

As of July 19, 2024

【Digest Version】

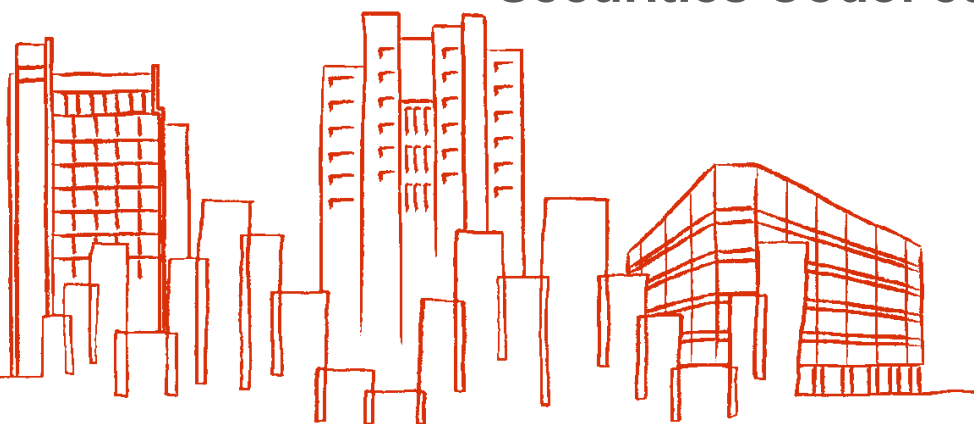
The official version will be updated later.



# Daiwa Office Investment Corporation

**Earnings Announcement for the 37th Fiscal Period  
(Fiscal Period Ended May 2024)**

**Securities Code: 8976**



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Daiwa Real Estate Asset Management

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# Executive Summary

Strategic management that realized rent increase

Refer to P.13-15

<End of 37<sup>th</sup> FP occupancy rate>

**97.0%** ↑

Initial forecast: 96.6%

**Maintenance of high occupancy rate**

<Rate of change in rent at renewal>

**+2.5%** ↑

Previous FP: +7.2%

**Continuation of upward rent revision**

<Rate of change in rent at replacement>

**+4.2%** ↑

Previous FP: -3.9%

**Positive shift**

Initiatives for properties with issues  
Progress of properties subject to leasing improvement

Refer to P.16

<Daiwa Sasazuka Tower>

End of 37<sup>th</sup> FP occupancy rate **100.0%** ↑

Rent increase/decrease rate **+10~25%** ↑

<Shinjuku Maynds Tower>

End of 37<sup>th</sup> FP occupancy rate **95.4%** ↑

Rent increase/decrease rate **More than +10% on average** ↑

<Daiwa Harumi>

End of 37<sup>th</sup> FP occupancy rate **94.3%** ↑

Successfully attracted three tenants open to customers

Realized the enhancement of portfolio quality

Refer to P.9-10

**Acquisition**

S-GATE FIT Nihonbashi Bakurocho

Occupancy rate from April 2024 **100.0%** ↑



**Acquisition**

Daiwa Akihabara

Expected occupancy rate at the end of August

**91.9%** ↑

Expected NOI Yield

4.0% → **4.5%** ↑  
(+50 bps compared with expectation)



