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December 19, 2017

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Notice Concerning Partial Divestment of Asset (Shinjuku Maynds Tower)

We hereby announce that today Daiwa Office Investment Corporation (the "Investment Corporation") has determined to divest a trust beneficial interest in real estate as follows.

1. Summary of Asset to be Divested

Asset Name	Shinjuku Maynds Tower (3/7 of co-ownership interest) (the "Property") (Note 1)
Type of Asset	Trust beneficial interest in domestic real estate
Sale Price (scheduled)	62,500 million yen (excluding settlement amounts of fixed asset tax and city planning tax, consumption tax and local consumption tax)
Book Value	64,818 million yen (May 31, 2017) (Note 2)
Appraisal Value	62,500 million yen (May 31, 2017) (Note 2)
Difference between the Sale Price (scheduled) and the Book Value	-2,318 million yen (Note 3)
Date of Conclusion of Sales Agreement	December 19, 2017
Date of Delivery (scheduled)	February 28, 2018
Purchaser	MAY Tokutei Mokuteki Kaisha
Payment Method	Lump-sum payment at the time of delivery
Intermediary	Not disclosed (the "Intermediary") (Note 4)

(Note 1) The Investment Corporation holds 6/7 of co-ownership interest in Shinjuku Maynds Tower. Therefore, co-ownership interest in the property is scheduled to be 3/7 following the divestment of the asset to be divested (3/7 of co-ownership interest).

(Note 2) Book Value and Appraisal Value is calculated as ones for 3/7 of co-ownership interest for reference by using figures for 6/7 of co-ownership interest in book value and appraisal value as of May 31, 2017.

(Note 3) This figure differs from capital gain. It is simply calculated to show difference between the sale price (scheduled) and the book value as of May 31, 2017 for reference.

(Note 4) The Intermediary is a domestic corporation, which has not agreed to disclose its name.

2 Reason for Divestment

The Investment Corporation acquires properties that have potentials to improve quality of its existing portfolio in order to realize sustainable growth and stable proceeds, and, if necessary, examines replacement by divesting a part of the portfolio to further enhance quality of it under its replacement policy. We have conducted a comprehensive review of the portfolio composition as well as its future competitiveness, revenue and expenses taking account into investment ratio of the Property that is biggest asset in the portfolio and decided to divest the Property.

Note: This press release has been prepared as a public announcement regarding the Investment Corporation's divestment of an asset and not prepared with the aim of soliciting investments.

3. Details of the Asset to be Divested

Asset Name	Shinjuku Maynds Tower
Type of Specified Asset	Trust beneficial interest in domestic real estate
Trustee	Mizuho Trust & Banking Co., Ltd.
Maturity of Trust Period	September 30, 2025
Location (Address)	2-1-1 Yoyogi, Shibuya-ku, Tokyo
Use (Real Property Registry)	Office, Store
Ownership Form	(i) Land: Ownership (co-ownership interest ratio: 3/7) (ii) Building: Ownership (co-ownership interest ratio: 3/7)
Site Area (Real Property Registry)	11,500.48 m ² (Note 1)
Total Floor Area (Real Property Registry)	97,978.74 m ² (Note 1)
Structure (Real Property Registry)	Steel, steel framed reinforced concrete structure with flat roof, 34 stories above ground and 3 below
Construction Date (Real Property Registry)	September 26, 1995
Book Value	64,818 million yen (May 31, 2017) (Note 2)
Appraisal Value (Date of Valuation)	125,000 million yen (Note 3) (as of May 31, 2017)
Appraiser	Morii Appraisal & Investment Consulting, Inc.
Date of Delivery (scheduled)	February 28, 2018
Summary of Tenants (as of October 31, 2017)	
Total Number of Tenants	37 (Note 1)
Rent Revenue	2,529 million yen (Note 3, 4)
Security Deposit and Guaranty	3,624,063,223 yen (Note 1)
Total Leased Floor Space	51,350.34 m ² (Note 1)
Total Leasable Floor Space	53,134.64 m ² (Note 1)
Occupancy Rate	96.6% (Note 1)

(Note 1) Figures for the entire building are indicated

(Note 2) Book Value is used for reference by calculating 6/7 of co-ownership interest in book value as of May 31, 2017 as 3/7 of co-ownership interest.

