

Daiwa Office Investment Corporation

Daiwa Office Investment Corporation

Presentation Meeting to Explain the Fiscal Period Ended May 2026 (Summary/Q&A)

July 21, 2026

Presentation

Moderator: It is time to commence the financial results briefing for the fiscal year ending May 2026 of Daiwa Office Investment Corporation. Thank you very much for taking time out of your busy schedule to participate in this event.

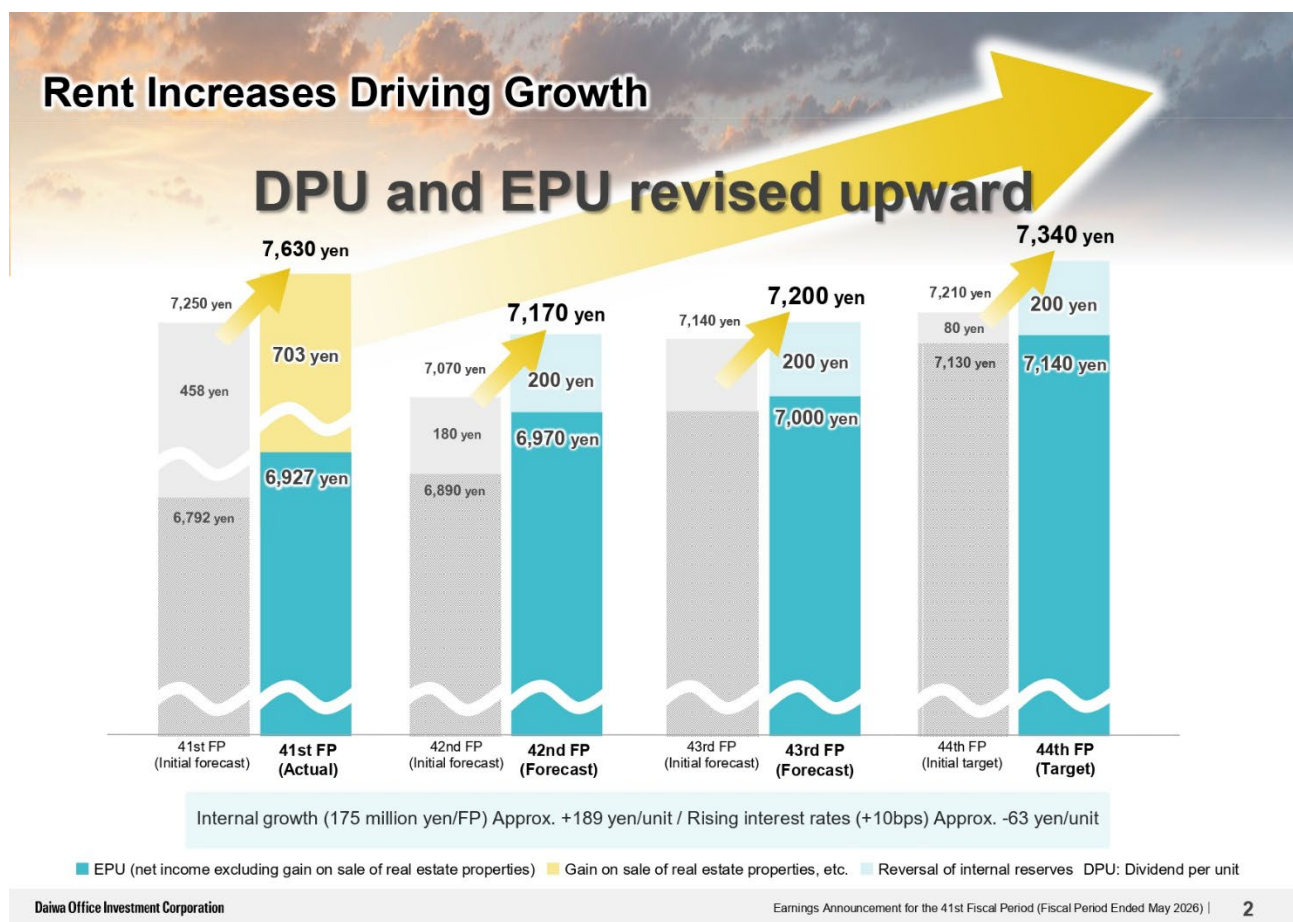
We will hold this information session as a live web seminar via Zoom. If the stream cuts out or the video freezes while you're watching, please wait a moment and then try accessing it again. If you experience any issues with the video or audio that prevent you from viewing the presentation properly, please watch the financial results presentation video, which will be posted on our website at a later date. We will also post the information session and a question-and-answer session on our website at a later date.

Today, Jun Abe, Director and Head of the Investment Management Division, will present an overview of our financial results. After that, we will hold a question-and-answer session.

Director Abe, please go ahead.

Abe: This is Abe from Daiwa Real Estate Asset Management Co. Ltd. Thank you very much for taking time out of your busy schedule today to participate in the financial results briefing of Daiwa Office Investment Corporation.

I will now explain the details of the financial results for the fiscal year ending May 2026. Thank you.



Please see page two.

We have revised upward our DPU and EPU targets, which were set one year ago, as well as our DPU and EPU projections for the entire period for which we have already disclosed earnings forecasts. Note that EPU refers to net income per unit, excluding gains on sales.

The upward revision of both actual results and forecasts for the entire period is attributable to strong rent increases that have significantly exceeded previous expectations, as well as progress in replacing low-growth assets with high-growth assets as part of our ongoing strategy to improve portfolio quality.

We plan to continue this asset replacement, and if capital gains are realized, we will allocate them to EPU as we have done in the past.

