

For Immediate Release

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**ORIX JREIT Announces Acquisition of “Round-Cross Otemachi Kita”  
and Disposition of “GOOD TIME LIVING Shin-urayasu”**

TOKYO, September 27, 2021 — ORIX JREIT Inc. (“OJR”) announced that its asset management company, ORIX Asset Management Corporation (“OAM”), passed a resolution on the acquisition and disposition of properties (hereafter, “the acquisition” and “the disposition,” and referred to collectively as “the exchange”), as described below.

**1. Transaction Summary**

- 1) Transaction party: Not-disclosed <sup>(Note1)</sup>
- 2) Contract date: September 27, 2021
- 3) Transaction date: September 30, 2021
- 4) The Acquisition Summary:

Property name	Round-Cross Otemachi Kita <sup>(Note2)</sup>
Specified asset category	Real estate
Type	Office
Area	6 Central Tokyo Wards <sup>(Note 3)</sup> (Chiyoda-ku, Tokyo)
Acquisition price	3,200 million yen
Appraisal value	3,570 million yen
NOI yield <sup>(Note 4)</sup>	3.7%
Yield after depreciation <sup>(Note 5)</sup>	3.3%

- 5) The Disposition Summary:

Property name	GOOD TIME LIVING Shin-urayasu
Specified asset category	Real estate trust beneficial interest
Type	Hotels and Others (elderly housing)
Area	Other parts of the Greater Tokyo Area <sup>(Note6)</sup> (Urayasu-shi, Chiba)
Disposition price	2,000 million yen
Book value	1,463 million yen <sup>(Note 7,8)</sup>
Estimated gain/loss on disposition	515 million yen <sup>(Note 7,8)</sup>

- 6) Intermediary: None

Note:

1. The transaction party is a Japanese company, however, the consent of the party could not be obtained, including information on the name of company.
2. The current name of the property is different from “Round-Cross Otemachi Kita” as of today. OJR intends to change the name post acquisition.
3. "6 Central Tokyo Wards" refers to Chiyoda, Chuo, Minato, Shinjuku, Shibuya and Shinagawa wards.
4. The "NOI Yield" of Property is calculated by dividing Net Operating Income based on the direct capitalization

method indicated in the appraisal report at the time of decision to acquire by the acquisition price. The figures are rounded to the one decimal place.

5. The "Yield after Depreciation" of Property is calculated by dividing (Net Operating Income based on the direct capitalization method indicated in the appraisal reports at the time of decision to acquire – Depreciation expense estimated by OAM) by the acquisition price. The figures are rounded to the one decimal place.
6. "Other Parts of the Greater Tokyo Area" refers to areas within Tokyo, Kanagawa, Saitama and Chiba prefectures, excluding the "6 Central Tokyo Wards" and "Remaining Tokyo Wards." "Remaining Tokyo Wards" refers to the remaining Tokyo wards other than the "6 Central Tokyo Wards."
7. Figures are rounded down to the nearest million yen.
8. Book value is an estimate as of transaction date. Estimated gain/loss on transfer is pro forma amount based on the book value and assumed transfer expenses. The amount is subject to change.

## 2. Purpose of the Exchange

OJR aims to achieve stable growth of unitholder value through careful selection in properties from the perspectives of growth potential, profitability and stability by leveraging our strength, "ORIX Synergy<sup>(Note1)</sup>," "Direct PM<sup>(Note2)</sup>" and "Diversified REIT<sup>(Note3)</sup>".

Under this policy, despite acquiring properties remains to be competitive, OJR decided on this exchange with a 3rd party to avoid missing out on opportunities that can better utilize our own strengths.

