

<For Immediate Release >

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ORIX JREIT Inc.
(TSE:8954)
Teruo Ozaki
Executive Director

ORIX Asset Management Corporation
Shinpei Yano
General Manager of General Affairs and Accounting Department
Tel: +81-3-5418-4858

ORIX JREIT Announces Financial Results for 32nd Fiscal Period

Distribution per unit: ¥3,299

Overview of Financial Results

ORIX JREIT Inc. (OJR) today announced the financial results for its 32nd fiscal period ended February 28, 2018. Operating revenues for the period were ¥22,987 million, income before income taxes was ¥9,131 million, net income was ¥9,116 million, and the distribution amount will be ¥8,841 million, or ¥3,299 per unit. The pay-out ratio will be 96.9%.

As of February 28, 2018, OJR's total assets were approximately ¥659,716 million, interest-bearing liability was ¥288,017 million (composed of ¥273,517 million in loans and ¥14,500 million in investment corporation bonds), and total net assets were ¥335,145 million, or ¥125,054 per unit.

Highlights

Dispositions and Acquisitions

During the 32nd fiscal period, OJR acquired HOTEL LIVEMAX NAGOYA SAKAE-EAST (acquisition price: ¥1,500 million) on December 26, 2017; and sold Round-Cross Minami Azabu (sale price: ¥1,632 million) on December 8, 2017. As a result, the OJR portfolio consisted of 110 properties at a total investment of ¥634,947 million (on an acquisition price basis) as of February 28, 2018.

After the end of the 32nd fiscal period, OJR acquired Hotel Universal Port (acquisition price: ¥34,000 million) on April 2, 2018.

Portfolio Profile

As noted above, on February 28, 2018, OJR owned a total of 110 properties, consisting of 53 office buildings, 29 retail facilities, 14 residential properties, five logistics facilities and nine hotels and others, and was leasing approximately 1,151,349.18 m² of space to 1,023 tenants. OJR's portfolio occupancy rate as of February 28, 2018 was approximately 99.4%.

The total acquisition price of OJR's portfolio of 110 properties was ¥634,947 million as of February 28, 2018. The portfolio's appraisal value, evaluated by four major Japanese real estate appraisers, was ¥708,770 million as of February 28, 2018.

Equity Financing and Debt Financing

OJR took out long-term loans of ¥13,500 million in September 2017, ¥1,550 million in October 2017 and ¥2,000 million in February 2018 to repay loans of which repayment dates arrived, as well as long-term loans of ¥5,000 million in February 2018 to repay investment corporation bonds. Furthermore, OJR took out long-term loans of ¥1,500 million in December 2017 to procure funds for the acquisition of HOTEL LIVEMAX NAGOYA SAKAE-EAST.

As a result of the activities above, as of February 28, 2018, outstanding loans amounted to ¥273,517 million, the balance of investment corporation bonds stood at ¥14,500 million, and the balance of interest-bearing liability totaled ¥288,017 million. The LTV (based on total assets) (Note 1) was 43.7%, LTV (based on unitholders' capital) (Note 2) was 47.1%, the fixed-rate debt ratio (Note 3) was 93.5%, and the long-term debt ratio (Note 4) was 88.6%.

Note 1: "LTV (based on total assets)" is the figure obtained by dividing the balance of interest-bearing liability by total assets stated on the balance sheet and is rounded to the first decimal place.

Note 2: "LTV (based on unitholders' capital)" is the figure obtained by dividing the balance of interest-bearing liability by the sum of unitholders' capital on the balance sheet and the balance of interest-bearing liability and is rounded to the first decimal place.

Note 3: "Fixed-rate debt ratio" is the figure obtained by dividing the balance of fixed-rate debt (including loans whose rates were fixed through interest rate swaps) by the balance of interest-bearing liability and is rounded to the first decimal place.

Note 4: "Long-term debt ratio" is the figure obtained by dividing the balance of long-term interest-bearing liability (except for long-term debt to be reimbursed or redeemed within one year) by the balance of interest-bearing liability and is rounded to the first decimal place.

Forecasts for the 33rd and 34th Fiscal Periods

In accordance with Tokyo Stock Exchange listing requirements, OJR here announces financial results forecasts for its 33rd fiscal period, which runs from March 1, 2018 through August 31, 2018. For the 33rd fiscal period, OJR forecasts operating revenues of ¥23,478 million, income before income taxes of ¥9,126 million, and net income of ¥9,107 million. The estimated distribution per unit for the 33rd fiscal period is ¥3,300.