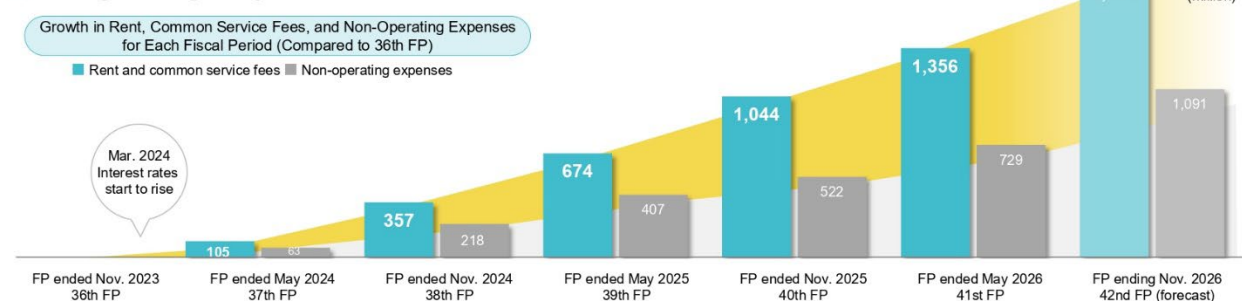
The Investment Corporation will strive to achieve sustainable dividend growth centered on EPU growth, while also working to further enhance unitholder value through capital gains from property portfolio turnover and the distribution of retained earnings.

Top Line Growth Greatly Surpassing Rising Interest Rates

Market environment

	<Previous> Era of deflation / zero interest	<Current / future> Inflationary Environment with Rising Interest Rates
Rents (source of revenue)	Moderate rent increases	Robust rent increases
Cost of debt	Low	It will trend upward in the short term but stabilize once neutral interest rate is reached
Dividends	Stable dividends	Dividend increase

Rent growth greatly exceeds the increase in financial costs



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Earnings Announcement for the 41st Fiscal Period (Fiscal Period Ended May 2026) |

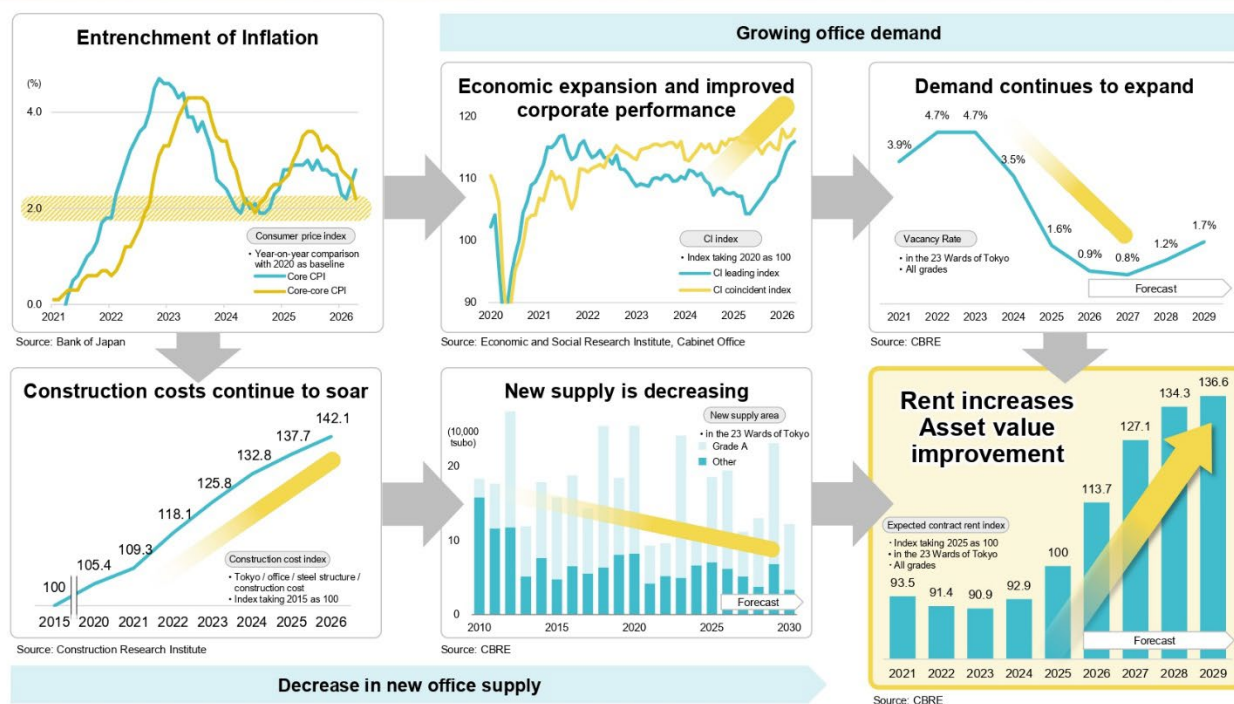
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See page three. First, I would like to once again explain our assessment of the current environment surrounding this investment corporation.

During the era of deflation and zero interest rates, while rent increases were modest, interest rates also remained low, leading to expectations of stable distributions from REITs. However, we are already entering an era of inflation and rising interest rates. While rising interest rates are likely to lead to a noticeable increase in debt costs during this transitional period, I believe that the future of REITs lies in achieving dividend growth through top-line growth that significantly outpaces those rising costs.

The graph below shows the cumulative growth in top-line revenue and debt costs since March 2024, when the Bank of Japan began raising interest rates. As you can see, top-line revenue continues to grow at a pace that significantly outpaces the increase in cost of goods sold. We also recognize that it is important to continue building on this success in the future.

Inflation and Tightening Supply-Demand Balance Further Accelerating Rent Increases



Please refer to page four for the outlook on future top-line growth.

I'll explain each graph in order, starting with the graph on the upper left. As you all know, underlying inflation of around 2% has become firmly established, and as shown in the graph in the center, this is leading to economic expansion and improved corporate earnings. Most recently, the Nikkei Stock Average also surpassed JPY70,000 for the first time in history.

Against this backdrop, as shown in the graph on the top right, the vacancy rate for Tokyo office space has been declining amid robust demand and is expected to remain at a low level going forward.

