

For Immediate Release

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**ORIX JREIT Announces Acquisition of “Cross Residence Awaza”,
“Cross Residence Kobe Motomachi” and “Cross Residence Kiyosumi-Shirakawa”
and Disposition of “Round-Cross Akasaka”**

TOKYO, March 29, 2024 — 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 Asset Reshuffling”), as described below.

“Cross Residence Awaza” and “Cross Residence Kobe Motomachi” is scheduled to be acquired through an exchange with the disposition property “Round-Cross Akasaka” (hereinafter referred to collectively as the “the Exchange”).

“Cross Residence Awaza” and “Cross Residence Kobe Motomachi” which are the assets acquired through the Exchange, will be recorded as a reduction entry by applying the provisions of Article 50 of the Corporation Tax Act, which stipulates the “inclusion in deductible expenses of the depreciated amount of assets acquired through exchange.”

1. Asset Reshuffling Summary

- 1) Contract date: March 29, 2024
- 2) Transaction date: April 26, 2024
- 3) The Acquisition Summary

Property name ^(Note 1)	Cross Residence Awaza (Exchange property)	Cross Residence Kobe Motomachi (Exchange property)	Cross Residence Kiyosumi-Shirakawa
Specified asset category	Real Estate	Real Estate	Real Estate
Type	Residential Property	Residential Property	Residential Property
Area ^(Note 2)	Other Areas (Osaka-shi, Osaka)	Other Areas (Kobe-shi, Hyogo)	Remaining Tokyo Wards (Koto-ku, Tokyo)
Acquisition price	2,650 million yen	1,650 million yen	1,650 million yen
Appraisal value	3,030 million yen	1,910 million yen	1,970 million yen
NOI yield ^(Note 3)	4.0% (4.4% after reduction) ^(Note 5)	4.3% (4.7% after reduction) ^(Note 5)	4.1%
Yield after depreciation ^(Note 4)	3.1% (3.4% after reduction) ^(Note 5)	3.2% (3.5% after reduction) ^(Note 5)	3.8%

4) The Disposition Summary

Property name	Round-Cross Akasaka (Exchange property)
Specified asset category	Real estate
Type	Office
Area ^(Note 2)	6 Central Tokyo Wards (Minato-ku, Tokyo)
Disposition price	3,050 million yen
Appraisal value	2,920 million yen
Book value ^(Note 6, 7)	2,687 million yen
Estimated gain/loss on disposition	(Note 5)

5) Transaction party: OSAKA GAS URBAN DEVELOPMENT CO., LTD.

6) Intermediary: None

7) The reduction entry based on the “inclusion in deductible expenses of the depreciated amount of assets acquired through exchange” stipulated by Article 50 of the Corporation Tax Act

“Cross Residence Awaza” and “Cross Residence Kobe Motomachi” which are the assets acquired through the Exchange, will be recorded as a reduction entry by applying the provisions of Article 50 of the Corporation Tax Law, which stipulates the “inclusion in deductible expenses of the depreciated amount of assets acquired through exchange.” In the Exchange, the reduction entry of 335 million yen (211 million yen for “Cross Residence Awaza” and 123 million yen for “Cross Residence Kobe Motomachi”), the same amount as the gain on disposition of Round-Cross Akasaka, will be deducted from the acquisition price of those assets to be acquired. As a result, there will be no gain on the disposition.

Property Name	Disposition price	Book value ^(Note 6,7)	Estimated gain/loss on disposition ^(Note 6,7)	Reduction Amount ^(Note 6,8)	Estimated gain on disposition (after reduction)
Round-Cross Akasaka	3,050 million yen	2,687 million yen	335 million yen	335 million yen	—

For this reason, the figures for “Cross Residence Awaza” and “Cross Residence Kobe Motomachi” are expected to be as follows.

