

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.

February 27, 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 Acquisition of Asset (Glass City Harumi)

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 Asset to be Acquired

Asset Name	Glass City Harumi (the “Property”)
Type of Asset	Trust beneficial interest in domestic real estate
Location	3-10-1 Harumi, Chuo-ku, Tokyo
Acquisition Price	11,200 million yen (Excluding acquisition costs, consumption tax, etc.)
Date of Conclusion of Purchase Agreement	February 27, 2019
Delivery Date	February 27, 2019
Seller	Not disclosed (Note)
Funding for Acquisition	Loans announced in the press release dated February 22, 2019 and cash on hand
Payment Method	Lump-sum payment at the time of delivery
Intermediary	None

(Note) The seller is a foreign corporation, which has not agreed to disclose its name.

2. Reason for Acquisition

The Property is an office building pursuant to the basic policy for asset management set forth in the Articles of Incorporation and the management policy of the Investment Corporation, and the acquisition was determined upon appreciation of the Property’s rarity and profitability. Please refer to the following for further details.

(1) Location:

The Property is a 10-minute walk from Kachidoki Station on the Toei Subway Oedo Line. With train rides from Kachidoki Station taking approximately 9 minutes to reach Tokyo Station and approximately 22 minutes to reach Shinjuku Station, etc., the Property enjoys excellent access to major stations in Tokyo.

The Kachidoki area where the Property stands allows tenants to lease medium to large buildings with good specifications/equipment and relatively low rents while securing a certain level of transport convenience as it is located close to central Tokyo and thus has strong appeal for tenants. Given such, the Property can expect demand for back offices from companies which need several floors, with each sized at approximately 288 tsubos, or companies with headquarters located in the neighboring areas.

(2) Building Facilities:

The Property has 12 floors above ground and 1 floor below with a gross floor area of 15,012.46 m² and a leasable area of approximately 288 tsubos per floor is secured. It is equipped with 2,800 mm of typical floor ceiling height and 100 mm of OA floor. The exterior of the building features aluminum curtain wall delivering strong presence, and since it stands on a wide street, the Property boasts high visibility. Equipped with an individual air-conditioning system, one floor can be air-conditioned in three parts. Therefore, the Property is highly versatile in accommodating leasing by floor or by section. In addition, the Property has acquired a GOLD level in LEED, an environmental performance evaluation/certification program for use of buildings and land, etc., and can thus also be expected to attract companies that are environmentally conscious (foreign companies, etc.).

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

Given the functionality and favorable location of the Property, it should perform competitively and contribute regularly to the profitability of the Investment Corporation's portfolio.

3. Details of the Asset to be Acquired

Asset Name	Glass City Harumi		
Type of Specified Asset	Trust beneficial interest in real estate		
Trustee (scheduled)	Mitsubishi UFJ Trust and Banking Corporation		
Trust Period (scheduled)	From February 27, 2019 to February 28, 2029		
Location (Address)	3-13 Harumi, Chuo-ku, Tokyo and 2 other lots		
Use (Real Property Registry)	Office/shop		
Ownership Form	i) Land: Right of site ii) Building: Ownership		
Site Area (Real Property Registry)	2,230.55 m ²		
Total Floor Area (Real Property Registry)	15,012.46 m ²		
Structure (Real Property Registry)	Steel framed structure with flat roof, 12 stories above ground and one below		
Construction Date (Real Property Registry)	January 16, 2008		
Building Engineer	Shimizu Corporation		
Constructor	Shimizu Corporation		
Structural-design Engineer	Shimizu Corporation		
Floor Height/Ceiling Height	4,025 mm (for standard floor)/2,800 mm (for standard floor)		
Air-conditioning System/ OA Laying	Each floor individual treatment air-conditioning/OA-capable floor		
Building Inspection Agency	Tokyo Bldg-Tech Center Co., Ltd		
Engineering Due Diligence Company	ERI Solution Co., Ltd.		
Soil Contamination Risk Survey Company	Earth-Appraisal Co., Ltd.		
Probable Maximum Loss Level (Assessor)	4.30% (Sompo Risk Management Inc.)		
Acquisition Price	11,200 million yen (Excluding acquisition costs, consumption tax, etc.)		
Appraisal Value (Appraisal Date)	12,000 million yen (as of February 13, 2019)		
Appraiser	JLL Morii Valuation & Advisory K.K.		
Collateral	None		
Summary of Tenants			
Total Number of Tenants	6 (As of the scheduled acquisition date)		
Rent Revenue	22 million yen per month (January 2019)		
Security Deposit and Guaranty	306 million yen (January 31, 2019)		
Total Leased Floor Space	5,320.58 m ² (estimation for the scheduled delivery date) (Note 1)		
Total Leasable Floor Space	11,227.1 m ² (Note 1)		
Trend in occupancy rates (Note 1)	January 31, 2017	January 31, 2018	Acquisition date (scheduled)
	89.9%	91.2%	47.4%
NOI yield at acquisition (Note 2)	4.1%	Midterm NOI yield (Note 3)	4.2%
Appraisal NOI (NOI yield) (Note 4)	4.2%	Depreciation (Note 5)	0.6%
Other Relevant Information	The Property locates within the Harumi district plan, and the effective vacant land (Area: 1,169.36 m ²) is provided in the part of the site.		