On the supply side, as shown in the graph below, construction costs have risen significantly to about 140% of 2015 levels, and new office building supply has also declined. In fact, even in the case of large-scale redevelopment projects, it is not uncommon for development to come to a halt.

Given that the supply-demand balance for office space in Tokyo is becoming extremely tight, we expect office rents to rise even further in the future. As shown in the graph in the lower right corner, rents are expected to rise by more than 30% over the next three years compared to 2025, and several surveys predict similar rent increases.

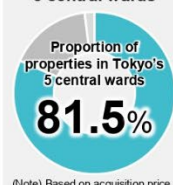
With market rents expected to rise even further due to tightening supply and demand, the next critical question for our investment corporation is how we will capitalize on this trend.

Continuing to Achieve Robust Internal Growth

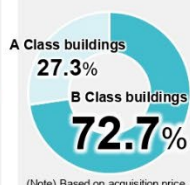
Characteristics of the Investment Corporation

- Portfolio focused on medium-sized offices in five central wards of Tokyo, where strong growth is expected
- Achieving robust internal growth by attracting tenant demand based on standard lease agreements

Office REIT with the highest proportion of properties in Tokyo's 5 central wards



Focus on B Class buildings, for which demand is highest

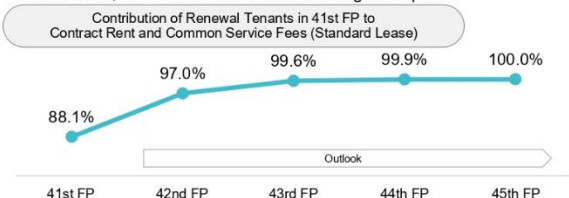


Broadening leasing opportunities through standard lease agreements



Impact of free-rent periods, etc. on revenue is limited

- There will be a temporary impact against the contract rent and common service fees, but it will recover in the following fiscal period

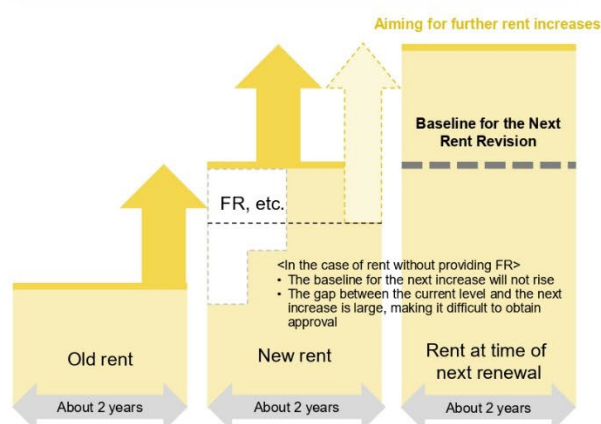


Internal growth strategy: raising rent increase baseline

Standard leases are renewed around every two years
→ Creating more opportunities for rent revisions

Increase base rent by utilizing free-rent (FR) periods and other incentives
→ Raising the baseline for the next rent increase negotiations

Asset managers negotiate directly with tenants



Please see page 5.

The Investment Corporation's portfolio consists primarily of Class B buildings, which feature the broadest tenant base among office REITs, with 81.5% of its holdings located in Tokyo's five major wards, which is one of the highest concentrations in the industry. For mid-sized buildings, since standard leases are considered by more tenants than fixed-term leases, the proportion of standard leases is higher.

When renewing leases, we explain the situation to our tenants including prevailing market rents in the area and then adjust the rent accordingly. When requesting a significant rent increase, we offer rent-free periods or tiered rent structures within reasonable limits. We are implementing these measures because lowering the rent at the outset makes it easier for tenants to accept a net increase, and also allows us to set the final rent at a higher level.

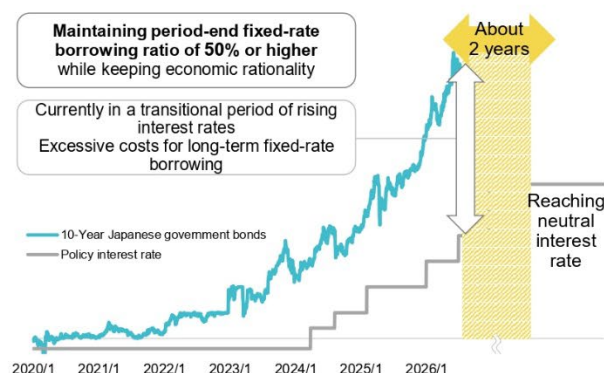
As shown in the graph on the lower left, the impact on revenue from offering rent-free periods or tiered rent is limited.

In addition, when the next renewal period arrives, you'll be able to negotiate based on the higher rent you've set. This is the difference between a fixed-term lease and a standard lease; in the case of a standard lease, the current contract is generally carried over. We will be asking for rent increases next time and the time after that, but each time, the baseline for the rent increase will go up.

In addition, standard lease typically have a contract term of about two years on average, and are characterized by frequent opportunities to negotiate for higher rent. As explained earlier, with office rents expected to rise significantly, our ability to secure frequent negotiation opportunities while raising the baseline for rent levels serves as a powerful source of organic growth unique to our investment corporation.

