

For Immediate Release

REIT Issuer:

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

Asset Management Company:

ORIX Asset Management Corporation  
Yoshitaka Kamemoto  
President and CEO

Inquiries:

Shinji Yamana  
Executive Officer  
TEL : +81 3 5418 4858

**ORIX JREIT Announces Property Transfer**  
**“Round-Cross Minami Azabu”**

TOKYO, December 6, 2017 — ORIX JREIT Inc. (“OJR”) announced that our asset management company, ORIX Asset Management Corporation (“OAM”), passed a resolution on the property transfer as described below.

**1. Transfer Summary**

Property Name	Type	Area (Note 2)	Buyer	Transfer Price (million yen)	Book Value (million yen) (Note 3,4)	Estimated Gain on Transfer (million yen) (Note 3,4)	Appraisal Value (million yen)
Round-Cross Minami Azabu	Offices	6 Central Tokyo Wards	MITSUBISHI JISHO RESIDENCE CO., LTD.	1,632	1,207	275	1,440

Notes:

- Above property refers to “the Property”.
- “6 Central Tokyo Wards” refers to Chiyoda, Chuo, Minato, Shinjuku, Shibuya and Shinagawa wards.
- Figures are rounded down to the nearest million yen.
- Book value is an estimate as of the scheduled transfer date. Estimated gain on transfer is pro forma amount based on the Book value and assumed transfer expenses. The amounts are subject to change.

**2. Reason for the Transfer**

In order to achieve sustainable growth of unitholder value, OJR has been implementing external growth strategy with an aim to improve both the profitability and stability of its portfolio through asset replacement as a diversified REIT, and utilizing ORIX Synergy.

In terms of asset replacement, OJR considers to dispose properties with concerns on future competitiveness or relatively low profitability aiming to improve the quality of the portfolio.

OJR has decided to transfer the property based on this investment policy above and with comprehensive consideration of factors including the portfolio asset mix and the impact on distribution over the medium to long term.

As for gain on this transfer, OJR is planning to set it aside as internal reserve to stabilize future DPU, by applying the Special Provisions for Taxation in the case of Advanced Acquisition of Land, etc. in 2009 and 2010 stipulated in Article 66-2 of the Act on Special Measures Concerning Taxation. Furthermore, proceeds from this transfer will be used for various initiatives that contribute to the stable growth in unitholder value, such as future property acquisition and the repayment of loans.

### 3. Summary of the Property

Property name		Round-Cross Minami Azabu
Specified asset category		Real Estate
Address		4-11-21 Minamiazabu, Minato-ku, Tokyo
Land	Registered Area	941.77m <sup>2</sup>
	Type of ownership	Leasehold
Building	Registered usage	Offices, Residential, Parking
	Registered completion date	May 1992
	Type of ownership	Full ownership
	Registered Area	4,159.49m <sup>2</sup>
	Registered construction	Steel-reinforced concrete, steel-framed, copper plate roof deck, 6 floors with 1 underground floor
Buyer		MITSUBISHI JISHO RESIDENCE CO., LTD.
Scheduled transfer price		1,632 million yen excluding national and local consumption taxes
Book value		1,207 million yen <sup>(Note 1, 2)</sup> (estimated book value as of the scheduled transfer date)
Estimated gain on transfer		275 million yen <sup>(Note 1,2)</sup>
Appraised value		1,440 million yen
Date of value		October 31, 2017
Appraiser		Chuo Real Estate Appraisal Co., Ltd.
Scheduled contract date		December 6, 2017
Scheduled transfer date		December 8, 2017
Payment terms		100% on delivery
Details of Tenant (as of October 31, 2017)		
	Number of tenants	5
	Gross rental income	8 million yen per month excluding parking lots etc. <sup>(Note 1)</sup>
	Security deposits	72 million yen <sup>(Note 1)</sup>
	Total rent space	2,676.63m <sup>2</sup>
	Total rentable space	3,178.35m <sup>2</sup>
	Occupancy rate	84.2%
Special notes		<Arrangements> The property is a building with land leasehold (details of land leasehold: established on December 20, 1989; for solid building ownership; remaining 60 years from the date of establishment).

Notes:

1. Figures are rounded down to the nearest million yen.
2. Book value is an estimate as of the scheduled transfer date. Estimated gain on transfer is pro forma amount based on the Book value and assumed transfer expenses. The amounts are subject to change.