Property Name	Acquisition price	Reduction Amount ^(Note 6,8)	Book value after reduction ^(Note 6,8)	NOI yield ^(Note 3) (% after reduction)	Yield after depreciation ^(Note 4) (% after reduction)
Cross Residence Awaza	2,650 million yen	211 million yen	2,438 million yen	4.0% (4.4%)	3.1% (3.4%)
Cross Residence Kobe Motomachi	1,650 million yen	123 million yen	1,526 million yen	4.3% (4.7%)	3.2% (3.5%)

Note:

- The properties’ names describe the names that OJR will use after the acquisition. The current names are “Urbanex Awazaekimae”, “Urbanex Minatomotomachi II” and “Urbanex Kiyosumi-shirakawa” as of today.
- “6 Central Tokyo Wards” refers to Chiyoda, Chuo, Minato, Shinjuku, Shibuya and Shinagawa wards. “Remaining Tokyo Wards” refers to the remaining Tokyo wards other than the “6 central Tokyo wards.” “Other areas” refers to areas other than the Greater Tokyo Area (Tokyo, Kanagawa, Saitama and Chiba prefectures).
- The “NOI Yield” 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 (book value after deduction for “NOI yield after deduction”). The figures are rounded to the one decimal place.
- The “Yield after depreciation” 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 – Depreciation expense estimated by OAM) by the acquisition price (book value after deduction for “Yield after depreciation after deduction”). The figures are rounded to the one decimal place.
- Please refer to “7) The reduction entry based on the “inclusion in deductible expenses of the depreciated amount of assets acquired through exchange” stipulated by Article 50 of the Corporation Tax Act
- Figures are rounded down to the nearest million yen.
- Book value is an estimate as of disposition date. Estimated gain/loss on disposition is pro forma amount based on the book value and assumed disposition expenses. The amount is subject to change.
- Figures represent the current estimated amount.

2. Future Outlook

There is no change in the earnings and distributions forecast for the 44th fiscal period from September 1, 2023 through February 29, 2024 and the 45th fiscal period from March 1, 2024 through August 31, 2024 announced in “Financial Results for the 43rd Fiscal Period” dated October 20, 2023.

3. Purpose of the Asset Reshuffling

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^(Note1)”, “Direct PM^(Note2)” and “Diversified REIT^(Note3)”. At present, we are reshuffling assets focused on improving portfolio quality.

Under this policy, despite challenging acquisition environment, OJR decided on the Asset Reshuffling with a third party where we can further utilize our strengths and anticipate stable demand in the middle to long term.

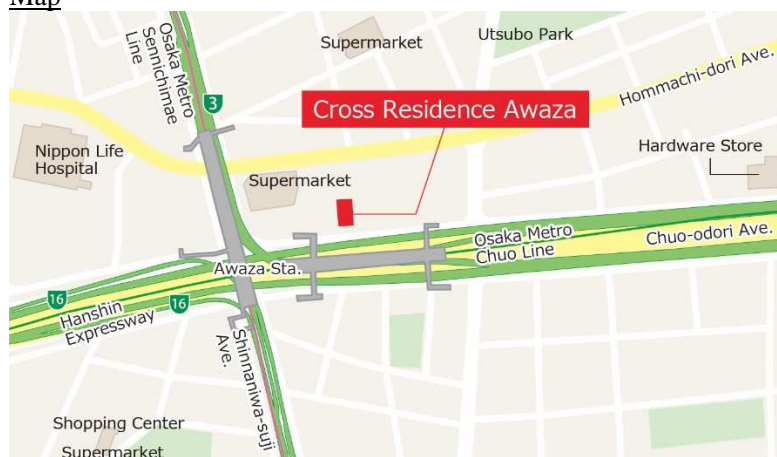
Note:

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) Reason for the Acquisition of “Cross Residence Awaza”

- OJR’s highly experienced single type (Under 40m²) residential property recently built (95 rentable units excluding retails : 100% for 1LDK units)
- Located approximately a 1-minute walk from “Awaza” station on Osaka Metro Chuo Line and Sennichimae Line, and with easy access to major areas such as Umeda and Namba.
- The vicinity offers high lifestyle convenience with supermarkets, convenience stores, drug stores, restaurants and other facilities as well as well-equipped public facilities like parks, libraries and sports centers.
- It is highly competitive with high-specification facilities (floor heating, bathroom heater and dryer with mist sauna, bathroom TV and ceiling light with projector.)

