



ORIX JREIT Investment Policy Amendment

Supplement to the Notice of Revisions of Asset Management
Company's Internal Regulations

August 25, 2010
ORIX Asset Management Corporation



OJR's Recognition of Current Situation and Future Target

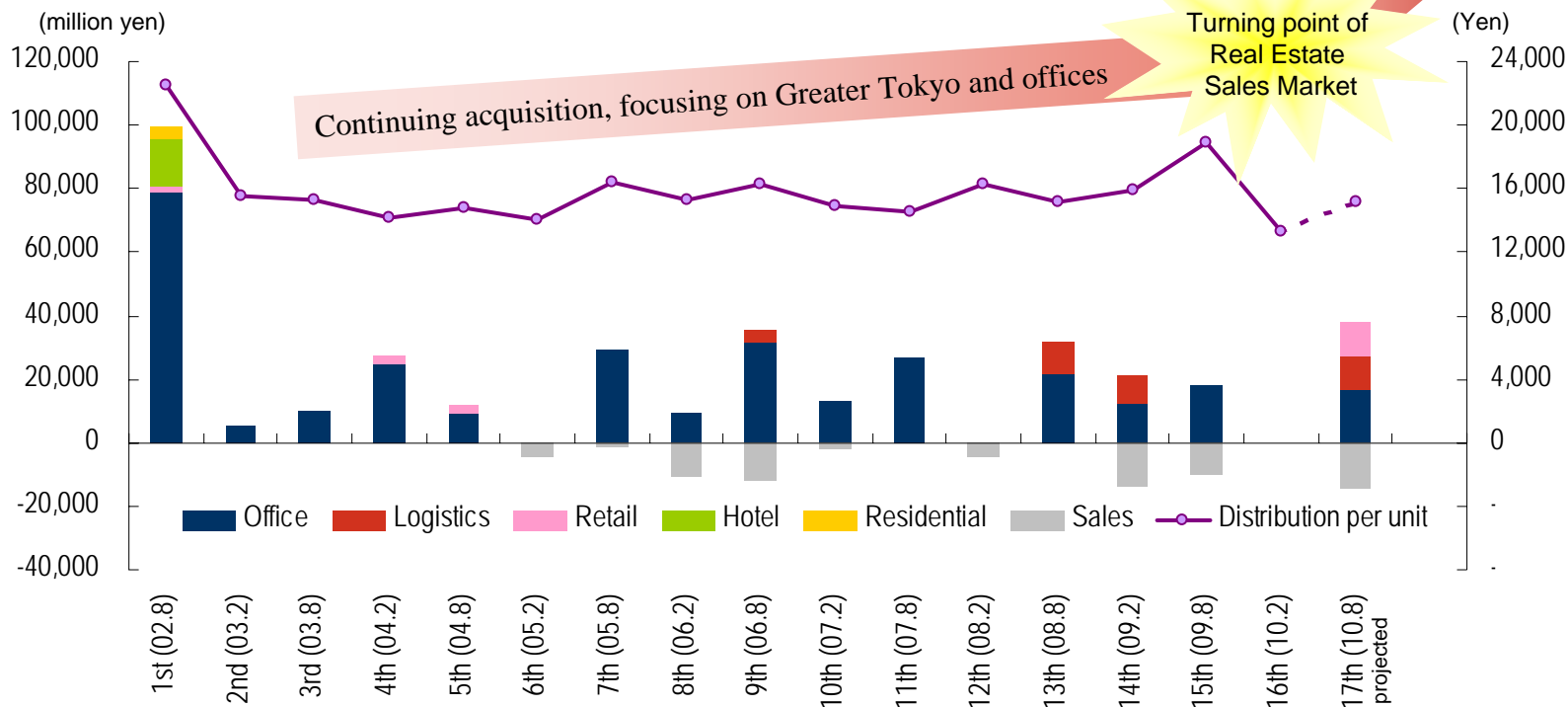
Recognition of Current Situation

- Office rental market outlook remains unclear
- Meanwhile, real estate market is approaching a turning point after Lehman Shock, with cap rates being more and more stabilized

OJR considers prices of real estate with stable cash flow will soon be bottoming out. OJR will aim for further development as a diversified JREIT, endeavoring to seize favorable opportunities to acquire real estate.