**Divestment**

Daiwa Tsukishima

**Decided to divest the property in three phases**

+  
**Buy-back of own investment units** using proceeds from sale



End of 37<sup>th</sup> Fiscal Period  
LTV **43.9%**

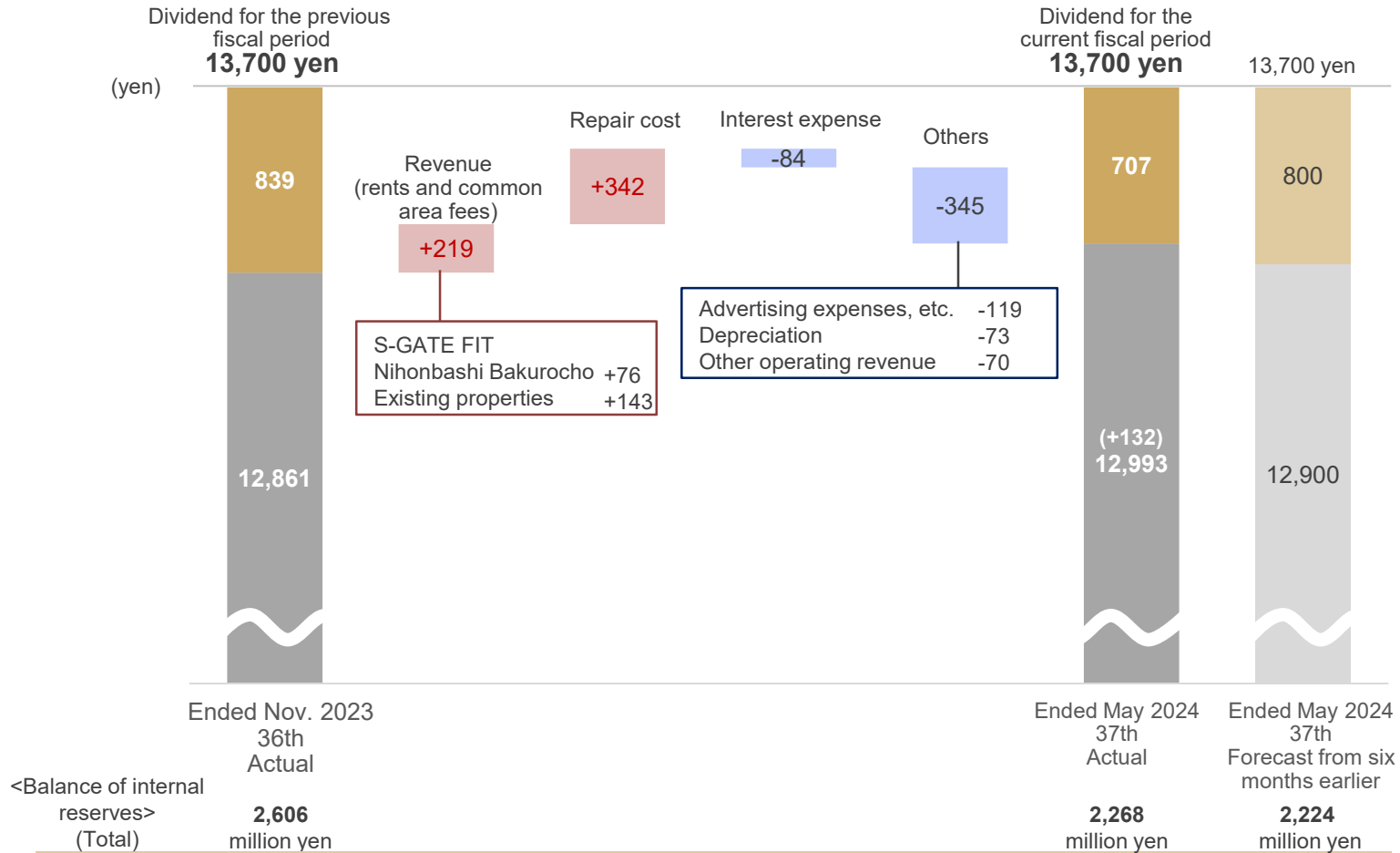
Dividend per unit for the fiscal period ended May 2024  
**13,700 yen** (EPU 12,993 yen)



# Factors of Change in Dividend per Unit:

Comparison with Results of the Fiscal Period Ended May 2024

- **Revenue (rents and common area fees) increased** due to the incurrance of rent for properties acquired during the period and the elimination of free rent for existing properties
- Although advertising expenses mainly increased due to the progress in leasing, the amount of reversal of internal reserve decreased, and **EPU increased by 132 yen compared with the fiscal period ended November 2023**