Map



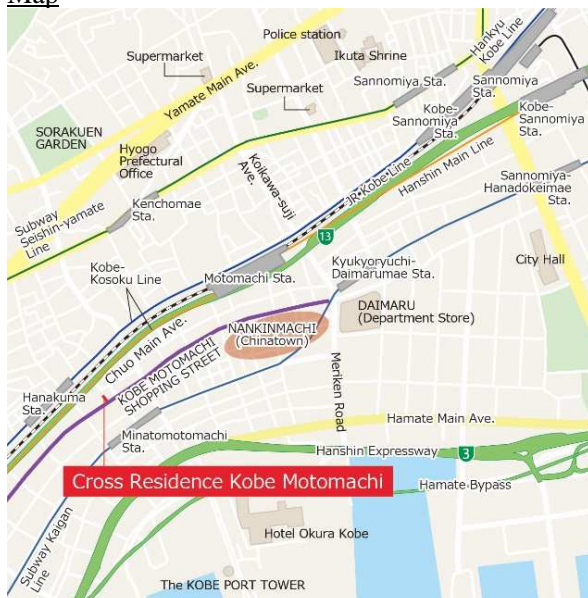
Photo



2) Reason for the Acquisition of “Cross Residence Kobe Motomachi”

- OJR’s highly experienced single type (Under 40m²) and compact type (Under 60m², Over 40m²) residential property (63 rentable units excluding retails : 59% for 1DK units, 22% for 1LDK units, 19% for 2LDK units)
- Conveniently located approximately a 2-minute walk from “Minatomotomachi” station on Subway Kaigan Line, approximately a 3-minute walk from “Hanakuma” station on Hankyu Kobe-Kosoku Line, approximately a 6-minute walk from “Motomachi” station on Hanshin Main Line, approximately a 7-minute walk from “Motomachi” station on JR Kobe Line, and a large number of trains and lines are available, with easy access to Sannomiya station where large commercial facilities and offices are located.
- Located in Kobe Motomachi shopping street with about 300 stores and it offers high lifestyle convenience with a variety of stores and restaurants and other facilities.
- It is highly competitive with high-specification facilities (floor heating, bathroom heater and dryer with mist sauna and bathroom TV.)

Map



Photo



3) Reason for the Acquisition of “Cross Residence Kiyosumi-Shirakawa”

- OJR’s highly experienced single type (Under 40m²) residential property located in central Tokyo (56 rentable units excluding retails : 98% for 1R/1K units, 2% for 1LDK units)
- Located approximately a 5-minute walk from “Kiyosumi-shirakawa” station on Tokyo Metro Hanzomon Line and approximately a 8-minute walk from “Kiyosumi-shirakawa” station on Toei Oedo Line, and with easy access to Otemachi, Shinjuku, Shibuya and Roppongi without any transfers.
- A small grocery store on the first floor of the property as well as supermarkets, convenience stores, drug stores and other facilities in the vicinity of the property making it highly convenient. Additionally, it has excellent living environment with abundant green spaces like Kiba Park and Kiyosumi Garden.

Map



Photo



4) Reason for the Disposition of “Round-Cross Akasaka”

- We determined the disposition to improve the quality of the portfolio, since the building age is now over its 45th year and a considerable amount of repair costs would be incurred in the future.

