ORIX Asset Management Corporation

October 19, 2020

ORIX JREIT Inc.

Securities code：8954

Financial Briefing for the 37th Fiscal Period ended August 31, 2020

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OJR at a Glance

Profile

Corporate name	**ORIX JREIT Inc. (OJR)** (Securities code: 8954)
Date of listing	**June 12, 2002** (4th J-REIT and 1st diversified J-REIT to be listed in Japan)
Financial closing date	**February and August**
Asset management company	**ORIX Asset Management Corporation (OAM)** Wholly owned by ORIX Corporation
Ratings As of financial announcement on Oct. 19, 2020	**JCR: AA (Stable)** **R&I: AA - (Stable)**
Major index included	**- MSCI Standard Index** **- MSCI Japan ESG Select Leaders Index**

Features

Diversified REIT

We build a portfolio that combines growth, profitability and stability

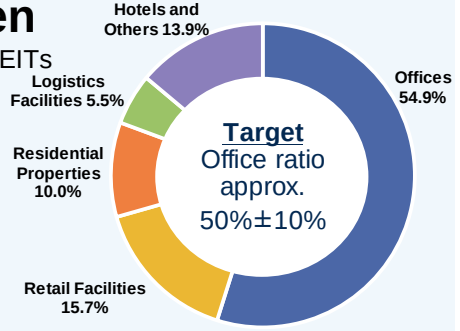
AUM (Acquisition price)

679 billion yen

7th largest among all J-REITs
as of Sep. 30, 2020

Number of properties
as of financial announcement on Oct. 19, 2020
111

Asset type
as of financial announcement on Oct. 19, 2020



ORIX Synergy

We carefully invest in properties from our solid pipeline

Percentage of properties acquired from ORIX Group during and after FP23 (Aug. 2013)

Approx. 90%
(329 billion yen)

Operating Expertise

We continuously enhance our portfolio quality

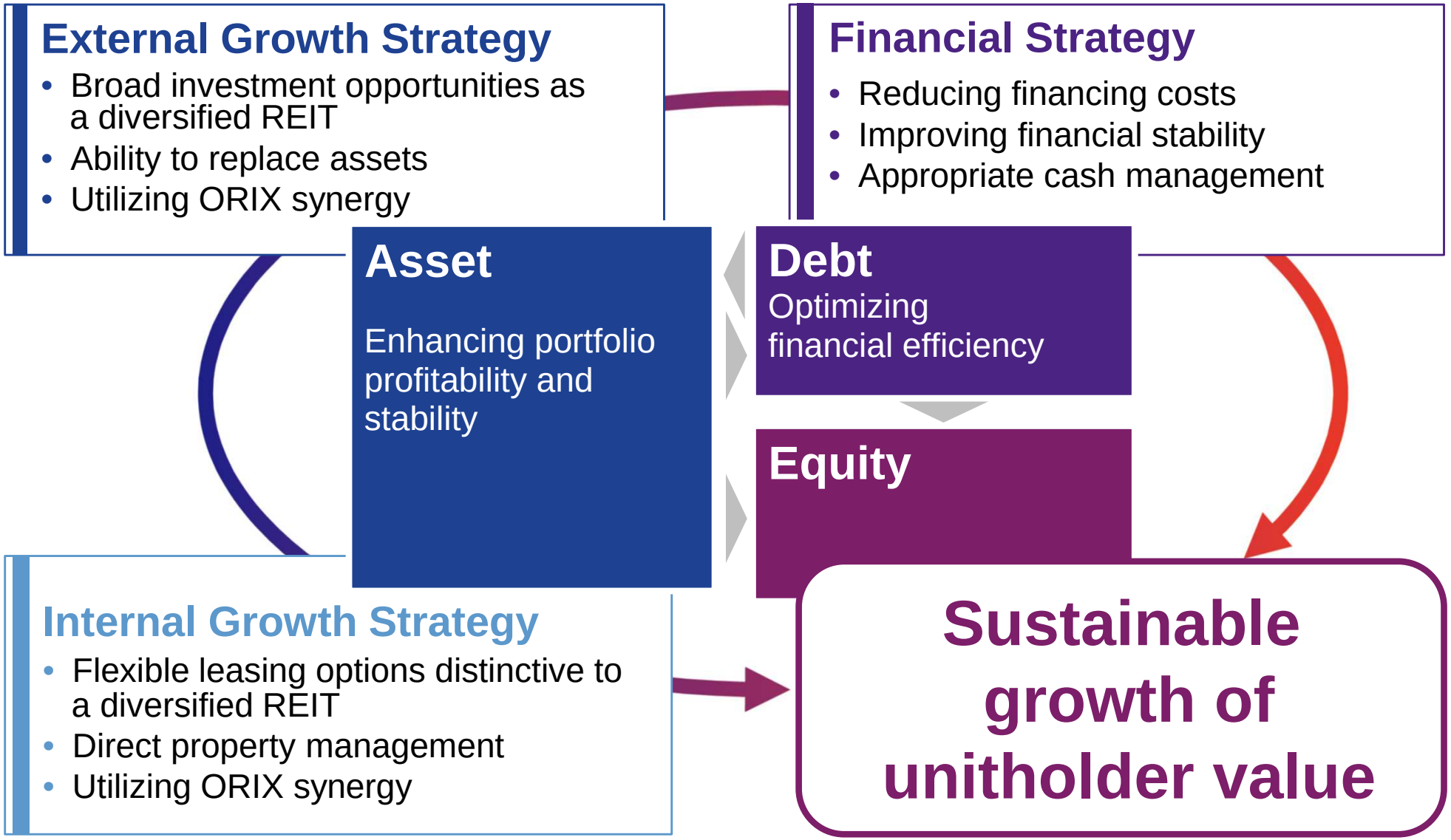
Rent Fluctuation Rate upon Turnover in offices
as of FP37 (Aug. 2020)
+17%
(Increased for 10 consecutive fiscal periods)

Rent Fluctuation Rate upon Renewal in offices
as of FP37 (Aug. 2020)
+7%
(Increased for 14 consecutive fiscal periods)

Ave. Building Age
as of financial announcement on Oct. 19, 2020
17.9 years
(12.1 years at the end of Aug. 2002)

Our Management Philosophy

We aim to enhance unitholder value by improving profitability and stability of our portfolio, reducing funding costs and improving financial stability



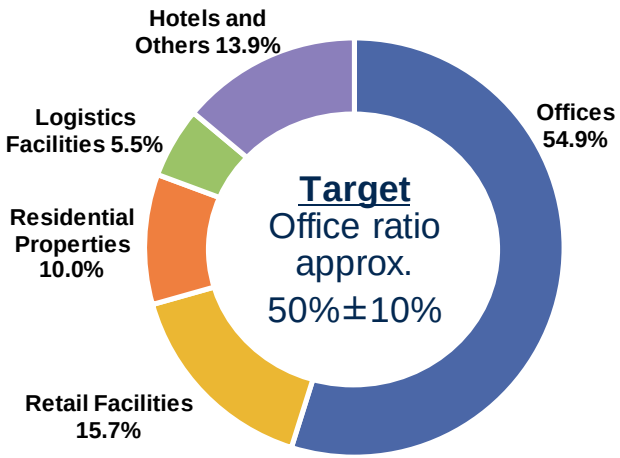
Portfolio Status as of financial announcement on Oct. 19, 2020

Portfolio Profile

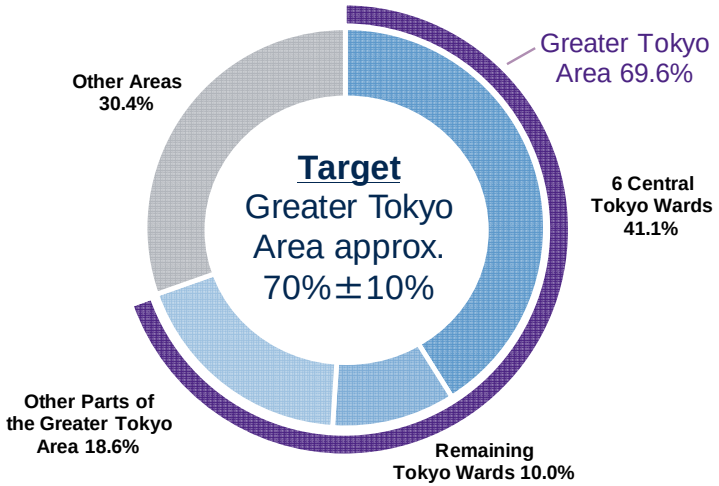
	Total acquisition price (billion yen)	Properties	Occupancy rate (%)	NOI yield (%)	Yield after depreciation (%)	Average building age (year)
Offices	372.9	55	98.4	5.3	4.5	19.6
Retail Facilities	107.0	27	96.6	5.4	4.7	12.6
Residential Properties	68.2	14	94.4	5.6	4.6	13.4
Logistics Facilities	37.1	5	100	5.7	4.4	11.9
Hotels and Others	94.4	10	100	4.9	3.6	21.7
Overall Portfolio	679.7	111	98.0	5.3	4.4	17.9

Portfolio Composition based on Acquisition Price

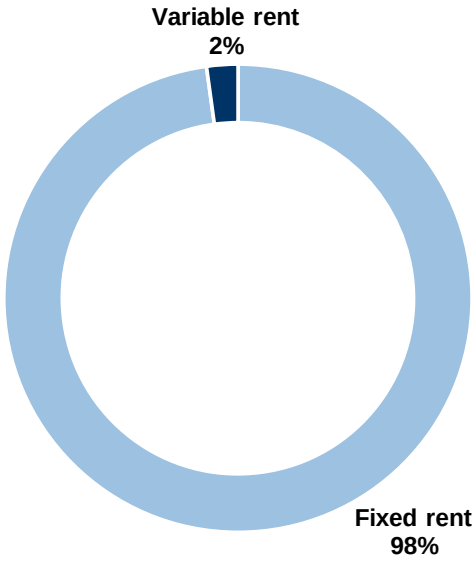
Asset type



Area

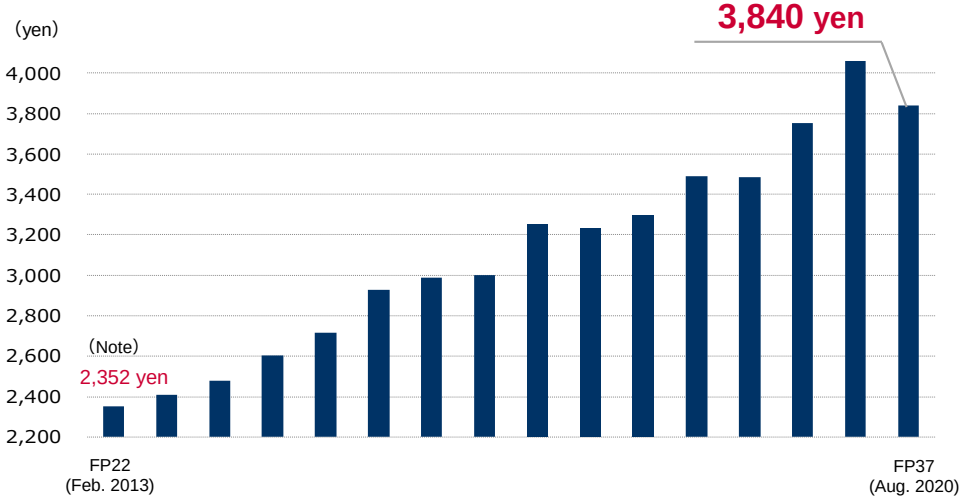


Rent Condition based on Actual Rent

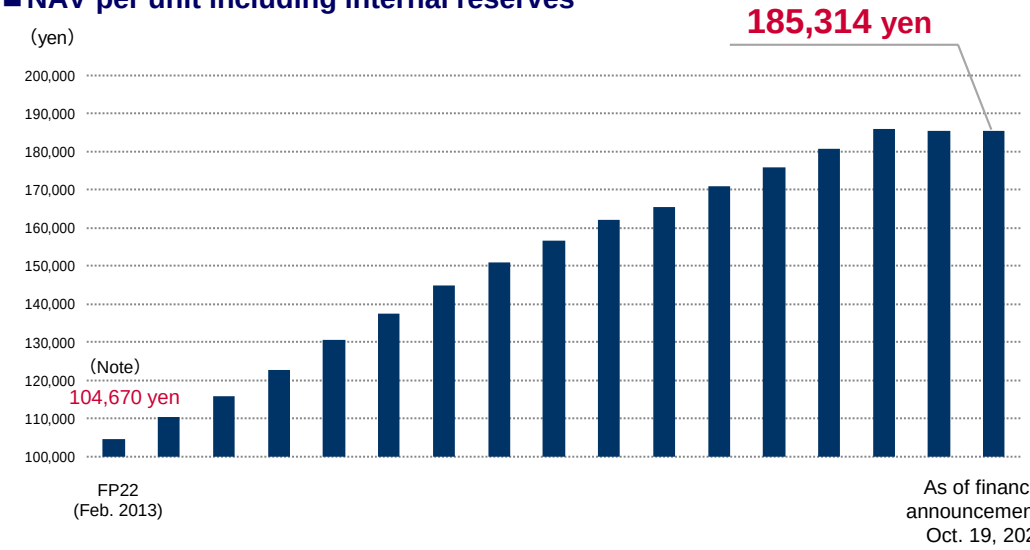


Driving Growth of Unitholder Value

■ DPU

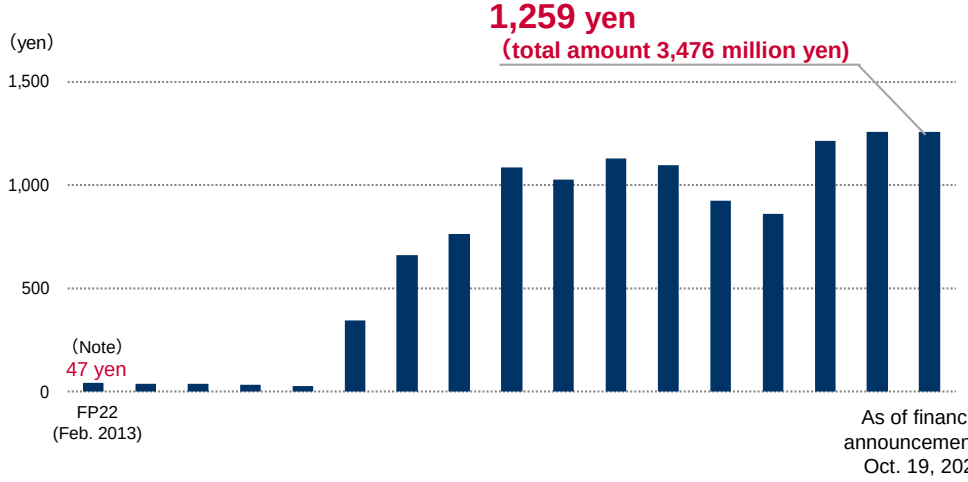


■ NAV per unit including internal reserves

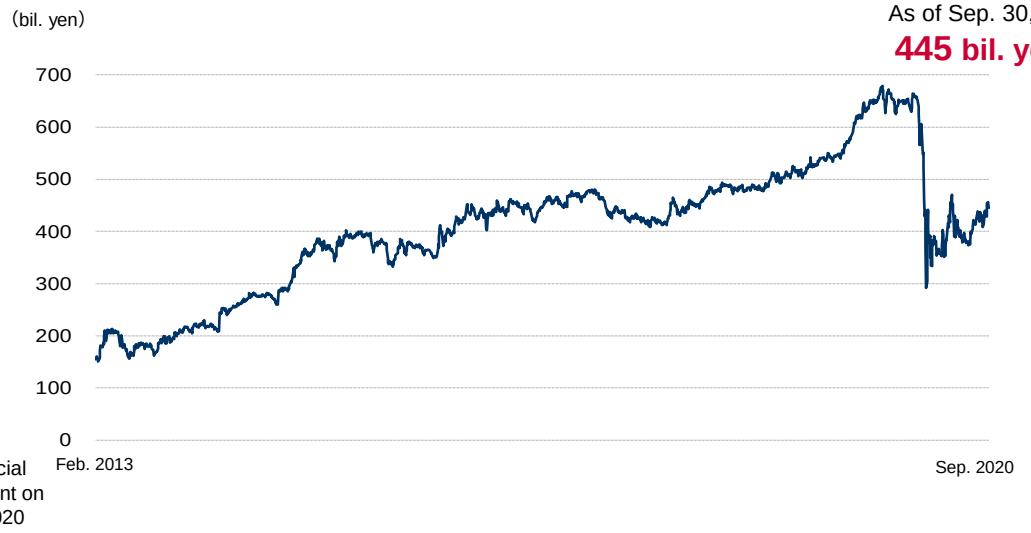


■ Internal Reserves per unit

Intension is to utilize internal reserves to deal with temporary factors with due consideration of DPU and to contribute to the sustainable growth of unitholder value



■ Market Cap



Note: As of the record date on Feb. 28, 2013 and effective Mar. 1, 2013, OJR conducted a one into fifth investment unit split. The above-mentioned DPU, NAV per unit and internal reserves per unit for FP 22 (Feb. 2013) = Actual Distributions, NAV or internal reserve for FP 22 (Feb. 2013) / (5*investment units outstanding at the end of Feb. 2013 (FP 22)). The calculation result is rounded down to the nearest whole number.

Performance Results

Key Takeaways

Our goal is to provide mid-to long-term sustainable growth of unitholder value

	Business landscape	Our performance result	Our strategy
External growth	● No sign of a correction in the real estate pricing market amid COVID-19, and acquiring quality properties remains to be competitive with limited opportunities ● Remain aware of a correction in the real estate pricing market ● COVID-19's impact on the real estate market requires close attention	● Continuing discussions for acquisition opportunities with our sponsor and 3rd parties ● Considering asset disposals to improve portfolio quality	● Continue asset reshuffle strategy with a focus on improving portfolio quality ● Select asset disposals not limited to regional suburban retail facilities and aim to invest with versatility without missing opportunities where we can maximize our strength ● Utilizing various funding sources including recycling proceeds from asset disposals
Internal growth	● Impact and possibility of resurgence of COVID-19 remains uncertain ● Impact of COVID-19 has affected hotels and retail tenants (including F&B/retail/service tenants in offices) Further attention is required for those tenants affected ● Currently few vacancies related to remote working. Need to monitor economic trends and impact to mid-size offices	● Managed to achieve lower rental revenues loss amid COVID-19 through careful discussion with individual tenants ● Occupancy performed within expectations Overall: 98.0%, Offices: 98.4% ● Rent fluctuation rates※ for offices during FP37 (Aug. 2020) has continued to improve: ・turnover: +17% (Increased 10 consecutive FPs) ・renewal: +7% (Increased 14 consecutive FPs) *excludes temporary fluctuation due to COVID-19	● Focusing on mid-to long-term growth of unitholder value while responding to social demands towards various requests from tenants affected by COVID-19 ● Continue to negotiate positive rental reversions for offices ● Pursue to maintain a competitive portfolio by deploying strategic capital expenditures and flexible asset type renovations
Financial strategy	● No major changes in financial institution's lending attitude affected by COVID-19, but remain to be cautious ● High likelihood of extended low interest rate policy	● LTV: 42.9%. Additional borrowing capacity of 96 billion yen (up to LTV of 50%) ● Maintained a total of 40 billion yen of long term commitment lines and 51 billion yen of cash and deposits at end of FP37 to enable swift property acquisitions and strengthen liquidity during market changes ● Issued second round of green bonds (15-year・2 billion yen)	● Strengthening financial stability while considering to reduce funding costs ● Maintain borrowing capacity to actively pursue acquisitions when provided ● Consider a broad-range of borrowing options including issuance of green bonds and investment corporation bonds ● Utilize internal reserves under uncertain conditions due to COVID-19 to control downside risk of DPU forecast. Flexible usage of internal reserves will be considered to control temporary performance fluctuation

Impacts of COVID-19

Responding to social demands towards facing rent reduction requests for tenants affected by COVID-19 while maintaining unitholder value

No. of tenants(Note1)	No. of tenants requested rent relief(Note2)	Initial Responses (Note3)			(Reference) No. of vacancies due to COVID-19(Note4)
		Status quo	Deferral	Temporary reduction	
1,158	217	116	60	46	62

Note 1: The figure is described based on the contracts with end tenants as of Aug. 2020. However, It does not include tenants of residential space in residential type properties
Note 2: These figures are based on requests received from end-tenants up to October 2nd, 2020. Those under discussion are tentatively included in temporary reduction.
Note 3: When both deferral and temporary reduction are applied to the same tenant, those are respectively included to 'Initial Responses'. Thus, 'No. of tenants requested rent relief' and 'Initial Responses' are not matched.
Note 4: The figures include vacating of partial units such as floor reduction etc. Also, the figures are based on notice received from end-tenants up to October 2nd, 2020.

