

<Press Release>

1 November 2002

ORIX JREIT Inc.  
(TSE:8954)  
Komao Hirose  
Executive Director

ORIX Asset Management Corporation  
Naoto Yabu  
Executive Director  
Tel: +813-3435-3285

<For Immediate Release>

**ORIX JREIT INC. ANNOUNCES**  
**FIRST FISCAL PERIOD RESULTS**

**DISTRIBUTION PER UNIT +2.3% ABOVE ESTIMATES**

**Summary of Financial Results**

ORIX JREIT Inc (OJR) announced today results for the first fiscal period ended 31 August 2002.

Total operating revenue in the period was ¥6,719 million, income before income taxes ¥2,774 million, net income ¥2,772 million, and distribution amount ¥2,772 million, or ¥22,472 per unit. The distribution per unit exceeded the original estimate of ¥21,957 by 2.3%.

The OJR property portfolio was appraised by independent appraisal firms to have a total of ¥98.8 billion as at 31 August 2002. The independent appraisal value as at 28 February 2002 was ¥99.6 billion.

As at 31 August 2002, OJR's total assets were approximately ¥116,041 million, interest bearing debt was ¥43,000 million and total unitholders' equity was ¥64,472 million, or ¥522,586 per unit.

Although the first fiscal period of OJR was from 10 September 2001, when it was established (356 days), the actual operating period was approximately 8.4 months. Between 1 December 2001 and 10 January 2002, OJR purchased 39 properties in three separate transactions at an aggregate contracted acquisition price of ¥99.6 billion. The actual operating period above was calculated based on the weighted average acquisition price of these transactions.

**First Fiscal Period Highlights**

**Initial Public Offering**

OJR was established on 10 September 2001 and began to acquire properties in December 2001 in preparation for its initial public offering. On 12 June 2002, OJR was listed and commenced trading on the Tokyo Stock Exchange. OJR is the 4th listed Real Estate Investment Trust in Japan, or "JREIT". A JREIT is an externally-managed property fund formed under the Investment Trust Law of Japan. ORIX Asset Management Corporation ("OAM"), a wholly-owned subsidiary of ORIX Corporation (TSE: 8591, NYSE: IX (ADR)) is the asset manager of OJR.

## **Portfolio Profile**

As at 31 August 2002, OJR owned a total of 39 properties consisting of 32 office properties, 3 residential properties and 4 other properties including a hotel and retail properties. OJR leased approximately 133,742m<sup>2</sup> of space to 243 tenants. The occupancy rate as at 31 August 2002 was approximately 93.9%

## **Debt Financing**

On 20 March 2002, OJR obtained ¥43 billion of a long-term debt from a syndicate of lenders to refinance, in full, the short-term debt from ORIX Corporation. The long-term debt is secured by a mortgage on all of OJR's properties. The ¥43 billion long-term debt comprises ¥17.5 billion of fixed rate and ¥25.5 billion of floating rate borrowings. The weighted average interest rate as at 31 August 2002 was 1.02%.

## **Optimal Property Management**

Through an open bidding process of property management services, OJR successfully reduced the total property management costs from 1 August 2002, by an annualized rate of 14%.

## **Acquisitions**

On 30 September 2002, OJR acquired the Sunny Building for ¥5.3 billion from CSK Corporation. The building has a total area of 7,316.40m<sup>2</sup>, consisting of ten above-ground floors and two below-ground floors. The building is located adjacent to the west of the Shinjuku railway station, one of the largest transportation hub in Tokyo. OJR contracted with CSK for a 3-year fixed term lease for 4,272.24 m<sup>2</sup> out of the total rentable area of 4,635.55 m<sup>2</sup> at ¥26,000/tsubo/month including CAM. Most of the remaining space is on the ground level and is to be leased to a retailer. Based on the report from an independent appraiser, an expected annualized net property income is ¥313 million, the yield on net cash flow is estimated to be 5.5%.