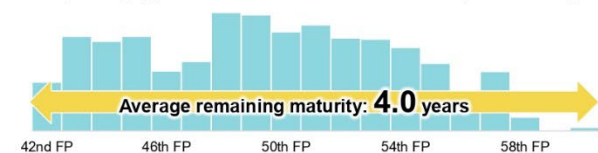
Flexible Debt Management Adapted to Market Conditions

Proactive debt financing strategy



Maintaining financial soundness by spreading out repayment deadlines

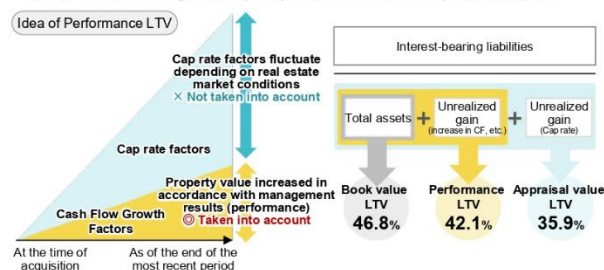
- Not pursuing apparent cost reductions based on extremely short-term approach



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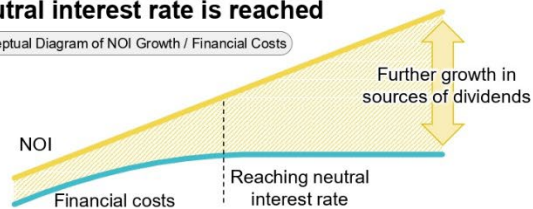
Leveraging financing capacity with asset value and cost of capital in mind

- LTV of 42.1%, based on LTV that factors in unrealized gains, excludes cap rate factors, and is unaffected by real estate market conditions (performance LTV), with remaining LTV capacity of around 30 billion yen at this point



Further growth in sources of dividends once neutral interest rate is reached

Conceptual Diagram of NOI Growth / Financial Costs



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Please see page six. In an era of interest rates, financial strategy is becoming increasingly important alongside real estate management, so I would like to touch on this topic here.

We understand that interest rates are currently in a transitional phase of an increase toward the neutral rate, and we recognize that excessive costs are factored into long-term fixed-rate loans. In this context, we believe it is important to secure funding in a way that avoids excessive interest rate risk while remaining flexible and economically sound; therefore, we have decided to maintain a fixed-rate ratio of 50% or higher at the end of each fiscal year for at least the next two years, during which we expect to reach the neutral interest rate.

On the other hand, as shown in the figure at the bottom left, we are not considering drastically shortening the loan term to reduce dead costs, as this would involve taking on risks different from those associated with interest rates. We will continue to maintain our financial soundness by spreading out our repayment deadlines.

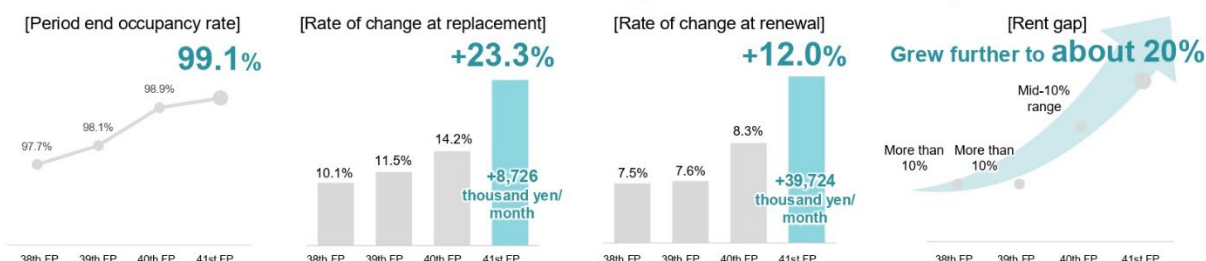
It should be noted that, compared to the cost of equity, the cost of debt remains low. As we explained in our previous earnings announcement, when we factor in the "true LTV," which takes into account only the unrealized gains not affected by the cap rate, we estimate that we currently have JPY30 billion in borrowing capacity.

As explained at the beginning, the Investment Corporation's top-line revenue is growing at a rate that significantly outpaces the increase in financial expenses. As shown in the figure below on the right, once the neutral interest rate is reached, the increase in financing costs is expected to level off, while NOI is projected to continue growing steadily amid an inflationary environment, leading to a further expansion of the fund's distribution base.

Executive Summary

Internal Growth

Achieved record level of internal growth, building on the momentum of previous fiscal period



External Growth

Acquired:

Hamamatsucho PREX 7,150 million yen
Prime Sendagaya Building 19,400 million yen

Sold:

Daiwa Sarugakucho (2nd-phase) 2,550 million yen
Daiwa Azabudai 2,240 million yen

Financing/Other

Performance LTV 42.1% / Appraisal value LTV 35.9% / Book value LTV 46.8%

Announced an acquisition program for own investment units of up to 1.5 billion yen

Announced a 4-for-1 investment unit split

Dividend / NAV

41st FP (Actual)

Dividend per Unit : **7,630** yen

/ NAV per Unit : **418,773** yen

Now, I would like to explain the record-high investment performance achieved for the fiscal year ending May 2026. Please see page eight.

From left to right, the actual occupancy rate stands at 99.1%, which is 0.7% higher than the initial forecast, and we continues to maintain a high occupancy rate. The two bar charts in the center show the percentage changes in rent at the time of tenant turnover and at the time of lease renewal, respectively. The light blue bars represent actual results for the fiscal year ended May 2026. The rate of change in rent upon tenant turnover was plus 23.3%, and the rate of change upon lease renewal was plus 12%, marking record-high increases for the second consecutive period.

As detailed on page 18, due to rising market rents and growing inflationary expectations, the rate at which tenants subject to lease renewals have agreed to rent increases has risen for five consecutive periods. For the fiscal year ending May 2026, 22.4% of all tenants were eligible for contract renewal, and we were able to secure rent increases from approximately 70% of those tenants, setting a new record high.

The graph on the far right shows the rent gap for the entire portfolio; however, the rise in market rents outweighed the reduction resulting from closing part of the rent gap, causing the gap to widen to approximately 20% for the portfolio as a whole. This is not due to the impact of any specific property; rather, it represents an overall expansion across the entire portfolio. To incorporate this rent gap, we will strive to implement further rent increases and accelerate the pace of those increases.

Regarding our asset replacement strategy for the fiscal year ending May 2026, in addition to the second sale of the Daiwa Sarugakucho Building, we decided to sell the Azabudai Building as well, and both sales have been completed. Meanwhile, we acquired two high-growth assets: Hamamatsucho PREX and Prime Sendagaya Building.