DPU forecast assumes resurgence of COVID-19 during fall and winter seasons (assumes negligible impact for residential and logistics properties)

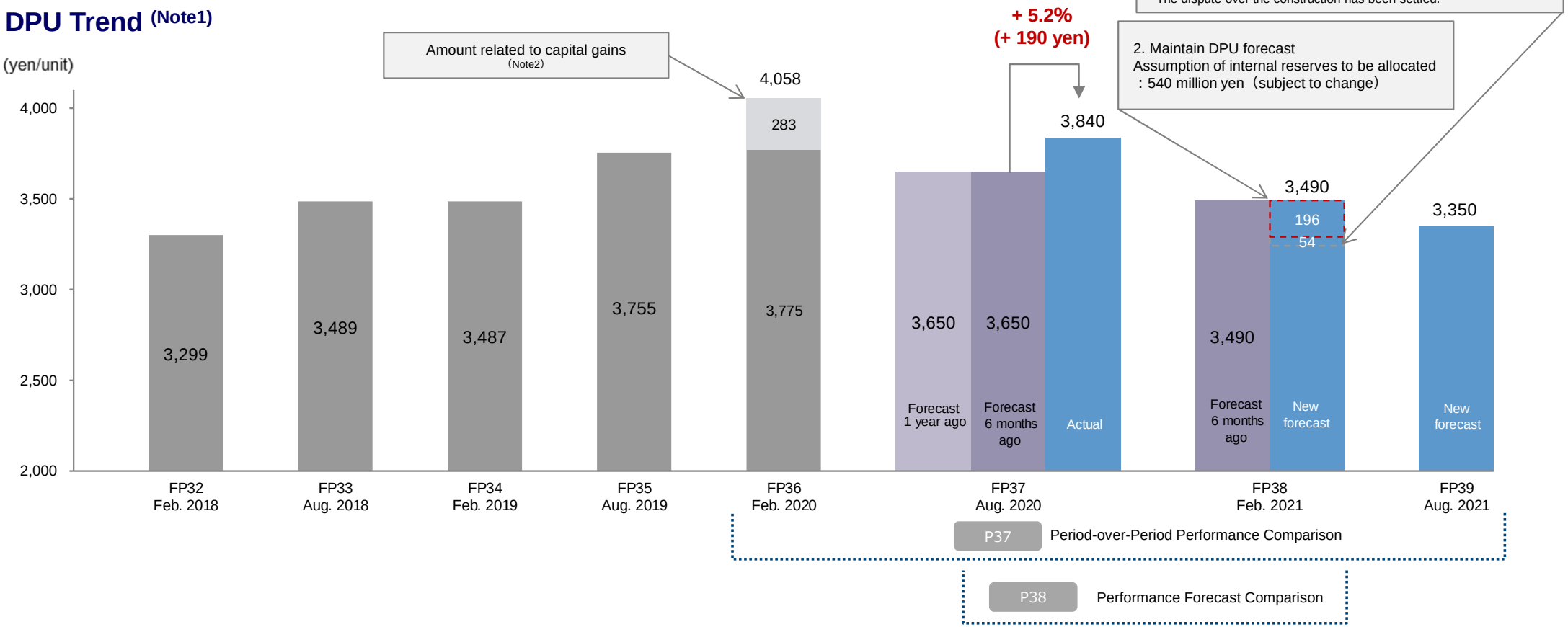
Type	FP37 (Aug. 2020) Actual Period-over-Period (Spring Summer)	FP38 (Feb. 2021) Forecast Period-over-Period (Fall Winter)	(Reference) FP36 Actual vs FP38 Forecast Impact of COVID-19	FP39 (Aug. 2021) Forecast Period-over-Period (Spring Summer)
Office P13-16	-Move-in deferred -Temporary rent reduction from Retail/F&B /Service DPU▲11yen (previous forecast：▲10yen)	-Move-in deferred -Additional move-out -Temporary rent reduction DPU▲58yen (previous forecast：▲38yen)	DPU▲69yen (previous forecast：▲48yen)	-Move-in deferred -Additional move-out -Temporary rent reduction DPU▲28yen
Retail Facilities (urban-type) P17	-Move-in deferred -Temporary rent reduction DPU▲12yen (previous forecast：▲78yen)	-Additional rent reduction assuming resurgence due to seasonality -Additional move-out DPU▲156yen (previous forecast：▲131yen)	DPU▲168yen (previous forecast：▲209yen)	-Additional rent reduction due to seasonality is resolved -Move-in deferred -Additional move-out DPU+54yen
Hotels and Others (Note) P19-20	Reduction of variable rent mainly at Hotel Universal Port DPU▲74yen (previous forecast：▲72yen)	-Reduction of variable rent mainly at Hotel Universal Port -Temporary fixed rent reduction at Tokyo Bay Maihama Hotel First Resort (From Oct. 2020) DPU▲256yen (previous forecast：▲122yen)	DPU▲330yen (previous forecast：▲194yen)	-Continued low level of variable rent mainly at Hotel Universal Port -Continued temporary fixed rent reduction at Tokyo Bay Maihama Hotel First Resort DPU▲8yen
Total	DPU▲96yen (previous forecast：▲160yen)	DPU▲470yen (previous forecast：▲291yen)	DPU▲566yen (previous forecast：▲451yen)	DPU+18yen

Note: Those include other types of hotel units

Performance Highlights I

- **FP37 Actual: DPU growth by 5.2%. Achieved lower rental revenue loss from previous forecast caused by COVID-19**
- **FP38 Forecast: Adjusted for possible resurgence during fall and winter season. Target DPU level of 3,490yen remains the same as forecasted 6 months ago after allocating internal reserves**
- **FP39 Forecast: Target DPU of 3,350 yen, the same range for FP38 (before allocating internal reserves) due to ongoing uncertainty**

DPU Trend (Note1)



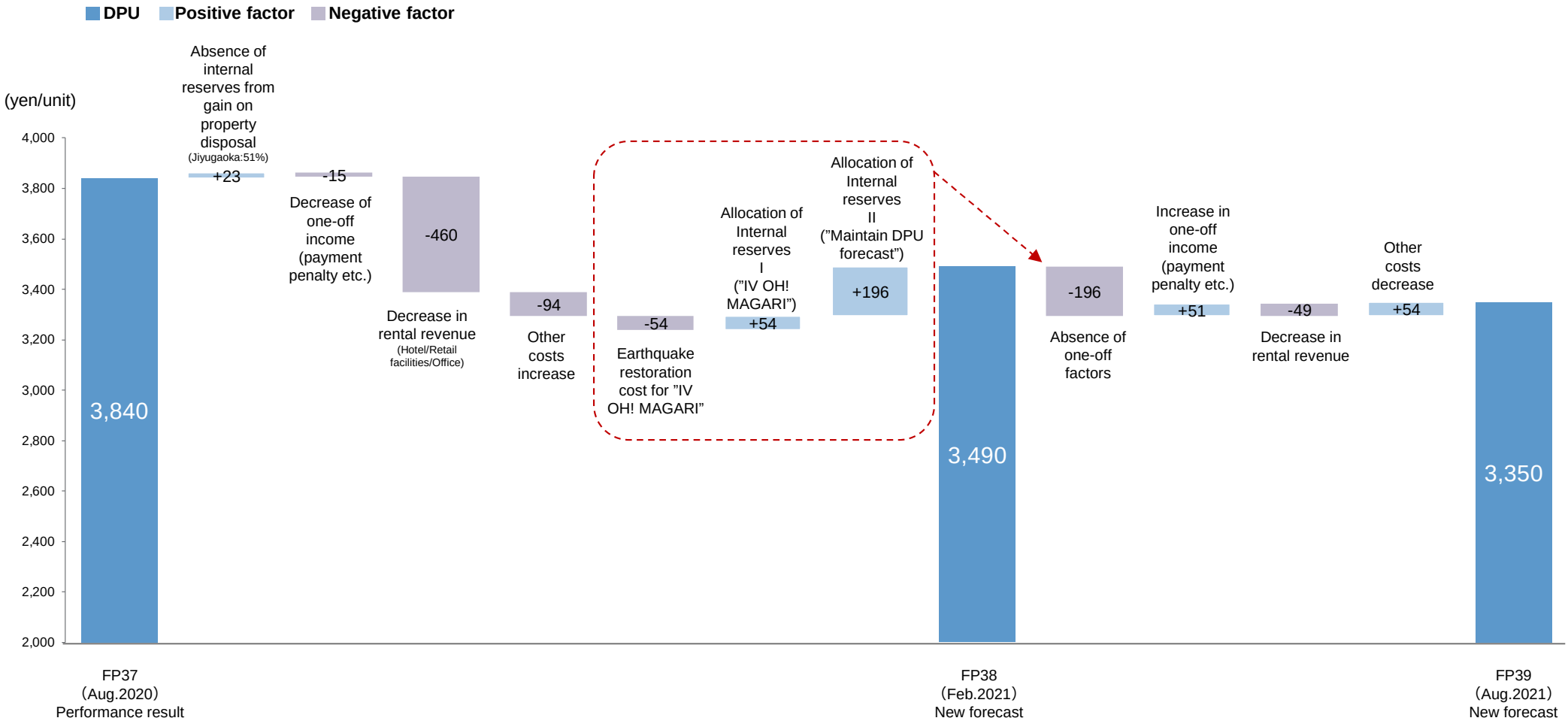
Note 1: "Forecast 1 year ago" refers to the DPU forecast as of the financial announcement in the second last fiscal periods and "Forecast 6 months ago" refers to DPU forecasts as of the financial announcement for the last fiscal period.

Note 2: "Amount related to capital gains" is calculated by deducting internal reserves from capital gains from property dispositions and then by dividing the said calculation results by the number of investment units outstanding. The figures are rounded down to the nearest whole number. For FP32 (Feb. 2018) and FP37 (Aug. 2020), there are no amount related to capital gains in the DPU, since internal reserves for the period exceeded capital gains from dispositions.

Note 3: "Earthquake restoration work for 'intervillage OH! MAGARI'" refers to a restoration work for the partial damage to the facility such as fallen ceiling material caused by the 2018 Hokkaido Eastern Iburi Earthquake. 189 million yen, a part of the restoration, was recorded as extraordinary loss in FP35 (Aug. 2019)

Performance Highlights II

Variation factors affecting DPU



(Note) Jiyugaoka: KN Jiyugaoka Plaza, IV OH! MAGARI: intervillage OH! MAGARI
OJR disposed a 49% co-ownership interest in Jiyugaoka on October 1, 2019 and disposed the remaining 51% co-ownership interest on March 4, 2020.

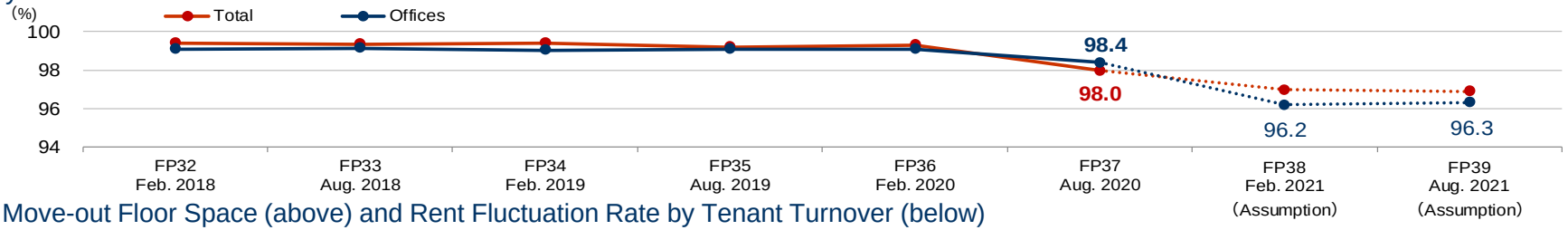
Internal Growth Strategy

Offices -Occupancy Rates and Tenant Turnover-

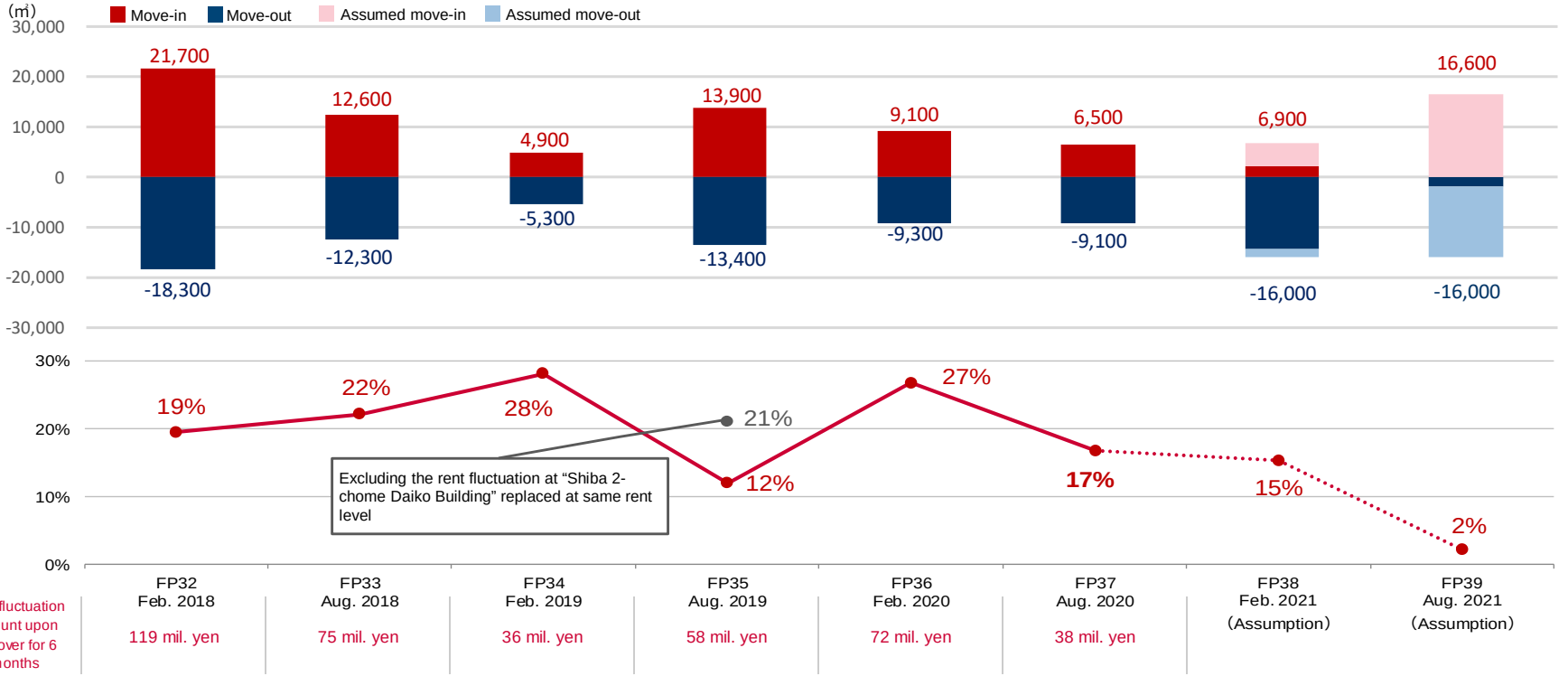
Offices as of financial announcement	Total acquisition price	Share of total portfolio	Properties	Occupancy rate	NOI yield	Yield after depreciation	Average building age	Operating revenue for FP37 (Note1)
	372.9 bil. yen	54.9%	55	98.4%	5.3%	4.5%	19.6 years	13,830 million yen

Forecast assumes a slight decrease of occupancy rates due to move-out increase and move-in delay due to impact of COVID-19 remains uncertain

Occupancy Rates at the End of each Fiscal Period



Move-in / Move-out Floor Space (above) and Rent Fluctuation Rate by Tenant Turnover (below)



Rent fluctuation amount upon turnover for 6 months	FP32 Feb. 2018	FP33 Aug. 2018	FP34 Feb. 2019	FP35 Aug. 2019	FP36 Feb. 2020	FP37 Aug. 2020	FP38 Feb. 2021 (Assumption)	FP39 Aug. 2021 (Assumption)
	119 mil. yen	75 mil. yen	36 mil. yen	58 mil. yen	72 mil. yen	38 mil. yen		

Note 1: Gain on sale of real estate property and operating revenues of disposed properties during FP37 (Aug,2020) are excluded from the figures. Same as for other property types.
Note 2 : Figures of move-in / move-out space are rounded to the nearest 100m^2.
Note 3 : Move-in spaces are forecasted based on confirmed contracts (both increase and decrease in rent renewals), as well as assumptions based on inquiries from tenants and leasing market conditions.
Move-out spaces are forecasted based on confirmed contracts, as well as assumptions based on negotiation status with tenants and leasing market conditions.
Note 4: "Rent fluctuation amount upon turnover for 6 months" indicates the difference between the monthly contract rent of new tenants and that of previous tenants over the 6 months. It does not reflect vacant periods or rent-free contracts, and thus is not an amount of contribution to performance in each fiscal period.