4. Summary of Property to be Acquired

1) Cross Residence Awaza

Property name		Cross Residence Awaza
Specified asset category		Real Estate
Address ^(Note 1)		3-1-19 Nishihonmachi, Nishi-ku, Osaka-shi, Osaka
Public transit access		Approx. 1-minute walk from “Awaza” station on Osaka Metro Chuo Line and Sennichimae Line.
Land	Registered Area	432.74 m ²
	Type of ownership	Full ownership
Building	Registered usage	Residence, Retail
	Registered completion date	September 2021
	Type of ownership	Full ownership
	Registered Area	4,064.69 m ²
Registered construction		Reinforced concrete with flat roof, 15 floors
Earthquake resistance		PML ^(Note 2) : 2% *Based on the report by Sompo Risk Management Inc.
Collateral		None
Summary of the Engineering Report		
Reporting Company		Japan Constructive Inspect Association CO.,LTD
Date of inspection		January 24, 2024
Maintenance Cost (Total amount of 12 years from the date of inspection)		32 million yen ^(Note 3)
Replacement Cost		861 million yen ^(Note 3)
Summary of Rental status (As of January 31, 2024)		
Number of tenants		1 *Pass through-type master lease agreement is scheduled to be executed at the time of acquisition.

	Gross rental income excluding parking ^(Note 4)	11 million yen per month ^(Note 3)				
	Security deposits including parking ^(Note 4)	6 million yen ^(Note 3)				
	Total rent space	3,149.25 m ²				
	Total rentable space	3,323.10 m ²				
Occupancy rate of end tenants during past 5 years	January 2020	January 2021	January 2022	January 2023	January 2024	
	-(Not Completed)	-(Not Completed)	15.8%	94.9%	94.8%	
Special notes	None					
Estimated net operating income (NOI)	105 million yen per annum ^(Note 3) 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; the figure is not what OAM expects for the current fiscal year. - Occupancy rate: 96.0% (Occupancy of end-tenants)					

2) Cross Residence Kobe Motomachi

Property name	Cross Residence Kobe Motomachi	
Specified asset category	Real Estate	
Address ^(Note 1)	4-6-3 Motomachidori, Chuo-ku, Kobe-shi, Hyogo	
Public transit access	Approx. 2-minute walk from “Minato Motomachi” station on Kobe Subway Kaigan Line, Approx. 3-minute walk from “Hanakuma” station on Hankyu Kobe-Kosoku Line, Approx. 6-minute walk from “Motomachi” station on Hanshin Main Line, Approx. 7-minute walk from “Motomachi” on station JR Kobe Line.	
Land	Registered Area	424.77 m ²
	Type of ownership	Full ownership
Building	Registered usage	Residence, Retail, Bicycle parking
	Registered completion date	June 2018
	Type of ownership	Full ownership
	Registered Area	2,688.74 m ²
	Registered construction	Reinforced concrete with flat roof, 14 floors
Earthquake resistance	PML ^(Note 2) : 1% *Based on the report by Sompo Risk Management Inc.	
Collateral	None	
Summary of the Engineering Report		
	Reporting Company	Japan Constructive Inspect Association CO.,LTD
	Date of inspection	January 24, 2024
	Maintenance Cost (Total amount of 12 years from the date of inspection)	22 million yen ^(Note 3)
	Replacement Cost	592 million yen ^(Note 3)
Summary of Rental status (As of January 31, 2024)		
	Number of tenants	1 *Pass through-type master lease agreement is scheduled to be executed at the time of acquisition.
	Gross rental income excluding parking	7 million yen per month ^(Note 3)
	Security deposits including parking	4 million yen ^(Note 3)

	Total rent space	2,345.80 m ²				
	Total rentable space	2,464.30 m ²				
Occupancy rate of end tenants during past 5 years	January 2020	January 2021	January 2022	January 2023	January 2024	
	92.2%	96.0%	98.4%	100%	95.2%	
Special notes	None					
Estimated net operating income (NOI)	69 million yen per annum ^(Note 3) 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; the figure is not what OAM expects for the current fiscal year. - Occupancy rate: 96.2% (Occupancy of end-tenants)					

