

Issuer:

ORIX JREIT Inc.

“Supplementary Material”

Revisions of Earnings & Distributions Forecasts

From the 30th fiscal period ending Feb. 28, 2017 to the 32nd fiscal period ending Feb. 28, 2018

February 10, 2017

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 summarized the various initiatives as well as information announced in the releases such as “ORIX JREIT Announces Property Acquisition ‘Hotel Nikko Himeji’” on September 29, 2016 and “ORIX JREIT Announces Transfer of Property ‘Toyo MK Building’” on November 11, 2016 as well as “ORIX JREIT Announces Property Acquisition ‘(Tentative) HOTEL LIVEMAX Nagoya-Sakae Annex’” on December 26, 2016 and “ORIX JREIT Announces Property Acquisition ‘SUNROUTE PLAZA TOKYO’” on January 17, 2017, “ORIX JREIT Announces Revisions of Earnings & Distributions Forecasts for the 30th fiscal period ending February 28, 2017 and the 31st fiscal period ending August 31, 2017, and Earnings & Distribution Forecasts for the 32nd fiscal period ending February 28, 2018” on February 10, 2017 as well as “ORIX JREIT Announces Issue of New Investment Units and Secondary Offering of Investment Units” on February 10, 2017. As each estimated figures for the future achievement from the next page onward has been calculated according to prescribed methods based on certain hypotheses and forecasts as well as condition precedent, actual performance may vary considerably. Thus, ORIX JREIT Inc. (“OJR”) does not guarantee these figures for future achievement. As for details of the condition precedent and the calculation methods, please refer to the aforementioned press releases as well as definitions from Page 11 onward and the disclaimer.

Asset Enhance portfolio profitability and stability

Impact of on-going operations

- Thanks to progress in leasing and control of tenants move-out for FP 31 ending Aug. 31, 2017, **rental revenues from OJR's existing portfolio** is forecasted to **increase by 147 million yen** (Please see page 5).
- Areas of existing Offices and Retail facilities where rents will be renewed upward are forecasted to be more than 15,000㎡ for both FP30 ending Feb. 28, 2017 and FP31 ending Aug. 31, 2017 (Please see page10).

Impact of the initiatives (Note1)

- Acquired 2 hotels of 31.6 billion yen in total **from Sponsor**.
- Disposed of 1 office property in consideration of its future competitiveness** and expect to realize a Capital gain of 1.01 billion yen.

Debt Reduce financing costs and increase financial stability

Impact of the initiatives

- Lower LTV based on total assets to 42.8% through the PO **in order to facilitate flexible property acquisition. The borrowing capacity up to LTV 50%** after the initiatives is forecasted to increase **by 21.3 billion yen**.
- Ave. funding cost is forecasted to decrease from 1.09% for FP29 ended Aug. 31, 2016 to 1.03% for FP 30 ending Feb. 28, 2017.

Equity Achieve sustainable growth of unitholders' value

Impact of the initiatives

- Set aside 0.85 billion yen of Capital gain as internal reserves** (Note2)

Key Performance Indicators

	End of FP29 (End of Aug., 2016)	Before the initiatives (Note3)	The initiatives		After the initiatives
			The property acquisitions (Note4)	The property disposition (Note4)	
AUM (Acquisition price)	582,478	596,111	31,600	5,270	622,441
Number of properties	106	108	2	1	109
NOI yield	5.1%	5.1%	5.8%	6.2%	5.1%
Yield after depreciation	4.0%	4.0%	4.9%	6.0%	4.0%
Unrealized gain/loss	82,635	83,022	120	1,048	82,093

(Unit : million yen)

DPU Forecasts

	Forecasts announced at the PO in Sep., 2016	Forecasts announced at the previous financial announcement	New Forecasts	Comparison with Forecasts at the PO in Sep., 2016
FP30 (Feb., 2017)	2,980yen	3,000 yen (+20 yen)	3,120 yen (+120 yen)	+140 yen (+4.7%)
FP31 (Aug., 2017)	2,930yen	2,970 yen (+40 yen)	3,000 yen (+30 yen)	+70 yen (+2.4%)
FP32 (Feb., 2018)	—	—	3,040 yen	—

NAV per unit in consideration of internal reserves

	End of FP29 End of Aug., 2016	Before the initiatives	After the initiatives (Forecast)
Balance of interest-bearing debt	269,117	269,117	274,117
LTV based on total assets	45.5%	44.2%	42.8%
	150,841 yen	151,601 yen	152,623 yen

(Note1) "The initiatives" collectively refer to the PO, the property acquisitions and the property disposition as well as funding and repayment for interest-bearing debts attributable to the property acquisitions.

(Note2) The figure is estimated by its Asset Manager based on Capital gain estimated from the property disposition in consideration of requirements in "Special Provision for Taxation in the case of Advanced acquisition of Land in 2009 and 2010" as well as requirements for inclusion in deductible expenses of profit distribution or dividends as of Feb. 10, 2017. The figure may vary at the end of the 30th fiscal period ending Feb. 28, 2017.

(Note3) While the acquisitions of "Gaien Nishi-dori Building", "PRIZE TENJIN" and "Intervillage OHIMAGARI (Extension)" have been not yet completed before the initiatives as of Sep. 29, 2016, as they had been released before the PO in Sep., 2016, the foregoing figures are included in figures "before the initiatives".

(Note4) Each figure regarding the property disposition and the property acquisitions is shown in the table. "NOI yield" and "Yield after depreciation" regarding the property acquisitions represent the weighted average numbers based on acquisition prices.