Developing into a diversified JREIT with outstanding flexibility and mobility

History of OJR's Sales/Purchases (acquisition cost basis) and Profit Distribution



(1) Flexible/mobile external growth strategy, keeping step with changes in the environment

Change in portfolio policy (minimum office investment, recommencement of investment in residential)

(2) Step up pace of external growth

Aiming at 500 billion yen in assets, increasing stability and liquidity

(3) Investment and management policies based on cash flow characteristics of each sector

Implementing asset management, drawing on the expertise of the ORIX Group

Developing into a diversified JREIT with outstanding flexibility and mobility

Building a solid portfolio with high stability/growth potential
that can adapt to changes in the environment

Maintaining and increasing profit distributions over the medium/long term

* As of the date of this release, the Articles of Incorporation of OJR stipulates OJR should not invest in residential properties. This above change of investment policy is conditional upon the resolution to be taken at the October 26 general meeting of unitholders, concerning the amendment of the Articles of Incorporation to make it possible to invest in residential properties.

Flexible/Mobile External Growth Strategy, Keeping Step with Changes in the Environment

- The change in portfolio building policy will establish a structure that allows more flexible/ mobile real estate investment with a competitive edge, matching trends in the real estate sales/rental markets with a focus on the particular features of each real estate sector.

Main Changes to Portfolio Building Policy

- (1) Objective investment ratio of offices to the entire portfolio changed to “approx. 60% or more”
- (2) Investment in residential properties, characterized by relatively high cash flow stability, recommenced
- (3) "Hotels" sector now included in "Other" due to poor previous investment results and future potential

[Before]

Sector		Area	
		Greater Tokyo area	Other areas
Offices	80% or more	80% or more	20% or less
Logistics facilities	20% or less		
Retail facilities			
Hotels			
Other			



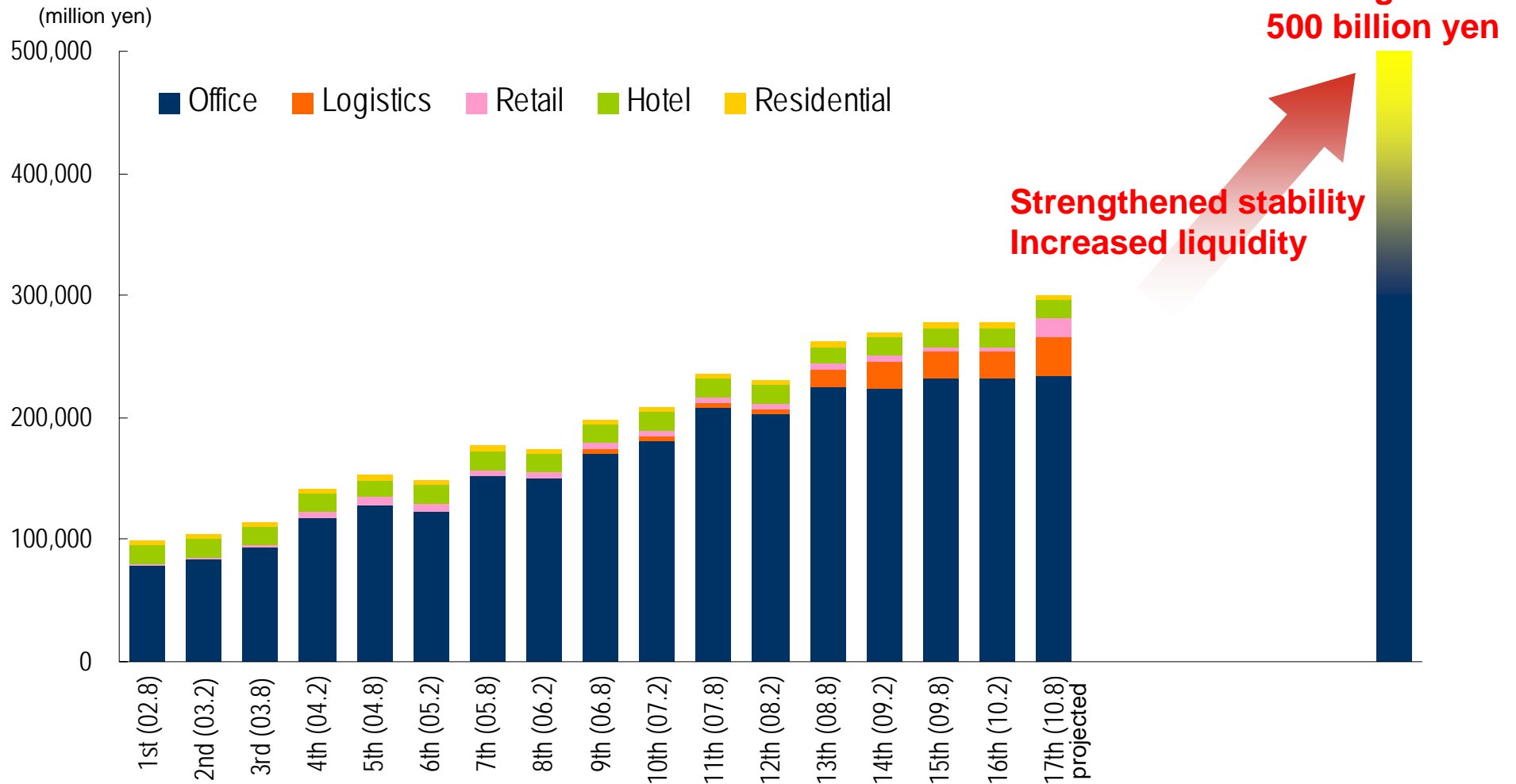
[After]

