

This translation of the original Japanese notice is provided solely for information purposes. Should there be any discrepancy between this translation and the Japanese original, the latter shall prevail.

March 26, 2019

REIT Issuer: Daiwa Office Investment Corporation (Stock Code No.: 8976)
Representative: Motoi Takahashi, Executive Director

Asset Manager: Daiwa Real Estate Asset Management Co. Ltd.
Representative: Akira Yamanouchi, President and Representative Director
Inquiries to: Kentaro Azumi, General Manager, Corporate Division
(Tel: +81-3-6215-9649)

Notice Concerning Borrowing of Funds (Including ESG Loan for J-REIT) and Acquisition of “MUFG ESG Rating Certificate for J-REIT supported by JCR”

We hereby give notice that Daiwa Office Investment Corporation (the “Investment Corporation”) decided today to borrow a total of 6,000 million yen (the “Borrowings”) and was awarded the “A Rank” in the “MUFG ESG Rating Certificate for J-REIT supported by Japan Credit Rating Agency (the “JCR”)” by Mitsubishi UFJ Research and Consulting Co., Ltd. (the “MURC”) as follows.

1. Details for the Borrowings

Scheduled Lender	Loan Amount (million yen)	Interest Rate	Scheduled Borrowing Date	Borrowing / Repayment Method	Repayment Date
The Bank of Fukuoka	3,000	1 month Japanese Yen TIBOR + 0.35% (Note2)	2019/3/29	Unsecured Repayment in lump sum	2028/3/31
MUFG Bank, Ltd. (ESG Loan for J-REIT (Note1))	2,000	1 month Japanese Yen TIBOR + 0.35% (Note2)			2028/3/31
The Gunma Bank, Ltd.	1,000	1 month Japanese Yen TIBOR + 0.225% (Note2)			2026/3/31

(Note1) Please refer to the “5. About the Certificate and “ESG Loan for J-REIT” for details.

(Note2) Interest payments shall be paid at the end of every month (If any such date is not a business day, the immediately following business day; and if such date falls within the next month, the preceding last business day of the month.) and the repayment date. Interest Rate is calculated based on 1 month Japanese Yen TIBOR which Japanese Bankers Association (“JBA”) announces two business days prior to the first day of the applicable period.

(*) Please refer to the website of JBA TIBOR Administration (<http://www.jbatibor.or.jp/english/rate/>) for Japanese Yen TIBOR.

2. Reason for the Borrowings

The loan of 6,000 million yen on March 29, 2019 will be provided for the repayment of 6,000 million yen borrowed in total due on March 29, 2019.

3. Date of Signing Contract

March 26, 2019

Note: This press release was prepared as a public announcement regarding borrowing of Funds (Including ESG Loan for J-REIT) and acquisition of “MUFG ESG Rating Certificate for J-REIT supported by JCR” and was not prepared with the aim of soliciting investments.

4. Status of Interest-Bearing Liabilities after the Borrowings

Please refer to “Reference” for the status of interest-bearing liabilities after the Borrowings.

5. About the Rating Certificate and “ESG Loan for J-REIT”

(1) About the Rating Certificate

- The rating certificate evaluates the Investment Corporation’s effort on ESG (Environment, Society, Governance) based on a scale of one to five (S / A / B+ / B- / C) by the MURC’s own criteria.
- In this rating certificate, the Investment Corporation received the “A Rank” for its wide range of activities in all areas of ESG. Especially in the “Policy and goal setting and execution control in the environment area” were highly evaluated as well as ensuring transparency in governance and thorough compliance awareness.
- The rating certificate with the support from JCR providing a third-party view, aims to be highly objective.
- By utilizing the rating certificate, clarification of ESG issues can be made and the Investment Corporation can will be able to obtain the “ESG Loan for J-REIT” from MUFG Bank, Ltd.
- Please refer to MURC’s website for detail of the rating certificate.
<http://www.murc.jp/sp/1810/j-reit/index.html> (Japanese only)

(2) About “ESG Loan for J-REIT”

- The loan will be provided by MUFG, taking into consideration of this ESG evaluation, in addition to the usual credit evaluation.
- The loan is allocated on priority basis from the net proceed from sale of the Mitsubishi Financial Group’s Green Bond (Note3) which was issued on October 2018. With the listing of Investment Corporation’s name on the report about the status of the fund allocation of MUFG’s Green Bond, Investment Corporation can expect higher name exposure.
- The priority allocation of the fund requires the receiving party to own “Eligible Green Properties (Note4)” and meeting MUFG’s requirements on the certificate’s rating.

(Note3) Please refer to MUFG’s website.

<https://www.mufg.jp/english/csr/environment/greenbond/>

(Note4) “Eligible Green Properties” are properties which can measure its CO2 emission and schedule to receive or received one of the following ratings with the two years before the annual reporting of fund allocation.

- Gold or Platinum rating under LEED
- Excellent or Outstanding rating under BREEAM
- A or S rating under CASBEE
- 4 or 5 stars under DBJ Green Building Certificate

Note: This press release was prepared as a public announcement regarding borrowing of Funds (Including ESG Loan for J-REIT) and acquisition of “MUFG ESG Rating Certificate for J-REIT supported by JCR” and was not prepared with the aim of soliciting investments.

6. Other Matters Required for Investors to Appropriately Understand and Evaluate the Above Information

There arises no change to the content of the investment risks described at “1. Fund Information, 1-1 Status of Fund, 1-1-3 Investment Risk” of the Yukashouken Houkokusyo filed as of February 20, 2019 with respect to the risks involved in repayment of the Borrowing.

- End -

[Reference]

(1) Outstanding Balance of Interest-Bearing Liabilities after the Borrowings

As of March 29, 2019

(Unit: million yen)

	Before the Borrowings	After the Borrowings	Increase/ Decrease
Short-term loans (loan period: 1 year or less) (Note 1)	35,000	29,000	-6,000
Long-term loans (loan period: over 1 year)	170,350	176,350	+6,000
Total loans	205,350	205,350	0
Subordinated investment corporation bonds	5,100	5,100	0
Total interest-bearing liabilities	210,450	210,450	0

(Note 1) The short-term loans include long-term loans to be repaid within 1 year.

(2) Ratio of Floating-Rate and Fixed-Rate Interest-Bearing Liabilities after the Borrowings

As of March 29, 2019

(Unit: million yen)

	Aggregate amount of interest-bearing liabilities	Ratio
Floating-rate interest-bearing liabilities	38,000	18.1%
Fixed-rate interest-bearing liabilities*	172,450	81.9%

* Fixed-rate interest-bearing liabilities include debts changed from floating-rate to fixed-rate through swap transactions.

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

Note: This press release was prepared as a public announcement regarding borrowing of Funds (Including ESG Loan for J-REIT) and acquisition of “MUFG ESG Rating Certificate for J-REIT supported by JCR” and was not prepared with the aim of soliciting investments.