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REIT Issuer:

**ORIX JREIT Inc.**

- **Financial Results for 23<sup>rd</sup> Fiscal Period (ended August 31, 2013)**
- **Revision of Earnings & Distributions Forecasts for 24<sup>th</sup> Fiscal Period (ending February 28, 2014)**
- **Earnings & Distributions Forecasts for 25<sup>th</sup> Fiscal Period (ending August 31, 2014)**

**October 15, 2013**

**Asset Management Company:**

**ORIX Asset Management Corporation**

(Financial products transaction license, Director of Kanto Local Finance Bureau, Registration No. 315; Member of the Investment Trusts Association)

This document summarizes the various measures announced in the press releases “ORIX JREIT Announces Issue of New Investment Units and Secondary Offering of Units” and “ORIX JREIT Announces Asset Acquisition (“MG Shirokanedai Building, Cross Avenue Harajuku, AEON TOWN sendai-izumiosawa (land), GRAN MART Tegata and Kanazawa Kohrinbo myatria”)” dated October 15, 2013 and the overview of “ORIX JREIT Announces Financial Results for 23rd Fiscal Period” dated October 15, 2013. The figures in and after the next page that concern the future are calculated with a prescribed method based on certain presumptions, expectations and assumptions and therefore the actual figures may vary significantly. Accordingly, OJR does not guarantee these future figures. For details regarding the assumptions, etc. and methods of calculation, please refer to the press releases, Financial Results for 23rd Fiscal Period above and the disclaimer listed on P15 and after.

✓ Revised actual DPU and DPU forecasts upward with promotion of various strategies

## Asset

Increased the portfolio's profitability and stability

### Internal growth strategy

- ✓ Maintained high occupancy rate for offices at approx. 97.4% at the end of the FP23
- ✓ The assumed floor area of tenant departure for FP24 was reduced to approx. 4,900m<sup>2</sup> from 7,700m<sup>2</sup> at the beginning of the period
- ✓ Steadily promoted a filling up of Toyo MK Building, Beside Kiba and Seafort Square (retail area) in surrounding central Tokyo Area
- ✓ Successfully improved (increased rent, etc.) the contracted lease conditions in central area of Greater Tokyo Area and regions where supply and demand improved
- ✓ Entire portfolio turned to unrealized gain at the end of FP23

### External growth strategy

#### ■ FP23

- ✓ Asset replacement of 4 retail facilities (acquired) and 1 residential property (disposed)
- ✓ Realized diversification of investment methods and acquisition opportunities by acquiring OJR's first silent partnership equity interest (260 million yen) and preferential negotiation right for the acquisition of the asset under the management of the partnership

#### ■ FP24

- ✓ Scheduled to acquire 1 office property (8,500 million yen), 3 retail properties (9,305 million yen) and 1 residential property (2,410 million yen) (total of 5 properties, 20,215 million yen: Greater Tokyo Area: 13,315 million yen, other regions: 6,900 million yen) through the PO
- ✓ The yield after depreciation of the properties scheduled to be acquired is 4.4% and exceeds the 3.5% yield after depreciation of the existing portfolio

## Debt

Reduced financial costs and increased financial stability

### Financial strategy

- ✓ Refinancing with an early repayment of borrowings was implemented in FP23 using the public offering and the gain on 1 residential property sale
- ✓ Reduced the average funding costs by 25 basis points per year compared to FP22
- ✓ Promoted the lengthening of borrowing periods and diversifying repayment dates (average remaining periods to maturity: 3.1 years at the end of FP22→3.4 years at the end of FP23)
- ✓ Reduced LTV based on total assets by 2.0 % points
- ✓ Concluded a new commitment line agreement (2 billion yen) with Resona Bank, Limited

## Equity

Stable growth of unitholders' value

- ✓ Realized improvement of NAV and DPU in FP23 by increasing the yield after depreciation through external growth (property acquisition), further promotion of internal growth, reduction of capital costs and improvement of financial stability .
- ✓ Aim to stably improve the DPU level while taking NAV into consideration even after the PO

# Management Highlights (2)

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✓ Realized both the upward revision of DPU forecast and the improvement of financial stability

## Asset Increased the portfolio's profitability and stability

	FP22 End (Feb. 2013)	Change in FP23	FP23 End (Aug. 2013)	Effect of the PO	After the PO
Acquisition price (scheduled) (million yen)	355,874	+27,220	383,094	20,215	403,309
Number of properties	70	3	73	5	78
NOI yield	5.0%	▲0.1%	4.9%	5.1%	4.9%
Yield after depreciation	3.6%	▲0.0%	3.5%	4.4%	3.6%
Occupancy rates	98.4%	+0.3%	98.7%	99.7%	98.8%
Book value/acquisition price (million yen)	335,104	+25,279	360,384	20,215	380,599
Appraisal value (million yen)	333,000	+32,179	365,179	20,770	385,949
Unrealized gain/loss (million yen)	▲2,104	+6,899	4,794	555	5,349

### <The properties acquired (scheduled) >

				
MG Shirokanedai Building	Cross Avenue Harajuku	AEON TOWN Sendai-Izumiosawa (Land)	GRAN MART Tegata	Kanazawa Kohrinbo myatria
 Office 事務所	 Retail 商業施設 (Urban-type Retail facilities)	 Retail 商業施設 (NSC)	 Retail 商業施設 (Others: Supermarkets)	 Residence 住宅 (Complex residential with retail)

## Debt Reduced financial costs and increased financial stability

	FP22 End (Feb. 2013)	Change in FP 23	FP23 End (Aug. 2013)	Change	After the PO
Balance of interest-bearing debt (million yen)	175,493	+7,335	182,828	+9,565	192,393
Total assets (million yen)	349,154	29,557	378,711	+20,152	398,864
LTV (total asset base)	50.3%	▲2.0%	48.3%	▲0.0%	48.2%
Average funding cost	1.85%	▲0.25%	1.60%	—	—

## Equity Stable growth of unitholders' value

### DPU

	As of FP22 financial announcement date (April 12, 2013)	As of FP23 financial announcement date (October 15, 2013)	Change
FP23	2,280 yen (forecast)	2,411 yen (actual)	+131 yen
FP24	2,320 yen (forecast)	2,370 yen (forecast)	+50 yen
FP25	—	2,380 yen (forecast)	—