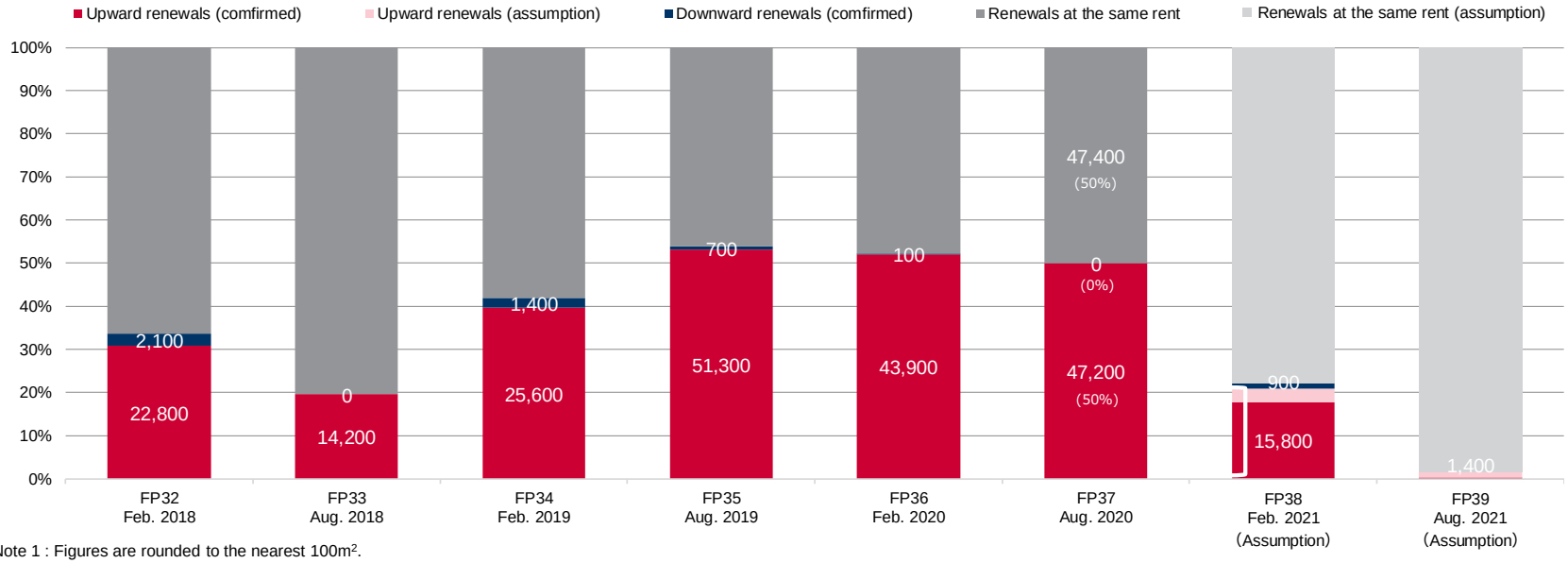
Offices -Rent Renewals-

- **Maintaining rental increase predicated on rent gap**
- **Achieved positive results in recently acquired properties initially targeted for internal growth**

Rent Renewal Floor Spaces

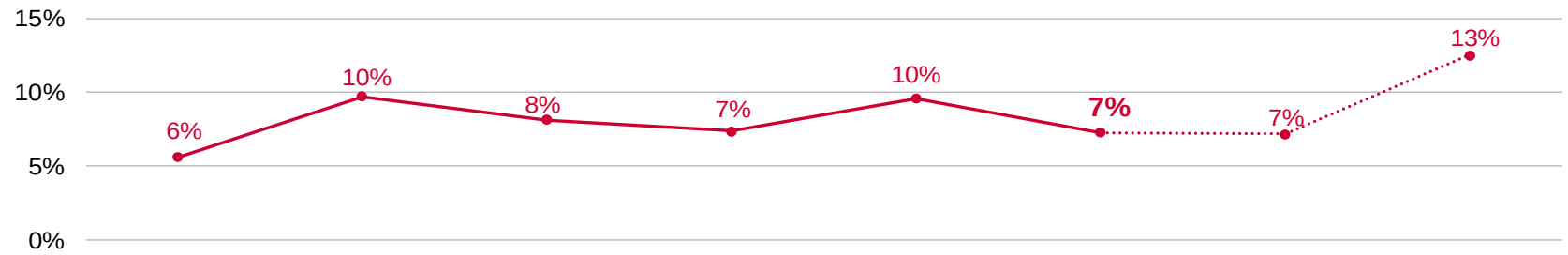
＊temporary rental reductions and cessations from tenants due to the impact by COVID-19 is excluded from the chart below

Rent renewal spaces	73,900㎡	72,500㎡	64,500㎡	96,600㎡	84,300㎡	94,600㎡



Note 1 : Figures are rounded to the nearest 100m².
Note 2 : Upward rent renewal and downward rent renewal are forecasted in consideration of the confirmed contracts, as well as the rent gap from the market and negotiation status

Rent Fluctuation Rate upon Rent Renewals



Rent fluctuation amount upon renewal for 6 months	FP32 Feb. 2018	FP33 Aug. 2018	FP34 Feb. 2019	FP35 Aug. 2019	FP36 Feb. 2020	FP37 Aug. 2020	FP38 Feb. 2021 (Assumption)	FP39 Aug. 2021 (Assumption)
	42 mil. yen	38 mil. yen	59 mil. yen	132 mil. yen	122 mil. yen	112 mil. yen		

Note: “Rent fluctuation amount upon renewal for 6 months” indicates the difference between the monthly contract rent before and after rent renewals over the 6 months. It is not an amount of contribution to performance in each fiscal period.

Examples

ORIX Ikebukuro Building

ORE Omiya Building

Naha Shin-Toshin Center Building

TOKYU REIT Akasaka Hinokicho Building

Offices -Tenant Analysis-

Tenant Diversification

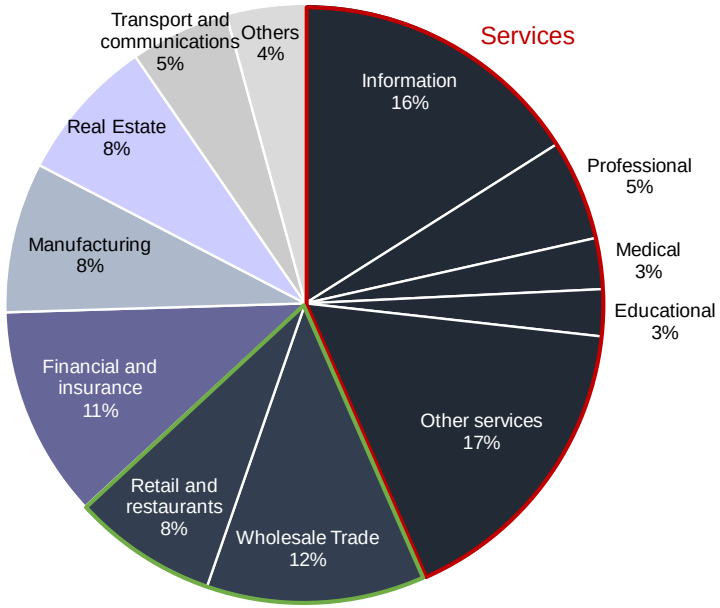
based on actual rent as of the end of Aug. 2020

- Number of office tenants(Note1): 920
- No single tenant accounts for more than 2% of the entire portfolio
- Impact of one tenant move-out is mitigated due to diversification

Ranking	Tenant	Property name	Ratio in portfolio
1	Telecom	ORIX Real Estate Nishi Shinjuku Building	Under 2%, 1% Over
2	Advertisement	Shiba 2-chome Daiko Building	
3	IT	Gaien Nishi-dori building	Under 1%
4	Vocational school	ORIX Ikebukuro Building	
5	BPO service	ORE Sapporo Building	

Tenant Industry Category (Note2)

based on actual rent as of the end of Aug. 2020



Wholesale, retail and restaurants

Impact of COVID-19 in Office portfolio

- Retail/F&B/Service tenant category(note3) substantially affected by COVID-19 accounts for approximately 20% in total tenants.

Tenant Category	No. of tenants	No. of tenants requested rent relief(note4)	Initial Responses			(Reference) No. of vacancies due to COVID-19(Note5)
			Status quo	Deferral	Temporary reduction	
Retail/F&B/Service	213	92	54	15	23	15
Office	707	22	17	4	1	25

Note 1: The above figures are all described based on the contracts with end tenants as of the end of Aug. 2020.
Note 2: The above industry category pie chart is made by ORIX Asset Management Corporation, the asset management company of ORIX JREIT Inc., based on TDB sangyo bunrui hyo (Industry category list) published by TEIKOKU DATABANK, LTD.
Note 3: Retail/F&B/Service tenants refer to restaurants, supplementary schools and medical institutions where customers usually visit. The asset management company evaluates each tenant based on its business.
Note 4: These figures are based on requests received from end-tenants up to October 2nd, 2020. Those under discussion are tentatively included in temporary reduction.
Note 5: The figures include vacating of partial units such as floor reduction. The figures are described from the beginning of request received to October 2nd, 2020.

Office -Topics-

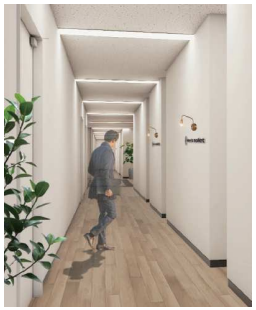
▶ Maintaining value enhancement to improve portfolio quality and tenant satisfaction despite the COVID-19 disruption

Examples of planned common area renovation (FP38 (Feb.2021) (note))

ORE Omiya Building (Saitama-shi, Saitama)

Before renovation

Image after renovation



ORIX Ikebukuro Building (Toshima-ku, Tokyo)

Before renovation

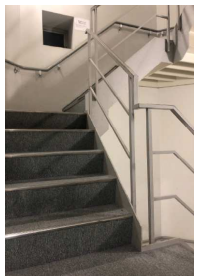


Image after renovation

Note: It is current planned CAPEX. The repair work is subject to change the details, postpone and cancel.

Retail Facilities

Retail Facilities as of financial announcement	Total acquisition price	Share of total portfolio	Properties	Occupancy rate	NOI yield	Yield after depreciation	Average building age	Operating revenue for FP37
	107.0 bil. yen	15.7%	27	96.6%	5.4%	4.7%	12.6 years	3,753 million yen

► Achieved lower rental revenue loss due to less vacancy in retail facilities from OJR's previous forecast

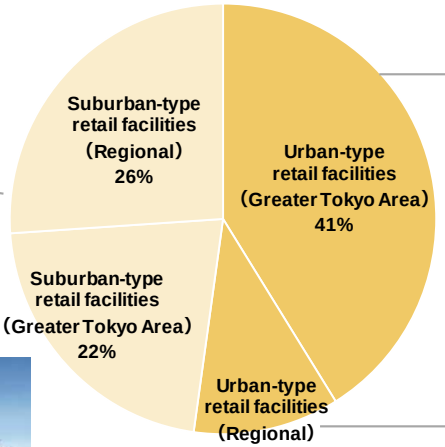
Breakdown of Retail Facility Rents as of the financial announcement on Oct. 19, 2020

Morioka Minani Shopping Center Sansa

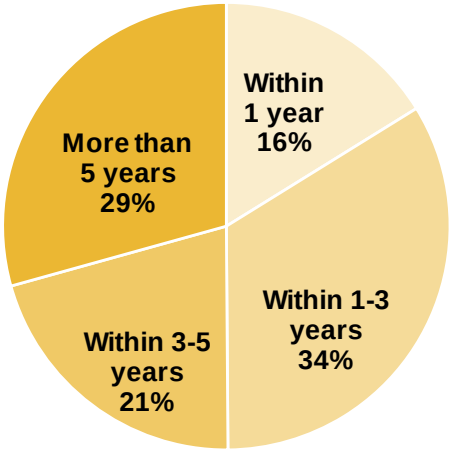
Cross Avenue Harajuku

CROSS GARDEN KAWASAKI

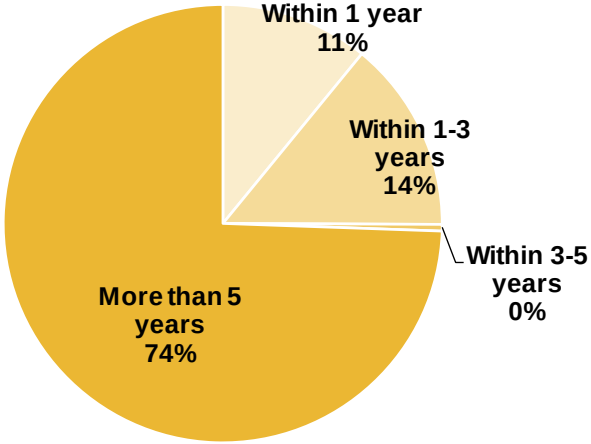
Aune Tenjin



Diversification of Remaining Contract Terms based on actual rent as of the financial announcement on Oct. 19, 2020



Urban-type retail facilities



Suburban-type retail facilities

Impact of COVID-19 in urban-type retail facilities

Tenant information				No. of tenants requested rent relief (Note4)	Initial Responses (Note5)			(Reference) No. of vacancies due to COVID-19 (Note6)
Category (Note2)	Category examples	No. of tenants (Note3)	Ratio		Status quo	Deferral	Temporary reduction	
F&B	Japanese Pub, Restaurant	71	64%	50	18	23	11	12
Service	Karaoke, Beauty Salon	26	23%	11	6	4	1	2
Retail	Apparel, Drug Store	14	13%	8	4	1	3	2

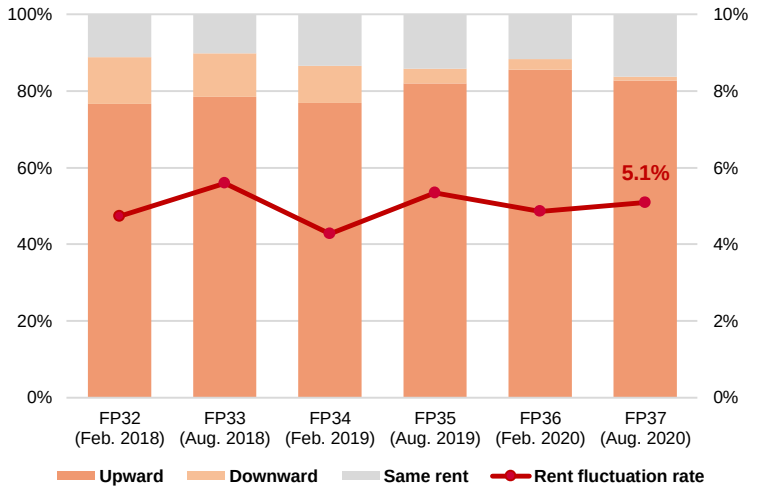
Note 1: "Regional" refers to areas other than the Greater Tokyo Area (Tokyo, Kanagawa, Saitama and Chiba pref.). "Non-urban-type retail facilities" refers to retail facilities other than urban-type retail facilities. "Urban-type retail facilities" refers to retail facilities located adjacent to the terminal stations in the Greater Tokyo Area and other major cities.
Note 2: The industry category is made by ORIX Asset Management Corporation, the asset management company of ORIX JREIT Inc., based on end tenants' main business style.
Note 3: The figures are all described based on the contracts with end tenants as of the end of Aug. 2020.
Note 4: These figures are based on requests received from end-tenants up to October 2nd, 2020. Those under discussion are tentatively included in temporary reduction.
Note 5: When both deferral and temporary reduction are applied to the same tenant, those are respectively included to 'Initial Responses'. Thus, 'No. of tenants requested rent relief' and 'Initial Responses' are not matched.
Note 6: The figures include vacating of partial units such as floor reduction etc. The figures are described from the beginning of request received up to October 2nd, 2020.

Residential Properties and Logistics Facilities

Residential Properties as of financial announcement	Total acquisition price	Share of total portfolio	Properties	Occupancy rate	NOI yield	Yield after depreciation	Average building age	Operating revenue for FP37
	68.2 bil. yen	10.0%	14	94.4%	5.6%	4.6%	13.4 years	2,683 million yen

▶Maintained steady rent increases upon turnover

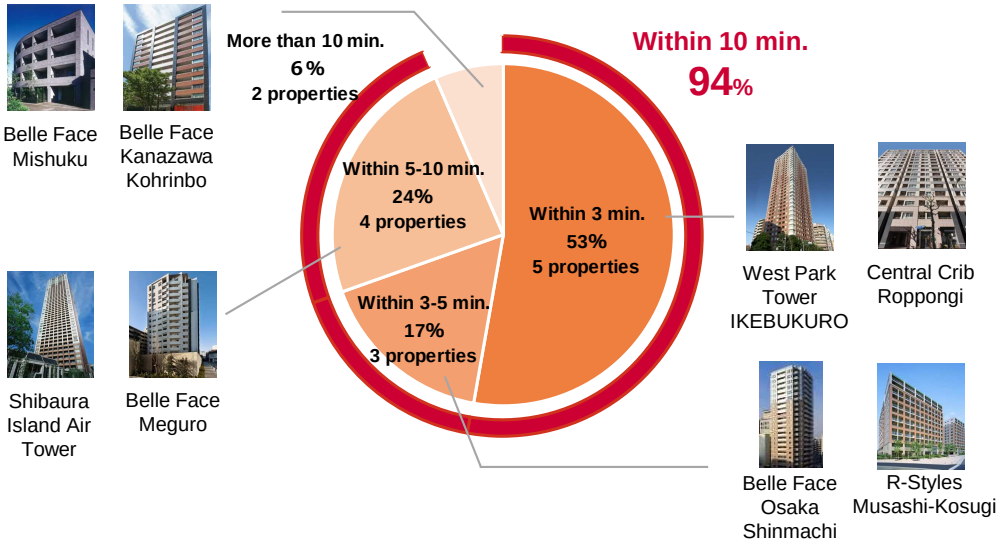
Change in Rent upon Turnover based on rooms (left axis) and Rent Fluctuation Rate (right axis)



（Reference）Rent fluctuation rate upon renewal during FP37 +1.1%

▶Highly convenient locations primarily in central Tokyo

Minutes Walk to Nearest Station
based on acquisition price



Logistics Facilities as of financial announcement	Total acquisition price	Share of total portfolio	Properties	Occupancy rate	NOI yield	Yield after depreciation	Average building age	Operating revenue for FP37
	37.1 bil. yen	5.5%	5	100%	5.7%	4.4%	11.9 years	1,207 million yen

Hotels and Others I

▶ Maintaining close dialogue with operators while monitoring further impacts of COVID-19

Hotels and Others as of financial announcement	Total acquisition price	Share of total portfolio	Properties	Occupancy rate	NOI yield	Yield after depreciation	Average building age	Operating revenue for FP37
	94.4 bil. yen	13.9%	10	100%	4.9%	3.6%	21.7 years	3,024 million yen

- ▶ 2 theme park official hotels account for 70% of total hotels and others (based on acquisition price)
- ▶ Pace of returning customers is moderate due to temporary closure of theme parks etc.. However, we anticipate recovery through government's tourism stimulus and recent / scheduled openings of newly expanded areas in theme parks

	Official theme park hotels	
Property name	Hotel Universal Port	Tokyo Bay Maihama Hotel First Resort
Location	Osaka	Chiba
Acquisition price (million yen)	34,000	26,800
Acquisition date	April 2018	January 2017
Completion	May 2005	Existing wing: June 1986 Extension wing: October 2003
Operator	ORIX Group	Operator of which ORIX Group owns its approx. 30% share
Rent condition ratio (Note)	Fixed: 49% Variable: 51%	Fixed: 97% Variable: 3%
Number of guest rooms	600	696

Note: The figures are described based on the documents adopted with the direct capitalization method indicated in the appraisal reports at the time of property acquisition

Hotel Universal Port (HUP)

Closure period at UNIVERSAL STUDIOS JAPAN：Feb.29, 2020 through Jun.18, 2020
Entrance restriction ：Jun.19 through Jul. 19, 2020 (open to area-specific residents only)
Area-specific resident restrictions lifted：From Jul. 20, 2020（currently restricted under maximum entry）

(million yen)

	Hotel sales (Period)	Rent		
		Fixed	Variable	Total
FP36 (2020.2) actual results	2,939 From Apr. 2019 through Sep. 2019	525	495	1,020
FP37 (2020.8) actual results	2,046 From Oct. 2019 through Mar. 2020		334	859
FP38 (2021.2) *Assumption	Approx. 205 From Apr. 2020 through Sep. 2020		22	547
FP39 (2021.8) *Assumption	Approx. 600 From Oct. 2020 through Mar. 2021		89	614

- New area "SUPER NINTENDO WORLD™" at UNIVERSAL STUDIOS JAPAN is scheduled to open Spring 2021.