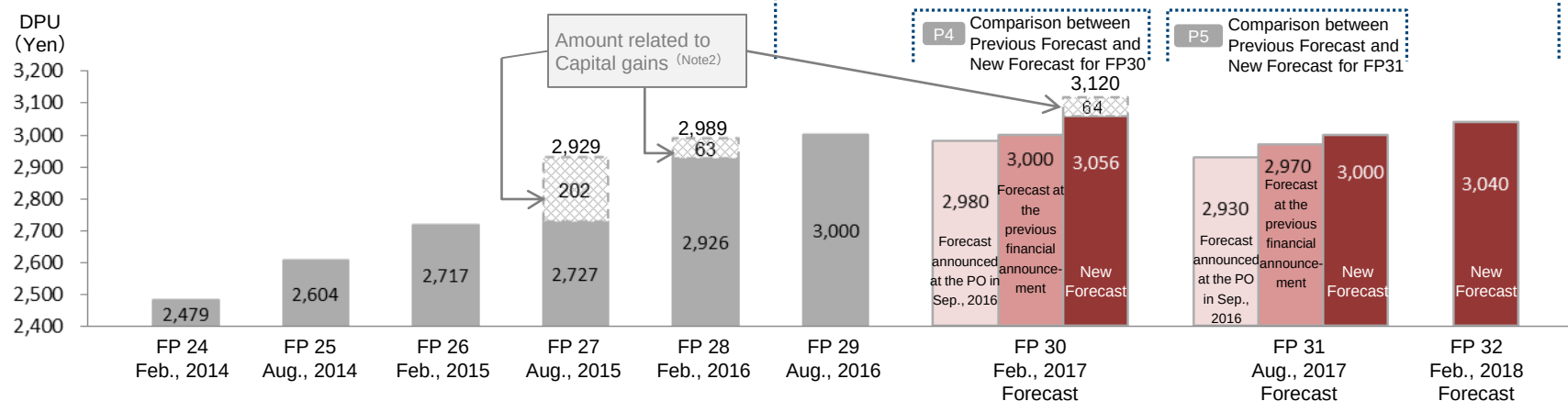
(Note5) Please see definitions from page 11 onward regarding each term.

Stable Growth of DPU

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- ✓ Revised DPU Forecasts upward by +140 yen for FP30 ending Feb. 28, 2017 and by +70 yen for FP31 ending Aug. 31, 2017 from those at the PO in Sep., 2016.
- ✓ Increase Borrowing capacity by 21.3 billion yen and set aside 0.85 billion yen (277 yen per unit) as internal reserves.

DPU Trend (Note1)



Impacts of the initiatives

		At the PO in Sep., 2016	After the initiatives (Forecasts)	Change	
Borrowing capacity (Note3) (LTV based on total asset)		70.9 bil. yen (44.2%)	92.3 bil. yen (42.8%)	+21.3 bil. yen (▲1.4 %)	Increase in borrowing capacity
Internal reserves (Internal reserves per unit) (Note4)		1.84 bil. yen (731yen)	2.7 bil. yen (1,008yen)	+0.85 bil. yen (+277 yen)	Improve stability of DPU
DPU Forecasts	FP31 (Aug., 2017)	2,930 yen	3,000 yen	+ 70 yen (+2.4 %)	Stable Growth of DPU
	FP32 (Feb., 2018)		3,040 yen (Note5)		
	Estimated property-related tax per unit		approx.15 yen (Note6)		

Compared to the previous financial period: +40yen (+1.3%)

<Reference>Additional factors which may impact future DPU other than the above-mentioned

Free Cash Flow

From 5 ~6 billion yen per year

Utilization of Acquisition capacity

- (Note1) "Forecast announced at the PO in Sep., 2016" for both FP30 ending Feb. 28, 2017 and FP31 ending Aug. 31, 2017 indicate DPU Forecasts in the press release "ORIX JREIT Announces Revisions of Earnings Forecasts for the 29th Fiscal Period (Ending August 31, 2016) and the 30th Fiscal Period (Ending February 28, 2017), and Earnings & Distributions Forecasts for the 31st Fiscal Period (Ending August 31, 2017)" on August 15, 2016. "Forecast at the previous financial announcement" for both FP30 ending Feb. 28, 2017 and FP31 ending Aug. 31, 2017 indicate DPU Forecasts in "ORIX JREIT Announces Financial Results for the 29th Fiscal Period" at the previous financial announcement. "New Forecast" for both FP30 ending Feb. 28, 2017 and FP31 ending Aug. 31, 2017 indicate DPU Forecasts in the press release "ORIX JREIT Announces Revisions of Earnings & Distributions Forecasts for the 30th fiscal period ending February 28, 2017 and the 31st fiscal period ending August 31, 2017, and Earnings & Distribution Forecasts for the 32nd fiscal period ending February 28, 2018" on Feb. 10, 2017. Furthermore, "New Forecast" for FP32 ending Feb. 28, 2018 indicates DPU Forecast in the press release "ORIX JREIT Announces Revisions of Earnings & Distributions Forecasts for the 30th fiscal period ending February 28, 2017 and the 31st fiscal period ending August 31, 2017, and Earnings & Distribution Forecasts for the 32nd fiscal period ending February 28, 2018" on Feb. 10, 2017.
- (Note2) "Amount related to Capital gains" is calculated by deducting both internal reserves and early termination fees from Capital gain on the property disposition for the fiscal period and then by dividing the foregoing calculation results by number of Investment Units outstanding at the end of the fiscal period. The calculation result is rounded down to the nearest whole number. As internal reserves exceeded Capital gain from the property disposition for FP29 ended Aug. 31, 2016, there's no Amount related to Capital gain.
- (Note3) "Borrowing capacity" indicates Borrowing capacity up to 50% of LTV based on total assets. Both Borrowing capacity and LTV based on total asset "at the PO in Sep., 2016" indicate figures after initiatives announced at each timing. In addition, "Acquisition capacity" collectively refers to "Borrowing capacity" and "Free Cash Flow" as well as "Proceeds increased by the PO".
- (Note4) "Internal reserves per unit" at the PO in Sep., 2016 are calculated by dividing the actual internal reserves at the end of FP29 ended Aug. 31, 2016 by number of Investment Units issued and outstanding "At the PO in Sep., 2016". "Internal reserves per unit after the initiatives (Forecasts)" are calculated by dividing estimated internal reserves after the initiatives by estimated number of Investment Units outstanding after the initiatives. Both calculation results are rounded down to the nearest whole number.
- (Note5) DPU Forecast for FP32 ending Feb. 28, 2018 after the initiatives is calculated by taking into account the impacts of the initiatives as well as impacts of "(Tentative) HOTEL LIVEMAX Nagoya-Sakae Annex" to be acquired on Dec. 26, 2017.
- (Note6) Estimated property-related tax per unit of approx. 15 yen is calculated by dividing the total of property-related tax to be recorded as an expense for FP33 ending Aug. 31, 2018 as results of acquisitions of "HOTEL SUNROUTE PLAZA TOKYO" and "(Tentative) HOTEL LIVEMAX Nagoya-Sakae Annex" by number of Investment Units outstanding after the initiatives. (Note7) Please see definitions from page 11 onward regarding each term.