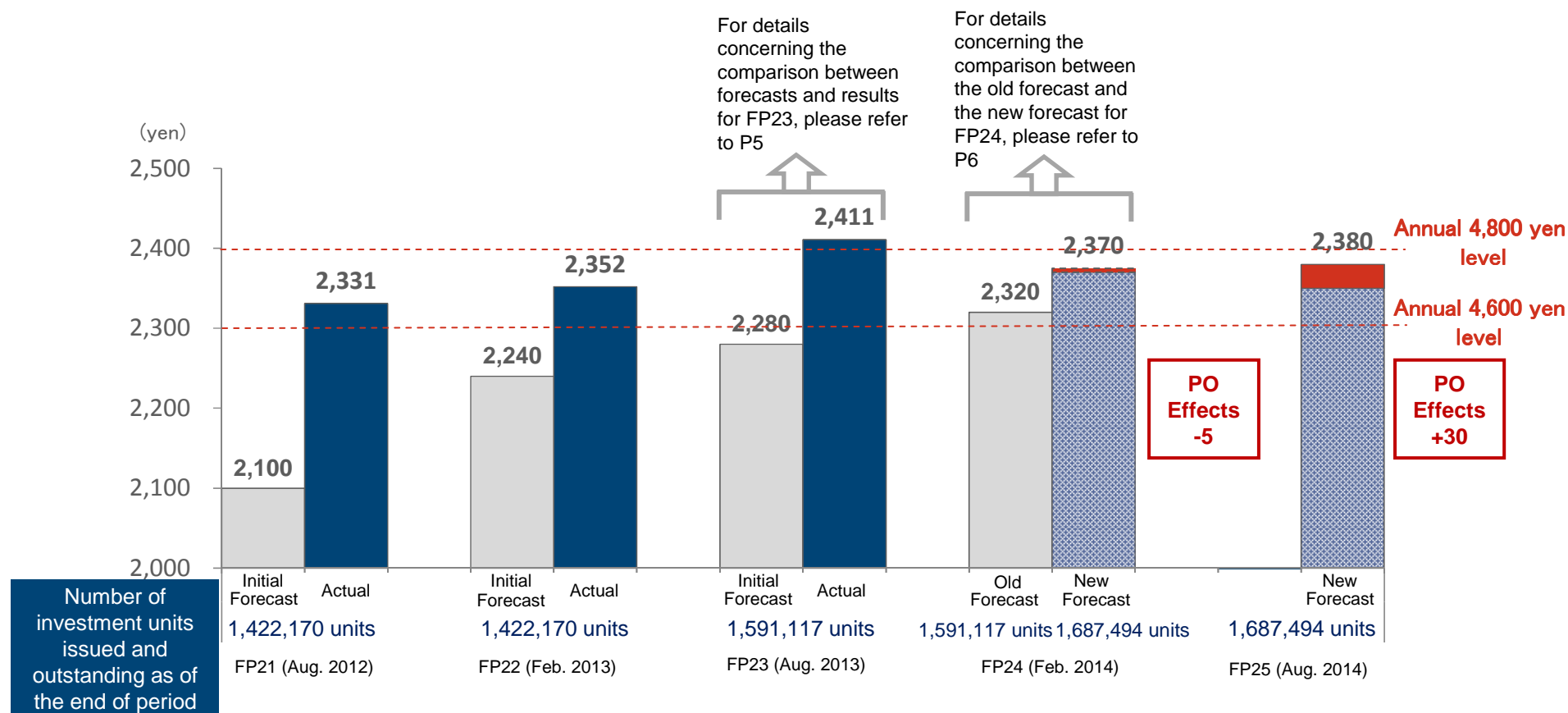
### NAV per unit

FP22 End (End of Feb. 2013)	FP23 End (End of Aug. 2013)	After the PO
104,622 yen	110,445 yen	110,740 yen

# Stable Growth of Unitholders' Value

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- ✓ Achieved annual DPU of 4,600 yen level. Further aiming for 4,800 yen level
- ✓ +30 yen per unit is expected from the effects of public offering up to FP25



- (Note 1) As of March 1, 2013, OJR implemented a 5-for-1 split of its investment units. Taking this split into account, one fifth of DPU is shown for initial forecasts and actual in FP22 and before, which was before the split.
- (Note 2) Forecast DPU indicated in "ORIX JREIT Announces Financial Results for 20th Fiscal Period" is shown for the initial forecast of FP21, forecast DPU of financial results forecasts indicated in "ORIX JREIT Announces Financial Results for 21st Fiscal Period" for the initial forecast of FP22, forecast DPU of financial results forecasts indicated in "ORIX JREIT Announces Financial Results for 22nd Fiscal Period" for the initial forecast of FP23 and the old forecast of FP24, and forecast DPU in "ORIX JREIT Announces Financial Results for 23rd Fiscal Period" dated October 15, 2013 is shown for the new forecast of FP24 and the new forecast of FP25.
- (Note 3) Forecast DPU for the case when the public offering was not implemented and based on portfolio as of the end of FP 23 (73 properties in total) are 2,375 yen per unit for FP24 and 2,350 yen per unit for FP25. The difference between these and forecast DPU after the acquisition of properties acquired (scheduled) along with the public offering are shown as "PO Effects."

# FP23 Results and FP24 and FP25 Forecasts

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- ✓ Realize bottoming out of internal growth in FP24
- ✓ Aim to improve the DPU level through external growth, despite the uncertainty of the turnaround period and the increase range of office market rents

Item	FP22 Actual (A)	FP23 Actual (B)		FP24 Forecast (C)		FP25 Forecast (D)	
	(Feb. 2013)	(Aug. 2013)	(B-A)	(Feb. 2014)	(C-B)	(Aug. 2014)	(D-C)
Net Income (millions of yen)	3,346	3,836	+490	3,999	+162	4,016	+17
DPU	(2,352 yen)	2,411 yen	+59 yen	2,370 yen	▲ 41 yen	2,380 yen	+10 yen

(Note) As of March 1, 2013, OJR implemented a 5-for-1 split of its investment units. Taking this split into account, one fifth of Actual DPU for FP22 are shown in brackets above.  
(million yen)