Tokyo Bay Maihama Hotel First Resort

Closure period at Tokyo Disney Resort：Feb. 29, 2020 through Jun. 30, 2020
Reopen：From Jul. 1, 2020（currently restricted under maximum entry ）

- We have supported the tenant through rental deferral. However, considering the balance of security deposit, we are now under negotiation for a temporary rent reduction (From Oct. 2020). We hope to recoup this reduction through future performance recovery
- New area "Beauty and the Beast" has opened at Tokyo Disney Land in Sep. 28, 2020 and "Frozen" etc. is scheduled to open at Tokyo Disney Sea in FY2023

Hotels and Others II

► **For business hotel operators requesting rental relief, all resulted in temporary rental deferral. No rent reduction was made.**

	Full-service hotels	Business hotels				
Property name (Note1)	**Hotel Nikko Himeji**	**Cross Gate**	**VIA INN SHINSAIBASHI BLDG.**	**HOTEL KEIHAN SAPPORO**	**Richmond Hotel Yamagata Ekimae**	**HOTEL LiVEMAX NAGOYA SAKAE-EAST**
Location	Hyogo	Yokohama	Osaka	Sapporo	Yamagata	Nagoya
Acquisition price (million yen)	4,800	15,040	3,100	2,550	2,300	1,500
Acquisition date	September 2016	January 2002	September 2015	September 2015	September 2015	December 2017
Completion	September 1990	September 2000	March 2011	April 2009	December 2007	September 2017
Operator	ORIX Group	FUJITA KANKO	West Japan Railway Company Group	Keihan Holdings Group	ROYAL HOLDINGS Group	LiVE MAX
Rent condition ratio (Note2)	Fixed: 33% Variable: 67%	Fixed: 100% including variable rent of 0.2%	Fixed: 100%	Fixed: 100%	Fixed: 100%	Fixed: 100%
Number of guest rooms	257	553	205	200	220	113

Hotel Nikko Himeji

- Re-signed extension agreement with hotel operator (ORIX Group) at the end of June 2020 (two-year lease agreement). Agreed a reduction in fixed rent and lowered GOP(Note3) threshold of variable rent.

(Note1) Overview of Hotels excludes “TAKANAWA DUPLEX C’s” and “GOOD TIME LIVING Shin-urayasu”.
(Note2) The ratios are based on rents adopted in the direct capitalization method indicated in the appraisal reports obtained at the time of the property acquisition (For “Hotel Nikko Himeji” "Cross Gate," the appraisal report as of the end of the 37th fiscal period). In addition, variable rent at "Cross Gate" is only accrued from some of the tenants in the retail area of the building.
(Note3) “GOP” stands for Gross Operating Profit, indicating the amount deducting expenses relating to the hotel operation (operation outsourcing<MC fee>, personnel, utilities, advertising and other miscellaneous costs) from the amount of sales of the hotel.

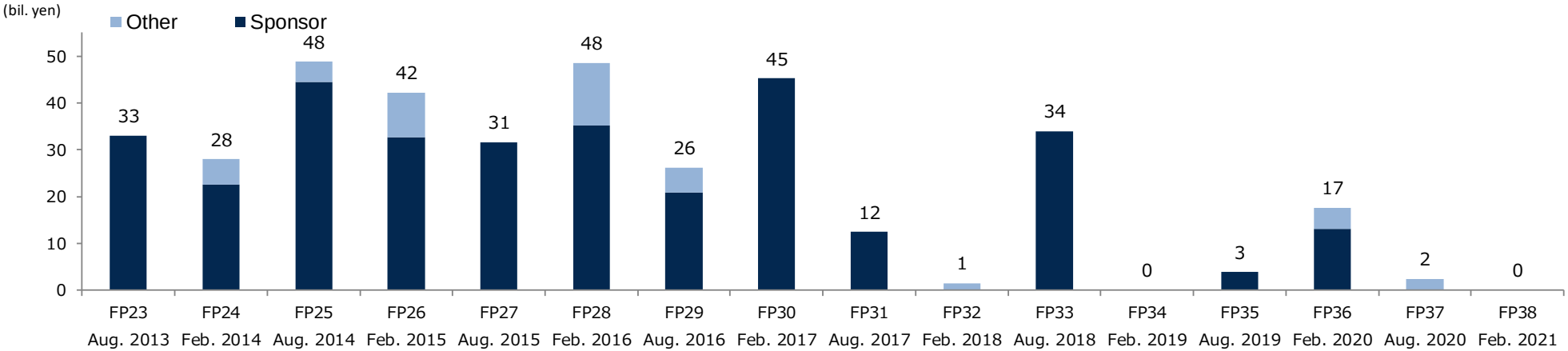
External Growth Strategy

Sponsor Pipeline and Acquisition Track Record from Sponsor

Driving external growth by utilizing ORIX Synergy

OJR's Track Record in Property Acquisition from ORIX Group (Note)

Property acquisition totaled 375 billion yen during and after FP23 (Aug. 2013), of which approx. 90% were acquired from Sponsor.



Note : The figure for FP23 (Aug. 2013) includes "intervillage OH! MAGARI (Silent Partnership Equity Interest)". The figure for FP27 (Aug. 2015) includes "ARK Hills South Tower (Preferred Equity Securities)". The figure for FP38 (Feb. 2021) indicates the figure up to the date of financial announcement on October 19, 2020.

ORIX Group's Real Estate Segment Assets (Note)

Rental real estate: 348 billion yen **Operating Assets (including hotels and inns): 139 billion yen**

Office

ORIX Yaesu-Dori Building
(Chuo-ku, Tokyo)

Retail Facility

DUPLEX Ginza Tower 5/13
(Chuo-ku, Tokyo)

Logistics facility

Matsubushi Logistics Center
(Saitama)

Hotel

Hilton Okinawa Chatan Resort
(Okinawa)

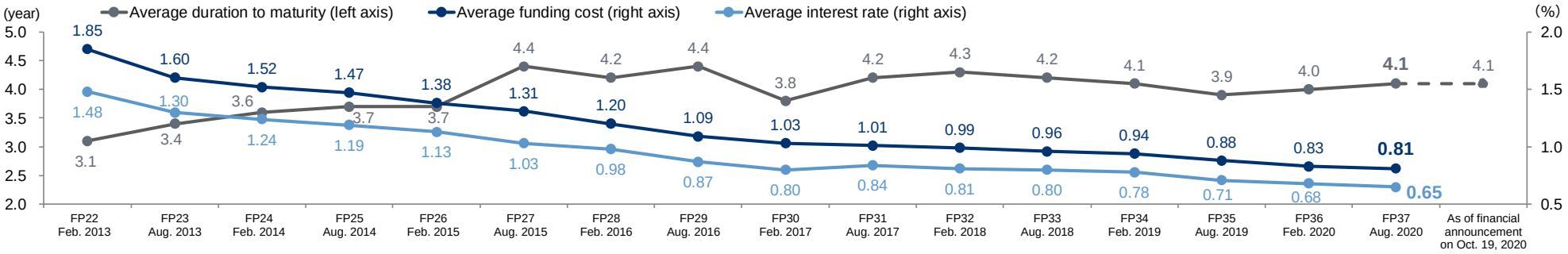
Note: "ORIX Group's real estate segment assets" is prepared independently by OAM based on "Consolidated Financial Results Supplementary Information for the Three-month Ended Mar. 31, 2021" (based on book value as of Jun. 30, 2020) released by ORIX Corporation. As of Octobor 19, 2020, the date of financial announcement, OJR has no plan to purchase the above-mentioned properties.

Financial Strategy

Financial Strategy I

Lowered average interest rate while maintaining financial stability

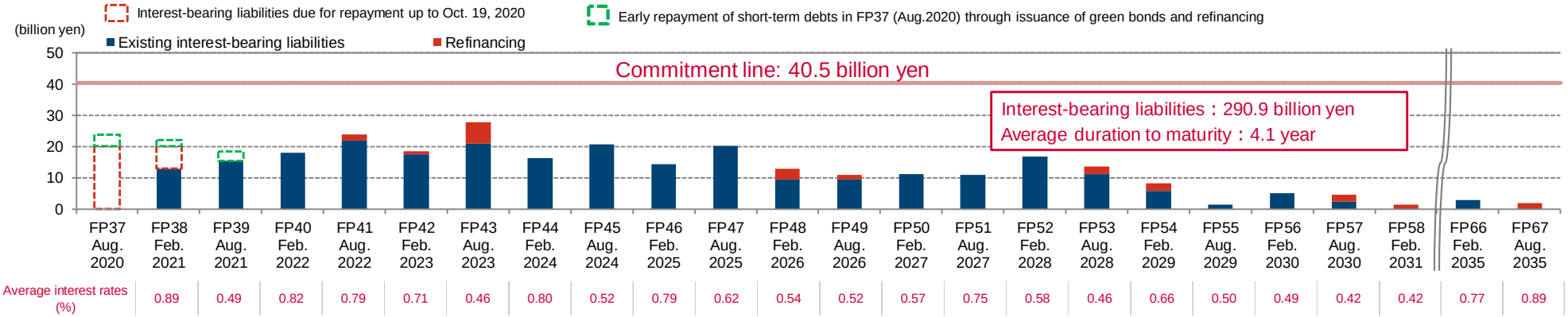
Financing Costs and Average Duration to Maturity



Refinancing results of 19 billion yen since FP37 to financial announcement on Oct. 19, 2020 (Note)	Pre-refinance	Post-refinance
Average debt maturity	6.1 years	7.8 years
Average interest rate	0.89%	0.35%

Note: Includes fixed rate refinancing only.

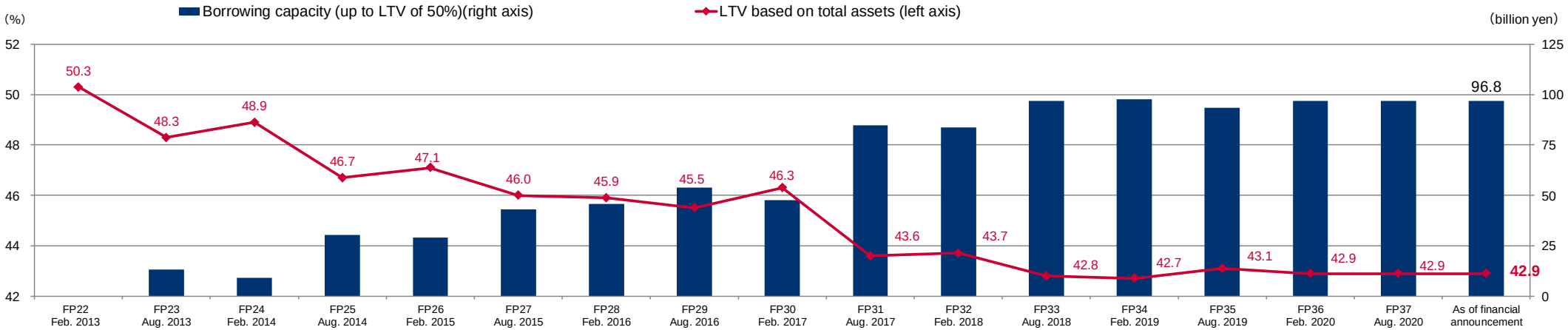
Maturity and Duration of Interest-Bearing Liabilities as of financial announcement on Oct. 19, 2020



Financial Strategy II

Maintain adequate LTV and ample liquidity to enable swift property acquisition while emphasizing financial stability

Trends on LTV and Borrowing Capacity



Financial Indicators

	End of FP 37 Aug. 31, 2020	As of financial announcement on Oct. 19, 2020
Interest-bearing liabilities	290.9 billion yen	290.9 billion yen
LTV based on total assets	42.9 %	42.9 %
Average interest rate	0.65 %	0.64 %
Average funding cost	0.81 %	-
Fixed-rate debt ratio	89.8 %	89.4 %
Average duration to maturity	4.1 years	4.1 years
Cash and deposits including trust accounts	51.3 billion yen	-

Credit Ratings as of financial announcement on Oct. 19, 2020

R&I	Issuer rating	: AA - (Stable)
JCR	Long-term issuer rating	: AA (Stable)

Financial Strategy III

Debt Lenders: 28 institutions / 266,417 million yen in total

Financial institution	Balance (million yen)	Ratio
Sumitomo Mitsui Trust Bank, Limited	49,695	18.7 %
MUFG Bank, Ltd.	49,555	18.6 %
Sumitomo Mitsui Banking Corporation	32,038	12.0 %
Mizuho Bank, Ltd.	24,229	9.1 %
Development Bank of Japan Inc.	22,440	8.4 %
The Norinchukin Bank	13,850	5.2 %
Shinsei Bank, Limited	12,760	4.8 %
Resona Bank, Limited	11,860	4.5 %
Mizuho Trust & Banking Co., Ltd.	10,840	4.1 %
The Bank of Fukuoka, Ltd.	8,400	3.2 %
THE NISHI-NIPPON CITY BANK, LTD.	3,800	1.4 %
Aozora Bank, Ltd.	3,550	1.3 %
THE SHIZUOKA BANK, LTD.	3,000	1.1 %
The 77 Bank, Ltd.	3,000	1.1 %
The Daishi Bank, Ltd.	3,000	1.1 %
The Yamaguchi Bank, Ltd.	2,000	0.8 %
The Shinkumi Federation Bank	1,800	0.7 %
SUMITOMO LIFE INSURANCE COMPANY	1,500	0.6 %
Mitsui Sumitomo Insurance Company, Limited	1,500	0.6 %
ORIX Bank Corporation	1,000	0.4 %
The Kagawa Bank, Ltd.	1,000	0.4 %
Taiyo Life Insurance Company	1,000	0.4 %
THE CHUGOKU BANK, LTD.	1,000	0.4 %
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,000	0.4 %
THE HIROSHIMA BANK, LTD.	1,000	0.4 %
The Minato Bank, Ltd.	800	0.3 %
Meiji Yasuda Life Insurance Company	500	0.2 %
THE SHIMANE BANK, LTD.	300	0.1 %

Commitment Lines

Financial institution	Maturity date	Line limit (million yen)
Mizuho Bank, Ltd.	Oct. 2, 2023	10,000
Aozora Bank, Ltd.	Dec. 29, 2021	7,500
Sumitomo Mitsui Trust Bank, Limited	Jul. 31, 2023	6,000
MUFG Bank, Ltd.	Jul. 31, 2022	6,000
Sumitomo Mitsui Banking Corporation	Feb. 24, 2022	5,000
MUFG Bank, Ltd.	Aug. 27, 2023	4,000
Resona Bank, Limited	Jul. 31, 2023	2,000
Total		**40,500**
Drawdown amount		**0**
Available commitment line		**40,500**

Investment Corporation Bonds — Total: 24,500 million yen

	Balance (million yen)	Interest rate	Issue date	Period
The 7th unsecured bonds	2,500	1.200%	Jan. 20, 2014	10 yrs.
The 9th unsecured bonds	3,000	0.901%	Aug. 11, 2014	10 yrs.
The 10th unsecured bonds	2,000	0.886%	Dec. 19, 2014	10 yrs.
The 11th unsecured bonds	2,000	0.200%	Jul. 18, 2018	4.5 yrs.
The 12th unsecured bonds	3,000	0.550%	Jul. 18, 2018	10 yrs.
The 13th unsecured bonds "1st OJR Green Bonds"	7,000	0.220%	Jul. 18, 2019	5 yrs.
The 14th unsecured bonds	3,000	0.770%	Oct. 30, 2019	15 yrs.
The 15th unsecured bonds "2nd OJR Green Bonds"	2,000	0.890%	Jul. 7, 2020	15 yrs. NEW

All data are as of financial announcement on Oct. 19, 2020

Initiatives towards ESG

Initiatives towards ESG I

Our goal is to enhance unitholder value mid-to long term through maintaining our initiatives towards ESG

Accreditations by External Organizations

Included in MSCI Japan ESG Select Leaders Index since Dec. 2018

Government Pension Investment Fund (GPIF)'s ESG indices for their passive investment.

Earned the highest "Green Star" in the GRESB Real Estate Assessment consecutively during the past 5 years in 2019 and the highest "A" in the GRESB Public Disclosure.

GRESB 2019 ★★★★☆	**GRESB Real Estate Assessment: "Green Star"** **GRESB Rating: "4 Star"**
GRESB PUBLIC DISCLOSURE 2019	**GRESB Public Disclosure: "A"**

Participation in International Initiatives

Supporting the TCFD Recommendations

- ORIX Asset Management Corporation, OJR's asset management company, has signed off as a supporter of Task Force on Climate-related Financial Disclosures (TCFD) and joined the Japan TCFD Consortium in October 2019.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Signatory to United Nations Environment Programme Finance Initiative (UNEP FI)

- ORIX Asset Management Corporation has signed up to United Nations Environment Programme Finance Initiative (UNEP FI) in February 2020.
- We believe in signing up to an international partnership such as UNEP FI and participating in its activities can achieve an even further sustainable asset management by incorporating additional ESG factors in managing ORIX JREIT Inc.

UNEP FINANCE INITIATIVE

Initiatives towards ESG II

Promoting countermeasures to climate change

KPI Targets Corresponding to Material Issues (Numerical Targets)

	Period	Targeted period	Targets
Promoting countermeasures to climate change (reducing greenhouse gas emissions)	Long	2050	Manage and improve energy efficiency in OJR's properties in recognition to the Paris Agreement and the reduction targets to which Japan committed in the Paris Agreement (reaching carbon neutrality as soon as possible in the second-half of the 21st century and cutting greenhouse gases by 80%) by promoting energy conservation and usage of renewable energy
	Middle	2030	-Aim to reduce CO2 emission intensity by 12% compared to 2018 -Aim to achieve green certification for over 70% of floor space of properties under OJR's operational control
	Short	-	Aim to reduce the energy consumption intensity of properties at an average of 1% or more per year based on the intensity over the past five years
Management of Waste	Short	-	For properties owned by OJR, we aim to measure the amount of waste and maintain the landfill disposal rate at 1% or less
Management of Water Resources	Short	-	We collect water usage information in properties held by OJR and to promote its efficient use, our target is to decrease water usage year over year

TCFD Scenario Analysis

In September 2020, ORIX Asset Management Corporation, the asset manager of OJR that supports TCFD, was selected by the Ministry of the Environment as a participant in the "Project to support scenario analysis of climate risks and opportunities in line with the TCFD for FY2020." We will conduct scenario analysis under the consulting of Deloitte Tohmatsu Consulting Co., Ltd.

Initiatives towards ESG III

We have increased green certified space to approximately 70%.

CASBEE® Certification for Buildings

Evaluation	Property Name
★★★★★	【Office】Aoyama Suncrest Building
	【Office】Seafort Square Center Building
	【Office】ORIX Akasaka 2-chome Building
	【Office】Round-Cross Kawasaki
	【Office】Hamamatsu Act Tower (Office and retail areas)
	【Retail】aune Kohoku
	【Retail】aune Makuhari
	【Retail】CROSS GARDEN KAWASAKI
	【Retail】Inter Village OH! MAGARI
	【Retail】Felicita Sanjo Kiyamachi
	【Hotels and others】Cross Gate (Retail area)
★★★★	【Office】ORIX Shinagawa Building
	【Office】MG Shirokanedai Building
	【Office】ORIX Meguro Building
	【Office】ORE Omiya Building
	【Office】Nagoya Itochu Building
	【Office】ORIX Koraibashi Building
	【Office】ORE Sapporo Building
	【Office】ORIX Kobe Sannomiya Building
	【Office】DOJIMA PLAZA BLDG.
	【Office】PRIME SQUARE HIROSE-DORI
	【Office】SAPPORO BRICK CUBE
	【Retail】Sendai Minamimachidori Building
	【Logistics】Ichikawa Logistics Center

DBJ Green Building Certification

Evaluation	Property Name
★★★★	【Office】ARK Hills South Tower
	【Residential】R-Styles Musashi-Kosugi
★★★	【Office】Hamamatsu Act Tower
	【Residential】Central Crib Roppongi
	【Residential】Belle Face Kamata
	【Residential】West Park Tower IKEBUKURO
	【Residential】Belle Face Osaka Shinmachi
	【Residential】Belle Face Amagasaki

BELS

Evaluation	Property Name
★★★★★	【Office】Lunar Sendai
★★★★	【Logistics】Toda Logistics Center
	【Logistics】Iwatsuki Logistics Center
	【Logistics】Sakai Logistics Center North Building
	【Logistics】Komaki Logistics Center
★★★	【Office】Shiba 2-chome Daiko Building
	【Office】ORIX Real Estate Nishi Shinjuku Building
	【Office】ORIX Nagoya Nishiki Building
	【Office】ORE Nishiki 2-chome Bldg.
★★	【Hotels and others】Hotel Universal Port

Note: Green certified space is calculated based on the registered gross floor space excluding land rights. In the case where the certification was acquired for a specific section of a multi usage facility, we use the entire floor space of this property for the purpose of calculating the coverage ratio.

