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September 11, 2009

REIT Issuer:

DA Office Investment Corporation
6-2-1 Ginza, Chuo-ku, Tokyo
Representative: Yoshiki Nishigaki, Executive Director
(Stock Code No.: 8976)

Asset Manager:

Daiwa Real Estate Asset Management Co., Ltd.
Representative: Yoshiki Nishigaki,
President and Representative Director
Inquiries to: Yuji Shinozuka,
Director and Head of IR & Planning Department
Tel: 03-6215-9649

Notice concerning Issuance of First Series Unsecured Investment Corporation Bonds with Early Redemption Clause (with subordination agreement and limited to qualified institutional investors)

We hereby give notice that DA Office Investment Corporation (the “Investment Corporation”) today decided to issue the First Series Unsecured Investment Corporation Bonds with Early Redemption Clause (with subordination agreement and limited to qualified institutional investors) (the “Subordinated Investment Corporation Bonds”) as described below.

1. Background and Objective to Issuance of the Subordinated Investment Corporation Bonds

The environment surrounding the Investment Corporation and the real estate market is expected to continue to be difficult despite signs that the global turmoil in financial markets is settling down. This recognition has led the Investment Corporation to establish the policy for the time being of conservative leverage control at the present ratio of interest-bearing liabilities (the ratio of interest-bearing liabilities is calculated based on acquisition prices) of no more than 30%.

On July 1, 2009, Daiwa Securities Group Inc. (the “Daiwa Securities Group”) became the new sponsor of the Investment Corporation. The Investment Corporation has been aiming to achieve efficient procurement of funds through borrowing costs that reflect the creditworthiness of the

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sponsor Daiwa Securities Group. Following on from the underwriting of 51,893 investment units by way of third-party allotment in July 2009, this emphatic commitment to the debt portion of the Investment Corporation shown by Daiwa Securities Group as sponsor is anticipated to help smooth future negotiations with financial institutions concerning refinancing and also contribute to improvement in the future management of funds.

The decision to select the method of issuing subordinated investment corporation bonds to Daiwa Securities Group was made in view of avoiding any dilution of net assets per unit caused by the additional issuance of investment units under the environment of the recent real estate investment corporation market and, in effect, achieving an increase in unitholders' equity.

2. Characteristics and Impact of the Subordinated Investment Corporation Bonds

The Subordinated Investment Corporation Bonds are hybrid bonds (a means of capital procurement positioned between liabilities and equity) with the following characteristics. Although such bonds have the character of liabilities under the law, the bonds also possess the character of procurement means of a capital nature in that the bonds have an agreement attached that subordinates the bonds to borrowings from banks and other general claims (subordination clause) in the event that grounds for bankruptcy or civil rehabilitation or bankruptcy or civil rehabilitation in a country other than Japan not governed by Japanese law, proceedings equivalent thereto, etc. (grounds for subordination due to bankruptcy) are found and continue to exist.

Since the redemption deadline is long term, this contributes also to making liabilities long term and thus tends to be easier to gain the understanding of existing lending financial institutions.

Furthermore, the bonds are also believed to enable avoiding any dilution of net assets per unit held by unitholders caused by the additional issuance of investment units and achieving, in effect, an increase in unitholders' equity.

3. Overview of the Subordinated Investment Corporation Bonds

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| (1) Name of bonds: | DA Office Investment Corporation First Series Unsecured Investment Corporation Bonds with Early Redemption Clause (with subordination agreement and limited to qualified institutional investors) |
| (2) Allottee: | Daiwa Securities Group Inc. |
| (3) Total amount of bonds: | 3,500 million yen in cash |
| (4) Application of Book-Entry Transfer Law: | The Law Concerning Book-Entry Transfer of Corporate Bonds, Stocks, etc. applies to the Subordinated Investment |

