



NEWS RELEASE

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R&I Affirms A+, Positive: Orix JREIT Inc.

Rating and Investment Information, Inc. (R&I) has announced the following.

ISSUER: Orix JREIT Inc. (Sec. Code: 8954)
Issuer Rating

R&I RATING: A+ (Affirmed)
RATING OUTLOOK: Positive (Changed from Stable)

RATIONALE:

Orix JREIT Inc. (OJR) is a real estate investment trust (J-REIT) listed on the TSE in June 2002. OJR is a diversified fund with investments not only in its mainstay office buildings in the Tokyo metropolitan area but also in properties for other uses. OJR's main sponsor is Orix Corp.

R&I has changed the Rating Outlook based on the following considerations: (1) the improvement of OJR's portfolio in terms of quality and diversification as a result of its aggressive acquisition of properties developed by its sponsors, and its outlook; (2) OJR retains a relatively low leverage level and a high profitability in the course of external growth and (3) its financial base is stable centered on long-term fixed rate financing.

OJR is aggressively acquiring a number of relatively new, high-spec properties in prime locations developed by the sponsors, and the quality of its portfolio is improving continuously. The average building age is approximately 10 years as of June 2008, which is relatively new for a portfolio mainly composed of office buildings. Simultaneously, its portfolio has been diversified with asset size expanding to 247.1 billion yen, and the concentration ratio to the top five properties has been lowered to 32% of the total.

New investments other than office buildings will be targeted at versatile logistics facilities where OJR can expect a stable cash flow in the long-term. The ORIX group has an affluent experience in developing both office buildings and logistics facilities, which enables OJR's constant external growth into the future.

The occupancy rate of existing properties stands high at above 97%, and OJR maintains high profitability with NOI (net operating income) yield, based on rental income before depreciation, in the high 5% level.

With three capital increases, its debt ratio (debt divided by the total amount of debt and unitholders' capital) has been modestly kept within 50% even at the time of asset expansion. OJR plans to retain the ratio at around 40-50%.

Loans are mainly on long-term fixed rates and their funding sources and maturities are well diversified. Most of them are being refinanced into unsecured loans. In addition, OJR has a stable financial base backed by unsecured and unguaranteed commitment line of 27 billion yen in total from four major banks.

R&I RATINGS:

ISSUER: Orix JREIT Inc. (Sec. Code: 8954)
ISSUER RATING: A+ (Affirmed)
RATING OUTLOOK: Positive (Changed from Stable)

Issuer Rating is R&I's opinion regarding an issuer's overall capacity to repay its entire financial obligation, and will be assigned to all issuers. The rating of individual obligations (i.e. bonds and loans etc.) includes the prospect of recovery and reflects the terms and conditions of the agreement and may be lower or higher than the Issuer Rating.

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