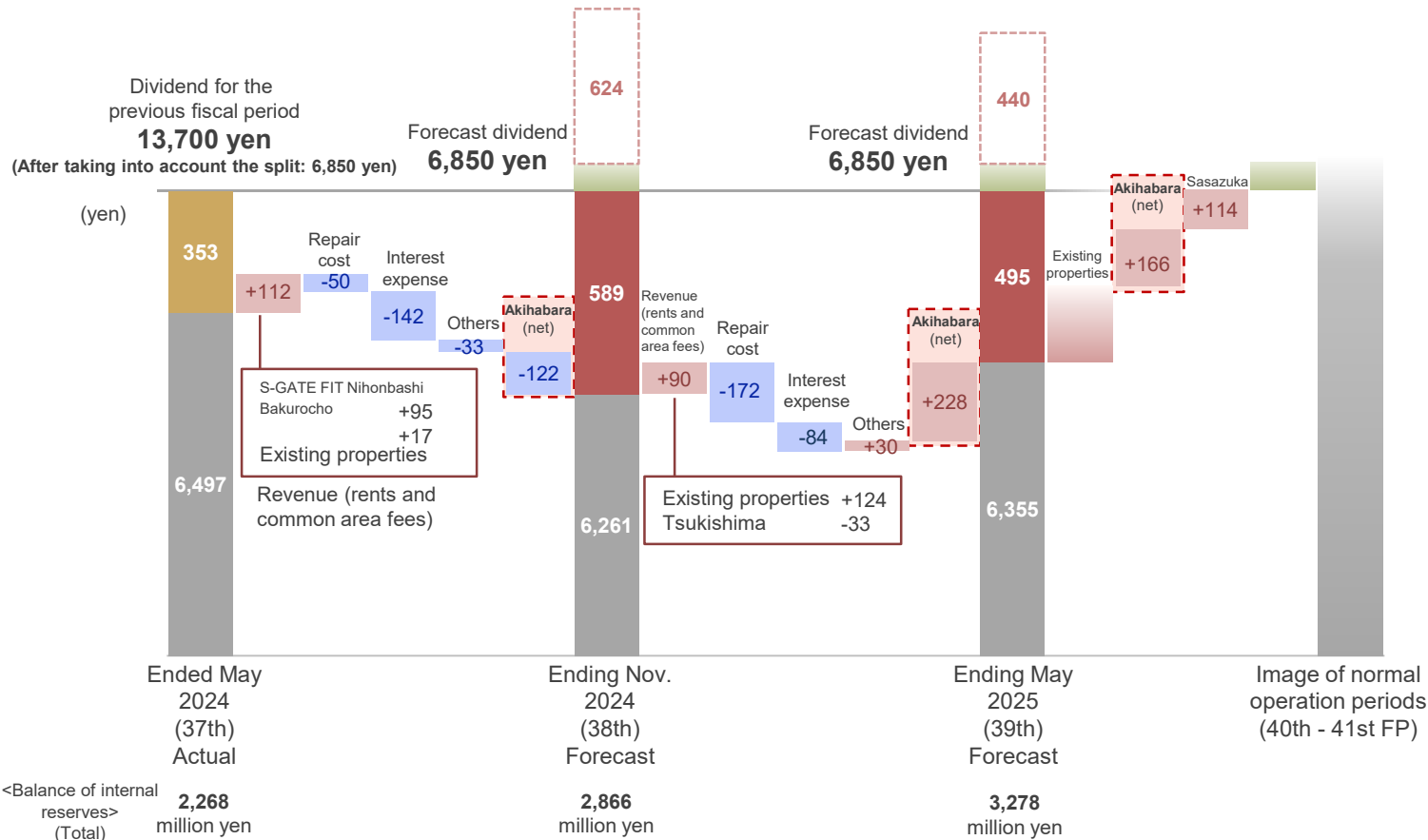
■ Net income per unit (excluding gain on sale of real estate properties) ■ Reversal of internal reserve ■ Increase factors ■ Decrease factors



# Factors of Change in Dividend per Unit:

Forecasts for the Fiscal Period Ending November 2024 and Fiscal Period Ending May 2025

- **EPU will gradually improve** due to the increase in revenue (rents and common area fees) for existing properties and the contribution of Akihabara
- Dividend is expected to increase in the fiscal period ending November 2024 and the fiscal period ending May 2025 due to the buy-back of own investment units



