11, 2015	2,871.0	0.7%
	Daiwa Hatchobori ekimae West	September 11, 2015	1,647.0	0.4%
	Nikko Building	Mar 29, 2016	13,710.0	3.1%
	Kirin Nihonbashi Building	May 26, 2016	8,180.0	1.9%
	Daiwa Higashi-Nihonbashi	Jun 1, 2016	6,370.0	1.4%
	Square Daikanyama Building	Jun 29, 2016	2,280.0	0.5%
	Shinjuku West Building	Jul 21, 2016	942.0	0.2%
	Daiwa Kanda Mikuracho Building	Dec 21, 2016	1,592.0	0.4%
	Nippon Manpower Building	Jan 12, 2018	4,200.0	1.0%
	Prime Kanda Building	Jun 7, 2018 (Scheduled)	1,800.0	0.4%
Total Number of Properties located in Five Central Wards of Tokyo: 47			354,722.2	80.4%
Greater Tokyo (Note 2)	Daiwa Higashi-Ikebukuro	Oct 21, 2005	2,958.0	0.7%
	Daiwa Shinagawa North	Jul 13, 2007	7,710.0	1.7%
	Daiwa Osaki 3 Chome	Sep 18, 2012	1,650.0	0.4%
	Daiwa Kamiooka	Mar 1, 2013	2,000.0	0.5%
	Integral Tower	May 29, 2014	15,220.0	3.4%
	Daiwa Meguro Square	May 1, 2015	5,600.0	1.3%
	Daiwa Ogikubo	Jul 21, 2016	3,800.0	0.9%
	CONCUREDD Yokohama	Jan 11, 2018	38,100.0	8.6%
Total Number of Properties located in Greater Tokyo: 8			77,038.0	17.5%
Major Regional Cities (Note 3)	Daiwa Kitahama	Aug 1, 2014	9,481.5	2.1%
Total Number of Properties located in Major Regional Cities: 1			9,481.5	2.1%
Total Number of Properties: 56			441,241.7	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.

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

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