

For Immediate Release

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ORIX JREIT Announces Revisions to Earnings and Distribution Forecasts for the 41st Fiscal Period ending August 31, 2022, and Earnings and Distribution Forecasts for the 42nd fiscal period ending February 28, 2023

TOKYO, March 31, 2022 — ORIX JREIT Inc. (“OJR”) announces the following revisions to its earnings and distribution forecasts released in financial results on October 20, 2021 for the 41st fiscal period from March 1, 2022 through August 31, 2022.

In addition, OJR announces its earnings and distribution forecasts for the 42nd fiscal period from September 1, 2022 through February 28, 2023.

1. Earnings and Distribution Forecasts

1) Revised Earnings and Distribution Forecasts for the 41st Fiscal Period ending August 31, 2022

| | 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) |
|---------------------------|-------------------------------------|-----------------------------------|----------------------------------|-----------------------------|---|--|
| Previous forecasts (A) | 22,986 | 9,760 | 8,636 | 8,619 | 3,180 | 0 |
| Revised forecasts (B) | 25,531 | 12,294 | 11,193 | 11,176 | 3,680 | 0 |
| Change (B – A) | 2,545 | 2,533 | 2,556 | 2,556 | 500 | — |
| percent change | 11.1% | 26.0% | 29.6% | 29.7% | 15.7% | — |

2) Earnings and Distribution Forecasts for the 42nd Fiscal Period ending February 28, 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) |
|-----------|-------------------------------------|-----------------------------------|----------------------------------|-----------------------------|---|--|
| Forecasts | 25,002 | 11,707 | 10,640 | 10,623 | 3,900 | 0 |

Notes:

- Number of investment units outstanding at the end of the fiscal periods is 2,760,000 units.
- Operating revenues, Operating income, Ordinary income and Net income are rounded down to the nearest million yen. Percent change is rounded to the first decimal place.
- These forecasts provide no guarantees of actual Operating revenues, Operating income, Ordinary income, Net income, and Distribution per unit, which may vary due to future additional acquisitions or dispositions of specific properties, changes in the management environment. The revisions of the Earnings and Distribution Forecasts for the 41st fiscal period ending August 31, 2022 and the Earnings and Distribution Forecasts for the 42nd fiscal period ending February 28, 2023 are calculated based on certain assumptions shown in Appendix for reference.

2. Reasons for Revisions and this Release

We would like to announce a revision of distribution forecast together with a revision of earnings forecast for the 41st fiscal period ending August 31, 2022 released in financial results on October 20, 2021 confirming a positive variance of more than 5 % of distribution forecast mainly due to the following factors.

- i. Capital gain of 2,186 million yen from disposition of a property “Beside Kiba” announced today^(Note) and allocation of internal reserves of 1,119 million yen
- ii. Increase in rental income reflecting expected recovery in hotel performance

3. Period-over-Period Comparison of Forecasts for the 41st fiscal period and the 42nd fiscal period

- i. Capital gain of 1,345 million yen from disposition of a property “Cross Residence Kanazawa Kohrinbo” announced today^(Note)
- ii. Increase in rental income reflecting expected recovery in hotel performance

There will be no revision in earnings and distribution forecasts for the 40th fiscal period ended February 28, 2022 released in financial results on October 20, 2021 on this announcement. Further, OJR is scheduled to announce financial results for the 40th fiscal period ended February 28, 2022 on April 20, 2022.

Note:

For details, please refer to the press release “ORIX JREIT Announces Disposition of Properties ‘Beside Kiba’ and ‘Cross Residence Kanazawa Kohrinbo’” announced today.

Appendix for reference:

Assumptions for Earnings & Distribution Forecasts for the 41st Fiscal Period ending August 31, 2022, and the 42nd fiscal period ending February 28, 2023

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.

Appendix for reference

Assumptions for Earnings & Distributions Forecasts for the 41st fiscal period and the 42nd fiscal period