References

**Comparisons between Earnings &
Distributions Forecasts and Actual Performance**

Comparison between Previous Forecast for FP 30 announced at the previous financial announcement and New Forecast for FP30 ending Feb. 28, 2017.

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Variance between Previous Forecast in FP30 ending Feb. 28, 2017 and New Forecast for FP30.

	Operating revenues	Net income		DPU	
				Amount related to Capital gains per unit ^(Note1)	DPU excluding Amount related to Capital gains
Previous Forecast (A)	21,013 million yen	7,573 million yen	3,000 yen		3,000 yen
New Forecast (B)	22,183 million yen	8,732 million yen	3,120 yen	64 yen	3,056 yen
Change (C)=(B)-(A)	+1,170 million yen	+1,158 million yen	+120 yen	+64 yen	+56 yen
Change of percentage (C) / (A)	+5.6%	+15.3%	+4.0%		+1.9%

Breakdown of variance

(Unit : million yen)

	Impact of on-going operations	The initiatives	Total (Breakdown of change in Net income)
Capital gain from Toyo MK Building etc.		+945	+945
Contribution from SUNROUTE PLAZA TOKYO		+141	+141
Others	+11	+9	+20
Total of external growth factors	+11	+1,096	+1,107
Increase in rental revenues from existing properties	+59		+59
Increase in Surplus on utility cost of existing properties	+75		+75
Others	- 23		- 23
Total of internal growth factors	+112		+112
Issuance cost of new units	+3	- 25	- 21
Financing-related cost		- 7	- 7
Others	- 4	- 25	- 30
Total of financial strategy factors	- 1	- 58	- 60
Total (a)	+121	+1,037	+1,158
Net income forecasted at the previous financial announcement (b)	7,559	+13	7,573
Net income based on New Forecast (c=a+b)	7,681	+1,050	8,732
Internal reserves (b) ^(Note2)		+855	855
Total of Distribution based on New Forecast (c'=c-b)	7,681	+195	7,877
Number of investment units outstanding (d)	2,524,623	0	2,524,623
New DPU Forecast (yen) (e=c'/d)	3,042	+78	3,120
DPU forecasted at the previous financial announcement (yen) (f)	2,994	+6	3,000
Impact on DPU (yen) (e-f)	+48	+72	+120
Amount related to Capital gains per unit (yen) ^(Note1)		+64	+64
DPU excluding Amount related to Capital gains per unit (yen)	+48	+8	+56

- OJR expects to realize a Capital gain of 1.01 billion yen as a result of Disposition of Toyo MK Building comprehensively in consideration of its future competitiveness.
- OJR expects to set aside 0.85 billion yen as internal reserves while raising DPU by 120 yen.

(Note1) Please see the following breakdown regarding Amount related to Capital gain.

【Breakdown of Amount related to Capital gain】

(Unit : million yen)

	Previous Forecasts for FP30 ending Feb. 28, 2017 announced at the previous financial announcement	New Forecasts for FP30 ending Feb. 28, 2017	Change
Capital gain		1,018	+1,018
Impact on Net income		1,018	+1,018
Internal reserves etc.		-855	-855
Impact on total of distribution		163	+163
Number of investment units outstanding (Unit)		2,524,623	
Impact on DPU (Yen)		64	+64
Net income	7,573	8,732	+1,158
Impact on Net income attributable to Capital gain		1,018	+1,018
Net income excluding Capital gains	7,573	7,713	+140

(Note2) The balance of internal reserves at the end of FP 30 ending Feb. 28, 2017 is forecasted to be 2.7 billion yen.

(Note3) Please see definitions from page 11 onward regarding each term.

Comparison between Previous Forecast for FP 31 ending Aug. 31, 2017 announced at the previous financial announcement and New Forecast for FP31.

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Variance between Previous Forecast for FP31 ending Aug. 31, 2017 and New Forecast for FP31.

	Operating revenues	Net income	DPU
Previous Forecast (A)	21,311 million yen	7,497 million yen	2,970 yen
New Forecast (B)	22,114 million yen	8,040 million yen	3,000 yen
Change (C)=(B)-(A)	+803 million yen	+542 million yen	+30 yen
Change of percentage (C) / (A)	+3.8%	+7.2%	+1.0%

Breakdown of variance

(Unit : million yen)

	Impact of on-going operations	The initiatives	Total (Breakdown of change in net income)
Decrease in earnings due to Disposition of Toyo MK Building		- 117	- 117
Contribution from SUNROUTE PLAZA TOKYO		+617	+617
Others	+6	+14	+20
Total of external growth factors	+6	+514	+520
Increase in rental revenues from existing properties	+147		+147
Increase in Repair cost of existing properties	- 50		- 50
Others	+27		+27
Total of internal growth factors	+124		+124
Issuance cost of new units		- 28	- 28
Financing-related cost		- 20	- 20
Asset management fees etc.	- 1	- 53	- 54
Total of financial strategy factors	- 1	- 101	- 102
Total (a)	+129	+412	+542
Net income forecasted at the previous financial announcement (b)	7,394	+103	7,497
Net income based on New Forecast (c=a+b)	7,524	+515	8,040
Number of investment units issued and outstanding (d)	2,524,623	+155,377	2,680,000
New DPU Forecast (yen) (e=c/d)	2,981	+19	3,000
DPU forecasted at the previous financial announcement (yen) (f)	2,929	+41	2,970
Impact on DPU (yen) (e-f)	+52	- 22	+30

(Note) Please see definitions from page 11 onward regarding each term.

Comparison between Actual Performance for FP29 ended Aug.31, 2016 and New Forecast for FP30 ending Feb. 28, 2017

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Variance between Actual Performance for FP29 ended Aug. 31, 2016 and New Forecast for FP30 ending Feb. 28, 2017.