OJR continues to actively evaluate additional property acquisitions.

## **Second Fiscal Period Forecast**

In accordance with Tokyo Stock Exchange listing requirements, OJR has estimated certain financial results for the second fiscal period, being the 6 months from 1 September 2002 to 28 February 2003. For this period, OJR forecasts gross revenues of ¥4,972 million, income before income taxes of ¥1,730 million, and net income of ¥1,730 million. The estimate of the distribution amount per unit for the period is ¥14,024.

See Important Notice

## **Information Disclosure to Investors**

OJR has and intends to maintain a policy of timely disclosure of important information in both English and Japanese languages. For more information on OJR, please visit its website at <http://www.orixreit.com>.

## **Important Notice**

Estimates of future distributions are by definition and certain other matters discussed in this release may be forward-looking statements. Although ORIX Asset Management believes that these expectations are based on reasonable assumptions, there can be no assurance that its expectations will be realized. Certain factors that could cause actual results to differ materially from ORIX Asset Management's expectations include changes in general economic conditions, including those affecting OJR's tenants' industries, the timing of economic recovery, the extent of tenant bankruptcies and defaults, OJR's ability to maintain occupancy and to timely lease or re-lease space at current or anticipated rents, changes in operating costs and interests expenses, and acquisitions of additional properties. Forward-looking statements are not guarantees of performance.

*(Summary Financial Information Attached)*

**ORIX JREIT** Inc.  
BALANCE SHEET  
As of 31 August 2002

(In millions of yen)

**ASSETS**

Current assets:

Cash and deposits	12,414
Rental receivables	209
Consumption tax refundable	1,973
Prepaid expenses	77
Other current assets	18
Less-Allowance for doubtful receivables	<u>(2)</u>
Total Current assets	14,689

Property and equipment, at cost

Land	57,095
Buildings and structures	33,022
Building improvements	10,314
Machinery and equipment	<u>887</u>
	101,318

Less-Accumulated depreciation	<u>(1,015)</u>
Net property and equipment	100,303

Other assets:

Leasehold rights	885
Others	<u>164</u>
Total Assets	<u><u>116,041</u></u>

**LIABILITIES AND UNITHOLDERS' EQUITY**

Current liabilities:

Trade and other payables	485
Accrued expenses	92
Rents received in advance	762
Other current liabilities	<u>68</u>
Total current liabilities	1,407

Long-term debt	43,000
Leasehold and security deposits received	<u>7,162</u>
Total liabilities	<u>51,569</u>

Unitholders' equity:

Unitholders' capital, 2,000,000 units authorized, and 123,372 units issued as of 31 August 2002	61,700
Retained earnings	<u>2,772</u>
Total unitholders' equity	<u>64,472</u>
Total liabilities and unitholders' equity	<u><u>116,041</u></u>

ORIX JREIT Inc.  
 STATEMENT OF INCOME AND RETAINED EARNINGS  
 For the Period from 10 September 2001(date of incorporation) to 31 August 2002

(In millions of yen)

Revenues:	
Rental and other operating revenues	6,719
Interest income	3
Other revenues	<u>2</u>
	6,724
Costs and expenses:	
Property-related expenses	2,774
Asset management fees	227
Administrative service fees	127
Interest expense	371
Issuance costs of investment units	4
Initial public offering costs	224
Start-up costs	97
Other expenses	<u>126</u>
	3,950
Income before income taxes	2,774
Provision for income taxes	
Current	6
Deferred	<u>(4)</u>
Net income	2,772
Retained earnings at beginning of period	<u>-</u>
Retained earnings at end of period	<u><u>2,772</u></u>

ORIX JREIT Inc.  
 STATEMENT OF CASH FLOWS  
 For the Period from 10 September 2001(date of incorporation) to 31 August 2002

(In millions of yen)