Sector		Area	
		Greater Tokyo area	Other areas
Offices	60% or more	80% or more	20% or less
Logistics facilities	40% or less		
Retail facilities			
Residential properties			
Other			

Step Up Pace of External Growth Toward ¥500 Billion in Assets

- Stepping up pace of external growth by broadening the investment range
- Expanding asset size, in order to reduce risk related to individual properties or tenants (to enhance stability) and to increase liquidity in JREIT market

OJR External Growth Trends (Acquisition price basis)



Formulate and Implement Investment / Management Policy based on Cash Flow Features of Each Sector

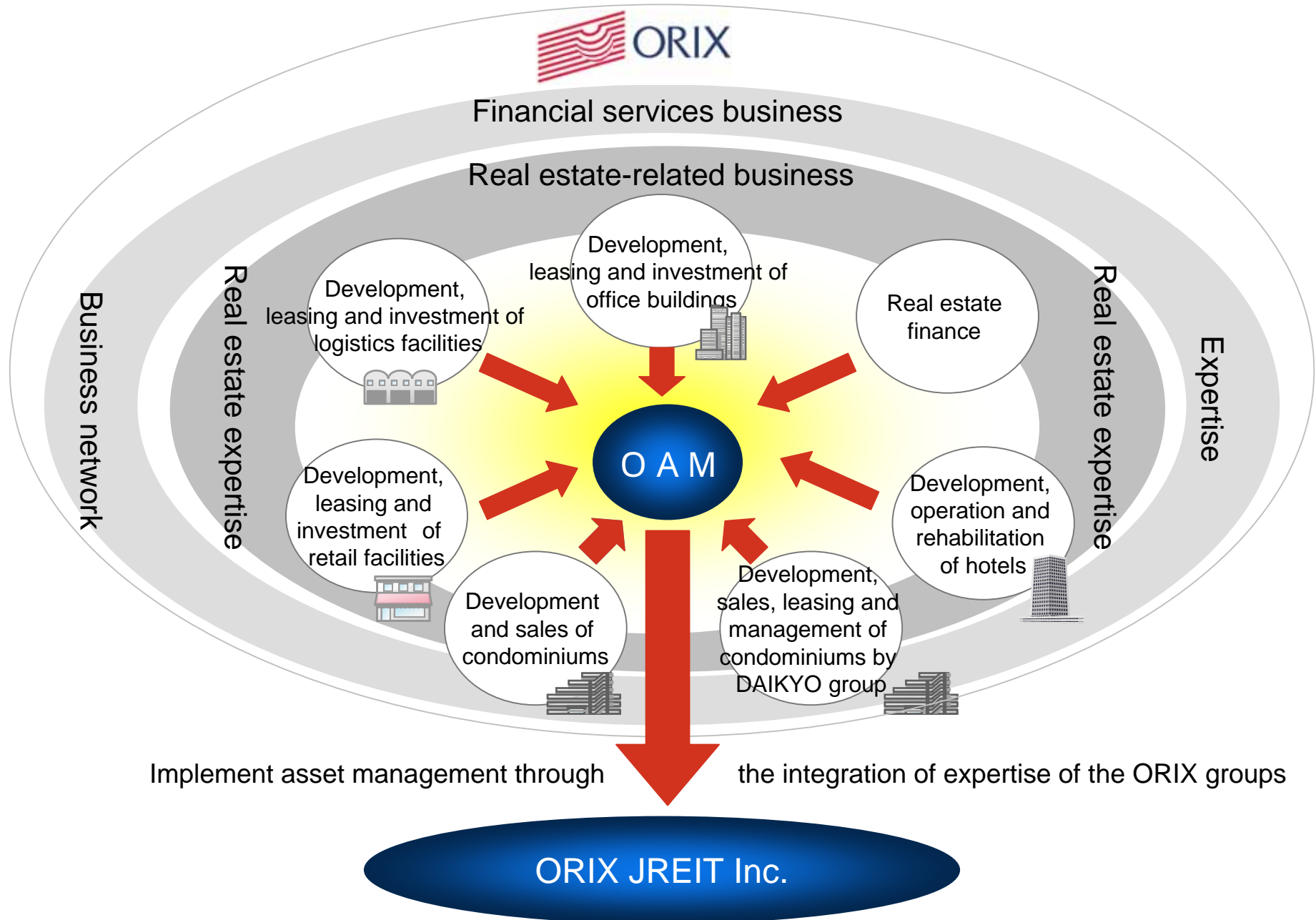
- ORIX Group has the expertise and business network cultivated in the finance business and the real estate development/management skills fostered as a developer. Will apply these to asset management.

