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## **For Immediate Release**

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## **ORIX JREIT Announces Acquisition of Lunar Sendai**

TOKYO, June 18, 2007—ORIX JREIT Inc. (“OJR”) announced today that it would acquire Lunar Sendai (hereafter “property”). The details of the acquisition are outlined below.

### **1. Acquisition Summary**

Asset to be acquired:	Real estate trust beneficial interest Note: Upon acquisition of the real estate trust beneficial interest, OJR will terminate the trust agreement relating to the beneficial interest and acquire fee simple ownership.
Property name:	Lunar Sendai
Acquisition price:	¥8,500,000,000 (excluding national and local consumption taxes)
Scheduled acquisition date:	June 28, 2007
Current owner and seller:	IX Investment K.K.
Anticipated funding method:	Loan proceeds
Payment terms:	100% on transfer

### **2. Purpose of the Acquisition**

Based on the objectives and principles of asset management outlined in its Articles of Incorporation, OJR has decided to acquire the property with a view to enhancing its property portfolio and reducing risk through geographical diversification of the portfolio. Moreover, this property represents the acquisition of an office building, leveraging synergies within the ORIX Group to improve the portfolio. In deciding to acquire the property, the following points were considered to be of particular merit.

#### Location

This property is located in Honcho, which is Sendai’s central business district, lined with office buildings and hotels as well as the prefectural and city offices. The area, which is outstanding in terms of location, is also popular in comparison with other areas, enjoying high rent levels and a low vacancy rate, making it highly competitive. In addition, a perceived shortage of existing buildings to match the robust demand for offices in recent years has emerged in the area, and steady tenant demand is expected for office buildings that maintain a high standard of facilities such as this property.

#### Property

The property boasts an excellent location, being two minutes’ walk from Kotodai Koen Station and three minutes’ walk from Hirose Dori Station, both on the Sendai Municipal Subway line, and it is also within walking distance of JR Sendai Station. Moreover, amidst a large number of aging buildings, its relatively recent construction and the maintenance of a high standard of facilities that include round-the-clock individual air conditioning and security system and 2,600 mm ceilings as well as a leased area of about 230 *tsubo* on standard floors make it a building in scarce supply, and it should enjoy a strong competitive edge even in Honcho, which is popular as an office area.

### 3. Summary of Property for Acquisition

Building name	Lunar Sendai
Specified asset category	Property trust beneficial interest*
Trustee	The Chuo Mitsui Trust and Banking Company, Limited*
Term of trust agreement	April 25, 2001 – April 30, 2012*
Postal address	15-1, Honcho 2-chome, Aoba-ku, Sendai-city, Miyagi
Registered usage	Offices, shops, parking
Registered area	Land: 1,990.35 m <sup>2</sup> Building: 14,107.74 m <sup>2</sup> (total floor area)
Registered construction	Steel-framed, reinforced concrete building with flat roof, 2 floors below ground, 14 floors above ground
Registered completion date	February 26, 1998
Type of ownership	Fee simple
Previous owner	IX Investment K.K.
Acquisition price	¥8,500,000,000 (excluding national and local consumption taxes)
Appraised value	¥8,530,000,000
Appraisal date	May 22, 2007
Appraiser	JAPAN REAL ESTATE INSTITUTE
Scheduled acquisition date	June 28, 2007
Public transit access	Two minutes' walk from Kotodai Koen Station, Sendai Municipal Subway Three minutes' walk from Hirose-Dori Station, Sendai Municipal Subway
Usage restrictions	Commercial district (Building to land ratio 80%, floor to area ratio 600%), fire zone, etc. Note: Floor to area ratio of the property is 678%, based on use of deregulated urban planning systems
Architects	KUME SEKKEI Co., Ltd.
Structural engineers	KUME SEKKEI Co., Ltd.
General contractors	Joint venture between TAISEI CORPORATION, SHIMIZU CORPORATION, OBAYASHI CORPORATION, Hashimoto Corporation
Building inspection agency	Government inspection
Main facilities and specifications	One floor may be divided into eight sections, individual air conditioning, 24-hour security system, OA floors, elevators (four for general use and one emergency elevator), etc.
Parking	142 car parking spaces (one parking space for persons with disabilities), 91 bicycle and motorcycle parking spaces
Floor load	500 kg/ m <sup>2</sup>
Ceiling height	Standard floor area: 2,600 mm Height of raised floors for computer wiring: 50 mm
Leased area (Standard floor area)	Approx. 764 m <sup>2</sup> (roughly 231 tsubo)
Earthquake resistance	PML 7% (Based on SHIMIZU CORPORATION report) PML shows the estimated cost of recovering the building in the event of an earthquake. The figure is based on the probability of an earthquake that may occur every 475 years, and shows the percentage of the construction costs to the replacement value. This seismic risk analysis was done by Shimizu Corporation.
Collateral	None
Special notes	None

No. of tenants	27 (as of June 18, 2007)
Projected annual rental income (including common service charges)	¥ 613 million The projection is quoted from the first year income projection using the discount cash flow method in the Appraisal Report, and does not represent any projections by OJR or ORIX Asset Management Corporation.
Security deposits	¥ 392 million (as of June 18, 2007)
Total rent space	9,376.62 m <sup>2</sup> (as of June 18, 2007)
Total rentable space	9,954.82 m <sup>2</sup> (as of June 18, 2007) *Figures exclude rental conference room (93.66m <sup>2</sup> )
Occupancy rate	94.2% (as of June 18, 2007)

\* Upon acquisition of the real estate trust beneficial interest, OJR will terminate the trust agreement relating to the beneficial interest on the same date, acquiring fee simple ownership.

