

ORIX JREIT (“OJR”) Report

The 32nd Fiscal Period

From September 1, 2017 to February 28, 2018

ORIX JREIT Inc.

I Performance Report

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■ Investment Performance Overview

1. Financial Highlights

		31 st Period	32 nd Period
		From March 1, 2017 to August 31, 2017	From September 1, 2017 to February 28, 2018
(In millions of yen, unless otherwise indicated)			
Operating revenues		¥22,484	¥22,987
Rental revenues		19,897	20,304
Other operating revenues		2,587	2,407
Gains on sale of real estate properties		-	275
Operating expenses		12,291	12,377
Property-related expenses		10,564	10,577
Operating income		10,192	10,610
Ordinary income		8,672	9,131
Net income		8,657	9,116
Total assets	(a)	657,898	659,716
Net assets	(b)	334,685	335,145
Unitholders' capital		323,282	323,282
Total number of units issued (units)	(c)	2,680,000	2,680,000
Net assets per unit (Yen)	(b)/(c)	124,883	125,054
Total cash distribution	(d)	8,656	8,841
Distribution per unit (Yen)	(d)/(c)	3,230	3,299
Distribution of retained earnings per unit (Yen)		3,230	3,299
Distribution in excess of retained earnings per unit (Yen)		—	—
ROA (%) ⁽¹⁾		1.3(2.7)	1.4(2.8)
ROE (%) ⁽¹⁾		2.7(5.4)	2.7(5.4)
Equity ratio (%)	(b)/(a)	50.9	50.8
Payout ratio (%) ^{(1) (4)}		99.9	96.9
<i>Supplemental Information</i>			
Number of real estate properties		110	110
Number of tenants ⁽³⁾		1,019	1,023
Total rentable area (m ²) ⁽³⁾		1,160,490.21	1,158,352.01
Occupancy rate (%) ^{(3) (5)}		98.6	99.4
Depreciation		4,015	3,970
Capital expenditures		1,615	1,134
NOI from property leasing activity ^{(1) (2)}		16,010	16,179
FFO ^{(1) (2)}		12,747	12,885

Notes:

- These indicators are calculated according to the following formulas.
 ROA = Ordinary income divided by average total assets
 ROE = Net income divided by average net assets
 Payout ratio = Distribution per unit divided by net income per unit^(*)
^{*}Net income per unit = Net income divided by the weighted average numbers of units outstanding
 NOI (Net Operating Income) from property leasing activity =
 Rental revenues + Other operating revenues + Depreciation – Property-related expenses
 FFO (Funds From Operation) = Net income + Depreciation – Gain on sale of real estate properties
 Financial data included in the field have been prepared on a 6-month basis.
 However, the ratios in parentheses represent annualized data.
- Rental revenues and property-related expenses include revenues from finance lease of property and cost of finance lease of property, respectively. NOI from property leasing activity and FFO are computed after adding the cost of finance lease of property.
- The number of tenants, the total rentable area and the occupancy rate are computed including the numbers for properties recorded as investment in finance lease.
- The payout ratio is rounded down to the first decimal place.
- The occupancy rate is the proportion of rented space to the total rentable space at each period-end.
- Accounting data does not include consumption taxes.

2. Performance Review for Current Period

Major changes in the fund

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 of the aforementioned activity, OJR's portfolio included 110 properties as of February 28, 2018 (53 office buildings, 29 retail facilities, 14 residential properties, 5 logistics facilities and 9 hotels and other properties), with 1,158,352.01 m² of total rentable floor space, 1,023 tenants and an occupancy rate of 99.4%. The total amount invested in real estate and real estate held in trust (total of acquisition prices), which included the properties accounted for as investment in finance lease, was ¥634,947 million. The total of book values and calculated prices (appraisal values based on the evaluations by six appraisers) of the real estates and real estates held in trust, which included the properties accounted for as investment in finance lease, as of February 28, 2018 were ¥591,801 million and ¥708,770 million, respectively.

Subsequent to the end of the 32nd fiscal period, OJR acquired Hotel Universal Port (acquisition price: ¥34,000 million) on April 2, 2018. Details are disclosed in the press releases dated February 26, 2018. This transaction will bring the total number of properties to 111 and the total amount invested in real estate and real estate held in trust (total of acquisition prices) to ¥668,947 million, which includes the properties accounted for as investment in finance lease.

In the 32nd fiscal period, operating revenues were ¥22,987 million and net income was ¥9,116 million. Total cash distribution was ¥8,841 million, the distribution per unit was ¥3,299 (a 4.4% increase compared to our estimated distribution per unit of ¥3,160), and the distribution payout ratio was 96.9%.

As of the end of the 32nd fiscal period, total assets were ¥659,716 million, total interest-bearing liabilities were ¥288,017 million (long-term debt excluding investment corporation bonds: ¥273,517 million, investment corporation bonds: ¥14,500 million), net assets were ¥335,145 million, and net assets per unit were ¥125,054.

Business environment and fund performance

Japanese Economy

The monthly economic report of April 2018 issued by the Japanese government stated that the Japanese economy was on a moderate recovery. Specifically, the government reported that: (i) private consumption had been picking up; (ii) business investment had been increasing moderately; (iii) exports had been picking up; (iv) industrial production had been increasing moderately; (v) corporate profits had been improving. Firms' judgment on current business conditions had been improving; (vi) the employment situation had been improving steadily; and (vii) consumer prices had been rising moderately in recent months. Concerning short-term prospects, the economy had been expected to continue recovering, supported by the effects of the policies, while the employment and income situation was improving. However, attention should be given to the uncertainty in overseas economies and the effects of fluctuations in the financial and capital markets.

Management Environment Surrounding OJR

It is considered that the Japanese economic environment surrounding OJR continues to be on a moderate recovery trend with solid domestic and overseas demand. The world economy is believed to be on an overall recovery trend and moderate economic growth will continue despite some national or regional differences. However, it is considered that it is still in an uncertain and unstable condition in Europe and the U.S. due to increasing pressure from protectionist policies in developed nations and the monetary tightening trend as well as increasing geopolitical tensions.

Under such circumstances, expected yields have remained stable at low levels for all property types, and thus superior properties continue to be scarce in the domestic real estate transaction market. On the other hand, the supply and demand imbalance due to the mass supply of large-scale offices in central Tokyo has been a concern in the estate rental market. However, as we have observed the leasing of newly supplied buildings has been progressing steadily in general, we believed such concern for the future has eased moderately.

New acquisitions

(As of June 22, 2018)

<p>HOTEL LiVEMAX NAGOYA SAKAE-EAST</p>	<p>Acquisition price: ¥1,500 million Acquisition date: December 26, 2017</p> <p>The property is a hotel located within approximately a 9-minute walk from Subway Sakae Station on the Nagoya Subway Higashiyama Line and approximately a 10-minute walk from Subway Yaba-cho Station on the Nagoya Subway Meijo Line. The Sakae area, where this hotel stands, is only 2 stops (and 6 minutes ride) away from Nagoya Station, and is the largest commercial area in the Chubu region. Nagoya has seen 40% average annual growth of visitors for the past 5 years, and accommodation needs in the city have been increasing owing to its favorable location on 2 major sightseeing routes - the "Dragon route" connecting Nagoya and the Hokuriku region and the "Golden route" connecting Tokyo and Osaka. The hotel room occupancy rate in Nagoya has been over 80%. The hotel specializes in accommodation with 113 guest rooms. OJR concluded a fixed term lease agreement with LiVE Max Inc., which is the lessee and operator of the hotel. The rent is fixed for the first 10 years, and is scheduled to be revised every 2 years from the 11th year. LiVE Max Inc. operates approximately 60 hotels with more than 3,000 guest rooms throughout the nation and is especially strong in low-end accommodation specialized hotels.</p>
<p>Hotel Universal Port</p>	<p>Acquisition price: ¥34,000 million Acquisition date: April 2, 2018</p> <p>The property is one of the few official hotels of Universal Studios Japan® ("USJ"). This site offers all the convenience of an official hotel, and is just about a three-minute walk to USJ and about a four-minute walk to the nearest train station, which is the Universal-City Station on the JR Sakurajima Line (Yumesaki Line). There is a shuttle cruiser which leaves from the dock behind the hotel and arrives at the west wharf of the Osaka Aquarium Kaiyukan in about ten minutes. This hotel's earnings have been solid thanks to increasing attendance at USJ. The opening of USJ's Harry Potter area has contributed to full-year earnings from the fiscal year ended in March 2016. In the latest year from January to December 2017, the guest room occupancy rate has been about 93% and the ADR ^(Note) was about 21,900 yen.</p> <p><small>Note: The Average Daily Rate (ADR) represents the amount calculated by dividing the total revenue from the hotel accommodation division during a certain period excluding service fees by the total number of rooms sold during the same period. The "ADR" is rounded off to the nearest 100 yen.</small></p> <p>Each room has a spacious layout for an official hotel. There are 484 twin rooms (28-46 m²), 56 double rooms (28-63m²) and 60 family rooms (40 m²) for a total of 600 rooms.</p> <p>To comfortably accommodate families with children, all of the rooms are equipped with bathrooms with washing space and independent separate toilets. USJ concepts are incorporated throughout the lobby and guest rooms to differentiate this hotel from the other official hotels.</p>

Financing activities

OJR is aiming for a strategic approach towards unsecured loans, switching to fixed-interest rate loans, diversifying repayment periods, and reducing fund procurement costs in line with the monetary environment.

As such, the following financing activities were implemented.

Debt Finance

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 debt 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%.

Notes:

1. "LTV (based on total assets)" is the figure obtained by dividing the balance of interest-bearing debt by total assets stated on the balance sheet and is rounded to the first decimal place.
2. "LTV (based on unitholders' capital)" is the figure obtained by dividing the balance of interest-bearing debt by the sum of unitholders' capital on the balance sheet and the balance of interest-bearing debt and is rounded to the first decimal place.
3. The fixed-rate debt ratio is the figure obtained by dividing the balance of fixed-rate debt (including loans whose interest rates were fixed through interest rate swaps) by the balance of interest-bearing debt and is rounded to the first decimal place.
4. The long-term debt ratio is the figure obtained by dividing the balance of long-term debt (excluding long-term debt due within one year) by the balance of interest-bearing debt and is rounded to the first decimal place.

Financial results and distribution

OJR recorded operating revenues of ¥22,987 million and net income of ¥9,116 million for the 32nd fiscal period.

The distribution in cash can be tax-deductible under Article 67-15 of the Special Taxation Measures Law, which requires dividend distribution in excess of 90% of the amount available for distributions. Based on this distribution policy, OJR determined to pay out a distribution in cash of ¥8,841 million, which is nearly equal to the retained earnings remaining after deducting the amount appropriated to the reserve for advanced depreciation of non-current assets as of February 28, 2018. As a result, the distribution per unit was ¥3,299.

■ Fund Overview

1. Capitalization

Paid-in capital

The following table shows capital increases carried out in the recent five years.

Date	Remarks	Investment Units Outstanding		Paid-in Capital (In millions of yen)	
		Increase	Balance	Increase	Balance
March 1, 2013	Split of Units ⁽¹⁾	1,137,736	1,422,170	-	150,895
March 26, 2013	Additional Issuance of Units ⁽²⁾	160,915	1,583,085	19,089	169,985
April 24, 2013	Third party allotment ⁽³⁾	8,032	1,591,117	952	170,937
October 30, 2013	Additional Issuance of Units ⁽⁴⁾	91,788	1,682,905	10,516	181,454
November 27, 2013	Third party allotment ⁽⁵⁾	4,589	1,687,494	525	181,980
March 18, 2014	Additional Issuance of Units ⁽⁶⁾	265,410	1,952,904	31,535	213,515
April 16, 2014	Third party allotment ⁽⁷⁾	13,270	1,966,174	1,576	215,092
September 17, 2014	Additional Issuance of Units ⁽⁸⁾	147,343	2,113,517	18,568	233,661
October 9, 2014	Third party allotment ⁽⁹⁾	7,367	2,120,884	928	234,589
March 17, 2015	Additional Issuance of Units ⁽¹⁰⁾	109,381	2,230,265	16,985	251,574
April 10, 2015	Third party allotment ⁽¹¹⁾	5,470	2,235,735	849	252,424
September 1, 2015	Additional Issuance of Units ⁽¹²⁾	84,966	2,320,701	12,295	264,720
March 16, 2016	Additional Issuance of Units ⁽¹³⁾	95,830	2,416,531	15,270	279,990
April 12, 2016	Third party allotment ⁽¹⁴⁾	4,792	2,421,323	763	280,753
September 1, 2016	Additional Issuance of Units ⁽¹⁵⁾	98,381	2,519,704	16,298	297,052
September 28, 2016	Third party allotment ⁽¹⁶⁾	4,919	2,524,623	814	297,867
March 1, 2017	Additional Issuance of Units ⁽¹⁷⁾	147,978	2,672,601	24,204	322,072
March 28, 2017	Third party allotment ⁽¹⁸⁾	7,399	2,680,000	1,210	323,282
March 13, 2018	Additional Issuance of Units ⁽¹⁹⁾	76,190	2,756,190	11,880	335,163
April 11, 2018	Third party allotment ⁽²⁰⁾	3,810	2,760,000	594	335,757

Notes:

- Effective March 1, 2013, OJR implemented a 5-for-1 unit split of the units held by unitholders registered on the register of unitholders as of February 28, 2013.
- Fifth public equity offering of 160,915 new units at ¥122,655 per unit (issue price per unit was ¥118,629) to acquire properties
- Along with the public offering of Note 2, additional 8,032 units were allocated through private placement at ¥118,629 per unit.
- Sixth public equity offering of 91,788 new units at ¥118,462 per unit (issue price per unit was ¥114,574) to acquire properties
- Along with the public offering of Note 4, additional 4,589 units were allocated through private placement at ¥114,574 per unit.
- Seventh public equity offering of 265,410 new units at ¥122,850 per unit (issue price per unit was ¥118,818) to acquire properties
- Along with the public offering of Note 6, additional 13,270 units were allocated through private placement at ¥118,818 per unit.
- Eighth public equity offering of 147,343 new units at ¥130,162 per unit (issue price per unit was ¥126,023) to acquire properties
- Along with the public offering of Note 8, additional 7,367 units were allocated through private placement at ¥126,023 per unit.
- Ninth public equity offering of 109,381 new units at ¥160,387 per unit (issue price per unit was ¥155,287) to acquire properties
- Along with the public offering of Note 10, additional 5,470 units were allocated through private placement at ¥155,287 per unit.
- Tenth public equity offering of 84,966 new units at ¥149,467 per unit (issue price per unit was ¥144,714) to acquire properties
- Eleventh public equity offering of 95,830 new units at ¥164,580 per unit (issue price per unit was ¥159,347) to acquire properties
- Along with the public offering of Note 13, additional 4,792 units were allocated through private placement at ¥159,347 per unit.
- Twelfth public equity offering of 98,381 new units at ¥171,112 per unit (issue price per unit was ¥165,671) to acquire properties
- Along with the public offering of Note 15, additional 4,919 units were allocated through private placement at

- ¥165,671 per unit.
17. Thirteenth public equity offering of 147,978 new units at ¥168,850 per unit (issue price per unit was ¥163,568) to acquire properties
 18. Along with the public offering of Note 17, additional 7,399 units were allocated through private placement at ¥163,568 per unit.
 19. Fourteenth public equity offering of 76,190 new units at ¥160,972 per unit (issue price per unit was ¥155,936) to acquire properties
 20. Along with the public offering of Note 19, additional 3,810 units were allocated through private placement at ¥155,936 per unit.