**Daiwa Akihabara**  
To the stage of dividend contribution

Immediately after completion, expenses such as financial expenses and depreciation incurred in advance

**They will steady contribute to dividends from the 39th FP onward**

**+223 yen**

**+57 yen**

Item	Ending May 2025 (39th)	Ending Nov. 2025 (40th)
Interest and AM fee	-70 yen	-70 yen
Depreciation	-75 yen	-75 yen
Rent expense	-55 yen	-55 yen
Tax and public due	-30 yen	-30 yen
<b>Total</b>	<b>-172 yen</b>	<b>-172 yen</b>

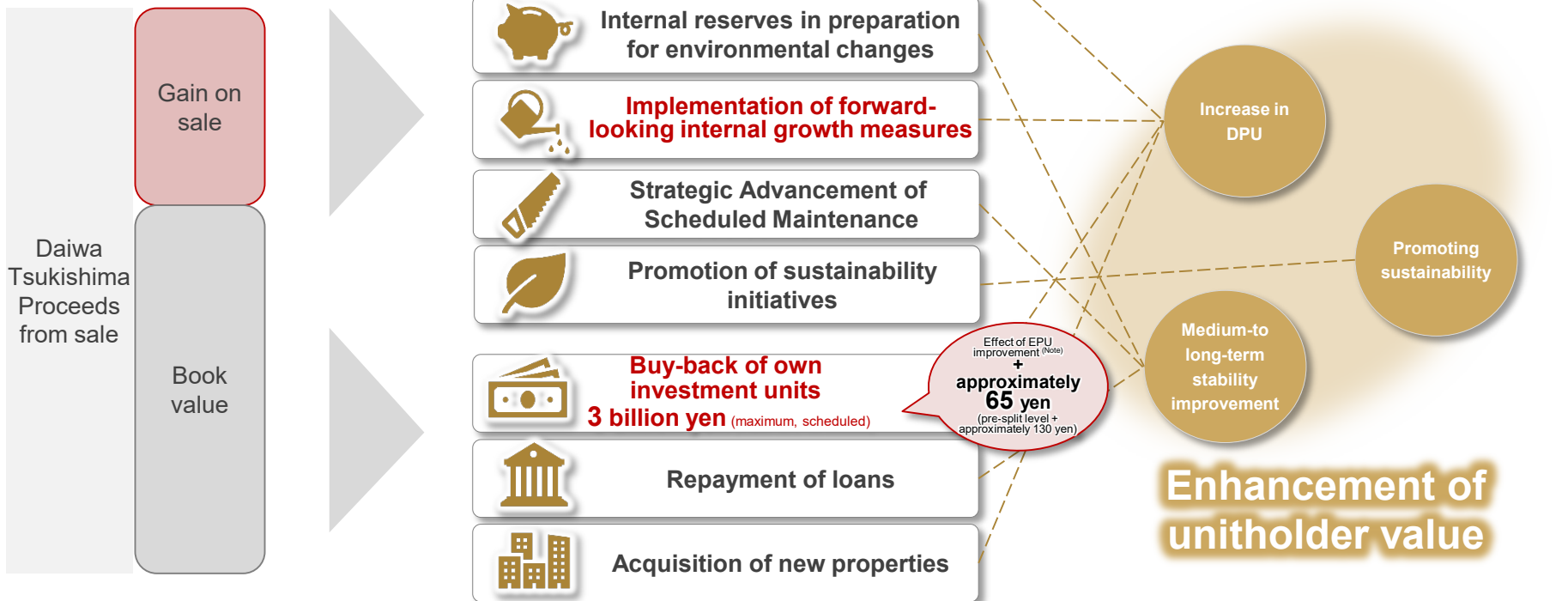
**<Main expense items>**

■ Net income per unit (excluding gain on sale of real estate properties, etc.) ■ Reversal of internal reserve  
 ■ Increase due to gain on sale of real estate properties, etc. (after provision for reserve for reduction entry and after subtracting management fees related to divestment)  
 □ Provision for reserve for reduction entry ■ Increase factors ■ Decrease factors  
 ■ Effect of EPU improvement due to the buy-back of own investment units in the fiscal period ending November 2024 (forecast)