		FP23 Actual vs FP22 Actual		FP24 Forecast vs FP23 Actual		FP25 Forecast vs FP24 Forecast	
		Change		Change		Change	
Existing Properties	External Growth Factors	+955		▲ 269		▲ 91	
		<ul style="list-style-type: none"> <li>• Contribution of properties acquired in FP22 and FP23 +664</li> <li>• Contribution of a silent partnership in FP23 +11</li> <li>• Generation of gain on property sale +411</li> <li>• Expensed asset/city planning tax for properties acquired in 2012 ▲ 53</li> <li>• Operating income of property sold in FP23 ▲ 78</li> </ul>		<ul style="list-style-type: none"> <li>• Contribution of properties acquired in FP23 +129</li> <li>• Contribution of a silent partnership in FP23 +3</li> <li>• Loss of gain on property sale ▲ 411</li> </ul>		<ul style="list-style-type: none"> <li>• Expensed asset/city planning tax for properties acquired in FP23 ▲ 85</li> </ul>	
	Internal Growth Factors	▲ 262		▲ 59		+114	
		<ul style="list-style-type: none"> <li>• Decrease of rental income from existing properties ▲ 80</li> <li>• Increase of repair cost from existing properties ▲ 89</li> <li>• Utilities income ▲ 30</li> <li>• Increase of loss on retirement ▲ 45</li> </ul>		<ul style="list-style-type: none"> <li>• Increase of rental income from existing properties +27</li> <li>• Increase of repair cost from existing properties ▲ 5</li> <li>• Utilities income ▲ 66</li> </ul>		<ul style="list-style-type: none"> <li>• Increase of rental income from existing properties +43</li> <li>• Decrease of repair cost from existing properties +38</li> <li>• Utilities income +24</li> </ul>	
	Other Factors	▲ 202		+272		▲ 62	
		<ul style="list-style-type: none"> <li>• Decrease of funding-related expenses +158</li> <li>— Of this, factor of operating day (▲ 27)</li> <li>— Of this, reduction in funding costs (+185)</li> <li>• Cost of issuing new investment units ▲ 52</li> <li>• Cost of issuing new investment units with properties acquired in FP23 ▲ 39</li> <li>• Generation of early repayment expenses ▲ 255</li> </ul>		<ul style="list-style-type: none"> <li>• Decrease of funding-related expenses +42</li> <li>— Of this, factor of operating day (+27)</li> <li>— Of this, reduction in funding costs (+15)</li> <li>• Increase of asset management fee ▲ 51</li> <li>• Cost of issuing new investment units +52</li> <li>• Loss of early repayment expenses +255</li> </ul>		<ul style="list-style-type: none"> <li>• Increase of funding-related expenses ▲ 24</li> <li>— Of this, factor of operating day (▲ 27)</li> <li>— Of this, reduction in funding costs (+2)</li> <li>• Increase of asset management fees ▲ 10</li> <li>• Increase of administrative service fees ▲ 12</li> </ul>	
	Total	+490		▲ 56		▲ 39	
Measures in accordance with the PO		Change		Change		Change	
		<ul style="list-style-type: none"> <li>• Contribution of the properties acquired scheduled +330</li> <li>• Increase of funding-related expenses with the properties acquired ▲57</li> <li>• Cost of issuing new investment units ▲51</li> </ul>		<ul style="list-style-type: none"> <li>• Contribution of the properties acquired to be scheduled +126</li> <li>• Increase of funding-related expenses with the properties acquired ▲ 30</li> <li>• Increase of asset management fees, etc. with the properties acquired ▲ 45</li> <li>• Cost of issuing new investment units +51</li> <li>• Expensed asset/city planning tax for the properties acquired to be scheduled ▲ 44</li> </ul>		<ul style="list-style-type: none"> <li>• Rental revenue 6,371</li> <li>• Operating expenses except rental expenses ▲ 1,090</li> <li>• Non-operating expenses ▲ 1,535</li> <li>• Tax, etc. ▲ 10</li> <li>Net income (enable profits to be 3,740</li> <li>The number of investment units 1,591,117</li> <li>DPU (yen) 2,350</li> </ul>	
	Total	+490		+162		+17	

Bottoming out Internal Growth due to prevention of tenants departures

Impact after the PO in FP25 (August 2014)			
	current management activities	Impact of the PO	Total
• Rental revenue	6,371	+412	6,784
• Operating expenses except rental expenses	▲ 1,090	▲ 48	▲ 1,139
• Non-operating expenses	▲ 1,535	▲ 87	▲ 1,623
• Tax, etc.	▲ 10		▲ 10
Net income (enable profits to be	3,740	+276	4,016
The number of investment units	1,591,117	+96,377	1,687,494
DPU (yen)	2,350	+30	2,380

# Comparison between FP23 Results and FP23 Forecasts

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- ✓ **Cost management primarily in funding cost reduction succeeded, and DPU increased 131 yen more than the previous forecast**

【Variance between new and old forecasts for the 23rd Fiscal Period】

	Operating Revenue	Net Income	Distribution per Units	Investment Units issued
Forecast as of FP 22 announcement(A)	13,147 million yen	3,627 million yen	2,280 yen	1,591,117
Financial Result (B)	13,376 million yen	3,836 million yen	2,411 yen	1,591,117
Changed (A)- (B)	+229 million yen	+208 million yen	+131 yen	-
Percentage change	+1.7%	+5.7%	+5.7%	-

(million yen)

	Breakdown of change of Net income
Contribution from properties acquired in FP23	+15
Decrease of operational income from sale of property in FP23	▲9
Gain on a property sale in FP23	+21
Contribution from silent partnership in FP23	+11
External Growth factors total	+39
Increase of rental income from existing properties	+12
Decrease of brokerage fee and advertising expenses	+17
Internal growth factors total	+41
Decrease of funding-related expenses	+87
Decrease of expenses for issue of new investment units	+8
Financial strategy factor, etc. total	+128
Total (a)	208
Net income (million yen) (b)	3,627
Net Income (Enabled distributed profit) (million yen) (c=a+b)	3,836
The number of investment Units (d)	1,591,117
DPU (yen) (e=c/d)	2,411
DPU of previous forecast (yen) (f)	2,280
Effect for DPU (yen) (e-f)	+131

## Asset External growth

- ✓ Contributed 15 million yen to revenues from cost management of acquired properties in FP23, etc.
- ✓ Acquired OJR's first silent partnership equity interest. Contributed 11 million yen to revenues in addition to securing future pipelines

## Asset Internal growth

- ✓ Rental income increased by 12 million yen due to rent downward revision area reduction
- ✓ Decreased by 17 million yen due to decrease of brokerage fee and advertising expenses

## Debt Financial strategy, etc.

- ✓ Funding-related expenses decreased by 87 million yen due to taking advantage of the favorable funding environment. Of this, 67 million yen due to reduction in funding-cost, 20 million yen due to the effect of borrowing amount decrease owing to increase of proceeds from previous PO in FP23.

