

For Immediate Release

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**ORIX JREIT Announces Acquisition of “SHINYOKOHAMA SQUARE BUILDING”
and Disposition of “Seafort Square Center Building” and “Round-Cross Shiba Daimon”
and Change in Subsidiary Company of Asset Management Company**

TOKYO, December 25, 2023— ORIX JREIT Inc. (“OJR”) announced that our 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”), and change in subsidiary company (building management company of the property to be disposed) of OAM as described below.

1. Exchange Summary

1) The Acquisition Summary

Property name	SHINYOKOHAMA SQUARE BUILDING	
Specified asset category	Real estate trust beneficiary interest	
Type	Office	
Area	Other Parts of the Greater Tokyo Area ^(Note 2) (Yokohama-shi, Kanagawa)	
Seller	Not-disclosed ^(Note 3)	
Contract date	December 25, 2023	
Acquisition date	December 27, 2023	
Acquisition price	20,300 million yen	
Appraisal value	21,400 million yen	
NOI yield ^(Note 4)	4.0%	
Yield after depreciation ^(Note 5)	3.6%	
Intermediary	yes	

2) The Disposition Summary

Property name	Seafort Square Center Building	Round-Cross Shiba Daimon
Specified asset category	Real estate trust beneficiary interest (scheduled) ^(Note 6)	Real estate
Type	Office	Office
Area	6 Central Tokyo Wards ^(Note 2) (Shinagawa-ku, Tokyo)	6 Central Tokyo Wards ^(Note 2) (Minato-ku, Tokyo)
Buyer	Not-disclosed ^(Note 3)	Not-disclosed ^(Note 3)
Contract date	December 25, 2023	December 25, 2023
Disposition date	February 29, 2024 ^(Note 7)	February 29, 2024 ^(Note 8)
Disposition price	13,000 million yen	4,800 million yen
Appraisal value	14,600 million yen	3,570 million yen
Book value ^(Note 9, 10)	15,427 million yen	2,289 million yen
Estimated gain/loss on disposition ^(Note 9, 10)	-2,721 million yen	2,385 million yen
Intermediary	yes	yes

Notes:

1. "Property" refers to each property or collectively to all the properties indicated above. "Acquisition" refers to the acquisition of the Property and "Disposition" refers to the disposition of the Property.
2. "Other Parts of the Greater Tokyo Area" refers to parts of Tokyo other than the "6 central Tokyo wards" and "Remaining Tokyo wards," Kanagawa, Saitama and Chiba Prefectures." and "6 central Tokyo wards" refers to Chiyoda, Chuo, Minato, Shinjuku, Shibuya and Shinagawa wards.
3. The seller and the buyer (Seafort Square Center Building) are each Japanese special purpose companies and the buyer (Round-Cross Shiba Daimon) is a Japanese company, however, names of the companies are not disclosed because the consent of the companies could not be obtained.
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 figure is rounded to the first 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 figure is rounded to the first decimal place.
6. As of today, no trust has been established for the Property. OJR plans to establish trust for the Property upon the Disposition.
7. The purchase and sale agreement pertaining to the Disposition (hereinafter in this note, "Purchase and Sale Agreement") falls under the category of Forward Commitment as provided in the Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc. set by the Financial Services Agency, since it is a postdated purchase and sale agreement where the settlement and delivery of the property will be conducted later than one month after the conclusion of such agreement.

< Financial Impact on OJR in the case where the forward commitment cannot be fulfilled. >

In this regard, the Purchase and Sale Agreement stipulates cancellation provisions as follows:

- i. In the event either the seller or the purchaser commits a material breach of the Purchase and Sale Agreement (such party, hereinafter, the "Breaching Party") and the purposes of the Purchase and Sale Agreement cannot be fulfilled due to such material breach, the other party (hereinafter the "Cancelling Party") may cancel the Purchase and Sale Agreement by giving a written notice to the Breaching Party.
- ii. In the event the Purchase and Sale Agreement is cancelled due to the reason mentioned in i) above, the Breaching Party shall pay to the Cancelling Party as a penalty amount equivalent to 20% of the total amount of sales price of the property to be sold. Even if the damage incurred or born by the Cancelling Party exceeds the amount of the penalty, the Cancelling Party may not claim against the Breaching Party an amount in excess of the penalty. Even if the amount of such damage is less than the amount of the penalty, the Breaching Party may not claim a reduction of the penalty.
8. The purchase and sale agreement pertaining to the Disposition (hereinafter, "Purchase and Sale Agreement") falls under the category of Forward Commitment as provided in the Comprehensive Guideline for Supervision of Financial Instruments Business Operators, etc. set by the Financial Services Agency since it is a postdated purchase and sale agreement where the settlement and delivery of the property will be conducted later than one month after the conclusion of such agreement.