Sector	Investment and management policy		
	Area	Size	Main investment targets and focus of investment and management
Offices	Greater Tokyo: Min. 80% Other: Max. 20%	Min. ¥5 billion	<ul style="list-style-type: none"> • Focusing primarily on Greater Tokyo area, newly built, and medium or large size • Offices in local areas: selective investment in consideration of the location, stability and earning potentials
Logistics facilities	Greater Tokyo: Min. 60% Other: Max. 40%	Min. ¥5 billion	<ul style="list-style-type: none"> • Focusing on facilities with excellent location and high level of operational functions • Main consideration: tenant-credit type and long-term lease agreement for built-to-suit (BTS), ease of tenant replacement and form of lease for multiple-type facilities
Retail facilities	Greater Tokyo: Min. 50% Other: Max. 50%	Min. ¥1.5 billion	<ul style="list-style-type: none"> • Consider location, ease of tenant replacement and business types (competitiveness). Pursue growth potential and stability, combining investment in urban/suburban retail facilities • As for suburban facilities, selectively invest in those facilities that handle everyday commodities with steady consumer demand • Apply the ORIX Group's operation/management expertise responding to property characteristics
Residential	Greater Tokyo: Min. 80% Other: Max. 20%	Min. ¥1 billion	<ul style="list-style-type: none"> • Carefully consider the location (max. 10 minutes to nearest station, access to hub stations, etc.) • Focus on "single/compact" type houses, targeting middle-income groups (the volume market) • Apply the operation/management expertise of the ORIX and DAIKYO groups

Note 1: The above table is prepared based on the "Investment Policy," which is part of the internal regulations of the asset management company. The ratios and figures above are approximate standards. Circumstances that do not match the criteria above may arise as a result of unforeseen changes in the real estate market, opportunities to acquire properties, and other circumstances.

Note 2: The "single" type house is defined as one having less than 40m² of exclusive area; the "compact" type house having at least 40m² but less than 60m².