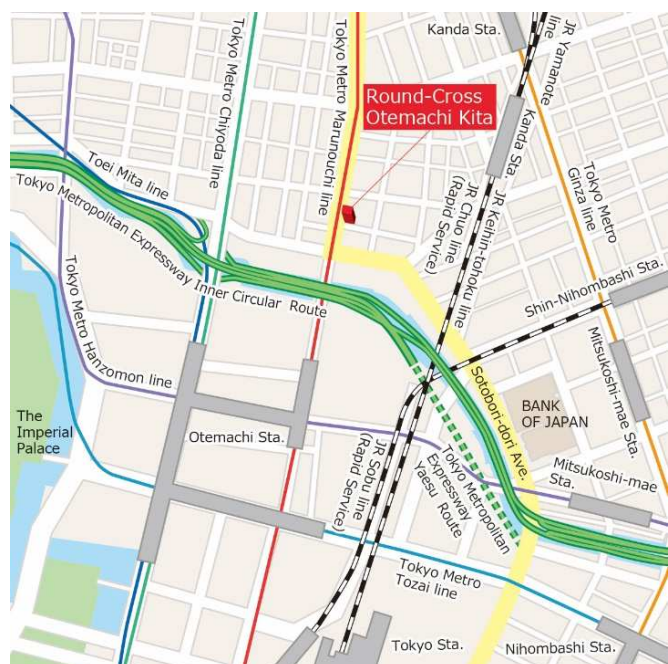
Note:

1. The "ORIX Synergy" refers to the cooperative relationship between ORIX Corporation and its group companies, and OJR.
2. The "Direct PM" refers to the supplemental work of property management operations including leasing activities and activities to improve property value by OAM while utilizing the ORIX Synergy.
3. The "Diversified REIT" refers to real estate investment incorporations that invest in various types of property such as offices, retail facilities, residential properties, logistics facilities, hotels and others.

### 1) Purpose of the Acquisition of "Round-Cross Otemachi Kita"

- It is a medium-sized office that can leverage OJR's strength located within high accessibility to public transport, approximately a 4-minute walk from Otemachi Station which has access to 5 lines including the Tokyo Metro Marunouchi Line and approximately a 5-minute walk from Kanda Station which has access to 4 lines including the JR Yamanote Line.
- Despite this property being located adjacent to Otemachi, Japan's leading office area, the average rent is lower than that of subdivided floor space of large-scale buildings. Therefore, we can anticipate steady demand from tenants in a wide range of industries.

## Photo and Map



2) Purpose of the Disposition of “GOOD TIME LIVING Shin-urayasu”

- ORIX Group has disposed all shares of “ORIX Living Corporation”, the operator and tenant of this property, to a 3rd party in 2019. As such, we concluded it difficult to leverage the synergy with our sponsor going forward.

**3. Summary of Property to be Acquired**

Property name		Round-Cross Otemachi Kita				
Specified asset category		Real estate				
Address <sup>(Note1)</sup>		2-5-5 Uchikanda, Chiyoda-ku, Tokyo				
Public transit access		Approx. 4-minute walk from “Otemachi” station on Tokyo Metro Marunouchi line and others, approx. 5-minute walk from “Kanda” station on JR Yamanote line and others				
Land	Registered Area	260.12 m <sup>2</sup>				
	Type of ownership	Full ownership				
Building	Registered usage	Retail, Office				
	Registered completion date	February 2010				
	Type of ownership	Full ownership				
	Registered Area	1,839.26 m <sup>2</sup>				
	Registered construction	Steel-frame with flat roof, 9 floors				
Earthquake resistance (with or without earthquake insurance)		PML <sup>(Note 2)</sup> : 5% *Based on the report by Sompo Risk Management Inc.				
Collateral		None				
Summary of the Engineering Report						
	Reporting Company	Tokio Marine dR Co., Ltd.				
	Date of inspection	August 16, 2021				
	Total amount of 12 years from the date of inspection	61 million yen <sup>(Note 3)</sup>				
	Replacement Cost	556 million yen <sup>(Note 3)</sup>				
Summary of Rental status as of August 31, 2021						
	Number of tenants	8				
	Gross rental income excluding parking	10 million yen per month <sup>(Note 3)</sup>				
	Security deposits including parking	107 million yen <sup>(Note 3)</sup>				
	Total rent space	1,550.96 m <sup>2</sup>				
	Total rentable space	1,550.96 m <sup>2</sup>				
Occupancy rate of end tenants during past 5 years		August 2017	August 2018	August 2019	August 2020	August 2021
		100%	71.0%	100%	100%	100%
Special notes		None				
Estimated net operating income (NOI)		114 million yen per annum <sup>(Note 3)</sup> Estimated net operating income (NOI) represents the estimated revenue/expenditure balance under stabilized occupancy excluding extraordinary factors that may occur after acquisition. The precondition is as below; these figures are not what OJR expects for the current fiscal year. - Occupancy rate: 96.7%				