< Financial Impact on OJR in the case where the forward commitment cannot be fulfilled. >

In this regard, the Purchase and Sale Agreement stipulates cancellation provisions as follows:

- i. In the event either the seller or the purchaser commits material breach of the Purchase and Sale Agreement (such party is hereinafter the "Breaching Party"), the other party (hereinafter the "Terminating Party") shall set a certain reasonable period and demand the Breaching Party to perform its obligations within such period. If the Breaching Party fails to remedy its breach within such period, the Terminating Party may terminate the Purchase and Sale Agreement. Provided, however, that in case it is evident that it is impossible to remedy its breach within a reasonable period, the Terminating Party may immediately terminate the Purchase and Sale Agreement without notice.
- ii. In the event the Purchase and Sale Agreement is terminated due to the reason mentioned in i) above, the Breaching Party shall immediately pay the amount equivalent to 20% of the total amount of disposition price of the property to be sold to the Terminating Party as a penalty. Even if the damage incurred or born by the Terminating Party exceeds the amount of the penalty, the Terminating Party may not claim an amount in excess of the penalty to the Breaching Party. Even if the amount of such damage is less than the amount of the penalty, the Breaching Party may not claim a reduction of the penalty.
9. Figures are rounded down to the nearest million yen.
10. Book value is an estimate as of the disposition date. Estimated gain or loss on disposition is pro forma amount based on the book value and assumed disposition expenses. The amounts are subject to change.

2. Future Outlook

The exchange is forecasted to result in a gain on disposition of 2,385 million yen and a loss on disposition of 2,721 million yen for the 44th fiscal period (September 1, 2023 - February 29, 2024). OJR is assuming utilizing internal reserves for the cumulative amount of the loss of 335 million yen, hence there will be no revisions to the earnings and distribution forecasts for the 44th fiscal period (September 1, 2023 - February 29, 2024) and the 45th fiscal period (March 1, 2023 - August 31, 2024) announced in "Financial Results for the 43rd Fiscal Period" dated October 20, 2023.

Furthermore, proceeds from the disposition will be used for various initiatives that contribute to the stable growth in unitholder value, such as future property acquisition and the repayment of loans.

3. 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 strengths, “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, despite challenging acquisition environment, OJR decided on this exchange with third parties where we can further utilize our strengths and anticipate stable demand in the middle to long term.

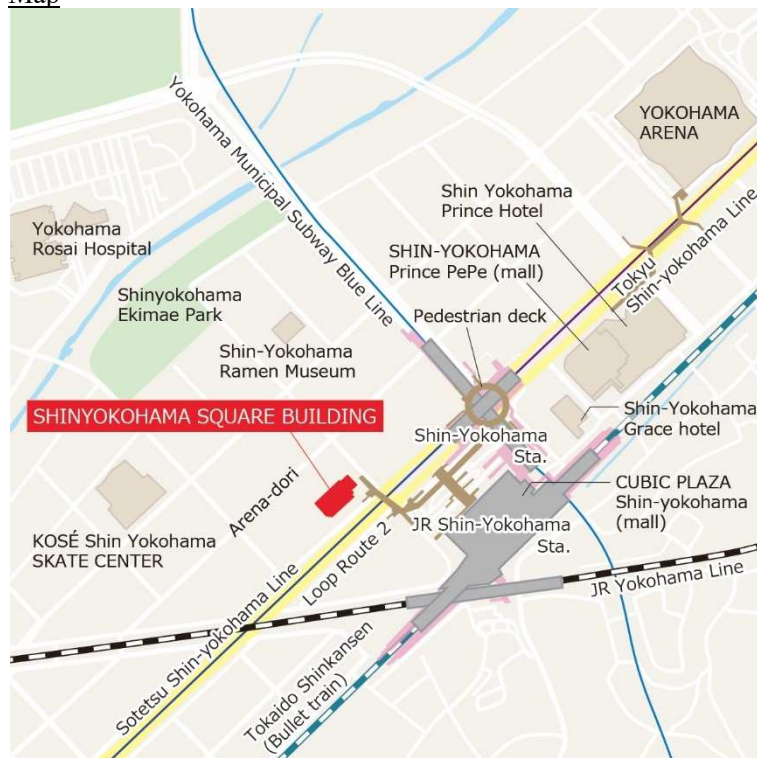
Notes:

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 “SHINYOKOHAMA SQUARE BUILDING”

- The property is conveniently located with high access to public transport. It is approximately a 3- minute walk from Shin-Yokohama Station on the JR Tokaido Shinkansen bullet train and Yokohama Line, approximately a 2-minute walk from Shin-Yokohama Station on the Yokohama Municipal Subway Blue Line / Tokyu Shin-yokohama Line /Sotetsu Shin-yokohama Line. In addition, a pedestrian deck is connected to the front of the property from Shin-Yokohama Station.
- With the opening of the Sotetsu-Tokyu Direct Line in March 2023, the Shin-yokohama area has been directly connected to various places in central Tokyo and Kanagawa Prefecture, and access to the center of the Tokyo metropolitan area has become more comfortable. Therefore, the area can be expected to be vitalized and developed as a base for each region.
- Although the building age is now in its 28th year, it has been strategically repaired and maintained, and has a highly competitive advantage as a representative property of the area in terms of location, building specifications and high visibility.

Map



Photos



2) Reason for the Disposition of “Seafort Square Center Building”

- In Tokyo Bay area including Tennozu area where the property is located, there have been significant vacancies in recent years and the asking rent within the area is on a declining trend. In addition, considering the large supply of offices in central Tokyo, the area is uncompetitive office location. When filling in large space vacancy of this property, the decline of asking rent and prolonged vacant period are assumed, and the rent level of the property is unlikely to improve in the future.
- The appraisal value continues to be lower than the book value and the Property has been significant low contribution to the portfolio profitability with low yield after depreciation.
- Although the reasonable capital expenditure has been made with the building age of over 31st year, we assume drastic improvement of profitability is expected to be challenging considering additional investment for repairs and capital expenditures will be required not only at this property (Center Building) with sectional ownership, but also in the common areas of the entire Seafort Square where this property belongs.
- Under such circumstances, although the disposition price is lower than the book value, OAM determined the disposition to improve the quality of the portfolio and unitholders' value at the timing of the strong real estate market, rather than continuing to hold the Property.

3) Reason for the Disposition of “Round-Cross Shiba Daimon”

- OJR has owned this property since IPO in 2002 and the building age is now over its 35th year. The entrance and others have been renovated in recent years. Although the property is now fully occupied, we assume that long-term vacancies are inevitable, and it is difficult to maintain or increase the rents when vacancy occurs in the future considering that there are currently considerable vacant spaces surrounding the property area as well as supply plans for medium-sized offices.
- We estimate that a considerable amount of additional repair costs is to be incurred in the future.
- We assume deterioration in profitability from the above.

4. Summary of Property to be Acquired

Property name		SHINYOKOHAMA SQUARE BUILDING				
Specified asset category		Real estate trust beneficiary interest				
Trustee (Scheduled)		Mizuho Trust & Banking Co., Ltd. (Note 1)				
Address (Note 2)		2-3-12 Shin-yokohama, Kohoku-ku, Yokohama-shi, Kanagawa				
Public transit access		Approx. 3-minute walk from “Shin-Yokohama” station on JR Tokaido Shinkansen bullet train and Yokohama line, Approx. 2-minute walk from “Shin-Yokohama” station on Yokohama Municipal Subway Blue Line, Tokyu Shin-yokohama Line and Sotetsu Shin-yokohama Line				
Land	Registered Area	2,593.00 m ²				
	Type of ownership	Full ownership				
Building	Registered usage	Office, Retail and Parking				
	Registered completion date	January 1995				
	Type of ownership	Full ownership				
	Registered Area	24,597.39m ²				
	Registered construction	Steel-frame, Steel-frame reinforced concrete with flat roof 18 floors with 1 underground floor				
Earthquake resistance		PML (Note 3): 5% *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	October 17, 2023				
	Total amount of 12 years from the date of inspection	757 million yen (Note 4)				
	Replacement Cost	7,897 million yen (Note 4)				
Summary of Rental status as of October 31, 2023						
	Number of tenants	28				
	Gross rental income excluding parking	62 million yen per month (Note 4)				
	Security deposits including parking	552 million yen (Note 4)				
	Total rent space	15,130.31 m ²				
	Total rentable space	16,002.11 m ²				
Occupancy rate of end tenants during past 5 years		October 2019	October 2020	October 2021	October 2022	October 2023
		91.9%	99.4%	99.4%	96.7%	94.6%
Special notes		None				