Strengths of ORIX Asset Management Corporation (OAM) ⁶



History of Real Estate Business

Business network/expertise cultivated in financial business

Office	Logistics	Retail	Residential
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1985

1986: Dormitory rental Business begins

1990

1993: Condominium sales begins

1995

1996: Office building business begins

1996: Retail facilities business begins

2000

2001: Building maintenance business begins

2002: Logistics facility business begins

2005

2010



Minatomirai Center Building



(Provisional) Kawagoe Industrial Complex Logistics Center



Crossmall Sakai



Shibaura Island Bloom Tower^{Note 1}



Akihabara Business Center Building



(Provisional) Yokohama Machida IC Logistics Center



(Provisional) Cross Garden Kawasaki

Balance of Leased Real Estate Assets in Real Estate Segment (billion yen)

Office	331.0
Logistics	51.2
Retail	173.4
Rental condo	127.4
Other	104.0
Total	787.0

Source: Settlement briefing materials for the 1st quarter of the fiscal year ending March 2011, ORIX Corporation

Note 1: In this property, the ORIX Group has established and owns trust beneficiary interests for some of the equity.

Note 2: As of August 25, 2010, OJR has no plans to acquire all the properties shown on this page.

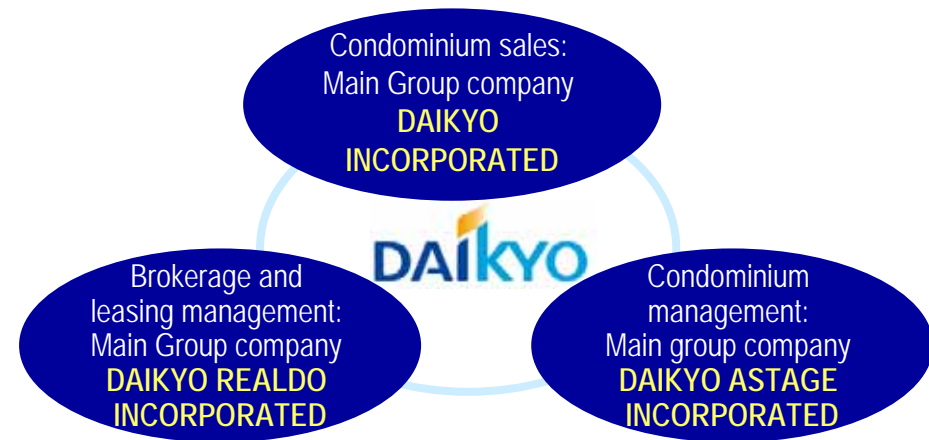
Strengths of Group's Residential Business

Development capabilities Extensive experience in development, including large-scale towers

Brand strength "Sanctus" series for sale, "Belle Face" series for lease

Daikyo Group's Comprehensive Strength

Total housing management leveraging Group capabilities



Results of ORIX Group Housing Business

THE TOKYO TOWERS ^{Note 1}



The Tower Osaka



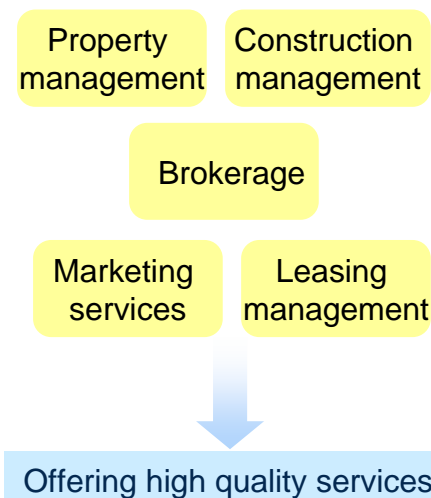
Dressia Kami Ikebukuro ^{Note 2}



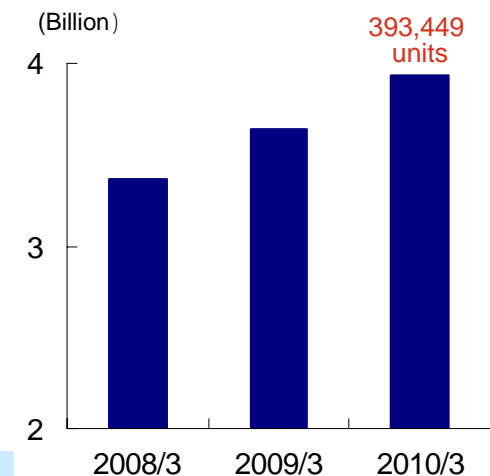
Note 1: The ORIX Group owns part of the equity in this property.

Note 2: The ORIX Group owns part of the trust beneficiary interest in this property.