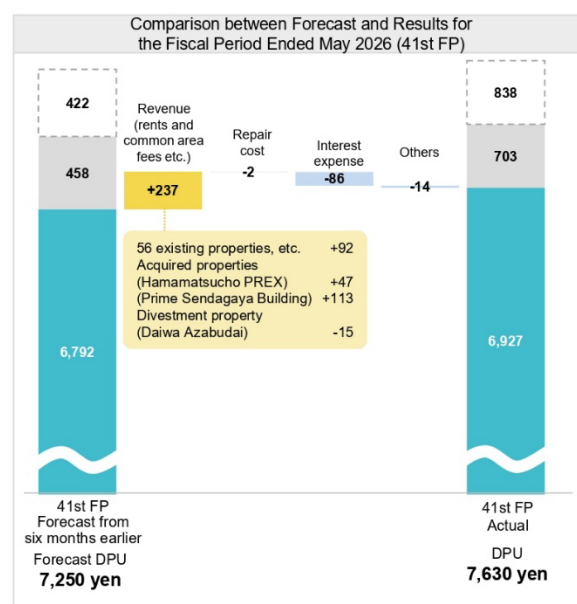
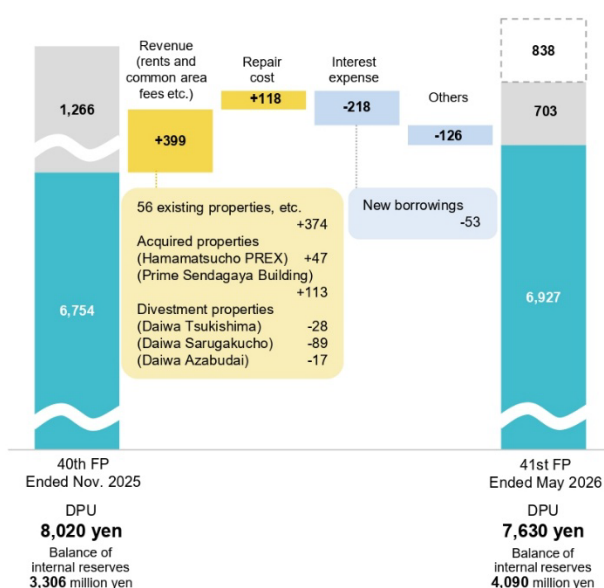
In terms of financials, the LTV based on actual value is 42.1%, the LTV based on market value is 35.9%, and the LTV based on book value is 46.8%. In addition, based on the current unit price, we have decided to proceed with our eighth buyback of investment units. In addition, with the aim of expanding our investor base, we have decided to carry out our second investment unit split.

For the fiscal year ending May 2026, the distribution per unit was JPY7,630, and the NAV per unit was JPY418,773.

Factors of Change in Dividend per Unit Comparison with Results of the Fiscal Period Ended May 2026

EPU increased primarily due to acquisition of new properties and increase in revenue (rents and common area fees) from existing properties

(Yen)



■ EPU (net income excluding gain on sale of real estate properties) ■ 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 sale)
 □ Provision for reserve for reduction entry ■ Increase factors ■ Decrease factors DPU: Dividend per unit

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Page nine. We will explain the factors affecting changes in distributions per unit.

First, here is a comparison of the results for the fiscal year ending May 2026 with those of the previous fiscal year. Although rental income decreased due to the sale of properties, a positive contribution from rent increases at existing properties, combined with rental income from the two newly acquired properties, resulted in an increase of JPY399 compared to the previous period.

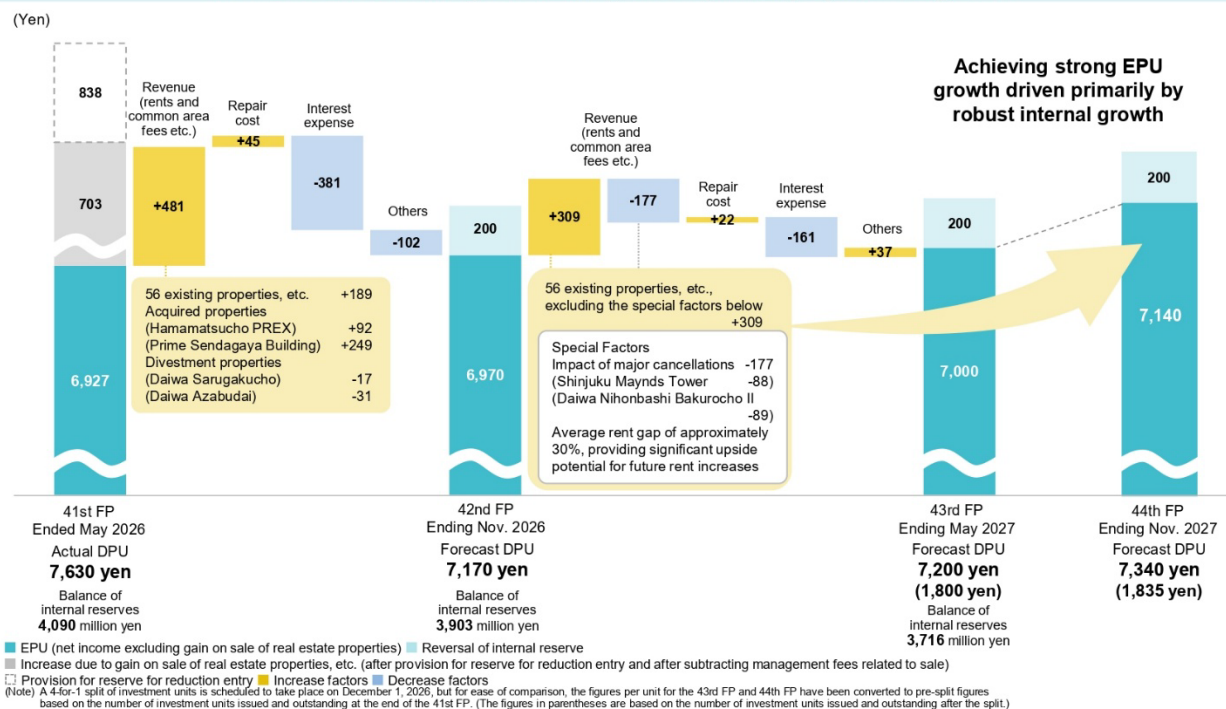
Repair costs increased by JPY118 due to cost savings resulting from the completion of a round of strategic repair work that was brought forward using proceeds from the sale. Interest expense decreased by JPY218 compared to the previous period, reflecting the impact of new borrowings related to property acquisitions. As a result, the EPU came to JPY6,927. In addition to this, after distributing the gains from the sale of the Daiwa Sarugakucho Building and the Daiwa Azabudai Building, the EPU came to JPY7,630.