## Equity DPU

- ✓ DPU for FP23 increased 131 yen more than the as of FP22 financial announcement forecast to 2,411 yen

# Comparison between Old FP24 Forecasts and New FP24 Forecasts 6

- ✓ Revised DPU forecast for FP24 upward while conducting external growth to increase the DPU level for FP25

【Variance between new and old forecasts for the 24th Fiscal Period】

	Operating Revenue	Net Income	Distribution per Units	Investment Units issued
Forecast as of FP 22 announcement(A)	12,965 million yen	3,691 million yen	2,320 yen	1,591,117
Revised Forecast (B)	13,505 million yen	3,999 million yen	2,370 yen	1,687,494
Changed (A)- (B)	+539 million yen	+307 million yen	+50 yen	+96,377
Percentage change	+4.2%	+8.3%	+2.2%	+6.1%

(million yen)

	Impact of current management activities	Impact of the PO	Total
Contribution from properties acquired in FP23	+20		+20
Contribution from a silent partnership in FP23	+14		+14
Contribution from the properties acquired (scheduled)		+330	+330
External Growth factors total	+35	+330	+366
Increase of rental income from existing properties	+38		+38
Increase of repair costs for existing properties	▲32		▲32
Utilities income	▲60		▲60
Internal growth factors total	▲34	0	▲34
Decrease of funding-related expenses	+76		+76
Generation of funding-related expenses with the properties acquired		▲57	▲57
Generation of expenses for issue of new investment units		▲51	▲51
Financial strategy factor, etc. total	+87	▲111	▲23
Total (a)	+88	+219	+307
Net income (million yen) (b)	3,691	-	3,691
Net Income (Enabled profit to be distributed) (million yen) (c=a+b)	3,780	219	3,999
The number of investment Units (d)	1,591,117	96,377	1,687,494
DPU (yen) (e=c/d)	2,375	▲5	2,370
DPU of previous forecast (yen) (f)	2,320	-	2,320
Impact for DPU (yen) (e-f)	+55	▲5	+50

## Asset External growth

- ✓ Income expected to increase by 219 million yen due to property acquisitions (after deducting funding-related expenses for property acquisitions and cost of issuing new investment units)

## Asset Internal growth

- ✓ Rental income from existing properties increased by 38 million yen due to suppressing floor area of tenant departure and reducing rent decline rate, etc.
- ✓ Utilities costs increased by 60 million yen due to the increase in electricity fees, and repair cost increased by 32 million yen due to increasing the competitiveness of existing properties

## Debt Financial strategy, etc.

- ✓ Funding-related expenses decreased by 76 million yen. Of this, 53 million yen due to reduction in funding costs implemented in FP23, 23 million yen due to borrowing amount decrease.

## Equity DPU

- ✓ DPU for FP24 expected to increase 50 yen more than the FP22 financial announcement forecast to 2,370 yen.



# Appendix

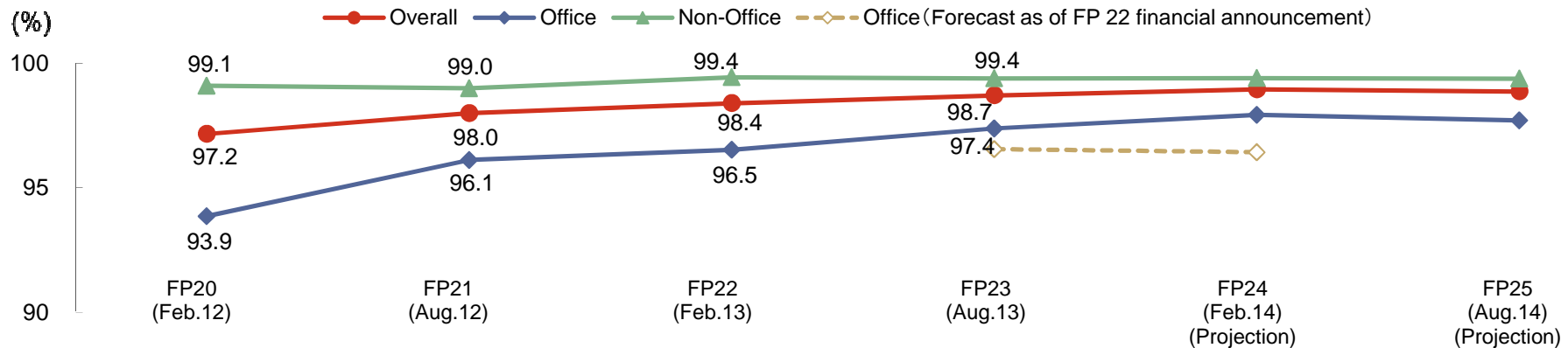


# Maintenance and Improvement of Occupancy Rates

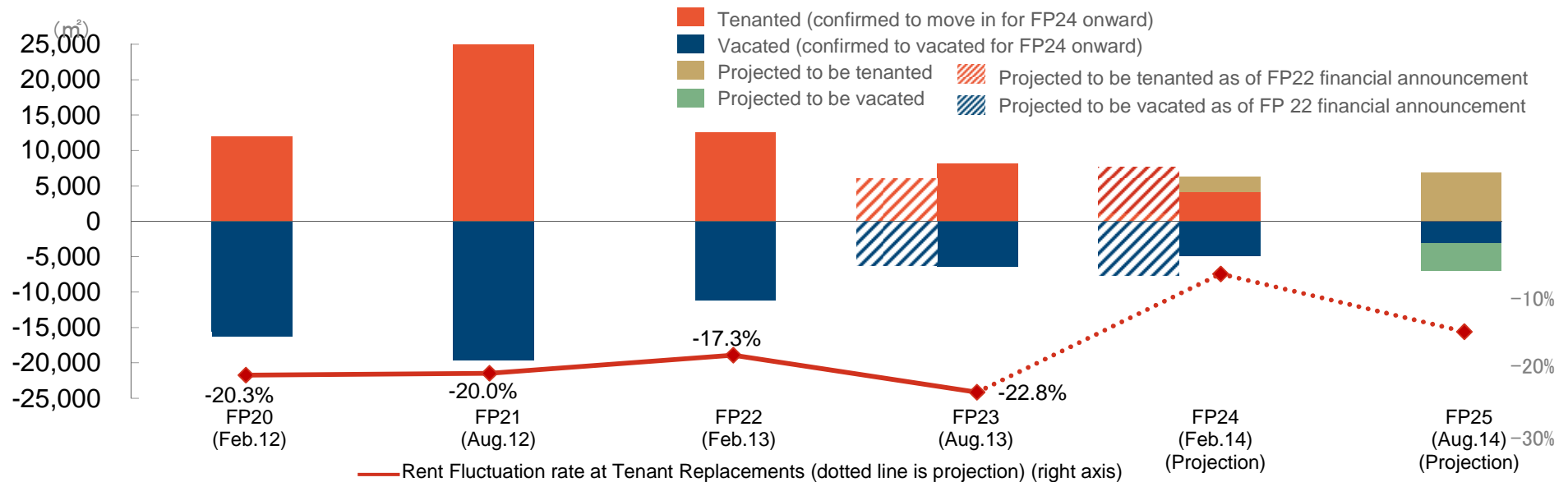
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- ✓ Assumed the office occupancy rate will be stable at the current level
- ✓ Tenant departures were successfully suppressed at approx. 4,900m<sup>2</sup> in FP24 against previous forecast of approx. 7,700m<sup>2</sup>