DAIKYO REALDO's Property Management System



Number of Condominium Units Managed by DAIKYO ASTAGE Group



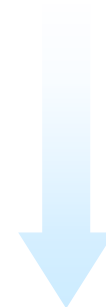
(Source: DAIKYO INCORPORATED)

Strengths of ORIX Group's Retail Facility Related Business



Retail facilities-related business being developed mainly by ORIX Real Estate

- Investment in retail facilities began in 1996
- Development and operation of retail facilities began in 1999

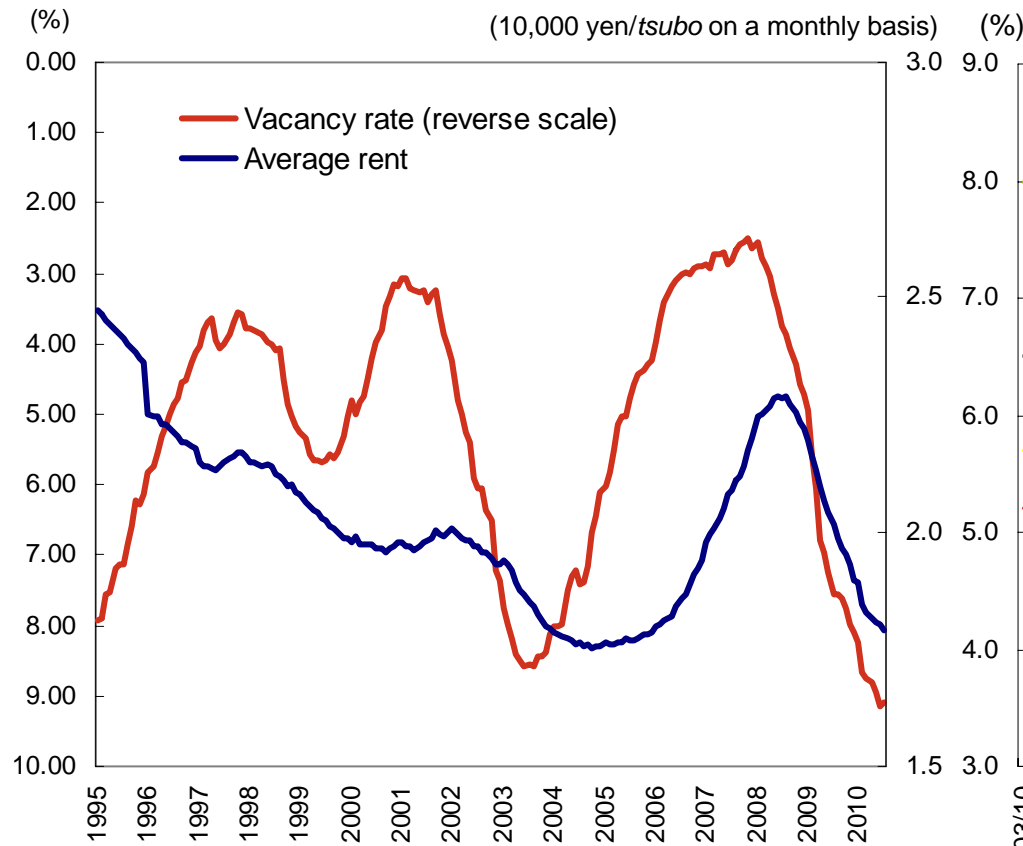


ORIX Group has made investment in over 500 properties

Having extensive expertise in retail facility development and investment activities

