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Main Q&A in the 15th Fiscal Period Earnings Announcement

Date and Time: 16:30~17:30, July 22, 2013 (Monday)

Presenter: Akira Yamanouchi / President and Representative Director

Daiwa Real Estate Asset Management Co. Ltd.

*Questions are presented in order of sequence.

Q1. What are your current thoughts on the upper limit of LTV?

(Answer)

Our policy is to control the upper limit of LTV in a range between 40% and 50%.

We will comprehensively take into consideration the investment unit price level and the financial environment as we continue to deliberate on control of the LTV level, and will also consider a capital increase through public offering. If a public offering is to be undertaken, we will do our best to ensure that our existing unitholders will be satisfied with its implementation.

Q2. How is the status of obtaining information on properties?

(Answer)

The amount of information is decreasing. Since there is a tendency among sellers of not wanting to widely disperse property information and not disclosing information to unintended parties, there is a trend of limited disclosure of property information.

Under these circumstances, we will regularly contact potential real estate funds and real estate companies to check the intentions to sell properties and establish trust relationships while presenting our acquisition price assessment and such.

Since the cap rate has been decreasing recently and the perception of rent is becoming closer to that of buyers, we feel owners are becoming more and more inclined to sell their properties.

Daiwa Office is planning on active engagement ahead of March when sales cases are expected to increase. Since we are an independent-type REIT and are known among sellers because of our recent property acquisitions, we can expect sellers to let us know when they are ready to sell their properties. Because of this, we believe we will be able to continue acquiring properties to a certain extent into the future.

Q3. What advantages does Daiwa Office have when it comes to property acquisitions?

(Answer)

One advantage is that potential sellers can consult us with regard to sales.

As potential sellers want to limit the disclosure of property information, Daiwa Office, which is an independent-type REIT that has been continually acquiring properties, is working to establish trust relations while presenting its acquisition price assessment and such even prior to when these potential sellers start to seriously consider selling their properties.

Many potential sellers do in fact let us know when they are selling. We receive property information on about 80% of properties other than acquisitions from REIT sponsors.

Going forward, we will continue to respond in good faith to potential sellers in an effort to strengthen relationships.

Q4. What were the results of the expected tenant departure at E Space Tower that you announced at the previous earnings announcement meeting?

(Answer)

The vacated space was filled with another tenant as there were needs for internal floor expansion.

Q5. Is there any negative impact on Daiwa Office's management from the commencement of the residential private REIT?

(Answer)

The operational structure of the residential private REIT is strengthened by recruiting people from the outside.

No personnel from the office management team have been transferred to the residential management team.

Q6. What are the reasons for changing the building age in the acquisition policy from 20 years to 25 years?

(Answer)

There is no change in our policy of actively acquiring relatively new properties.

When it comes to considering properties for acquisition and looking at various factors such as location and building age, we still wish to lower the average building age of the portfolio as much as possible. However, we will firstly prioritize location and acquire properties at appropriate prices.

Q7. Distributions for the 16th and 17th fiscal periods are announced as 7,200 yen and 7,300 yen respectively. How much would these distributions go up if the factors not incorporated into the assumptions are considered?

(Answer)

Distributions in the 7,800 yen level can be expected with the resolution of free rent (increase of approx. 300 yen), steady occupancy of shinyon curumu (increase of approx. 130 yen) and

achieving an asset size of 350 billion yen (additional property acquisition of more than 4.2 billion yen) (increase of approx. 70 yen).

Also, a reduction of costs to a certain extent can be expected with the refinancing of borrowings that have not been non-collateralized.

Furthermore, an addition of about 500 yen to distributions can be expected if properties are additionally acquired to where the LTV comes to about 45%.

In addition, since the increase of rents is not included in the assumptions for the forecast of distributions, an increase in distributions is expected if the economy recovers.

Q8. What was the difficulty you mentioned in the recent acquisition of Akasaka Business Place?

(Answer)

The difficulty I mentioned was in reference to a matter that can be solved post-acquisition. It is indicated as a special note in the press release and involves the fact that the registration for the additional construction section is not yet complete. This matter will have no particular impact on management in the long-term.

Q9. Why has the appraisal cap rate of Shinjuku Maynds Tower which was 3.9% at the point of acquisition become 3.8%?

(Answer)

Although we acquire appraisal from appraisers upon submitting materials properly and going through all the appropriate processes, the cap rate is not a matter that we are able to present our opinions on.

We believe the cap rate was decreased as if it's evaluated on the scarcity of the property as a large-scale property in a good location.