| Item | Assumptions |
|-----------------------------------|---|
| Fiscal period | <ul style="list-style-type: none"> • The 41st fiscal period from March 1, 2022 through August 31, 2022 • The 42nd fiscal period from September 1, 2022 through February 28, 2023 |
| Properties owned | <ul style="list-style-type: none"> • Earnings forecasts assumptions are made based on properties calculated by adding “Cross Residence Iidabashi” to be acquired on April 1, 2022 to the existing 112 properties owned as of the end of the 40th fiscal period and also by deducting “Round-Cross Mita” to be disposed on April 1, 2022, “Beside Kiba” to be disposed on June 1, 2022 and “Cross Residence Kanazawa Kohrinbo” to be disposed on February 1, 2023. • No additional change to properties owned by OJR due to additional property acquisitions nor dispositions of existing properties by the end of the 42nd fiscal period are presumed. • It is possible that the number of properties owned by OJR may vary as results of acquisitions or transfers. |
| Number of Investment Units Issued | <ul style="list-style-type: none"> • Assumptions for earnings forecasts are made based on the number of the investment units of 2,760,000 as of the end of the 40th fiscal period and no additional issuance of investment units are presumed. |
| Interest-bearing debt | <ul style="list-style-type: none"> • OJR incurs interest-bearing liabilities 297,637 million yen including loans of 267,137 million yen and investment corporation bonds of 30,500 million yen as of the end of 40th fiscal period ended February 28, 2022. OJR has fully refinanced its loans of 7,000 million yen due on March 22, 2022 and 6,830 million yen due on March 31, 2022. • As a result, OJR incurs interest-bearing liabilities 297,637 million yen including loans of 267,137 million yen and investment corporation bonds of 30,500 million yen and has an LTV based on total assets^(Note1, 2) of 43.5% as of today. OJR assumes that it will fully refinance its loans of 10,100 million yen due in the 41st fiscal period from today. No investment corporation bonds will reach maturity during this period. • OJR assumes that it will fully refinance its loans of 16,500 million yen due during the 42nd fiscal period ending February 28, 2023. OJR assumes that it will fully redeem its investment corporation bonds of 2,000 million yen due during the period. • Following the above, the balance of interest-bearing debt at the end of the 41st fiscal period ending August 31, 2022 and at the end of the 42nd fiscal period ending February 28, 2023 is forecasted to stand at 297,637 million yen, and OJR forecasts to have an LTV based on total assets of 43.5%. <p>Notes:</p> <ol style="list-style-type: none"> 1. LTV based on total assets (%) = interest-bearing liabilities ÷ expected total assets × 100 “expected total assets” refers to the amount calculated by adding net increase in both interest-bearing liabilities and the unitholders’ capital on and after September 1, 2021 to total assets at the end of 39th fiscal period ended August 31, 2021. 2. LTV based on total assets is rounded to the first decimal place. |
| Operating revenues | <ul style="list-style-type: none"> • Rental revenues are calculated according to valid lease agreements as of today by taking into account the market environment, competitiveness of each property and negotiations with tenants. Furthermore, Rental revenues from the property to be acquired are calculated based on terms and conditions set forth in lease agreements of property on and after the date to be acquired as of today. • OJR assumes that there are no arrears or non-payments regarding rents incurred by tenants. • OJR assumes that there are capital gains of 2,319 million yen on the 41st fiscal period ending August 31, 2022 from dispositions of “Round-Cross Mita” and “Beside Kiba” (to be scheduled) and 1,345 million yen on the 42nd fiscal period ending February 28, 2023 from the dispositions of “Cross Residence Kanazawa Kohrinbo.” |

| | |
|---|---|
| Operating expenses | <ul style="list-style-type: none"> • In principal, OJR books property related tax amount as expense on the properties owned by OJR during the corresponding year. • However, OJR capitalizes property-related expenses borne by OJR to book value on acquired properties during the fiscal period. • Repair costs may vary considerably from the forecasted amount because the amount may change considerably in each fiscal period and may not arise on a periodic manner. • Property-related taxes are forecasted to be 1,918 million yen in the 41st fiscal period ending August 31, 2022 and 1,912 million yen in the 42nd fiscal period ending February 28, 2023. • Property management fees are forecasted to be 2,240 million yen in the 41st fiscal period ending August 31, 2022 and 2,146 million yen in the 42nd fiscal period ending February 28, 2023. • Depreciation expenses are forecasted to be 4,034 million yen in the 41st fiscal period ended February 28, 2022 and 3,969 million yen in the 42nd fiscal period ending February 28, 2023. |
| Non-operating expenses | <ul style="list-style-type: none"> • Non-operating expense such as interest expenses on loans and investment corporation bonds are forecasted to be 1,104 million yen in the 41st fiscal period ending August 31, 2022 and 1,069 million yen in the 42nd fiscal period ending February 28, 2023. |
| Distribution per unit | <ul style="list-style-type: none"> • OJR assumes that it will make a distribution up to the profit amount, while the distribution amount shall exceed the amount equivalent to 90% of the amount of OJR's account profit available for distribution. • As for DPU on the 41st fiscal period ending August 31, 2022, it is assumed that 1,119 million yen will be internally reserved by utilizing the reduction entry system stipulated in the Act on Special Measures Concerning Taxation and a portion of reduction entry reserves (99 million yen) internally reserved under the Act on Special Measures Concerning Taxation will be allocated for environmental investment and distributed. The allocation of reduction entry reserves may change in the future. • As for DPU on the 42nd fiscal period ending February 28, 2023, it is assumed that a portion of reduction entry reserves (140 million yen) internally reserved under the Act on Special Measures Concerning Taxation will be allocated for environmental investment and distributed. The allocation of reduction entry reserves may change in the future. • The amount of distribution per unit may vary depending on factors such as changes in rental revenues by changes of tenants, transfers or acquisitions of properties, changes in interest rates and additional issuance of new investment units. |
| Distribution per unit in excess of earnings | <ul style="list-style-type: none"> • There is currently no plan to make a distribution in excess of earnings. |
| Other | <ul style="list-style-type: none"> • OJR assumes that there will be no revision in legislation, tax system, accounting standards, stock market listing regulation and regulations of The Investment Trusts Association, Japan and others that may affect future numerical forecasts. • OJR assumes that there will be no major unforeseen changes to ordinary economic trends and real estate market fundamentals. |