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REIT Issuer: Daiwa Office Investment Corporation (Stock Code No.: 8976)
Representative: Toshisuke Tanaka, Executive Director

Asset Manager: Daiwa Real Estate Asset Management Co. Ltd.
Representative: Yoshiki Nishigaki, President and Representative Director
Inquiries to: Kentaro Azumi, General Manager, Acquisition and Asset Management Division
(Tel: +81-3-6215-9649)

Notice Concerning Divestment of Trust Beneficiary Interest in Domestic Real Estate **(Daiwa Sarugakucho)**

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 decided today to divest trust beneficial interest in real estate (the “Divestment”) as follows.

1. Summary of the Divestment

Asset Name	Daiwa Sarugakucho (the “Property”)	
Type of Asset	Trust beneficial interest in domestic real estate	
Sale Price (Note 1)	5,100 million yen	
	(1) 2,550 million yen (50% of quasi co-ownership interest)	(2) 2,550 million yen (50% of quasi co-ownership interest)
Book Value	2,984 million yen (As of May 31, 2025)	
Capital Gain or Loss from Divestment (Note 2)	1,691 million yen	
Date of Conclusion of Sales Agreement	October 10, 2025	
Scheduled Delivery Date	(1) November 28, 2025	(2) May 29, 2026
Purchaser (Note 3)	Not disclosed	
Intermediary (Note 4)	Yes	
Payment Method	To be received on each of the scheduled delivery dates	

(Note 1) “Sale Price” does not include expenses related to the sale, settlement amounts of fixed asset tax and city planning tax, and consumption tax and local consumption tax.

(Note 2) The figure may differ from the actual capital gain or loss from divestment. It is a simple calculation of difference between the sale price and the book value as well as expenses related to the sale as of the date of this document for reference.

(Note 3) The purchaser is not disclosed as no consent for disclosure has been obtained. The purchaser is neither an interested person, etc. as stipulated in the Order for Enforcement of the Act on Investment Trusts and Investment Corporations nor a related party as stipulated in the “rules on prevention of conflicts of interest,” the Asset Manager’s internal regulations.

(Note 4) The intermediary of the Divestment does not correspond to an interested person, etc.

2. Reason for the Divestment

The Investment Corporation believes that the acceleration of internal growth, strengthening of portfolio through property replacements, and steady promotion of the return of unrealized gains would lead to the improvement of unitholder value as well as the increase in investment unit price.

The Property has maintained a high occupancy rate by taking in rental demand mainly from education-related businesses and secured profitability. However, as approximately 40 years have passed since completion, the Investment Corporation recognized that considerable repairs and capital expenditures are necessary to maintain the competitiveness of the Property.

As a result of the main tenant's intention to cancel the lease contract recently confirmed and consideration based on the future outlook for leasing and the costs that will be necessary in the future, the Investment Corporation decided to divest the Property after comprehensively taking into account the Property's potential for growth as well as the Investment Corporation's current and future portfolio strategy.

Upon the Divestment, as a result of sales activities aiming for the "sale to players with different investment perspectives" based on the replacement strategy disclosed upon the announcement of the financial results for the fiscal period ended May 2025, the purchaser showed its intent to purchase the property at a sale price far exceeding the appraisal value. Therefore, although certain costs will be incurred in connection with the sale, the Investment Corporation decided on the Divestment by judging that the realization of unrealized gains on this occasion would contribute to the maximization of unitholder value.

Note that the delivery of the Divestment is divided into two periods (the fiscal period ending November 2025, and the fiscal period ending May 2026) to stabilize the distribution over a longer term by returning the proceeds of the sale to unitholders in installments over the two periods while reserving some of them internally in preparation for environmental changes. The Investment Corporation will flexibly use the amount equivalent to sale book value for the acquisition of new properties, acquisition of own investment units, repayment of borrowings, etc., and lead such effort to the improvement of unitholder value.

3. Details of the Asset to Be Divested

Asset Name	Daiwa Sarugakucho
Type of Specified Asset	Trust beneficial interest in domestic real estate
Trustee	Sumitomo Mitsui Trust Bank, Limited
Maturity of Trust Period	April 25, 2032
Location (Address)	2-6-10 Kanda-Sarugakucho, Chiyoda-ku, Tokyo
Use (Real Property Registry)	Office
Ownership Form	Ownership
Site Area (Real Property Registry)	858.47 m ²
Total Floor Area (Real Property Registry)	4,303.97 m ²
Structure (Real Property Registry)	Steel-framed reinforced concrete structure flat roof, 8 stories above ground
Construction Date (Real Property Registry)	June 28, 1985
Book Value	2,984 million yen (May 31, 2025)
Appraisal Value (Date of Valuation)	4,120 million yen (as of May 31, 2025)
Appraiser	JLL Morii Valuation & Advisory K.K.
Date of Delivery	(1) November 28, 2025, (2) May 29, 2026
Summary of Tenants (as of May 31, 2025)	
Total Number of Tenants	2
Rent Revenue	Not disclosed (Note)
Security Deposit and Guaranty	Not disclosed (Note)
Total Leased Floor Space	3,657.43 m ²
Total Leasable Floor Space	3,657.43 m ²
Occupancy Rate	100.0%

(Note) Not disclosed for such reasons as consent was not obtained from major tenants to disclose the rent revenue, etc.