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

- (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) NOI yield at acquisition is calculated based on the leasing agreement for the property on the acquisition date by dividing the annual income with the assumption of the occupancy rate being 95.0% 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. While the occupancy rate is 47.4% on the scheduled acquisition date, the Asset Manager strives to improve the occupancy rate by continuing leasing activities.
- (Note 3) Midterm NOI yield is calculated based on the assumption that after the property acquisition, the Investment Corporation will receive rent on an ongoing basis for the medium term (with the assumption of the occupancy rate being 95.0%). 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 4) The figure for appraised NOI yield is calculated based on net operating income used for the calculation of the income approach value as per the direct reduction process as stipulated by the real property appraisal report and divided by acquisition price. The figure is rounded to the first decimal place.
- (Note 5) The figure for depreciation is the total amount of the six-month depreciation conversion price expected to accrue in the financial period of acquisition and the appropriate expected depreciation charge for the next financial period (six-month period), which are divided by the acquisition price. 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.

4. Details of the Seller

The seller of the Property is a foreign corporation. However, since consent on disclosure of its name, etc. has not been obtained, such information is not disclosed. There is no relationship required to be disclosed between the Investment Corporation/Asset Manager and the seller in terms of capital, personnel and business. In addition, the seller does not fall under the Related Persons of the Investment Corporation/Asset Manager.

5. Status of Owners etc. of Properties

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

Not applicable.

7. Acquisition Schedule

Date of Determination of the Acquisition	February 27, 2019
Date of Execution of Purchase Agreement	February 27, 2019
Payment Date	February 27, 2019
Delivery Date	February 27, 2019

8. Future Prospect

The impact of the acquisition of the Property on the management status forecasts for the fiscal period ending May 2019 (27th fiscal period) and the fiscal period ending November 2019 (28th fiscal period) is not significant and there are presently no revisions to the previously released forecasts. Furthermore, the impact of divestment of Daiwa Onarimon, separately announced on February 27, 2019, on the management status forecasts for the fiscal period ending May 2019 (27th fiscal period) and the fiscal period ending November 2019 (28th fiscal period) has been reflected in "REIT Financial Report for the 26th Fiscal Period" announced on January 21, 2019 and there are no revisions to the forecasts.

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

9. Summary of Appraisal Report

Appraiser	JLL Morii Valuation & Advisory K.K.
Appraisal Date	February 13, 2019
Appraisal Value	12,000 million yen

Items	(million yen) (Note 1)	Outline, etc.
Income Approach Value	12,000	Based on direct capitalization method with reference to DCF method.
Direct Capitalization Value	12,200	
(1) Operating Revenue	641	
Potential Annual Rent Revenue	676	Assessed rent which is stable over the medium to long term with reference to the current contract and actual historical data of peer properties, etc.
Amount of Loss due to Vacancy	35	Estimated stable vacancy rate for the medium to long term and recorded amount of loss due to vacancy for rent income, water and utility charges income and other income.
(2) Operating Expenses	167	
Maintenance and Operation Cost	63	Maintenance and operation cost is based on the current contract and those of peer properties, and PM fee is based on the scheduled PM contract and the fee levels of peer properties.
PM Fee	(Note 2)	
Water & Utility Charges	40	Recorded stable water and utility charges over the medium to long term based on actual historical data of the past fiscal year with reference to actual historical data of peer properties.
Repair	6	Judging the estimate on the ER to be appropriate with reference to the levels of those for peer properties, recorded 30% of the levelled amount.
Leasing Fee	7	Assessing cancellation rate taking into account the actual vacancy rate of the past fiscal year and estimated vacancy rate, assessed tenant solicitation fees, renewals fees, etc. arising upon tenant replacement based on the scheduled contract and local practices.
Tax	48	Based on actual historical data.
Non-life Insurance	0	Based on quoted premium, judged appropriate.
Other	0	Based on fees including renewal contracts.
(3) Net Operating Revenue	474	
(4) Profit from deposits/guarantees	4	Return yield is assumed at 1.0%.
(5) Capital Expenditures	14	Amount equivalent to 70% of the levelled amount based on the estimate on the ER, after also considering CM fees.
(6) Net Revenue ((3)+(4)-(5))	464	
(7) Capitalization Rate	3.8%	Assessed by reflecting fluctuation risks of income and principal in the discount rate with reference to capitalization rate of J-REIT which is deemed to possess a certain degree of canonicity with the property.
Discounted Cash Flow Value	11,700	
Discount Rate	3.6%	Assessed comprehensively taking into account the investors survey, REIT cases, market trends in the transaction market, etc. after considering risk factors of the property associated with regional/individual characteristics, including conditions of location, building and contract as well as rights relations, etc., using Class A buildings in Tokyo's Marunouchi/Otemachi area for base yield, based on the interest rate trends of long-term government bonds, etc.
Terminal Capitalization Rate	4.0%	Assessed considering uncertainty of future net revenue forecasts, future deterioration of buildings and divestment risks, based on capitalization rate.
Integrated Value by Using Cost Method	9,190	
Ratio of Land	79.1%	
Ratio of Building	20.9%	

