For Immediate Release

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ORIX JREIT Announces Property Acquisition "(Tentative name) Kamata Residence"

TOKYO, October 27, 2020 —ORIX JREIT Inc. ("OJR") announced that its asset management company, ORIX Asset Management Corporation ("OAM"), passed a resolution on the property acquisition as described below.

1. Acquisition Summary

OJR will acquire the Property(Note1) after the following conditions precedent such as I and II have been fulfilled by the seller.

I. Construction of the property is completed. (Scheduled in January 2021)

II. Necessary permissions and approvals for the property is granted by the authority.

Property Name	(Tentative name) Kamata Residence
Specified asset category	Real Estate
Type	Residential Properties
Area	Remaining Tokyo Wards (Note2)
Acquisition Price	2,328 million yen
Appraisal value (Note3)	2,560 million yen
Seller	Not-disclosed (Note4)
Intermediary	None
Contract date	October 27, 2020
Acquisition date	April 6, 2021(Note5) *If the seller requests by the end of January 2021 to alter the scheduled date to March 31, 2021 or earlier, OJR and the seller may alter the date by mutual consent.
NOI yield (Note6)	4.2%
Yield after depreciation (Note7)	3.0%

Note :

1. "Property" refers to the property to be acquired in the above.
2. "Remaining Tokyo Wards" refers to the remaining Tokyo wards other than the "6 central Tokyo wards (Chiyoda, Chuo, Minato, Shibuya, Shinagawa and Shinjuku wards)."
3. As the property is still under construction, OJR has conducted "appraisal for non-completed building, etc.", in accordance with the real estate appraisal standards defined by the Ministry of Land, Infrastructure and Transport. Please refer to "8. Appraisal Summary" for details.
4. The seller is a Japanese real estate company. The name of the company is not disclosed because the consent of the seller could not be obtained.
5. The purchase and sale agreement for the property to be acquired (hereinafter the "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 case 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 breaches the provisions of the Purchase and Sale Agreement, the counterparty shall set a certain period and demand the breaching party to perform its obligations within such period. If the breaching party fails to remedy its violations within such period, the counterparty may terminate the Purchase and Sale Agreement.

ii. In the event of termination of the Purchase and Sale Agreement due to i) above, except in case of default due to a cause not attributable to the breaching party, the terminating party may claim an amount equivalent to 20% of the acquisition price as a penalty to be paid by the breaching party. The provision of such penalty shall not preclude claims for damages in excess of such amount.

iii. In the event the seller or the buyer objectively and reasonably determines that the seller is unable to complete the construction and sell the building to the buyer pursuant to the Purchase and Sale Agreement by August 31, 2021 without any reason attributable to the seller, for reasons such as the contractor's inability to resume construction work due to the outbreak of the COVID-19 infections irrespective of any available measures to avoid such situation, the buyer or the seller may terminate the Purchase and Sale Agreement without liability for damages incurred by the other party.

6. The "NOI yield" of Property is calculated by dividing Net Operating Income based on the direct capitalization rate method indicated in the appraisal report at the time of decision to acquire by the acquisition price. The figure is rounded to the one decimal place.
7. The "Yield after depreciation" of Property is calculated by dividing (Net Operating Income based on the direct capitalization rate method indicated in the appraisal report at the time of decision to acquire - Depreciation estimated by OAM) by the acquisition price. The figure is rounded to the one decimal place.