Market price of OJR units

OJR's investment units are traded on the TSE JREIT section. The high and low closing prices per unit for the 31st and 32nd periods are shown below in yen:

	From March 1, 2017 to August 31, 2017	From September 1, 2017 to February 28, 2018
High	¥179,200	¥173,300
Low	158,600	152,300

2. Overview of Borrowings

(In millions of yen)

Category	Lender	Balance at beginning of the period	Balance at the period end	Average interest rate(%)(¹)	Due on(⁴)	Use of funds	Repayment method	Note
Long-term loan (term loan 22)	Sumitomo Mitsui Trust Bank, Limited	4,000	-	Fixed rate 1.05815	September 19, 2017	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
	Mizuho Bank, Ltd.	2,000	-					
	Resona Bank, Limited	1,000	-					
Long-term loan (term loan 23)	THE TOHO BANK, LTD.	500	-	Floating rate 0.56690	September 19, 2017	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
	The Shinkumi Federation Bank	3,000	-					
Long-term loan	The Bank of Fukuoka, Ltd.	3,000	-	Fixed rate 1.05815	September 19, 2017	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Aozora Bank, Ltd.	1,550	-	Fixed rate 1.02067	October 4, 2017	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan (term loan 25, tranche A)	THE HIROSHIMA BANK, LTD.	1,000	-	Fixed rate 0.84402	February 21, 2018	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
	The Bank of Yokohama, Ltd.	1,000	-					
Long-term loan (term loan 27, tranche B)	ORIX Bank Corporation	1,000	1,000	Fixed rate 0.90802	March 19, 2018	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
	The Shinkumi Federation Bank	300	300					
	Sumitomo Mitsui Trust Bank, Limited	700	700					
	Sumitomo Mitsui Banking Corporation	1,200	1,200					
	Mitsubishi UFJ Trust and Banking Corporation	300	300					
	Mizuho Bank, Ltd.	500	500					
Long-term loan	Resona Bank, Limited	2,000	2,000	Fixed rate 0.49600	April 1, 2018	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	THE NISHI-NIPPON CITY BANK, LTD.	1,500	1,500	Fixed rate 0.49600	April 1, 2018	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	The Daishi Bank, Ltd.	1,000	1,000	Fixed rate 0.49600	April 1, 2018	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	The 77 Bank, Ltd.	1,000	1,000	Fixed rate 0.86400	April 26, 2018	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	The Daishi Bank, Ltd.	1,000	1,000	Fixed rate 0.72700	August 31, 2018	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	The 77 Bank, Ltd.	1,000	1,000	Fixed rate 0.72700	August 31, 2018	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	THE SHIZUOKA BANK, LTD.	1,000	1,000	Fixed rate 0.72700	August 31, 2018	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan (term loan 24)	Sumitomo Mitsui Banking Corporation	2,000	2,000	Fixed rate 1.18934	September 19, 2018	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
	Mitsubishi UFJ Trust and Banking Corporation	1,000	1,000					
	Sumitomo Mitsui Trust Bank, Limited	2,000	2,000					
Long-term loan	Sumitomo Mitsui Banking Corporation	800	800	Floating rate 0.18727	September 20, 2018	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan (term loan 28, tranche A)	Sumitomo Mitsui Trust Bank, Limited	2,400	2,400	Fixed rate 0.97492	October 1, 2018	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
	Sumitomo Mitsui Banking Corporation	2,400	2,400					
	Mitsubishi UFJ Trust and Banking Corporation	2,000	2,000					
	Mizuho Bank, Ltd.	1,200	1,200					
Long-term loan (term loan 28, tranche B)	Sumitomo Mitsui Trust Bank, Limited	138	138	Fixed rate 0.97492	October 1, 2018	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
	Sumitomo Mitsui Banking Corporation	138	138					
	Mitsubishi UFJ Trust and Banking Corporation	115	115					
	Mizuho Bank, Ltd.	69	69					
Long-term loan	Aozora Bank, Ltd.	1,000	1,000	Fixed rate 0.83000	January 10, 2019	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu

Category	Lender	Balance at beginning of the period	Balance at the period end	Average interest rate(% ⁽¹⁾)	Due on ⁽⁴⁾	Use of funds	Repayment method	Note
Long-term loan (term loan 26)	Sumitomo Mitsui Trust Bank, Limited	2,640	2,640	Fixed rate 1.06802	March 20, 2019	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
	Mitsubishi UFJ Trust and Banking Corporation	2,640	2,640					
	Sumitomo Mitsui Banking Corporation	2,640	2,640					
	Mizuho Bank, Ltd.	1,980	1,980					
Long-term loan	National Mutual Insurance Federation of Agricultural	2,000	2,000	Fixed rate 1.30500	April 26, 2019	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Development Bank of Japan Inc.	4,000	4,000	Fixed rate 2.26875	July 27, 2019	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan (tranche A)	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,000	3,000	Fixed rate 0.34625	September 20, 2019	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan (term loan 30)	Shinsei Bank, Limited	1,000	1,000	Fixed rate 0.81687	October 1, 2019	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
	Aozora Bank, Ltd.	1,000	1,000					
	Resona Bank, Limited	1,000	1,000					
Long-term loan	Shinsei Bank, Limited	1,560	1,560	Fixed rate 0.90500	November 1, 2019	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Mizuho Trust & Banking Co., Ltd.	1,560	1,560	Fixed rate 0.90500	November 1, 2019	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Resona Bank, Limited	1,560	1,560	Fixed rate 0.90500	November 1, 2019	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	National Mutual Insurance Federation of Agricultural	3,000	3,000	Fixed rate 1.80000	December 2, 2019	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	The Norinchukin Bank	3,350	3,350	Fixed rate (SWAP) 0.91250	December 20, 2019	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Mizuho Trust & Banking Co., Ltd.	1,500	1,500	Fixed rate 0.55600	December 24, 2019	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan (term loan 32, tranche A)	Mizuho Bank, Ltd.	650	650	Fixed rate (SWAP) 0.54675	March 19, 2020	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
	The Shinkumi Federation Bank	700	700					
	Mitsubishi UFJ Trust and Banking Corporation	350	350					
	Sumitomo Mitsui Trust Bank, Limited	900	900					
	Sumitomo Mitsui Banking Corporation	1,500	1,500					
Long-term loan	THE SHIZUOKA BANK, LTD.	1,000	1,000	Floating rate 0.31727	March 26, 2020	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	The Norinchukin Bank	1,500	1,500	Fixed rate (SWAP) 0.67400	April 1, 2020	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Mizuho Bank, Ltd.	2,000	2,000	Fixed rate 1.54400	June 14, 2020	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Aozora Bank, Ltd.	1,000	1,000	Fixed rate 1.54400	June 14, 2020	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Taiyo Life Insurance Company	1,000	1,000	Fixed rate 0.57000	June 22, 2020	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	The Hyakugo Bank, Ltd.	1,000	1,000	Fixed rate (SWAP) 0.52700	June 22, 2020	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan (term loan 33, tranche A)	Sumitomo Mitsui Banking Corporation	1,500	1,500	Fixed rate (SWAP) 0.52700	June 22, 2020	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
	Sumitomo Mitsui Trust Bank, Limited	1,000	1,000					
Long-term loan	Development Bank of Japan Inc.	1,500	1,500	Fixed rate 1.44375	July 31, 2020	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,500	1,500	Fixed rate 1.22000	August 31, 2020	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan (term loan 29)	Sumitomo Mitsui Banking Corporation	2,000	2,000	Fixed rate (SWAP) 1.14500	September 24, 2020	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
	Mitsubishi UFJ Trust and Banking Corporation	2,000	2,000					
	Mizuho Bank, Ltd.	1,000	1,000					
	ShinGinko Tokyo, Limited	500	500					
	Sumitomo Mitsui Trust Bank, Limited	1,500	1,500					

Category	Lender	Balance at beginning of the period	Balance at the period end	Average interest rate(%)(¹)	Due on (⁴)	Use of funds	Repayment method	Note
Long-term loan	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,000	3,000	Fixed rate 1.07000	November 1, 2020	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan (term loan 25, tranche B)	Development Bank of Japan Inc.	5,000	5,000	Fixed rate 1.44744	February 21, 2021	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Sumitomo Mitsui Trust Bank, Limited	-	3,000	Floating rate 0.20263	February 22, 2021	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Sumitomo Mitsui Banking Corporation	-	2,000	Floating rate 0.20263	February 22, 2021	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	The Norinchukin Bank	2,000	2,000	Floating rate 0.24727	March 22, 2021	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan (term loan 34, tranche A)	THE NISHI-NIPPON CITY BANK, LTD.	1,150	1,150	Floating rate 0.24727	March 22, 2021	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
	The Shinkumi Federation Bank	1,400	1,400					
Long-term loan (term loan 34, tranche B)	The Minato Bank, Ltd.	500	500	Fixed rate 0.29425	March 22, 2021	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
	Shinsei Bank, Limited	500	500					
	Mitsubishi UFJ Trust and Banking Corporation	1,000	1,000					
Long-term loan	Mitsubishi UFJ Trust and Banking Corporation	2,560	2,560	Fixed rate (SWAP) 1.00600	April 2, 2021	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Mizuho Bank, Ltd.	1,280	1,280	Fixed rate (SWAP) 1.00600	April 2, 2021	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan (tranche A)	Sumitomo Mitsui Banking Corporation	2,000	2,000	Fixed rate (SWAP) 0.68105	June 21, 2021	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan (term loan 35)	The Kagawa Bank, Ltd.	1,000	1,000	Fixed rate 0.20211	June 21, 2021	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
	The Shinkumi Federation Bank	400	400					
	THE SHIMANE BANK, LTD.	300	300					
	The Minato Bank, Ltd.	300	300					
Long-term loan (term loan 32, tranche B)	Mizuho Bank, Ltd.	650	650	Fixed rate (SWAP) 0.70425	September 21, 2021	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
	Sumitomo Mitsui Trust Bank, Limited	900	900					
	Sumitomo Mitsui Banking Corporation	1,500	1,500					
	Mitsubishi UFJ Trust and Banking Corporation	350	350					
Long-term loan	Development Bank of Japan Inc.	4,740	4,740	Fixed rate 0.89100	October 1, 2021	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Mizuho Trust & Banking Co., Ltd.	2,500	2,500	Fixed rate 0.89100	October 1, 2021	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Shinsei Bank, Limited	2,500	2,500	Fixed rate (SWAP) 0.45960	December 20, 2021	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	The Daishi Bank, Ltd.	1,000	1,000	Fixed rate 0.24000	December 20, 2021	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Mitsui Sumitomo Insurance Company, Limited	1,000	1,000	Fixed rate 0.83000	December 22, 2021	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Development Bank of Japan Inc.	1,400	1,400	Fixed rate 1.34300	January 10, 2022	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Mizuho Bank, Ltd.	1,500	1,500	Fixed rate (SWAP) 1.20350	February 14, 2022	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Sumitomo Mitsui Banking Corporation	2,500	2,500	Fixed rate (SWAP) 0.75925	March 22, 2022	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	The Norinchukin Bank	4,500	4,500	Floating rate 0.23727	March 22, 2022	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,710	1,710	Fixed rate 1.09000	March 31, 2022	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Sumitomo Mitsui Banking Corporation	2,560	2,560	Fixed rate (SWAP) 1.16180	March 31, 2022	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Sumitomo Mitsui Trust Bank, Limited	2,560	2,560	Fixed rate (SWAP) 1.16180	March 31, 2022	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu

Category	Lender	Balance at beginning of the period	Balance at the period end	Average interest rate(%)(¹)	Due on(⁴)	Use of funds	Repayment method	Note
Long-term loan (term loan 31)	Mitsubishi UFJ Trust and Banking Corporation	1,890	1,890	Fixed rate (SWAP) 1.05175	June 20, 2022	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
	Mizuho Bank, Ltd.	1,430	1,430					
	Sumitomo Mitsui Banking Corporation	1,890	1,890					
	Sumitomo Mitsui Trust Bank, Limited	1,890	1,890					
Long-term loan	Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,000	1,000	Fixed rate 0.24000	June 20, 2022	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Development Bank of Japan Inc.	3,800	3,800	Fixed rate 1.07600	September 18, 2022	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Shinsei Bank, Limited	1,000	1,000	Fixed rate (SWAP) 0.60630	September 20, 2022	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Mitsubishi UFJ Trust and Banking Corporation	1,000	1,000	Fixed rate (SWAP) 0.60630	September 20, 2022	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan (tranche B)	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,000	1,000	Fixed rate 0.61630	September 20, 2022	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan (tranche A)	Sumitomo Mitsui Trust Bank, Limited	4,000	4,000	Fixed rate 0.83625	December 20, 2022	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan (term loan 33, tranche B)	Sumitomo Mitsui Trust Bank, Limited	1,000	1,000	Fixed rate (SWAP) 0.80450	December 20, 2022	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
	Sumitomo Mitsui Banking Corporation	1,500	1,500					
	Resona Bank, Limited	1,200	1,200					
Long-term loan (term loan 34, tranche C)	The Bank of Fukuoka, Ltd.	1,800	1,800	Floating rate 0.31727	March 20, 2023	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
	THE NISHI-NIPPON CITY BANK, LTD.	1,150	1,150					
Long-term loan (term loan 34, tranche D)	Resona Bank, Limited	1,000	1,000	Fixed rate 0.44805	March 20, 2023	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
	Shinsei Bank, Limited	1,800	1,800					
	Mitsubishi UFJ Trust and Banking Corporation	2,500	2,500					
Long-term loan	THE HIROSHIMA BANK, LTD.	-	1,000	Fixed rate 0.32200	March 20, 2023	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,000	2,000	Fixed rate 0.85910	June 20, 2023	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Mitsubishi UFJ Trust and Banking Corporation	2,000	2,000	Fixed rate (SWAP) 0.86910	June 20, 2023	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Sumitomo Mitsui Banking Corporation	1,000	1,000	Fixed rate (SWAP) 0.86910	June 20, 2023	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Aozora Bank, Ltd.	1,000	1,000	Fixed rate 0.32600	June 20, 2023	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	THE SHIZUOKA BANK, LTD.	1,000	1,000	Fixed rate 0.37100	June 20, 2023	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan (tranche A)	Development Bank of Japan Inc.	2,000	2,000	Fixed rate 0.84100	July 29, 2023	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	The Bank of Fukuoka, Ltd.	1,100	1,100	Fixed rate (SWAP) 0.71725	September 20, 2023	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan (tranche C)	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,000	2,000	Fixed rate 0.71225	September 20, 2023	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Aozora Bank, Ltd.	1,000	1,000	Fixed rate 0.38500	September 20, 2023	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan (tranche B)	Sumitomo Mitsui Trust Bank, Limited	1,000	1,000	Fixed rate 0.95375	December 20, 2023	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan (term loan 33, tranche C)	Mitsubishi UFJ Trust and Banking Corporation	700	700	Fixed rate (SWAP) 0.92075	December 20, 2023	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
	Sumitomo Mitsui Trust Bank, Limited	1,000	1,000					
	Sumitomo Mitsui Banking Corporation	1,500	1,500					
	Resona Bank, Limited	1,100	1,100					
Long-term loan	Shinsei Bank, Limited	1,900	1,900	Fixed rate (SWAP) 0.67385	December 20, 2023	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,750	1,750	Fixed rate 0.41500	March 21, 2024	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu

Category	Lender	Balance at beginning of the period	Balance at the period end	Average interest rate(%)(¹)	Due on(⁴)	Use of funds	Repayment method	Note
Long-term loan	Mizuho Trust & Banking Co., Ltd.	1,390	1,390	Fixed rate 0.56432	March 21, 2024	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan (tranche B)	Sumitomo Mitsui Banking Corporation	3,000	3,000	Fixed rate (SWAP) 1.03080	June 20, 2024	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,630	2,630	Fixed rate 0.43200	June 20, 2024	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Shinsei Bank, Limited	1,000	1,000	Fixed rate 0.37900	June 20, 2024	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Resona Bank, Limited	1,000	1,000	Fixed rate 0.37900	June 20, 2024	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Aozora Bank, Ltd.	-	1,550	Fixed rate 0.52500	September 20, 2024	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan (term loan 33, tranche D)	Sumitomo Mitsui Trust Bank, Limited	1,000	1,000	Fixed rate (SWAP) 1.02950	December 20, 2024	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
	Sumitomo Mitsui Banking Corporation	1,800	1,800					
	Mitsubishi UFJ Trust and Banking Corporation	700	700					
Long-term loan	Sumitomo Mitsui Trust Bank, Limited	1,000	1,000	Fixed rate (SWAP) 1.02950	December 20, 2024	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Mizuho Trust & Banking Co., Ltd.	1,500	1,500	Fixed rate (SWAP) 0.78175	December 20, 2024	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Resona Bank, Limited	1,000	1,000	Fixed rate (SWAP) 0.78175	December 20, 2024	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Development Bank of Japan Inc.	1,000	1,000	Fixed rate 0.55700	December 20, 2024	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Resona Bank, Limited	1,000	1,000	Fixed rate 0.47200	March 21, 2025	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Mitsubishi UFJ Trust and Banking Corporation	5,500	5,500	Fixed rate 0.50000	March 21, 2025	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Mitsui Sumitomo Insurance Company, Limited	-	500	Fixed rate 0.41000	March 21, 2025	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Mizuho Bank, Ltd.	2,000	2,000	Fixed rate (SWAP) 1.08700	June 20, 2025	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	5,000	5,000	Fixed rate 0.53300	June 20, 2025	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan (tranche B)	Development Bank of Japan Inc.	3,000	3,000	Fixed rate 1.05100	July 29, 2025	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Mizuho Bank, Ltd.	3,000	3,000	Fixed rate (SWAP) 0.93750	September 22, 2025	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	The Bank of Fukuoka, Ltd.	-	3,500	Fixed rate 0.49500	September 22, 2025	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Resona Bank, Limited	-	1,000	Fixed rate 0.54600	September 22, 2025	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Mizuho Trust & Banking Co., Ltd.	1,390	1,390	Fixed rate 0.70315	March 23, 2026	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Sumitomo Mitsui Trust Bank, Limited	3,207	3,207	Fixed rate 0.70315	March 23, 2026	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Mizuho Bank, Ltd.	1,000	1,000	Fixed rate 0.66000	March 23, 2026	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Mizuho Bank, Ltd.	1,000	1,000	Fixed rate 0.65800	December 21, 2026	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Sumitomo Mitsui Trust Bank, Limited	1,000	1,000	Fixed rate 0.65800	December 21, 2026	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Mitsubishi UFJ Trust and Banking Corporation	1,000	1,000	Fixed rate 0.65800	December 21, 2026	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu

Category	Lender	Balance at beginning of the period	Balance at the period end	Average interest rate(%)(¹⁾)	Due on(⁴⁾)	Use of funds	Repayment method	Note
Long-term loan	SUMITOMO LIFE INSURANCE COMPANY	-	1,500	Fixed rate 0.62200	December 21, 2026	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Sumitomo Mitsui Trust Bank, Limited	6,000	6,000	Fixed rate 0.78300	March 23, 2027	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Mizuho Bank, Ltd.	2,000	2,000	Fixed rate 0.71500	June 21, 2027	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	The 77 Bank, Ltd.	1,000	1,000	Fixed rate 0.70800	June 21, 2027	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Mizuho Trust & Banking Co., Ltd.	1,000	1,000	Fixed rate 0.71500	June 21, 2027	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Sumitomo Mitsui Trust Bank, Limited	1,400	1,400	Fixed rate 0.72700	September 21, 2027	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Mizuho Bank, Ltd.	-	5,000	Fixed rate 0.71800	September 21, 2027	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Sumitomo Mitsui Trust Bank, Limited	-	4,000	Fixed rate 0.71800	September 21, 2027	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan	Meiji Yasuda Life Insurance Company	-	500	Fixed rate 0.71000	March 21, 2028	(3)	Bullet payment	Unsecured, Non-guaranteed, Pari passu
Long-term loan total		267,017	273,517					
Grand total of short-term and long-term loan		¥267,017	¥273,517					

Notes:

- The average interest rate is the weighted-average based on debt amounts at the end of the period. The average interest rate relating to the debt hedged by an interest rate swap for the purpose of avoiding interest rate volatility risk is the weighted-average interest rate after reflecting the effect of the relevant interest rate swap.
- Same terms and conditions, including interest rates and maturities, apply to each lender of each debt category.
- All borrowings have been used to finance the acquisitions of real estate related assets, to refinance other debts, or to redeem investment corporation bonds.
- The following table shows the total amounts of long-term loan to be repaid for each year:

(In millions of yen)

	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years
Long-term loan	¥27,760	¥34,430	¥37,100	¥32,430	¥36,430

- OJR fully repaid its long-term loan of ¥7,000 million on September 19, 2017.
- OJR fully repaid its long-term loan of ¥3,500 million on September 19, 2017.
- OJR fully repaid its long-term loan of ¥3,000 million on September 19, 2017.
- OJR fully repaid its long-term loan of ¥1,550 million on October 4, 2017.
- OJR fully repaid its long-term loan of ¥2,000 million on February 21, 2018.
- The bank name, The Bank of Tokyo-Mitsubishi UFJ, Ltd., was changed to MUFG Bank, LTD. as of April 1, 2018.
- MUFG Bank, Ltd. assumed the corporate loan operations of Mitsubishi UFJ Trust and Banking Corporation as of April 16, 2018 as a result of an absorption-type corporate split.
- ShinGinko Tokyo, Limited merged into The Yachiyo Bank, Limited, along with The Tokyo Tomin Bank, Limited on May 1, 2018, The Yachiyo Bank, Limited was the surviving company of the merger with ShinGinko Tokyo, Limited and The Tokyo Tomin Bank, Limited being the absorbed companies. The name of the bank was changed to Kiraboshi Bank, Ltd.

3. Overview of Bonds

(In millions of yen)

Bond name	Issue date	Balance at beginning of the period	Balance at the period end	Coupon (%)	Maturity date	Redemption	Use of proceeds	Note
The 5 th unsecured bonds	February 8, 2013	5,000	-	0.760	February 8, 2018	Bullet payment	(1)	(5)
The 6 th unsecured bonds	January 20, 2014	5,000	5,000	0.440	July 20, 2018	Bullet payment	(2)	(5)
The 7 th unsecured bonds	January 20, 2014	2,500	2,500	1.200	January 19, 2024	Bullet payment	(2)	(5)
The 8 th unsecured bonds	August 11, 2014	2,000	2,000	0.308	August 9, 2019	Bullet payment	(3)	(5)
The 9 th unsecured bonds	August 11, 2014	3,000	3,000	0.901	August 9, 2024	Bullet payment	(3)	(5)
The 10 th unsecured bonds	December 19, 2014	2,000	2,000	0.886	December 19, 2024	Bullet payment	(4)	(5)
Total		¥19,500	¥14,500					

Notes:

1. The bonds have been used to redeem “The 1st unsecured bonds.”
2. The bonds have been used to redeem “The 4th unsecured bonds” and to refinance other debts.
3. The bonds have been used to redeem “The 2nd unsecured bonds.”
4. The bonds have been used to finance the acquisition of real estate held in trust
5. The bonds were issued with pari passu conditions among specified investment corporation bonds.
6. The following table shows the total amounts of the bonds to be repaid for each year.

(In millions of yen)

	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years
Bond	¥5,000	¥2,000	¥ —	¥ —	¥ —

4. Major Unitholders

(As of February 28, 2018)

Name	Number of Units Owned	Ownership (%)
Japan Trustee Services Bank, Ltd. (Trust accounts)	601,194	22.43
The Master Trust Bank of Japan, Ltd. (Trust accounts)	408,115	15.22
Trust & Custody Services Bank, Ltd. (Securities investment trust accounts)	205,375	7.66
The Nomura Trust and Banking Co., Ltd (Investment accounts)	137,835	5.14
NOMURA BANK (LUXEMBOURG) S.A.	81,258	3.03
STATE STREET BANK AND TRUST COMPANY 505012	57,884	2.15
STATE STREET BANK- WEST PENSION FUND CLIENTS- EXEMPT 505233	39,801	1.48
STATE STREET BANK AND TRUST COMPANY 505223	31,009	1.15
STATE STREET BANK WEST CLIENT-TREATY 505234	29,938	1.11
Mitsubishi UFJ Morgan Stanley Securities Co., LTD.	28,767	1.07
Total	1,621,176	60.49

Note: Ratio of ownership, rounded down to the second decimal place, may not add up to equal the total due to rounding.

5. Unitholder Type

(As of February 28, 2018)

Unitholder type	Number of Unitholders	%	Number of Units	%
Individuals and Others	20,689	96.2	198,847	7.4
Financial Institutions	191	0.9	1,728,688	64.5
Other Corporate Entities	337	1.6	56,186	2.1
Overseas	296	1.4	696,279	26.0
Total	21,513	100.0	2,680,000	100.00

Note: Individual ratios, rounded to the second decimal place, may not add up to equal the total due to rounding.

■ Portfolio Overview

1. Portfolio Summary

(As of February 28, 2018)

Asset Type	Area / Type		Amount ⁽¹⁾ (In millions of yen)	Percentage of total assets (%) ⁽²⁾
Real Estate and Real Estate Held in Trust	6 Central Tokyo Wards	Offices	¥204,855	31.05
		Retail Facilities	31,751	4.81
		Residential Properties	19,920	3.02
		Logistics Facilities	—	—
		Hotels and others	2,862	0.43
	Remaining Tokyo Wards	Offices	27,205	4.12
		Retail Facilities	6,171	0.94
		Residential Properties	30,863	4.68
		Logistics Facilities	—	—
		Hotels and others	—	—
	Other Parts of the Greater Tokyo Area	Offices	19,960	3.03
		Retail Facilities	30,520	4.63
		Residential Properties	4,112	0.62
		Logistics Facilities	21,232	3.22
		Hotels and others	38,346	5.81
	Other Areas	Offices	83,990	12.73
		Retail Facilities	37,839	5.74
		Residential Properties	8,120	1.23
		Logistics Facilities	10,017	1.52
Hotels and others		14,030	2.13	
Deposits and Other Assets			67,914	10.29
Total Assets			¥659,716	100.00

Notes:

1. Amounts are the book values as of the end of February 2018, after subtracting the accumulated depreciation. The amounts include the book value of property accounted for as investment in finance lease.
2. Percentage of total assets is rounded to the second decimal place. Individual numbers may not add up to 100% due to rounding.
3. The amount of Real Estate and Real Estate Held in Trust excludes the amount of construction in progress (including construction in progress held in trust).

2. Selected Property Data

(As of February 28, 2018)

	Area	Property Name	Total Rentable Area (㎡)	Appraisal Value ⁽¹⁾ (In millions of yen)	Book Value (In millions of yen)	Acquisition Price (In millions of yen)	Ratio to Acquisition Price ⁽²⁾ (%)
Offices	6 Central Tokyo Wards	Aoyama Suncrest Building	6,771.04	¥12,700	¥10,202	¥10,076	1.6
		Round-Cross Ichi-bancho	3,282.32	3,730	3,071	3,526	0.6
		Round-Cross Nishi Shinjuku	1,224.85	3,690	2,420	2,650	0.4
		DT Gaien	2,578.56	2,870	2,096	2,430	0.4
		Yoyogi Forest Building	1,861.91	1,570	1,392	1,406	0.2
		Round-Cross Akasaka	2,787.04	2,640	2,700	2,624	0.4
		Round-Cross Mita	2,297.19	1,550	1,679	1,748	0.3
		Round-Cross Shiba Daimon	2,818.92	3,270	2,342	2,195	0.3
		Round-Cross Tsukiji	4,003.73	3,760	3,039	3,378	0.5
		ORIX Shiba 2-chome Building	6,703.88	9,190	6,147	7,500	1.2
		Aoyama 246 Building	2,409.89	8,510	5,288	5,200	0.8
		Round-Cross Shinjuku	4,736.19	10,500	7,385	8,020	1.3
		Seafort Square Center Building	22,066.01	14,000	16,474	18,000	2.8
		ORIX Akasaka 2-chome Building	10,277.01	22,300	19,653	21,860	3.4
		Round-Cross Shinjuku 5-chome	3,089.29	4,330	3,830	4,500	0.7
		Nihonbashi Honcho 1-chome Building	5,099.70	8,280	9,431	10,500	1.7
		Round-Cross Shibuya	1,550.63	3,220	3,237	3,500	0.6
		ORIX Suidobashi Building	2,087.65	3,040	2,701	3,000	0.5
		ORIX Shinagawa Building	5,616.58	12,900	14,222	15,200	2.4
		ORIX Real Estate Nishi Shinjuku Building	7,059.20	14,400	13,023	13,600	2.1
	Round-Cross Tamachi (5)	6,121.28	8,000	6,657	6,730	1.1	
	MG Shirokanedai Building	4,984.87	8,820	8,519	8,500	1.3	
	SHIBUYA PINE Bldg.	2,644.36	4,510	3,472	3,400	0.5	
	MG Ichigaya Building	1,905.43	3,450	3,013	3,100	0.5	
	Round-Cross Ginza 2-chome	2,910.41	5,910	5,171	5,200	0.8	
	ARK Hills South Tower	9,013.03	24,100	21,854	22,000	3.5	
	Round-Cross Akihabara	2,532.67	4,530	4,338	4,202	0.7	
	Gaien Nishi-dori Building	5,145.97	9,860	9,042	9,000	1.4	
	Round-Cross Roppongi (6)	5,049.83	12,600	12,447	12,400	2.0	
	Remaining Tokyo Wards	Carrot Tower	6,866.16	6,780	3,690	5,479	0.9
		Beside Kiba	4,758.03	2,860	1,940	2,450	0.4
		ORIX Ikebukuro Building	5,528.03	12,900	8,113	9,577	1.5
		KN Jiyugaoka Plaza	1,231.80	3,030	3,051	3,110	0.5
		ORIX Meguro Building	6,193.84	8,500	5,924	6,350	1.0
	Akihabara Business Center	4,250.33	6,660	4,485	5,060	0.8	
	Other Parts of the Greater Tokyo Area	Neo City Mitaka	4,621.57	3,200	1,896	2,200	0.3
		Round-Cross Kawasaki	5,528.06	6,580	3,960	4,130	0.7
		Omiya Miyacho Building	4,062.92	5,020	3,723	4,400	0.7
		Omiya Shimochi 1-chome Building	4,912.78	4,800	3,259	3,750	0.6
	ORE Omiya Building	10,005.95	8,070	7,120	7,030	1.1	
Other Areas	Nagoya Itochu Building	10,773.58	5,610	4,452	4,500	0.7	
	ORIX Koraihashi Building	6,851.57	5,290	4,389	5,560	0.9	
	Lunar Sendai	9,955.91	6,470	7,257	8,500	1.3	
	ORIX Nagoya Nishiki Building	10,251.51	8,780	10,588	12,500	2.0	
	ORE Sapporo Building	11,671.35	6,380	3,263	4,250	0.7	
	ORIX Kobe Sannomiya Building	6,252.86	4,330	3,183	3,800	0.6	
	ORE Nishiki 2-chome Bldg.	15,078.15	12,800	10,252	10,900	1.7	
	DOJIMA PLAZA BLDG.	10,051.43	10,600	9,454	9,500	1.5	
	PRIME SQUARE HIROSE-DORI	10,420.22	8,560	7,019	7,280	1.1	
	Hamamatsu Act Tower	84,689.60	12,900	12,568	11,800	1.9	
	ORIX Yodoyabashi Bldg.	6,584.95	5,510	5,009	5,012	0.8	
	SAPPORO BRICK CUBE	8,652.88	5,650	5,258	5,200	0.8	
	Round-Cross Kagoshima	3,160.57	1,510	1,292	1,300	0.2	
Total of Offices			390,983.49	391,020	336,012	359,084	56.6
Retail Facilities	6 Central Tokyo Wards	Nihon Jisho Minami Aoyama Building	985.36	4,090	2,455	2,548	0.4
		CUBE Daikanyama	899.82	3,870	2,376	2,435	0.4
		aune Yurakucho	3,280.26	12,200	9,885	9,900	1.6
		Cross Avenue Harajuku	693.64	6,910	4,780	4,815	0.8
		J-ONE SQUARE	506.36	1,720	1,510	1,510	0.2
		JouLe SHIBUYA	2,394.93	8,900	7,493	7,550	1.2
		SO-CAL LINK OMOTESANDO	484.56	2,800	2,309	2,300	0.4
	Remaining Tokyo Wards	Kita Aoyama Building	215.50	960	941	900	0.1
		aune Ikebukuro	4,179.45	7,480	6,171	6,410	1.0
	Other Parts of the Greater Tokyo Area	aune Kohoku	5,397.66	4,510	3,402	4,000	0.6
		aune Makuhari	5,749.05	4,790	3,046	3,600	0.6
		Maruetsu Sagamino	8,250.89	2,780	2,188	2,350	0.4
		CROSS GARDEN KAWASAKI	17,126.09	15,800	11,981	12,950	2.0
Tecc Land Totsuka (Land)	10,624.61	6,010	6,073	6,020	0.9		
Clio Fujisawaekimae	2,678.42	4,660	3,827	3,900	0.6		