	Operating revenues	Net income	DPU		
				Amount related to Capital gains per unit ^(Note1)	DPU excluding Amount related to Capital gains
Actual Performance for FP29 ended Aug. 31, 2016 (A)	20,365 million yen	7,575 million yen	3,000 yen	-102 yen	3,102 yen
New Forecast for FP30 ending Feb. 28, 2017 (B)	22,183 million yen	8,732 million yen	3,120 yen	64 yen	3,056 yen
Change (C)=(B)-(A)	+1,817 million yen	+1,157 million yen	+120 yen	+166 yen	-46 yen
Change of percentage (C) / (A)	+8.9%	+15.3%	+4.0%		-1.5%

Breakdown of variance

(Unit : million yen)

	Impacts of on-going operations	The initiatives	Total (Breakdown of change in Net income)
Full fiscal period contributions from 6 properties acquired at the PO in Mar., 2016 etc.	+240		+240
Contributions from 5 properties acquired at the PO in Sep., 2016 etc.	+300		+300
Loss of Capital gain on Disposition of Nihonbashi East Building etc.	- 82		- 82
Contribution from Hotel Nikko Himeji		+22	+22
Capital gain from Disposition of Toyo MK Building etc.		+945	+945
Contribution from SUNROUTE PLAZA TOKYO		+141	+141
Total of external growth factors	+458	+1,109	+1,568
Decrease in rental revenues of existing properties	- 62		- 62
Increase in Repair cost of existing properties	- 11		- 11
Decrease in Surplus of Utility cost	- 44		- 44
Increase in Property management cost such as leasing fees	- 48		- 48
Others	- 136		- 136
Total of internal growth factors	- 302		- 302
Issuance cost of new units		- 25	- 25
Financing-related cost	+67	- 7	+59
Asset management fees etc.	- 116	- 25	- 142
Total of financial strategy factors	- 49	- 58	- 108
Total (a)	+106	+1,050	+1,157
Actual Net income for FP29 (b)	7,575		7,575
Net income forecasted for FP30 (c=a+b)	7,681	+1,050	8,732
Internal reserves etc. (b) ^(Note2)		+855	855
Total of Distribution (c'=c-b')	7,681	+195	7,877
Number of investment units outstanding (d)	2,524,623		2,524,623
DPU Forecast for FP30 (yen) (e=c'/d)	3,042	+78	3,120
Actual DPU for FP29 (yen) (f)	3,000		3,000
Impact on DPU (yen) (e-f)	+42	+78	+120
Amount related to Capital gains per unit (yen) ^(Note1)	+102	+64	+166
DPU excluding Amount related to Capital gains per unit (yen)	- 60	+14	- 46

6 properties acquired at the PO in Mar., 2016: Aoyama Suncrest Building (Additional acquisition), Round-Cross Akihabara, ORIX Yodoyabashi Bldg., Hamamatsu Act Tower, KONAMI SPORTS CLUB KORIEN, Kita Aoyama Building

5 properties acquired at the PO in Sep., 2016: Gaien Nishi-dori Building, SAPPORO BRICK CUBE, Albore Kagoshima, PRIZE TENJIN, TAKANAWA DUPLEX C's

Thanks to contribution from Capital gains etc., OJR forecasts to increase DPU by 120 yen.

(Note1) Please see following Breakdown of Amount related to capital gain.

[Breakdown of Amount related to Capital gains]

(Unit: million yen)

	FP29 ended Aug. 31, 2016 Actual performance	FP30 ending Feb. 28, 2017 Forecast	Change
Capital gains	62	1,018	+956
Impact on Net income	62	1,018	+956
Internal reserves etc.	-310	-855	- 544
Impact on total of Distribution	-248	163	+411
Number of investment units issued and outstanding (unit)	2,421,323	2,524,623	+103,300
Impact on DPU (yen)	- 102	64	+166
Net income	7,575	8,732	+1,157
Impact on Net income by Capital gains	62	1,018	+956
Net income excluding Capital gains	7,513	7,713	+200

(Note2) As a result of the aforementioned internal reserves, the balance of Internal reserves at the end of FP30 ending Feb. 28, 2017 is forecasted to be 2.7 billion yen.

(Note3) Please see definitions from page 11 onward regarding each term.

Comparison between New Forecast for FP30 ending Feb. 28, 2017 and New Forecast for FP31 ending Aug. 31, 2017

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Variance between New Forecast for FP30 ending Feb. 28, 2017 and New Forecast for FP31 ending Aug. 31, 2017

	Operating revenues	Net income		DPU	
				Amount related to Capital gains per unit ^(Note1)	DPU excluding Amount related to Capital gains
New Forecast for FP30 ending Feb. 28, 2017 (A)	22,183 million yen	8,732 million yen	3,120 yen	64 yen	3,056 yen
New Forecast for FP31 ending Aug. 31, 2017 (B)	22,114 million yen	8,040 million yen	3,000 yen		3,000 yen
Change (C)=(B)-(A)	-68 million yen	-692 million yen	-120 yen	-64 yen	-56 yen
Change of percentage (C) / (A)	-0.3%	-7.9%	-3.8%		-1.8%

Breakdowns of Variance

(Unit : million yen)

	Effect of on - going operations	The initiatives	Total (Breakdown of change in net income)
Property-related taxes regarding 6 properties acquired in 2016	- 47	- 7	- 54
Full fiscal period contributions from 5 properties at the PO in Sep., 2016 etc.	+20		+20
Full fiscal year contribution from Hotel Nikko Himeji		+102	+102
Non-recurring Capital gain etc. realized from Toyo MK Building		- 1,063	- 1,063
Full fiscal period contribution from SUNROUTE PLAZA TOKYO		+476	+476
Total of external growth factors	- 27	- 492	- 519
Increase in rental revenues from existing properties	+95		+95
Property-related taxes regarding 5 properties acquired at the PO in Mar., 2016	- 269		- 269
Others	+42		+42
Total of internal growth factors	- 131		- 131
Issuance cost of new units	+38	- 3	+35
Financing-related costs	- 7	- 12	- 19
Asset management fee etc.	- 28	- 27	- 56
Total of financial strategy factors	+1	- 42	- 41
Total (a)	- 157	- 534	- 692
Net income forecasted for FP30 (b)	7,681	+1,050	8,732
Net income forecasted for FP31 (c=a+b)	7,524	+515	8,040
Number of investment units issued and outstanding (d)	2,524,623	+155,377	2,680,000
DPU Forecast for FP31 (yen) (e=c/d)	2,981	+19	3,000
DPU Forecast for FP30 (yen) (f)	3,042	+78	3,120
Impact on DPU (yen) (e-f)	- 61	- 59	- 120
Amount related to Capital gains per unit (yen) ^(Note1)		- 64	- 64
DPU excluding Amount related to Capital gains per unit (yen)	- 61	+5	- 56

6 properties acquired in 2016: SAPPORO BRICK CUBE, TAKANAWA DUPLEX C's, Albore Kagoshima, Gaien Nishi-dori Building, PRIZE TENJIN, Hotel Nikko Himeji

5 properties acquired at the PO in Sep., 2016: Gaien Nishi-dori Building, SAPPORO BRICK CUBE, Albore Kagoshima, PRIZE TENJIN, TAKANAWA DUPLEX C's

5 properties acquired at the PO in Mar., 2016: Aoyama Suncrest Building (Additional acquisition), Round-Cross Akihabara, ORIX Yodoyabashi Building, Hamamatsu Act Tower, Kita Aoyama Building

DPU decreases by 120 yen per unit in total as a result of the impacts of Property-related taxes with a decrease in DPU in on-going operations by 61 yen per unit, and the exclusion of the non-recurring Capital gain with a decrease in DPU by 59 yen per unit.