Compared to the six-month forecast for the fiscal year ending May 2026, EPU increased by JPY135 from the forecast due to stronger-than-expected growth in rental and common area income, as well as income from the two newly acquired properties, while DPU increased by JPY380 due to the distribution of gains from the sale of properties.

Factors of Change in Dividend per Unit

Forecasts for the Fiscal Period Ending November 2026 and Fiscal Period Ending May 2027

Despite rising interest rates and the temporary impact of lease cancellations, both EPU and DPU will grow steadily, driven primarily by internal growth



Please see page 10. I will now explain our forecasts for the fiscal year ending November 2026 and the fiscal year ending May 2027.

First, here are the forecasts for the fiscal year ending November 2026. Rental and common area income is expected to increase by JPY481 YoY, driven by rent increases at existing properties and the full-year contribution from newly acquired properties, while interest expense is expected to decrease by JPY381 YoY. As a result, EPU is projected to be JPY6,970. The company will draw down retained earnings by JPY200, and the DPU is expected to be JPY7,170.

For the fiscal year ending May 2027, we anticipate a JPY309 increase, driven by strong rent increases at existing properties; however, due to the impact of large-scale lease terminations at Shinjuku Minds Tower and Daiwa Nihonbashi Bakurocho II, which are considered special factors, we expect a temporary decrease of JPY177. Interest expense is expected to decrease by JPY161 compared to the previous period, and EPU is projected to be JPY7,000. The company will draw down retained earnings by JPY200, and the DPU is expected to be JPY7,200.

While the revenue contribution from new properties was certainly a factor, the very strong performance in rent increases at existing properties meant that we were on track to achieve our target of the fiscal year ending November 2027 one fiscal year ahead of schedule, in the fiscal year ending May 2027. Although we were ultimately unable to achieve our target ahead of schedule due to a large-scale lease termination, the affected section currently has a rent gap of approximately 30%. We view this as an excellent opportunity to resolve the challenge of securing rent increases during tenant turnover, which is difficult given the low turnover rate, and believe it presents a prime opportunity to secure future rent increases.

We expect a certain degree of recovery to take place through the fiscal year ending November 2027, and combined with rent increases at other properties, we anticipate achieving EPU growth that exceeds our negotiation targets. Therefore, we have revised our EPU target for the fiscal year ending November 2027 upward.

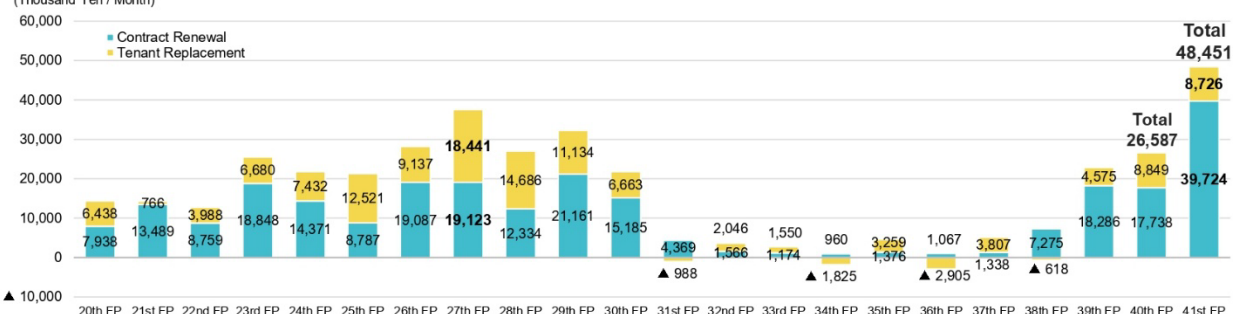
Analysis of Leasing Business

Improvement in Core Strength

Rent increases achieved a record high

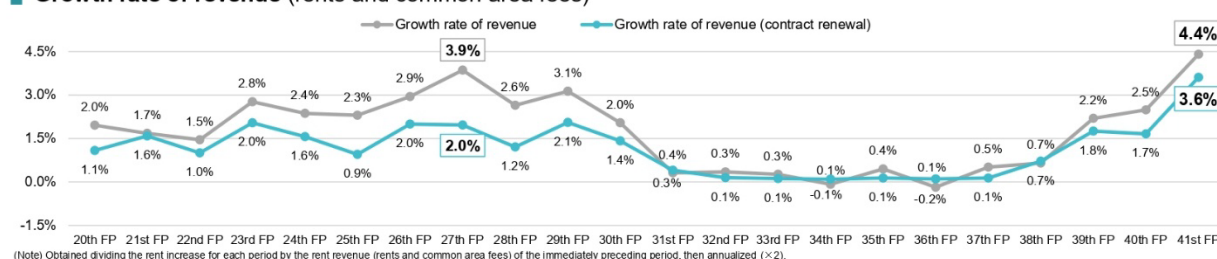
Monthly Rent Increase Due to Contract Renewal / Tenant Replacement

(Thousand Yen / Month)



(Note) Tenant replacement including the retail section.