Estimated net operating income (NOI)	800 million yen per annum ^(Note 4) 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 OJR expects for the current fiscal year. - Occupancy rate: 96%
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Note:

- OJR is planning to execute “Amendment to Property Management and Disposition Trust Agreement” with the company on December 27, 2023.
- 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.
- 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.
- Figures are rounded down to the nearest million yen.

5. Summary of Property to be Disposed

1) Seafort Square Center Building

Property name	Seafort Square Center Building				
Specified asset category	Real estate trust beneficiary interest (scheduled) ^(Note1)				
Type of ownership	Land : Full ownership (co-ownership interests : 4,142,932 of 10,000,000 / Approx. 41.4%) Building: Sectional ownership (Parking: co-ownership)				
Address ^(Note2)	2-3-12 and others, Higashi Shinagawa, Shinagawa-ku, Tokyo				
Registered usage	Office, Retail and Parking				
Appraisal value (Date of value)	14,600 million yen (as of December 1, 2023)				
Summary of rental status as of October 31, 2023					
	Number of tenants	57			
	Gross rental income excluding parking	78 million yen per month ^(Note3)			
	Security deposits including parking	796 million yen ^(Note3)			
	Total rent space	16,971.60 m ²			
	Total rentable space	22,081.13 m ²			
Occupancy rate during past 5 years	Aug. 2019	Aug. 2020	Aug. 2021	Aug. 2022	Aug. 2023
	98.8%	98.3%	92.2%	94.8%	76.9%
Special notes	The transaction of disposition of the beneficiary interest under the purchase and sale agreement pertaining to the Disposition (hereinafter, “Purchase and Sale Agreement”) is a set transaction, along with the transaction of the sale and purchase of shares under the Agreement on Transfer of Shares of Seafort Community Co., Ltd., ^(Note) which is the management company of the Property (the “Share Transfer Agreement”) between OAM and the purchaser as of the date of the Purchase and Sale Agreement. In the case where the Share Transfer Agreement is cancelled or terminated for any reason, the purchaser and seller may cancel the Purchase and Sale Agreement. (Note) OAM holds 78% of the outstanding shares of Seafort Community Co., Ltd. For the business profile of Seafort Community Co., Ltd., see “7. Profile of Subsidiary Company of OAM to be Changed” below.				

(2) Round-Cross Shiba Daimon

2) Round-Cross Shiba Daimon					
Property name	Round-Cross Shiba Daimon				
Specified asset category	Real estate				
Type of ownership	Full ownership				
Address ^(Note2)	1-3-4 Shibadaimon, Minato-ku, Tokyo				
Registered usage	Office and Parking				
Appraisal value (Date of value)	3,570 million yen (as of December 1, 2023)				
Summary of rental status as of October 31, 2023					
	Number of tenants	7			
	Gross rental income excluding parking	16 million yen per month ^(Note3)			
	Security deposits including parking	192 million yen ^(Note3)			
	Total rent space	2,840.64 m ²			
	Total rentable space	2,840.64 m ²			
Occupancy rate during past 5 years	Aug. 2019	Aug. 2020	Aug. 2021	Aug. 2022	Aug. 2023
	100%	100%	100%	73.8%	100%
Special notes	None				

Notes:

- As of today, no trust has been established for the Property. OJR plans to establish trust for the Property upon the Disposition.
- 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.
- Figures are rounded down to the nearest million yen.