	Area	Property Name	Total Rentable Area (㎡)	Appraisal Value ⁽¹⁾ (In millions of yen)	Book Value (In millions of yen)	Acquisition Price (In millions of yen)	Ratio to Acquisition Price ⁽²⁾ (%)	
Retail Facilities	Other Areas	Kobe Momoyamadai Shopping Center (Land)	42,123.17	3,280	3,385	3,260	0.5	
		Okayama Kume Retail Facility	11,822.08	3,270	2,367	2,750	0.4	
		Home Center Musashi Sendai Izumi (Land)	56,109.95	2,970	2,381	2,350	0.4	
		aune Sapporo Ekimae	2,181.73	2,330	1,844	1,900	0.3	
		Morioka Minami Shopping Center Sansa	17,107.50	3,360	2,655	2,800	0.4	
		GRAN MART Tegata	3,311.00	1,110	935	980	0.2	
		AEON TOWN Sendai-Izumiosawa (Land)	74,930.65	3,920	3,540	3,510	0.6	
		Cross Mall Shimonoseki-Chofu	8,651.19	2,040	2,292	2,400	0.4	
		intervillage OH! MAGARI	39,346.05	6,320	4,854	5,183	0.8	
		Valor Suzuka Shopping Center	16,782.02	3,570	3,068	3,200	0.5	
		aune Sendai	2,092.07	2,250	1,986	2,000	0.3	
		Friend Town Fukaebashi (Land)	9,492.36	2,790	2,424	2,400	0.4	
		KONAMI SPORTS CLUB KORIEEN	8,176.36	1,760	1,567	1,600	0.3	
		aune Tenjin	2,936.36	4,880	4,535	4,550	0.7	
Total of Retail Facilities			358,529.09	131,330	106,283	110,071	17.3	
Residential Properties	6 Central Tokyo Wards	We Will Hatchobori	3,065.89	2,530	2,103	2,370	0.4	
		Shibaura Island Air Tower	13,097.69	7,200	4,880	6,030	0.9	
		Belle Face Togoshi Statio	3,168.75	3,140	2,346	2,642	0.4	
		Belle Face Meguro	3,422.89	3,980	3,115	3,330	0.5	
		Central Crib Roppongi	7,565.52	8,360	7,474	7,493	1.2	
	Remaining Tokyo Wards	Belle Face Kamata	6,187.52	4,330	3,067	3,550	0.6	
		Belle Face Hongo Yumicho	4,349.82	3,760	2,987	3,340	0.5	
		Belle Face Mishuku	2,654.24	2,320	1,906	2,000	0.3	
		West Park Tower IKEBUKURO	25,152.42	23,000	20,024	20,500	3.2	
	Other Parts of the Greater Tokyo Area	Belle Face Higashijujo	4,933.11	3,200	2,877	3,000	0.5	
		R-Styles Musashi-Kosugi	15,953.63	5,120	4,112	4,433	0.7	
	Other Areas	Belle Face Osaka Shinmachi	8,831.38	4,530	2,997	3,684	0.6	
		Belle Face Amagasaki	7,459.86	3,880	2,882	3,440	0.5	
Belle Face Kanazawa Kohrinbo		6,680.44	2,620	2,240	2,410	0.4		
Total of Residential Properties			112,523.16	77,970	63,016	68,222	10.7	
Logistics Facilities	Other Parts of the Greater Tokyo Area	Toda Logistics Center	36,158.60	11,100	8,317	9,600	1.5	
		Ichikawa Logistics Center	37,456.96	9,230	7,047	8,300	1.3	
		Iwatsuki Logistics Center	28,048.04	7,240	5,866	6,300	1.0	
	Other Areas	Sakai Logistics Center North Building	64,004.80	12,900	7,827	10,200	1.6	
		Komaki Logistics Center	18,089.76	3,120	2,189	2,700	0.4	
Total of Logistics Facilities			183,758.16	43,590	31,249	37,100	5.8	
Hotels and Others	6 Central Tokyo Wards	TAKANAWA DUPLEX C's	4,404.33	2,980	2,862	2,830	0.4	
		Other Parts of the Greater Tokyo Area	Cross Gate	25,808.73	17,500	9,522	15,040	2.4
			GOOD TIME LIVING Shin-urayasu	4,143.60	1,990	1,498	1,550	0.2
	SUNROUTE PLAZA TOKYO		38,488.60	26,900	27,325	26,800	4.2	
	VIA INN SHINSAIBASHI BLDG.		4,719.92	3,730	3,012	3,100	0.5	
	HOTEL KEIHAN SAPPORO		5,335.88	3,130	2,401	2,550	0.4	
	Other Areas	Richmond Hotel Yamagata Ekimae	7,294.17	2,400	2,172	2,300	0.4	
		Hotel Nikko Himeji	20,264.29	4,530	4,886	4,800	0.8	
HOTEL LIVEMAX NAGOYA SAKAE-EAST	2,098.59	1,700	1,556	1,500	0.2			
Total of Hotels and Others			112,558.11	64,860	55,239	60,470	9.5	
Total			1,158,352.01	¥708,770	¥591,801	¥634,947	100.0	

Notes:

- The appraisal value represents the appraisal value stated on the relevant review reports by real estate appraisers as of the balance sheet date in accordance with the method and standards described in the Articles of Incorporation of OJR, and the rules set forth by the Investment Trusts Association, Japan. Such real estate appraisers are Tanizawa Sogo Appraisal Co., Ltd., Chuo Real Estate Appraisal Co., Ltd., DAIWA REAL ESTATE APPRAISAL Co., LTD and JAPAN REAL ESTATE INSTITUTE.
- Ratio to acquisition price is rounded to the first decimal place, and may not add up to equal the total amount due to rounding.
- The table shown above includes figures for property accounted for as investment in finance lease. Also, the book value includes the amount of investment in finance lease recorded on the balance sheet.
- OJR sold Round-Cross Minami Azabu on December 8, 2017.
- The property name, Round-Cross Tamachi, was changed from OX Tamachi Building as of April 1, 2018.
- The property name, Round-Cross Roppongi, was changed from CENTRUM ROPPONGI as of June 1, 2018.

3. Selected Financial Data by Property

(For the period ended February 28, 2018)

	Area	Property Name	Number of Tenants ⁽¹⁾	Occupancy Rate ⁽¹⁾⁽²⁾ (%)	Revenue (In millions of yen)	Ratio to Revenue ⁽²⁾ (%)
Offices	6 Central Tokyo Wards	Aoyama Suncrest Building	9	99.4	316	1.4
		Round-Cross Ichi-bancho	10	100.0	108	0.5
		Round-Cross Nishi Shinjuku	9	100.0	93	0.4
		DT Gaien	4	100.0	87	0.4
		Yoyogi Forest Building	8	100.0	52	0.2
		Round-Cross Minami Azabu	-	-	33	0.1
		Round-Cross Akasaka	13	100.0	87	0.4
		Round-Cross Mita	6	100.0	56	0.2
		Round-Cross Shiba Daimon	6	87.9	83	0.4
		Round-Cross Tsukiji	10	100.0	140	0.6
		ORIX Shiba 2-chome Building	2	100.0	284	1.3
		Aoyama 246 Building	10	100.0	205	0.9
		Round-Cross Shinjuku	12	100.0	259	1.1
		Seafort Square Center Building	61	98.4	595	2.6
		ORIX Akasaka 2-chome Building	17	100.0	489	2.2
		Round-Cross Shinjuku 5-chome	9	100.0	115	0.5
		Nihonbashi Honcho 1-chome Building	10	97.0	209	0.9
		Round-Cross Shibuya	9	100.0	75	0.3
		ORIX Suidobashi Building	1	100.0	-(3)	-(3)
		ORIX Shinagawa Building	8	100.0	314	1.4
		ORIX Real Estate Nishi Shinjuku Building	1	100.0	-(3)	-(3)
		Round-Cross Tamachi (5)	12	100.0	242	1.1
		MGShirokanedai Building	4	100.0	204	0.9
		SHIBUYA PINE Bldg.	8	100.0	112	0.5
		MG Ichigaya Building	12	100.0	91	0.4
		Round-Cross Ginza 2-chome	13	100.0	140	0.6
		ARK Hills South Tower	1	97.2	463	2.0
		Round-Cross Akihabara	7	94.7	67	0.3
	Gaien Nishi-dori Building	2	100.0	-(3)	-(3)	
	Round-Cross Roppongi (6)	7	100.0	296	1.3	
	Remaining Tokyo Wards	Carrot Tower	13	100.0	246	1.1
		Beside Kiba	5	84.5	85	0.4
		ORIX Ikebukuro Building	8	100.0	331	1.5
		KN Jiyugaoka Plaza	5	100.0	76	0.3
		ORIX Meguro Building	13	100.0	255	1.1
	Akihabara Business Center	9	100.0	178	0.8	
	Other Parts of the Greater Tokyo Area	Neo City Mitaka	11	100.0	136	0.6
		Round-Cross Kawasaki	13	89.2	211	0.9
		Omiya Miyacho Building	2	100.0	-(3)	-(3)
		Omiya Shimocho 1-chome Building	8	100.0	161	0.7
		ORE Omiya Building	31	100.0	313	1.4
Other Areas	Nagoya Itochu Building	16	99.9	241	1.1	
	ORIX Koraibashi Building	13	100.0	175	0.8	
	Lunar Sendai	43	99.2	267	1.2	
	ORIX Nagoya Nishiki Building	19	100.0	277	1.2	
	ORE Sapporo Building	9	100.0	327	1.4	
	ORIX Kobe Sannomiya Building	20	100.0	173	0.8	
	ORE Nishiki 2-chome Bldg.	29	98.2	421	1.9	
	DOJIMA PLAZA BLDG.	32	100.0	333	1.5	
	PRIME SQUARE HIROSE-DORI	37	100.0	294	1.3	
	Hamamatsu Act Tower	164	99.6	1,566	6.9	
	ORIX Yodoyabashi Bldg.	31	99.2	185	0.8	
	SAPPORO BRICK CUBE	34	98.7	190	0.8	
Round-Cross Kagoshima	11	94.9	79	0.3		
Total of Offices			857	99.1	12,611	55.5
Retail Facilities	6 Central Tokyo Wards	Nihon Jisho Minami Aoyama Building	1	100.0	-(3)	-(3)
		CUBE Daikanyama	5	100.0	91	0.4
		aune Yurakucho	1	100.0	280	1.2
		Cross Avenue Harajuku	1	100.0	-(3)	-(3)
		J-ONE SQUARE	1	100.0	-(3)	-(3)
		JouLe SHIBUYA	1	100.0	207	0.9
		SO-CAL LINK OMOTESANDO	1	100.0	-(3)	-(3)
		Kita Aoyama Building	3	39.8	7	0.0
	Remaining Tokyo Wards	aune Ikebukuro	1	100.0	220	1.0
		aune Kohoku	17	100.0	183	0.8
	Other Parts of the Greater Tokyo Area	aune Makuhari	22	100.0	228	1.0
		Manuetsu Sagamino	1	100.0	-(3)	-(3)
		CROSS GARDEN KAWASAKI	1	100.0	517	2.3
		Tecc Land Totsuka (Land)	1	100.0	-(3)	-(3)
Clio Fujisawaekimae		6	100.0	144	0.6	

