

For Immediate Release

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ORIX JREIT Announces Acquisition of Assets
(Investment units of domestic private real estate investment corporation)

TOKYO, March 24, 2023 — ORIX JREIT Inc. (“OJR”) announced that its asset management company, ORIX Asset Management Corporation (“OAM”), passed a resolution on the acquisition of investment units of FJ Private REIT Investment Corporation (hereafter, “the acquisition”), as described below.

1. Overview of acquired assets

- 1) Acquired assets : Investment units (the “Investment Units”) of FJ Private REIT Investment Corporation
- 2) Underlying properties of the acquired assets : Tenjin Business Center
- 3) Number of investment units to be acquired ^(Note 1) : 50 units
(5.0% of FJ Private REIT Investment Corporation’s to be issued Investment Units,
4.9% of FJ Private REIT Investment Corporation’s total issued and to be issued Investment Units)
- 4) Acquisition price : 500 million yen
(based on FJ Private REIT Investment Corporation’s issue price ^(Note 2)) (Scheduled)
- 5) Investment Units contract date : March 27, 2023 (Scheduled)
- 6) Investment Units acquisition date : March 31, 2023 (Scheduled)
- 7) Seller : SMBC Nikko Securities Inc.
- 8) Source of funds for acquisition of Investment Units : Cash on hand

Note

1. OJR is scheduled to pledge to FUKUOKA JISHO CO.,LTD., the parent company of FJ Asset Management Co., which is FJ Private REIT Investment Corporation’s asset manager, that when effecting the Acquisition etc., it will comply with the Unitholders Agreement (the “Agreement”), which terms and conditions stipulating of requirements are satisfied including that the assignee is a qualified institutional investor and that FJ Private REIT Investment Corporation will not be in breach of conduit requirements as a result of assignment etc. The Agreement provides that in the case where OJR seeks to assign the Investment Units, OJR must provide notification of the assignment of Investment Units etc. at least 15 business days prior to the desired assignment date. There are certain restrictions on requests for refunds.
2. The issue price is the price per investment unit offered by FJ Private REIT Investment Corporation. OAM calculates the assumed base value of FJ Private REIT Investment Corporation after the acquisition of assets to be acquired in accordance with the formula stipulated in FJ Private REIT Investment Corporation’s articles of incorporation and confirms that the issue price is less than the assumed amount of the relevant base value.
3. After this acquisition, the ratio of real estate, etc. to the total assets of OJR will be maintained at 70% or more.

2. Purpose of the Acquisition

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 conducting asset replacement focused on improving portfolio quality. Under this policy, OJR decided to invest in FJ Private REIT Investment Corporation through a small investment in unlisted open-ended investment corporation in order to build relationships with partners and their related parties who have deep knowledge and experience in areas and property types where OJR has no track record of acquiring properties and to increase opportunities for external growth.

The due diligence for this investment is sufficiently conducted based on our abundant real estate experience to mitigate investment risks. In addition, investment decisions are made within the range that does not significantly affect OJR's distribution through appropriate risk management that takes advantage of the fact that the parent company of OAM is a financial company.

Furthermore, there is no change to the fact that OJR considers external growth as our first priority as in the past, and there is no policy to actively expand investment in investment securities such as private REIT. However, in consideration of real estate market conditions and other factors, it is possible that OJR may invest in investment securities as a stepping stone to external growth opportunities as in the case of this case, to the extent that it does not significantly affect the distribution of OJR.

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.