3) Cross Residence Kiyosumi-Shirakawa

Property name		Cross Residence Kiyosumi-Shirakawa
Specified asset category		Real Estate
Address ^(Note 1)		3-1-12 Shirakawa, Koto-ku, Tokyo
Public transit access		Approx. 5-minute walk from “Kiyosumi-shirakawa” station on Tokyo Metro Hanzomon Line, Approx. 8-minute walk from “Kiyosumi-shirakawa” station on Toei Oedo Line.
Land	Registered Area	658.51 m ²
	Type of ownership	Full ownership
Building	Registered usage	Residence, Retail
	Registered completion date	February 2008
	Type of ownership	Full ownership
	Registered Area	1,897.32 m ²
Registered construction		Reinforced concrete with flat roof, 9 floors
Earthquake resistance		PML ^(Note 2) : 7% *Based on the report by Sompo Risk Management Inc.
Collateral		None
Summary of the Engineering Report		
Reporting Company		Japan Constructive Inspect Association CO.,LTD
Date of inspection		January 30, 2024
Maintenance Cost (Total amount of 12 years from the date of inspection)		49 million yen ^(Note 3)
Replacement Cost		451 million yen ^(Note 3)
Summary of Rental status (As of January 31, 2024)		
Number of tenants		1 *Pass through-type master lease agreement is scheduled to be executed at the time of acquisition.
Gross rental income excluding parking		6 million yen per month ^(Note 3)
Security deposits including parking		9 million yen ^(Note 3)
Total rent space		1,708.34 m ²
Total rentable space		1,708.34 m ²

Occupancy rate of end tenants during past 5 years	January 2020	January 2021	January 2022	January 2023	January 2024
	95.3%	97.1%	95.7%	100%	100%
Special notes	None				
Estimated net operating income (NOI)	67 million yen per annum ^(Note 3) 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; the figure is not what OAM expects for the current fiscal year. - Occupancy rate: 96.0% (Occupancy of end-tenants)				

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) expresses the ratio of the assumed potential damage on buildings, which could occur once in 475 years based on probability statistics, against replacement cost. The earthquake risk of a building is evaluated based on the risk curve that shows the relationship of amount of expected loss (horizontal axis) and probability to exceed the year that the seismic motion causes its loss (vertical axis). The risk curve is evaluated based on the damage distribution considering the uncertainty of damage due to earthquake resistance performance of the building and the behavior of the seismic motion, etc. The figure of PML is rounded to the whole number.
3. Figures are rounded down to the nearest million yen.
4. There is no car parking space at “Cross Residence Awaza.”

5. Summary of Property to be Disposed

Property name	Round-Cross Akasaka				
Type of ownership	Real estate				
Address ^(Note 1)	2-10-9 Akasaka, Minato-ku, Tokyo				
Registered usage	Retail, Office				
Appraisal value (Date of value)	2,920 million yen (February 29, 2024)				
Summary of Rental status (As of August 31, 2023)					
Number of tenants	13				
Gross rental income excluding parking	12 million yen per month ^(Note 2)				
Security deposits including parking	133 million yen ^(Note 2)				
Total rent space	2,789.35m ²				
Total rentable space	2,789.35m ²				
Occupancy rate during past 5 years	August 2019	August 2020	August 2021	August 2022	August 2023
	100%	100%	97.3%	90.3%	100%

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. Figures are rounded down to the nearest million yen.

6. Profile of the Transaction Party

As of March 5, 2024

Company name	OSAKA GAS URBAN DEVELOPMENT CO., LTD.
Address	4-1-2 Hiranomachi, Chuo-ku, Osaka-shi, Osaka
Representative	President and CEO Yasuhiro Tomoda
Primary Business	Real estate development, rental, sales, and management. Investigation, research, and planning related to urban development.
Capital	1.57 billion yen
Date of establishment	March 10, 1965
Net Assets (As of March 31, 2023)	92 billion yen ^(Note)
Total Assets (As of March 31, 2023)	214 billion yen ^(Note)
Major shareholders (As of March 31, 2023)	Osaka Gas Co., Ltd. 100%
Relationships with OJR or OAM	
Capital relationship	There is no capital relationship required for reporting among OJR nor OAM and the Company.
Personal relationship	There is no personal relationship required for reporting among OJR nor OAM and the Company.
Business relationship	There is no business relationship required for reporting among OJR nor OAM and the Company.
Applicable to related party	The Company does not fall under “related party” of OJR nor OAM.