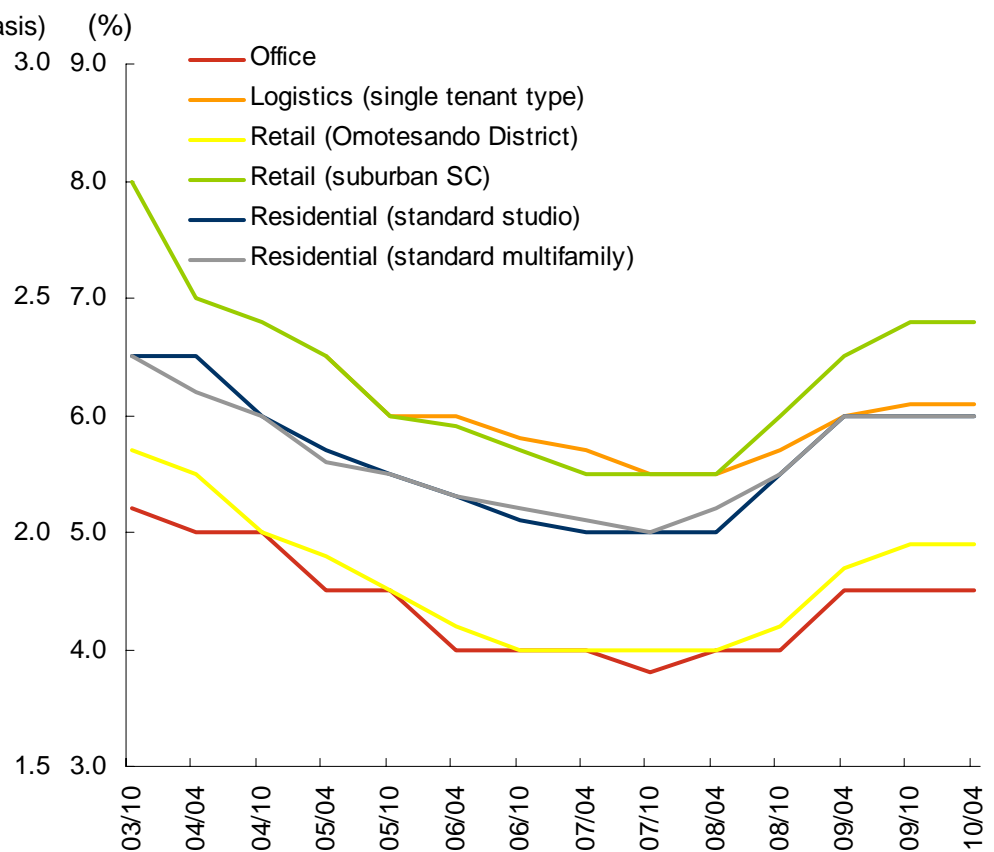
- The first improvement for 2.5 years, albeit slight, is seen in vacancy rates in the 5 central Tokyo wards. Still average rents are continuing declining. Some time will be needed for a full-scale recovery in the office rental market.
- The increase in anticipated yields on real estate investment has abated in each sector, and a sense of bottoming out in real estate prices is becoming evident.

Office Vacancy Rates and Average Rents in the 5 Central Tokyo Wards



Source: Prepared by the asset management company based on data from Miki Shoji Co., Ltd.

Anticipated Yields on Real Estate Investment by Sector

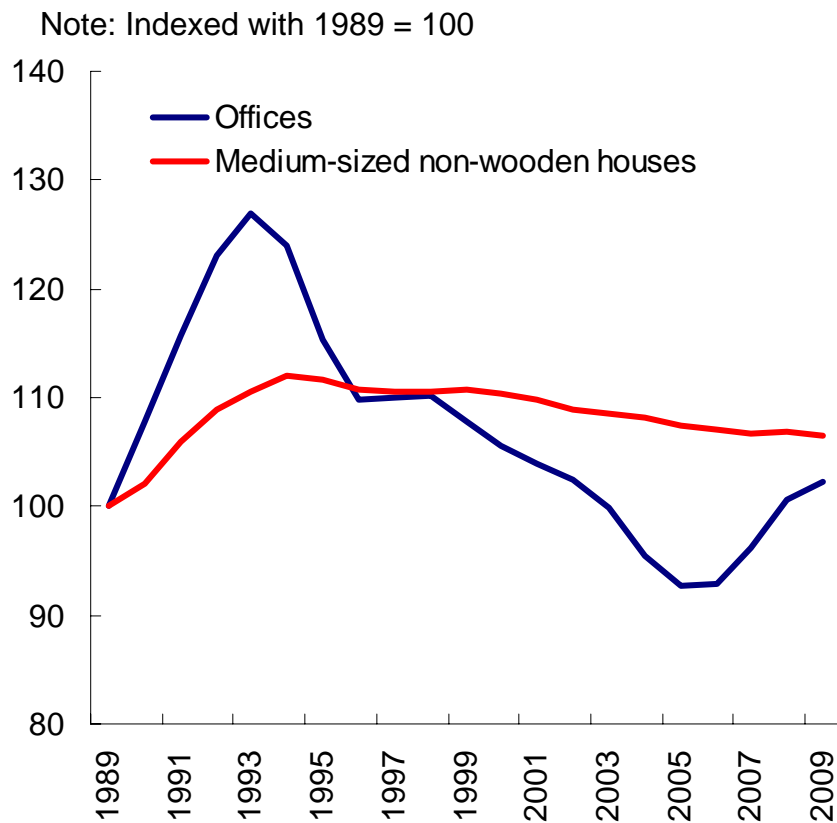


Source: Prepared by the asset management company based on data from Miki Shoji Co., Ltd.