6. Information of the Transaction Party

1) SHINYOKOHAMA SQUARE BUILDING

The seller is a Japanese special purpose company, however, the name of the company is not disclosed because the consent of the company could not be obtained.

There is no capital, personal and business relationship among OJR, OAM and the seller. In addition, the seller is not a "related party" to OJR nor OAM.

The Acquisition is not from any party having a special interest in OJR nor OAM.

2) Seafort Square Center Building

The buyer is a Japanese special purpose company, however, the name of the company is not disclosed because the consent of the company could not be obtained.

There is no capital, personal and business relationship among OJR, OAM and the buyer. In addition, the buyer is not a "related party" to OJR nor OAM.

The Disposition is not to any party having a special interest in OJR nor OAM.

3) Round-Cross Shiba Daimon

The buyer is a Japanese company, however, the name of the company is not disclosed because the consent of the company could not be obtained.

There is no capital, personal and business relationship among OJR, OAM and the buyer. In addition, the buyer is not a "related party" to OJR nor OAM.

The Disposition is not to any party having a special interest in OJR nor OAM.

7. Profile of Subsidiary Company of OAM to be Changed

As of December 5, 2023

Company Name	Seafort Community Co., Ltd.
Address	2-3-12 Higashi Shinagawa, Shinagawa-ku, Tokyo
Representative	President and CEO Hiroyuki Okamura
Primary business	Management, operation, cleaning and security service of land, building and parking
Shareholders' equity	50 million yen
Date of establishment	December 25, 1991

8. Payment terms**1) SHINYOKOHAMA SQUARE BUILDING**

Settlement terms: 100% on delivery

Funding method: Cash on hand

2) Seafort Square Center Building

Settlement terms: 10% on execution of agreement and the remaining on delivery

3) Round-Cross Shiba Daimon

Settlement terms: 490,560 thousand yen on execution of agreement and the remaining on delivery

9. Appraisal Summary

SHINYOKOHAMA SQUARE BUILDING

Name of asset		SHINYOKOHAMA SQUARE BUILDING	
Date of value		December 1, 2023	
Appraisal value (In thousands of yen)		21,400,000	
Appraiser		Chuo Real Estate Appraisal Co., Ltd.	
(In thousands of yen)			
Item	Content	Grounds	
Income Approach Value	21,400,000	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	22,900,000		
(1) Gross Operating Revenue [(a)-(g)]	1,127,072		
(a) Effective gross revenue [(b) + (c) + (d) + (e) + (f)]	1,176,033		
(b) Rental income	871,218	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	174,358	Same as above	
(d) Utility reimbursement	90,252	Assessed based on actual past data, taking the level of utilities income of similar properties into consideration	
(e) Parking Fee income	35,280	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	4,925	Assessed based mainly on actual data	
(g) Vacancy loss	48,961	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	305,812		
Maintenance Expense	90,252	Assessed based on expected contract conditions, taking factors such as past data and level of expenses of similar properties into consideration	
Utility Expense	101,389	Assessed based on actual past data, taking factors such as level of expenses of similar properties into consideration	
Repair Expense	13,397	Assessed based on ER	
Property Management Fee	11,350	Assessed based on expected contract conditions	
Tenant Advertisement Cost	10,037	Assessed based on expected contract conditions	
Tax and Public Dues	65,833	Assessed based mainly on most recent actual amounts	
Casualty Insurance	1,554	Assessed based mainly on estimates	
Other Expenses	12,000	Assessed based mainly on actual data	
(3) Net Operating Income [(1)-(2)]	821,260		
(4)Profit from Managing Security Deposit	8,443	Assessed based on rate of return of 1.0%	
(5)Capital Expenditure	49,693	Assessed based on ER	
(6)Net Revenue [(3)+(4)-(5)]	780,010		
(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	20,700,000		
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	13,700,000		
Ratio of Land	86.9%		
Ratio of Building	13.1%		
Additional considerations made in the reconciliation of evaluation	Since potential buyers of the property are primarily investors who attach importance to income approach potential, the appraisal value is determined based on income approach value and the indicated value using the cost approach is merely used for reference.		