The financial results forecasts for the 34th fiscal period, from September 1, 2018 through February 28, 2019, are as follows: operating revenues of ¥23,630 million, income before income taxes of ¥9,265 million, and net income of ¥9,246 million. The estimated distribution per unit for the 34th fiscal period is ¥3,350.

Overview of OJR

OJR was established on September 10, 2001, and was listed and commenced trading on the Tokyo Stock Exchange on June 12, 2002 as the fourth Real Estate Investment Trust in Japan, or "JREIT," to be listed. A JREIT is an externally managed property fund formed under the Act on Investment Trusts and Investment Corporations of Japan. ORIX Asset Management Corporation, a wholly owned subsidiary of ORIX Corporation (TSE: 8591, NYSE: IX (ADR)), is the asset manager of OJR. OJR is a diversified JREIT that invests in high quality office buildings, retail facilities, residential properties, logistics facilities, and hotels and others, aiming to provide stable cash flow and healthy asset growth over the medium to long term.

Notices

Information Disclosure to Investors

OJR maintains a policy of timely disclosure of important information in both the English and Japanese languages. For more information on OJR, please visit our website at <http://www.orixjreit.com>.

Forward-looking Statements Disclaimer

In making forward-looking statements about the forecasts for the 33rd and 34th fiscal periods, certain assumptions have been made. We consider that these assumptions were appropriate and reasonable based on the information available to us when we made the forecasts. However, our actual operating results, and therefore the distribution per unit, may differ from our expectations and will be affected by a number of factors, many of which are beyond our control, or may not be capable of being foreseen or accurately predicted. For example, our actual distribution amount could be affected by the rental revenues we actually receive from our properties, and/or our operating expenses, interest expenses and the ability of our tenants to meet their financial obligations during the relevant period. It may also be affected by economic conditions in Japan and conditions relating to the real estate market in Japan, particularly in Tokyo. These factors and others could also affect the validity of the assumptions that we used in the preparation of our forecasts. No assurance can be given by us or by any other party that our forecasts will prove accurate.

(Summary Financial Information Attached)

* This provisional English translation of the original Japanese document is provided solely for informational purposes. Should there be any discrepancies between this translation and the Japanese original, the latter shall take precedence.

**OJR is a real estate investment corporation (commonly referred to as a JREIT) listed on the Tokyo Stock Exchange JREIT Section (TSE: 8954) whose objective is to provide stable income returns to investors over the medium to long term through investing in diversified types of quality real estate, mostly office buildings and properties in the Greater Tokyo Area. ORIX Asset Management Corp., a wholly owned subsidiary of ORIX Corp. (TSE: 8591), provides the asset management services for OJR.

ORIX JREIT Inc.
BALANCE SHEETS

As of August 31, 2017 and February 28, 2018

	As of August 31, 2017	As of February 28, 2018	
(In millions of yen)			
Assets			
Current assets:			
Cash and deposits including trust accounts	¥ 59,071	¥ 63,589	
Rental receivables	790	683	
Investment in finance lease	2,470	2,395	
Prepaid expenses	130	139	
Other current assets	7	9	
Total current assets	62,469	66,817	
Property and equipment, at cost:			
Land including trust accounts	414,934	415,789	
Buildings and structures including trust accounts	172,689	173,012	
Building improvements including trust accounts	51,294	51,652	
Machinery and equipment including trust accounts	5,267	5,407	
Construction in progress	40	16	
	644,226	645,877	
Less: Accumulated depreciation	(57,381)	(60,901)	
Net property and equipment	586,844	584,975	
Other assets:			
Leasehold interests including trust accounts	5,073	4,391	
Long-term prepaid expenses	1,765	1,735	
Others	1,745	1,795	
Total assets	¥ 657,898	¥ 659,716	
Liabilities and Net assets			
Liabilities			
Current liabilities:			
Trade and other payables	¥ 3,453	¥ 2,841	
Long-term debt due within one year	39,550	32,760	
Accrued expenses	499	468	
Rents received in advance	3,431	3,441	
Income taxes payable	14	14	
Consumption taxes payable	551	454	
Other current liabilities	250	403	
Total current liabilities	47,750	40,383	
Non-current liabilities:			
Long-term debt	246,967	255,257	
Leasehold and security deposits received	28,331	28,765	
Asset retirement obligations	164	165	
Total liabilities	323,213	324,570	
Net assets			
Unitholders' capital	323,282	323,282	
Units authorized: 10,000,000 units			
Units issued and outstanding: 2,680,000 units as of August 31, 2017 and 2,680,000 units as of February 28, 2018			
Retained earnings	11,402	11,862	
Total net assets	334,685	335,145	
Total liabilities and net assets	¥ 657,898	¥ 659,716	