	Area	Property Name	Number of Tenants ⁽¹⁾	Occupancy Rate ⁽¹⁾⁽²⁾ (%)	Revenue (In millions of yen)	Ratio to Revenue ⁽²⁾ (%)
Retail Facilities	Other Areas	Kobe Momoyamadai Shopping Center (Land)	5	100.0	156	0.7
		Okayama Kume Retail Facility	3	100.0	122	0.5
		Home Center Musashi Sendai Izumi (Land)	1	100.0	-(3)	-(3)
		aune Sapporo Ekimae	4	100.0	89	0.4
		Morioka Minami Shopping Center Sansa	1	100.0	-(3)	-(3)
		GRAN MART Tegata	1	100.0	-(3)	-(3)
		AEON TOWN Sendai-Izumiosawa (Land)	1	100.0	-(3)	-(3)
		Cross Mall Shimomoseki-Chofu	1	100.0	87	0.4
		intervillage OH! MAGARI	1	100.0	391	1.7
		Valor Suzuka Shopping Center	1	100.0	-(3)	-(3)
		aune Sendai	10	100.0	101	0.4
		Friend Town Fukaebashi (Land)	1	100.0	-(3)	-(3)
		KONAMI SPORTS CLUB KORIEN	1	100.0	-(3)	-(3)
		aune Tenjin	1	100.0	-(3)	-(3)
Total of Retail Facilities			95	100.0	4,152	18.3
Residential Properties	6 Central Tokyo Wards	We Will Hatchobori	1	98.1	77	0.3
		Shibaura Island Air Tower	2	98.0	343	1.5
		Belle Face Togoshi Statio	1	97.8	83	0.4
		Belle Face Meguro	1	99.4	104	0.5
		Central Crib Roppongi	1	97.0	209	0.9
	Remaining Tokyo Wards	Belle Face Kamata	1	96.8	152	0.7
		Belle Face Hongo Yumicho	1	97.4	117	0.5
		Belle Face Mishuku	1	90.3	62	0.3
		West Park Tower IKEBUKURO	1	97.9	624	2.7
		Belle Face Higashijujo	1	96.8	100	0.4
	Other Parts of the Greater Tokyo Area	R-Styles Musashi-Kosugi	1	98.6	317	1.4
		Other Areas	Belle Face Osaka Shinmachi	1	91.9	162	0.7
	Belle Face Amagasaki		6	100.0	117	0.5
	Belle Face Kanazawa Kohrinbo		4	96.5	105	0.5
Total of Residential Properties			23	97.3	2,578	11.4
Logistics Facilities	Other Parts of the Greater Tokyo Area	Toda Logistics Center	1	100.0	-(3)	-(3)
		Ichikawa Logistics Center	1	100.0	-(3)	-(3)
		Iwatsuki Logistics Center	2	100.0	-(3)	-(3)
	Other Areas	Sakai Logistics Center North Building	1	100.0	-(3)	-(3)
		Komaki Logistics Center	1	100.0	-(3)	-(3)
Total of Logistics Facilities			6	100.0	1,189	5.2
Hotels and Others	6 Central Tokyo Wards	TAKANAWA DUPLEX C's	1	100.0	-(3)	-(3)
	Other Parts of the Greater Tokyo Area	Cross Gate	28	99.2	740	3.3
		GOOD TIME LIVING Shin-urayasu	1	100.0	-(3)	-(3)
		SUNROUTE PLAZA TOKYO	1	100.0	-(3)	-(3)
	Other Areas	VIA INN SHINSAIBASHI BLDG.	5	100.0	-(3)	-(3)
		HOTEL KEIHAN SAPPORO	1	100.0	-(3)	-(3)
		Richmond Hotel Yamagata Ekimae	3	100.0	-(3)	-(3)
		Hotel Nikko Himeji	1	100.0	129	0.6
HOTEL LIVEMAX NAGOYA SAKAE-EAST	1	100.0	-(3)	-(3)		
Total of Hotels and Others			42	99.8	2,179	9.6
Total			1,023	99.4	22,711	100.0

Notes:

1. Number of Tenants and Occupancy Rate are as of February 28, 2018.
2. Occupancy Rate and Ratio to Revenue, rounded to the first decimal place, may not add up to equal the total due to rounding.
3. Because of the confidentiality of the contractual terms, OJR does not disclose the revenue from operations of these properties unless agreement to such disclosures has been specifically received from the tenant.
4. OJR sold Round-Cross Minami Azabu on December 8, 2017.
5. The property name, Round-Cross Tamachi, was changed from OX Tamachi Building as of April 1, 2018.
6. The property name, Round-Cross Roppongi, was changed from CENTRUM ROPPONGI as of June 1, 2018.

4. Major Tenants

According to JREIT regulations, OJR is required to disclose information about tenants who lease more than 10% of total rented area of the fund's portfolio. As of the end of the 32nd fiscal period (at the end of February 2018), ORIX Corporation was the company subject to this requirement.

Name of Tenant	ORIX Corporation
Business	Diversified financial business
Property	Please see the table below for details.
Rented Space	Please see the list for the largest tenant in terms of area shown on the following page.
Ratio to Total Rented Space	10.4%
Contract Rent	Monthly basis ¥367 million (1) (Yearly basis ¥4,406 million) (2)
Expiry Date	Please see the list for the largest tenant in terms of area shown on the following page.
Method for Renewal of Rent	Please see the table below for details.
Leasehold and security deposits received	¥3,534 million
Property	Method for Renewal of Rent
Round-Cross Akasaka	(3)
ORIX Shiba 2-chome Building	(3)
Omiya Shimocho 1-chome Building	(3)
ORE Sapporo Building	(3)
ORIX Kobe Sannomiya Building	(3)
Hamamatsu Act Tower	(3)
Round-Cross Kagoshima	(3)
aune Yurakucho	(4)
Cross Avenue Harajuku	(4)
JouLe SHIBUYA	(4)
aune Ikebukuro	(3)
CROSS GARDEN KAWASAKI	(4)
Morioka Minami Shopping Center Sansa	Fixed term lease agreement for building (five-year term). There is no renewal. However, after this agreement expires, if lessor and lessee agree, both parties can separately conclude a new lease contact.
Cross Mall Shimonoseki-Chofu	(3)
intervillage OH! MAGARI	(3)
Valor Suzuka Shopping Center	(3)

Notes:

1. The tenant sublets the space of certain properties to end tenants based on sub-leasing agreements. For properties where the rental fee paid by the tenant varies depending on the status of subletting to end tenants, this figure indicates rental revenues based on the sub-lease agreements with the end tenants which are effective as of the last month of the fiscal period.
2. The yearly basis represents the amount annualized by multiplying the monthly basis contracted rent by 12.
3. Unless otherwise indicated by either party to the other party in writing by six months before the maturity date, the lease agreement for the building shall be automatically renewed for another two years commencing on the next day of the maturity date with the same terms and conditions.
4. Unless otherwise indicated by either party to the other party in writing by 12 months before the maturity date, the lease agreement for the building shall be automatically renewed for another two years commencing on the next day of the maturity date with the same terms and conditions.

The following list shows the largest tenant in terms of rented area as of February 28, 2018. Share in total rented space is calculated based on the area that OJR owns.

Name of Tenant	Property	Expiry Date ⁽¹⁾	Rented Space ⁽²⁾ (m ²)	Ratio to Total Rented Space ⁽²⁾ (%)
ORIX Corporation	Round-Cross Akasaka	October 31, 2018	538.66	0.0
	ORIX Shiba 2-chome Building	April 30, 2018	6,451.76	0.6
	Omiya Shimocho 1-chome Building	July 31, 2018	1,298.94	0.1
	ORE Sapporo Building	May 8, 2019	856.97	0.1
	ORIX Kobe Sannomiya Building	January 14, 2020	543.39	0.0
	Hamamatsu Act Tower	January 31, 2019	244.79	0.0
	Round-Cross Kagoshima	December 31, 2018	301.95	0.0
	aune Yurakucho	August 31, 2025	3,280.26	0.3
	Cross Avenue Harajuku	October 31, 2023	693.64	0.1
	JouLe SHIBUYA	March 31, 2024	2,394.93	0.2
	aune Ikebukuro	September 30, 2024	4,179.45	0.4
	CROSS GARDEN KAWASAKI	March 28, 2023	17,126.09	1.5
	Morioka Minami Shopping Center Sansa	July 30, 2022	17,107.50	1.5
	Cross Mall Shimonoseki-Chofu	January 9, 2024	8,651.19	0.8
	intervillage OH! MAGARI	June 25, 2028	39,346.05	3.4
	Valor Suzuka Shopping Center	March 31, 2024	16,782.02	1.5

Notes:

1. In cases where more than one lease contract has been concluded with a tenant, the date shown under the expiry date column is for the lease contract with the earliest expiry date.
2. Rented space and total rented space refers to the contracted floor area, which is generally the actual floor size, as opposed to the registered size in the Japanese registry system. Ratio to total rented space as of February 28, 2018 is rounded to the first decimal place. Individual numbers may not add up to equal the total amounts due to rounding.

■ Capital Expenditure

1. Projects –33rd Period Onward

The following table shows the capital expenditure projects that are currently planned. Estimated amounts include costs that may be recognized as expenses. OJR intends to continue providing such capital improvements to improve tenant satisfaction and to enhance its portfolio competitiveness and property value.

Property (Location)	Project	Estimated Period	Estimated Amount (In millions of yen)		
			Total Amount	Payment due in 32 nd period	Already paid Amount
Hotel Universal Port (Osaka-shi, Osaka)	Renovation of hotel guest rooms	From September 2018 to February 2020	¥600	¥-	¥-
Hamamatsu Act Tower (Hamamatsu-shi, Shizuoka)	Renewal of air conditioner remote controller	From September 2016 to August 2019	263	-	60
SUNROUTE PLAZA TOKYO (Urayasu-shi, Chiba)	Renovation of hotel guest rooms	From January 2019 to March 2019	245	-	-
SAPPORO BRICK CUBE (Sapporo-shi, Hokkaido)	Renewal of air conditioners	From May 2018 to August 2019	180	-	-
Round-Cross Tamachi (Minato-ku, Tokyo)	Renewal of commonplace	From November 2017 to March 2018	167	-	7
Sakai Logitics Center North Building (Sakai-shi, Osaka)	Renewal of outer walls	From September 2018 to February 2019	160	-	-
ORIX Ikebukuro Building (Toshima-ku, Tokyo)	Renewal of air conditioners	From September 2018 to February 2019	144	-	-
Hotel Nikko Himeji (Himeji-shi, Hyogo)	Renewal of halls	From August 2018 to January 2019	130	-	-
Hamamatsu Act Tower (Hamamatsu-shi, Shizuoka)	Renewal of fire alarm	From September 2016 to February 2019	126	40	107
Toda Logistics Center (Toda-shi, Saitama)	Renewal of outer walls	From March 2018 to August 2018	103	-	-
Cross Mall Shimonoseki-Chofu (Shimonoseki-shi, Yamaguchi)	Renewal of outer walls	From January 2018 to February 2019	53	-	-
Round-Cross Akasaka (Minato-ku, Tokyo)	Seismic retrofitting	From September 2018 to February 2019	52	6	6
KONAMI SPORTS CLUB KORIEEN (Neyagawa-shi, Osaka)	Renewal of GHP	From August 2018 to August 2018	45	-	-
GOOD TIME LIVING Shin-urayasu (Urayasu-shi, Chiba)	Renewal of air conditioners	From September 2018 to August 2019	30	-	-

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

2. Results –32nd Period

Total amount of capital expenditures in the 32nd period was ¥1,134 million and major projects are summarized below. Combined with the repair costs of ¥567 million, total cost for capital improvements (repair cost and capital expenditures) during the 32nd period was ¥1,701 million.

Property (Location)	Project	Period	Amount (In millions of yen)
Round-Cross Shiba Daimon (Minato-ku, Tokyo)	Renewal of commonplace	From November 2017 to February 2018	170
Hotel Nikko Himeji (Himeji-shi, Hyogo)	Renewal of halls	From October 2017 to February 2018	102
Round-Cross Ichi-bancho (Chiyoda-ku, Tokyo)	Renewal of air conditioners	From September 2017 to February 2018	91
Round-Cross Nishi Shinjuku (Shinjuku-ku, Tokyo)	Renewal of air conditioners	From January 2018 to February 2018	29
Other Capital Expenditures			740
Grand Total			¥1,134

3. Cash Reserve for Capital Improvements

Based on its property-specific medium- to long-term repair plans, OJR maintains a cash reserve for capital improvements from its cash flow. The following table shows the summary of cash reserves at the end of the 31st and 32nd periods.

	(In millions of yen)	
	For the period ended August 31, 2017	For the period ended February 28, 2018
Balance at the beginning	¥833	¥961
Amount reserved	961	981
Amount withdrawn	833	961
Amount carried forward	¥961	¥981

Notes:

In addition to the above reserve, OJR set aside ¥658 million as of February 28, 2018 as reserve for repair work to properties that OJR owns in compartmentalized ownership interests. The amount was included in “Others” of “Other assets” on the balance sheet as of February 28, 2018. Such reserves are generally required pursuant to the management regulation of the owners’ associations.

■ Administrative Expenses

The following table shows the breakdown of fees and expenses paid to the asset manager (ORIX Asset Management Corporation), the asset custodian (Sumitomo Mitsui Trust Bank, Limited) and others providing administrative services and the like.

Item	(In millions of yen)	
	For the period ended August 31, 2017	For the period ended February 28, 2018
Asset management fees	¥1,396	¥1,447
Asset custody fees	45	46
Agent fees	120	131
Officers' fees	9	9
Auditors' fees	13	12
Other expenses	141	153
Total	¥1,727	¥1,800

Note:

Above figures do not include the sale fee of ¥8 million for the 32nd period, and the acquisition fee of ¥62 million for the 31st period and ¥7 million for the 32nd period that were paid to ORIX Asset Management Corporation. The acquisition fee has been capitalized as part of acquisition costs and the sale fee was netted against gain on sale of real estate properties.

■ Transaction Activities during Current Period

1. Real Estate and Real Estate Held in Trust

Property	(In millions of yen)	
	Acquisition	
	Date	Price
HOTEL LIVEMAX NAGOYA SAKAE-EAST	December 26, 2017	¥1,500
Total		¥1,500

Property	(In millions of yen)	
	Sale	
	Date	Price
Round-Cross Minami Azabu	December 8, 2017	¥1,632
Total		¥1,632

Note:

Acquisition and sale prices do not include transaction costs such as brokerage fees and taxes.

2. Other Assets

There has been no significant acquisition or sale of other assets. Other major assets consist mostly of ordinary bank deposits.

3. Transactions with Related Parties of Asset Management Company

Transactions

There has been no transaction with related parties of the asset management company.

Commissions paid

Item	(A) Total Amount (In millions of yen)	Description of Transactions with Related Parties		
		Paid to	(B) Amount (In millions of yen)	(B)/(A)
Property maintenance fees	1,425	ORIX Corporation	¥156	11.0%
		Seafort Community Co., Inc.	50	3.5%
		ORIX Facilities Corporation	492	34.6%
		ACT CITY MANAGEMENT, K.K.	174	12.3%
Property management fees	509	ORIX Corporation	32	6.4%
		ORIX Real Estate Corporation	27	5.3%
		ORIX Facilities Corporation	9	1.8%
		DAIKYO ANABUKI REAL ESTATE INCORPORATED	38	7.5%

Notes:

- “Related Parties” refers to the related parties of asset management companies under the asset management agreement with OJR, as defined in the “Law Concerning Investment Trust and Investment Corporation, Article 201, Section 1.” In the 32nd period, they were ORIX Corporation, Seafort Community Co., Inc. ORIX Facilities Corporation, ACT CITY MANAGEMENT, K.K., ORIX Real Estate Corporation and DAIKYO ANABUKI REAL ESTATE INCORPORATED. The above is a record of commission payments etc. made to them.
- Property management fees and property maintenance fees shown in the above table consist of the following:
 - commission for property management and property maintenance (collectively, “Real Estate Management”), paid to entities subcontracted by ORIX Asset Management Corporation based on a Real Estate Management Agreement between OJR and ORIX Asset Management Corporation; and
 - commission for Real Estate Management, paid to entities contracted by the trustees based on Real Estate Management Agreements between the trustees and ORIX Asset Management Corporation.
- Amounts paid to related parties other than those listed above such as for utility charges were as follows:
 - ORIX Corporation: ¥322 million (utility charges)
 - Tennozu Area Service Co., Inc.: ¥71 million (utility charges)
 - ORIX Bank Corporation: ¥4 million (interest expense, etc.)
 - ORIX Facilities Corporation: ¥446 million (repair cost, etc.)
 - ORIX Interior Corporation: ¥87 million (repair cost, etc.)
 - SHUKEN INCORPORATED: ¥2 million (repair cost, etc.)
 - Flexible Energy Service Co., Ltd.: ¥2 million (research cost)
 - ORIX Rentec Corporation: ¥1 million (lease fee, etc.)

II Financial Statements

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Independent Auditor's Report

To the Board of Directors of
ORIX JREIT Inc.:

We have audited the accompanying financial statements of ORIX JREIT Inc. (a Japanese Real Estate Investment Trust), which comprise the balance sheets as at August 31, 2017 and February 28, 2018, and the statements of income, statements of changes in net assets and statements of cash flows for the six months ended August 31, 2017 and February 28, 2018, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of ORIX JREIT Inc. as at August 31, 2017 and February 28, 2018, and its financial performance and cash flows for the six months ended August 31, 2017 and February 28, 2018, in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter

We draw attention to Note 17 (Subsequent Events) to the financial statements, which describes that ORIX JREIT Inc. issued new investment units. Our opinion is not modified in respect of this matter.

