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17 June 2014

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Notice concerning Acquisition of Asset (Azabu Green Terrace)

We hereby announce that today Daiwa Office Investment Corporation (the “Investment Corporation”) has determined to acquire a trust beneficial interest in real estate (the “Acquisition”) as follows.

1. Summary of Asset to Be Acquired

Type of Assets	Trust beneficial interest in real estate
Property Name	Azabu Green Terrace (the “Property”)
Location	3-20-1 Minami Azabu Minato-ku, Tokyo
Acquisition Price	14,000 million yen (excluding associated acquisition costs, consumption tax, etc.)
Date of Conclusion of Purchase Agreement	June 17, 2014
Date of Delivery (scheduled)	July 4, 2014
Seller	Azabu Green Terrace Goudou Kaisha (Limited Liability Company) (the “Seller”)
Funding for Acquisition	Money from issuance of new units as separately announced today, the loans (scheduled) to be announced in due course, and cash (on hand)
Payment Method	Lump-sum payment at the time of delivery
Intermediary	Not disclosed (Note 1)

.(Note 1) An intermediary is a domestic corporation, which has not agreed to disclose its name, etc.

2. Reason for Acquisition

We believe that the Property is appropriate pursuant to the basic policy for the asset management set forth in the Articles of Incorporation of the Investment Corporation and the management policy of the Investment Corporation. We decided to acquire the Property because we appreciate the rarity and profitability of the Property.

(1) Location of the Property:

The Property is located 8 minute walk from Shirokane-takanawa Station of Tokyo Metro Subway Nanboku-Line and Tokyo Municipal Subway Mita-Line. Minami-Azabu area is surrounded by the Moto-Azabu/Hiroo international area in which number of embassies and residents for foreigners are

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situated and Shirokane-takanawa area with popularity for high class cultural living. The access from Shirokane-takanawa Station is very convenient to various business districts such as Otemachi, Nagatacho, Roppongi and Meguro. Recognition of the Property is also significant as it faces to Meiji Dori, a major road.

We analyze that the Property's location in Azabu and Hiroo area that are particularly popular to foreigners as residential destination attracts foreign financial institutions or law firms and design or mass-communication related companies which should extend to include IT industry firms. In addition, the Property is relatively new with high specification and quality so that it is rare and invaluable even in terms of BCP qualification because the area is generally considered as a relatively disaster-free, stable and secure land.

(2) Building Facilities:

The Property is a flexible intelligent office building with 6 stories above ground and 1 below; the total floor area of 17,127.05 m², about 770 tsubo of standard orderly shape floor space without pillars, 2,800mm of ceiling height for standard floor (excluding OA floor of 100mm).

Terrace space is facilitated on the northern side of the building for the floors above the 3rd. Each floor terrace space is a roof garden with different concept from each other, the views through the windows which all give sense of openness and freedom throughout the changing seasons to the office workers with their satisfaction.

The Property received Good Design Award in 2011 for the stylish design of the building.

As the building is relatively new with high specification and quality, we believe that the Property should, even in the coming future, stay competitive with the comparative advantage over surrounding office buildings.

3. Details of the Property to be Acquired

Property Name	Azabu Green Terrace
Type of Specified Assets	Trust beneficial interest in real estate
Trustee (scheduled)	Mizuho Trust & Banking Co., Ltd.
Trust Period (scheduled)	From November 21, 2003 to July 3, 2024
Location (Lot Number)	3-145-41 Minami-Azabu Minato-ku Tokyo
Use (Real Property Registry)	Office, Parking Lot
Ownership Form	(i) Land: Ownership (ii) Building: Ownership
Site Area (Real Property Registry)	3,655.20 m ²
Total Floor Area (Real Property Registry)	17,127.05 m ²
Structure (Real Property Registry)	Steel frame and steel framed reinforced concrete structure, flat roof, 6 stories above ground and 1 below
Construction Date (Real Property Registry)	September 21, 2009
Building Engineer	Kajima Corporation Registered Architect Office
Constructor	Kajima Corporation
Structural-design Engineer	Kajima Corporation Registered Architect Office
Floor Height/Ceiling Height	4,100 mm (for standard floor) / 2,800 mm (for standard floor)