#### **4. Current owner / Seller**

\*As of June 13, 2007

Company Name	IX Investment K.K.
Address	13-5, Kudan Kita 1-chome, Chiyoda-ku, Tokyo
Representative	Tetsuo Matsumoto
Shareholders' Equity	¥ 10 million
Shareholders	OX Four, Ltd. (ORIX Group company)
Operations	Ownership, sales, leasing, brokerage, and management of real estate and real estate appraisals, etc.
Relationships	ORIX group companies have equity participation in IX Investment K.K. ORIX Asset Management Corporation is a subsidiary of ORIX Corporation. Their relationships thus correspond to that of a Related Party stipulated in the Law Concerning Investment Trusts and Investment Corporations.

#### **5. Information regarding ownership**

Building name (Address)	Lunar Sendai (15-1, Honcho 2-chome, Aoba-ku, Sendai, Miyagi-ken)	
Previous ownership status	Previous owner	Owner prior to previous owner
Owner/company name	IX Investment K.K.	Unrelated third party
Special relationships involved	Both IX Investment K.K. and asset management company are subsidiaries of ORIX Corporation	None
Background to and reason for acquisition	Investment purposes	Development purposes (Building completed in February, 1998)
Acquisition price	-	-
Acquisition date	April 2001	-

#### **6. Intermediary**

N/A

#### **7. Payment**

Anticipated funding method: loan proceeds

Payment terms: 100% on transfer

#### **8. Schedule**

June 18, 2007: Decision made to acquire of the property

June 18, 2007: Execution of sale and purchase contract for the property

June 28, 2007 (planned): Transfer of the property

## **9. Future Outlook**

This acquisition will have only a minor affect on earnings for the six-month period from March 1, 2007 to August 31, 2007. Accordingly, there are no changes to earnings forecasts for that period.

### Addendums

- I. Property photo and map
- II. Appraisal summary
- III. Portfolio summary after acquisition of property

The original Japanese version of this material is being distributed today to the Kabuto Club, the Ministry of Land, Infrastructure and Transport Press Club, and the Ministry of Land, Infrastructure and Transport Press Club for Construction Publications.

I. Property photo and map



## II. Appraisal summary

### 1) Appraisal

Appraised Value	¥8,530,000,000-
Appraisal Date	May 22, 2007
Appraiser	JAPAN REAL ESTATE INSTITUTE

### 2) Valuations by method

i. Cost Method.....	¥ 7,550,000,000-
ii. Income Method	
· DCF value .....	¥8,410,000,000-
Discount Rate.....	5.1%
Terminal Capitalization Rate .....	5.5%
· DC Value.....	¥8,640,000,000-
Capitalization Rate.....	5.3%

### 3) Income projection

The following projection is quoted from the first and the second year income projections using the discount cash flow method in the Appraisal Report, and does not represent any projections by OJR or ORIX Asset Management Corporation.

Unit: ¥ million

	First Year	Second Year
Rental Revenue	558	567
Other Revenue	97	98
Vacancy Loss	(42)	(35)
(A) Gross revenue	613	629
Management /Maintenance Fee	109	109
Taxes	51	51
Other Costs	1	1
(B) Total costs	162	162
(C) Net revenue (C = A - B)	451	466
(D-1) Lump sum revenue	7	8
(D-2) Capital Expenditure	(41)	(41)
(E) Net Income (E = C + D)	418	434

Notes: Figures are rounded down to the nearest million yen, so there may be minor discrepancies in totals.

### 4) Long Term Projected Repairs

According to the Engineering Report by Mitsubishi Jisho Sekkei Inc., maintenance cost over the next 12 years will be ¥489,850 thousand.