## Period End Occupancy Rates



## Tenanted/Vacated Area and Rent Fluctuation Rate at Tenant Replacement (excluding residences)



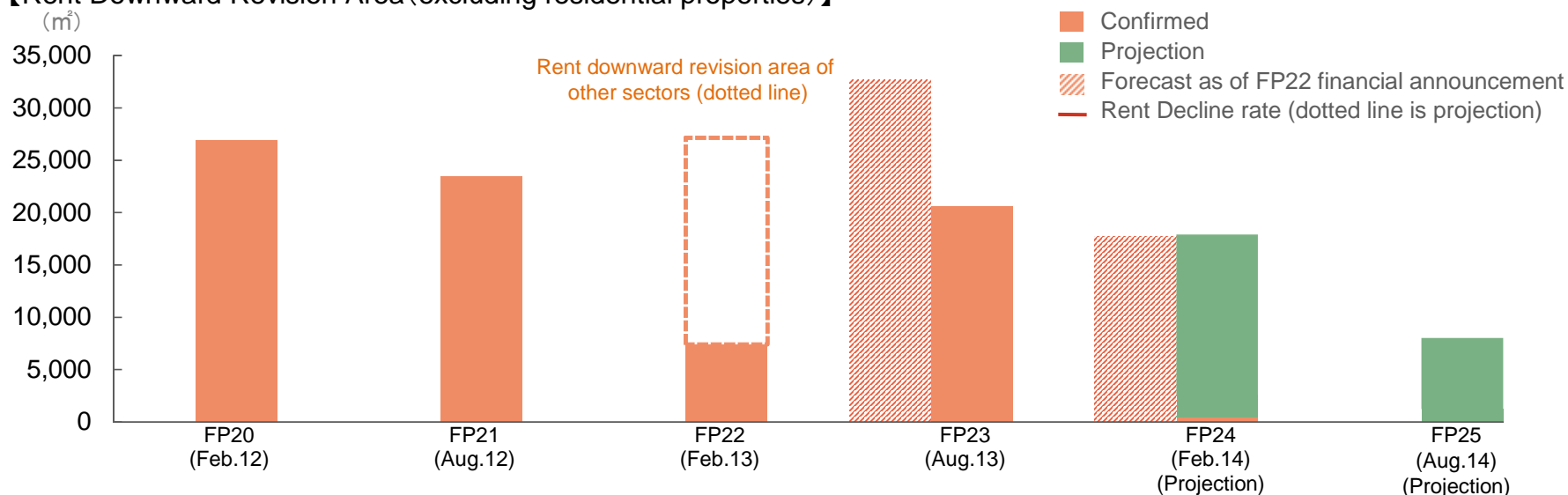
# Rent Downward Revision

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- ✓ During FP23, area of rent decrease was successfully suppressed at approx. 21,000m<sup>2</sup> against previous forecast of approx. 33,000m<sup>2</sup>
- ✓ Aim to suppress the area of rent decrease for FP24 onward

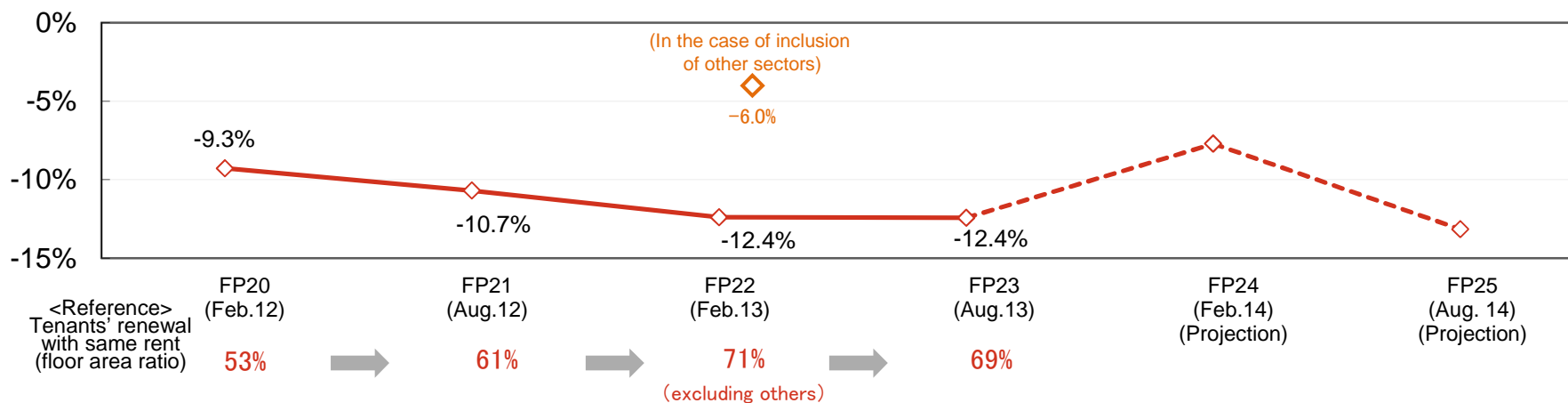
## Existing Tenants' Rent Downward Revision Area and Rent Decline Rate

【Rent Downward Revision Area(excluding residential properties)】



【Rent Decline Rate(excluding residential properties)】

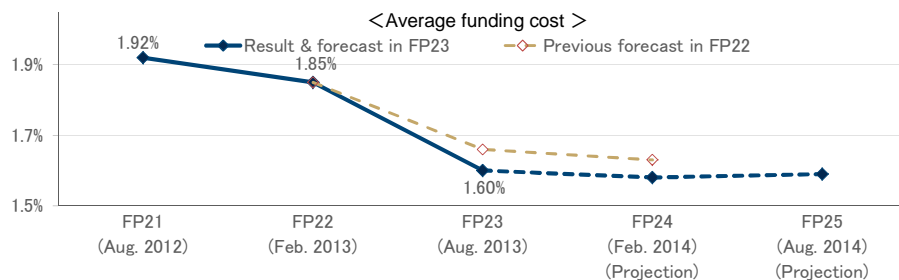
(Note) Excluding the renewal rent increased and remained.