[Reference] Basic Understanding of Current Real Estate Investment Market - Residential Leasing

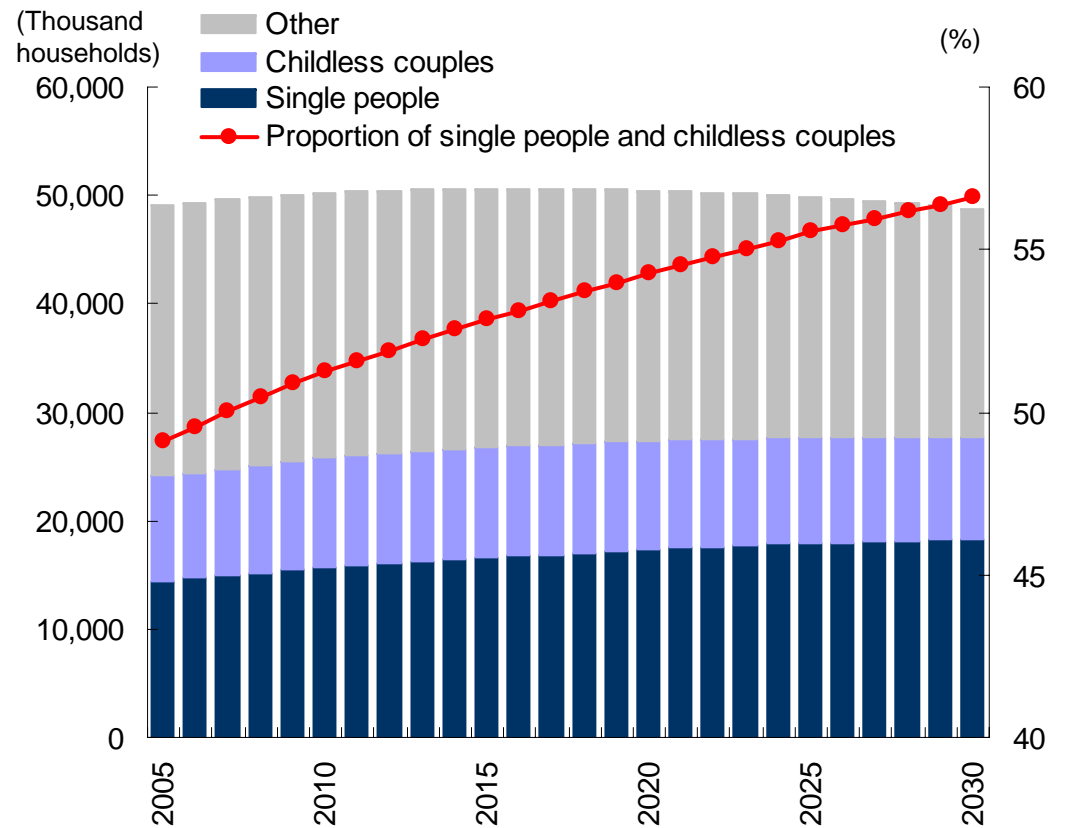
- Compared to offices, residential properties experiences smaller rent fluctuation and more stable earnings
- Main customer segments for “single” and “compact” type housing are single-person and childless couple households, who are on an increasing trend, so steady demand can be anticipated.

Trends in Housing and Office Rent Levels



Source: Prepared by the asset management company based on “Consumer Price Index Year Book” by the Ministry of Internal Affairs and Communications and “Corporate Services Price Index” by the Bank of Japan

Projections for Number of Households (Nationwide)



Source: Prepared by the asset management company based on “Household Projections for Japan” by the National Institute of Population and Social Security Research

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URL of ORIX JREIT, Inc. <http://www.orixjreit.com/>

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