2. Purpose of the Acquisition

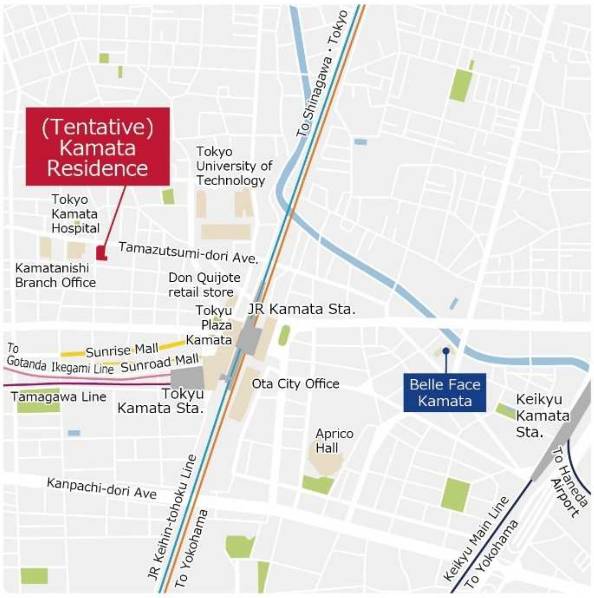
OJR aims to achieve stable growth of unitholder value through careful selection in properties from the perspectives of growth potential, profitability and stability by leveraging our strength, "ORIX Synergy (Note1)," "Direct PM(Note2)" and "Diversified REIT(Note3)". OJR has currently been reshuffling properties to improve the quality of the portfolio by disposing properties with concerns over future competitiveness or profitability and acquiring properties that can leverage our strengths.

Although acquiring quality properties remains to be competitive with limited opportunities, OJR has decided to acquire the property from a 3rd party without missing the opportunity. OJR believes in achieving mid- to long-term stable management of the property evaluating the following points.

Note:
1. The "ORIX Synergy" refers to the cooperative relationship between Sponsor 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.

- Located approximately a five-minute walk from Kamata station on the JR Keihin-Tohoku Line/ Tokyu Ikegami Line/ Tokyu Tamagawa Line, and approx. 9 minutes from Kamata station to the terminal Shinagawa station, approx. 20 minutes to Tokyo station and approx. 15 minutes to Yokohama station by train. In addition, it has easy access to Haneda Airport hence the property has exceptional transportation access.
- The vicinity of Kamata station and this property offers high lifestyle convenience with retail district of shopping streets, grocery stores, convenience stores and restaurants.
- OJR owns one residence 'Belle Face Kamata' with mainly one-room apartments on the east side of Kamata station since June 2011 and has the average occupancy rate of 95% after acquisition (95.7% as of the end of August 2020). The acquiring property consists of 73 units (scheduled) with approx. 25m2 space and is similar to the aforementioned property with mainly one-room typed apartment. Therefore, we believe we can leverage our strength given the track record and familiarity with the market .

【Map and Railway route map】



【Rendering】

3. Summary of the Property

Address (Note1)		7-9-7 and others, Nishi-Kamata, Ota-ku, Tokyo
Public transit access		Approx. 5-minute walk from “Kamata” station on JR Keihin-Tohoku Line / Tokyu Ikegami Line / Tokyu Tamagawa Line
Land	Registered Area	422.57 m^2
	Type of ownership	Full ownership
Building	Registered usage	Residential, bicycle parking lot (Building permit)
	Registered completion date	Jan. 2021 (Scheduled)
	Type of ownership	Full ownership
	Registered Area	2,822.91 m^2 (Building permit)
	Registered construction	Steel-frame reinforced concrete, 14 floors (73 rooms)
Earthquake resistance (with or without earthquake insurance)		PML (Note2): 6% *Based on the report by Sompo Risk Management Inc.
Collateral		None
Summary of the Engineering Report		
	Reporting Company	Tokio Marine & Nichido Risk Consulting Co., Ltd.
	Date of inspection	- (desk survey)
	Maintenance Cost	13 million yen (Note3)
	Total amount of 12 years from the date of inspection	767 million yen (Note3)
Summary of Rental Status (Estimated numbers calculated in estimated NOI described below as the property is still under construction.)		
	No. of tenants	1 *Pass through-type master lease agreement is scheduled to be executed at the time of acquisition.
	Gross rental income	9 million yen /month (Note3)
	Security deposits	-
	Total rent space	-
	Total rentable space	2,019.31m^2
Occupancy rate of end tenants during past 5 years		- (due to under construction)
Special notes		None
Estimated net operating income (NOI)		95 million per annum (Note4) Estimated net operating income (NOI) represents the estimated revenue/ expenditure balance under stabilized occupancy excluding extraordinary factors that may occur after acquisition. The preconditions are as below; these figures are not what OJR expects for the current fiscal year. 1) Occupancy rate: 96.7 % (Occupancy of end-teants) 2) Taxes: (Land) Estimated by OAM based on the actual amount for 2020 (Building) Estimated by OAM