## ✓ Reduced funding costs and increased financial stability

### Reduced funding costs

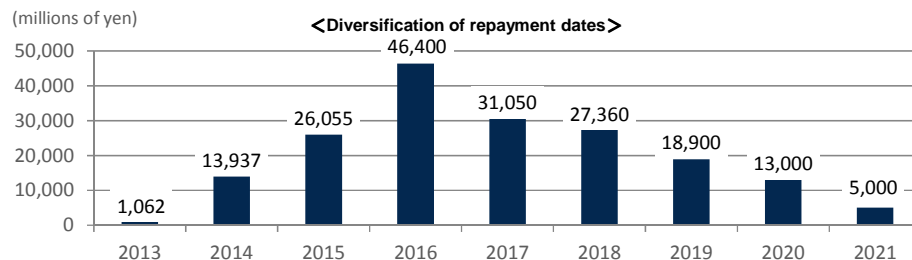
#### ✓ Reducing funding costs



### Increased financial stability

#### ✓ Aiming to diversify and lengthen borrowing periods

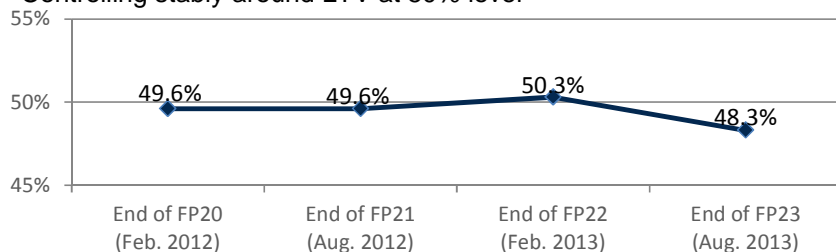
Average remaining periods to maturity (at the end of August, 2013) : 3.4 years



(As of October 15, 2013)

### Reduced LTV (total asset base)

#### ✓ Controlling stably around LTV at 50% level



### List of lenders

(As of October 15, 2013)

Financial Institution	Outstanding (million)	Ratio	Financial Institution	Outstanding (million)	Ratio
Sumitomo Mitsui Trust Bank, Limited	26,538	16.3 %	THE NISHI-NIPPON CITY BANK, LTD.	1,800	1.1 %
Sumitomo Mitsui Banking Corporation	26,093	16.0 %	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,500	0.9 %
Development Bank of Japan Inc.	19,500	12.0 %	Mitsui Life Insurance Company Limited	1,000	0.6 %
Mitsubishi UFJ Trust and Banking Corporation	19,015	11.7 %	The Hyakugo Bank, Ltd.	1,000	0.6 %
Mizuho Bank, Ltd.	11,069	6.8 %	Taiyo Life Insurance Company	1,000	0.6 %
The Norinchukin Bank	8,500	5.2 %	THE KAGAWA BANK, Ltd.	1,000	0.6 %
Aozora Bank, Ltd.	8,250	5.1 %	The Hiroshima Bank, Ltd.	1,000	0.6 %
Resona Bank, Limited	6,300	3.9 %	The Bank of Yokohama, Ltd.	1,000	0.6 %
The Shinkumi Federation Bank	5,800	3.6 %	The 77 Bank, Ltd.	1,000	0.6 %
National Mutual Insurance Federation of Agricultural Cooperatives	5,000	3.1 %	Shimane bank, Ltd.	600	0.4 %
Shinsei Bank, Limited	4,400	2.7 %	THE MINATO BANK, LTD.	500	0.3 %
The Bank of Fukuoka, Ltd.	4,000	2.5 %	The Toho Bank, Ltd.	500	0.3 %
ORIX Bank Corporation	3,500	2.2 %	ShinGinko Tokyo, Limited	500	0.3 %
The Shizuoka Bank, Ltd.	2,000	1.2 %			

**Total: 27 institutions**  
**162,765 million yen**

### Investment corporation bonds

(As of October 15, 2013)

**Total: 20,000 million yen**

	Balance (million yen)	Interest rate	Issued date	Period
Unsecured Investment Corporation Bond No. 2	5,000	1.44%	Aug. 12, 2010	4 yrs
Unsecured Investment Corporation Bond No. 3	5,000	1.58%	Nov. 18, 2010	5 yrs
Unsecured Investment Corporation Bond No. 4	5,000	1.40%	Jan. 27, 2011	3 yrs
Unsecured Investment Corporation Bond No. 5	5,000	0.76%	Feb. 8, 2013	5 yrs

### Credit ratings

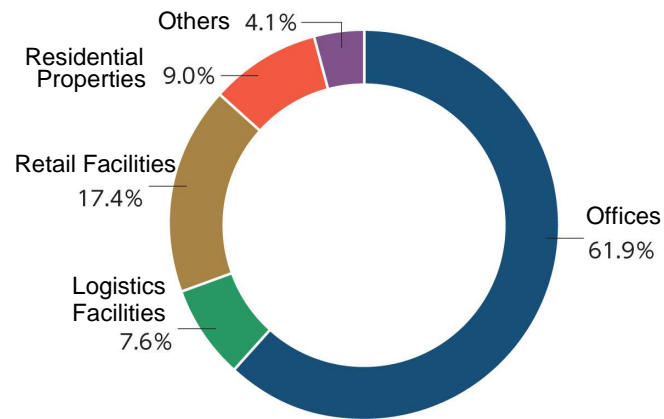
(As of October 15, 2013)

S&P	Long-term rating: A-, Short-time rating: A-2	Outlook : Stable
R&I	Issuer rating: A+	Rating outlook : Stable
JCR	Long-term issuer rating : AA-	Rating outlook : Stable

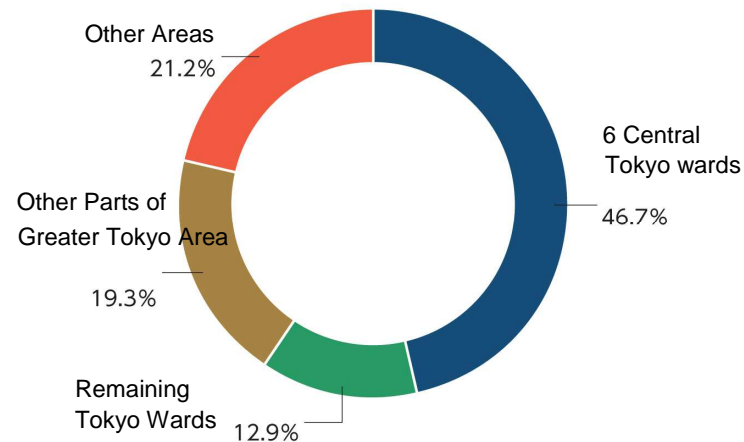
- ✓ Aiming to increase the profitability and stability of portfolio by utilizing features of a diversified REIT and advancing diversified investments