Growth rate of revenue (rents and common area fees)



(Note) Obtained dividing the rent increase for each period by the rent revenue (rents and common area fees) of the immediately preceding period, then annualized (x2).

Please turn to page 11 for details on this rent increase. This chart shows the trend in monthly rent increases resulting from renewals and tenant replacements since the fiscal year ending November 2015.

As you can see at a glance from the graph, we achieved the highest rent increase in the past 10 years for the fiscal year ending in May 2026. We can clearly see a significant increase in rental income, the core source of REIT distributions, which is a key driver of internal growth.

As shown in the line graph below, while the rate of rent increases upon lease renewal had previously peaked at around 2%, the actual rate for the fiscal year ending May 2026 significantly exceeded that, reaching 3.6%. I believe that the fact we are not only increasing rents through tenant turnover but also successfully raising rents through lease renewals is a clear indication that the internal growth strategy I explained at the beginning is paying off. We will continue to achieve strong organic growth going forward.

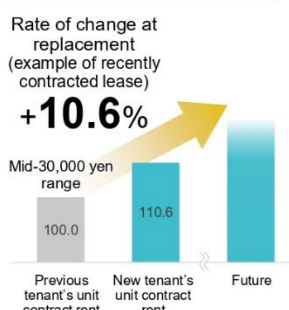
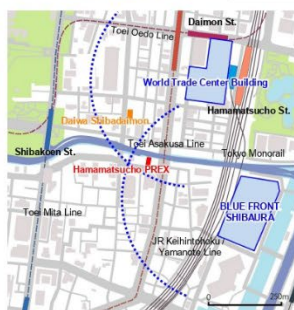
Overview of Acquired Assets

Acquired properties with high internal growth potential (rent gap of 10% or more) in line with replacement strategy

Hamamatsucho PREX



Location	2-2-12 Shiba, Minato-ku, Tokyo
Distance from Station	Hamamatsucho Station (JR) : 6-minute walk Accessible via 3 stations / 6 lines
Acquisition Price	7,150 million yen (-2.2% compared to appraisal)
Appraisal Value	7,300 million yen
Date of Acquisition	Mar 27, 2026
Construction Date / Age	Jan 2023 / 3.2 years
Occupancy rate at end of 41st FP	100.0%
Medium-term NOI yield	3.6%

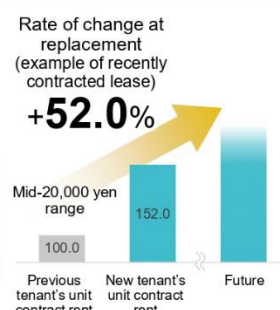


- Located in the area of Hamamatsucho, a highly convenient terminal station served by various major transportation lines which is being redeveloped as an international gateway to the city connected to Haneda Airport
- One tenant has decided to move out, and leasing is under way with the aim of quickly closing the rent gap

Prime Sendagaya Building



Location	4-23-5 Sendagaya, Shibuya-ku, Tokyo
Distance from Station	Kita-sando Station (Tokyo Metro Fukutoshin Line) : 5-minute walk Accessible via 3 stations / 4 lines
Acquisition Price	19,400 million yen (-6.2% compared to appraisal)
Appraisal Value	20,600 million yen
Date of Acquisition	Mar 31, 2026
Construction Date / Age	May 2009 / 16.9 years
Occupancy rate at end of 41st FP	100.0%
Medium-term NOI yield	3.7%



- A location differentiated from major surrounding submarkets such as Shinjuku and Shibuya, with a stable tenant base that strongly prefers the area
- The building has been fully occupied since May, and will continue to capture embedded rent upside through tenant replacements and lease renewals

See page 12. I will explain the two properties acquired during the fiscal year ending May 2026.

Hamamatsucho PREX is a highly convenient terminal station where major transportation lines converge, located in the Hamamatsucho area, which is undergoing redevelopment as the gateway to an international city. In addition to its prime location, this property is highly competitive as a relatively new, mid-sized office building. As a result, we achieved a rent increase of over 10% in the most recent lease renewal. Although the occupancy rate as of the end of May 2026 was 100%, one unit is scheduled to vacate, and we will continue our leasing efforts with a focus on securing higher rental rates in order to achieve further rent increases.

The Sendagaya area, where the Prime Sendagaya Building is located, is a highly convenient location straddling the two major transportation hubs of Shinjuku and Shibuya, and there has long been a steady demand for properties in this specific location. This property is a rare, large-scale, recently constructed property within the area. In the most recent replacement transaction following its acquisition by the Investment Corporation, a rent increase of over 50% was achieved. As a result, while the occupancy rate at the time of acquisition was 90.6%, it stood at 100% as of the end of May 2026, and the property is currently fully occupied. Since there are still properties with rent gaps, we will aim to close those gaps when leases are renewed or replaced.

Impact of Asset Replacement

Asset replacement designed to strengthen the NOI base

Disposed Assets				Acquired Assets			
							
Asset Name	Daiwa Sarugakucho	Daiwa Azabudai	Total Disposals	Asset Name	Hamamatsucho PREX	Prime Sendagaya Building	Total Acquisitions
Disposition Date	Nov 28, 2025 / May 29, 2026	Mar 27, 2026	—	Date of Acquisition	Mar 27, 2026	Mar 31, 2026	—
Location	Chiyoda-ku, Tokyo	Minato-ku, Tokyo	—	Location	Minato-ku, Tokyo	Shibuya-ku, Tokyo	—
Building Age (years) ¹	41.0	42.2	41.3		3.3	17.1	13.4
					27.9 years younger		
NOI (million yen) ²	20	74	94		255	716	971
					+877 million yen		
NOI Yield ²	0.8%	3.3%	1.9%		3.6%	3.7%	3.7%
					+1.8%		
NOI after Depreciation (million yen) ²	4	53	57		216	637	853
					+796 million yen		
NOI Yield after Depreciation ²	0.2%	2.3%	1.2%		3.0%	3.3%	3.2%
					+2.0%		

¹ Building age is as of May 31, 2026.