KPMG AZSA LLC

June 22, 2018
Tokyo, Japan

KPMG AZSA LLC, a limited liability audit corporation incorporated under the Japanese Certified Public Accountants Law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

ORIX JREIT Inc.
BALANCE SHEETS

As of August 31, 2017 and February 28, 2018

	As of		As of	
	August 31, 2017		February 28, 2018	
	(In millions of yen)			
Assets				
Current assets:				
Cash and deposits including trust accounts (Notes 3, 4)	¥	59,071	¥	63,589
Rental receivables		790		683
Investment in finance lease (Notes 12)		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 (Note 14)		414,934		415,789
Buildings and structures including trust accounts (Note 14)		172,689		173,012
Building improvements including trust accounts (Note 14)		51,294		51,652
Machinery and equipment including trust accounts (Note 14)		5,267		5,407
Construction in progress		40		16
		644,226		645,877
Less: Accumulated depreciation (Note 14)		(57,381)		(60,901)
Net property and equipment		586,844		584,975
Other assets:				
Leasehold interests including trust accounts (Note 14)		5,073		4,391
Long-term prepaid expenses		1,765		1,735
Others (Note 15)		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 (Notes 4, 5)		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 (Notes 4, 5)		246,967		255,257
Leasehold and security deposits received (Note 4)		28,331		28,765
Asset retirement obligations (Note 15)		164		165
Total liabilities		323,213		324,570
Net assets (Notes 6, 8)				
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

The accompanying notes to financial statements are an integral part of these statements.

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 (Note 10)	¥ 19,897	¥ 20,304
Other operating revenues (Note 10)	2,587	2,407
Gains on sale of real estate properties (Note 11)	—	275
Total operating revenues	22,484	22,987
Operating expenses:		
Property-related expenses (Note 10)	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	0	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 (Note 7)	15	14
Net income	¥ 8,657	¥ 9,116

	For the six months ended	
	August 31, 2017	February 28, 2018
Earnings per unit (Note 6)		
Net income (In yen)	¥ 3,233	¥ 3,402
Weighted average number of units outstanding	2,678,070	2,680,000

The accompanying notes to financial statements are an integral part of these statements.

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	Unitholders'	Capital	Retained Earnings	Total Net Assets		
	Units						
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
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

The accompanying notes to financial statements are an integral part of these statements.

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	(0)	(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
Trade and other payables	275	(324)
Rents received in advance	168	9
Others, net	(459)	(140)
Subtotal	13,779	15,174
Cash proceeds from interest income	0	0
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)

ORIX JREIT Inc.
STATEMENTS OF CASH FLOWS - (Continued)

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 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 (used in) financing activities	7,764	(7,154)
Net change in cash and cash equivalents	7,390	3,761
Cash and cash equivalents at beginning of period	46,731	54,121
Cash and cash equivalents at end of period (Note 3)	¥ 54,121	¥ 57,883

The accompanying notes to financial statements are an integral part of these statements.

Notes to Financial Statements

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

1. Organization

ORIX JREIT Inc. (“OJR”), a Japanese real estate investment corporation, was established on September 10, 2001, with ¥200 million of capital contribution by ORIX Corporation, under the Law Concerning Investment Trusts and Investment Corporations of Japan, or the Investment Trust Law. OJR was formed to invest primarily in real estate in Japan. On June 12, 2002, OJR was listed on the Tokyo Stock Exchange’s JREIT (Real Estate Investment Trust in Japan) section as the fourth listed JREIT. OJR is the first diversified type-listed JREIT that invests in offices, logistics facilities, retail facilities, residential properties and other categories of properties.

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 of the aforementioned activity, OJR's portfolio included 110 properties as of February 28, 2018 (53 office buildings, 29 retail facilities, 14 residential properties, 5 logistics facilities, and 9 hotels and other properties).

2. Summary of Significant Accounting Policies

(a) Basis of presenting financial statements

The accompanying financial statements have been prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan (the “Japanese GAAP”), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

The accompanying financial statements have been restructured and translated into English (with some reclassifications and expanded descriptions) from the financial statements of OJR prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Some supplementary information included in the statutory Japanese language financial statements, but not necessarily required for fair presentation, is not presented in the accompanying financial statements. OJR has not prepared consolidated financial statements as it has no subsidiary.

(b) Property and equipment

Property and equipment are stated at cost. Depreciation of property and equipment is calculated on a straight-line basis over the estimated useful lives of the assets ranging as stated below:

Buildings and structures	10-60 years
Building improvements.....	6-18 years
Machinery and equipment.....	10-18 years

(c) Leasehold interests

Amortization of fixed-term leasehold interests is calculated on a straight-line basis over the remaining periods of the assets.

(d) Investment corporation bond issuance costs

Investment corporation bond issuance costs are capitalized and amortized using the straight-line method over the respective terms of the bonds.

(e) Issuance costs of new units

Issuance costs of new units are recognized as expense when incurred.

(f) Revenue recognition

Revenues from operating lease of property are recognized on a straight-line accrual basis over the life of the lease. Revenues from finance lease of property and related costs of the finance lease are recognized when OJR receives the lease payments. The difference between those revenues and costs represents the interest income equivalent earned during the period.

(g) Taxes on property and equipment

Property and equipment are subject to various taxes, such as fixed asset tax and city planning taxes. An owner of properties is registered in a record maintained by the local government in each jurisdiction, and the taxes are imposed on the owner registered in the record as of January 1, based on the assessment made by the local government.

When a property is purchased in a calendar year, the taxes for that calendar year are imposed on the seller. OJR pays the seller the corresponding amount of the taxes for the period from the property acquisition date to December 31 of the calendar year and capitalizes these amounts as the acquisition cost of the property, rather than expensing them in the period of acquisition. The amount of such taxes included in the costs of real estate acquisition was ¥16 million and ¥0 million for the periods ended August 31, 2017 and February 28, 2018, respectively.

After the year of purchase, OJR principally recognizes taxes imposed on the properties as property-related expenses when incurred so that the total annual tax payments will be allocated evenly to each period.

(h) Hedge accounting

OJR conducts derivative transactions in order to hedge risks defined in its Articles of Incorporation based on its financial policy. OJR uses derivative financial instruments such as interest rate swaps only for the purpose of avoiding future risks of interest rate increases relating to loans, but does not enter into such transactions for speculative or trading purposes. Since the interest rate swaps currently used qualify for hedge accounting and meet certain matching criteria, the swaps are not recorded at fair value but the differentials paid or received under the swap agreements are recognized and included in interest expense. In addition, assessment of the hedge effectiveness has been omitted because the swaps meet the matching criteria, as permitted under the Japanese GAAP.

(i) Allowance for doubtful receivables

To prepare for possible losses on uncollectible receivables, the allowance for doubtful receivables is provided in amounts considered to be appropriate based on individual analysis of collectability for certain doubtful receivables and on past credit experiences for other receivables.

(j) Income taxes

Deferred tax assets and liabilities are recognized based on the difference between the financial statements and income tax bases of assets and liabilities using the enacted tax rate.

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash held in trust, bank deposits (including trust accounts) which are repayable on demand, and short-term investments which are readily convertible to cash, with an insignificant risk of price fluctuation and original maturity of three months or less.

(l) Rounding of amounts presented in financial statements

The amounts have been rounded down to the nearest millions in the accompanying financial statements.

As a result, the totals shown in the accompanying financial statements do not necessarily agree with the sums of the individual amounts.

(m) Trust beneficiary interests

For trust beneficiary interests in real estate, all assets and liabilities held in trust as well as all income generated and expenses incurred from the trust are recorded in the corresponding balance sheet and income statement accounts of the accompanying financial statements.

(n) Consumption taxes

Consumption taxes are excluded from transaction amounts. However, non-deductible consumption taxes on property and equipment are included in the acquisition cost of the respective assets.

3. Cash and Deposits including Trust Accounts

Cash and deposits including trust accounts include restricted deposits held in trust that are retained for repayment of tenant leasehold and security deposits.

Reconciliation of the cash and deposits including trust accounts recorded on the accompanying balance sheets to the cash and cash equivalents reported in the accompanying statements of cash flows is as follows.

	(In millions of yen)	
	As of August 31, 2017	As of February 28, 2018
Cash and deposits including trust accounts.....	¥ 59,071	¥ 63,589
Less: restricted deposits held in trust.....	(1,987)	(1,724)
Less: time deposits due over three months.....	<u>(2,961)</u>	<u>(3,981)</u>
Cash and cash equivalents.....	<u>¥ 54,121</u>	<u>¥ 57,883</u>

4. Financial Instruments

[Qualitative information on financial instruments]

(a) Policies for financial instruments

To finance property acquisitions, repayment of debt, etc., OJR procures funds through several funding sources, including loans from financial institutions, issuance of investment corporation bonds and issuance of investment units. In the case of financing through interest-bearing debt, OJR's basic financial policy is to focus on borrowing funds for longer periods, fixing interest rates on debt, and dispersing repayment dates, among others, in order to secure financial stability and avoid future risks of increase in interest rates.

OJR may conduct derivative transactions in order to hedge against future interest-rate fluctuations, but does not enter into such transactions for speculative purposes.

OJR manages its excess funds carefully in light of safety and liquidity, taking interest rate environment and projected cash flow requirements into due consideration.

(b) Financial instruments, their risks and risk management system

The fund proceeds from borrowings and issuance of investment corporation bonds are used for the purposes of acquisition of real estate and beneficiary rights to real estate trusts, repayment of loans and redemption of investment corporation bonds. These borrowings and bonds are exposed to liquidity risks. OJR strives to reduce the liquidity risks by diversifying the financing methods and lenders, dispersing repayment dates and establishing commitment lines. Borrowings and investment corporation bonds are also exposed to a risk of rising interest rates. OJR controls the impact of interest rate increases by maintaining a lower ratio of interest-bearing debt, while holding the ratio of interest-bearing debt with long-term fixed interest rates at a higher level. Furthermore, for some of the floating-rate loans, OJR enters into derivative transactions (interest-rate swaps) to hedge against interest rate fluctuation risks and fix the amount of interests to be paid. Since the interest rate swaps currently used qualify for hedge accounting and meet certain matching criteria, assessment of the hedge effectiveness has been omitted, as permitted under the Japanese GAAP. Derivative transactions are executed and managed in accordance with the operation and management procedures of the asset management firm.

Deposits are held for the purpose of managing excess funds, and are exposed to credit risks such as bankruptcy of the depository financial institutions. OJR controls such credit risks by using depository financial institutions with high credit ratings.

Leasehold and security deposits are deposits received from tenants, which are exposed to liquidity risks when

the tenants vacate the properties. In principle, OJR manages such risks by retaining funds that would enable OJR to return necessary amounts to tenants.

(c) Supplementary explanation regarding fair values of financial instruments

The fair value of financial instruments is based on their observable market value, if available. When there is no observable market value available, fair value is determined based on a price that is reasonably estimated. Since various factors are reflected in estimating the fair value, different assumptions and factors could result in a different value.

[Fair values of financial instruments]

Book value, fair value, and the difference between them as of August 31, 2017 and February 28, 2018 are as follows. Financial instruments whose fair values are very difficult to estimate and financial instruments which are deemed immaterial are both excluded from the following table (See Note 2 below).

(In millions of yen)

	As of August 31, 2017			As of February 28, 2018		
	Book value	Fair value	Difference	Book value	Fair value	Difference
<u>Assets</u>						
(a) Cash and deposits including trust accounts	¥59,071	¥59,071	¥ —	¥63,589	¥63,589	¥ —
Total	¥59,071	¥59,071	¥ —	¥63,589	¥63,589	¥ —
<u>Liabilities</u>						
(a) Long-term debt due within one year	39,550	39,665	115	32,760	32,874	114
(b) Long-term debt	246,967	250,986	4,019	255,257	258,364	3,107
Total	¥286,517	¥290,652	¥4,135	¥288,017	¥291,239	¥3,222
Derivative transaction	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —

Note 1. Information about measurement of fair value of financial instruments

Assets

(a) Cash and deposits including trust accounts

Due to the short maturities, the book value of these assets is deemed a reasonable approximation of the fair value. Therefore the book value is used as the fair value.

Liabilities

(a) Long-term debt due within one year

As of August 31, 2017 and February 28, 2018, long-term debt due within one year which includes investment corporation bonds and long-term loans are as follows.

(In millions of yen)

	As of August 31, 2017			As of February 28, 2018		
	Book value	Fair value	Difference	Book value	Fair value	Difference
(1) Investment corporation bonds	¥10,000	¥10,024	¥24	¥5,000	¥5,005	¥5
(2) Long-term loans	29,550	29,641	91	27,760	27,869	109
Total	¥39,550	¥39,665	¥115	¥32,760	¥32,874	¥114

(b) Long-term debt

As of August 31, 2017 and February 28, 2018, long-term debt which includes investment corporation bonds and long-term loans are as follows.

(In millions of yen)

	As of August 31, 2017			As of February 28, 2018		
	Book value	Fair value	Difference	Book value	Fair value	Difference
(1) Investment corporation bonds	¥ 9,500	¥9,758	¥258	¥ 9,500	¥9,734	¥234
(2) Long-term loans	237,467	241,228	3,761	245,757	248,630	2,873
Total	¥246,967	¥250,986	¥4,019	¥255,257	¥258,364	¥3,107

(1) Investment corporation bonds

The fair value of investment corporation bonds is estimated based on the market price if the market price is available. If the market price is not available, the fair value is estimated by discounting the principal and interest cash flows by an interest rate determined by taking into consideration time to maturity and credit risk of the relevant investment corporation bonds.

(2) Long-term loan

Since floating rate long-term loans reflect market interest rates within a short period of time, the book value is determined to be a reasonable estimate of the fair value. In the case of fixed interest rate loans, the fair value is estimated by discounting the principal and the interest cash flows of the debt at the current rates that are reasonably estimated to be applicable if OJR enters into new similar loans. As of August 31, 2017 and February 28, 2018, the fair values of interest rate swaps that are not recorded at fair value because they meet certain matching criteria (see Note2(h)) are included in the fair value of the relevant hedged long-term loans.

Derivative transaction

Please refer to Note 13 “Derivative Transaction.”

Note 2: Financial instruments whose fair values are very difficult to estimate

(In millions of yen)

	Book value	
	As of August 31, 2017	As of February 28, 2018
Leasehold and security deposits received	¥28,331	¥28,765

Leasehold and security deposits received from the tenants of lease properties are not subject to fair value disclosure because they have no market price and their actual deposit periods from occupancy to vacation are not estimable, making it very difficult to reasonably estimate the related cash flows.