## Portfolio Diversification After the PO (acquisition price base)

### Type Diversification



### Regional Diversification



## Portfolio Profile After the PO

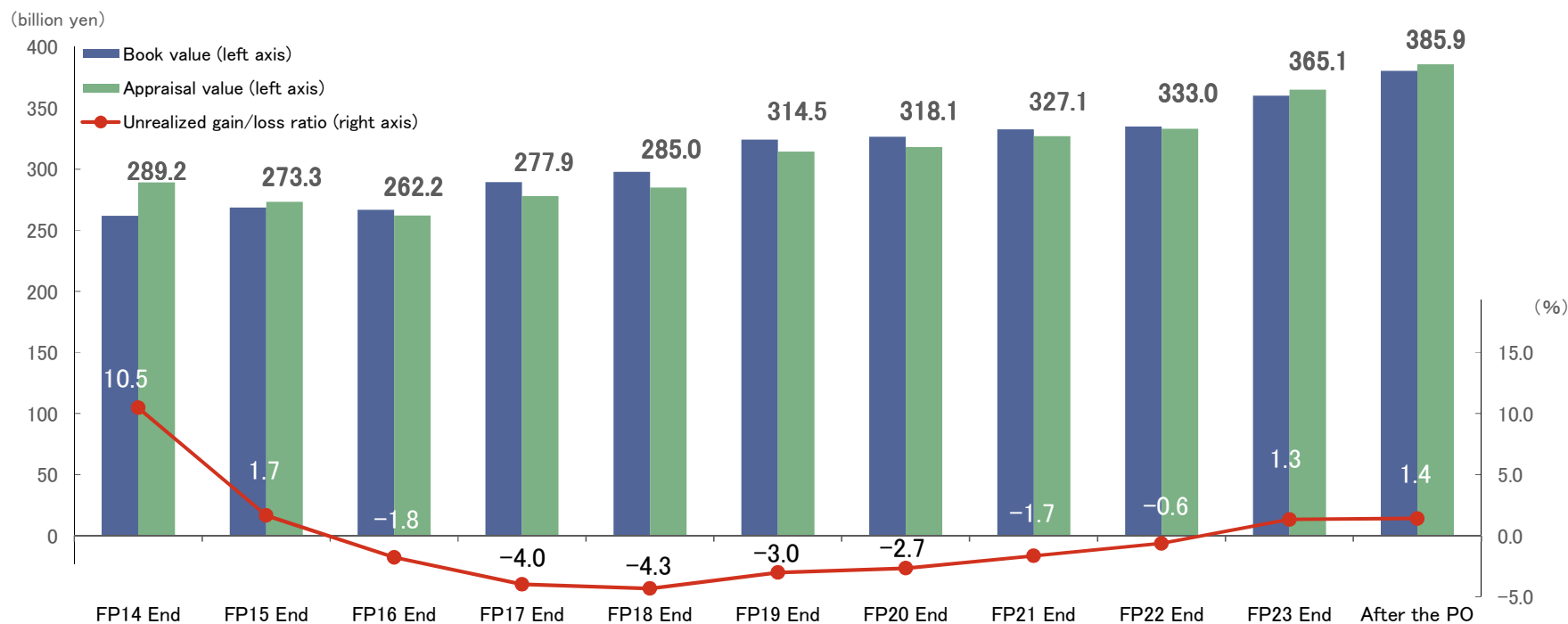
	Total acquisition price (bill)	No.	Occupancy rate (%)	NOI Yield (%)	Yield After depreciation (%)
Offices	2,495	42	97.4	4.3	3.2
Retail Facilities	700	17	99.9	5.9	4.9
Residential Properties	363	13	96.3	5.8	3.6
Logistics Facilities	308	4	100.0	5.7	3.6
Others	165	2	99.5	5.5	4.0
Portfolio Overall	4,033	78	98.8	4.9	3.6

# Overview of Appraisal Value

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✓ Turned to unrealized gain from the end of FP23 due to depreciation and property acquisitions below the appraisal value, etc., in addition to improvement of cap rate

	FP14 (End of Feb. 2009)	FP15 (End of Aug. 2009)	FP16 (End of Feb. 2010)	FP17 (End of Aug. 2010)	FP18 (End of Feb. 2011)	FP19 (End of Aug. 2011)	FP20 (End of Feb. 2012)	FP21 (End of Aug. 2012)	FP22 (End of Feb. 2013)	FP23 (End of Aug. 2013)	After the PO (Oct 15. 2013)
Number of properties	48	49	49	52	54	62	63	68	70	73	78
Appraisal value (billion yen)	289.2	273.3	262.2	277.9	285.0	314.5	318.1	327.1	333.0	365.1	385.9
Book value (billion yen)	261.8	268.8	266.9	289.4	297.9	324.3	326.7	332.6	335.1	360.3	380.5
Unrealized gain/loss (billion yen)	27.4	4.4	-4.7	-11.4	-12.8	-9.7	-8.6	-5.4	-2.1	4.7	5.3
Unrealized gain/loss ratio (%)	10.5	1.7	-1.8	-4.0	-4.3	-3.0	-2.7	-1.7	-0.6	1.3	1.4



(Note 1) Unrealized gain/loss is calculated in subtracting the book value from the appraisal value, both as of the end of fiscal period.

(Note 2) Unrealized gain/loss ratio is calculated in dividing the unrealized gain/loss by the book value, both as of the end of fiscal period.

- “The Public Offering (the PO)” refers collectively to the various measures announced in the press releases “ORIX JREIT Announces Issue of New Investment Units and Secondary Offering of Units,” “ORIX JREIT Announces Asset Acquisition (“MG Shirokanedai Building, Cross Avenue Harajuku, AEON TOWN Sendai-Izumiosawa (Land), GRAN MART Tegata and Kanazawa Kohrinbo myatria)” all dated October 15, 2013.
- A “diversified REIT” is a real estate investment corporation that invests in a variety of sectors of real estate, etc., such as offices, logistics facilities, retail facilities and residential properties. Furthermore, “REIT” refers to an investment corporation that has established that it will invest primarily in real estate and real estate-related assets.
- “The Properties acquired (scheduled)” are “MG Shirokanedai Building, Cross Avenue Harajuku, AEON TOWN Sendai-Izumiosawa (Land), GRAN MART Tegata and Kanazawa Kohrinbo myatria”.
- “The acquisition properties” are to acquire “The Properties acquired (scheduled)”.
- “Acquisition price (scheduled)” is the sale price (rounded down to the nearest whole number) recorded in the sale agreement, etc. The price does not include consumption tax or other expenses related to acquisition (brokerage fees, taxes and public charges, etc.).
- “NOI yield” is obtained by dividing the “annualized NOI” by the “acquisition price (scheduled)”. The figure is rounded to the nearest first decimal place.
- “NOI (net operating income)” is calculated by using the formula: Rental operating income (Rental operating revenue – Rental operating expenses) + Depreciation. Rental operating revenue and rental operating expenses include revenues from finance lease of property and cost of finance lease of property, respectively. Leasing NOI is calculated after adding the cost of finance lease of property to the rental operating income for the fiscal period.
- The “annualized NOI” uses either of the following for each property depending on the period it was acquired.
  - Properties acquired before FP23 (ended August 2013): Actual annualized figure for the end of each Fiscal Period.
  - Properties acquired (scheduled): The net operating income in the direct capitalization approach method recorded in the appraisal report at the time of acquisition. However, AEON TOWN Sendai-Izumiosawa (Land) uses the net operating income for the first fiscal year in the discounted cash flow method recorded in the appraisal report at the time of acquisition since the direct capitalization approach method is not used in the appraisal report.
- “Yield after depreciation” is obtained by dividing the “annualized income after depreciation” by the “book value”. The figure is rounded to the nearest first decimal place.
- Calculation of “Income after depreciation” :  