4. Details of the Purchaser

The purchaser is a domestic corporation. However, it is not disclosed as consent for disclosure has not been obtained. There are no capital, human and business relationships between the Investment Corporation/Asset Manager and the purchaser, and the purchaser is not a related party of the Investment Corporation/Asset Manager.

In addition, the purchaser is neither an interested person, etc. as stipulated in the Order for Enforcement of the Act on Investment Trusts and Investment Corporations nor a related party as stipulated in the “rules on prevention of conflicts of interest,” the Asset Manager’s internal regulations.

5. Future Prospects

Due to the Divestment, the forecasts of management status and distribution for the fiscal period ending November 2025 (from June 1, 2025 to November 30, 2025) have been revised. For details, please refer to “Notice Concerning Revision (Upward Revision) to Forecasts of Management Status and Distribution for the Fiscal Period Ending November 2025 (40th Fiscal Period)” announced today.

The forecasts of management status and distribution for the fiscal period ending May 2026 (from December 1, 2025 to May 31, 2026) are currently being examined as internal reserves for the stabilization of returns to unitholders, property acquisitions using the funds from divestment as the source of funds, acquisition of own investment units, repayment of borrowings, etc. are under consideration. They will be announced when the preconditions including such matters are determined.

6. Summary of Appraisal Report

Appraiser	JLL Morii Valuation & Advisory K.K.	
Appraisal Date	May 31, 2025	
Appraised Value	4,120 million yen	
Items	(million yen) (Note 1)	Outline, etc.
Income Approach Value	4,120	Estimated equally based on direct capitalization value and discounted cash flow value.
Direct Capitalization Value	4,390	
(1) Operating Revenue	246	
Potential Annual Rent Revenue	258	Assessed rent, which is stable over the medium to long term, etc.
Amount of Loss due to Vacancy	12	Assessed by taking into account the standard vacancy rate and specific factors of the subject property.
(2) Operating Expenses	50	
Maintenance and Operation Cost	13	Assessed based on the level of actual historical data.
PM Fee	(Note 2)	
Water & Utility Charges	13	Assessed based on actual historical data.
Repair	4	The annual average on the ER was determined to be appropriate and 30% of the levelled amount was recorded.
Leasing Fee	2	Amount equivalent to new monthly rent for 1.2 months.
Tax	15	Based on actual historical amount.
Non-life Insurance	0	Deemed actual amount, etc. as being appropriate.
Others	0	
(3) Net Operating Revenue	195	
(4) Profit from Deposits/Guarantees	0	Return yield is assumed at 1.0%.
(5) Capital Expenditures	11	The ER estimate was determined to be appropriate and 70% of the levelled amount was recorded.
(6) Net Revenue ((3)+(4)-(5))	185	
(7) Capitalization Rate	3.8%	Assessed by reflecting fluctuation risks of income and principal in the discount rate.
Discounted Cash Flow Value	4,010	
Discount Rate	3.6%	Assessed by comprehensively taking into account the market trends, etc. after considering the regional factors, specific factors, etc. of the subject property.
Terminal Capitalization Rate	4.0%	Assessed considering future uncertainties, deterioration of buildings and divestment risks, based on capitalization rate.
Integrated Value by Using Cost Method	2,300	
Ratio of Land	91.0%	
Ratio of Building	9.0%	
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 2) With no 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 figures in a specific manner may cause adverse effects on other business operations of the PM, resulting in a negative impact on the planned efficient operation based on the maintenance policy of the investment-target property of the Investment Corporation that the Investment Corporation is to contract with the PM. This may in turn further cause adverse effects on unitholders' interests. Therefore, the figure presented in this column is calculated together with maintenance and operation costs.