ORIX JREIT Inc.
STATEMENTS OF INCOME

For the six months ended August 31, 2017 and February 28, 2018

	For the six months ended	
	August 31, 2017	February 28, 2018
(In millions of yen)		
Operating revenues:		
Rental revenues	¥ 19,897	¥ 20,304
Other operating revenues	2,587	2,407
Gains on sale of real estate properties	—	275
Total operating revenues	22,484	22,987
Operating expenses:		
Property-related expenses	10,564	10,577
Asset management fees	1,396	1,447
Administrative service fees	166	177
Other expenses	164	175
Total operating expenses	12,291	12,377
Operating income	10,192	10,610
Interest income	—	1
Interest expense	(1,191)	(1,169)
Issuance costs of new units	(24)	(14)
Borrowing expenses	(290)	(284)
Other expenses, net	(14)	(11)
Ordinary income	8,672	9,131
Income before income taxes	8,672	9,131
Provision for income taxes	15	14
Net income	¥ 8,657	¥ 9,116

	For the six months ended	
	August 31, 2017	February 28, 2018
Earnings per unit		
Net income (In yen)	¥ 3,233	¥ 3,402
Weighted average number of units outstanding	2,678,070	2,680,000

ORIX JREIT Inc.
STATEMENTS OF CASH FLOWS

For the six months ended August 31, 2017 and February 28, 2018

	For the six months ended	
	August 31, 2017	February 28, 2018
(In millions of yen)		
Cash Flows from Operating Activities:		
Income before income taxes	¥ 8,672	¥ 9,131
Adjustments to reconcile income before income taxes to net cash provided by operating activities:		
Depreciation	4,015	3,970
Amortization of long-term prepaid expenses	235	220
Amortization of investment corporation bond issuance costs	10	9
Issuance costs of new units	24	14
Interest income	—	(1)
Interest expense	1,191	1,169
Loss on disposal of property and equipment	33	21
Changes in assets and liabilities:		
Rental receivables	(338)	106
Consumption taxes payable	200	(96)
Investment in finance lease	74	74
Prepaid expenses	12	(8)
Payments of long-term prepaid expenses	(337)	(190)
Decrease in property and equipment due to sale	—	546
Decrease in leasehold interests due to sale	—	661
Withdrawal from reserve for repairs and maintenance	20	—
Trade and other payables	275	(324)
Rents received in advance	168	9
Others, net	(479)	(140)
Subtotal	13,779	15,174
Cash payments of interest expense	(1,164)	(1,193)
Cash payments of income taxes	(13)	(15)
Net cash provided by operating activities	12,601	13,966
Cash Flows from Investing Activities:		
Payments for investing in time deposits	(2,961)	(3,981)
Proceeds from maturity of time deposits	2,833	2,961
Purchases of property and equipment	(13,548)	(2,971)
Proceeds from leasehold and security deposits	1,946	1,422
Repayments of leasehold and security deposits	(728)	(674)
Payments for restricted deposits held in trust	(1,109)	(302)
Proceeds from restricted deposits held in trust	699	565
Others, net	(105)	(69)
Net cash used in investing activities	(12,975)	(3,050)

Cash Flows from Financing Activities:

Repayments of short-term debt	(21,800)	—
Proceeds from long-term debt	28,400	23,550
Repayments of long-term debt	(16,000)	(22,050)
Proceeds from issuance of new units	25,414	—
Payments of issuance costs of new units	(43)	—
Payment of dividends	(8,206)	(8,654)
Net cash provided by financing activities	7,764	(7,154)
Net change in cash and cash equivalents	7,390	3,761
Cash and cash equivalents at the beginning of the period	46,731	54,121
Cash and cash equivalents at the end of the period	¥ 54,121	¥ 57,883

