

December 15, 2016

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Notice concerning Acquisition of Asset
(Shin Kanda Mikuracho 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

Property Name	Shin Kanda Mikuracho Building
Type of Assets	Trust beneficial interest in real estate
Location	5-1 Kanda Mikura-cho, Chiyoda-ku, Tokyo
Acquisition Price	1,592 million yen (excluding associated acquisition costs, consumption tax, etc.)
Date of Conclusion of purchase agreement	December 15, 2016
Date of Delivery (scheduled)	December 21, 2016
Seller	OH Real Estate Management Co., Ltd.
Funding for Acquisition	Cash on hand
Payment Method	Lump-sum payment at the time of delivery
Intermediary	None

2. Reason for Acquisition

We believe that Shin Kanda Mikuracho Building (hereinafter the “Property”) is an appropriate 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. We decided to acquire the Property because we appreciate the rarity and profitability of the Property. Please refer to below for further details.

(1) Location:

The property is a five-minute walk from Kanda Station on the JR Yamanote Line, JR Keihin Tohoku Line, JR Chuo Line and the Tokyo Metro Ginza Line and a four-minute walk from Shin-Nihonbashi Station on the JR Sobu Line. It is a seven-minute walk from Mitsukoshimae Station on the Tokyo Metro Ginza Line and Tokyo Metro Hanzomon Line, Kodenmachi Station on the Tokyo Metro Hibiya Line, and Iwamotocho Station on the Toei Shinjuku Line and is located in an area with rare traffic convenience where five stations and eight lines fall within walking distance.

There are many cases where office buildings in the Uchi-Kanda and Kanda-Sudacho Area in which the property is located take in demand by appealing their inexpensive rent despite having great accessibility to Otemachi and other large business concentration areas as well as high traffic convenience. There are an overwhelming number of domestic companies due to the image of

location and environmental aspects, and the concentration of small and medium manufacturers and wholesalers is visible in the area.

(2) Building Facilities:

The property has seven floors above ground and one below with a gross floor area of 2,167.76m² and a leasable area of approximately 80 tsubos per floor is secured. It has 50mm of OA floor and facilities include an individual air conditioner in addition to 2,450mm of typical floor ceiling height. The rental room has a rectangular shape (regular shape) and an office space with no pillars, allowing flexible layout and efficient use.

The property is 25 years old but is maintained and managed appropriately and is considered to be able to appeal its excellent image to tenants within the area where many office buildings that are 30 years old or older are concentrated as the external appearance is a façade with many glass surfaces.

With its functionality at a favorable location, this property should continuously perform competitively and contribute to the return of the Investment Corporation's portfolio.

3. Details of the Property to Be Acquired

Property Name	Shin Kanda Mikuracho Building
Type of Specified Assets	Trust beneficial interest in real estate
Trustee (scheduled)	Mizuho Trust & Banking Co., Ltd.
Trust Period (scheduled)	From December 21, 2016 to December 31, 2026
Location (Lot Number)	5-1 Kanda Mikura-cho, Chiyoda-ku, Tokyo
Use (Real Property Registry)	Office, warehouse, parking space
Ownership Form	(i) Land: Ownership (ii) Building: Ownership
Site Area (Real Property Registry)	365.65 m ²
Total Floor Area (Real Property Registry)	2,167.76 m ²
Structure (Real Property Registry)	Steel frame and steel framed reinforced concrete structure, reinforced structure flat roof, 7 stories above ground and 1 below.
Construction Date (Real Property Registry)	January 31, 1991
Building Engineer	Takenaka Corporation
Constructor	Takenaka Corporation
Structural-design Engineer	Takenaka Corporation
Floor Height/Ceiling Height	3,450 mm (for standard floor) / 2,450 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	DAIWA REAL ESTATE APPRAISAL CO., LTD.
Soil Contamination Risk Survey Company	Earth-Appraisal Co., Ltd.
Probable Maximum Loss Level (Assessor)	6.01% (Sompo Risk Management & Health Care Inc.)