3. Profile of FJ Private REIT Investment Corporation

1) Summary

(As of March 10, 2023)

Company name	FJ Private REIT Investment Corporation
Address	1-2-25 Sumiyoshi, Hakata-ku, Fukuoka-shi, Fukuoka
Representative	Executive Director Hidenori Hara
Primary Business	To be invested mainly in specified assets of the investment corporation (as defined in Paragraph (1) of Article 2 of the Act on Investment Trust and Investment Corporation)
Unitholder's Capital	0.3 billion yen
Date of establishment	January 16, 2023
Net Assets	0.3 billion yen
Total Assets	0.3 billion yen
Major shareholders	FUKUOKA JISHO CO.,LTD. 100% (Note)
Relationships with OJR or OAM	
Capital relationship	There is no capital relationship required for reporting among OJR or OAM and the Company.
Personal relationship	There is no personal relationship required for reporting among OJR or OAM and the Company.
Business relationship	There is no business relationship required for reporting among OJR or OAM and the Company.
Applicable to related party	The Company does not fall under “related party” of OJR nor OAM.

Note: According to FJ Private REIT Investment Corporation, as of the end of FJ Private REIT Investment Corporation's first fiscal year (December 31, 2023), FJ Private REIT Investment Corporation does not plan to be a family owned company of which more than 50% of the total number of issued investment units or voting rights are held by a single unitholder and its special related parties (as defined in Article 4 of the Order for Enforcement of the Corporation Tax Act).

2) Summary of FJ Private REIT Investment Corporation's Investment Policy, Financial Data, Etc.

Investment policy	<p>【Offices】High demand as a business area. Total floor area of 7,000m² or more, or less than 10 years old at the time of acquisition.</p> <p>【Logistics Facilities】A location that contributes to overall logistics efficiency including direct-to-consumer transactions with access and proximity to expressways, etc. for major port waterfront and large consumption areas and is also suitable for online shopping businesses which have been increasing in recent years. Total floor area of 5,000m² or more, or less than 10 years old at the time of acquisition.</p> <p>【Residential Properties】Safety of the land and building, security of the area, environment, livability, rent levels, vacancy rate, contents of the lease agreement, suitability for remote work, etc. Total floor area of 1,000m² or more, or less than 10 years old at the time of acquisition.</p> <p>* For asset types other than the above, the location is superior to its surroundings and the scale is much larger than other properties.</p>
Assets type ratio	<p>• Offices (investment ratio: $\pm 70\%$)</p> <p>• Others (Logistics Facilities, Residential Properties and others) (investment ratio: $\pm 30\%$)</p>
Area ratio	<p>• Fukuoka metropolitan area (20 cities including Fukuoka-shi) : At least 80%</p> <p>• Other area (Excluding Fukuoka metropolitan area): No more than 20%</p>
Total assets LTV (Note 1)	48.0% (Forecast for end of December 2023)
Distributions per unit (Note 1)	<p>300,600yen (Forecast for end of December 2023)^(Note 2)</p> <p>209,760yen (Forecast for end of June 2024)</p> <p>210,830yen (Forecast for end of December 2024)</p> <p>203,470yen (Forecast for end of June 2025)</p>
Fiscal period	The end of June and December
The Date to start operating	March 2023 (Scheduled)

Note

1. Total assets LTV and Distributions per unit are estimated by FJ Private REIT Investment Corporation and may differ from actual results.
2. Figures are calculated based on the actual number of operating days (276 days) with the start of operation as of March 31, 2023.

3) Summary of FJ Private REIT Investment Corporation's properties to be Acquired

Property name	Tenjin Business Center (Scheduled to acquire Co-ownership interest: 24.6%, overall interest in Tenjin Business Center: 20.4%)
Type	Office
Address	1-10-20 Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka
Registered completion date	September 2021
Acquisition date	April 3, 2023
Total rentable space	34,248.3m ² (Note 1)
Occupancy rate (Note 4)	95.4% (as of end of November 2022) (Note 2)

Note

1. "Total rentable space" refers to the total area recognized as leasable based on the building plans or the lease agreement in the owned (planned) portion of the asset to be acquired, effective as of the end of November 2022. In addition, exclusive areas belonging to unit owners other than the seller of Tenjin Business Center, Fukuoka Jisho Co., Ltd., are not included.
2. "Occupancy Rate" is the ratio of the leased contract area to the total rentable of the properties to be acquired which is effective as of the end of November 2022, rounded to the first decimal place. Furthermore, the occupancy rates of exclusive areas belonging to unit owners other than the seller of Tenjin Business Center, Fukuoka Jisho Co., Ltd., are not included.