Note: Figures are rounded down to the nearest billion yen.

7. Information of the Transaction Party

The Asset Reshuffling is not from any party and not to any party having a special interest in OJR nor OAM.

8. Payment terms

- 1) “Cross Residence Awaza”, “Cross Residence Kobe Motomachi” and “Round-Cross Akasaka” (Exchange properties)

Settlement terms: The difference between the acquisition price and the disposition price, the exchange difference (1,250 million yen), will be paid to OSAKA GAS URBAN DEVELOPMENT CO., LTD. from cash on hand on delivery.

- 2) “Cross Residence Kiyosumi-Shirakawa”

Settlement terms: 100% on delivery

Funding method: Cash on hand

The Asset Reshuffling 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 cancelled for any reason, the entire transaction will be cancelled.

9. Appraisal Summary

1) Cross Residence Awaza

Date of value	March 1, 2024
Appraisal value (In thousands of yen)	3,030,000
Appraiser	Chuo Real Estate Appraisal Co., Ltd.

(In thousands of yen)

Item	Content	Grounds
Income Approach Value	3,030,000	Income approach value is determined with emphasis on valuation by the DCF method, taking valuation by the direct capitalization method into consideration
Valuation by the Direct Capitalization Method	3,090,000	
(1) Gross Operating Revenue [(a)-(g)]	137,616	
(a) Effective Gross Revenue [(b) + (c) + (d) + (e) + (f)]	143,019	
(b) Rental Income	125,549	Assessed taking factors such as rent under the existing lease agreement and other arrangements and the level of rents at similar properties into consideration
(c) CAM Income	13,668	Same as above
(d) Utility Reimbursement	3,190	Assessed based on actual past data, taking the level of utilities income of similar properties into consideration
(e) Parking Fee Income	0	Not calculated
(f) Other Income	612	Assessed based mainly on actual data
(g) Vacancy Loss	5,403	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	30,590	
Maintenance Expense	3,988	Assessed based on expected contract conditions, taking factors such as past data and level of expenses of similar properties into consideration
Utility Expense	2,301	Assessed based on actual past data, taking factors such as level of expenses of similar properties into consideration
Repair Expense	2,937	Assessed taking into consideration estimated repair expenses based on the ER and our assessment calculated from a medium-to-long-term stable perspective based on details of the building such as use, year built, structure and management status
Property Management Fee	2,676	Assessed based on expected contract conditions
Tenant Advertisement Cost	5,680	Assessed based on expected contract conditions
Tax and Public Dues	10,569	Assessed based on most recent actual amounts
Casualty Insurance	176	Assessed based mainly on estimates
Other Expenses	2,263	Assessed based on actual past data
(3) Net Operating Income [(1)-(2)]	107,026	
(4) Profit from Managing Security Deposit	131	Assessed based on rate of return of 1.0%
(5) Capital Expenditure	2,061	Assessed taking into consideration estimated upgrading expenses based on the ER and our assessment calculated from a medium-to-long-term stable perspective based on details of the building such as use, year built, structure and management status
(6) Net Revenue [(3)+(4)-(5)]	105,096	
(7) Cap Rate	3.4%	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
Valuation by DCF Method	3,010,000	
Discount Rate	3.2%	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	3.6%	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 Value	3,510,000	
Ratio of Land	73.5%	
Ratio of Building	26.5%	
Additional considerations made in the reconciliation of evaluation	Determined by adopting income approach value in reference to cost approach value as demand for the subject property is considered to emphasize profitability	

2) Cross Residence Kobe Motomachi

Date of value	March 1, 2024
Appraisal value (In thousands of yen)	1,910,000
Appraiser	Chuo Real Estate Appraisal Co., Ltd.