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Acquisition Price	1,592 million yen (excluding acquisition costs and consumption tax, etc.)		
Appraisal Value (Appraisal Date)	1,680 million yen (as of December 1, 2016)		
Appraiser	The Tanizawa Sogo Appraisal Co., Ltd.		
Collateral	None		
Summary of Tenants			
Total Number of Tenants	3 (As of scheduled acquisition date)		
Rent Revenue	¥3 million per month (November 2016)		
Security Deposit and Guaranty	¥25 million yen (November 30, 2016)		
Total Leased Floor Space	751.76 m ² (estimated as of the scheduled delivery date) (Note 1)		
Total Leasable Floor Space	1,732.42 m ² (Note 1)		
Trend in occupancy rates (Note 1)	April 30, 2015	(Note 2)	
	April 30, 2016	43.4%	
	Scheduled acquisition date	43.4%	
NOI yield at acquisition (Note 3)	4.0%	Midterm NOI yield (Note 4)	4.6%
Appraised NOI yield (Note 5)	4.9%	Depreciation (Note 6)	0.6%
Other Relevant Information	<p>1. The road adjacent to the east side of the land is stipulated under Paragraph 3, Article 42 of the Building Standards Act and approximately 0.51m² of the land is provided for the road.</p> <p>2. According to the Report on Survey Results of Asbestos issued by Earth-Appraisal Co., Ltd., the existence of asbestos exceeding 0.1%, the standard value (notified by the Ministry of Health, Labour and Welfare's Labour Standards Bureau as of February 6, 2008), was recognized in the elevator machine room on the penthouse of the building and the steel column and joist in the elevator shaft. However, according to the Report on Measurement Results of Atmospheric Concentration that was also issued by Earth-Appraisal Co., Ltd. at the same time, the atmospheric concentration of asbestos at the abovementioned places was about the same as those in a general environment or lower.</p>		

(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) Data before the acquisition by the seller is not disclosed

(Note 3) NOI yield upon acquisition is calculated based on leasing agreement for the property to be acquired by dividing the annual income with the assumption of the occupancy rate being 96.0% 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. The occupancy rate as of the scheduled acquisition date is 43.4% and we aim to recover the occupancy rate by conducting continuous leasing activities as an asset management company.

(Note 4) 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 5) The figure for appraised NOI yield is the net operating income divided by the acquisition price, 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 6) The figure for depreciation is the total amount of the six months depreciation conversion price and the appropriated expected depreciation charge for the next financial period (six month period), which are divided by the acquisition price at the time of acquisition. 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

(1)	Company Name	OH Real Estate Management Co., Ltd.
(2)	Location	2-4-1 Marunouchi, Chiyoda-ku, Tokyo
(3)	Title and Name of Representative	Ryosuke Fukuoka, President and CEO
(4)	Description of Business	1. Sale and purchase, lease, brokerage, intermediation and management of real estate 2. Financial business such as lending money, guaranteeing obligations and sale and purchase of credit 3. Investment business of real estate and credit 4. Consulting business pertaining to the above 5. Agent business of non-life insurance 6. Any other business incidental or relating to the businesses mentioned in any of the foregoing items
(5)	Amount of Capital	50 million yen
(6)	Date of Incorporation	October 14, 2011
(7)	Net Assets	The seller has not agreed to disclose the net assets
(8)	Total Assets	The seller has not agreed to disclose the total assets
(9)	Major Shareholder and Shareholding Ratio	Open House Development Co., Ltd. (100%)
(10)	Relationship with the Investment Corporation/Asset Manager	
	Capital Relationship	There is no capital relationship required to be stated between the Investment Corporation/Asset Manager and the Seller. In addition, the affiliated parties and the affiliated companies of the Seller do not fall under the Capital Relationship of those of the Investment Corporation/Asset Manager.
	Personnel Relationship	There is no personnel relationship required to be stated between the Investment Corporation/Asset Manager and the Seller. In addition, the affiliated parties and the affiliated companies of the Seller do not fall under the Personnel Relationship of those of the Investment Corporation/Asset Manager.
	Business Relationship	There is no business relationship required to be stated between the Investment Corporation/Asset Manager and the Seller. In addition, the affiliated companies of the Seller do not fall under the Business Relationship of those of the Investment Corporation/Asset Manager.
	Status of Classification as Related Party	The Intermediary does not fall under the Related Party of the Investment Corporation/Asset Manager. In addition, the affiliated parties and the affiliated companies of the Seller do not fall under the Related Persons of the Investment Corporation/Asset Manager.

5. Status of Owners etc. of Property

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

None

7. Acquisition Schedule

Date of Determination of the Acquisition	December 15, 2016
Date of Execution of Purchase Agreement	December 15, 2016
Scheduled Payment Date	December 21, 2016
Scheduled Delivery Date	December 21, 2016

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8. Future Prospects

As the property is scheduled to be delivered on December 21, 2016, there is no impact of the acquisition of the Property on the management status forecasts for the fiscal period ended November 2016 (22nd fiscal period). The impact of the acquisition of the property on the management status forecast for the fiscal period ending May 2017 (23rd 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	December 1, 2016	
Appraised Value	1,680 million yen	
Items	(million yen) (Note 1)	Outline, etc.
Income Approach Value	1,680	Based on DCF method with reference/verification to direct capitalization value
Direct Capitalization Value	1,750	
(1) Operating Revenue	104	
Potential Annual Rent Revenue	110	Mid-to-long term competitiveness is accounted for the standardized rent
Amount of Loss due to Vacancy	5	Stable occupancy ratio is estimated for the mid-to-long term
(2) Operating Expenses	26	
Maintenance and Operation Cost, PM Fee	8 (Note 2)	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.
Water & Utility Charges	8	Based on actual historical data.
Repair	2	Based on ER and similar cases (includes CM fee)
Leasing Fee	1	Based on scheduled PM contract and fee level of similar properties
Tax	6	Based on actual historical data.
Non-life Insurance	0	Based on quoted premium judged appropriate.
Others	0	
(3) Net Operating Revenue	77	
(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))	73	
(7) Capitalization Rate	4.2%	Peer property comparison as well as investor sounding has been referenced.
Discounted Cash Flow Value	1,650	
Discount Rate	4.2%	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	4.4%	Consideration of forecasted future uncertainty based on capitalization rate
Integrated Value by Using Cost Method	1,680	
Ratio of Land	91.1%	
Ratio of Building	8.9%	