# Future Initiatives

## Use of proceeds from sale of properties

- Realize stable dividend by divesting Daiwa Tsukishima, which had issues with leasing, in three periods
- Scheduled to carry out the buy-back and cancellation of own investment units based on the current investment unit price



(Note) Estimated at a maximum amount of 3 billion yen

### Outline of Divestment (Daiwa Tsukishima)

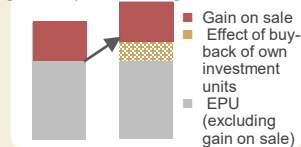
(Note) Gain on sale is expected to be recorded in accordance with the divestment date

	Divestment Price		Book Value	
	9,800 million yen		6,295 million yen (as of May 31, 2024)	
Scheduled Divestment Date	November 29, 2024 (40% quasi co-ownership interest)		May 30, 2025 (30% quasi co-ownership interest)	November 28, 2025 (30% quasi co-ownership interest)
Gain on Sale <sup>(Note)</sup>	1,203 million yen		926 million yen	400 million yen

### Outline of Buy-Back of Own Investment Units

Total Acquisition Price	3.0 billion yen (maximum)
Number of Units to be Acquired	14,000 units (maximum)
Acquisition Period	July 22, 2024 - November 14, 2024

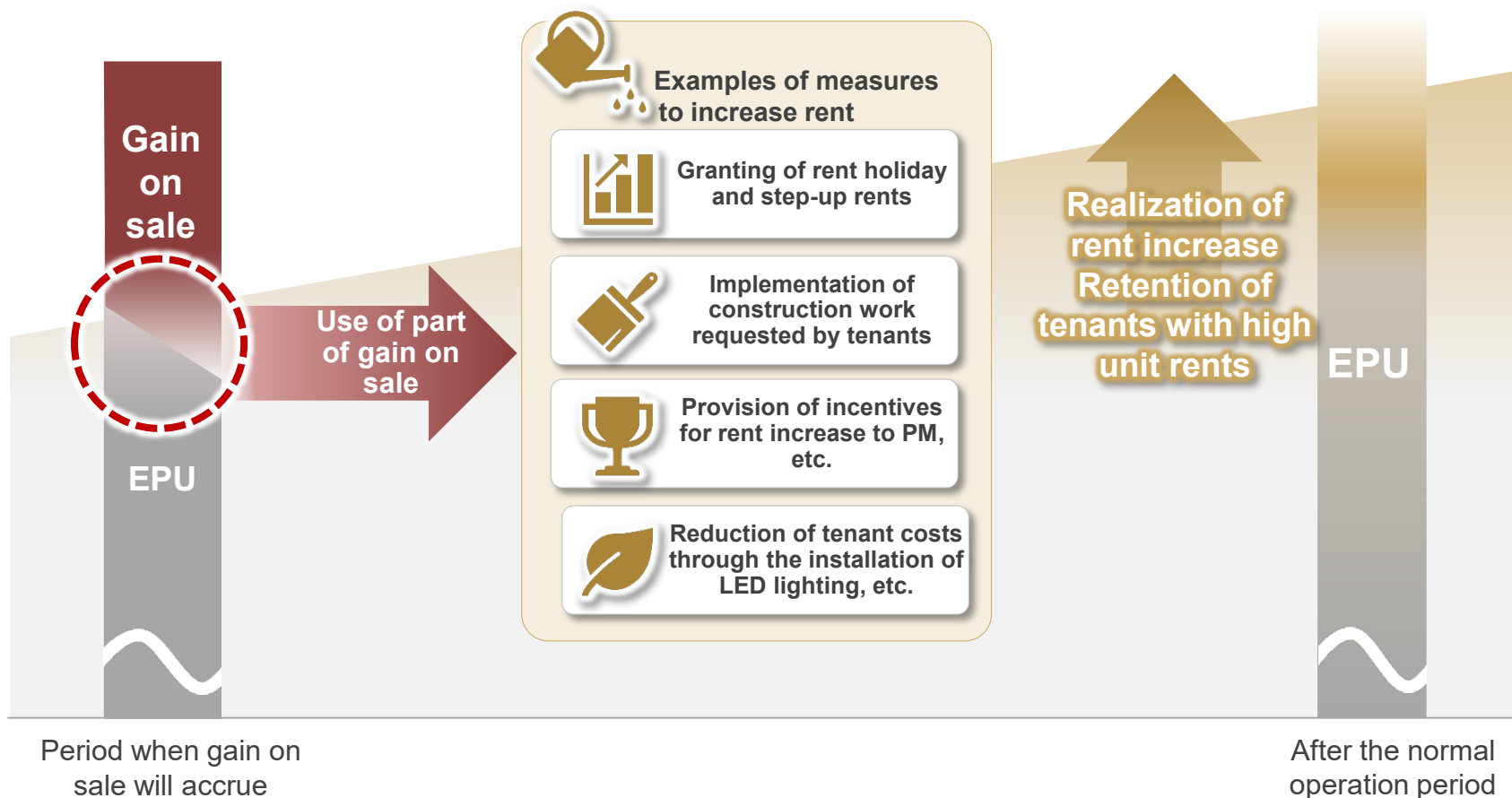
### [Conceptual chart]