Cash Flows from Operating Activities:	
Income before income taxes	2,774
Adjustments to reconcile income before income taxes to net cash provided by operating activities:	
Depreciation and amortization	1,027
Allowance for doubtful receivables	2
Interest income	(3)
Interest expense	371
Changes in assets and liabilities:	
Rental receivables	(209)
Consumption tax refundable	(1,973)
Prepaid expenses	(51)
Trade and other payables	277
Accrued expenses	99
Rents received in advance	762
Payments of long-term prepaid expenses	(130)
Others, net	51
Sub-total	<u>2,997</u>
Cash proceeds from interest income	3
Cash payments of interest expense	<u>(284)</u>
Net cash provided by operating activities	<u>2,716</u>
Cash Flows from Investing Activities:	
Payments for purchases of property and equipment	(101,211)
Payments for purchases for leasehold rights	(885)
Proceeds from leasehold and security deposits received	8,315
Repayments of leasehold and security deposits received	(1,153)
Others, net	(68)
Net cash used in investing activities	<u>(95,002)</u>
Cash Flows from Financing Activities:	
Net increase in long-term debt	43,000
Proceeds from issuance of investment units	<u>61,700</u>
Net cash provided by financing activities	<u>104,700</u>
Net increase in cash and cash equivalents	12,414
Cash and cash equivalents at beginning of period	-
Cash and cash equivalents at end of period	<u><u>12,414</u></u>