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

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(Note 2) With no permission of the prospective PM for specific disclosure of the PM fees, there is no disclosure of the breakdown of fees. Disclosure of the PM fee figures in a specific manner may cause adverse effects on the other business operations of the prospective PM, leading to bring about negative impact on the planned efficient operation based on the maintenance policy of the investment-target property of the Investment Corporation that the Investment Corporation is to contract with the PM. This may in return further cause adverse effects on unitholders' interest. Therefore, the figure presented in this column is calculated together with maintenance and operation costs.

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<External View>



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<Map>



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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	3.0%
	Daiwa Ginza Annex	Oct 21, 2005	3,050.0	0.6%
	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	0.5%
	Daiwa Misakicho	Oct 21, 2005	2,346.0	0.5%
	Daiwa Shimbashi 510	Oct 21, 2005	2,080.0	0.4%
	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 Nihombashi Horidomecho	May 1, 2006	2,520.0	0.5%
	Daiwa Azabudai	May 1, 2006	1,600.0	0.3%
	Daiwa Kyobashi	Jul 31, 2006	3,460.0	0.7%
	Daiwa Kojimachi 4 Chome	Oct 6, 2006 Mar 29/ May 29, 2013	2,910.0	0.6%
	Daiwa Onarimon	Dec 1, 2006	13,860.0	3.0%
	Shinjuku Maynds Tower	Jul 13/ Nov 26, 2007	133,800.0	28.5%
	SHIBUYA EDGE	Jul 13, 2007	5,900.0	1.3%
	Daiwa Kodenmacho	Aug 31, 2007	2,460.0	0.5%
	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	1.2%
	Daiwa Jimbocho 3 Chome	Mar 29, 2011	3,550.0	0.8%
	E SPACE TOWER	Jul 8, 2011	24,000.0	5.1%
	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%
	Azabu Green Terrace	July 4, 2014	14,000.0	3.0%
	Daiwa Ebisu 4-chome	December 1, 2014	4,135.2	0.9%
	LAQAS Higashi Shinjuku	December 3, 2014	8,450.0	1.8%
Concept Aoyama	March 2, 2015	9,800.0	2.1%	
Shinsen Place	March 2, 2015	4,800.0	1.0%	
Grass City Shibuya	May 1, 2015	16,000.0	3.4%	
River Gate	Jun 2, 2015	28,000.0	6.0%	

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Five Central Wards of Tokyo (Note 1)	Daiwa Hatchobori ekimae	September 11, 2015	2,871.0	0.6%
	Daiwa Hatchobori ekimae West	September 11, 2015	1,647.0	0.4%
	Nikko Building	Mar 29, 2016	13,710.0	2.9%
	Kirin Nihonbashi Building	May 26, 2016	8,180.0	1.7%
	Heiwa Higashi-nihonbashi Building	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%
	Shin Kanda Mikuracho Building	December 21, 2016 (scheduled)	1,592.0	0.3%
Total Number of Properties located in Five Central Wards of Tokyo: 45			415,622.2	88.6%
Greater Tokyo (Note 2)	Daiwa Higashi-Ikebukuro	21-Oct-05	2,958.0	0.6%
	Daiwa Shinagawa North	13-Jul-07	7,710.0	1.6%
	Daiwa Osaki 3 Chome	18-Sep-12	1,650.0	0.4%
	Daiwa Kamioka	1-Mar-13	2,000.0	0.4%
	Integral Tower	29-May-14	15,220.0	3.2%
	Meguro Place Tower	1-May-15	5,600.0	1.2%
	Ogikubo TM Building	Jul 21, 2016	3,800.0	0.8%
Total Number of Properties located in Greater Tokyo: 7			38,938.0	8.3%
	Daiwa Meieki	1-Feb-13	5,300.0	1.1%
	Kitahama Grand Building	1-Aug-14	9,481.5	2.0%
Total Number of Properties located in Major Regional Cities: 2			14,781.5	3.1%
Total Number of Properties: 54			469,341.7	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) "Regional Major 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" columns 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 regions or for the overall portfolio.

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