ORIX JREIT Inc.
STATEMENTS OF CHANGES IN NET ASSETS

For the six months ended August 31, 2017 and February 28, 2018

(In millions of yen)

	Number of Units	Unitholders' Capital	Retained Earnings	Total Net Assets
Balance as of February 28, 2017	2,524,623	¥ 297,867	¥ 10,955	¥ 308,823
Issuance of new units	155,377	25,414	—	25,414
Cash Dividends declared	—	—	(8,210)	(8,210)
Net Income	—	—	8,657	8,657
Balance as of August 31, 2017	2,680,000	¥ 323,282	¥ 11,402	¥ 334,685
Issuance of new units	—	—	—	—
Cash Dividends declared	—	—	(8,656)	(8,656)
Net Income	—	—	9,116	9,116
Balance as of February 28, 2018	2,680,000	¥ 323,282	¥ 11,862	¥ 335,145

	Property Name	Appraisal Value (¥Million)	Appraiser	Book Value (¥Million)	Acquisition Price (¥Million)	Ratio to Acquisition Price (%)		
Offices	6 Central Tokyo Wards	Aoyama Suncrest Building	12,700	Tanizawa	10,202	10,076	1.6	
		Round-Cross Ichi-bancho	3,730	Tanizawa	3,071	3,526	0.6	
		Round-Cross Nishi Shinjuku	3,690	Tanizawa	2,420	2,650	0.4	
		DT Gaien	2,870	Tanizawa	2,096	2,430	0.4	
		Yoyogi Forest Building	1,570	Tanizawa	1,392	1,406	0.2	
		Round-Cross Akasaka	2,640	Chuo	2,700	2,624	0.4	
		Round-Cross Mita	1,560	Chuo	1,679	1,748	0.3	
		Round-Cross Shiba Daimon	3,270	Chuo	2,342	2,195	0.3	
		Round-Cross Tsukiji	3,760	Chuo	3,039	3,378	0.5	
		ORIX Shiba 2-chome Building	9,190	Chuo	6,147	7,500	1.2	
		Aoyama 246 Building	8,510	Chuo	5,288	5,200	0.8	
		Round-Cross Shinjuku	10,500	Daiwa	7,385	8,020	1.3	
		Seafort Square Center Building	14,000	Chuo	16,474	18,000	2.8	
		ORIX Akasaka 2-chome Building	22,300	Chuo	19,653	21,860	3.4	
		Round-Cross Shinjuku 5-chome	4,330	Daiwa	3,830	4,500	0.7	
		Nihonbashi Honcho 1-chome Building	8,280	Nihon	9,431	10,500	1.7	
		Round-Cross Shibuya	3,220	Daiwa	3,237	3,500	0.6	
		ORIX Suidobashi Building	3,040	Nihon	2,701	3,000	0.5	
		ORIX Shinagawa Building	12,900	Nihon	14,222	15,200	2.4	
		ORIX Real Estate Nishi Shinjuku Building	14,400	Daiwa	13,023	13,600	2.1	
		Round-Cross Tamachi	8,000	Daiwa	6,657	6,730	1.1	
		MG Shirokanedai Building	8,820	Chuo	8,519	8,500	1.3	
		SHIBUYA PINE Bldg.	4,510	Daiwa	3,472	3,400	0.5	
		MG Ichigaya Building	3,450	Nihon	3,013	3,100	0.5	
		Round-Cross Ginza 2-chome	5,910	Tanizawa	5,171	5,200	0.8	
		ARK Hills South Tower	24,100	Tanizawa	21,854	22,000	3.5	
		Round-Cross Akihabara	4,530	Tanizawa	4,338	4,202	0.7	
		Gaien Nishi-dori Building	9,860	Tanizawa	9,042	9,000	1.4	
		CENTRUM ROPPONGI	12,600	Tanizawa	12,447	12,400	2.0	
		Remaining Tokyo Wards	Carrot Tower	6,780	Tanizawa	3,690	5,479	0.9
			Beside Kiba	2,860	Tanizawa	1,940	2,450	0.4
			ORIX Ikebukuro Building	12,900	Chuo	8,113	9,577	1.5
			KN Jiyugaoka Plaza	3,030	Daiwa	3,051	3,110	0.5
			ORIX Meguro Building	8,500	Daiwa	5,924	6,350	1.0
			Akihabara Business Center	6,660	Daiwa	4,485	5,060	0.8