Initiatives towards ESG IV

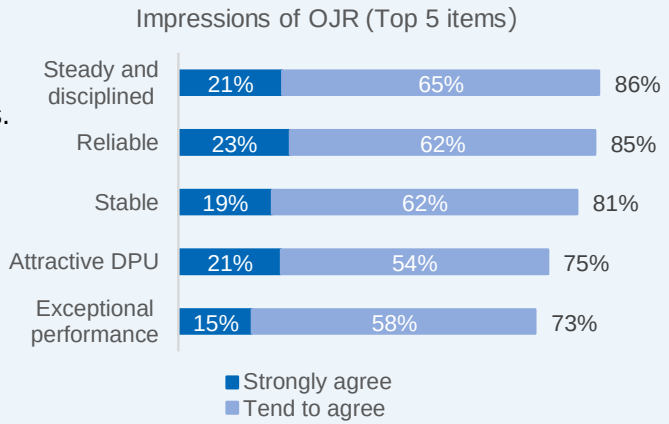
Initiatives for the society

Engagement opportunities “Conducted unitholders survey”

In order to create opportunities for engagement with individual unitholders, we conducted our first unitholders survey by mail.
We received responses from more than 1,600 unitholders, approximately 10% out of all unitholders.

・We received high assessment in areas such as “steady and disciplined”, “reliable” and “stable”, etc. We are also thankful to receive many supportive comments under this challenging times.

・We also received comments to describe more details of COVID-19 impacts on our performance report which we have decided to reflect on our next report.



Acquisition of “Certification for Comprehensive Assessment System for Built Environment Efficiency (‘CASBEE’) for Wellness Office”

We acquired B+(★★★) in “Certification for Comprehensive Assessment System for Built Environment Efficiency (‘CASBEE’) for Wellness Office” for 1 office “Round-Cross Roppongi”
ORIX Corporation, which is the parent company of OJR’s asset management company “ORIX Asset Management Corporation” (OAM) has been operating a serviced office “Cross Office Roppongi” at this property. OJR obtained this certification as a result of OJR and the tenant cooperating to maintain and enhance the health and comfort of its building users.

Contribution to local communities "Act Grand Adventure"

In ACT CITY Hamamatsu including Hamamatsu Act Tower owned by OJR, the "Act Grand Adventure" is held annually for elementary school students and their parents as part of their summer research project and vocational understanding.
This year, after taking measures to prevent the spread of COVID-19, we visited to see the concert hall, heliport, and held table manner lessons in the hotel restaurants.

Initiatives for governance

OJR Board
Members have significant expertise and independence.

・**Executive Director：** A person with no conflicted interest in OJR nor ORIX Asset Management Corporation is chosen for this position.

Teruo Ozaki	Certified Public Accountant

・**Supervisory Director：** An additional member of three supervisory directors are chosen to ensure a higher level of independence.

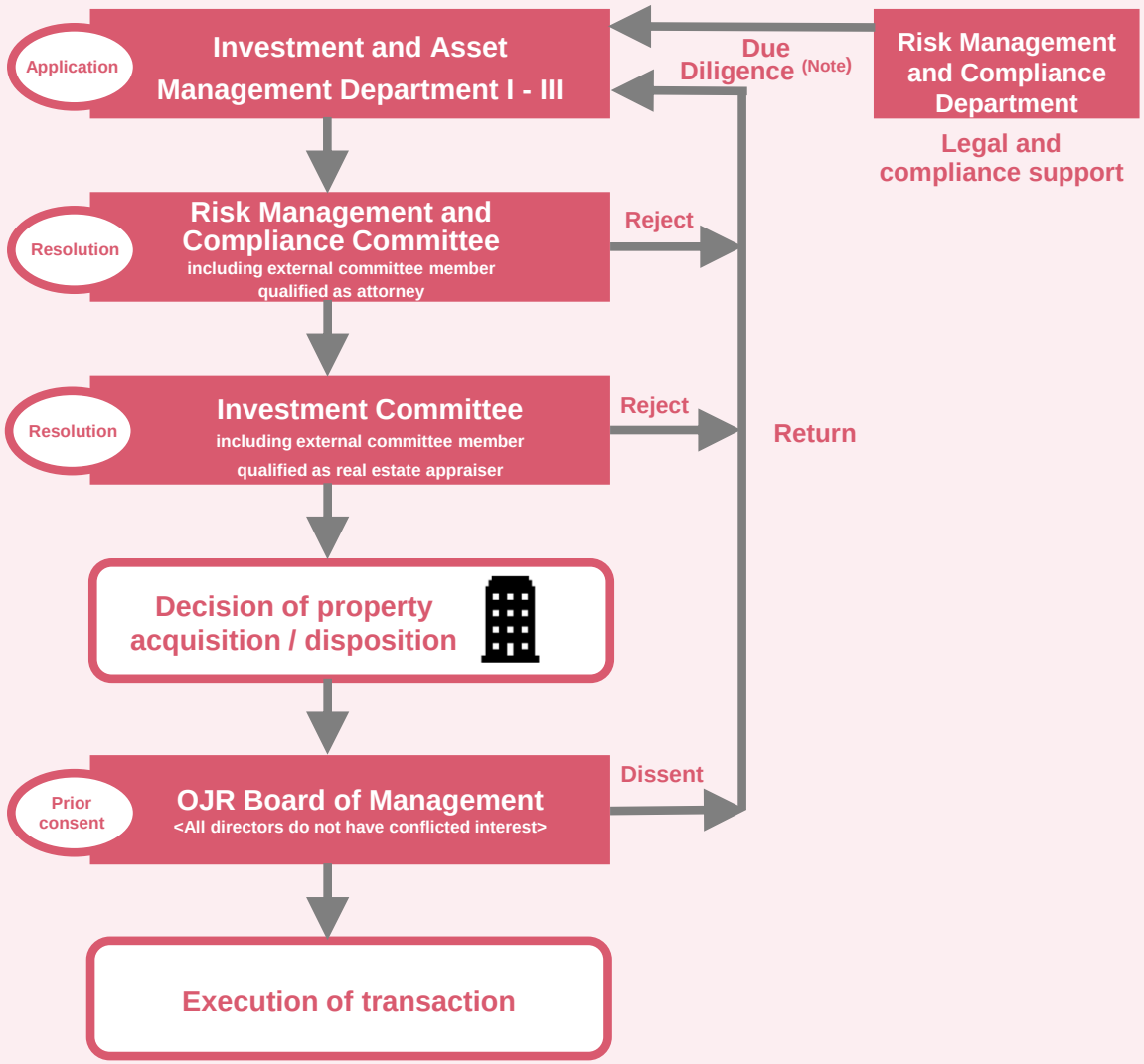
Toshio Koike	Certified Public Accountant
Takeshi Hattori	Real Estate Appraiser
Ryohei Kataoka	Attorney

Compliance system in asset management company

Risk Management and Compliance Committee	• Composed of senior management, Chief Compliance Officer, and external committee member qualified as attorney (Yukako Oshimi ,female) • Attendance and approval from external committee member is mandatory
Investment Committee	• ・Composed of senior management and external committee member qualified as real estate appraiser (Junya Igarashi) • Attendance and approval from external committee member is mandatory

A solid compliance system is in place to prevent conflict of interest, risk management and legal compliance when the asset management company acquire or dispose properties.

Compliance system for Property Transaction



（Note）Due Diligence means examination of properties from physical, legal and economic perspective.

Appendix

Our Growth Strategy

- Implementation of various strategies supported by our 3 strengths; “Diversified REIT,” “ORIX Synergy” and “Operating Expertise”
- Target sustainable growth of unitholder value by strengthening our portfolio, enhancing financial stability and diversifying our growth opportunities

Diversified REIT		×	ORIX Synergy		×	Operating Expertise	
Expand investment opportunities	Risk diversification		Pipeline support	Professional expertise		Fund management expertise (Note)	
Stable revenue growth			Nationwide network			Direct property management	

Asset

External Growth Strategy

- Careful selection in properties that can leverage our strengths
- Various growth drivers
- Property acquisition by utilizing various funding sources
- Property replacement responding to market environment

Strengthen profitability, stability and growth through operating expertise

Internal Growth Strategy

- Operation by utilizing direct property management

Debt

Financial Strategy

- Enhance financial stability including improvement in ratings
- Reduce finance costs
- Secure acquisition capacity
- Effectively use free cash flow for property acquisition and strategic CAPEX

Swift property acquisition

Internal reserves by utilizing capital gain

Equity

- Sustainable growth of DPU
- Enhancement of NAV per unit
- Enhancement of liquidity

Note : ”Fund management expertise” indicates our expertise in targeting sustainable growth of unitholder value by leveraging our external growth, internal growth and financial strategies.

Initiatives for Mid-to long-term DPU Growth

Aim for mid-to long-term stable growth of DPU through a broad variety of strategies

An image of each initiative contributing to mid-to long-term DPU growth

External Growth Strategy Swift acquisition by using acquisition capacity	Acquisition by utilizing FCF of 5 bil. yen **Approx. 30 yen per unit**	Impact on DPU during a full fiscal period by **utilizing 1 year FCF of 5 bil. yen** (Please refer to page 36) for acquisition that generates earning yield after depreciation of approx. 4.0% (after deducting AM fees) (Note1)
	Acquisition by utilizing borrowing capacity of 10 bil. yen **Approx. 40 yen per unit**	Impact on DPU during a full fiscal period by utilizing 10 bil. yen equivalent to approx. 1% of LTV based on total assets out of **borrowing capacity of 96 bil. yen** at the end of FP37 (Aug. 2020) (Please refer to page 25) for acquisition that generates earning yield after depreciation of approx. 4.0% (after deducting AM fees and funding costs) (Note1)
Internal Growth Strategy Improve leasing conditions	Rent fluctuation rate in existing offices:2.0% per year **Approx. 80 yen per unit**	Impact on DPU by multiplying change in forecasted office rental revenue of approx. 10 bil. yen during a fiscal period assumed from contract rents in properties owned by OJR at the end of FP37 (Aug. 2020) by **forecasted rent fluctuation rate of 2.0% per year**. This 2.0% figure takes into account actual results of change in rents attributable to tenants turnovers/rent renewals in offices from FP34 (Feb. 2019) to FP37 (Aug. 2020) . (Note2)
Financial Strategy Reduce average funding costs	Variable rate of average funding costs:0.03% pt. per year **Approx. 15 yen per unit**	Impact on DPU attributable to change in financing-related cost calculated by multiplying balance of interest-bearing liabilities of 290 bil. yen at the end of FP37 (Aug. 2020) by **forecasted variable rate (0.03% per year) of average funding costs**

The above figures represent a hypothetical impact from each initiative effecting DPU according to the financial performance assumed by OAM based on certain assumptions. We, however, do not provide any guarantee with respect to the probability, the amount and the timing of such impact. In particular, we can not guarantee that the new acquisitions will be completed with the above terms, since the terms are subject to changes due to market conditions. DPU may also change due to other factors not listed above.

Note1: This yield indicates the same level of actual yield after depreciation in the portfolio from FP34 (Feb. 2019) to FP37 (Aug. 2020) .
Note2: Given frequency of the tenant turnovers or rent renewals in each asset type, DPU impacts by change in rents of offices which account for approx. 50% of our total rental revenue are shown in the above simulation.
Note3: OJR makes assumptions that DPU simulations are based on the total of 2,760,000 investment unit outstanding at the end of FP37 (Aug. 2020) .

Five Period Performance Summary

(million yen)

	FP33 (Aug. 2018)	FP34 (Feb. 2019)	FP35 (Aug. 2019)	FP36 (Feb. 2020)	FP37 (Aug. 2020)
Operating revenues	23,754	24,052	24,357	26,374	24,558
Operating income	11,124	10,578	11,731	13,477	11,980
Ordinary income	9,643	9,178	10,378	12,199	10,730
Net income	9,629	9,164	10,174	12,184	10,717
Unitholders' capital	335,757	335,757	335,757	335,757	335,757
Net assets	348,408	347,942	348,493	350,314	349,832
Total assets	673,068	673,908	677,334	680,985	678,684
Number of investment units outstanding (unit)	2,760,000	2,760,000	2,760,000	2,760,000	2,760,000
Net assets per unit (yen)	126,235	126,066	126,266	126,926	126,751
Distribution per unit (yen)	3,489	3,487	3,755	4,058	3,840
NAV per unit (yen) (Note1)	169,886	174,844	179,859	184,747	184,055
NAV per unit (yen) including internal reserves (Note2)	170,980	175,771	180,718	185,963	185,314

	FP33 (Aug. 2018)	FP34 (Feb. 2019)	FP35 (Aug. 2019)	FP36 (Feb. 2020)	FP37 (Aug. 2020)
Acquisition price	668,947	663,532	667,432	678,927	679,789
Number of properties	111	109	110	112	111
NOI yield	5.1 %	5.1 %	5.3 %	5.3 %	5.3 %
Yield after depreciation	4.2 %	4.2 %	4.4 %	4.4 %	4.4 %
Unrealized gain/loss	133,128	146,812	160,654	174,146	172,234
Funds from operation	13,788	13,814	14,337	14,609	14,866
Depreciation expenses	4,084	4,112	4,086	4,113	4,131
Cost of finance lease of property	74	76	76	75	75
CAPEX	929	929	1,894	1,168	1,101
Free cash flow	3,229	3,259	2,267	3,019	3,106

Note1:"NAV per unit" refers to the amount calculated by the following formula at any given point in time.
(The sum of unitholders' capital + unrealized gain/loss) / the number of investment units outstanding
Note2:"NAV per unit including internal reserves" refers to the amount calculated by the following formula at any given point in time.
(The sum of unitholders' capital + unrealized gain/loss + internal reserves) / the number of investment units outstanding

Period-over-Period Performance Comparison

Full-period contribution from 4 properties acquisition during FP36 +271
Decrease due to 3 properties disposition during FP36 △97
Existing Properties △148

Existing Properties △1,269
Offices △201
Retail Facilities △363
Hotels and Others △694

Existing Properties △134
Offices △243
Retail Facilities +108
Hotels and Others △25

Decrease in revenues from utility charges due to COVID-19 △204
Increase in one-off income from penalty charges +67

Increase in utility charges +193
Absence of one-off income from penalty charges △40

Decrease in utility charges △188
Increase in one-off income from penalty charges +142

Gain from disposition of "Okayama Kume Retail Facility" +413
Gain from disposition of "KN Jiyugaoka Plaza (49%)" +53
Gain from disposition of "aune Sapporo" +1,296

Gain from disposition of "KN Jiyugaoka Plaza (51%)" +58

(million yen)

	i Actual result for FP36 (Feb. 2020)	ii - i Change	ii Actual result for FP37 (Aug. 2020)	iii - ii Change	iii Forecast for FP38 (Feb. 2021)	iv - iii Change	iv Forecast for FP39 (Aug. 2021)
Rental revenues	22,133	+25	22,159	-1,269	20,889	-134	20,755
Other operating revenues	2,476	-135	2,340	+151	2,491	-35	2,456
Gains on disposition of real estate properties	1,764	-1,706	58	-58	-	-	-
Total operating revenue	26,374	-1,816	24,558	-1,176	23,381	-169	23,211
Property management fees	2,156	-71	2,084	+88	2,172	-91	2,081
Utility charges	1,696	-202	1,494	+194	1,689	-181	1,507
Property-related taxes	1,847	+42	1,889	-2	1,887	+35	1,922
Repair cost	796	-39	757	+121	878	-53	824
Depreciation expenses	4,113	+18	4,131	-4	4,127	-37	4,090
Others	464	-43	421	+70	491	+46	537
Property-related expense	11,073	-294	10,779	+467	11,247	-282	10,964
Net property income	15,300	-1,521	13,779	-1,644	12,134	+112	12,247
Asset management fee	1,523	+11	1,535	+2	1,537	-53	1,484
Administrative service fee	95	-8	87	+3	91	-	91
Other expense	204	-28	175	+24	200	+3	204
Expenses other than property-related expense	1,823	-25	1,798	+30	1,829	-49	1,779
Total operating expense	12,897	-319	12,577	+498	13,076	-332	12,743
Operating income	13,477	-1,496	11,980	-1,674	10,305	+162	10,468
Non-operating income	3	-0	3	-0	3	-	3
Financing-related costs (Note)	1,276	-25	1,251	-57	1,193	+8	1,202
Other expense	5	-3	1	+3	5	+1	6
Non-operating expense	1,281	-28	1,253	-54	1,198	+10	1,208
Ordinary income	12,199	-1,468	10,730	-1,620	9,110	+152	9,262
Extraordinary income or loss	-	-	-	-148	-148	+148	-
Income before income taxes	12,199	-1,468	10,730	-1,768	8,962	+300	9,262
Provision for income taxes	14	-1	13	+3	17	-	17
Net income	12,184	-1,466	10,717	-1,772	8,945	+300	9,245
Reserving internal reserves	984	-863	121	-121	-	-	-
Allocation of internal reserve	-	-	-	+688	688	-688	-
Distributable profit	11,202	-603	10,598	-965	9,633	-386	9,246
Number of investment units outstanding (unit)	2,760,000	-	2,760,000	-	2,760,000	-	2,760,000
DPU (yen)	4,058	-218	3,840	-350	3,490	-140	3,350
CAPEX	1,168	-67	1,101	+1	1,102	+735	1,838

Note: "Financing-related costs" is the sum of interest expenses, interest on investment corporation bonds, depreciation of investment corporation bonds issuance costs and funding related expenses.

Increase of property-related tax due to asset re-evaluation +12
Property-related tax for 5 properties acquired during 2019 +43

Earthquake restoration work at "intervillage OH! MAGARI" △148
Postponement from FP37 to FP38 of internal reserve allocation corresponding to the above +148
Allocate Internal reserve to maintain forecasted DPU +540

Increase of property-related tax due to asset re-evaluation +31
Property-related tax for 1 property acquired during 2020 +4

Air conditioner renewal at "Hamamatsu Act Tower", air conditioner renewal at "SAPPORO BRICK CUBE", outer walls refurbishment etc. at "Gaien Nishi-dori Building"

Performance Forecast Comparison

Lower rental revenue loss due to less vacancy in retail facilities from previous forecast

Temporary reduction of fixed rent in one hotel

Decrease in revenues from utility charges due to COVID-19 △344
Increase in one-off income from penalty charges ＋81

Decrease in revenues from utility charges due to decrease in occupancy rate △38
Increase in one-off income from penalty charges ＋116

Gain from disposition of "KN Jiyugaoka Plaza（51%） +58

(million yen)

	i Actual result for FP37 (Aug. 2020)	ii Forecast at previous financial announcement for FP37 (Aug. 2020)	i - ii Change	iii Forecast for FP38 (Feb. 2021)	iv Forecast at previous financial announcement for FP38 (Feb. 2021)	iii - iv Change
Rental revenues	22,159	21,864	+295	20,889	21,120	-230
Other operating revenues	2,340	2,603	-262	2,491	2,416	+74
Gains on disposition of real estate proterties	58	58	-0	-	-	-
Total operating revenue	24,558	24,525	+32	23,381	23,537	-155
Property management fees	2,084	2,081	+3	2,172	2,066	+106
Utility charges	1,494	1,828	-334	1,689	1,828	-139
Property-related taxes	1,889	1,896	-6	1,887	1,896	-8
Repair cost	757	794	-36	878	841	+37
Depreciation expenses	4,131	4,119	+12	4,127	4,112	+14
Others	421	589	-168	491	653	-161
Property-related expense	10,779	11,309	-530	11,247	11,398	-151
Net property income	13,779	13,215	+563	12,134	12,138	-4
Asset management fee	1,535	1,535	-	1,537	1,518	+18
Administrative service fee	87	91	-3	91	91	-0
Other expense	175	210	-34	200	198	+1
Expenses other than property-related expense	1,798	1,836	-37	1,829	1,808	+20
Total operating expense	12,577	13,146	-568	13,076	13,207	-131
Operating income	11,980	11,379	+601	10,305	10,329	-24
Non-operating income	3	3	+0	3	3	-
Financing-related costs (Note)	1,251	1,261	-10	1,193	1,218	-24
Other expense	1	6	-4	5	5	-0
Non-operating expense	1,253	1,268	-15	1,198	1,223	-25
Ordinary income	10,730	10,114	+616	9,110	9,109	+0
Extraordinary income or loss	-	-148	+148	-148	-	-148
Income before income taxes	10,730	9,966	+764	8,962	9,109	-147
Provision for income taxes	13	17	-3	17	17	-
Net income	10,717	9,949	+768	8,945	9,092	-147
Reserving internal reserves	121	125	-4	-	-	-
Allocation of internal reserve	-	248	-248	688	540	+148
Distributable profit	10,598	10,074	+524	9,633	9,632	+0
Number of investment units outstanding (unit)	2,760,000	2,760,000	-	2,760,000	2,760,000	-
DPU (yen)	3,840	3,650	+190	3,490	3,490	-
CAPEX	1,101	1,208	-107	1,102	1,264	-161

Earthquake restoration work at "intervillage OH! MAGARI" △148
Postponement from FP37 to FP38 of internal reserve allocation corresponding to the above ＋148
Allocate internal reserve to maintain forecasted DPU ＋540

Note: “Financing-related costs” is the sum of interest expenses, interest on investment corporation bonds, depreciation of investment corporation bonds issuance costs and funding related expenses.