Notes:
1. The “Address” shows the land address recorded in the registry.
2. PML (Probable Maximum Loss) shows the ratio of cost of recovering a building after it is damaged to its state before the damage occurred against replacement cost, when assuming an earthquake that may occur once in 475 years in average in probability statistics (recurrence interval of 475 years). The earthquake risk of a building is evaluated based on the event risk curve that shows the relationship of amount of expected loss (horizontal axis) and probability for the loss to exceed the year (vertical axis). However, the risk curve has variability because loss evaluation comes with uncertainties in earthquake resistance performance of the building, behavior of earthquake vibration, etc. Accordingly, the above PML figures use the risk curve with credibility level of 90%, and are rounded to the nearest whole number.
3. Figures are rounded down to the nearest million yen.

4. Profile of Seller

The seller is a Japanese real estate company. The name of the company is not disclosed because the consent of the seller could not be obtained. There is no capital and personal relationship between OJR and OAM and the seller. In addition, the seller is not a “related party” to OJR nor OAM.

5. Information of Sellers

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

6. Payment terms

Settlement terms: 20 million yen on agreement and the remaining on delivery
Funding method: Cash on hand or borrowing

7. Future Outlook

There will be no change in the earnings and distributions forecast for the 38th fiscal period from September 1, 2020 through February 28, 2021 and the 39th fiscal period from March 1, 2021 through August 31, 2021 announced in “Financial Results for the 37th Fiscal Period” dated October 19, 2020.

8. Appraisal Summary

Name of asset	（Tentative name）Kamata Residence
Date of value	October 1, 2020
Appraisal value (In thousands of yen)	2,560,000
Appraiser	Chuo Real Estate Appraisal Co., Ltd.

(In thousands of yen)

Item	Content	Grounds
Income Approach Value	2,560,000	Income approach value is determined with emphasis on income approach value by the DCF method, with income approach value taking the direct capitalization rate method into consideration
Valuation by the Direct Capitalization Rate Method	2,660,000	
(1) Gross Operating Revenue [(a)-(g)]	121,026	
(a) Effective gross revenue [(b)＋(c)＋(d)＋(e)＋(f)]	125,086	
(b) Rental income	109,611	Assessed taking factors such as the level of rents and CAM charges at similar properties into consideration
(c) CAM income	9,060	Same as above
(d) Utility reimbursement	0	Not recognized because exclusively owned areas are covered by the individual agreements of tenants
(e) Parking Fee income	720	Assessed taking factors such as the level of parking fees at similar properties into consideration
(f) Other income	5,695	Assessed based mainly on estimates
(g) Vacancy loss	4,060	Assessed taking factors such as the actual occupancy of similar properties and future market trend forecasts into consideration
(2) Operating Expenses	23,680	
Maintenance Expense	4,362	Assessed based mainly on estimates
Utility Expense	1,172	Assessed taking factors such as level of expenses at similar properties into consideration
Repair Expense	2,061	Assessed taking into consideration estimated repair expenses based on the ER and our assessment calculated from a medium-to-long-term stable perspective based on details of the building such as use, year built, structure and management status
Property Management Fee	2,423	Assessed based on expected contract conditions
Tenant Advertisement Cost	4,416	Assessed based on expected contract conditions
Tax and Public Dues	8,305	Assessed based on most recent actual amounts
Casualty Insurance	143	Assessed based mainly on estimates
Other Expenses	798	Assessed based mainly on estimates
(3) Net Operating Income [(1)-(2)]	97,346	
(4)Profit from Managing Security Deposit	88	Assessed based on rate of return of 1.0％
(5)Capital Expenditure	1,541	Assessed taking into consideration estimated upgrading expenses based on the ER and our assessment calculated from a medium-to-long-term stable perspective based on details of the building such as use, year built, structure and management status
(6)Net Revenue [(3)+(4)-(5)]	95,893	
(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
DCF Method	251,000	
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	2,660,000	
Ratio of Land	65.4%	
Ratio of Building	34.6%	

Additional considerations made in the reconciliation of evaluation	Since potential buyers of the property are primarily investors who focus on profitability, the appraisal value is determined based on income approach value with the cost approach value used only for reference.

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.