3. The estimated NOI for the fiscal period ending December 2023 calculated by FJ Private REIT Investment Corporation is 572 million yen with an annualized NOI yield of 3.8%.

4) Summary of FJ Asset Management Co.

Company name	FJ Asset Management Co.
Address	1-2-25 Sumiyoshi, Hakata-ku, Fukuoka-shi, Fukuoka
Date of establishment	August 7, 2020
Representative	President and CEO Hidenori Hara
Major shareholders	FUKUOKA JISHO CO.,LTD. (100%)
Capital	100 million yen
Employee	8 (as of November 2022)
Permits and approvals, etc.	Housing lots and buildings dealer license (Governor of Fukuoka (1) No. 19471) Discretionary real estate transaction license (Minister of Land, Infrastructure Transport and Tourism License No.145) Financial Instruments Business Operators Registration (Fukuoka Local Finance Bureau : No. 112) (Investment Management Business)

4. Summary of Seller

Company name	SMBC Nikko Securities Inc.
Address	3-3-1 Marunouchi, Chiyoda-ku, Tokyo
Representative	President and CEO Yuichiro Kondo
Primary Business	Financial Instruments Business
Capital	10,000 million yen (As of December 31, 2022)
Date of establishment	June 15, 2009
Net Assets (As of December 31, 2022)	933,590 million yen (Consolidated)
Total Assets (As of December 31, 2022)	14,098,490 million yen (Consolidated)
Major shareholders (As of March 31, 2022)	Sumitomo Mitsui Financial Group 100%
Relationships with OJR or OAM	
Capital relationship	There is no capital relationship required for reporting among OJR or OAM and the Company.
Personal relationship	There is no personal relationship required for reporting among OJR or OAM and the Company.
Business relationship	There is no business relationship required for reporting among OJR or OAM and the Company.
Applicable to related party	The Company does not fall under “related party” of OJR nor OAM.

5. Information of the Transaction Parties

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

6. Acquisition Schedule

Contract Date: March 27, 2023

Payment Date: March 30, 2023 (Scheduled)

Acquisition Date: March 31, 2023 (Scheduled)

7. Future Outlook

There will be no change in the earnings and distributions forecast for the 42nd fiscal period from September 1, 2022 through February 28, 2023 and the 43rd fiscal period from March 1, 2023 through August 31, 2023 announced in “Financial Results for the 41st Fiscal Period” dated October 19, 2022.

【Reference】

OJR's earnings and distributions forecast for the 42nd fiscal period and the 41st performance results announced on October 19, 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)
Forecast FP42 (Feb. 2023)	25,157	11,765	10,704	10,687	3,900	0
Actual result FP41 (Aug. 2022)	26,120	12,912	11,811	11,787	3,852	0

Prospective Income and Expenditures after the Acquisition

FJ Private REIT Investment Corporation fiscal year end	FP1st (Note1) (December 2023)	FP2nd(Note2) (June 2024)	FP3rd(Note2) (December 2024)	FP4th(Note2) (June 2025)
Distributions per unit	300,600 yen	209,760 yen	210,830 yen	203,470 yen
Total number of investment units to be acquired	50 units			
Total distribution amount	Approx. 15 million yen	Approx. 10 million yen	Approx. 10 million yen	Approx. 10 million yen

Note

1. The figures for FP1st are calculated based on the actual days of operation (276 days) with the start date of March 31, 2023.
2. The distribution per unit is based on the assumption that one additional property will be acquired in FP1st.

Photo of FJ Private REIT Investment Corporation assets to be acquired

Tenjin Business Center