		Other Parts of the Greater Tokyo Area	Neo City Mitaka	3,200	Tanizawa	1,896	2,200	0.3
			Round-Cross Kawasaki	6,580	Chuo	3,960	4,130	0.7
			Omiya Miyacho Building	5,020	Daiwa	3,723	4,400	0.7
			Omiya Shimocho 1-chome Building	4,800	Daiwa	3,259	3,750	0.6
			ORE Omiya Building	8,070	Daiwa	7,120	7,030	1.1
		Other Areas	Nagoya Itochu Building	5,610	Tanizawa	4,452	4,500	0.7
			ORIX Koraihashi Building	5,290	Chuo	4,389	5,560	0.9
			Lunar Sendai	6,470	Nihon	7,257	8,500	1.3
			ORIX Nagoya Nishiki Building	8,780	Nihon	10,588	12,500	2.0
			ORE Sapporo Building	6,380	Chuo	3,263	4,250	0.7
			ORIX Kobe Sannomiya Building	4,330	Daiwa	3,183	3,800	0.6
			ORE Nishiki 2-chome Bldg.	12,800	Daiwa	10,252	10,900	1.7
			DOJIMA PLAZA BLDG.	10,600	Nihon	9,454	9,500	1.5
			PRIME SQUARE HIROSE-DORI	8,560	Nihon	7,019	7,280	1.1
			Hamamatsu Act Tower	12,900	Nihon	12,568	11,800	1.9
			ORIX Yodoyabashi Bldg.	5,510	Chuo	5,009	5,012	0.8
			SAPPORO BRICK CUBE	5,650	Tanizawa	5,258	5,200	0.8
			Round-Cross Kagoshima	1,510	Daiwa	1,292	1,300	0.2
		Total of Offices		391,020		336,012	359,084	56.6
	Retail Facilities	6 Central Tokyo Wards	Nihon Jisho Minami Aoyama Building	4,090	Chuo	2,455	2,548	0.4
			CUBE Daikanyama	3,870	Chuo	2,376	2,435	0.4
			aune Yurakucho	12,200	Daiwa	9,885	9,900	1.6
		Cross Avenue Harajuku	6,910	Nihon	4,780	4,815	0.8	
		J-ONE SQUARE	1,720	Nihon	1,510	1,510	0.2	
		JouLe SHIBUYA	8,900	Nihon	7,493	7,550	1.2	
		SO-CAL LINK OMOTESANDO	2,800	Nihon	2,309	2,300	0.4	
		Kita Aoyama Building	960	Tanizawa	941	900	0.1	
		Remaining Tokyo Wards	aune Ikebukuro	7,480	Nihon	6,171	6,410	1.0
		Other Parts of the Greater Tokyo Area	aune Kohoku	4,510	Daiwa	3,402	4,000	0.6
			aune Makuhari	4,790	Daiwa	3,046	3,600	0.6
			Maruetsu Sagamino	2,780	Daiwa	2,188	2,350	0.4
			CROSS GARDEN KAWASAKI	15,800	Daiwa	11,981	12,950	2.0
			Tecc Land Totsuka (Land)	6,010	Nihon	6,073	6,020	0.9
			Clio Fujisawaekimae	4,660	Nihon	3,827	3,900	0.6
		Other Areas	Kobe Momoyamadai Shopping Center (Land)	3,280	Nihon	3,385	3,260	0.5
			Okayama Kume Retail Facility	3,270	Chuo	2,367	2,750	0.4
			Home Center Musashi Sendai Izumi (Land)	2,970	Chuo	2,381	2,350	0.4
			aune Sapporo Ekimae	2,330	Chuo	1,844	1,900	0.3
			Morioka Minami Shopping Center Sansa	3,360	Tanizawa	2,655	2,800	0.4
			GRAN MART Tegata	1,110	Tanizawa	935	980	0.2
			AEON TOWN Sendai-Izumiosawa (Land)	3,920	Chuo	3,540	3,510	0.6
			Cross Mall Shimonoseki-Chofu	2,040	Daiwa	2,292	2,400	0.4
			Intervillage OH! MAGARI	6,320	Chuo	4,854	5,183	0.8
			Valor Suzuka Shopping Center	3,570	Tanizawa	3,068	3,200	0.5
			aune Sendai	2,250	Chuo	1,986	2,000	0.3
			Friend Town Fukaebashi (Land)	2,790	Daiwa	2,424	2,400	0.4
			KONAMI SPORTS CLUB KORIEN	1,760	Tanizawa	1,567	1,600	0.3
			aune Tenjin	4,880	Tanizawa	4,535	4,550	0.7
		Total of Retail Facilities		131,330		106,283	110,071	17.3