(Note 3) Figures pertaining to 6/7 of co-ownership interest are indicated

(Note 4) Rent revenue is for the fiscal period ended May 2017 (from December 1, 2016 to May 31, 2017).

4. Details of the Purchaser

(1) Name	MAY Tokutei Mokuteki Kaisha (Note 1)
(2) Address	1-11-1 Marunouchi, Chiyoda-ku, Tokyo
(3) Title/Name of Representative	Director: Felix Chan Ho Wan Director: Yoshitaka Aragaki
(4) Nature of Business	1. Business pertaining to receiving a transfer, management and disposition of specified assets in line with asset securitization under the Act on the Securitization of Assets 2. All other business incidental to the business pertaining to specified asset securitization stated above
(5) Stated Capital	Specified Capital 6,710 million yen
(6) Date of Incorporation	August 3, 2004
(7) Net Assets	The purchaser has not agreed to disclose net assets
(8) Total Assets	The purchaser has not agreed to disclose total assets
(9) Major Shareholder	The purchaser has not agreed to disclose major shareholder
(10) 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 purchaser. Furthermore, there is no capital relationship to be stated between the affiliated parties and the affiliated companies of the purchaser and those of the Investment Corporation/Asset Manager.
Personnel Relationship	There is no personnel relationship to be stated between the Investment

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		Corporation/Asset Manager and the purchaser. Furthermore, there is no personnel relationship to be stated between the affiliated parties and the affiliated companies of the purchaser and those of the Investment Corporation/Asset Manager.
	Business Relationship	There is no business relationship to be stated between the Investment Corporation/Asset Manager and the purchaser. Furthermore, there is no business relationship to be stated between the affiliated parties and the affiliated companies of the purchaser and those of the Investment Corporation/Asset Manager.
	Status of Classification as Related Party	The purchaser is not a related party to the Investment Corporation or the Asset Manager. Furthermore, affiliate parties and affiliate companies of the purchaser are not affiliate parties or affiliate companies of the Investment Corporation or the Asset Manager.

(Note 1) The corporation is a special purpose company established in Japan under the umbrella of GIC Private Limited (“GIC”). GIC was established by the Singaporean government in 1981 to manage foreign exchange reserves and its total assets amount to over \$100 billion. It invests in a wide range of things such as real estate, private equity, stocks and bonds in more than 40 countries and has more than 20 years of experience in investing in emerging markets. GIC has 10 offices at financial bases around the world in addition to its headquarters in Singapore and has more than 1,400 employees. It started investing in real estate in Japan from 1997 and has abundant track records of investment.

5. Status of the Intermediary

(1) Summary of the Intermediary

The Intermediary of the Property is a domestic corporation and has not agreed to disclose its identity. 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 a Related Party of the Investment Corporation / Asset Manager.

(2) Fees for the Intermediaries

With no permission from the Intermediary to disclose the fees and other details of the transaction, there is no disclosure on the fees.

6. Uses of the Funds Obtained by the Divestment

A part of the funds obtained by the divestment will be used for repayment of loans which are to be announced and etc.

7. Future Prospects

The date of delivery of the Property is scheduled to be February 28, 2018. There is thus no impact of the partial divestment of the Property on the forecast of management status for the fiscal period ended November 2017 (24th Fiscal Period). The impact of the partial divestment of the property on the forecast of management status for the fiscal period ending May 2018 (25th Fiscal Period), as well as the impact of the divestment of Daiwa Meieki Building and the acquisitions of CONCURRED Yokohama and Nippon Manpower Building which were announced on December 19 2017, is scheduled to be announced at the time of announcement of the final accounts for the fiscal period ended November 2017 (24th Fiscal Period), which is scheduled to be announced on January 18, 2018. Gains on sales of real estate properties obtained by the partial divestment and the divestment of Daiwa Meieki Building (approx. 460 million yen) in the fiscal period ending May 2018 (25th Fiscal Period) are scheduled to be partially retained as reserve for reduction entry and therefore the impact on the

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forecast of management status for the fiscal period is expected to be minimal.