# Future Initiatives

Shift in leasing strategy  
Promotion of internal growth

- Due to the recovery of the office market, the rent gap with the expected rent was **approximately 3% in the entire portfolio**
- **To realize rent increase** by shifting from a policy of prioritizing occupancy rate



# Efforts to Improve Portfolio Quality

	25th FP Fiscal period ended May 2018	26th FP Fiscal period ended Nov. 2018	27th FP Fiscal period ended May 2019	28th FP Fiscal period ended Nov. 2019	29th FP Fiscal period ended May 2020	30th FP Fiscal period ended Nov. 2020	31st FP Fiscal period ended May 2021	32nd FP Fiscal period ended Nov. 2021
Acquisition	 CONCURRED Yokohama    Daiwa Kanda East	 Daiwa Kandasudacho    Daiwa Shinagawa Gotenyama    Daiwa Sasazuka Tower	 Daiwa Sasazuka    Daiwa Harumi	 Daiwa Mita 2-Chome	 Daiwa Nakano-Sakaue    Nihonbashi Central Square	 Nihonbashi Bakurocho 1-Chome Development Site		 Daiwa Kandabashi
Divestment	 Shinjuku Maynds Tower (3/7 quasi co-ownership interest)    Daiwa Meieki			 Daiwa Onarimon	 Daiwa Osaki 3-Chome	 Daiwa Jinbocho	 Daiwa Shimbashi 510	 Daiwa Kyobashi
Corporate action	Buy-back of own investment units Repayment of borrowings							Buy-back of own investment units Repayment of borrowings

	33rd FP Fiscal period ended May 2022	34th FP Fiscal period ended Nov. 2022	35th FP Fiscal period ended May 2023	37th FP Fiscal period ended May 2024	38th FP Fiscal period ending Nov. 2024	39th FP Fiscal period ending May 2025	40th FP Fiscal period ending Nov. 2025
Acquisition	 Kandasudacho 2-Chome Development Site	 Daiwa Nihonbashi Bakurocho (Note 1)		 S-GATE FIT Nihonbashi Bakurocho	 Daiwa Akihabara (Note 1)		
Divestment	 Daiwa Minami-Aoyama    Daiwa Kojimachi 4-chome		 Daiwa SHIBUYA EDGE	 Daiwa Tsukishima (divestment in three phases) <Quasi co-ownership interest>			
Corporate action	Buy-back of own investment units	Buy-back of own investment units			Buy-back of own investment units		

25th ~ 40th FP Total		
Acquisition	14 properties in total <sup>(Note 1)</sup>	115.2 billion yen total
Divestment	11 properties in total	123.2 billion yen total
Buy-back of own investment units	4 times in total <sup>(Note 2)</sup>	13.4 billion yen in total