$$\text{NOI (net operating income)} - \text{Depreciation} - \text{Cost of finance lease of property}$$
- “Annualized income after depreciation” uses either of the following for each property depending on the period it was acquired.
  - Properties acquired before FP23 (ended August 2013): Actual annualized figure for the end of each Fiscal Period.
  - The Properties acquired (scheduled): The net operating income in the direct capitalization approach method recorded in the appraisal report at the time of acquisition less the projected depreciation obtained by OJR. (however, AEON TOWN Sendai-Izumiosawa (Land) uses it for the first fiscal year in the discounted cash flow method since the direct capitalization approach method is not used in the appraisal report) .
- “Forecasted depreciation” is calculated by using the straight-line method depending on the service life of the properties, in the same manner for calculating the figure for OJR’s owned assets, after taking into consideration information from engineering reports and such.
- “Book value” uses either of the following for each property depending on the period it was acquired.
  - Properties acquired before FP23 (ended August 2013): Actual annualized figure for the end of each Fiscal Period.
  - The properties acquired (scheduled): Acquisition price (scheduled).
- “Occupancy rate” is obtained by dividing “rented space” by “rentable space”. The figure is rounded to the nearest first decimal place. The occupancy rates of properties owned are used by figures at the end of FP22 ( ended February 2013) and FP 23 (ended August 2013) . The occupancy rates of the properties acquired (scheduled) are used by figures as of August, 2013 provided from sellers, and the occupancy rates after the PO are calculated by adding figures at the end of FP 23 (ended August 2013) to the figures of properties acquired (scheduled).
- “Rented space” and “rentable space” concern either the owned portions and ownership ratio of real estate managed by OJR (including the properties acquired (scheduled)).
- “Rented space” refers to the space included in the rentable space for which lease contracts are actually concluded.
- “Rentable space” refers to the total floor space in OJR’s owned portion of each real estate that is practically leasable (including the concerned space when leasing common spaces, etc.).
- “Unrealized gain/loss” uses the difference between “appraisal value” and “book value” and is rounded down to the nearest whole number.
- “ Appraisal value” either of the following for each property depending on the period it was acquired.
  - Properties acquired before FP23 (ended August 2013): Appraisal values for the end of each Fiscal Period.
  - The properties acquired (scheduled): appraisal value obtained at the point when the property acquisitions were decided.
- “NAV” stands for Net Asset Value, the figure derived at the periods from the following formula:  

$$\text{NAV} = \text{Unitholders' capital} + \text{Unrealized gain/loss based on appraisal value}$$

- “Outstanding interest-bearing debt” is rounded down to the nearest whole number.
- “Total assets,” “interest-bearing debt” and “LTV (based on total assets)” may be subject to change as explained below. In calculating the total issue value from the capital increase, OJR assumes the total issue value of the units through public offering and the total issue value of the units through third-party allotment to be 10,082 million yen and 504 million yen, respectively, totaling 10,587 million yen. These values are estimates calculated based on the closing price of OJR’s investment unit in the regular trading session at the Tokyo Stock Exchange, Inc. on Monday, October 7, 2013. If the actual total issue value is higher or lower than the estimate, either the total amount of the borrowings OJR will conduct for acquiring the Property or the required amount of cash on hand, or both, will vary accordingly and so will the total assets and interest-bearing debt after the capital increase. For reference, the total assets after the capital increase is calculated by deducting 62.5 million yen in borrowings that OJR repaid by using cash on hand on September 20, 2013 from the total asset at the end of FP23 totaling 378,711 million yen and adding 20,215 million yen to be procured to acquire the Property. Moreover, the interest-bearing debt after the capital increase is calculated by deducting 62.5 million yen in borrowings that OJR repaid by using cash on hand on September 20, 2013 from the interest-bearing debt at the end of the 23rd fiscal period totaling 182,828 million yen and adding 9,629 million yen in borrowings to be conducted for acquiring the property. The LTV (based on total assets) after the capital increase is an estimate as of the date of this document based on the above-mentioned assumptions, and the figure will vary depending on the changes in the actual total issue value of the capital increase. Specifically, if the actual total issue value of the capital increase is lower than the above estimate, the proceeds OJR will receive through the capital increase will decrease from the above estimate, and the sum total of the increase in the borrowings to be conducted to acquire the property and the decrease in cash on hand will vary to the extent of the decrease in the receiving proceeds, leading to a higher LTV (based on total assets) after the capital increase than the figure described in this document. In contrast, if the actual total issue value is higher than the above estimate, the proceeds OJR will receive from the capital increase will increase from the above estimate, and the sum total of the decrease in the borrowings to be conducted to acquire the Property and the increase in cash on hand will vary to the extent of the increase in the receiving proceeds, leading to a lower LTV (based on total assets) after the capital increase than the figure described in this document.
- “Average funding cost” is the annualization of the figure obtained by dividing “the sum of interest expenses, interest on investment corporation bonds, funding related expenses (excluding repayment related expenses and commitment line agreement related expense) and depreciation of investment corporation bonds issuance costs,” recorded in the profit and loss statements, by the “average outstanding total interest-bearing debt” of the period of concern. The figure is rounded to the nearest second decimal place.
- “Greater Tokyo area” defines as Tokyo, Kanagawa prefecture, Saitama prefecture and Chiba prefecture.
- “Among retail facilities, “urban-type retail facilities” are retail facilities located near major train stations in the Greater Tokyo Area and government ordinance designated cities from which growth of profits can be expected. “NSC (neighborhood shopping centers)” are shopping centers targeting small trade zones such as nearby communities and which have a drugstore, home center and such as tenants and a supermarket, etc. as the core tenant.
- “Average remaining years to maturity” is the average remaining period from the specified point of each interest-bearing debt to its repayment date or maturity date, weighted by the balance of outstanding interest-bearing debt as of the specified point, and is rounded to the first decimal place.

This document is not an offer to sell or a solicitation of any offer to buy the securities of OJR in the United States or elsewhere.

This document contains forward-looking statements, including forecasts of financial position, results of operations, and business-related matters, as well as statements related to the plans and goals of the management of ORIX Asset Management Corporation (OAM), the investment trust management company that provides asset management services for OJR. However, there are a number of known and unknown risks and uncertainties that can cause actual results or OJR's performance to differ materially from any explicit or implicit forecasts contained herein. These forward-looking statements also rest on a number of assumptions with regard to OJR's present and future management strategies, as well as the political and economical environments in which OJR will conduct its future business operations.

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