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Air-conditioning System/OA Laying	Each floor individual treatment air-conditioning OA-capable floor	
Building Inspection Agency	The Building Center of Japan	
Engineering Due Diligence Company	TOKIO MARINE & NICHIDO RISK CONSULTING Co., Ltd.	
Soil Contamination Risk Survey Company	Earth-Appraisal Co., Ltd.	
Probable Maximum Loss Level (Assessor)	2.74% (Sompo Japan Nipponkoa Risk Management Inc.)	
Acquisition Price	14,000 million yen (excluding acquisition costs and consumption tax, etc.)	
Appraisal Value (Appraisal Date)	15,000 million yen (as of May 15, 2014)	
Appraiser	Japan Real Estate Institute	
Collateral	None	
Summary of Tenants		
Total Number of Tenants	10 (As of scheduled delivery date)	
Rent Revenue	Not disclosed (Note 1)	
Security Deposit and Guaranty	Not disclosed (Note 1)	
Total Leased Floor Space	13,234.39 m ² (estimated as of the scheduled delivery date) (Note 2)	
Total Leasable Floor Space	13,234.39 m ² (Note 2)	
Trend in occupancy rates the last 5 years (Note2)	March 31, 2012	91.0%
	March 31, 2013	91.0%
	March 31, 2014	100.0%
	Scheduled delivery date	100.0%
Expected NOI (NOI Yield)	649 million yen (4.6%) (Note 3)	
Other Relevant Information	(1) The road on the west of the Property is legislated by Building Standard Act article 42 clause1-3. Site area of 136.13 m ² has been spared for the road from the Property. (2) A part of the road on the north of the Property is less than 4 m. Site area of 5.17 m ² has been spared for the road from the Property	

(Note1) The figures are not presented with no agreement for the disclosure by the related parties.

(Note2) The figures are based on the data from the Seller for the total leased floor space, total leasable floor space and trend in occupancy rates of the end tenants.

(Note4) The figure is not an official forecast. It is calculated with the assumption of the occupancy rate of 100% based on the leasing agreements expected to exist on the delivery date in consideration of the taxes and other costs that may incur.

4. Details of the Seller

(1) Company Name	Azabu Green Terrace Goudou Kaisha (Limited Liability Company)
(2) Location	Nihonbashi 1 Chome Building, 1-4-1 Nihonbashi Chuo-ku, Tokyo
(3) Title and Name of	Managing Member, Sukiyabashi General Incorporated

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Representative	Association, Executing Person Keiichi Omura
(4) Description of Business	1. Purchase, possession and disposition of real estate 2. Rental and management of real estate 3. Purchase, possession and disposition of real estate trust beneficiary 4. All operations incidental or relating to the preceding article
(5) Amount of Capital	100,000 yen
(6) Date of Incorporation	October 7, 2013
(7) Relationship with the Investment Corporation/Asset Manager	
Capital Relationship	Daiwa Securities Group Inc., parent company of the Investment Corporation/Asset Manager holds a 16.7% equity stake in the Seller.
Personnel Relationship	There is no personnel relationship required to be disclosed between the Investment Corporation/Asset Manager and the Intermediary. Also, the affiliated parties and the affiliated companies of the Seller do not fall under the Personnel Relationship of the Investment Corporation/Asset Manager.
Business Relationship	The Asset Manager has been contracted by the seller to assume a role of assisting the seller's main asset manager for the Property in leasing of the Property. However, the Asset Manager has not been involved in the sale process of the Property.
Status of Classification as Related Party	The Seller does not fall under the Related Party of the Investment Corporation/Asset Manager. Also, the affiliated parties and the affiliated companies of the Seller do 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 is not an acquisition from any persons having a special interest in the Investment Corporation or the Asset Manager.

6. Status of Intermediary

(1) Summary of Intermediary

A domestic corporation is the intermediary for the transaction of the Property. Since no approval, however, has been granted by it as to the disclosure of its name, etc., there present no details on it. There is no relationship required to be disclosed between the Investment Corporation/Asset Manager and the Intermediary in terms of capital, personnel and business. The Intermediary does not fall under the Related Party of the Investment Corporation/Asset Manager. Also, the Intermediary does not fall under the Related Persons of the Investment Corporation/Asset Manager or under the Related Persons of the sponsor.

(2) Fees for the Intermediary

With no intermediary's agreement to disclosure of the fees and other details of the transaction, there is no presentation on the fees.

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7. Acquisition Schedule

Date of Determination of the Acquisition	June 17, 2014
Date of Execution of Purchase Agreement	June 17, 2014
Scheduled Payment Date	July 4, 2014
Scheduled Delivery Date	July 4, 2014

8. Future Prospects

As to the impact of the Acquisition on the Investment Corporation's return and the distribution for the fiscal period ending November 2014 (18th fiscal period) and the fiscal period ending May 2014 (19th fiscal period), please refer to today's separate press release "Notice Concerning Revisions to the Forecast of Result and Distribution for the Fiscal Period Ending November 20134 (18th Fiscal Period) and Forecast of Result and Distribution for the Fiscal Period Ending May 2015 (19th Fiscal Period)".

