

For Immediate Release

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ORIX JREIT Announces New Debt Financing including Sustainability Linked Loan

TOKYO, September 14, 2023 — ORIX JREIT Inc. (“OJR”) announces that its asset management company, ORIX Asset Management Corporation, determined new debt financing as described below.

1. Purpose and background of the Sustainability Linked Loan

We at ORIX Asset Management Corporation, believe that it is vital to consider issues surrounding ESG (environment, society and governance) in order to achieve sustainable asset management. We have established our ESG Policy to put these beliefs into practice and to achieve stable growth in unitholder value, which is in line with OJR's management philosophy.

As mitigation measures of climate change set out in this policy, we established new goal^(Note1) for GHG emission etc. to aim for net-zero emissions by 2050.

In addition, we have made a Sustainable Finance^(Note2) guideline to promote sustainable finance with financial institutions in response to the “Collaboration with Stakeholders” as set out in this policy.

Following the above, we have formulated the “Sustainability Linked Finance Framework” and decided to launch a Sustainability Linked Loan (“SLL”)^(Note3) for the first time based on this framework.

Note1: For details, please refer to the press release “ORIX JREIT Announces Setting New Targets for Reducing Greenhouse Gas Emissions and SBTi Validation” dated today.

Note2: Sustainable Finance refers to Green Finance, Sustainability Linked Finance, Positive Impact Finance and Social Finance, and also includes new finance methods proposed by financial institutions.

Note3: SLL refers to financing which aims to support sustainable business activities and growth from environmental and social perspectives while linking interest rates and other financing terms according to achievement levels to encourage and motivate for borrowers to achieve their targets by setting Key Performance Indicators (“KPI”) that are closely related to the borrower's core business activities as Sustainability Performance Targets (“SPT”).

2. Summary of Sustainability Linked Finance Framework

We selected "our CO2 emissions for Scope 1, Scope 2 and Category 13 of Scope 3 that are under OJR's operational control" as the KPI and established the following SPT based on the KPI in the Sustainability Linked Finance Framework ("Framework") that we established for financing of SLL.

This KPI and SPT have been evaluated by a third party as meaningful and ambitious in relation to our ESG initiatives.^(Note1)

	SPT of this framework	Reference Period
1	Achieve 14% reduction in CO2 emissions from 2021 levels by 2024 in line with SBT ^(Note2) "Near-term target"	Period ending March 31, 2025
2	For each year from 2025 to 2029, an equal reduction between the 2024 target (14% reduction from 2021) and the 2030 target (42% reduction from 2021)	For a year ending March 31 of each year
3	Achieve 42% reduction in CO2 emissions from 2021 levels in 2030 in line with SBT "Near-term target"	For a year ending March 31, 2031

Note1: Third party evaluation...With respect to this framework, we have obtained a third-party opinion from Japan Credit Rating Agency, Ltd. on the conformity to various principles and the rationality of the established SPT. For more details, please refer to JCR website. <https://www.jcr.co.jp/en/greenfinance/>

Note2: SBT stands for Science Based Targets which is a greenhouse gas emission reduction target based on climate science.

3. Description of debt financing

Lender	Loan amount (JPY million)	Interest rate		Drawdown date	Maturity date	Repayment method and Collateral
Sumitomo Mitsui Banking Corporation (Green Loan) ^(Note1)	2,538	Fixed	To be determined (Note2)	September 20, 2023	September 20, 2027	Bullet payment on the maturity date, Un-secured / Non-guaranteed
Aozora Bank, Ltd. (Green Loan) ^(Note1)	1,000	Floating	Base rate based on JBA 3-month JPY TIBOR + 0.15% ^(Note3)	September 20, 2023	September 20, 2029	
MUFG Bank, Ltd. (Sustainability Linked Loan) ^(Note4)	2,000	Fixed	To be determined (Note2)	September 20, 2023	September 20, 2030	
The Bank of Fukuoka, Ltd. (Green Loan) ^(Note1)	1,100	Floating	Base rate based on JBA 3-month JPY TIBOR + 0.184% ^(Note3)	September 20, 2023	September 22, 2031	
Sumitomo Mitsui Trust Bank, Limited (Sustainability Linked Loan) ^(Note5)	2,000	Floating	Base rate based on JBA 3-month JPY TIBOR + 0.18% ^(Note3)	December 20, 2023	December 20, 2030	
Total	8,638					