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8. Summary of Appraisal Report

Appraiser	Morii Appraisal & Investment Consulting, Inc.
Appraisal Date	May 31, 2017
Appraised Value	125,000 million yen (Note 1)

Items	(million yen) (Note 2)	Outline, etc.
Income Approach Value (Note 1)	125,000	Based on DCF method with reference/verification to direct capitalization value and multiplying the value by 6/7
Direct Capitalization Value	149,000	Indicated as 7/7 of the co-ownership
(1) Operating Revenue	6,893	
Potential Annual Rent Revenue	7,052	Mid-to-long-term competitiveness is accounted for the standardized rent
Amount of Loss due to Vacancy	159	Taking into consideration the standard vacancy rate and specific factors of the subject property
(2) Operating Expenses	1,763	
Maintenance and Operation Cost	374	Based on actual historical data by referring to the standard fee level of peer properties
PM Fee	(Note 3)	
Water & Utility Charges	700	Based on actual historical data by referring to the standard fee level of peer properties
Repair	111	Assessed as 30% equivalent of leveled amount with reference to the estimate on the ER
Leasing Fee	48	1.2 months equivalent of newly contracted rent
Tax	520	Land: Based on actual historical data, and taking into consideration the fluctuation rate Building: Taking into consideration depreciation with age Depreciable assets: Based on actual historical data, and taking into consideration depreciation with age
Non-life Insurance	7	Deemed actual amount as being appropriate
Others	0	Neighborhood association fee
(3) Net Operating Revenue	5,130	
(4) Profit from deposits/guarantees	47	Assessed by multiplying the amount arrived at by deducting the amount equivalent to vacancy portion from deposits, etc. upon full occupancy by 1.0% of return yield.
(5) Capital Expenditures	260	Assessed as 70% equivalent of levelled amount with reference to the estimate in the ER and also considering CM fee.
(6) Net Revenue ((3)+(4)-(5))	4,918	
(7) Capitalization Rate	3.3%	Based on the method of deriving from comparison with peer properties as a standard, and with reference to also interviews with investors, etc.
Discounted Cash Flow Value	142,000	Indicated as 7/7 of the co-ownership
Discount Rate	3.1%	Based on historical discount rates of peer properties as well as comparison with cap rate related to other financial instruments
Terminal Capitalization Rate	3.5%	Consideration of marketability of the Property at the end of the period that the DCF valuation assumed
Integrated Value by Using Cost Method (Note 1)	96,000	
Ratio of Land	89.0%	
Ratio of Building	11.0%	

Other, things appraiser noted upon valuation	—
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(Note 1) Appraised Value, Income Approach Value and Integrated Value are indicated as 6/7 of the co-ownership interest.

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The other figures are indicated as 7/7 of the total.

(Note 2) 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 3) 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 figures in a specific manner may cause adverse effects on 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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[Reference Material] Portfolio Overview after Divestment 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	0.7%
	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	3.2%
	Shinjuku Maynds Tower	Jul 13/ Nov 26, 2007	66,900.0	15.2%
	SHIBUYA EDGE	Jul 13, 2007	5,900.0	1.3%
	Daiwa Kodenmachi	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	5.5%
	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	6.4%	

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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 (Scheduled)	4,200.0	1.0%
Total Number of Properties located in Five Central Wards of Tokyo: 46			352,922.2	80.3%
Greater Tokyo (Note 2)	Daiwa Higashi-Ikebukuro	Oct 21, 2005	2,958.0	0.7%
	Daiwa Shinagawa North	Jul 13, 2007	7,710.0	1.8%
	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	3.5%
	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 (Scheduled)	38,100.0	8.7%
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	2.2%
Total Number of Properties located in Major Regional Cities: 1			9,481.5	2.2%
Total Number of Properties: 55			439,441.7	100.0%

(Note 1) "Five Central Wards of Tokyo" mean 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 acquisition price of each property to the aggregate amount of the 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) CONCUREDD Yokohama and Nippon Manpower Building are listed above as described in "Notice Concerning Acquisition of Asset and Lease (CONCUREDD Yokohama and Nippon Manpower Building)" separately announced on December 19, 2017 and the divestment of Daiwa Meieki Building is reflected in the list as described in "Notice Concerning Divestment of Asset (Daiwa Meieki Building)" separately announced on December 19, 2017.

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

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