Portfolio Summary I

As of financial announcement on Oct. 19, 2020

Type	Area	Property	Completion	Acquisition price (million yen)	Ratio (%)
Offices	6 Central Tokyo Wards	Aoyama Suncrest Building	Nov. 1979	10,076	1.5
		Round-Cross Ichi-bancho	Mar. 1994	3,526	0.5
		Round-Cross Nishi Shinjuku	Jun. 1999	2,650	0.4
		DT Gaien	Feb. 1990	2,430	0.4
		Yoyogi Forest Building	Jun. 1987	1,406	0.2
		Round-Cross Akasaka	Oct. 1978	2,624	0.4
		Round-Cross Mita	May 1990	1,748	0.3
		Round-Cross Shiba Daimon	Oct. 1988	2,195	0.3
		Round-Cross Tsukiji	May 1992	3,378	0.5
		Shiba 2-chome Daiko Building	Jan. 2003	7,500	1.1
		Aoyama 246 Building	Nov. 1990	5,200	0.8
		Round-Cross Shinjuku	Oct. 2005	8,020	1.2
		Seafort Square Center Building	Jun. 1992	18,000	2.6
		ORIX Akasaka 2-chome Building	Nov. 2004	21,860	3.2
		Round-Cross Shinjuku 5-chome	Oct. 2006	4,500	0.7
		Nihonbashi Honcho 1-chome Building	Mar. 2006	10,500	1.5
		Round-Cross Shibuya	Mar. 2007	3,500	0.5
		ORIX Suidobashi Building	Oct. 2005	3,000	0.4
		ORIX Shinagawa Building	Jun. 2006	15,200	2.2
		ORIX Real Estate Nishi Shinjuku Building	Apr. 2007	13,600	2.0
		Round-Cross Tamachi	Jan. 1986	6,730	1.0
		MG Shirokanedai Building	May 1998	8,500	1.3
		SHIBUYA PINE Bldg.	Oct. 1991	3,400	0.5
		MG Ichigaya Building	Jan. 2008	3,100	0.5
		Round-Cross Ginza 2-chome	Aug. 2007	5,200	0.8
		ARK Hills South Tower	Jul. 2013	22,000	3.2
		Round-Cross Akihabara	Feb. 2004	4,202	0.6
		Gaien Nishi-dori Building	Dec. 1991	9,000	1.3
		Round-Cross Roppongi	May 2009	12,400	1.8
		TOKYU REIT Akasaka Hinokicho Building	Aug. 1984	4,800	0.7
		Shibuya TSK Building	Jun. 2008	2,197	0.3
	Remaining Tokyo Wards	Carrot Tower	Nov. 1996	5,479	0.8
		Beside Kiba	Aug. 1991	2,450	0.4
		ORIX Ikebukuro Building	Jul. 2002	9,577	1.4
		ORIX Meguro Building	Jan. 1996	6,350	0.9
		Akihabara Business Center	Oct. 2009	5,060	0.7
	Other Parts of the Greater Tokyo Area	Neo City Mitaka	Sep. 1993	2,200	0.3
		Round-Cross Kawasaki	Jan. 1993	4,130	0.6
		Omiya Miyacho Building	Sep. 2008	4,400	0.6
		Omiya Shimocho 1-chome Building	Aug. 2009	3,750	0.6
		ORE Omiya Building	Jul. 1987	7,030	1.0
	Other Areas	Nagoya Itochu Building	Feb. 1981	4,500	0.7
		ORIX Koraibashi Building	Jul. 2004	5,560	0.8
		Lunar Sendai	Feb. 1998	8,500	1.3
		ORIX Nagoya Nishiki Building	Jan. 2007	12,500	1.8
		ORE Sapporo Building	Nov. 2008	4,250	0.6
		ORIX Kobe Sannomiya Building	Sep. 2009	3,800	0.6
		ORE Nishiki 2-chome Bldg.	Aug. 2012	10,900	1.6
		DOJIMA PLAZA BLDG.	Feb. 2010	9,500	1.4
		PRIME SQUARE HIROSE-DORI	May 2009	7,280	1.1
		Hamamatsu Act Tower	Aug. 1994	11,800	1.7
		ORIX Yodoyabashi Bldg.	Mar. 1991	5,012	0.7
		SAPPORO BRICK CUBE	May 1981	5,200	0.8
		Round-Cross Kagoshima	Nov. 2007	1,300	0.2
		Naha Shin-Toshin Center Building	Jul. 2011	10,000	1.5
		Total of Offices		**372,971**	**54.9**

Note1: “Ratio” refers to the percentage in acquisition price of each property under management to the total acquisition price.
Note2: Figures are rounded to the first decimal place for the “Ratio.” Totals for the “Ratio” may not tally due to this rounding.

Portfolio Summary II

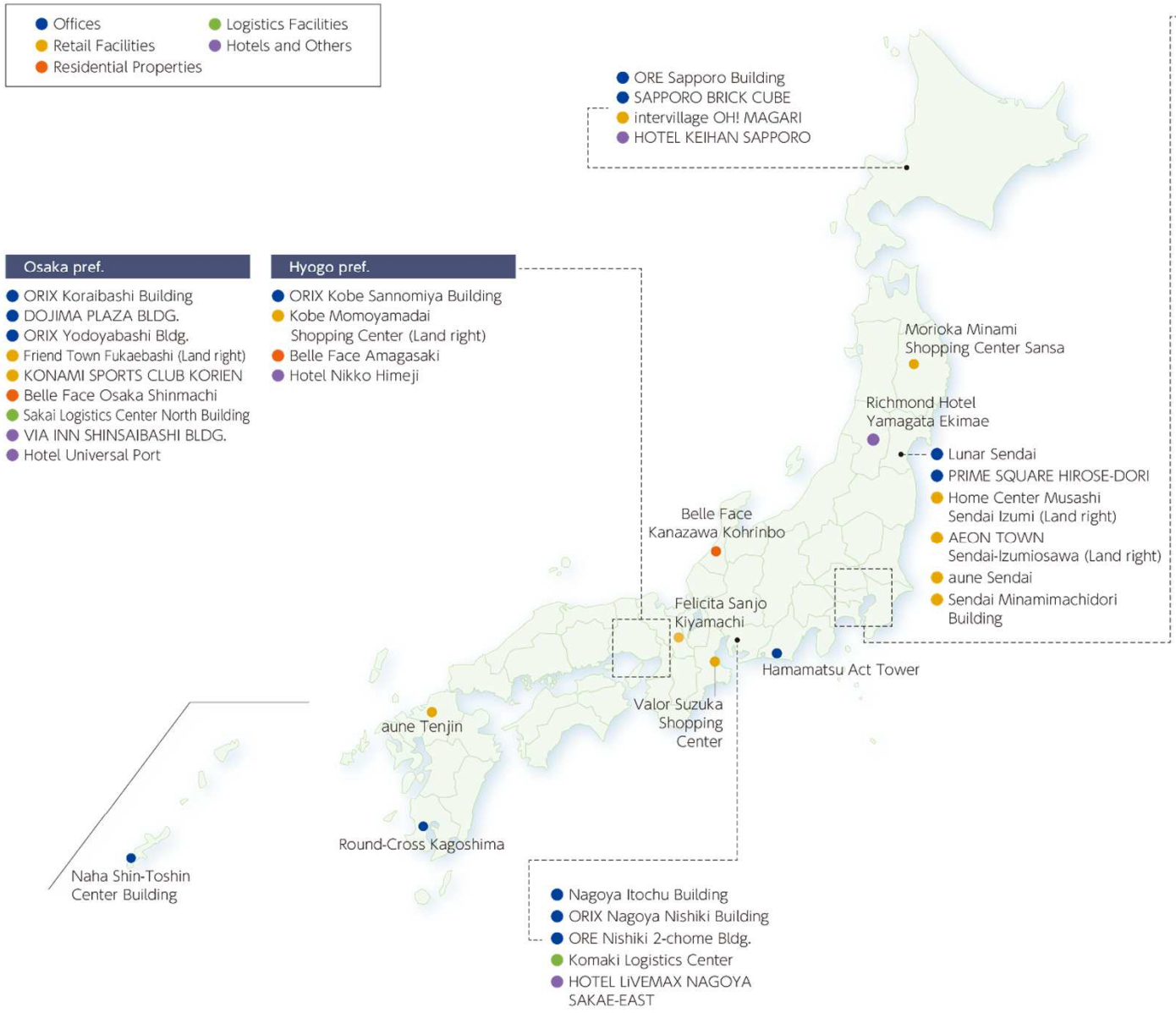
As of financial announcement on Oct. 19, 2020

Type	Area	Property	Completion	Acquisition price (million yen)	Ratio (%)
Retail Facilities	6 Central Tokyo Wards	Nihon Jisho Minami Aoyama Building	Nov. 1997	2,548	0.4
		CUBE Daikanyama	Jan. 2003	2,435	0.4
		aune Yurakucho	Feb. 2007	9,900	1.5
		Cross Avenue Harajuku	Jun. 2010	4,815	0.7
		J-ONE SQUARE	Feb. 2007	1,510	0.2
		JouLe SHIBUYA	May 2008	7,550	1.1
		SO-CAL LINK OMOTESANDO	Apr. 2014	2,300	0.3
		Kita Aoyama Building	Apr. 2008	900	0.1
	Remaining Tokyo Wards	aune Ikebukuro	Aug. 2010	6,410	0.9
	Other Parts of the Greater Tokyo Area	aune Kohoku	Mar. 2008	4,000	0.6
		aune Makuhari	Feb. 2008	3,600	0.5
		Maruetsu Sagamino	Nov. 2005	2,350	0.3
		CROSS GARDEN KAWASAKI	Feb. 2011	12,950	1.9
		Tecc Land Totsuka (Land right)	-	6,020	0.9
		Clio Fujisawaekimae	Feb. 2005	3,900	0.6
	Other Areas	Kobe Momoyamadai Shopping Center (Land right)	-	1,224	0.2
		Home Center Musashi Sendai Izumi (Land right)	-	2,350	0.3
		Morioka Minami Shopping Center Sansa	Nov. 2006	2,800	0.4
		AEON TOWN Sendai-Izumiosawa (Land right)	-	3,510	0.5
		intervillage OH! MAGARI	Jun. 2008	5,183	0.8
		Valor Suzuka Shopping Center	Apr. 2008	3,200	0.5
		aune Sendai	Nov. 1987	2,000	0.3
		Friend Town Fukaebashi (Land right)	-	2,400	0.4
		KONAMI SPORTS CLUB KORIEN	Nov. 2002	1,600	0.2
		aune Tenjin	Aug. 2009	4,550	0.7
		Sendai Minamimachidori Building	Nov. 2017	3,900	0.6
		Felicita Sanjo Kiyamachi	Jun. 2007	3,120	0.5
		Total of Retail Facilities		**107,025**	**15.7**
Residential Properties	6 Central Tokyo Wards	We Will Hatchobori	Mar. 2008	2,370	0.3
		Shibaura Island Air Tower	Mar. 2007	6,030	0.9
		Belle Face Togoshi Statio	Nov. 2009	2,642	0.4
		Belle Face Meguro	Feb. 2010	3,330	0.5
		Central Crib Roppongi	Jan. 2006	7,493	1.1
	Remaining Tokyo Wards	Belle Face Kamata	Nov. 2006	3,550	0.5
		Belle Face Hongo Yumicho	Nov. 2006	3,340	0.5
		Belle Face Mishuku	Jun. 2007	2,000	0.3
		West Park Tower IKEBUKURO	Dec. 2006	20,500	3.0
		Belle Face Higashijujo	Dec. 2007	3,000	0.4
	Other Parts of the Greater Tokyo Area	R-Styles Musashi-Kosugi	Sep. 2006	4,433	0.7
	Other Areas	Belle Face Osaka Shinmachi	Feb. 2008	3,684	0.5
		Belle Face Amagasaki	Feb. 2009	3,440	0.5
		Belle Face Kanazawa Kohrinbo	Oct. 2006	2,410	0.4
		Total of Residential Properties		**68,222**	**10.0**
Logistics Facilities	Other Parts of the Greater Tokyo Area	Toda Logistics Center	Mar. 2005	9,600	1.4
		Ichikawa Logistics Center	Jun. 2008	8,300	1.2
		Iwatsuki Logistics Center	Apr. 2013	6,300	0.9
	Other Areas	Sakai Logistics Center North Building	Jul. 2009	10,200	1.5
		Komaki Logistics Center	Sep. 2010	2,700	0.4
		Total of Logistics Facilities		**37,100**	**5.5**
Hotels and Others	6 Central Tokyo Wards	TAKANAWA DUPLEX C's	Aug. 2005	2,830	0.4
	Other Parts of the Greater Tokyo Area	Cross Gate	Sep. 2000	15,040	2.2
		GOOD TIME LIVING Shin-urayasu	Oct. 2006	1,550	0.2
		Tokyo Bay Maihama Hotel First Resort	Jun. 1986	26,800	3.9
	Other Areas	VIA INN SHINSAIBASHI BLDG.	Mar. 2011	3,100	0.5
		HOTEL KEIHAN SAPPORO	Apr. 2009	2,550	0.4
		Richmond Hotel Yamagata Ekimae	Dec. 2007	2,300	0.3
		Hotel Nikko Himeji	Sep. 1990	4,800	0.7
		HOTEL LiVEMAX NAGOYA SAKAE-EAST	Sep. 2017	1,500	0.2
		Hotel Universal Port	May 2005	34,000	5.0
		Total of Hotels and Others		**94,470**	**13.9**
		Total		**679,789**	**100.0**

Note1: “Ratio” refers to the percentage in acquisition price of each property under management to the total acquisition price.
Note2: Figures are rounded to the first decimal place for the “Ratio.” Totals for the “Ratio” may not tally due to this rounding.

Portfolio Map

As of financial announcement on Oct. 19, 2020



6 Central Tokyo Wards

[Chiyoda ward]
- Round-Cross Ichi-bancho
- ORIX Suidobashi Building
- MG Ichigaya Building
- Round-Cross Akihabara
- aune Yurakucho

[Chuo ward]
- Round-Cross Tsukiji
- Nihonbashi Honcho 1-chome Building
- Round-Cross Ginza 2-chome
- We Will Hatchobori

[Minato ward]
- Aoyama Suncrest Building
- Round-Cross Akasaka
- Round-Cross Mita
- Round-Cross Shiba Daimon
- Shiba 2-chome Daiko Building
- Aoyama 246 Building
- ORIX Akasaka 2-chome Building
- ORIX Shinagawa Building
- Round-Cross Tamachi
- MG Shirokanedai Building
- ARK Hills South Tower
- Round-Cross Roppongi
- TOKYU REIT Akasaka Hinokicho Building
- Nihon Jisho Minami Aoyama Building
- Kita Aoyama Building
- Shibaura Island Air Tower
- Central Crib Roppongi
- TAKANAWA DUPLEX C's

[Shinagawa ward]
- Seafort Square Center Building
- Belle Face Togoshi Statio
- Belle Face Meguro

[Shinjuku ward]
- Round-Cross Nishi Shinjuku
- Round-Cross Shinjuku 5-chome
- ORIX Real Estate Nishi Shinjuku Building

[Shibuya ward]
- DT Gaien
- Yoyogi Forest Building
- Round-Cross Shinjuku
- Round-Cross Shibuya
- SHIBUYA PINE Bldg.
- Gaien Nishi-dori Building
- Shibuya TSK Building
- CUBE Daikanyama
- Cross Avenue Harajuku
- J-ONE SQUARE
- JouLe SHIBUYA
- SO-CAL LINK OMOTESANDO

Remaining Tokyo Wards

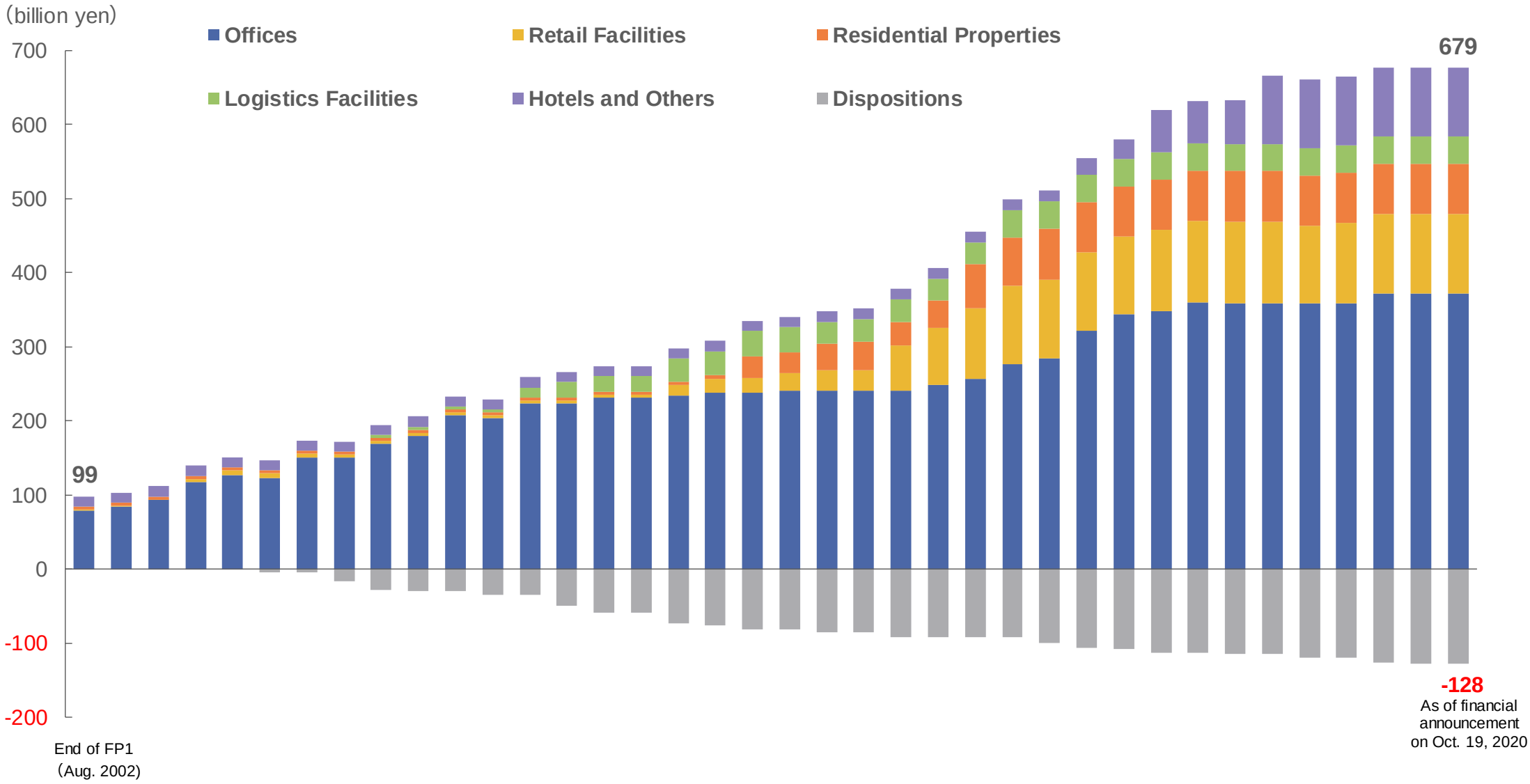
- Carrot Tower
- Beside Kiba
- ORIX Ikebukuro Building
- ORIX Meguro Building
- Akihabara Business Center
- aune Ikebukuro
- Belle Face Kamata
- Belle Face Hongo Yumicho
- Belle Face Mishuku
- West Park Tower IKEBUKURO
- Belle Face Higashijujo

Other Parts of the Greater Tokyo Area

- Neo City Mitaka
- Round-Cross Kawasaki
- Omiya Miyacho Building
- Omiya Shimocho 1-chome Building
- ORE Omiya Building
- aune Kohoku
- aune Makuhari
- Maruetsu Sagamino
- CROSS GARDEN KAWASAKI
- Tecc Land Totsuka (Land right)
- Clio Fujisawaekimae
- R-Styles Musashi-Kosugi
- Toda Logistics Center
- Ichikawa Logistics Center
- Iwatsuki Logistics Center
- Cross Gate
- GOOD TIME LIVING Shin-urayasu
- Tokyo Bay Maihama Hotel First Resort

Portfolio Growth

Active asset reshuffle in view of changing market condition



Note: The above chart indicates the acquisition price of properties owned and the total acquisition price of disposed properties as of each fiscal period.