Notes

- 1 This debt financing falls under the category of "Green Loan" provided by each bank to be allocated to repay the loan originally borrowed to fund one of our eligible green assets under our Green Finance Framework. For details of Green Finance Framework, please refer to our website: https://www.orixjreit.com/en/feature/initiatives6.html?id=ini_06_01
- 2 The interest rate will be announced when applicable interest rate is determined.
- 3 Base rate applicable to the calculation period for the interest payable on the interest payment date based on JBA 3-month JPY TIBOR is determined prior to 2 business days from the latest interest payment date. For Base rate based on JBA 3-month JPY TIBOR, please see the website of the JBA TIBOR administration. <http://www.jbatibor.or.jp/english/>
- 4 This borrowing will be procured through SLL, and the interest rate will be changed depending on the achievement of the following SPT set beforehand.
<Targets set as SPT>
SPT: Reduce the KPI for a year ending March 31, 2025, by at least 14.0% compared to the KPI for a year ending March 31, 2022 "the base year (2021)".

<Change in interest rates upon SPT achievement>

When the above SPT is achieved, the interest rate will be reduced by 0.01% per annum from the time of confirmation on the achievement level until the maturity date.

Notice will be given if the interest rate is changed.

- 5 This borrowing will be procured through SLL, and the interest rate will be changed depending on the achievement of the following SPT set beforehand.

<Targets set as SPT>

SPT1: Reduce the KPI for a year ending March 31, 2025, by at least 14.0% compared to the KPI for a year ending March 31, 2022 "the base year (2021)".

SPT2: Reduce the KPI for the one year ending March 31, 2026 by at least 18.7% from the KPI of the base year (2021).

SPT3: Reduce the KPI for the one year ending March 31, 2028 by at least 28.0% from the KPI of the base year (2021).

<Change in interest rates upon SPT achievement>

When the above SPT is achieved, the interest rate will be reduced by 0.01% per annum from the time of confirmation on the achievement level until the maturity date.

Notice will be given if the interest rate is changed.

4. Use of proceeds

To allocate to refinance the long-term loan.

Note: For the details, please refer to the press release "ORIX JREIT Announces New Debt Financing" announced on September 12, 2018, September 23, 2016, October 13, 2015, June 11, 2015, and December 16, 2014.

5. Change in interest-bearing liabilities and LTV post-drawdown

Unit: million yen

	Pre-drawdown As of September 14, 2023	Post-drawdown As of September 20, 2023	Change
Short-term loans	—	—	—
Long-term loans	263,587	263,587	—
Total of loans	263,587	263,587	—
Investment corporation bonds	28,500	28,500	—
Total interest-bearing liabilities	292,087	292,087	—
LTV based on total assets ^(Note)	42.9%	42.9%	—

Note: "LTV based on total assets" (%) = Interest-bearing liabilities ÷ Expected total assets × 100

"Expected total assets" is calculated by adding or subtracting the increase or decrease amount of interest-bearing liabilities and unitholders' capital since March 1, 2023 to the total assets as of the end of the 42nd fiscal period ended February 28, 2023. LTV figure is rounded to the one decimal place. Accordingly, change in the LTV figures may not tally due to rounding error.

6. Additional information for investors

With respect to the risks associated with new debt financing, the content of "Investment Risks" stated in our Security Report (*Yukashoken Hokokusho*) for the 42nd fiscal period ended February 28, 2023, has not changed.

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.