Seafort Square Center Building

Name of asset	Seafort Square Center Building
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Date of value	December 1, 2023
Appraisal value (In thousands of yen)	14,600,000
Appraiser	Chuo Real Estate Appraisal Co., Ltd.

(In thousands of yen)

Item	Content	Grounds
Income Approach Value	14,600,000	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	14,200,000	
(1) Gross Operating Revenue [(a)-(g)]	1,374,680	
(a) Effective gross revenue [(b) + (c) + (d) + (e) + (f)]	1,442,204	
(b) Rental income	1,155,907	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	0	Same as above
(d) Utility reimbursement	158,945	Assessed based on actual past data, taking the level of utilities income of similar properties into consideration
(e) Parking Fee income	120,000	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	7,352	Assessed based mainly on contract conditions
(g) Vacancy loss	67,524	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	779,940	
Maintenance Expense	264,909	Assessed based on contract conditions, taking factors such as past data and level of expenses of similar properties into consideration
Utility Expense	230,600	Assessed based on actual past data, taking factors such as level of expenses of similar properties into consideration
Repair Expense	16,758	Assessed based mainly on ER
Property Management Fee	49,760	Assessed based on contract conditions
Tenant Advertisement Cost	15,949	Same as above
Tax and Public Dues	194,234	Assessed based on most recent actual amounts
Casualty Insurance	2,446	Same as above
Other Expenses	5,284	Assessed based mainly on actual past data
(3) Net Operating Income [(1)-(2)]	594,740	
(4) Profit from Managing Security Deposit	7,950	Assessed based on rate of return of 1.0%
(5) Capital Expenditure	89,831	Assessed based on ER
(6) Net Revenue [(3)+(4)-(5)]	512,859	
(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	14,700,000	
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	14,700,000	
Ratio of Land	83.7%	
Ratio of Building	16.3%	

Additional considerations made in the reconciliation of evaluation	Since potential buyers of the property are primarily investors who attach importance to income approach potential, the appraisal value is determined based on income approach value and the indicated value using the cost approach is merely used for reference.
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Round-Cross Shiba Daimon

Name of asset	Round-Cross Shiba Daimon
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Date of value	December 1, 2023
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Appraisal value (In thousands of yen)	3,570,000
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Appraiser	Chuo Real Estate Appraisal Co., Ltd.
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(In thousands of yen)

Item	Content	Grounds
Income Approach Value	3,570,000	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	3,650,000	
(1) Gross Operating Revenue [(a)-(g)]	198,309	
(a) Effective gross revenue [(b) + (c) + (d) + (e) + (f)]	211,559	
(b) Rental income	201,117	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	0	
(d) Utility reimbursement	8,522	Assessed based on actual past data, taking the level of utilities income of similar properties into consideration
(e) Parking Fee income	1,920	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	
(g) Vacancy loss	13,250	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	50,912	
Maintenance Expense	10,397	Assessed based on contract conditions, taking factors such as past data and level of expenses of similar properties into consideration
Utility Expense	10,574	Assessed based on actual past data, taking factors such as level of expenses of similar properties into consideration
Repair Expense	2,218	Assessed based mainly on ER
Property Management Fee	3,560	Assessed based on contract conditions
Tenant Advertisement Cost	2,914	Same as above
Tax and Public Dues	21,076	Assessed based on most recent actual amounts
Casualty Insurance	173	Same as above
Other Expenses	0	
(3) Net Operating Income [(1)-(2)]	147,397	
(4) Profit from Managing Security Deposit	1,892	Assessed based on rate of return of 1.0%
(5) Capital Expenditure	6,793	Assessed based on ER
(6) Net Revenue [(3)+(4)-(5)]	142,496	
(7) Cap Rate	3.9%	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	3,540,000	
Discount Rate	3.7%	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	4.1%	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	2,270,000	
Ratio of Land	94.3%	
Ratio of Building	5.7%	

Additional considerations made in the reconciliation of evaluation	Since potential buyers of the property are primarily investors who attach importance to income approach potential, the appraisal value is determined based on income approach value and the indicated value using the cost approach is merely used for reference.
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Reference

OJR's earnings and distributions forecast for the 44th fiscal period and the 43rd performance 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 FP44 (Feb. 2024)	26,006	12,200	11,124	11,107	3,900	-
Actual result FP43 (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.