Note 3: Redemption schedule for monetary claims after August 31, 2017 and February 28, 2018

(In millions of yen)

	August 31, 2017					
	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Cash and deposits including trust accounts	¥59,071	¥ —	¥ —	¥ —	¥ —	¥ —
Total	¥59,071	¥ —	¥ —	¥ —	¥ —	¥ —

(In millions of yen)

	February 28, 2018					
	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Cash and deposits including trust accounts	¥63,589	¥ —	¥ —	¥ —	¥ —	¥ —
Total	¥63,589	¥ —	¥ —	¥ —	¥ —	¥ —

Note 4: Schedule for repayment of loans and redemption of investment corporation bonds after August 31, 2017 and February 28, 2018

(In millions of yen)

	August 31, 2017					
	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Investment corporation bonds	¥10,000	¥2,000	¥ —	¥ —	¥ —	¥7,500
Long-term loans	29,550	31,160	35,630	29,390	39,970	101,317
Total	¥39,550	¥33,160	¥35,630	¥29,390	¥39,970	¥108,817

(In millions of yen)

	February 28, 2018					
	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Investment corporation bonds	¥5,000	¥2,000	¥ —	¥ —	¥ —	¥7,500
Long-term loans	27,760	34,430	37,100	32,430	36,430	105,367
Total	¥32,760	¥36,430	¥37,100	¥32,430	¥36,430	¥112,867

5. Long-term Debt

As of August 31, 2017, OJR had total interest bearing debt of ¥286,517 million composed of ¥267,017 million of long-term loans (including ¥29,550 million of current portion of long-term loans) and ¥19,500 million of investment corporation bonds (including ¥10,000 million of current portion of investment corporation bonds).

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. OJR took out long-term loans of ¥5,000 million in February 2018 to repay unsecured bonds. OJR also 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 (including ¥27,760 million of current portion of long-term loans), the balance of investment corporation bonds stood at ¥14,500 million (including ¥5,000 million of current portion of investment corporation bonds), and the balance of interest-bearing debt totaled ¥288,017 million.

Breakdown of the outstanding interest bearing debts as of August 31, 2017 and February 28, 2018 were as follows:

<Long-term Debt>	(In millions of yen)	
	As of August 31, 2017	As of February 28, 2018
Floating rate debt unsecured due on September 19, 2017 with interest rate of 0.57%	3,500	—
Floating rate debt unsecured due on September 20, 2018 with interest rate of 0.19%	800	800
Floating rate debt unsecured due on March 26, 2020 with interest rate of 0.32%	1,000	1,000
Floating rate debt unsecured due on February 22, 2021 with interest rate of 0.20%	—	3,000
Floating rate debt unsecured due on February 22, 2021 with interest rate of 0.20%	—	2,000
Floating rate debt unsecured due on March 22, 2021 with interest rate of 0.25%	2,000	2,000
Floating rate debt unsecured due on March 22, 2021 with interest rate of 0.25%	2,550	2,550
Floating rate debt unsecured due on March 22, 2022 with interest rate of 0.24%	4,500	4,500
Floating rate debt unsecured due on March 20, 2023 with interest rate of 0.32%	2,950	2,950
Fixed rate debt unsecured due on September 19, 2017 with interest rate of 1.06%	7,000	—
Fixed rate debt unsecured due on September 19, 2017 with interest rate of 1.06%	3,000	—
Fixed rate debt unsecured due on October 4, 2017 with interest rate of 1.02%	1,550	—
Fixed rate debt unsecured due on February 21, 2018 with interest rate of 0.84%	2,000	—
Fixed rate debt unsecured due on March 19, 2018 with interest rate of 0.91%	4,000	4,000
Fixed rate debt unsecured due on April 1, 2018 with interest rate of 0.50%	2,000	2,000
Fixed rate debt unsecured due on April 1, 2018 with interest rate of 0.50%	1,500	1,500
Fixed rate debt unsecured due on April 1, 2018 with interest rate of 0.50%	1,000	1,000
Fixed rate debt unsecured due on April 26, 2018 with interest rate of 0.86%	1,000	1,000
Fixed rate debt unsecured due on August 31, 2018 with interest rate of 0.73%	1,000	1,000
Fixed rate debt unsecured due on August 31, 2018 with interest rate of 0.73%	1,000	1,000
Fixed rate debt unsecured due on August 31, 2018 with interest rate of 0.73%	1,000	1,000
Fixed rate debt unsecured due on September 19, 2018 with interest rate of 1.19%	5,000	5,000
Fixed rate debt unsecured due on October 1, 2018 with interest rate of 0.97%	8,000	8,000
Fixed rate debt unsecured due on October 1, 2018 with interest rate of 0.97%	460	460
Fixed rate debt unsecured due on January 10, 2019 with interest rate of 0.83%	1,000	1,000
Fixed rate debt unsecured due on March 20, 2019 with interest rate of 1.07%	9,900	9,900
Fixed rate debt unsecured due on April 26, 2019 with interest rate of 1.31%	2,000	2,000
Fixed rate debt unsecured due on July 27, 2019 with interest rate of 2.27%	4,000	4,000
Fixed rate debt unsecured due on September 20, 2019 with interest rate of 0.35%	3,000	3,000
Fixed rate debt unsecured due on October 1, 2019 with interest rate of 0.82%	3,000	3,000
Fixed rate debt unsecured due on November 1, 2019 with interest rate of 0.91%	1,560	1,560
Fixed rate debt unsecured due on November 1, 2019 with interest rate of 0.91%	1,560	1,560

	As of August 31, 2017	As of February 28, 2018
Fixed rate debt unsecured due on November 1, 2019 with interest rate of 0.91%	1,560	1,560
Fixed rate debt unsecured due on December 2, 2019 with interest rate of 1.80%	3,000	3,000
Fixed rate debt unsecured due on December 20, 2019 with interest rate of 0.91% ^(*)	3,350	3,350
Fixed rate debt unsecured due on December 24, 2019 with interest rate of 0.56%	1,500	1,500
Fixed rate debt unsecured due on March 19, 2020 with interest rate of 0.55% ^(*)	4,100	4,100
Fixed rate debt unsecured due on April 1, 2020 with interest rate of 0.67% ^(*)	1,500	1,500
Fixed rate debt unsecured due on June 14, 2020 with interest rate of 1.54%	2,000	2,000
Fixed rate debt unsecured due on June 14, 2020 with interest rate of 1.54%	1,000	1,000
Fixed rate debt unsecured due on June 22, 2020 with interest rate of 0.57%	1,000	1,000
Fixed rate debt unsecured due on June 22, 2020 with interest rate of 0.53% ^(*)	1,000	1,000
Fixed rate debt unsecured due on June 22, 2020 with interest rate of 0.53% ^(*)	2,500	2,500
Fixed rate debt unsecured due on July 31, 2020 with interest rate of 1.44%	1,500	1,500
Fixed rate debt unsecured due on August 31, 2020 with interest rate of 1.22%	1,500	1,500
Fixed rate debt unsecured due on September 24, 2020 with interest rate of 1.15% ^(*)	7,000	7,000
Fixed rate debt unsecured due on November 1, 2020 with interest rate of 1.07%	3,000	3,000
Fixed rate debt unsecured due on February 21, 2021 with interest rate of 1.45%	5,000	5,000
Fixed rate debt unsecured due on March 22, 2021 with interest rate of 0.29%	2,000	2,000
Fixed rate debt unsecured due on April 2, 2021 with interest rate of 1.01% ^(*)	2,560	2,560
Fixed rate debt unsecured due on April 2, 2021 with interest rate of 1.01% ^(*)	1,280	1,280
Fixed rate debt unsecured due on June 21, 2021 with interest rate of 0.68% ^(*)	2,000	2,000
Fixed rate debt unsecured due on June 21, 2021 with interest rate of 0.20%	2,000	2,000
Fixed rate debt unsecured due on September 21, 2021 with interest rate of 0.70% ^(*)	3,400	3,400
Fixed rate debt unsecured due on October 1, 2021 with interest rate of 0.89%	4,740	4,740
Fixed rate debt unsecured due on October 1, 2021 with interest rate of 0.89%	2,500	2,500
Fixed rate debt unsecured due on December 20, 2021 with interest rate of 0.46% ^(*)	2,500	2,500
Fixed rate debt unsecured due on December 20, 2021 with interest rate of 0.24%	1,000	1,000
Fixed rate debt unsecured due on December 22, 2021 with interest rate of 0.83%	1,000	1,000
Fixed rate debt unsecured due on January 10, 2022 with interest rate of 1.34%	1,400	1,400
Fixed rate debt unsecured due on February 14, 2022 with interest rate of 1.20% ^(*)	1,500	1,500
Fixed rate debt unsecured due on March 22, 2022 with interest rate of 0.76% ^(*)	2,500	2,500
Fixed rate debt unsecured due on March 31, 2022 with interest rate of 1.09%	1,710	1,710
Fixed rate debt unsecured due on March 31, 2022 with interest rate of 1.16% ^(*)	2,560	2,560
Fixed rate debt unsecured due on March 31, 2022 with interest rate of 1.16% ^(*)	2,560	2,560
Fixed rate debt unsecured due on June 20, 2022 with interest rate of 1.05% ^(*)	7,100	7,100
Fixed rate debt unsecured due on June 20, 2022 with interest rate of 0.24%	1,000	1,000
Fixed rate debt unsecured due on September 18, 2022 with interest rate of 1.08%	3,800	3,800
Fixed rate debt unsecured due on September 20, 2022 with interest rate of 0.61% ^(*)	1,000	1,000
Fixed rate debt unsecured due on September 20, 2022 with interest rate of 0.61% ^(*)	1,000	1,000
Fixed rate debt unsecured due on September 20, 2022 with interest rate of 0.62%	1,000	1,000
Fixed rate debt unsecured due on December 20, 2022 with interest rate of 0.84%	4,000	4,000
Fixed rate debt unsecured due on December 20, 2022 with interest rate of 0.80% ^(*)	3,700	3,700
Fixed rate debt unsecured due on March 20, 2023 with interest rate of 0.45%	5,300	5,300
Fixed rate debt unsecured due on March 20, 2023 with interest rate of 0.32%	—	1,000
Fixed rate debt unsecured due on June 20, 2023 with interest rate of 0.86%	2,000	2,000
Fixed rate debt unsecured due on June 20, 2023 with interest rate of 0.87% ^(*)	2,000	2,000
Fixed rate debt unsecured due on June 20, 2023 with interest rate of 0.87% ^(*)	1,000	1,000
Fixed rate debt unsecured due on June 20, 2023 with interest rate of 0.33%	1,000	1,000
Fixed rate debt unsecured due on June 20, 2023 with interest rate of 0.37%	1,000	1,000
Fixed rate debt unsecured due on July 29, 2023 with interest rate of 0.84%	2,000	2,000
Fixed rate debt unsecured due on September 20, 2023 with interest rate of 0.72% ^(*)	1,100	1,100

	As of August 31, 2017	As of February 28, 2018
Fixed rate debt unsecured due on September 20, 2023 with interest rate of 0.71%	2,000	2,000
Fixed rate debt unsecured due on September 20, 2023 with interest rate of 0.39%	1,000	1,000
Fixed rate debt unsecured due on December 20, 2023 with interest rate of 0.95%	1,000	1,000
Fixed rate debt unsecured due on December 20, 2023 with interest rate of 0.92% ^{(*)1}	4,300	4,300
Fixed rate debt unsecured due on December 20, 2023 with interest rate of 0.67% ^{(*)1}	1,900	1,900
Fixed rate debt unsecured due on March 21, 2024 with interest rate of 0.42%	1,750	1,750
Fixed rate debt unsecured due on March 21, 2024 with interest rate of 0.56%	1,390	1,390
Fixed rate debt unsecured due on June 20, 2024 with interest rate of 1.03% ^{(*)1}	3,000	3,000
Fixed rate debt unsecured due on June 20, 2024 with interest rate of 0.43%	2,630	2,630
Fixed rate debt unsecured due on June 20, 2024 with interest rate of 0.38%	1,000	1,000
Fixed rate debt unsecured due on June 20, 2024 with interest rate of 0.38%	1,000	1,000
Fixed rate debt unsecured due on September 20, 2024 with interest rate of 0.53%	—	1,550
Fixed rate debt unsecured due on December 20, 2024 with interest rate of 1.03% ^{(*)1}	3,500	3,500
Fixed rate debt unsecured due on December 20, 2024 with interest rate of 1.03% ^{(*)1}	1,000	1,000
Fixed rate debt unsecured due on December 20, 2024 with interest rate of 0.78% ^{(*)1}	1,500	1,500
Fixed rate debt unsecured due on December 20, 2024 with interest rate of 0.78% ^{(*)1}	1,000	1,000
Fixed rate debt unsecured due on December 20, 2024 with interest rate of 0.56%	1,000	1,000
Fixed rate debt unsecured due on March 21, 2025 with interest rate of 0.47%	1,000	1,000
Fixed rate debt unsecured due on March 21, 2025 with interest rate of 0.50%	5,500	5,500
Fixed rate debt unsecured due on March 21, 2025 with interest rate of 0.41%	—	500
Fixed rate debt unsecured due on June 20, 2025 with interest rate of 1.09% ^{(*)1}	2,000	2,000
Fixed rate debt unsecured due on June 20, 2025 with interest rate of 0.53%	5,000	5,000
Fixed rate debt unsecured due on July 29, 2025 with interest rate of 1.05%	3,000	3,000
Fixed rate debt unsecured due on September 22, 2025 with interest rate of 0.94% ^{(*)1}	3,000	3,000
Fixed rate debt unsecured due on September 22, 2025 with interest rate of 0.50%	—	3,500
Fixed rate debt unsecured due on September 22, 2025 with interest rate of 0.55%	—	1,000
Fixed rate debt unsecured due on March 23, 2026 with interest rate of 0.70%	1,390	1,390
Fixed rate debt unsecured due on March 23, 2026 with interest rate of 0.70%	3,207	3,207
Fixed rate debt unsecured due on March 23, 2026 with interest rate of 0.66%	1,000	1,000
Fixed rate debt unsecured due on December 21, 2026 with interest rate of 0.66%	1,000	1,000
Fixed rate debt unsecured due on December 21, 2026 with interest rate of 0.66%	1,000	1,000
Fixed rate debt unsecured due on December 21, 2026 with interest rate of 0.66%	1,000	1,000
Fixed rate debt unsecured due on December 21, 2026 with interest rate of 0.62%	—	1,500
Fixed rate debt unsecured due on March 23, 2027 with interest rate of 0.78%	6,000	6,000
Fixed rate debt unsecured due on June 21, 2027 with interest rate of 0.72%	2,000	2,000
Fixed rate debt unsecured due on June 21, 2027 with interest rate of 0.71%	1,000	1,000
Fixed rate debt unsecured due on June 21, 2027 with interest rate of 0.72%	1,000	1,000
Fixed rate debt unsecured due on September 21, 2027 with interest rate of 0.73%	1,400	1,400
Fixed rate debt unsecured due on September 21, 2027 with interest rate of 0.72%	—	5,000
Fixed rate debt unsecured due on September 21, 2027 with interest rate of 0.72%	—	4,000
Fixed rate debt unsecured due on March 21, 2028 with interest rate of 0.71%	—	500
Unsecured bonds due on February 8, 2018 with interest rate of 0.76% ^{(*)2}	5,000	—
Unsecured bonds due on July 20, 2018 with interest rate of 0.44% ^{(*)2}	5,000	5,000
Unsecured bonds due on August 9, 2019 with interest rate of 0.31% ^{(*)2}	2,000	2,000
Unsecured bonds due on January 19, 2024 with interest rate of 1.20% ^{(*)2}	2,500	2,500
Unsecured bonds due on August 9, 2024 with interest rate of 0.90% ^{(*)2}	3,000	3,000
Unsecured bonds due on December 19, 2024 with interest rate of 0.89% ^{(*)2}	2,000	2,000
Total.....	<u>¥286,517</u>	<u>¥288,017</u>

Notes:

- (*1) The interest rate relating to the debt hedged by an interest rate swap for the purpose of avoiding interest rate volatility risk is the interest rate after reflecting the effect of the relevant interest rate swap.
 (*2) The bonds were issued with pari passu conditions among specified investment corporation bonds.