(Note1) Please see the following breakdown of Amount related to Capital gain.

【Breakdown of Amount related to Capital gain】

(Unit : million yen)

	FP30 ending Feb. 2017 Forecast	FP31 ending Aug. 2017 Forecast	Change
Capital gain	1,018		-1,018
Impact on Net income	1,018		-1,018
Internal reserves etc.	-855		+855
Impact on total of Distribution	163		- 163
Number of investment units issued and outstanding (unit)	2,524,623	2,680,000	+155,377
Impact on DPU (yen)	64		- 64
Net income	8,732	8,040	- 692
Impact on Net income by Capital gain	1,018		-1,018
Net income excluding Capital gain	7,713	8,040	+326

(Note2) Please see definitions from page 11 onward regarding each term.

Comparison between New Forecast for FP31 ending Aug. 31, 2017 and New Forecast for FP32 ending Feb., 2018

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Variance between New Forecasts for FP31 ending Aug. 31, 2017 and New Forecast for FP32 ending Feb. 28, 2018

	Operating revenues	Net income	DPU
New Forecast for FP31 ending Aug. 31, 2017 (A)	22,114 million yen	8,040 million yen	3,000 yen
New Forecast for FP32 ending Feb. 28, 2018 (B) ^(Note1)	22,036 million yen	8,147 million yen	3,040 yen
Change (C)=(B)-(A)	-78 million yen	+106 million yen	+40 yen
Change of percentage (C) / (A)	-0.4%	+1.3%	+1.3%

Breakdowns of Variance

(Unit : million yen)

	Impact of on - going operations	The initiatives	Total (Breakdown of change in Net income)
Increase in contributions from SUNROUTE PLAZA TOKYO etc.		+26	+26
Total of external growth factors		+26	+26
Increase in rental revenues in existing properties	+35		+35
Others	- 22		- 22
Total of internal growth factors	+12		+12
Issuance costs of new units		+28	+28
Financing-related costs	+58	+3	+61
Asset management fee etc.	- 1	- 20	- 22
Total of financial strategy factors	+56	+11	+67
Total (a)	+69	+37	+106
Net income forecasted for FP31 (b)	7,524	+515	8,040
Net income forecasted for FP32 (c=a+b)	7,593	+553	8,147
Number of investment units issued and outstanding (d)	2,524,623	+155,377	2,680,000
DPU Forecast for FP32 (yen) (e=c/d)	3,008	+32	3,040
DPU Forecast for FP31 (yen) (f)	2,981	+19	3,000
Impact on DPU (yen) (e-f)	+27	+13	+40

(Note1) Regarding Impact on Forecast for FP32 ending Feb. 28, 2018 after the initiatives etc., please see the following table.

(Unit : million yen)

Impact on Forecast for FP32 ending Feb. 28, 2018 after the initiatives etc. (Note2)			
	Impact of on-going operations	The initiatives etc. (Note2)	Total
Property-related rental income	10,706	+643	11,349
NOI	14,605	+794	15,399
Depreciation expense and cost for finance lease of property	3,899	+150	4,049
Expenses other than Property-related rental expense	- 1,683	- 74	- 1,757
Non-operating profit and loss	- 1,409	- 16	- 1,426
Corporate taxes	- 19	+0	- 19
Net income	+7,593	+553	+8,147
Number of investment units issued and outstanding (units)	2,524,623	+155,377	2,680,000
DPU (yen)	3,008	+32	3,040
Estimated property-related tax (yen)		-15	-15
DPU (yen)	3,008	+17	3,025

(Note2) "The initiatives etc." collectively refer to both the initiatives and Acquisition of "(Tentative) HOTEL LIVEMAX Nagoya-Sakae Annex".

(Note3) Please see definitions from page 11 onward regarding each term.

Assumption of Distribution Forecasts : Occupancy Rate and Tenant Turnover 9

✓Occupancy rates in offices are expected to hover around 97% in and after the end of FP30 ending Feb. 28, 2017.

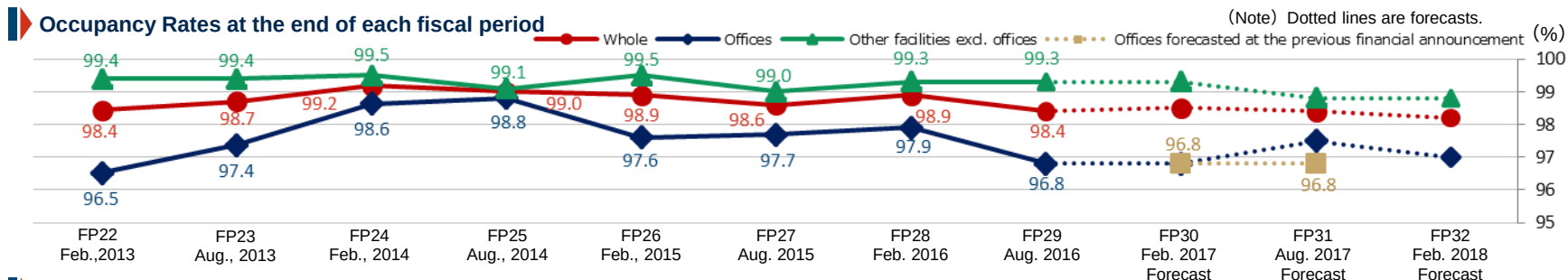
Assumptions for Forecasts

Assumptions for Tenant Move-in

➤Move-in areas are forecasted in consideration of the confirmed contracts (both increase and decrease in rent renewals), as well as inquiries from tenants and leasing market conditions.