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- Corporation Bonds. Accordingly, no investment corporation certificates shall be issued for the Subordinated Investment Corporation Bonds.
- (5) Denomination of each bond: 100 million yen in cash
- (6) Amount to be paid in: 100 yen in cash per par value of 100 yen for each bond
- (7) Redemption price: 100 yen in cash per par value of 100 yen for each bond
- (8) Offering method: Private placement limited to qualified institutional investors
- (9) Subscription deadline: September 11, 2009
- (10) Deadline for payment of amount to be paid in: September 17, 2009
- (11) Redemption deadline and method (including early redemption): The principal of the Subordinated Investment Corporation Bonds shall be redeemed in the total amount on September 17, 2019.
The principal of the Subordinated Investment Corporation Bonds shall be redeemable prior to the redemption deadline in whole (not in part) on the deadline for 10th payment (as defined in (13) below) or any payment deadline thereafter at 100 yen per par value of 100 yen for each bond.
The Subordinated Investment Corporation Bonds shall be able to be purchased and cancelled at any time on or after the day following the deadline for payment of amount to be paid in, unless otherwise provided by laws or ordinances or the book-entry transfer institution Japan Securities Depository Center, Inc.
- (12) Applicable interest rate: Floating rate (step-up after 5 years) ^(Note 1)
- (i) From the day following deadline for payment of amount to be paid in until the deadline for 10th payment:
6-month Japanese yen TIBOR + 2.40%
- (ii) From the day following deadline for 10th payment until the redemption deadline:
6-month Japanese yen TIBOR + 3.90%
- (13) Interest payment dates: March 17 and September 17 every year (each the “Payment Deadline”)
However, the banking day preceding the Payment Deadline when the Payment Deadline is not a banking day.
The payment of interest shall be in accordance with the subordination agreement in (14) below.
There are no provisions on accumulating or non-accumulating of interest.
- (14) Subordination agreement: During the period that grounds for bankruptcy or civil rehabilitation or bankruptcy or civil rehabilitation in a country other than Japan not governed by Japanese law, proceedings equivalent thereto, etc. (grounds for subordination) are found and continue to exist with respect to the Investment Corporation, there shall be no payment of principal or interest on the Subordinated Investment Corporation Bonds until the claims senior to the Subordinated Investment Corporation Bonds are fully paid.

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- (15) Restriction on resale: Purchasers of the Subordinated Investment Corporation Bonds shall be prohibited from transferring the Subordinated Investment Corporation Bonds in cases other than those in which the transfer is to qualified institutional investors (meaning the persons provided in Article 10, Paragraph 1 of the Cabinet Office Ordinance Relating to Definitions Prescribed in Article 2 of the Financial Instruments and Exchange Law as those having expert knowledge of and experience with investment in securities). ^(Note 2)
- (16) Special financial provisions, etc.: There are no other special financial provisions, etc. on the Subordinated Investment Corporation Bonds other than the above.
There are also no refinancing restrictions placed on the Subordinated Investment Corporation Bonds.
- (17) Collateral/Guarantee: No secured mortgage or guarantee is applicable to, and no assets are specifically reserved as collateral, for the Subordinated Investment Corporation Bonds.
- (18) Acquired ratings: Ratings are scheduled to be acquired.
- (19) Investment corporation bond manager: None shall be appointed.
- (20) Fiscal agent: Sumitomo Mitsui Banking Corporation
- (21) General administrator: Administration associated with seeking underwriters of the Subordinated Investment Corporation Bonds (related to Article 117, Item 1 of the ITL)
Daiwa Securities SMBC Co. Ltd. ^(Note 3)
Administration of and during issuance (related to Article 117, Item 3 and Item 6 of the ITL)
Sumitomo Mitsui Banking Corporation
Preparation and keeping of the register of investment corporation bonds and other administration associated with the register of investment corporation bonds of the Subordinated Investment Corporation Bonds (related to Article 117, Item 2 of the ITL)
Sumitomo Mitsui Banking Corporation

(Note 1) The applicable interest rate will be notified when determined on September 15, 2009.

(Note 2) The allottee of the Subordinated Investment Corporation Bonds Daiwa Securities Group Inc. has reached an agreement with the Investment Corporation to not transfer the Subordinated Investment Corporation Bonds without the prior consent of the Investment Corporation.