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【Reference Material 1】 Summary of Appraisal Report

Appraiser	Japan Real Estate Institute
Appraisal Date	May 15, 2014
Appraised Value	15,000 million yen

Items	(million yen) (Note)
Income Approach Value	15,000
Direct Capitalization Value	15,200
(1) Operating Revenue (a-b)	921
a. Potential Annual Rent Revenue	961
b. Amount of Loss due to Vacancy	40
(2) Operating Expenses (c+d+e+f)	257
c. Maintenance and Operation Cost (including cost of management, utility and PM fee)	193
d. Taxes and Public Charges	62
e. Non-life Insurance Premium	1
f. Other Expenses	0
(3) Net Operating Revenue	664
(4) Profit from deposits/guarantees, etc.	8
(5) Capital Expenditures	19
(6) Net Revenue ((3)+(4)-(5))	653
Capitalization Rate	4.3%
Discounted Cash Flow Value	14,700
Discount Rate	4.1%
Terminal Capitalization Rate	4.5%
Integrated Value by Using Cost Method	14,400
Ratio of Land	70.7%
Ratio of Building	29.3%

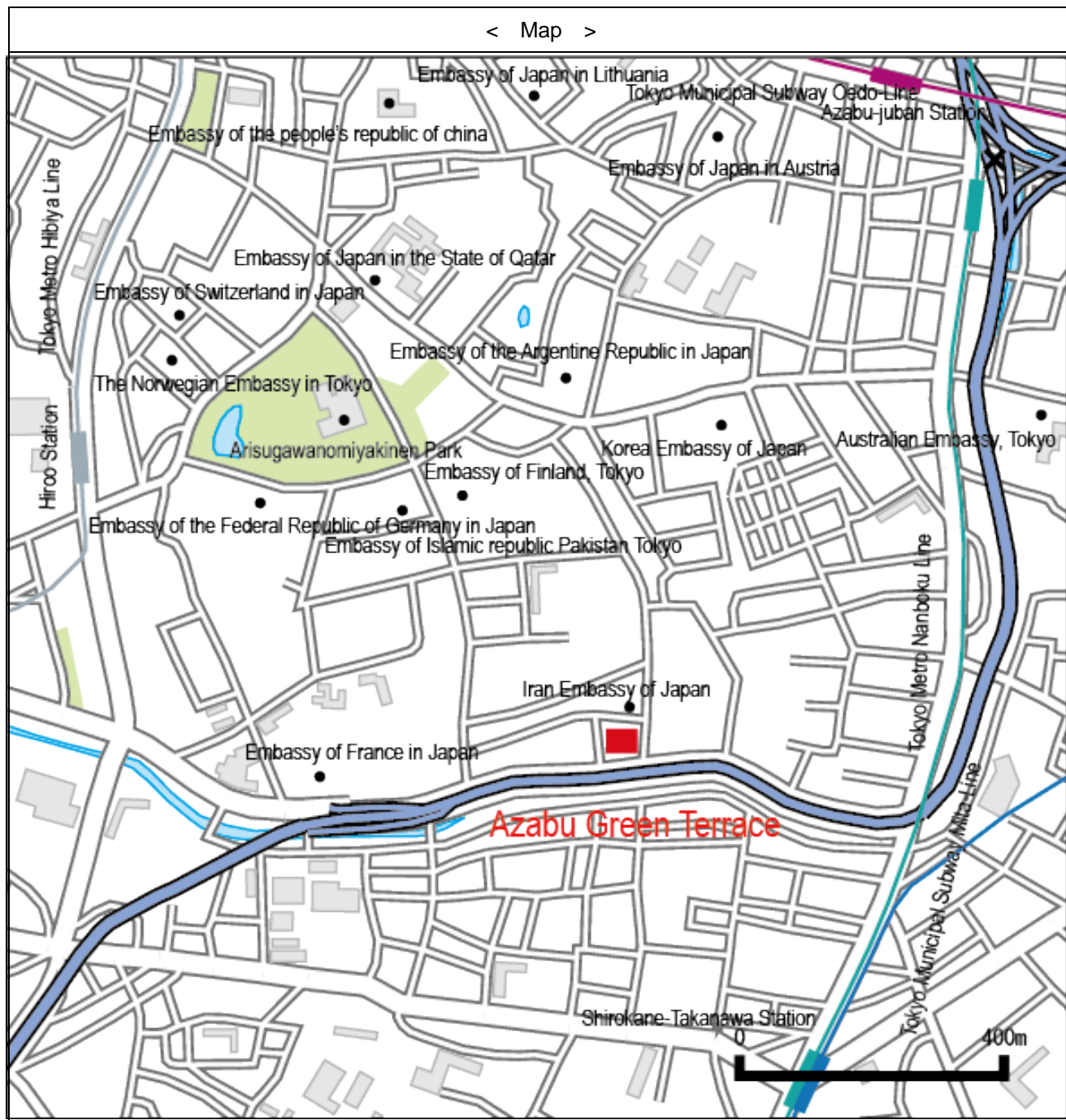
(Note) The above revenue and expenses are based on the appraisal report and are not the figures forecasted by the Investment Corporation or the Asset Manager.