Assumptions for Tenant Move-out

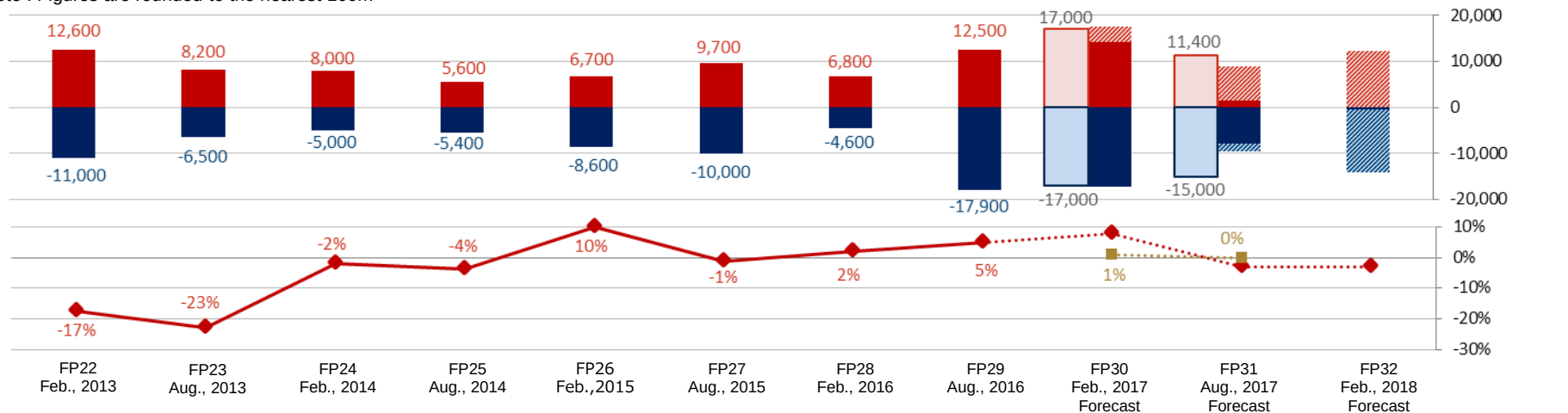
➤Move-out areas are forecasted in consideration of the confirmed contracts, as well as negotiation status with tenants and leasing market conditions.



Regarding both offices and retail facilities, Above) Move-in / Move-out areas, Below) Rent Fluctuation Rate by Tenant Turnover

■ Move-in (Only confirmed move-in in and after FP30)
 ■ Move-out (Only confirmed move-out in and after FP30)
 ■ Move-in (Forecast)
 ■ Move-out (Forecast)
 ■ Move-in forecasted at the previous financial announcement
 ■ Move-out forecasted at the previous financial announcement

Note : Figures are rounded to the nearest 100m²



Assumptions of Distribution Forecasts : Rent Renewals of Existing Tenants 10

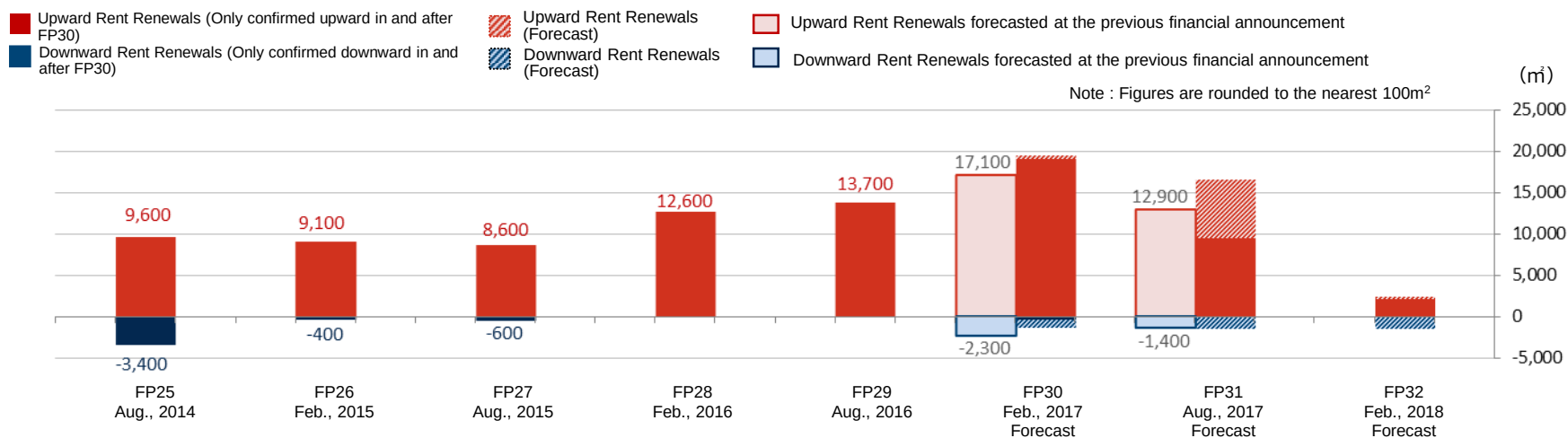
- ✓ Forecast to achieve Upward Rent Renewals in areas of more than 15,000m² in both FP30 ending Feb. 28, 2017 and FP31 ending Aug. 31, 2017.

Assumptions for forecasts

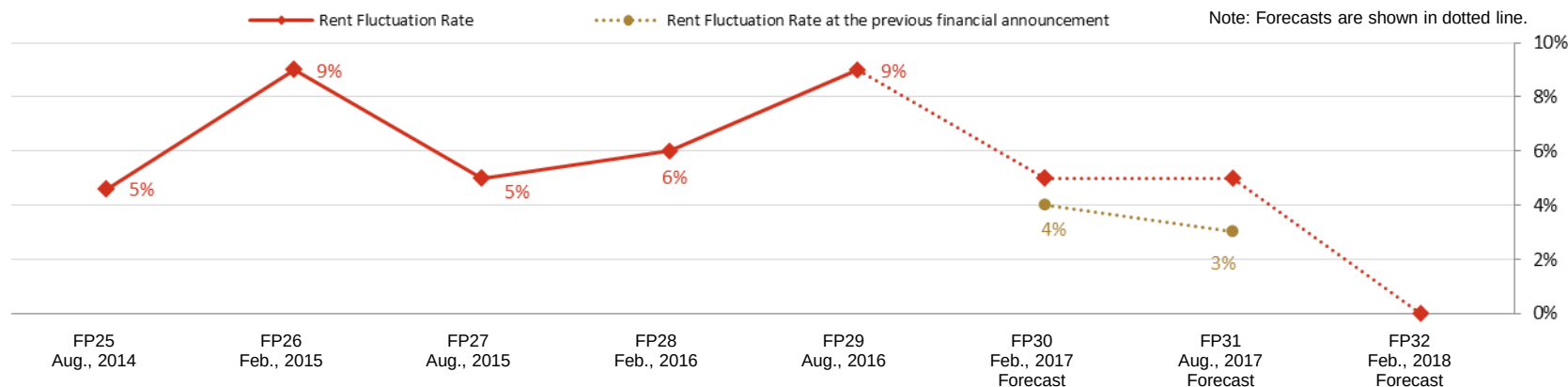
Assumptions for Upward Rent Renewals and Downward Rent Renewals