Property data 1

property name	Acquisition costs (In millions of yen)	% of shares	Appraisal value (In millions of yen)	% of shares	Assumptions					
					Appraiser	DC value (In millions of yen)	CR (%)	DCF value (In millions of yen)	DR (%)	TCR (%)
<b>Office properties</b>										
<b>Central Tokyo</b>										
Akasaka Kyowa	2,087	2.10	2,087	2.10	Tanizawa	2,162	6.2	2,055	6.0	6.7
Aoyama Suncrest	3,356	3.37	3,356	3.37	Tanizawa	3,454	5.9	3,314	6.2	6.4
Ascend Kanda	670	0.67	670	0.67	Tanizawa	703	6.1	660	6.3	6.6
Nikko Ichi-bancho	3,900	3.92	3,900	3.92	Tanizawa	4,074	5.3	3,835	5.5	5.8
VX Kayabacho	880	0.88	880	0.88	Tanizawa	926	5.6	888	5.7	6.1
DaVinci Shiroganedai	1,300	1.31	1,300	1.31	Tanizawa	1,309	5.6	1,297	5.8	6.1
DaVinci Higashi Nihonbashi	1,720	1.73	1,720	1.73	Tanizawa	1,718	5.5	1,735	5.6	6.0
DaVinci Akasaka Mitsuke	1,650	1.66	1,650	1.66	Tanizawa	1,715	5.5	1,633	5.4	6.0
DaVinci Shiba 2	707	0.71	707	0.71	Tanizawa	731	5.5	698	5.7	6.0
DaVinci Aoyama	4,529	4.55	4,529	4.55	Tanizawa	4,784	5.0	4,420	5.3	5.5
Landic Minami Azabu	1,394	1.40	1,394	1.40	Chuo	1,422	6.6	1,394	6.3	7.1
Landic Akasaka	11,580	11.62	11,580	11.63	Chuo	11,487	5.7	11,580	5.4	6.2
Landic Akasaka 2	2,624	2.63	2,624	2.63	Chuo	2,607	6.1	2,624	5.8	6.6
Landic Akasaka 3	697	0.70	697	0.70	Chuo	653	6.1	698	5.8	6.6
Landic Mita 2	1,748	1.75	1,748	1.75	Chuo	1,775	5.8	1,748	5.5	6.3
Shiba Daimon	2,195	2.20	2,195	2.20	Chuo	2,237	5.9	2,195	5.6	6.4
Landic Nagai	3,378	3.39	3,378	3.39	Chuo	3,329	6.4	3,378	6.1	6.9
<b>Sub-total</b>	<b>44,415</b>	<b>44.59</b>	<b>44,415</b>	<b>44.60</b>						
<b>Other Tokyo Wards</b>										
<b>Carrot Tower</b>										
Office floor #10&#15	4,890	4.91	4,890	4.91	Tanizawa	5,102	5.7	4,806	5.8	6.2
Retail floor #3	589	0.59	589	0.59	Tanizawa	618	5.9	577	6.1	6.4
Center Machiya	610	0.61	610	0.61	Tanizawa	635	6.6	608	6.8	7.1
Toyo MK	5,270	5.29	5,270	5.29	Tanizawa	5,400	6.5	5,215	6.6	7.0
Nikko Moto Yoyogi	5,091	5.11	5,091	5.11	Tanizawa	-	-	5,091	6.2	7.1
Nikko Kagurazaka	1,600	1.61	1,600	1.61	Tanizawa	1,588	5.8	1,615	6.0	6.3
Round-Cross Nishi Shinjuku	2,650	2.66	2,650	2.66	Tanizawa	2,803	5.1	2,591	5.5	5.6
DaVinci Gotanda	587	0.59	587	0.59	Tanizawa	598	6.3	583	6.5	6.8
DT Gaien	2,430	2.44	2,430	2.44	Tanizawa	2,648	5.6	2,348	5.6	6.1