Note:

1. The “Address” column shows the residence indication if there is, and if there is none, the building address recorded in the registry. Accordingly, the address may differ from the lot number recorded in the registry.
2. PML (Probable Maximum Loss) shows the ratio of cost of recovering a building after it is damaged to its state before the damage occurred against replacement cost, when assuming an earthquake that may occur once in 475 years in average in probability statistics (recurrence interval of 475 years). The earthquake risk of a building is evaluated based on the event risk curve that shows the relationship of amount of expected loss (horizontal axis) and probability for the loss to exceed the year (vertical axis).

However, the risk curve has variability because loss evaluation comes with uncertainties in earthquake resistance performance of the building, behavior of earthquake vibration, etc. Accordingly, the above PML figures use the risk curve with credibility level of 90%, and are rounded to the nearest whole number.

- Figures are rounded down to the nearest million yen

#### 4. Summary of Property to be Disposed

Property name	GOOD TIME LIVING Shin-urayasu				
Type of ownership	Full ownership				
Address	6-1-3 Akemi, Urayasu-shi, Chiba <sup>(Note 1)</sup>				
Registered usage	Elderly housing				
Appraised value (Date of value)	1,990 million yen (August 31, 2021)				
Summary of rental status (As of August 31, 2021)					
	Number of tenants	1			
	Gross rental income	Not-disclosed <sup>(Note 2)</sup>			
	Security deposits	Not-disclosed <sup>(Note 2)</sup>			
	Total rent space	4,143.60 m <sup>2</sup>			
	Total rentable space	4,143.60 m <sup>2</sup>			
Occupancy rate during past 5 years	August 2017	August 2018	August 2019	August 2020	August 2021
	100%	100%	100%	100%	100%
Special notes	None				

Note:

- The "Address" column shows the residence indication if there is, and if there is none, the building address recorded in the registry. Accordingly, the address may differ from the lot number recorded in the registry.
- These figures are not disclosed because the consent of the tenant could not be obtained.

#### 5. Profile of the Transaction Party

The transaction party is not disclosed because the consent of the transaction party could not be obtained, including the name of the company. There is no capital and personal relationship between OJR and OAM and the transaction party. In addition, the transaction party is not a "related party" to OJR nor OAM

#### 6. Information of the Transaction Party

The transaction party does not fall under the category of a related party of OJR nor OAM.

#### 7. Payment terms

Settlement terms: 100% on delivery

Funding method: Proceeds from the disposition and cash on hand

The exchange is based on the assumption that the acquisition and the disposition will be conducted simultaneously. If the execution of either the acquisition or the disposition is suspended for any reason, the entire exchange will be suspended.

#### 8. Future Outlook

Although there will be a gain on the Disposition and rental revenues generated from the acquired property in the 40th fiscal period ending February 2022 on this exchange, it is assumed that rental revenues will be lower than the initial forecast due to lower-than-expected hotel performance and the delay of backfilling of vacated office space caused by resurgence of COVID-19 cases and declaration of state of emergency. Therefore, there will be no change in the earnings and distributions forecast for the 40th fiscal period from September 1, 2021 through February 28, 2022 announced in "Financial Results for the 38th Fiscal Period" dated April 20, 2021.