【Reference Material】 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	3.0%
	Daiwa Ginza Annex	Oct 21, 2005	3,050	0.7%
	Daiwa Shibaura	Oct 21, 2005	8,265	1.8%
	Daiwa A Hamamatsucho	Oct 21, 2005	2,865	0.6%
	Daiwa Jingumae	Oct 21, 2005	2,800	0.6%
	Daiwa Shibadaimon	Oct 21, 2005	2,578	0.6%
	Daiwa Misakicho	Oct 21, 2005	2,346	0.5%
	Daiwa Tsukijiekimae	Jan 27, 2006	1,560	0.3%
	Daiwa Tsukiji	Jan 27, 2006	1,240	0.3%
	Daiwa Nihonbashi Horidomecho	May 1, 2006	2,520	0.5%
	Daiwa Azabudai	May 1, 2006	1,600	0.3%
	Shinjuku Maynds Tower	Jul 13/ Nov 26, 2007	66,900	14.5%
	Daiwa Kodonmachi	Aug 31, 2007	2,460	0.5%
	Daiwa Nishi-Shimbashi	Aug 13, 2010	5,000	1.1%
	Daiwa Kayabacho Building	Mar 25, 2011	5,600	1.2%
	Daiwa Jimbocho 3-chome	Mar 29, 2011	3,550	0.8%
	E SPACE TOWER	Jul 8, 2011	24,000	5.2%
	Daiwa Nihonbashi Hongokucho	May 11, 2012	1,721	0.4%
	shinyon curumu	Dec 3, 2012/	9,650	2.1%
		Apr 12, 2013		
	Daiwa Akasaka	Aug 9, 2013	9,200	2.0%
	Daiwa Shibuya Miyamasuzaka	Sep 27, 2013	7,000	1.5%
	Daiwa Azabu Terrace	Jul 4, 2014	14,000	3.0%
	Daiwa Ebisu 4-chome	Dec 1, 2014	4,135	0.9%
	LAQUAS Higashi Shinjuku	Dec 3, 2014	8,450	1.8%
	Daiwa Aoyama	Mar 2, 2015	9,800	2.1%
	Daiwa Shibuya Shinsen	Mar 2, 2015	4,800	1.0%
	Daiwa Shibuya Square	May 1, 2015	16,000	3.5%
	Daiwa River Gate	Jun 2, 2015	28,000	6.1%
	Daiwa Hatchobori ekimae	Sep 11, 2015	2,871	0.6%
	Daiwa Hatchobori ekimae West	Sep 11, 2015	1,647	0.4%
	Daiwa Nishi-Shinjuku	Mar 29, 2016	13,710	3.0%
	Kirin Nihonbashi Building	May 26, 2016	8,180	1.8%
	Daiwa Higashi-Nihonbashi	Jun 1, 2016	6,370	1.4%
	Daiwa Daikanyama	Jun 29, 2016	2,280	0.5%

Region	Name of Property	Date of Acquisition	Acquisition Price (million yen)	Investment Ratio (Note 4)
	Daiwa Shinjuku West	Jul 21, 2016	942	0.2%
	Daiwa Kanda Mikuracho Building	Dec 21, 2016	1,592	0.3%
	Daiwa Kanda East	Jan 12, 2018	4,200	0.9%
	Daiwa Kandasudacho	Jun 7, 2018/ Nov 1, 2018	2,295	0.5%
	Daiwa Sasazuka Tower	Oct 30, 2018	15,500	3.3%
	Daiwa Sasazuka	Dec 27, 2018	3,000	0.6%
	Daiwa Harumi	Feb 27, 2019	11,200	2.4%
	Daiwa Mita 2-Chome	Jul 1, 2019	2,635	0.6%
	Nihonbashi Central Square	May 21, 2020	3,521	0.8%
	Daiwa Nihonbashi Bakurocho	Nov 30, 2022	5,733	1.2%
	Daiwa Kandabashi	Sep 29, 2021	1,970	0.4%
	Daiwa Akihabara	Jun 28, 2024	15,503	3.4%
	Daiwa Nihonbashi Bakurocho II	Mar 29, 2024	6,300	1.4%
Total Number of Properties located in Five Central Wards of Tokyo: 47			372,640	80.5%
Greater Tokyo (Note 2)	Daiwa Higashi-Ikebukuro	Oct 21, 2005	2,958	0.6%
	Daiwa Shinagawa North	Jul 13, 2007	7,710	1.7%
	Daiwa Kamiooka	Mar 1, 2013	2,000	0.4%
	Daiwa Ogikubo Tower	May 29, 2014	15,220	3.3%
	Daiwa Meguro Square	May 1, 2015	5,600	1.2%
	Daiwa Ogikubo	Jul 21, 2016	3,800	0.8%
	CONCURRED Yokohama	Jan 11, 2018	38,100	8.2%
	Daiwa Shinagawa Gotenyama	Sep 13, 2018	2,500	0.5%
	Daiwa Nakano-Sakaue	Dec 13, 2019	2,750	0.6%
Total Number of Properties located in Greater Tokyo: 9			80,638	17.4%
Major Regional Cities (Note 3)	Daiwa Kitahama	Aug 1, 2014	9,481	2.0%
Total Number of Properties located in Major Regional Cities: 1			9,481	2.0%
Total Number of Properties: 57			462,759	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 acquisition price of each property to the aggregate amount of the 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) The above overview represents the state after the completion of the third delivery (scheduled delivery date: November 28, 2025) of Daiwa Tsukishima and the second delivery (scheduled delivery date: May 29, 2026) of the Property (Daiwa Sarugakucho).

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