Residential Properties	6 Central Tokyo Wards	We Will Hatchobori	2,530	Chuo	2,103	2,370	0.4
		Shibaura Island Air Tower	7,200	Chuo	4,880	6,030	0.9
		Belle Face Togoshi Statio	3,140	Chuo	2,346	2,642	0.4
		Belle Face Meguro	3,980	Nihon	3,115	3,330	0.5
		Central Crib Roppongi	8,360	Nihon	7,474	7,493	1.2
	Remaining Tokyo Wards	Belle Face Kamata	4,330	Chuo	3,067	3,550	0.6
		Belle Face Hongo Yumicho	3,760	Chuo	2,987	3,340	0.5
		Belle Face Mishuku	2,320	Chuo	1,906	2,000	0.3
		West Park Tower IKEBUKURO	23,000	Nihon	20,024	20,500	3.2
		Belle Face HigashiJujo	3,200	Nihon	2,877	3,000	0.5
	Other Parts of the Greater Tokyo Area	R-Styles Musashi-Kosugi	5,120	Nihon	4,112	4,433	0.7
	Other Areas	Belle Face Osaka Shinmachi	4,530	Chuo	2,997	3,684	0.6
		Belle Face Amagasaki	3,880	Chuo	2,882	3,440	0.5
Belle Face Kanazawa Kohrinbo		2,620	Chuo	2,240	2,410	0.4	
Total of Residential Properties			77,970		63,016	68,222	10.7
Logistics Facilities	Other Parts of the Greater Tokyo Area	Toda Logistics Center	11,100	Nihon	8,317	9,600	1.5
		Ichikawa Logistics Center	9,230	Nihon	7,047	8,300	1.3
		Iwatsuki Logistics Center	7,240	Nihon	5,866	6,300	1.0
	Other Areas	Sakai Logistics Center North Building	12,900	Daiwa	7,827	10,200	1.6
		Komaki Logistics Center	3,120	Tanizawa	2,189	2,700	0.4
Total of Logistics Facilities			43,590		31,249	37,100	5.8
Hotels and Others	6 Central Tokyo Wards	TAKANAWA DUPLEX C's	2,980	Nihon	2,862	2,830	0.4
	Other Parts of the Greater Tokyo Area	Cross Gate	17,500	Tanizawa	9,522	15,040	2.4
		GOOD TIME LIVING Shin-urayasu	1,990	Nihon	1,498	1,550	0.2
		SUNROUTE PLAZA TOKYO	26,900	Nihon	27,325	26,800	4.2
	Other Areas	VIA INN SHINSAIBASHI BLDG.	3,730	Nihon	3,012	3,100	0.5
		HOTEL KEIHAN SAPPORO	3,130	Nihon	2,401	2,550	0.4
		Richmond Hotel Yamagata Ekimae	2,400	Nihon	2,172	2,300	0.4
	Hotel Nikko Himeji	4,530	Nihon	4,886	4,800	0.8	
	HOTEL LIVEMAX NAGOYA SAKAE-EAST	1,700	Tanizawa	1,556	1,500	0.2	
Total of Hotels and Others			64,860		55,239	60,470	9.5
Total			708,770		591,801	634,947	100.0

Note 1 Individual numbers may not add up to totals due to rounding except for appraisal value, book value and acquisition price.

Note 2 Tanizawa Sogo Appraisal Co.,Ltd.,Chuo Real Estate Appraisal Co.,Ltd.,DAIWA REAL ESTATE APPRAISAL CO.,LTD. and JAPAN REAL ESTATE INSTITUTE conducted appraisals.

Note 3 The property name, Round-Cross Tamachi was changed from OX Tamachi Building as of April 1, 2018.