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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	3.6%
	Daiwa Ginza Annex	Oct 21, 2005	3,050	0.8%
	Daiwa Shibaura	Oct 21, 2005	8,265	2.1%
	Daiwa Minami-Aoyama	Oct 21, 2005	4,550	1.2%
	Daiwa Sarugakucho	Oct 21, 2005/ Mar 30, 2012	3,190	0.8%
	Daiwa A Hamamatsucho	Oct 21, 2005	2,865	0.7%
	Daiwa Jingumae	Oct 21, 2005	2,800	0.7%
	Daiwa Shibadaimon	Oct 21, 2005	2,578	0.7%
	Daiwa Misakicho	Oct 21, 2005	2,346	0.6%
	Daiwa Shimbashi 510	Oct 21, 2005	2,080	0.5%
	Daiwa Tsukijiekimae	Jan 27, 2006	1,560	0.4%
	Daiwa Tsukiji	Jan 27, 2006	1,240	0.3%
	Daiwa Tsukiji 616	Mar 24, 2006	2,440	0.6%
	Daiwa Tsukishima	Mar 24, 2006	7,840	2.0%
	Daiwa Nihombashi Horidomecho	May 1, 2006	2,520	0.7%
	Daiwa Azabudai	May 1, 2006	1,600	0.4%
	Daiwa Nihombashi Honcho	Jul 31, 2006	7,420	1.9%
	Daiwa Ginza 1-chome	Jul 31, 2006	4,620	1.2%
	Daiwa Kyobashi	Jul 31, 2006	3,460	0.9%
	Daiwa Kojimachi 4 Chome	Oct 6, 2006/ Mar 29/ May 29, 2013	2,910	0.8%
	Daiwa Onarimon	Dec 1, 2006	13,860	3.6%
	Shinjuku Maynds Tower	Jul 13/ Nov 26, 2007	133,800	34.5%
	SHIBUYA EDGE	Jul 13, 2007	5,900	1.5%
	Daiwa Kodenmacho	Aug 31, 2007	2,460	0.6%
	Daiwa Jimbocho	Mar 10, 2010	4,150	1.1%
	Daiwa Nishi-Shimbashi	Aug 13, 2010	5,000	1.3%
	Daiwa Kudan	Sep 2, 2010	4,000	1.0%
	Daiwa Kayabacho Building	Mar 25, 2011	5,600	1.4%
	Daiwa Jimbocho 3 Chome	Mar 29, 2011	3,550	0.9%
	E SPACE TOWER	Jul 8, 2011	24,000	6.2%
	Daiwa Nihonbashi Hongokucho	May 11, 2012	1,721	0.4%
	shinyon curumu	Dec 3, 2012/ Apr 12, 2013	9,650	2.5%
	Daiwa Shibuya Dougenzaka	Jul 3, 2013	4,500	1.2%
	Akasaka Business Place	August 9, 2013	9,200	2.4%
	Daiwa Shibuya Miyamasuzaka	September 27, 2013	7,000	1.8%
	Azabu Green Terrace	July 4, 2014 (scheduled)	14,000	3.6%
Total Number of Properties located in Five Central Wards of Tokyo: 36			329,825	85.1%
Greater Tokyo (Note 2)	Daiwa Kinshicho	Oct 21, 2005	3,653	0.9%
	Daiwa Higashi-Ikebukuro	Oct 21, 2005	2,958	0.8%
	Benex S-3	May 1, 2006	4,950	1.3%
	Daiwa Shinagawa North	Jul 13, 2007	7,710	2.0%

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	Daiwa Osaki 3 Chome	Sep 18, 2012	1,650	0.4%
	Daiwa Kamiooka	Mar 1, 2013	2,000	0.5%
	Integral Tower	May 29, 2014	15,220	3.9%
Total Number of Properties located in Greater Tokyo: 7			38,141	9.8%
Regional Major Cities (Note 3)	Daiwa Minami-Senba	Aug 31, 2007	4,810	1.2%
	Daiwa Meieki	Feb 1, 2013	5,300	1.4%
	Kitahama Grand Building	August 1, 2014 (scheduled)	9,481.5	2.4%
Total Number of Properties located in Major Regional Cities: 3			19,591.5	5.1%
Total Number of Properties: 46			387,557.5	100.0%

- (Note 1) "Five Central Wards of Tokyo" mean 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) "Regional Major 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" columns 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 nearest 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 regions or for the overall portfolio.
- (Note 5) New Names adopted on April 1, 2014 are presented for those applicable buildings.
- (Note 6) Kitahama Grand Building is listed above as it is scheduled to be acquired as of August 1, 2014 as has been announced on the separate press release dated June 17, 2014.

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

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