(In thousands of yen)

Item	Content	Grounds
Income Approach Value	1,910,000	Income approach value is determined with emphasis on valuation by the DCF method, taking valuation by the direct capitalization method into consideration
Valuation by the Direct Capitalization Method	1,940,000	
(1) Gross Operating Revenue [(a)-(g)]	93,848	
(a) Effective Gross Revenue [(b) + (c) + (d) + (e) + (f)]	97,435	
(b) Rental Income	88,264	Assessed taking factors such as rent under the existing lease agreement and other arrangements and the level of rents at similar properties into consideration
(c) CAM Income	7,563	Same as above
(d) Utility Reimbursement	0	Not recognized because exclusively owned areas are covered by the individual agreements of tenants
(e) Parking Fee Income	1,440	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	168	Assessed based mainly on actual data
(g) Vacancy Loss	3,587	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	22,607	
Maintenance Expense	4,436	Assessed based on expected contract conditions, taking factors such as past data and level of expenses of similar properties into consideration
Utility Expense	714	Assessed based on actual past data, taking factors such as level of expenses of similar properties into consideration
Repair Expense	2,500	Assessed taking into consideration estimated repair expenses based on the ER and our assessment calculated from a medium-to-long-term stable perspective based on details of the building such as use, year built, structure and management status
Property Management Fee	1,841	Assessed based on expected contract conditions
Tenant Advertisement Cost	2,899	Assessed based on expected contract conditions
Tax and Public Dues	6,792	Assessed based on most recent actual amounts
Casualty Insurance	120	Assessed based mainly on estimates
Other Expenses	3,305	Assessed based on actual past data
(3) Net Operating Income [(1)-(2)]	71,241	
(4) Profit from Managing Security Deposit	91	Assessed based on rate of return of 1.0%
(5) Capital Expenditure	1,435	Assessed taking into consideration estimated upgrading expenses based on the ER and our assessment calculated from a medium-to-long-term stable perspective based on details of the building such as use, year built, structure and management status
(6) Net Revenue [(3)+(4)-(5)]	69,897	
(7) Cap Rate	3.6%	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
Valuation by DCF Method	1,890,000	
Discount Rate	3.4%	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	3.8%	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 Value	1,830,000	
Ratio of Land	68.9%	
Ratio of Building	31.1%	
Additional considerations made in the reconciliation of evaluation	Determined by adopting income approach value in reference to cost approach value as demand for the subject property is considered to emphasize profitability	

3) Cross Residence Kiyosumi-Shirakawa

Date of value	March 1, 2024
Appraisal value (In thousands of yen)	1,970,000
Appraiser	Japan Real Estate Institute

(In thousands of yen)