The case of the portfolio before replacement (Note 3) was managed until the end of November 2025	The portfolio after replacement (Note 4) as of the end of November 2025
The average building age <b>30.0 years</b>	The average building age <b>26.1 years</b>

3.9 years younger

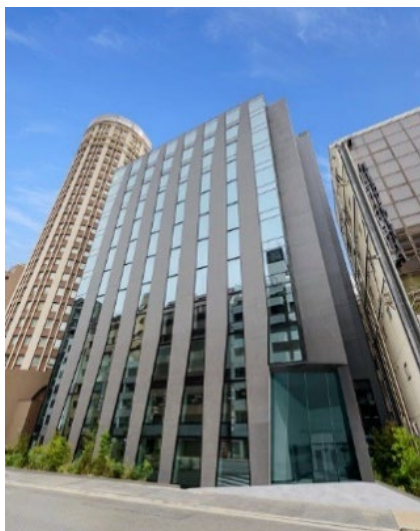
(Note 1) For development properties, the acquisition price at the time of acquisition is stated for development land acquisition and building acquisition, and the development land and building are counted as one property.  
 (Note 2) The number of times excluding the buy-back of own investment units announced on July 19, 2024 is indicated.  
 (Note 3) "Before replacement" refers to the portfolio as of the end of the 24th FP.  
 (Note 4) "After replacement" refers to the portfolio as of the end of the 37th FP plus one property to be completed and delivered in the 38th FP and excluding one property to be divested from the 38th FP to the 40th FP.





# Daiwa Akihabara

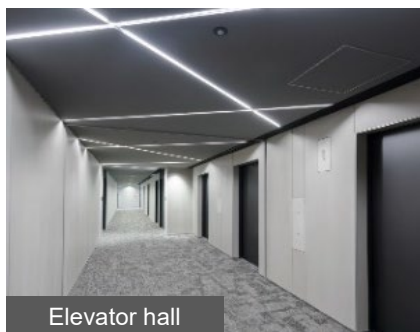
## Completion of Building Construction and Acquisition



Comparison with Initial Plan	Initial plan (December 2021)	At the time of completion and acquisition of the building (June 2024)	
<b>Acquisition Price</b>	15,286 million yen	15,503 million yen	<Changed plan>
Price of Land	10,600 million yen	10,600 million yen	• Change in specification to increase the total leasable area
Main Fees Related to Construction	4,686 million yen	4,903 million yen	• Change in specification to promote the increase in unit rents of tenants
<b>Total Leasable Area</b>	9,147 m <sup>2</sup>	9,386 m <sup>2</sup>	• Change in specification to reduce running costs
<b>Expected NOI Yield</b>	4.0%	<b>4.5%</b>	<b>+50 bps</b> Of this, 30 bps was due to an increase in unit rent
<b>Appraisal Value</b>	-	<b>20,100 million yen</b>	<b>+approximately 29%</b> compared with acquisition price
<b>Occupancy Rate</b>	70% Expected at the end of November 2024	<b>91.9%</b> Scheduled for the end of August 2024	<b>Concluded contracts at an early stage</b> by focusing on leasing even before completion



Private area



Elevator hall



### Leasing Strategy and Tenant Attribute

- ✓ As relatively new high-specification buildings with an area of 200-250 tsubo per floor are rare in this area, the needs for expansion and relocation for the purpose of consolidation were successfully incorporated
- ✓ There are many tenants that relocated from the Akihabara and Kanda-Iwamotocho areas, and demand unique to Akihabara such as those from game production related companies and IT consulting companies were also successfully incorporated

### Efforts on Sustainability

- ✓ Acquired "BELS Certification 5 Stars"
- ✓ Acquired "ZEB Oriented" certification for the first time
- ✓ The property adopts excellent energy-saving design that reduces tenants' utility costs to less than 60% of primary energy consumption when compared with that of conventional buildings



Click here for the property introduction video: <https://vimeo.com/981795737/1cad5cfb42>

Click here for the property VR video: <https://www.vr-view.jp/daiwa/akihabara/final/>