- Both Upward Rent Renewals and Downward Rent Renewals are forecasted comprehensively in consideration of the confirmed contracts as well as the rent gap between the market conditions and the current terms and conditions in agreements, negotiation status etc.

Rent Renewal areas in both offices and retail facilities by existing tenants



Rent Fluctuation Rate in Rent Renewals in both offices and retail facilities



- “On-going operations” refers to the operation in properties owned at the end of FP29 (the end of Aug. 31, 2016) and 2 properties acquired at the PO in Sep. , 2016 such as “Gaien Nishi-dori Building” and “PRIZE TENJIN” as well as “intervillage OH!MAGARI(Extension)”.
- “The initiatives” collectively refers to the PO, the property acquisitions and the property disposition as well as funding and repayment of interest-bearing debts attributable to the property acquisitions.
- “The PO” refers to Issue of New Investment Units through Public Offering as well as Third-Party Allotment based on “ORIX JREIT Announces Issue of New Investment Units and Secondary Offering of Investment Units” released on Feb. 10, 2017.
- “Before the initiatives” refers to September 29, 2016 which is the timing immediately after the completion of Issue of New Investment Units through Third-Party Allotment at the PO in Sep., 2016. Though “Gaien Nishi-dori Building”, “PRIZE TENJIN” and “intervillage OH! MAGARI (Extension)” have not yet been acquired before the initiatives (Sep. 29, 2016), since the property acquisitions had been released at or before the PO in Sep., 2016, figures including the properties are shown in “Before the initiatives”.
- “The initiatives etc.” collectively refer to the initiatives as well as acquisition of “(Tentative) Hotel LIVEMAX Nagoya-Sakae Annex”.
- “The property acquisitions” refer to acquisitions of both “Hotel Nikko Himeji” and “SUNROUTE PLAZA TOKYO”.
- “The property disposition” refers to a disposition of “Toyo MK Building”.
- “The properties acquired” collectively refers to “Hotel Nikko Himeji” and “SUNROUTE HOTEL TOKYO”.
- “Acquisition price” refers to the price indicated in the sales and purchase agreement and so forth, and doesn’t include national and local consumption taxes and the costs concerning acquisitions. It is rounded down to the nearest whole number.
- “NOI yield” is calculated by dividing “Annualized NOI” regarding properties owned at each timing by “Acquisition price” and then rounded to the first decimal place.

“NOI (Net Operating Income)” is calculated according to the following calculation formula; Rental Operating Income (Rental operating revenue-Rental operating expense)+Depreciation expense=NOI. Rental operating revenue and Rental operating expense include revenues from finance lease of property and cost of finance lease of property. “NOI (Net Operating Income)” is calculated by adding Cost of the finance lease of property to Rental Operating Income.

“Annualized NOI” is calculated according to the following figures at each fiscal period of property acquisitions.

- Annualized NOI regarding properties acquired in or before FP29 ended Aug. 31, 2016 indicates actual Annualized NOI in FP29 ended Aug. 31, 2016.
- Annualized NOI regarding properties acquired in FP30 ending Feb. 28, 2017 are calculated based on Net operating income of Direct Capitalization method indicated in the Appraisal report obtained at the timing of decisions made to acquire properties. Annualized NOI regarding “intervillage OH! MAGARI (Extension)” is calculated by deducting Net Operating Income by Direct Capitalization method regarding the whole existing properties owned by OJR indicated in the Appraisal report from Net Operating Income by Direct Capitalization method regarding the whole existing properties after the acquisition of “intervillage OH! MAGARI (Extension)” indicated in the Appraisal report obtained on Nov. 28, 2016 prior to the acquisition of “intervillage OH! MAGARI (Extension)”.
- “Yield after depreciation” is calculated by dividing “annualized income after depreciation” regarding properties owned at each timing by “Book value” and it is rounded to the first decimal place.

“Income after depreciation” is calculated according to the following calculation formula.

Annualized income after depreciation=NOI(Net operating income)-depreciation expense in the fiscal period –Cost of finance lease of property

“Annualized income after depreciation” refers to the following figures according to each fiscal period of each property acquisition.

- Regarding properties acquired in or before FP 29 ended Aug. 31, 2016, it refers to actual annualized income after depreciation in FP 29 ended Aug. 2016.
- Regarding properties acquired in FP 30 ending Feb. 28, 2017, it is calculated by deducting depreciation expense estimated by OJR from Net Operating Income according to the Direct Capitalization method in Appraisal reports obtained at the timing of decision-making on property acquisitions.

“Estimated depreciation expense” is calculated based on straight-line method according to each useful life in the same manner as the existing properties owned by OJR comprehensively in consideration of information indicated in Engineering reports.

“Book value” refers to the following figures according to each fiscal period upon property acquisition.

- Regarding properties acquired in or before FP 29 ended Aug. 31, 2016, it refers to Book value at the end of FP29 ended Aug. 31, 2016.
- Regarding properties in FP 30 ending Feb. 28, 2017, it refers to acquisition prices.

- “Unrealized gain/loss” refers to the variance between “Appraisal value” and “Book value”. It is rounded down to the nearest whole number.

“Appraisal value” refers to either of following figures according to each fiscal period.