DaVinci Kiba	2,450	2.46	2,450	2.46	Tanizawa	2,511	6.4	2,435	6.5	6.9
DaVinci Waseda	1,628	1.63	1,628	1.63	Tanizawa	1,685	5.6	1,604	5.8	6.1
DaVinci Yoyogi	1,473	1.48	1,473	1.48	Tanizawa	1,536	5.6	1,446	5.8	6.1
Landic Gotanda	2,113	2.12	2,113	2.12	Chuo	2,238	6.3	2,113	6.0	6.8
<b>Sub-total</b>	<b>31,381</b>	<b>31.50</b>	<b>31,381</b>	<b>31.50</b>						
<b>Greater Tokyo Metropolitan Area</b>										
<b>Neo City Mitaka</b>										
	2,200	2.21	2,200	2.21	Tanizawa	2,285	6.0	2,169	6.3	6.5
<b>Sub-total</b>	<b>2,200</b>	<b>2.21</b>	<b>2,200</b>	<b>2.21</b>						
<b>Other parts of Japan</b>										
OX Basho no Tsujii	882	0.89	872	0.88	Tanizawa	904	6.8	858	7.0	7.3
OX Otsu	181	0.18	181	0.18	Tanizawa	183	7.3	181	7.2	7.8
<b>Sub-total</b>	<b>1,063</b>	<b>1.07</b>	<b>1,053</b>	<b>1.06</b>						
<b>Office properties total</b>	<b>79,060</b>	<b>79.37</b>	<b>79,049</b>	<b>79.37</b>						
<b>Residential properties</b>										
<b>Central Tokyo</b>										
Park Axis Nishi Azabu Stage	1,219	1.22	1,219	1.22	Tanizawa	1,282	4.8	1,193	5.0	5.3
<b>Sub-total</b>	<b>1,219</b>	<b>1.22</b>	<b>1,219</b>	<b>1.22</b>						
<b>Other Tokyo Wards</b>										
Grand Maison Hakusan	455	0.46	455	0.46	Tanizawa	461	6.1	453	6.2	6.6
Sonet Kami Ikebukuro	2,377	2.39	2,377	2.39	Tanizawa	2,473	5.6	2,336	5.8	6.1
<b>Sub-total</b>	<b>2,832</b>	<b>2.85</b>	<b>2,832</b>	<b>2.85</b>						
<b>Residential properties total</b>	<b>4,051</b>	<b>4.07</b>	<b>4,051</b>	<b>4.07</b>						
<b>Other properties</b>										
<b>Other Tokyo Wards</b>										
OX Kameido	438	0.44	438	0.44	Tanizawa	443	6.8	437	6.9	7.3
<b>Sub-total</b>	<b>438</b>	<b>0.44</b>	<b>438</b>	<b>0.44</b>						
<b>Greater Tokyo Metropolitan Area</b>										
<b>Cross Gate</b>										
	15,040	15.10	15,040	15.10	Tanizawa	15,520	6.8	14,840	7.2	7.4
<b>Sub-total</b>	<b>15,040</b>	<b>15.10</b>	<b>15,040</b>	<b>15.10</b>						
<b>Other parts of Japan</b>										
OX Mito	498	0.50	498	0.50	Tanizawa	501	7.3	497	7.5	7.8
OX Gifu	528	0.53	528	0.53	Tanizawa	531	7.3	527	7.5	7.8
<b>Sub-total</b>	<b>1,026</b>	<b>1.03</b>	<b>1,026</b>	<b>1.03</b>						
<b>Other properties total</b>	<b>16,504</b>	<b>16.57</b>	<b>16,504</b>	<b>16.57</b>						
<b>Total</b>	<b>99,615</b>	<b>100.00</b>	<b>99,604</b>	<b>100.00</b>						