The annual maturities of long-term debts as of February 28, 2018 were as follows.

		(In millions of yen)
Due within one year	.....	¥32,760
Due after one to two years	.....	36,430
Due after two to three years	.....	37,100
Due after three to four years	.....	32,430
Due after four to five years	.....	36,430
Due after five years	.....	112,867

OJR currently has commitment line contracts of ¥40,500 million with several financial institutions. The unused amount of such commitment line was ¥40,500 million as of February 28, 2018.

6. Per Unit Information

Net asset values per unit as of August 31, 2017 and February 28, 2018 were ¥124,883 and ¥125,054, respectively. Net income per unit was ¥3,233 for the six months ended August 31, 2017 and ¥3,402 for the six months ended February 28, 2018.

The weighted average numbers of units outstanding that were used for the computation of the amounts of net income per unit for the six months ended August 31, 2017 and February 28, 2018 were 2,678,070 and 2,680,000, respectively.

7. Income Taxes

As of August 31, 2017 and February 28, 2018, deferred tax assets and deferred tax liabilities are attributable to the following:

	(In millions of yen)	
	As of August 31, 2017	As of February 28, 2018
Deferred tax assets:		
Business facility tax payable not qualifying for deduction on tax returns	¥ 1	¥ 1
Amortization of leasehold interests	57	63
Asset retirement obligations	61	62
Others	<u>1</u>	<u>1</u>
Total deferred tax assets	<u>121</u>	<u>129</u>
Valuation allowance	<u>(121)</u>	<u>(129)</u>
Net deferred tax assets	<u>¥ —</u>	<u>¥ —</u>

The reconciliation of tax rate difference between the statutory tax rate and the effective tax rate is as follows:

	For the six months ended	
	August 31, 2017	February 28, 2018
Statutory tax rate.....	34.57%	34.57%
Deductible dividend distribution (*).	(34.51%)	(33.47%)
Provision of reserve for advanced depreciation of non-current assets	—	(1.04%)
Others.....	0.11%	0.10%
Effective tax rate.....	<u>0.17%</u>	<u>0.16%</u>

*OJR follows a policy of making dividend distributions in excess of 90% of the amount available for distributions for a period to meet the conditions set forth in the Special Taxation Measures Law of Japan to deduct dividend distributions for income tax purposes. Based on this particular policy, as of August 31, 2017 and February 28, 2018, OJR has determined to pay out a distribution in cash of ¥8,656 million and ¥8,841 million, respectively, which are nearly equal to the retained earnings remaining after deducting the amounts appropriated

to the reserves for advanced depreciation of non-current assets as stipulated in Article 66-2 of the Special Taxation Measures Law.

8. Net Assets

OJR shall maintain net assets of at least ¥50 million as required by the Investment Trust Law of Japan.

As of August 31, 2017 and February 28, 2018, retained earnings included a reserve of ¥2,745 million and ¥2,745 million for advanced depreciation of non-current assets as stipulated in Article 66-2 of the Special Taxation Measures Law.

Cash dividends are declared by the Board of Directors after the end of each period. Such dividends are payable to unitholders of record as of the end of each period. As discussed in Note 17, on April 19, 2018, the Board of Directors of OJR declared a cash dividend (¥3,299 per unit) totaling ¥8,841 million, which will be paid to unitholders of record as of February 28, 2018. The declaration of this dividend has not been reflected in the financial statements as of February 28, 2018.

9. Related-party Transactions

There were no related-party transactions that are required to be disclosed under Article 8-10 of the Regulations Concerning Financial Statements for the six months ended August 31, 2017 and February 28, 2018.

10. Breakdown of Rental and Other Operating Revenues, and Property-related Expenses

Rental and other operating revenues and property-related expenses for the six months ended August 31, 2017 and February 28, 2018 consisted of the following:

	(In millions of yen)	
	For the six months ended	
	August 31, 2017	February 28, 2018
Rental and other operating revenues:		
Rentals:		
Rental revenues.....	¥ 18,652	¥ 19,115
Common-area charges.....	1,048	993
Revenues from finance lease of property.....	<u>195</u>	<u>195</u>
Subtotal.....	<u>19,897</u>	<u>20,304</u>
Others:		
Parking lots.....	507	510
Cancellation penalty received.....	100	16
Miscellaneous.....	<u>1,979</u>	<u>1,880</u>
Subtotal.....	<u>2,587</u>	<u>2,407</u>
Total rental and other operating revenues.....	<u>¥ 22,484</u>	<u>¥ 22,711</u>
Property-related expenses:		
Property management fees.....	¥ 2,104	¥ 2,102
Depreciation.....	4,015	3,970
Utility charges.....	1,796	1,771
Property and other taxes.....	1,718	1,716
Cost of finance lease of property.....	74	74
Others.....	<u>855</u>	<u>941</u>
Total property-related expenses.....	<u>¥ 10,564</u>	<u>¥ 10,577</u>
Operating income from property leasing.....	<u>¥ 11,920</u>	<u>¥ 12,134</u>

11. Breakdown of Gains on Sale of Real Estate Properties

There was no gains on sale of real estate properties during the period ended August 31, 2017.

Gains on sale of real estate properties during the period ended February 28, 2018 was as follows:

(In millions of yen)
For the six months ended February 28, 2018

Round-Cross Minami Azabu

Revenue from sale of real estate properties	¥	1,632
Cost of real estate properties		1,207
Other sales expenses		<u>149</u>
Gain on sale of real estate properties	¥	<u>275</u>

12. Leases

OJR, as a lessor, leases some of its properties under non-cancelable operating leases. As of August 31, 2017 and February 28, 2018, the minimum future rentals on such non-cancelable operating leases were as follows:

	(In millions of yen)	
	As of August 31, 2017	As of February 28, 2018
Due within one year	¥ 8,420	¥ 8,241
Due after one year	<u>27,880</u>	<u>26,716</u>
Total	<u>¥ 36,301</u>	<u>¥ 34,958</u>

In addition, OJR, as a lessor, leases its properties to customers under finance lease arrangements in which the ownership of the leased property is not deemed to be transferred to the lessee. The following provides certain information for those lease transactions:

(a) Breakdown of investment in finance lease

	(In millions of yen)	
	As of August 31, 2017	As of February 28, 2018
Minimum lease payments receivable	¥ 2,642	¥ 2,465
Estimated residual value	1,355	1,355
Unearned interest income equivalents	<u>(1,527)</u>	<u>(1,425)</u>
Investment in finance lease	<u>¥ 2,470</u>	<u>¥ 2,395</u>

(b) Amounts to be collected as minimum lease payments receivable related to investment in finance lease

	(In millions of yen)	
	As of August 31, 2017	As of February 28, 2018
Due within one year	¥ 353	¥ 353
Due after one to two years	353	353
Due after two to three years	353	353
Due after three to four years	353	353
Due after four to five years	353	353
Over five years	<u>872</u>	<u>695</u>
Total	<u>¥ 2,642</u>	<u>¥ 2,465</u>

- (c) As for finance lease transactions entered into during the fiscal periods started before April 1, 2008 that do not transfer ownership of the leased property to the lessee, their proper book value as fixed assets (net of accumulated depreciation) recorded at the end of August 2008 was transferred from property and equipment to investment in finance lease as the initial recorded amount of the investment in finance lease at the beginning of the fiscal period started on September 1, 2008, as permitted by the Japanese GAAP.

The interest income equivalents of those finance lease transactions are taken into income over the remaining lease term based on a straight-line method.

Consequently, income before income taxes for the periods ended August 31, 2017 and February 28, 2018 were ¥1 million more and ¥3 million more, respectively, than the amount that would have been recorded had those finance lease transactions been retrospectively accounted for as financing by using the interest method.

13. Derivative Transaction

OJR uses a derivative transaction in order to hedge risks defined in its Articles of Incorporation based on its financial policy. OJR uses a derivative financial instrument such as an interest rate swap only for the purpose of avoiding future risks of interest rate increases relating to a loan, and does not enter into such transactions for speculative or trading purposes.

The derivative transactions as of August 31, 2017 and February 28, 2018 were as follows:

(In millions of yen)				
	Hedged item	Notional amount	Notional amount exceeding one year	Estimated fair value Unrealized gain / (loss)
<As of August 31, 2017>				
Interest-rate swaps:				
Fixed rate payable and floating rate receivable	Long-term loan	¥ 78,410	¥ 78,410	¥ (1,658)
<As of February 28, 2018>				
Interest-rate swaps:				
Fixed rate payable and floating rate receivable	Long-term loan	¥ 78,410	¥ 78,410	¥ (1,340)

The fair values of the interest rate swaps are estimated using a price that is calculated by the counterparty based on current market interest rate and other relevant information.

Since the above interest rate swaps qualify for hedge accounting and meet certain matching criteria, the swaps are not recorded at fair value on the accompanying balance sheets, as described in the summary of significant accounting policies.

In addition, since each swap is accounted for as a unit together with the long-term loan which is hedged by the swap, fair value of the swap is disclosed as part of the fair value of the hedged long-term debt/loan in the fair value disclosure in Note 4, "Financial Instruments."

14. Investment and Rental Property

(For the period from March 1, 2017 to August 31, 2017)

OJR owns rental office buildings and other properties for rent in the Tokyo Metropolitan area and other areas. Book value, net change in the book value and fair value are shown in the following table.

(In millions of yen)			
Book value			Fair value
As of March 1, 2017	Net change during period	As of August 31, 2017	As of August 31, 2017
¥581,900	¥9,977	¥591,877	¥699,283

Notes:

1. Book value is calculated by deducting accumulated depreciation from acquisition cost.
2. The principal increase in the book value during the period is due to the acquisition of one property (CENTRUM ROPPOGI) for ¥12,485 million. The major decrease during the period is due to the recognition of depreciation expenses.
3. Fair value as of the end of the current accounting period is determined based on appraised value provided by independent real estate appraisers.

Profit and loss of the rental properties for the period ended August 31, 2017 is disclosed in Note 10, "Breakdown of Rental and Other Operating Revenues, and Property-related Expenses."

(For the period from September 1, 2017 to February 28, 2018)

OJR owns rental office buildings and other properties for rent in the Tokyo Metropolitan area and other areas. Book value, net change in the book value and fair value are shown in the following table.

(In millions of yen)			
Book value			Fair value
As of September 1, 2017	Net change during period	As of February 28, 2018	As of February 28, 2018
¥591,877	(¥2,526)	¥589,351	¥705,024

Notes:

1. Book value is calculated by deducting accumulated depreciation from acquisition cost.
2. The principal increase in the book value during the period is due to the acquisition of one property (HOTEL LiVEMAX NAGOYA SAKAE-EAST) for ¥1,563 million. The major decrease during the period is due to the sale of one property (Roud-Cross Minami Azabu) for ¥1,207 million and the recognition of depreciation expenses.
3. Fair value as of the end of the current accounting period is determined based on appraised value provided by independent real estate appraisers.

Profit and loss of the rental properties for the period ended February 28, 2018 is disclosed in Note 10, “Breakdown of Rental and Other Operating Revenues, and Property-related Expenses” and in Note 11, “Breakdown of Gains on Sale of Rental Estate Properties.”

15. Asset Retirement Obligations

(a) Obligation to remove asbestos

OJR has contractual and legal obligations to remove asbestos contained in the building of ORE Omiya Building. The estimated period of use of the property is 38 years based on the useful life of the building. The asset retirement obligations for the removal of asbestos is recognized as a liability using discount rates at 1.489%.

Movements of asset retirement obligation for the six months ended August 31, 2017 and February 28, 2018 are as follows:

	(In millions of yen)	
	As of August 31, 2017	As of February 28, 2018
Balance at the beginning of the period	¥ 163	¥ 164
Adjustment for passage of time	<u>1</u>	<u>1</u>
Balance at the end of the period	<u>¥ 164</u>	<u>¥ 165</u>

(b) Obligation under fixed-term lease agreements

In accordance with fixed-term lease agreements, OJR has obligations associated with restoration of leased land to their original state upon their return. OJR recognizes such obligations by amortizing leasehold and security deposits. Leasehold and security deposits are included in “Others” of “Other assets” on the balance sheets.

16. Segment Information

(For the period from March 1, 2017 to August 31, 2017)

<Segment Information>

Segment information has been omitted because OJR has only one segment, which is the real estate leasing business segment.

<Related Information>

1. Information by Products and Services

Disclosure of this information has been omitted because substantially all of the operating revenues are earned from external customers in a single product/service category.

2. Information by Geographic Areas

(a) Operating revenues

Disclosure of this information has been omitted because substantially all of the operating revenues are earned from external customers in Japan.

(b) Property and equipment

Disclosure of this information has been omitted because substantially all property and equipment are located in Japan.

3. Information by Major Customer

Tenant	ORIX Corporation
Operating revenues	¥2,425 million
Related segment	Real Estate Leasing Business

The tenant sublets the space to end tenants based on sub-leasing agreements.

(For the period from September 1, 2017 to February 28, 2018)

<Segment Information>

Segment information has been omitted because OJR has only one segment, which is the real estate leasing business segment.

<Related Information>

1. Information by Products and Services

Disclosure of this information has been omitted because substantially all of the operating revenues are earned from external customers in a single product/service category.

2. Information by Geographic Areas

(a) Operating revenues

Disclosure of this information has been omitted because substantially all of the operating revenues are earned from external customers in Japan.

(b) Property and equipment

Disclosure of this information has been omitted because substantially all property and equipment are located in Japan.

3. Information by Major Customer

Tenant	ORIX Corporation
Operating revenues	¥2,497 million
Related segment	Real Estate Leasing Business

The tenant sublets the space to end tenants based on sub-leasing agreements.

17. Subsequent Events

(a) Cash Distribution Declared

On April 19, 2018, the Board of Directors of OJR resolved to distribute cash payment of ¥3,299 per unit, aggregating to ¥8,841 million, to its unitholders of record as of February 28, 2018.

(b) The Issuance of new investment units

The issuance of new investment units was resolved at OJR's Board of Directors meetings held on February 26, 2018 and March 6, 2018. The publicly offered new investment units and the new investment units issued by third party allotment, the proceeds of which were received on March 13, 2018 and April 11, 2018, respectively, were issued under the following conditions. As a result of the issuance of new investment units, the unitholders' capital amounted to ¥335,757 million and the total number of units issued amounted to 2,760,000 units.

[Issuance of new investment units through public offering]

The number of units issued.....	76,190 units
The offering price.....	¥160,972
The proceeds based on the offering price.....	¥12,264,456,680
The issue price.....	¥155,936
The proceeds based on the issue price.....	¥11,880,763,840
The payment date.....	March 13, 2018

[Issuance of new investment units through third party allotment]

The number of units issued.....	3,810 units
The issue price.....	¥155,936
The proceeds based on the issue price.....	¥594,116,160
The allotted party.....	Daiwa Securities Co. Ltd.
The payment date.....	April 11, 2018

Corporate Data

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Date of Incorporation

September 10, 2001

Capital (as of February 28, 2018)

¥323,282 million

2,680,000 units

Number of Unitholders (as of February 28, 2018)

21,513

Transfer Agent

Sumitomo Mitsui Trust Bank, Limited

4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, 100-8233, Japan

Independent Auditors

KPMG AZSA LLC

1-2, Tsukudo-cho, Shinjuku-ku, Tokyo, 162-8551, Japan

Investor Relations

For further information, please contact our asset management company or visit our web site.

(<http://www.orixjreit.com/english/index.htm>)

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