(Note 3) The administrator for offering of the Subordinated Investment Corporation Bonds Daiwa Securities SMBC Co. Ltd. is a subsidiary of Daiwa Securities Group Inc. (holds a 60% stake in Daiwa Securities SMBC Co., Ltd.). Daiwa Securities Group Inc. is the Asset Manager's parent company (holds a 100% stake in the Asset Manager). Accordingly, Daiwa Securities SMBC Co. Ltd. constitutes an interested party, etc. as defined in the Investment Trust and Investment Corporation Law (the "ITL").

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4. Rationality of Issuance Terms, etc.

With there being limited cases of issuance of subordinated investment corporation bonds in Japan, there is believed to be no standard interest rate level. Consequently, in order to derive a theoretical interest rate level, reference was also made to information, etc. provided by a third-party institution (a consulting company). A multifaceted analysis, including the disparity in the spread of investment corporation bonds of other similar investment corporations and the spread of senior bonds and subordinated bonds in the market (bank bonds) and verification from the spread of subordinated investment corporation bonds issued in the past in Japan, was conducted to determine issuance terms, etc.

5. About the Allottee

(1) Profile of the Allottee

(i)	Trade name	Daiwa Securities Group Inc.
(ii)	Location of head office	1-9-1 Marunouchi, Chiyoda-ku, Tokyo
(iii)	Representative	Shigeharu Suzuki, President and CEO
(iv)	Paid-in capital	247,368 million yen (as of August 11, 2009)
(v)	Major shareholder	Japan Trustee Services Bank, Ltd. (trust account 4G) (5.88%) (as of March 31, 2009)
(vi)	Description of main business	Controlling/Managing the business activities of companies engaging in the financial instruments business as set forth in the Financial Instruments and Exchange Law or non-Japanese companies engaging in an equivalent business by holding shares or equity in such companies
(vii)	Relationship with the Investment Corporation or the Asset Manager	Parent company of the Asset Manager

(2) Reason for Selecting the Allottee

Daiwa Securities Group is, as of today, a unitholder holding 51,893 investment units of the Investment Corporation and also the Asset Manager's parent company (holds a 100% stake). The fact that Daiwa Securities Group will underwrite the Subordinated Investment Corporation Bonds represents its emphatic commitment to the debt portion of the Investment Corporation as sponsor and this is regarded to be very meaningful for the Investment Corporation's future financial strategy. Furthermore, Daiwa Securities Group has demonstrated understanding of the Investment Corporation's future management policy of further promoting stable management. For these reasons, Daiwa Securities Group was selected as the allottee.

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(3) Transactions with an Interested Party, etc.

The transaction with the allottee Daiwa Securities Group constitutes a transaction with an interested party, etc. as defined in the ITL. Consequently, in accordance with the related-party transaction proceedings set forth in the regulations of the Board of Directors and rules on conflicts of interest, the Asset Manager has referred the terms, etc. of the transaction to the Compliance Officer for deliberation, to the Investment Committee for deliberation and approval and to the Compliance Committee for deliberation and approval, and has obtained the approval of all directors with voting rights at a meeting of the Board of Directors.

6. Use of Funds

(1) Specific Use of Funds

The funds will be set aside as liquidity in hand, as well as used as working capital, to fund capital expenditures, etc.

(2) Scheduled Period of Expenditure

The funds will be used in portions pursuant to the abovementioned use of funds as needed in or after September 2009.

7. Status of Interest-Bearing Liabilities After Issuance of the Subordinated Investment Corporation Bonds

Please refer to the “Notice concerning Series of Debt Financing Measures” dated today for the status of interest-bearing liabilities after issuance of the Subordinated Investment Corporation Bonds.

8. Other Matters Required for Investors to Appropriately Understand / Exercise Discretion Over the Abovementioned Information

(1) Capital Nature of the Subordinated Investment Corporation Bonds

Negotiations for the amount of the Subordinated Investment Corporation Bonds to be deducted from the amount of liabilities in the calculation of LTV in agreements on cash loan for consumption with the financial institutions pertaining to the Investment Corporation’s new borrowings outlined in the “Notice concerning Borrowing of Funds” dated today are underway.

The Investment Corporation plans to pursue negotiations for the Subordinated Investment Corporation Bonds to be deducted from liabilities in the calculation of LTV in agreements on

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cash loan for consumption with financial institutions pertaining to borrowings in the future if it is to take out other new loans or upon refinancing of existing loans.