## Property data 2

property name	Number of tenants	Rented space (㎡)	Gross rentable area (㎡)	Occupancy rates (%)	Rental revenue (In yen)
<b>Office properties</b>					
<b>Central Tokyo</b>					
Akasaka Kyowa	6	2,701.07	3,382.28	79.9%	15,058,623
Aoyama Suncrest	5	2,785.17	2,809.33	99.1%	26,417,675
Ascend Kanda	2	826.50	826.50	100.0%	—
Nikko Ichi-bancho	8	3,300.66	3,300.66	100.0%	23,699,115
VX Kayabacho	1	1,489.75	1,489.75	100.0%	—
DaVinci Shiroganedai	14	1,734.74	2,088.76	83.1%	7,283,179
DaVinci Higashi Nihonbashi	7	2,275.05	2,275.05	100.0%	11,766,860
DaVinci Akasaka Mitsuke	10	1,323.25	1,323.25	100.0%	10,240,765
DaVinci Shiba 2	9	1,171.33	1,171.33	100.0%	5,115,548
DaVinci Aoyama	10	3,387.41	3,387.41	100.0%	28,090,011
Landic Minami Azabu	3	2,163.90	3,182.80	68.0%	8,965,256
Landic Akasaka	21	9,500.62	10,560.15	90.0%	67,974,152
Landic Akasaka 2	11	2,786.86	2,786.86	100.0%	17,706,936
Landic Akasaka 3	8	812.49	812.49	100.0%	5,455,008
Landic Mita 2	2	2,307.17	2,353.67	98.0%	12,288,633
Shiba Daimon	1	2,588.50	2,588.50	100.0%	—
Landic Nagai	8	3,078.41	3,996.89	77.0%	19,610,655
<b>Sub-total</b>	<b>126</b>	<b>44,232.88</b>	<b>48,335.68</b>	<b>91.5%</b>	<b>288,181,575</b>
<b>Other Tokyo Wards</b>					
Carrot Tower	6	5,928.18	6,916.91	85.7%	39,866,700
Center Machiya	1	1,186.05	1,186.05	100.0%	—
Toyo MK	7	8,899.86	9,808.29	90.7%	37,876,940
Nikko Moto Yoyogi	2	7,804.12	7,804.12	100.0%	—
Nikko Kagurazaka	3	2,275.29	2,275.29	100.0%	13,901,930
Round-Cross Nishi Shinjuku	5	1,176.17	1,248.18	94.2%	13,964,598
DaVinci Gotanda	5	1,785.25	1,785.25	100.0%	5,893,465
DT Gaien	6	2,566.86	2,566.86	100.0%	16,851,099
DaVinci Kiba	4	4,236.39	4,859.94	87.2%	16,891,610
DaVinci Waseda	6	2,311.71	2,311.71	100.0%	11,904,285
DaVinci Yoyogi	14	1,960.60	1,960.60	100.0%	9,826,745
Landic Gotanda	1	2,575.92	2,575.92	100.0%	—
<b>Sub-total</b>	<b>60</b>	<b>42,706.40</b>	<b>45,299.12</b>	<b>94.3%</b>	<b>217,452,543</b>
<b>Greater Tokyo Metropolitan Area</b>					
Neo City Mitaka	6	4,622.21	4,622.21	100.0%	21,151,709
<b>Sub-total</b>	<b>6</b>	<b>4,622.21</b>	<b>4,622.21</b>	<b>100.0%</b>	<b>21,151,709</b>
<b>Other parts of Japan</b>					
OX Basho no Tsuji	3	817.14	2,570.24	31.8%	3,083,663
OX Otsu	2	910.67	910.67	100.0%	—
<b>Sub-total</b>	<b>5</b>	<b>1,727.81</b>	<b>3,480.91</b>	<b>49.6%</b>	<b>—</b>
<b>Office properties total</b>	<b>197</b>	<b>93,289.30</b>	<b>101,737.92</b>	<b>91.7%</b>	<b>533,175,835</b>
<b>Residential properties</b>					
<b>Central Tokyo</b>					
Park Axis Nishi Azabu Stage	25	1,167.16	1,337.31	87.3%	5,881,000
<b>Sub-total</b>	<b>25</b>	<b>1,167.16</b>	<b>1,337.31</b>	<b>87.3%</b>	<b>5,881,000</b>
<b>Other Tokyo Wards</b>					
Grand Maison Hakusan	1	1,161.02	1,161.02	100.0%	—
Sonet Kami Ikebukuro	1	5,853.00	5,853.00	100.0%	—
<b>Sub-total</b>	<b>2</b>	<b>7,014.02</b>	<b>7,014.02</b>	<b>100.0%</b>	<b>18,158,070</b>
<b>Residential properties total</b>	<b>27</b>	<b>8,181.18</b>	<b>8,351.33</b>	<b>98.0%</b>	<b>24,039,070</b>
<b>Other properties</b>					
<b>Other Tokyo Wards</b>					
OX Kameido	1	1,233.59	1,233.59	100.0%	—
<b>Sub-total</b>	<b>1</b>	<b>1,233.59</b>	<b>1,233.59</b>	<b>100.0%</b>	<b>—</b>
<b>Greater Tokyo Metropolitan Area</b>					
Cross Gate	16	25,952.60	25,952.60	100.0%	102,484,190
<b>Sub-total</b>	<b>16</b>	<b>25,952.60</b>	<b>25,952.60</b>	<b>100.0%</b>	<b>102,484,190</b>
<b>Other parts of Japan</b>					
OX Mito	1	2,470.77	2,470.77	100.0%	—
OX Gifu	1	2,614.64	2,614.64	100.0%	—
<b>Sub-total</b>	<b>2</b>	<b>5,085.41</b>	<b>5,085.41</b>	<b>100.0%</b>	<b>9,229,000</b>
<b>Other properties total</b>	<b>19</b>	<b>32,271.60</b>	<b>32,271.60</b>	<b>100.0%</b>	<b>114,713,190</b>
<b>Total</b>	<b>243</b>	<b>133,742.08</b>	<b>142,360.85</b>	<b>93.9%</b>	<b>671,928,095</b>

OJR leases each of these properties to one or two tenants, or one tenant contributes 80% or more of our rent revenues with respect to particular property. OJR were unable to obtain consents from such tenants to disclose certain information, including the amount of rent payable to OJR by such tenant. As a result, OJR doesn't disclose rent revenue with respect to these properties.