Other things appraiser noted upon valuation	-
---	---

(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.

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

(Note 2) 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 figure in a specific manner may cause an adverse effect on the other business operations of the prospective PM, leading to a negative impact on the planned efficient operation that the Investment Corporation is to contract with the PM based on the administration and management policy. This may in return further adversely affect unitholders' interest. Therefore, the figure presented in this column is summed up with maintenance and operation cost.

-End-

<External View>



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



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

[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	3.1%
	Daiwa Ginza Annex	Oct 21, 2005	3,050.0	0.7%
	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	0.6%
	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	0.3%
	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	0.8%
	Daiwa Kojimachi 4 Chome	Oct 6, 2006 Mar 29/ May 29, 2013	2,910.0	0.6%
	Shinjuku Maynds Tower	Jul 13/ Nov 26, 2007	66,900.0	14.5%
	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	5.2%
	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%	
Daiwa 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	3.5%	
Daiwa River Gate	Jun 2, 2015	28,000.0	6.1%	
Daiwa Hatchobori ekimae	September 11, 2015	2,871.0	0.6%	

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

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 West	September 11, 2015	1,647.0	0.4%
	Nikko Building	Mar 29, 2016	13,710.0	3.0%
	Kirin Nihonbashi Building	May 26, 2016	8,180.0	1.8%
	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	0.3%
	Nippon Manpower Building	Jan 12, 2018	4,200.0	0.9%
	Prime Kanda Building	Jun 7, 2018/ Nov 1, 2018	2,295.0	0.5%
	Sasazuka NA Building	Oct 30, 2018	15,500.0	3.4%
	Sasazuka South Building	Dec 27, 2018	3,000.0	0.7%
	Glass City Harumi	Feb 27, 2019	11,200.0	2.4%
	Total Number of Properties located in Five Central Wards of Tokyo: 49			371,057.2
Greater Tokyo (Note 2)	Daiwa Higashi-Ikebukuro	Oct 21, 2005	2,958.0	0.6%
	Daiwa Shinagawa North	Jul 13, 2007	7,710.0	1.7%
	Daiwa Osaki 3 Chome	Sep 18, 2012	1,650.0	0.4%
	Daiwa Kamiooka	Mar 1, 2013	2,000.0	0.4%
	Integral Tower	May 29, 2014	15,220.0	3.3%
	Daiwa Meguro Square	May 1, 2015	5,600.0	1.2%
	Daiwa Ogikubo	Jul 21, 2016	3,800.0	0.8%
	CONCUREDD Yokohama	Jan 11, 2018	38,100.0	8.3%
	Kita-Shinagawa Gotenyama Building	Sep 13, 2018	2,500.0	0.5%
Total Number of Properties located in Greater Tokyo: 9			79,538.0	17.3%
Major Regional Cities (Note 3)	Daiwa Kitahama	Aug 1, 2014	9,481.5	2.1%
Total Number of Properties located in Major Regional Cities: 1			9,481.5	2.1%
Total Number of Properties: 59			460,076.7	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) "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 (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 region or for the overall portfolio.

(Note 5) Divestment of Daiwa Onarimon is applied in the above list as described in "Notice Concerning Divestment of Asset (Daiwa Onarimon)" separately announced on February 27, 2019.

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

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