² NOI and NOI after Depreciation for the assets to be sold are the annualized actual values for the fiscal year ended May 2026, while NOI Yield and NOI Yield after Depreciation are obtained by dividing those values by the sale price. NOI and NOI after Depreciation for the acquired assets are the assumed medium-term values, while NOI Yield and NOI Yield after Depreciation are obtained by dividing those values by the acquisition price.

Please refer to page 13 for details on the effects of the asset replacement, including the acquisition of this property. This shows our most recent asset replacement including the property we acquired earlier.

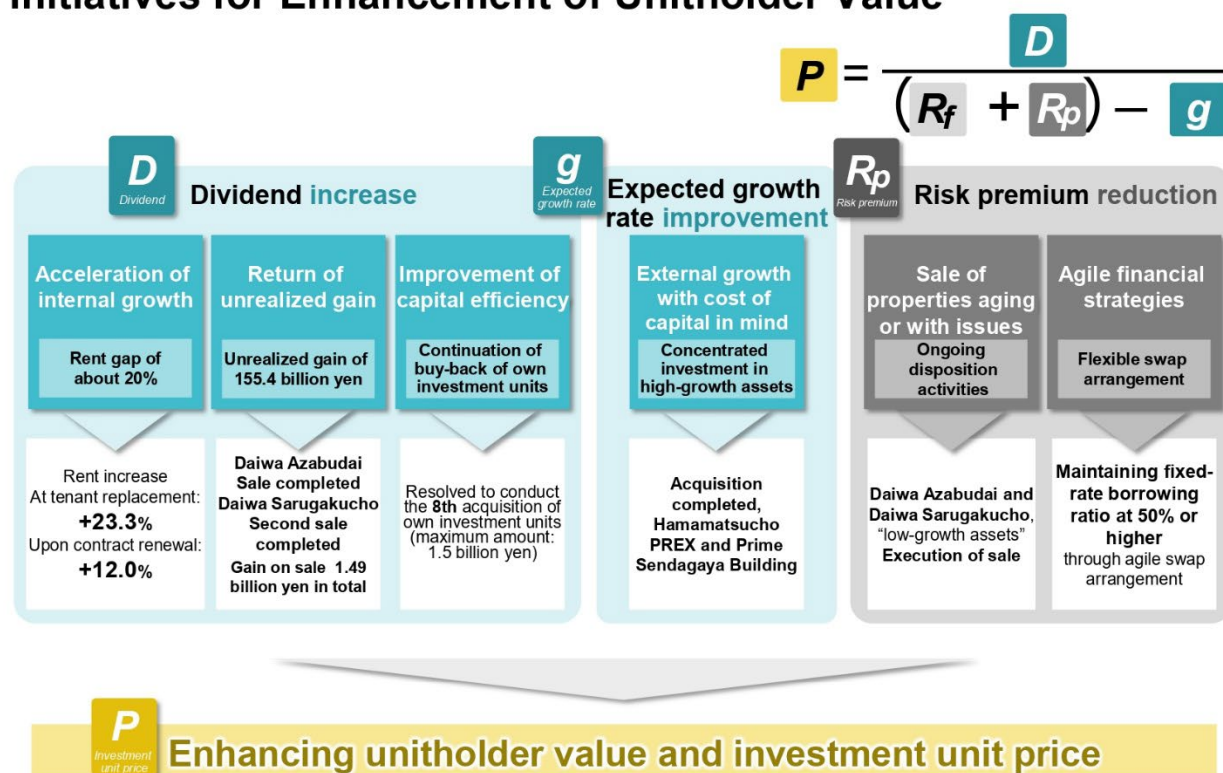
As you can see, we have succeeded in making a building age approximately 28 years younger, increasing its yield by 2%, and expanding its revenue base.

Furthermore, as explained in the section on factors affecting dividend increases and decreases, the acquisition of these two properties has resulted in top-line growth of approximately JPY500 for the full year, and we believe there is further room for future growth.

The two properties acquired this time still have rent gaps, and by working to close those gaps, we can expect to further boost EPU growth. Through this portfolio replacement, the Investment Corporation is evolving into a portfolio that can reap greater benefits from the current phase of rising rents, driven by inflation and tightening office supply and demand. We view this not merely as an effort to boost short-term earnings, but as an upfront investment that will allow us to reap the benefits of future rent growth and contribute to sustainable EPU growth.

We will continue to contribute to EPU's growth, as we have promised our unitholders, and strive to enhance unitholder value by carefully selecting properties that are expected to deliver higher growth over the medium to long term for our investments.

Initiatives for Enhancement of Unitholder Value



Please see page 14. Based on the model we have previously presented, we would like to summarize our initiatives aimed at enhancing unitholder value.

By capitalizing on the rent gap, we achieved a robust rent increase, which is the highest on record. In addition, based on our asset replacement strategy, we will sell two properties and distribute the capital gains as dividends, while working to reduce the risk premium through the sale of low-growth assets and flexible debt management. We will continue to invest in high-growth assets to increase our expected rate of growth. In light of the current unit price, we have also decided to repurchase our own units. In addition, with the aim of expanding our investor base, we have decided to carry out our second investment unit split.

Accordingly, we will continue to actively implement various measures with the aim of enhancing unitholder value, that is, increasing the unit price.

As explained at the beginning, we believe that the combined effects of inflation and tightening supply and demand will cause rent increases to accelerate even further going forward. Going forward, we will continue to work to enhance value for our unitholders by steadily implementing the Investment Corporation's investment strategy while achieving organic growth that significantly exceeds operating costs and rising interest rates.

I would like to take this opportunity to once again express my gratitude to all of our investors and financial institutions that support the Investment Corporation. Thank you.

That concludes my presentation on the financial results for the fiscal year ending May 2026. Thank you for your attention.