## 9. Appraisal Summary

Name of asset	Round-Cross Otemachi Kita	
Date of value	September 1, 2021	
Appraisal value (In thousands of yen)	3,570,000	
Appraiser	Chuo Real Estate Appraisal Co., Ltd.	
(In thousands of yen)		
Item	Content	Grounds
Income Approach Value	3,570,000	Revenue value is determined with emphasis on revenue value by the DCF method, with revenue value using the direct capitalization method also taken into consideration
Valuation by the Direct Capitalization Method	3,760,000	
(1) Gross Operating Revenue [(a)-(g)]	152,511	
(a) Effective gross revenue [(b) + (c) + (d) + (e) + (f)]	157,271	
(b) Rental income	132,309	Assessed taking factors such as rent and CAM charges under the existing lease agreement and other arrangements and the level of rents and CAM charges at similar properties into consideration
(c) CAM income	19,709	Same as above
(d) Utility reimbursement	4,653	Assessed based on actual past data, taking the level of utilities income of similar properties into consideration
(e) Parking Fee income	600	Assessed taking factors such as the parking fee under the current agreement and the level of parking fees at similar properties into consideration
(f) Other income	0	Not recognized
(g) Vacancy loss	4,760	Medium-to-long-term occupancy rate (vacancy rate), etc. is assessed taking factors such as actual occupancy data of the target real estate and similar properties and future market trend forecasts into consideration
(2) Operating Expenses	33,287	
Maintenance Expense	7,445	Assessed based on expected contract conditions, taking factors such as past data and level of expenses of similar properties into consideration
Utility Expense	7,041	Assessed based on actual past data, taking factors such as level of expenses of similar properties into consideration
Repair Expense	1,179	Assessed based on ER
Property Management Fee	2,889	Assessed based on expected contract conditions, taking factors such as level of expenses of similar properties into consideration
Tenant Advertisement Cost	1,283	Assessed based on expected contract conditions, taking factors such as level of expenses of similar properties into consideration
Tax and Public Dues	13,215	Assessed based mainly on most recent actual amounts
Casualty Insurance	115	Assessed based mainly on estimates
Other Expenses	120	Assessed based on actual past data
(3) Net Operating Income [(1)-(2)]	119,224	
(4) Profit from Managing Security Deposit	1,284	Assessed based on rate of return of 1.0%
(5) Capital Expenditure	3,922	Assessed based on ER
(6) Net Revenue [(3)+(4)-(5)]	116,586	
(7) Cap Rate	3.1%	Assessed with reference to investment yields in transactions involving similar properties and taking into consideration the individual features of the property such as location, building spec and rights and benefits
DCF Method	3,490,000	
Discount Rate	2.9%	Assessed with reference to investment yields in transactions involving similar properties and taking into consideration factors such as the individual features of the property and valuation scenarios
Terminal Cap Rate	3.3%	Assessed with reference to investment yields in transactions involving similar properties and taking into consideration factors such as the individual features of the property, valuation scenarios, future market risks and other risk premiums
Cost Approach	3,480,000	
Ratio of Land	90.2%	
Ratio of Building	9.8%	
Additional considerations made in the reconciliation of evaluation	Determined by adopting income approach value in reference to cost approach as demand for the subject property is considered to emphasize profitability	

Name of asset	GOOD TIME LIVING Shin-urayasu	
Date of value	August 31, 2021	
Appraisal value (In thousands of yen)	1,990,000	
Appraiser	Japan Real Estate Institute	
(In thousands of yen)		
Item	Content	Grounds
Income Approach Value	1,990,000	
Valuation by the Direct Capitalization Method	2,010,000	
(1) Gross Operating Revenue [(a)-(b)]	Not-disclosed	These figures are not disclosed because the consent of the tenant could not be obtained.
(a) Effective gross revenue		
(b) Vacancy loss		
(2) Operating Expenses		
Maintenance Expense		
Utility Expense		
Repair Expense		
Property Management Fee		
Tenant Advertisement Cost		
Tax and Public Dues		
Casualty Insurance		
Other Expenses		
(3) Net Operating Income [(1)-(2)]	105,807	
(4) Profit from Managing Security Deposit	Not-disclosed	These figures are not disclosed because the consent of the tenant could not be obtained.
(5) Capital Expenditure	Not-disclosed	
(6) Net Revenue [(3)+(4)-(5)]	104,557	
(7) Cap Rate	5.2%	Assessed considering uncertainty in the future and transaction yields of similar properties based on locational condition as well as building conditions and other conditions
DCF Method	1,970,000	
Discount Rate	5.0%	Calculated comprehensively considering specific characteristics of the subject property by referring to investment yields for transactions of similar properties and others
Terminal Cap Rate	5.4%	Assessed comprehensively considering future trends of investment yields, risks in the subject property as an investment target, general forecasts for economic growth rate and trends in property prices and rents, etc. by referring to transaction yields of similar properties and others
Cost Approach	1,840,000	
Ratio of Land	77.9%	
Ratio of Building	22.1%	
Additional considerations made in the reconciliation of evaluation	None	

Note: This is the English translation of original Japanese documents and is provided solely for information purposes. If there are any discrepancies between the translation and the Japanese original, the latter shall prevail.