Item	Content	Grounds
Income Approach Value	1,970,000	
Valuation by the Direct Capitalization Method	1,990,000	
(1) Gross Operating Revenue [(a)-(g)]	85,870	
(a) Effective Gross Revenue [(b) + (c) + (d) + (e) + (f)]	89,258	
(b) Rental Income	80,032	Assumed based on expected stable medium to long-term rent
(c) CAM Income	5,832	
(d) Utility Reimbursement	0	No utilities income collected from tenants
(e) Parking Fee Income	1,123	Assumed based on expected stable medium to long-term parking fees
(f) Other Income	2,271	Renewal fees are mainly recorded
(g) Vacancy Loss	3,388	Assessed based on expected stable medium to long-term occupancy rate
(2) Operating Expenses	17,456	
Maintenance Expense	4,693	Assessed with reference to contract conditions and the level of expenses of similar properties
Utility Expense	750	Assessed with reference to the level of expenses of similar properties
Repair Expense	2,052	Assessed with reference to the engineering report and the level of expenses of similar properties
Property Management Fee	1,560	Assessed with reference to contract conditions and the level of expenses of similar properties
Tenant Advertisement Cost	3,834	Assessed with reference to contract conditions and the level of expenses of similar properties
Tax and Public Dues	4,074	Assessed based on the documents related to tax and public dues
Casualty Insurance	93	Assessed with reference to contract conditions and the level of expenses of similar properties
Other Expenses	400	Communication fees are mainly recorded
(3) Net Operating Income [(1)-(2)]	68,414	
(4) Profit from Managing Security Deposit	97	Calculated as the product of the deposit amount based on current contract and investment yield
(5) Capital Expenditure	3,000	Assessed with reference to the engineering report and the level of expenses of similar properties
(6) Net Revenue [(3)+(4)-(5)]	65,511	
(7) Cap Rate	3.3%	Assessed based on location as well as building conditions and other conditions considering uncertainty in the future and transaction yields of similar properties
Valuation by DCF Method	1,940,000	
Discount Rate	3.1%	Assessed comprehensively considering specific characteristics of the subject property with reference to investment yields for transactions of similar properties and others
Terminal Cap Rate	3.4%	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. with reference to transaction yields of similar properties and others
Cost Approach Value	1,950,000	
Ratio of Land	90.0%	
Ratio of Building	10.0%	
Additional considerations made in the reconciliation of evaluation	Cost approach value remained as a reference and appraisal was based on income approach value as it was believed to be more convincing to reflect the accurate reproduction of the determination of the value of the property.	

4) Round-Cross Akasaka

Date of value	February 29, 2024
Appraisal value (In thousands of yen)	2,920,000
Appraiser	Chuo Real Estate Appraisal Co., Ltd.

(In thousands of yen)

Item	Content	Grounds
Income Approach Value	2,920,000	Income approach value is determined with emphasis on valuation by the DCF method, taking valuation by the direct capitalization method into consideration
Valuation by the Direct Capitalization Method	2,970,000	
(1) Gross Operating Revenue [(a)-(g)]	178,760	
(a) Effective Gross Revenue [(b) + (c) + (d) + (e) + (f)]	187,181	
(b) Rental Income	166,341	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	2,286	Same as above
(d) Utility Reimbursement	18,410	Assessed based on actual past data, taking the level of utilities income of similar properties into consideration
(e) Parking Fee Income	0	None
(f) Other Income	144	Assessed based mainly on contract conditions
(g) Vacancy Loss	8,421	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	51,644	
Maintenance Expense	8,703	Assessed based on contract conditions, taking factors such as past data and level of expenses of similar properties into consideration
Utility Expense	17,233	Assessed based on actual past data, taking factors such as level of expenses of similar properties into consideration
Repair Expense	1,506	Assessed based mainly on ER
Property Management Fee	2,771	Assessed based on contract conditions
Tenant Advertisement Cost	1,724	Same as above
Tax and Public Dues	19,546	Assessed based on most recent actual amounts
Casualty Insurance	161	Same as above
Other Expenses	0	None
(3) Net Operating Income [(1)-(2)]	127,116	
(4) Profit from Managing Security Deposit	1,739	Assessed based on rate of return of 1.0%
(5) Capital Expenditure	6,993	Assessed based on ER
(6) Net Revenue [(3)+(4)-(5)]	121,862	
(7) Cap Rate	4.1%	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	2,900,000	
Discount Rate	3.9%	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	4.3%	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	3,470,000	
Ratio of Land	98.0%	
Ratio of Building	2.0%	
Additional considerations made in the reconciliation of evaluation	Determined by adopting income approach value in reference to cost approach value as demand for the subject property is considered to emphasize profitability	

Reference

OJR's earnings and distributions forecast and actual results announced on October 20, 2023

	Operating revenues (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Distributions per unit excluding distribution in excess of earnings (yen)	Distributions per unit in excess of earnings (yen)
Forecast fiscal period Feb. 2024	26,006	12,200	11,124	11,107	3,900	-
Actual results fiscal period Aug. 2023	25,698	8,999	7,918	7,904	3,744	-

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.