### III. Portfolio summary after acquisition of property

	Property	Acquisition		Percentage of Total Acquisition Cost	
		Date	Price( ¥ million)		
Office	Tokyo Central 3 Wards	Aoyama Suncrest Building	December 1. 2001	3,356	1.4
		Round-Cross Ichi-bancho	December 1. 2001	3,900	1.7
		Beside Shirogane	December 21. 2001	1,300	0.6
		Round-Cross Aoyama	December 21. 2001	4,529	1.9
		Round-Cross Akasaka Mitsuke	December 21. 2001	1,650	0.7
		Nihonbashi East Building	December 21. 2001	1,720	0.7
		Round-Cross Minami Azabu	December 21. 2001	1,394	0.6
		Round-Cross Akasaka	January 10. 2002	2,624	1.1
		Landic Mita Building 2	January 10. 2002	1,748	0.7
		Shiba Daimon Building	January 10. 2002	2,195	0.9
		Round-Cross Tsukiji	January 10. 2002	3,378	1.4
		ORIX Jimbo-cho Building	September 29. 2003	4,177	1.8
		ORIX Shiba 2-chome Building	September 29. 2003	7,500	3.2
		Aoyama 246 Building	March 3. 2004	5,200	2.2
		ORIX Akasaka 2-chome Building	June 26. 2006	8,744	3.7
			December 4. 2006	13,116	5.6
			March 28. 2007	10,500	4.5
			<b>Subtotal</b>		<b>77,031</b>
	Other Tokyo Wards	Carrot Tower	December 1. 2001	5,479	2.3
		Toyo MK Building	December 1. 2001	5,270	2.2
		Nikko Moto Yoyogi Building	December 1. 2001	5,091	2.2
		Round-Cross Nishi Shinjuku	December 1. 2001	2,650	1.1
		Beside Kiba	December 21. 2001	2,450	1.0
		DT Gaen	December 21. 2001	2,430	1.0
		Yoyogi Forest Building	December 21. 2001	1,473	0.6
		ORIX Ikebukuro Building	April 18. 2003	9,577	4.1
		ORIX Shinjuku Building	September 29. 2003	8,300	3.5
		Round-Cross Shinjuku	April 28. 2006	8,020	3.4
		Seafort Square Center Building	September 30. 2005	9,000	3.8
			April 28. 2006	9,000	3.8
		Round-Cross Kamata	March 1. 2006	5,640	2.4
		Round-Cross Shinjuku 5-chome	April 26. 2007	4,500	1.9
		KN Jiyugaoka Plaza	May 30. 2007	3,110	1.3
	<b>Subtotal</b>		<b>81,990</b>	<b>34.8</b>	
Greater Tokyo	Neo City Mitaka	December 1. 2001	2,200	0.9	
	Round-Cross Kawasaki	April 27. 2004	4,130	1.8	
	<b>Subtotal</b>		<b>6,330</b>	<b>2.7</b>	
Other Cities	Nagoya Itochu Building	September 29. 2003	4,500	1.9	
	Round-Cross Shinsaibashi	March 1. 2005	13,600	5.8	
	ORIX Koraibashi Building	April 27. 2005	5,560	2.4	
	ORE Nagoya Fushimi Building	May 30. 2005	10,040	4.3	
	* <b>Lunar Sendai</b>	<b>June 28. 2007</b>	<b>8,500</b>	<b>3.6</b>	
	<b>Subtotal</b>		<b>42,200</b>	<b>17.9</b>	
	<b>Office Total</b>		<b>207,551</b>	<b>88.1</b>	
Retail	Tokyo Central 3 Wards	Nihon Jisho Minami Aoyama Building	October 31. 2003	2,548	1.1
		<b>Subtotal</b>		<b>2,548</b>	<b>1.1</b>
	Other Tokyo Wards	CUBE Daikanyama	March 31. 2004	2,435	1.0
		<b>Subtotal</b>		<b>2,435</b>	<b>1.0</b>
	<b>Retail Total</b>		<b>4,983</b>	<b>2.1</b>	
Residential	Tokyo Central 3 Wards	Park Axis Nishi Azabu Stage	December 1. 2001	1,219	0.5
		<b>Subtotal</b>		<b>1,219</b>	<b>0.5</b>
	Other Tokyo Wards	Grand Maison Hakusan	December 1. 2001	455	0.2
		Sonet Kami Ikebukuro	December 1. 2001	2,377	1.0
	<b>Subtotal</b>		<b>2,832</b>	<b>1.2</b>	
	<b>Residential Total</b>		<b>4,051</b>	<b>1.7</b>	
Hotel	Greater Tokyo	Cross Gate	January 10. 2002	15,040	6.4
		<b>Subtotal</b>		<b>15,040</b>	<b>6.4</b>
		<b>Hotel Total</b>		<b>15,040</b>	<b>6.4</b>
Others	Greater Tokyo	Koshigaya Logistics Center	April 28. 2006	4,000	1.7
		<b>Subtotal</b>		<b>4,000</b>	<b>1.7</b>
		<b>Others Total</b>		<b>4,000</b>	<b>1.7</b>
	<b>Grand Total</b>		<b>235,625</b>	<b>100.0</b>	

\* Newly acquired building

Notes

1. "Acquisition price" above refers to sale price (fractions rounded down) specified in the sale and purchase contract. Consumption taxes are not included in the price.
2. "Percentage of total acquisition cost" refers to the acquisition price of each property under management as a proportion of total acquisition price.
3. Fractions are rounded to two decimal places for the "Percentage of total acquisition cost". Totals for the "Percentage of total acquisition cost" may not tally as a result of rounding.