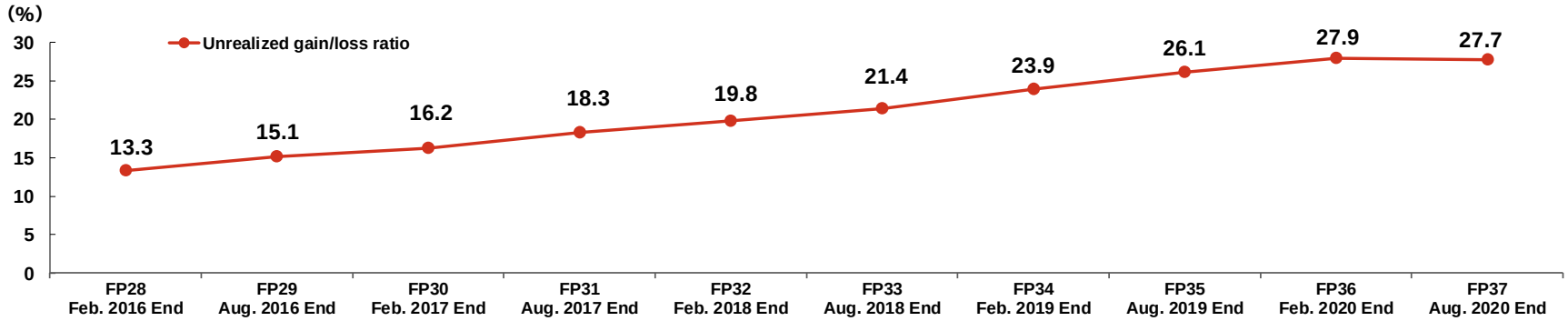
Disposed Properties during and after FP37 (Aug. 2020)

Property Name		Area	Buyer (Note 1)	Disposition date	Acquisition price (million yen)	Disposition price (million yen)	Book value (million yen)	Estimated gain/loss of disposition (million yen)
Office	KN Jiyugaoka Plaza	Remaining Tokyo Wards (Meguro-ku, Tokyo)	TOKYU REIT, Inc	Oct. 1, 2019 Mar. 4, 2020	3,110	Total : 3,160 I: 1,548 II: 1,611	I: 1,483 II: 1,541	I: 53 II 58

(Note) "KN Jiyugaoka Plaza" was disposed over the following two periods.
I: Oct. 1, 2019 1,548 million yen (The co-ownership interest of 49%)
II: Mar. 4, 2020 1,611 million yen (The co-ownership interest of 51%)

Overview of Appraisal Value

	FP28 Feb. 2016 End	FP29 Aug. 2016 End	FP30 Feb. 2017 End	FP31 Aug. 2017 End	FP32 Feb. 2018 End	FP33 Aug. 2018 End	FP34 Feb. 2019 End	FP35 Aug. 2019 End	FP36 Feb. 2020 End	FP37 Aug. 2020 End
Properties	102	106	109	110	110	111	109	110	112	111
Appraisal value (billion yen)	594	628	679	703	708	755	760	776	799	794
Book value (billion yen)	524	546	584	594	591	622	614	615	624	622
Unrealized gain/loss (billion yen) (Note1)	69	82	94	108	116	133	146	160	174	172
Unrealized gain/loss ratio (%) (Note2)	13.3	15.1	16.2	18.3	19.8	21.4	23.9	26.1	27.9	27.7



Appraisal value by asset type(Note 3)

Property type	Properties	FP37 (Aug. 2020)				Change from FP36 (Feb. 2020)			
		Book Value (million yen)	Appraisal Value (million yen)	Cap Rate	Unrealized Gain/Loss (million yen)	Change of Appraisal (million yen)	Change of Appraisal Ratio	Change of Cap Rate	Change of Unrealized Gain/Loss (million yen)
Offices	54	332,547	427,460	3.9%	94,912	3,651	0.9%	-0.0%	2,641
Retail Facilities	22	86,095	108,170	4.1%	22,074	-2,380	-2.2%	0.0%	-1,943
Residential Properties	14	60,581	84,310	4.1%	23,728	-50	-0.1%	-0.0%	429
Logistics Facilities	5	29,397	45,740	4.4%	16,342	30	0.1%	0.0%	432
Hotels and Others	10	88,229	99,010	4.4%	10,780	-3,600	-3.5%	0.1%	-3,262
Total : excluding properties not appraised by the direct capitalization method (Note 4)	105	596,851	764,690	4.1%	167,838	-2,349	-0.3%	0.0%	-1,702
<Reference>									
Properties not appraised by the direct capitalization method(Note 4)	6	25,843	30,240	-	4,396	-	-	-	-
Properties owned as of the end of FP37 (Aug. 2020)	111	622,695	794,930	-	172,234	-	-	-	-

Note 1: Unrealized gain/loss is calculated by subtracting the book value at each given point in time from the appraisal value at the same time.
Note 2: Unrealized gain/loss ratio is calculated in dividing the unrealized gain/loss at each given point in time by the book value at the same time.
Note 3: Figures for “Cap Rate” in “Appraisal value by asset type” are calculated on a weighted average basis according to appraisal values and rounded to the first decimal place.
Note 4: The term refers to “Aoyama Suncrest Building”, “Tecc Land Totsuka (Land right)”, “Kobe Momoyamadai Shopping Center (Land right)” , “Home Center Musashi Sendai Izumi (Land right)”, “AEON TOWN Sendai-Izumiosawa (Land right)” and “Friend Town Fukaebashi (Land right)” for which the cap rate are not calculated based on the direct capitalization method.
Note 5: Of offices, OJR acquired the co-ownership interest of 49% of “TOKYU REIT Akasaka Hinokicho Building” on October 1, 2019 and the remaining 51% of the property on March 4, 2020.

Appraisal Value List I

Appraisal Value List as of the end of FP37 (Aug. 2020)

Type	Area	Property	FP37 (Aug. 2020)				Change from FP36 (Feb. 2020)			
			Book Value (million yen)	Appraisal Value (million yen)	Cap Rate	Unrealized Gain/Loss (million yen)	Change of Appraisal (million yen)	Change of Appraisal Ratio	Change of Cap Rate	Change of Unrealized Gain/Loss (million yen)
Offices	●	Aoyama Suncrest Building (Note1)	10,155	13,310	-	3,154	-170	-1.3%	-	-152
	●	Round-Cross Ichi-bancho	2,979	4,030	3.8%	1,050	0	0.0%	0.0%	17
	●	Round-Cross Nishi Shinjuku	2,381	4,020	3.4%	1,638	0	0.0%	0.0%	8
	●	DT Gaien	2,045	3,250	3.8%	1,204	20	0.6%	0.0%	32
	●	Yoyogi Forest Building	1,349	1,660	4.0%	310	0	0.0%	0.0%	8
	●	Round-Cross Akasaka	2,745	2,910	4.4%	164	20	0.7%	0.0%	28
	●	Round-Cross Mita	1,669	1,700	4.4%	30	30	1.8%	0.0%	34
	●	Round-Cross Shiba Daimon	2,290	3,570	4.2%	1,279	0	0.0%	0.0%	10
	●	Round-Cross Tsukiji	2,945	3,910	4.4%	964	10	0.3%	0.0%	28
	●	Shiba 2-chome Daiko Building	5,957	10,200	4.2%	4,242	100	1.0%	0.0%	128
	●	Aoyama 246 Building	5,234	9,000	3.5%	3,765	40	0.4%	0.0%	50
	●	Round-Cross Shinjuku	7,257	11,600	3.4%	4,342	200	1.8%	0.0%	221
	●	Seafort Square Center Building	16,069	15,300	3.9%	-769	100	0.7%	0.0%	219
	●	ORIX Akasaka 2-chome Building	19,201	24,400	3.2%	5,198	0	0.0%	0.0%	95
	●	Round-Cross Shinjuku 5-chome	3,689	4,650	3.6%	960	0	0.0%	0.0%	27
	●	Nihonbashi Honcho 1-chome Building	9,203	9,380	3.4%	176	0	0.0%	0.0%	46
	●	Round-Cross Shibuya	3,165	3,410	3.4%	244	10	0.3%	0.0%	24
	●	ORIX Suidobashi Building	2,619	3,560	3.8%	940	0	0.0%	0.0%	13
	●	ORIX Shinagawa Building	13,972	14,000	3.3%	27	0	0.0%	0.0%	41
	●	ORIX Real Estate Nishi Shinjuku Building	12,850	14,700	3.5%	1,849	0	0.0%	0.0%	25
	●	Round-Cross Tamachi	6,877	9,030	3.9%	2,152	140	1.6%	0.0%	162
	●	MG Shirokanedai Building	8,378	8,930	3.9%	551	0	0.0%	0.0%	27
	●	SHIBUYA PINE Bldg.	3,539	4,770	3.4%	1,230	-40	-0.8%	0.0%	-147
	●	MG Ichigaya Building	2,943	3,940	3.4%	996	10	0.3%	0.0%	22
	●	Round-Cross Ginza 2-chome	5,103	6,460	3.3%	1,356	-80	-1.2%	0.0%	-66
	●	ARK Hills South Tower	21,564	25,900	3.1%	4,335	0	0.0%	0.0%	59
	●	Round-Cross Akihabara	4,350	5,010	3.2%	659	0	0.0%	0.0%	8
	●	Gaien Nishi-dori Building	9,073	10,500	3.5%	1,426	-60	-0.6%	0.0%	-43
	●	Round-Cross Roppongi	12,319	13,700	3.3%	1,380	0	0.0%	0.0%	26
	●	TOKYU REIT Akasaka Hinokicho Building (Note2)	4,835	5,100	3.5%	264	2,601	104.1%	0.0%	133
	●	Shibuya TSK Building	2,227	2,520	3.2%	292	0	0.0%	0.0%	0
	▲	Carrot Tower	3,499	7,310	4.1%	3,810	10	0.1%	0.0%	47
	▲	Beside Kiba	1,841	2,920	4.2%	1,078	-30	-1.0%	0.0%	-10
	▲	ORIX Ikebukuro Building	8,083	13,600	3.9%	5,516	200	1.5%	0.0%	225
	▲	ORIX Meguro Building	5,679	9,580	4.0%	3,900	50	0.5%	0.0%	98
	▲	Akihabara Business Center	4,250	7,190	3.8%	2,939	190	2.7%	0.0%	234
	■	Neo City Mitaka	1,904	3,320	4.4%	1,415	0	0.0%	0.0%	-17
	■	Round-Cross Kawasaki	3,801	7,000	4.5%	3,198	0	0.0%	0.0%	31
	■	Omiya Miyacho Building	3,542	4,830	4.7%	1,287	0	0.0%	0.0%	34
	■	Omiya Shimocho 1-chome Building	3,101	4,970	4.7%	1,868	60	1.2%	0.0%	82
	■	ORE Omiya Building	7,083	9,170	5.1%	2,086	230	2.6%	0.0%	232
	★	Nagoya Itochu Building	4,200	6,300	4.6%	2,099	-90	-1.4%	0.0%	-49
	★	ORIX Koraibashi Building	4,167	5,960	4.0%	1,792	0	0.0%	0.0%	45
	★	Lunar Sendai	6,900	7,210	4.3%	309	0	0.0%	0.0%	71
	★	ORIX Nagoya Nishiki Building	10,131	10,100	3.9%	-31	130	1.3%	0.0%	212
	★	ORE Sapporo Building	2,943	7,230	5.5%	4,286	10	0.1%	0.0%	66
	★	ORIX Kobe Sannomiya Building	2,936	4,580	5.2%	1,643	10	0.2%	0.0%	55
	★	ORE Nishiki 2-chome Bldg.	9,711	14,000	4.5%	4,288	0	0.0%	0.0%	108
	★	DOJIMA PLAZA BLDG.	9,137	13,000	3.8%	3,862	0	0.0%	0.0%	63
	★	PRIME SQUARE HIROSE-DORI	6,722	9,640	4.1%	2,917	10	0.1%	0.0%	69
	★	Hamamatsu Act Tower	12,528	13,700	5.8%	1,171	100	0.7%	0.0%	102
	★	ORIX Yodoyabashi Bldg.	4,926	6,200	4.0%	1,273	10	0.2%	0.0%	22
	★	SAPPORO BRICK CUBE	5,345	6,200	4.3%	854	0	0.0%	0.0%	-10
	★	Round-Cross Kagoshima	1,313	1,440	5.7%	126	-40	-2.7%	0.0%	-98
	★	Naha Shin-Toshin Center Building	9,949	10,900	4.6%	950	-300	-2.7%	0.0%	-225
	Total of Offices		342,702	440,770	-	98,067	-	-	-	-

*Area symbol:
● 6 Central Tokyo Wards
▲ Remaining Tokyo Wards
■ Other Parts of the Greater Tokyo Area
★ Other Areas

Note1: For the “Aoyama Suncrest Building”, the appraisal value and cap rate of the property is not calculated based on the direct capitalization method.
Note2: Of offices, OJR acquired the co-ownership interest of 49% of “TOKYU REIT Akasaka Hinokicho Building” on October 1, 2019 and the remaining 51% of the property on March 4, 2020.

Appraisal Value List II

Type	Area	Property	FP37 (Aug. 2020) Book Value (million yen)	Appraisal Value (million yen)	Cap Rate	Unrealized Gain/Loss (million yen)	Change from FP36 (Feb. 2020) Change of Appraisal (million yen)	Change of Appraisal Ratio	Change of Cap Rate	Change of Unrealized Gain/Loss (million yen)
Retail Facilities	●	Nihon Jisho Minami Aoyama Building	2,436	4,250	3.4%	1,813	-10	-0.2%	0.0%	-6
	●	CUBE Daikanyama	2,348	3,970	4.1%	1,621	-60	-1.5%	0.0%	-55
	●	aune Yurakucho	9,803	12,000	3.1%	2,196	0	0.0%	0.0%	16
	●	Cross Avenue Harajuku	4,742	7,150	2.7%	2,407	0	0.0%	0.0%	7
	●	J-ONE SQUARE	1,495	1,590	3.6%	94	-160	-9.1%	0.0%	-157
	●	JouLe SHIBUYA	7,419	9,010	3.2%	1,590	-30	-0.3%	0.0%	-12
	●	SO-CAL LINK OMOTESANDO	2,302	2,890	3.2%	587	-10	-0.3%	0.0%	-8
	●	Kita Aoyama Building	925	1,020	3.2%	94	0	0.0%	0.0%	3
	▲	aune Ikebukuro	5,957	7,740	3.6%	1,782	-90	-1.1%	0.0%	-47
	■	aune Kohoku	3,213	4,250	4.6%	1,036	-50	-1.2%	0.0%	-17
	■	aune Makuhari	2,983	4,900	4.9%	1,916	-10	-0.2%	0.0%	7
	■	Maruetsu Sagamino	2,175	2,750	5.0%	574	0	0.0%	0.0%	11
	■	CROSS GARDEN KAWASAKI	11,422	13,500	4.2%	2,077	-1,600	-10.6%	0.0%	-1,496
	■	Tecc Land Totsuka (Land right) (Note1)	6,073	5,940	-	-133	-20	-0.3%	-	-20
	■	Clio Fujisawaekimae	3,736	4,600	5.2%	863	0	0.0%	0.0%	27
	★	Kobe Momoyamadai Shopping Center (Land right) (Note1)	1,267	1,270	-	2	0	0.0%	-	0
	★	Home Center Musashi Sendai Izumi (Land right) (Note1)	2,381	3,000	-	618	0	0.0%	-	0
	★	Morioka Minami Shopping Center Sansa	2,529	3,220	6.2%	690	-80	-2.4%	0.1%	-56
	★	AEON TOWN Sendai-Izumiosawa (Land right) (Note1)	3,540	3,930	-	389	0	0.0%	-	0
	★	intervillage OH! MAGARI	4,578	6,180	5.8%	1,601	0	0.0%	0.0%	57
	★	Valor Suzuka Shopping Center	2,963	2,920	5.8%	-43	-60	-2.0%	0.1%	-36
	★	aune Sendai	2,005	2,340	4.8%	334	-10	-0.4%	0.0%	-35
	★	Friend Town Fukaebashi (Land right) (Note1)	2,424	2,790	-	365	0	0.0%	-	0
	★	KONAMI SPORTS CLUB KORIEN	1,568	1,730	5.4%	161	0	0.0%	0.0%	12
	★	aune Tenjin	4,452	5,010	4.0%	557	-90	-1.8%	0.0%	-74
	★	Sendai Minamimachidori Building	3,901	3,960	4.3%	58	-100	-2.5%	0.0%	-70
	★	Felicita Sanjo Kiyamachi	3,134	3,190	3.9%	55	-20	-0.6%	0.0%	-12
	Total of Retail Facilities		101,784	125,100	-	23,315	-	-	-	-
Residential Properties	●	We Will Hatchobori	2,022	2,690	4.0%	667	0	0.0%	0.0%	15
	●	Shibaura Island Air Tower	4,459	7,650	4.5%	3,190	0	0.0%	0.0%	84
	●	Belle Face Togoshi Statio	2,225	3,300	4.0%	1,074	0	0.0%	0.0%	22
	●	Belle Face Meguro	3,014	4,350	3.7%	1,335	50	1.2%	0.0%	69
	●	Central Crib Roppongi	7,401	9,350	3.6%	1,948	0	0.0%	0.0%	19
	▲	Belle Face Kamata	2,917	4,580	4.2%	1,662	20	0.4%	0.0%	47
	▲	Belle Face Hongo Yumicho	2,882	4,010	4.0%	1,127	10	0.3%	0.0%	29
	▲	Belle Face Mishuku	1,848	2,380	4.2%	531	0	0.0%	0.0%	10
	▲	West Park Tower IKEBUKURO	19,571	26,100	3.7%	6,528	100	0.4%	0.0%	187
	▲	Belle Face Higashijujo	2,773	3,520	4.1%	746	30	0.9%	0.0%	49
	■	R-Styles Musashi-Kosugi	3,818	5,160	4.7%	1,341	-270	-5.0%	0.0%	-213
	★	Belle Face Osaka Shinmachi	2,821	4,710	4.6%	1,888	0	0.0%	0.0%	41
	★	Belle Face Amagasaki	2,693	3,940	4.7%	1,246	10	0.3%	0.0%	45
	★	Belle Face Kanazawa Kohrinbo	2,131	2,570	5.5%	438	0	0.0%	0.0%	19
	Total of Residential Properties		60,581	84,310	-	23,728	-	-	-	-
Logistics Facilities	■	Toda Logistics Center	8,043	11,600	4.1%	3,556	0	0.0%	0.0%	75
	■	Ichikawa Logistics Center	6,667	9,830	4.4%	3,162	0	0.0%	0.0%	74
	■	Iwatsuki Logistics Center	5,549	7,500	4.5%	1,950	30	0.4%	0.0%	101
	★	Sakai Logistics Center North Building	7,146	13,500	4.6%	6,353	0	0.0%	0.0%	140
	★	Komaki Logistics Center	1,989	3,310	4.9%	1,320	0	0.0%	0.0%	39
	Total of Logistics Facilities		29,397	45,740	-	16,342	-	-	-	-
Hotels and Others	●	TAKANAWA DUPLEX C's	2,800	3,290	4.3%	489	0	0.0%	0.0%	12
	■	Cross Gate	8,975	18,200	4.5%	9,224	-400	-2.2%	0.1%	-297
	■	GOOD TIME LIVING Shin-urayasu	1,481	1,990	5.2%	508	0	0.0%	0.0%	9
	■	Tokyo Bay Maihama Hotel First Resort	27,367	27,000	4.2%	-367	-1,100	-3.9%	0.0%	-1,157
	★	VIA INN SHINSAIBASHI BLDG.	2,893	3,940	3.8%	1,046	0	0.0%	0.0%	22
	★	HOTEL KEIHAN SAPPORO	2,247	3,960	4.3%	1,712	0	0.0%	0.0%	36
	★	Richmond Hotel Yamagata Ekimae	2,018	2,460	5.5%	441	0	0.0%	0.0%	30
	★	Hotel Nikko Himeji (Note2)	5,191	3,460	6.2%	-1,731	-350	-9.2%	0.6%	-388
	★	HOTEL LiVEMAX NAGOYA SAKAE-EAST	1,492	1,710	4.5%	217	-50	-2.8%	0.1%	-37
	★	Hotel Universal Port	33,761	33,000	4.2%	-761	-1,700	-4.9%	0.1%	-1,493
	Total of Hotels and Others		88,229	99,010	-	10,780	-	-	-	-
Total			622,695	794,930	-	172,234	-	-	-	-