- Regarding properties acquired in or before FP29 ended Aug. 31, 2016, it refers to Appraisal value at the end of FP29 ended Aug. 31, 2016.
- Regarding properties acquired in FP30 ending Feb. 28, 2017, it refers to Appraisal value obtained at the timing of decision-making on property acquisitions. However, regarding “intervillage OH! MAGARI (Extension)”, it is calculated by deducting “Appraisal value of 6,150 million yen regarding the whole existing property” from “Appraisal value of 6,280 million yen regarding the whole property after acquisition of ‘intervillage OH! MAGARI (Extension)’”.

- “The balance of interest-bearing debts” is rounded down to the nearest whole number.

- “LTV based on total assets” is calculated by dividing the balance of interest-bearing debts at each timing by total assets and rounded to the first decimal place. It is also simply expressed as “LTV” in this material.

“LTV based on total assets” before the initiatives is calculated by dividing the balance of interest-bearing debts before the initiatives by total assets before the initiatives.

Total assets before the initiatives is calculated by adding Total issue value of 17,113 million yen at the PO in Sep., 2016 to total assets on the balance sheet at the end of FP29 ended Aug. 31, 2016.

LTV based on total assets after the initiatives is estimated by dividing the balance of interest-bearing debts after the initiatives by total assets after the initiatives.

The balance of interest-bearing debts after the initiatives is estimated according to the following calculation formula.

The balance of interest-bearing debts after the initiatives = The balance of interest-bearing debts before the initiatives + Estimated net increase in interest-bearing debts which were allocated to part of funds for the properties acquired – forecasted bridge loans repayment of 21,800 million yen by way of proceeds at the PO.

Total assets after the initiatives is estimated according to the following calculation formula.

Total assets after the initiatives = total assets on the balance sheet at the end of FP29 ended Aug. 31, 2016 + Total issue value of 17,113 million yen at the PO in Sep., 2016 + proceeds forecasted from the PO + Net increase in interest-bearing debts from the end of FP 29 ended Aug. 31, 2016 to the initiatives.

The assumption of “Proceeds forecasted from the PO” are as follows.

- Issue value at the PO is calculated based on Price per unit pursuant to the closing price of OJR’s Investment Units in ordinary transactions dated Friday, Feb. 3, 2017 at the Tokyo Stock Exchange. It is estimated to be 26,367 million yen in total under assumptions that Total number of units offered through Third-Party Allotment will be subscribed and settled by Daiwa Securities Co. Ltd.

Total assets and the balance of interest-bearing debts are estimated as of Feb. 10, 2016 and both figures may vary according to fluctuation of actual total issue value at the PO. In case actual total issue value vary at the PO, either or both of the total of loans as well as proceeds may vary accordingly.

- “The bridge loan” refers to the short-term loans of 21,800 million yen as a part of new loans executed on Jan. 20, 2017 attributable to acquisition of “SUNROUTE PLAZA TOKYO”.
- “NAV per unit in consideration of internal reserves” is calculated based on the following calculation formula at each timing.

- $\text{NAV per unit} = \text{NAV} / \text{“Number of investment units”}$

“NAV” is an abbreviation for Net Asset Value and it is calculated according to the following calculation formula.

- $\text{NAV} = \text{Unitholders’ capital} + \text{Unrealized gains/losses} + \text{internal reserves}$

Upon calculating NAV per unit, following “Number of Investment units” are used at each timing.

- At or before the end of FP 29 ended Aug. 31, 2016, it refers to the number of investment units outstanding at each timing.

- Before the initiatives, it is calculated by adding Investment Units of 103,300 units issued at the PO in Sep. 2016 to the number of Investment Units outstanding at the end of FP29 ended Aug. 31, 2016.
- After the initiatives, it is calculated by adding Investment Units of 103,300 units issued at the PO in Sep. 2016 and estimated number of Investment Units to be issued at the PO to the number of Investment Units outstanding at the end of FP29 ended Aug. 2016. The number of Investment Units is an estimated figure as of Feb. 10, 2017 and it may vary according to actual number of Investment Units issued at the PO.
- “Average funding cost” is the annualized figure calculated by dividing “the sum of interest expenses on loans and investment corporation bonds, financing-related costs excluding early termination fees and commitment fees, Amortization of investment corporation bond issuance costs” booked on the Profit and loss statement by “Average balance of the total interest-bearing debts” and it is rounded to the second decimal place. The average funding cost in FP 30 ending Feb. 28, 2016 is the annualized figure estimated by dividing “the estimated sum of interest expenses on loans and investment corporation bonds, financing-related costs excluding early termination fees and commitment fees as well as Amortization of investment corporation bond issuance costs” during the fiscal period by “Estimated average balance of the total interest-bearing debts” during the fiscal period and it is rounded to the second decimal place.
- “Previous financial announcement” refers to the financial announcement for FP29 ended Aug. 31, 2016 released on Oct. 17, 2016.
- “The PO in Mar., 2016” collectively refers to the Public Offering of Payment date set on March 16, 2016 as well as Third-Party Allotment of Payment date set on April 12, 2016.
- “The PO in Sep., 2016” collectively refers to the Public Offering of Payment date set on September 1, 2016 as well as Third-Party Allotment of Payment date set on September 28, 2016.
- “Occupancy Rate” is calculated by dividing “Rented space” by “Rentable space” and rounded to the first decimal place.
- Both “Rented space” and “Rentable space” are related to the area or the portion of properties owned by OJR.
- “Rented space” is included in Rentable space and stands for the areas that are actually leased pursuant to the executed lease contracts.
- “Rentable space” refers to the areas that can be practically leased in the areas owned by OJR of each property. In case OJR leases common areas and so forth, they are included in the areas.
- “Rent Fluctuation Rate” refers to the following definitions.
 - At the timing of tenant turnover
 - Out of move-in including forecasts at each fiscal period, regarding compartments where new monthly rents including forecasts in each occupied compartment and the existing monthly rents are comparable, Rent Fluctuation Rate is calculated by dividing the variance between the total of new monthly rents and the total of existing monthly rents by the total of existing monthly rents.
 - At the timing of rent renewals
 - Regarding tenants which renewed rents including forecasts at each fiscal period, Rent Fluctuation Rate is calculated by dividing the variance between the total of new monthly rents including forecasts in the compartments and the total of monthly rents before rent renewals by the total of monthly rents before rent renewals. Rates of rent increase are calculated for tenants which are expected to renew rents upward. Rates of rent decrease is calculated for tenants which are expected to renew rents downward. Both rates don't include rent renewals at the same prices.

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