- (2) Investment Risks Involved with the Subordinated Investment Corporation Bonds
Concerning the Subordinated Investment Corporation Bonds, in addition to the matters presented in “Part 1: Fund Information; Section 1: Fund Status; 3. Investment Risks” of the Periodic Securities Report (*Yuka Shoken Hokokusho*) submitted on August 27, 2009, unitholders of the Investment Corporation and creditors of the Subordinated Investment Corporation Bonds face the following risks.

(a) General Risks Related to Subordinated Investment Corporation Bonds

In general, subordinated investment corporation bonds have interest rates set high in return for being subordinated to general creditors in the order that debt is paid. In addition, in this case of the Subordinated Investment Corporation Bonds to be issued by the Investment Corporation, the interest will be based on a floating rate. However, arrangements have been made for the spread added to the base six-month Japanese yen TIBOR to be increased after five years have passed from the deadline for payment of the amount to be paid in (step-up). The distributions received by the Investment Corporation’s unitholders are paid out from the earnings of the Investment Corporation that are calculated after paying interest to the creditors of subordinated investment corporation bonds. Therefore, compared to a borrowing or issuance of investment corporation bonds with no subordination agreement, there is a greater possibility that distributions to unitholders will decrease. On the other hand, the payment of principal and interest on the Subordinated Investment Corporation Bonds has been arranged in a way that it will be subordinated to the Investment Corporation’s general debt after grounds for subordination are found, but due to its character as the debt of the Investment Corporation, it will take seniority to unitholders’ rights to demand distribution of residual assets. For these reasons, depending on the terms for issuance of the Subordinated Investment Corporation Bonds, there may possibly be negative impact on the rights of unitholders and the market price of the investment units of the Investment Corporation.

Additionally, there are cases in which the agreements on cash loan for consumption with the financial institutions lending to the Investment Corporation have financial covenants that call for the LTV of the Investment Corporation to be kept below a certain level. However, there are cases in which subordinated investment corporation bonds are deducted from the amount of liabilities in the calculation of LTV under certain terms in those agreements on cash loan for consumption. One of the common reasons for issuing subordinated investment corporation bonds is to lower the LTV without diluting investment units, but whether or not subordinated investment corporation bonds are deducted from the amount of liabilities in the calculation of LTV depends on the provisions of the agreements on cash

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loan for consumption and premised on an agreement being obtained from the lending financial institutions regarding such handling. When newly entering into agreements on cash loan for consumption with financial institutions hereafter, the Investment Corporation strives to negotiate with financial institutions with the aim of deducting subordinated investment corporation bonds from the amount of liabilities in the calculation of LTV. However, there is no guarantee these negotiations will be successful.

(b) Risks Specific to Creditors of Subordinated Investment Corporation Bonds

In the case of subordinated investment corporation bonds, after grounds for subordination are found, no principal or interest on subordinated investment corporation bonds are paid until the Investment Corporation's general debt is fully paid. Also, in the event that the Investment Corporation experiences operational concerns, bankruptcy or the like, there is the possibility that the value of subordinated investment corporation bonds will drop tremendously or lost. Furthermore, the liquidity of subordinated investment corporation bonds is less than general bonds and, upon selling, there is the possibility that subordinated investment corporation bonds cannot be sold at the price anticipated based on prevailing market conditions because the market size and trading volume is small. In the case of subordinated investment corporation bonds with an early redemption clause, even if creditors of subordinated investment corporation bonds reinvest the amount from the early redemption at the general prevailing rate of that time, the creditors may possibly not obtain a level of yield equal to the interest on subordinated investment corporation bonds that would have been earned if the early redemption had not taken place (reinvestment risk).

- End -

- * The Japanese version of this press release has been distributed to the Kabuto Club (TSE Press Club), the Ministry of Land, Infrastructure, Transport and Tourism Press Club, and the Ministry of Land, Infrastructure, Transport and Tourism Press Club for Construction Publications.
- * Web URL of the Investment Corporation: <http://www.da-office.co.jp>

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