*Area symbol:
- ● 6 Central Tokyo Wards
- ▲ Remaining Tokyo Wards
- ■ Other Parts of the Greater Tokyo Area
- ★ Other Areas

Note1: For "Tecc Land Totsuka (Land right)", "Kobe Momoyamadai Shopping Center (Land right)" , "Home Center Musashi Sendai Izumi (Land right)" , "AEON TOWN Sendai-Izumiosawa (Land right)" and "Friend Town Fukaebashi (Land right)", the appraisal value and cap rate are not calculated based on the direct capitalization method.

Note2: For "Hotel Nikko Himeji", while the current decline in income and expenditure due to COVID-19 is reflected by the cash flow in the DCF method, under the direct capitalization rate method, it is assessed based on the stabilized revenue/expenditure assumption. Thus, the capitalization rate was adjusted 0.6% upwards from previous period, and the discount rate and the terminal capitalization rate in the DCF method has been flat according to the opinion from the appraiser of this property.

Investor Status

Investment Units by Unitholder Type

Unitholders	FP36 (Feb. 2020)		FP37 (Aug. 2020)		Change	
	Units	Share %	Units	Share %	Units	Ratio %
Individual	164,866	6.0	176,553	6.4	11,687	0.4
Financial institution	1,796,970	65.1	1,860,950	67.4	63,980	2.3
Major bank	0	0.0	0	0.0	0	0.0
Regional bank	108,116	3.9	94,382	3.4	-13,734	-0.5
Trust bank	1,371,232	49.7	1,462,024	53.0	90,792	3.3
Life insurance company	46,766	1.7	48,770	1.8	2,004	0.1
General insurance company	9,136	0.3	340	0.0	-8,796	-0.3
Securities company	168,376	6.1	158,623	5.7	-9,753	-0.4
Shinkin bank	36,492	1.3	40,457	1.5	3,965	0.1
Others	56,852	2.1	56,354	2.0	-498	0.0
Other Japanese Company	50,318	1.8	51,700	1.9	1,382	0.1
Foreign company	747,846	27.1	670,797	24.3	-77,049	-2.8
Total	2,760,000	100	2,760,000	100	0	—

Unitholders by Type

Unitholders	FP36 (Feb. 2020)		FP37 (Aug. 2020)		Change	
	Unitholders	Share %	Unitholders	Share %	Unitholders	Ratio %
Individual	16,809	94.5	18,706	94.9	1,897	0.4
Financial institution	183	1.0	174	0.9	-9	-0.1
Major bank	0	0.0	0	0.0	0	0.0
Regional bank	36	0.2	31	0.2	-5	0.0
Trust bank	18	0.1	16	0.1	-2	0.0
Life insurance company	8	0.0	8	0.0	0	0.0
General insurance company	2	0.0	1	0.0	-1	0.0
Securities company	23	0.1	26	0.1	3	0.0
Shinkin bank	46	0.3	44	0.2	-2	0.0
Others	50	0.3	48	0.2	-2	-0.1
Other Japanese Company	281	1.6	311	1.6	30	0.0
Foreign company	520	2.9	529	2.7	9	-0.2
Total	17,793	100	19,720	100	1,927	—

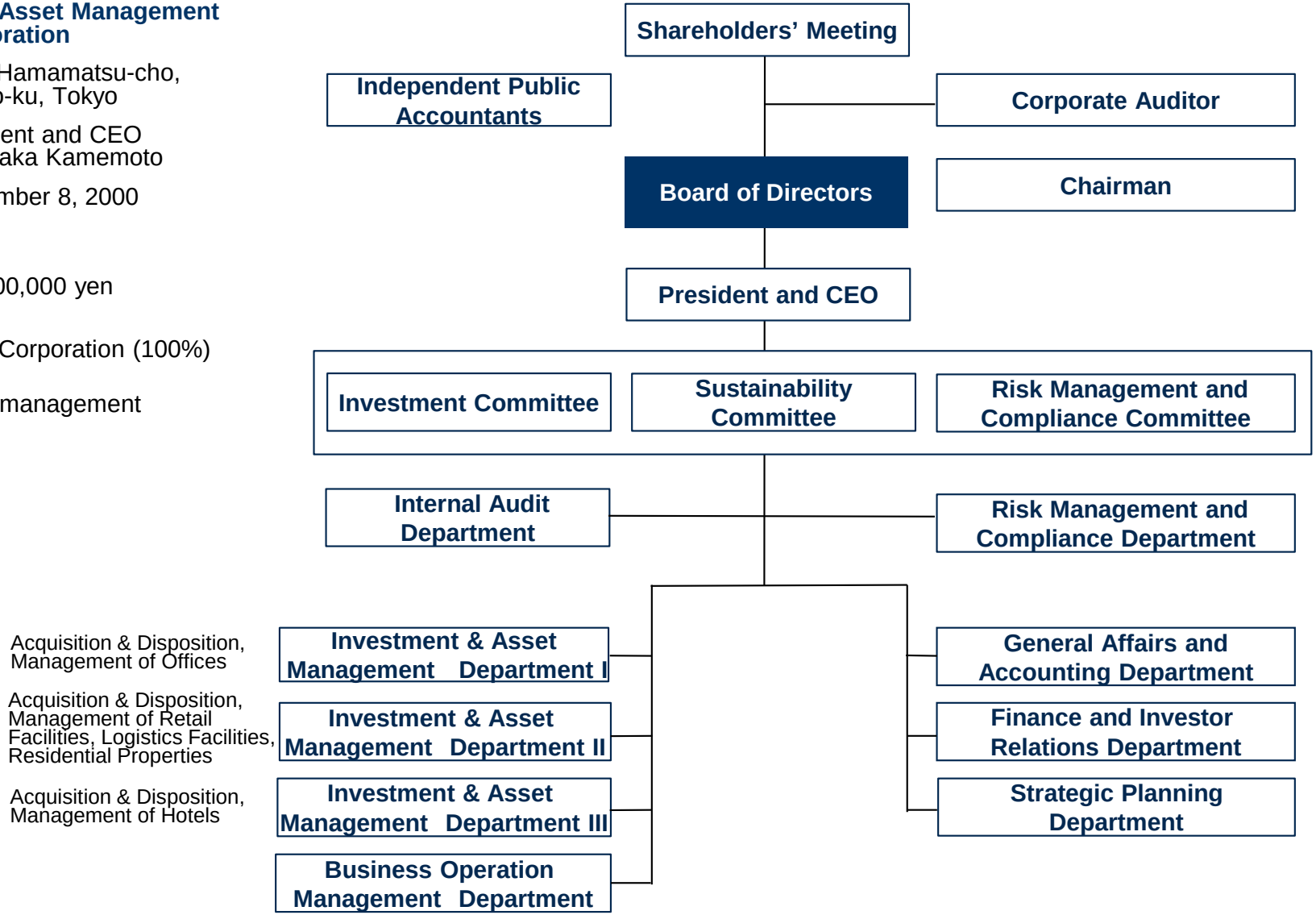
Top 10 Unitholders

Top 10 Unitholders	End of FP37 (Aug. 2020)	
	Number of Units	Share % (Note)
Custody Bank of Japan, Ltd.(Trust accounts)	647,094	23.4
The Master Trust Bank of Japan, Ltd.(Trust accounts)	488,329	17.6
The Nomura Trust and Banking Co., Ltd.(Investment trust accounts)	152,484	5.5
Custody Bank of Japan, Ltd. (Securities investment trust accounts)	119,561	4.3
STATE STREET BANK WEST CLIENT - TREATY 505234	46,555	1.6
JPMorgan Securities Japan Co., Ltd.	41,641	1.5
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	33,214	1.2
Mizuho Securities Co., Ltd.	30,587	1.1
SSBTC CLIENT OMNIBUS ACCOUNT	29,127	1.0
THE BANK OF NEW YORK 133970	28,956	1.0

Note: Each share in Top 10 Unitholders is rounded down to the nearest whole number.

Corporate Profile of Asset Management Company

Company name	**ORIX Asset Management Corporation**
Head office	2-3-1 Hamamatsu-cho, Minato-ku, Tokyo
Representative	President and CEO Yoshitaka Kamemoto
Date of establishment	September 8, 2000
Paid-in capital	100,000,000 yen
Shareholder	ORIX Corporation (100%)
Business	Asset management



Glossary I

【Numerical Data】

・Numerical data is rounded down to the nearest whole number. However, percentages such as occupancy rate and LTV as well as building age and multiples are, in principle, rounded to the first decimal place.

【Definition】

Terms	Definition
1 properties acquired during 2020	The term collectively refers to the acquisition of “TOKYU REIT Akasaka Hinokicho Building (51%)””.
3 property disposition during FP36	The term refers to the disposition of “Okayama Kume Retail Facility” “aune Sapporo Ekimae” and “KN Jiyugaoka Plaza”.
3 property disposition during 2019	The term refers to the disposition of “Okayama Kume Retail Facility” “aune Sapporo Ekimae” and “KN Jiyugaoka Plaza (49%)”.
4 property acquisition during FP36	The term collectively refers to the acquisition of “Sendai Minamimachidori Building”, “TOKYU REIT Akasaka Hinokicho Building” , “Felicita Sanjo Kiyamachi” “Shibuya TSK Building” and “Naha Shin-Toshin Center Building”.
5 property acquisition in 2019	The term collectively refers to the acquisition of “Sendai Minamimachidori Building”, “TOKYU REIT Akasaka Hinokicho Building (49%)” , “Felicita Sanjo Kiyamachi” “Shibuya TSK Building” and “Naha Shin-Toshin Center Building”.
Acquisition price	The term indicates the acquisition price stipulated in sales and purchase agreement, the term does not include consumption tax and other transaction-related costs.
Amount related to capital gains	The term is calculated by deducting internal reserves and expenses for prepayment from capital gains on property dispositions for each fiscal period, and dividing the said calculated results by number of investment units outstanding at the end of each fiscal period. Figures are rounded down to the nearest whole number.
Annualized income after depreciation	At the end of each fiscal period, the term is calculated as the actual annualized income after depreciation for properties owned at the end of each fiscal period.
Annualized NOI	At the end of each fiscal period, the term is calculated as the actual annualized income for each fiscal period about properties owned at the end of each fiscal period.
Appraisal Value	At the end of each fiscal period, the term indicates the appraisal value for properties owned at the end of each fiscal period.
Average duration to maturity	The term indicates the weighted-average calculated according to the remaining duration of each interest-bearing liability from each given point in time to its repayment date or maturity date and the total balance of interest-bearing liabilities as of the same point in time. Figures are rounded to the first decimal place.
Average funding cost	The term indicates the annualized figures calculated by dividing “the total of interest expenses on debts and investment corporation bonds, financing-related expenses excluding expenses related to both prepayments and commitment line contracts and the total of amortization of investment corporation bond issuance costs” booked in the profit and loss statements for each fiscal period by “the average balance of the total interest-bearing liabilities” for the same fiscal period. The figure is rounded to the nearest second decimal place.
Average interest rate	The term indicates the weighted-average interest rate (annual rate) based on the total balance of interest-bearing liabilities at each given point in time. The figure is rounded to the second decimal place. With regard to the average interest rate on the portion of borrowings for which interest-rate swaps are executed to hedge against the risk of interest rate fluctuation, the weighted-average interest rate is adjusted by the effect of relevant interest-rate swaps.

Glossary II

Terms	Definition
Book value	The term is based on the book value regarding properties owned at the end of each fiscal period
Direct property management or Direct PM	The term indicates the supplemental work of property management operations including leasing activities and activities to improve property value by ORIX Asset Management Corporation which is the asset management company of OJR, while utilizing the ORIX Synergy.
Diversified REIT	The term indicates real estate investment incorporations that invest in various types of property such as offices, retail facilities, residential properties, logistics facilities, hotels and others.
Estimated depreciation expenses or Depreciation expenses estimated by OJR	The term is calculated based on straight-line method according to each useful life in the same manner as the existing properties owned by OJR comprehensively in consideration of information indicated in engineering reports and others.
FFO	The term stands for “Funds From Operation” and it indicates the figure based on following formula: “FFO” = Net income + Depreciation expenses + Cost of finance lease of property – capital gain/loss on disposition
Fixed-rate debt ratio	The term is calculated by dividing the balance of interest-bearing liabilities at the fixed-rate including interest-bearing liabilities at the fixed rate through interest-rate swap at a given point in time by the total balance of interest-bearing liabilities as of the same point in time. The figure is rounded to the first decimal place.
Free cash flow	The term or FCF is calculated by the following formula: Free cash flow = Depreciation expenses + Cost of finance lease of property – CAPEX
Income after depreciation	The term is calculated by the following formula: Income after depreciation = NOI – Depreciation expenses for this fiscal period – Cost of finance lease of property
Internal reserves	The term is calculated by adding additional reserves for the fiscal period to the balance of internal reserves at the end of the fiscal period.
LTV based on total assets	The term is calculated by dividing interest-bearing liabilities at a given point in time by total assets at the same point in time and rounded to first decimal place. In this document, it may also be referred to simply as "LTV". The “total assets” for each time point on the table is calculated as follows: ● As of the end of each fiscal period, the total assets as of the end of each fiscal period. ● As of the financial announcement on Oct. 19, 2020, the total assets as of the end of FP37 + the amount of change of (interest-bearing liabilities+ funds invested) from Sep. 1, 2020.
NAV	The term is the abbreviation for “Net Asset Value” and is calculated by the following formula: NAV = Unitholders’ capital + Unrealized gain/loss
NAV in consideration of internal reserves	The term is calculated by the following formula: NAV = Unitholders’ capital + Unrealized gain/loss + Internal reserves
NOI (Net Operating Income)	The term is calculated based on the following formula. NOI = Net property income (Rental revenues – property-related expense) + Depreciation expenses for the fiscal period. Rental revenues include revenues from finance lease of property and property-related expense includes cost of finance lease of property respectively. Upon the calculation of NOI, cost of finance lease of property is added in Net property income for the fiscal period.
NOI yield	The term is calculated by dividing “Annualized NOI” by “Acquisition price”. The figure is rounded to the first decimal place.

Glossary III

Terms	Definition
Occupancy rate	The term is calculated by dividing “Rented floor space” at a given point in time by “Rentable floor space” at the same point in time. The figure is rounded to the first decimal place. The occupancy rate as of financial announcement on Oct. 19, 2020 represents the occupancy rate as of the end of FP37 ended Aug. 31, 2020 for the properties owned as of financial announcement on Oct. 19, 2020.
ORIX Synergy	The term refers to the cooperative relationship among OJR and ORIX Corporation and its group companies.
Previous financial announcement	The term refers to the financial announcement for FP36 ended Feb. 29, 2020 released on Apr. 16, 2020.
Rent Fluctuation Rate	【The term refers to the definitions below: *At the time of tenant turnovers* ● For compartments of which new monthly contract rents including assumed rents for each occupied compartment and former tenants’ contract rents are comparable among new move-ins including assumed move-ins in each fiscal period, rent fluctuation rate is calculated by dividing the variance between the total of new monthly contract rents and the total of former tenants’ contract rents by the total of former tenants’ contract rents. *At the time of tenant renewal* ● As for office tenants for which rent is renewed including assumed renewals in each period, the figure is calculated by dividing the variance between the total of new monthly contract rents (including assumed rents) in the given area and the total of pre-renewal monthly contract rents by the total of pre-renewal monthly contract rents. As for residential tenants whose contracts are renewed including renewal with the same rent, the figure is calculated by dividing the variance between total new monthly contract rents and total of pre-renewal monthly contract rents by the total of pre-renewal monthly contract rent.
Rentable floor space	The term indicates the total floor space in OJR’s ownership portion of each real estate that is practically rentable including the common spaces if it is actually under leasing. The owned portions or ownership ratio of OJR for each property are indicated.
Rented floor space	The term indicates the space included in the rentable space, which is actually under lease based on leasing agreements with tenants. The owned portions or ownership ratio of OJR for each property are indicated.
The ratio of rent conditions	The term represents the ratio of “fixed rents” and “variable rents” in the overall portfolio and the results were round to the nearest whole number. Fixed rents for properties held at the end of FP 37 ended Aug. 31, 2020 are calculated based on the monthly contract rent as of the end of FP 37 ended Aug. 31, 2020. Variable rents are calculated by adding the actual variable rents (including sales-based rents) for FP36 and FP37. The variable rent for hotel section of “Naha Shin-Toshin Center Building” is calculated by dividing the variable rent based on the direct capitalization method indicated in the appraisal reports as of the end of FP37 by 12.
Unrealized gain/loss	The term indicates the variance between “Appraisal value” and “Book value” of properties and it is rounded down to the nearest whole number.
Yield after depreciation	The term is calculated by dividing “Annualized income after depreciation” by “Book value”. The figure is rounded to the first decimal place.

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Asset Management Company：
ORIX Asset Management Corporation

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These forward-looking statements also rest on a number of assumptions with regard to OJR's present and future management strategies, as well as the political and economical environments in which OJR will conduct its future business operations.

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