#### **4. Profile of the Buyer** (As of November 22, 2017)

- Buyer : MITSUBISHI JISHO RESIDENCE CO., LTD.  
("the Company")
- Headquarters : 1-6-1 Otemachi, Chiyoda-ku, Tokyo
- Representative : Representative Director, President&Chief Executive Officer,  
Hidemi Waki
- Capital : 15,000 million yen
- Principal business : Development and sales of real estate, leasing real estate
- Major shareholders : MITSUBISHI ESTATE CO., LTD.
- Net assets : Not-disclosed  
\*Net assets is not disclosed because the consent of the  
Company could not be obtained.
- Total assets : Not-disclosed  
\*Total assets is not disclosed because the consent of the  
Company could not be obtained.
- Date of establishment : June 1, 1957
- Relationship with OJR and OAM : There is no capital, personal and business relationship with  
OJR and OAM. The Company is not a "related party" for OJR  
or OAM.

#### **5. Profile of Intermediary** (As of November 22, 2017)

- Intermediary : Japan Asset Advisors Co., Ltd. ("the Company")
- Headquarters : 3-3-4 Kanda kaji-cho, Chiyoda-ku, Tokyo
- Representative : President & CEO, Kazuhiro Minami
- Capital : 80 million yen
- Principal business : Property sales and purchase, leasing, management, brokerage  
and arrangement as well as appraisal of properties. In addition,  
agency and consultancy for the said businesses, etc.
- Date of establishment : November 15, 2005
- Intermediary commission : Not-disclosed  
\*Intermediary commission is not disclosed because the consent  
of the Company could not be obtained.
- Relationship with OJR and OAM : There is no capital, personal and business relationship with  
OJR and OAM. The Company is not a "related party" for OJR  
or OAM.

#### **6. Future Outlook**

The impact of this transfer to OJR's performance will be minimal and there is no change in the earnings and distributions forecast for the 32<sup>nd</sup> fiscal period from September 1, 2017 through February 28, 2018 and the 33<sup>rd</sup> fiscal period from March 1, 2018 through August 31, 2018.

## 7. Appraisal Summary

Name of asset	Round-Cross Minami Azabu
Date of Value	Oct. 31, 2017
Appraisal Value (In thousands of yen)	1,440,000
Appraiser	Chuo Real Estate Appraisal Co., Ltd

(In thousands of yen)

Item	Content	Grounds
Capitalization Method	1,440,000	The capitalization method was adopted for this property valuation using the DCF method incorporating future fluctuations of net revenue as it is more convincing.
Valuation by the Direct Capitalization Method	1,400,000	
(1) Gross Operating Revenue [(a)-(b)]	135,151	
(a) Effective gross revenue	142,338	Assessed new rents when it is assumed that the subject property will be newly leased in consideration of current lease agreements and rents, common service fees, utility expenses and parking space income of similar property
(b) Vacancy loss	7,187	Assessed mid- to long-term stable occupancy rate (vacancy rate) in consideration of occupancy track record of the subject property and similar property and future market trend estimation
(2) Operating Expenses	55,590	
Maintenance Expense	8,391	Assessed in consideration of expense level of similar property and track record based on current condition of building management contract
Utility Expense	14,460	Assessed in consideration of expense level of similar property based on track record
Repair Expense	3,672	Assessed in consideration of expense level of similar property and track record based on the engineering report
Property Management Fee	3,909	Assessed in consideration of expense level of similar property and track record based on current condition of property management contract
Tenant Advertisement Cost	328	Assessed in consideration of expense level of similar property and track record based on current condition of property management contract
Tax and Public Dues	11,794	Assessed based on actual amount
Casualty Insurance	248	Assessed based on actual amount
Other Expenses	12,788	Calculated land rent based on current land lease contract
(3) Net Operating Income [(1)-(2)]	79,561	
(4) Profit from Managing Security Deposit	549	Calculated with investment yield of 1.0
(5) Capital Expenditure	8,558	Assessed in consideration of expense level of similar property based on the engineering report
(6) Net Revenue [(3)+(4)-(5)]	71,552	
(7) Cap Rate	5.1%	Assessed in consideration of specific characteristics such as location, building specs and rights of the subject property by referring to investment yields for transactions of similar properties
DCF Method	1,440,000	
Discount Rate	4.9%	Assessed in consideration of current economic growth rate and market trend estimation based on cap rate
Terminal Cap Rate	5.3%	Assessed in consideration of risk premium such as price drop risk due to aging degradation and market fluctuation risk based on cap rate
Cost Approach	1,840,000	
Ratio of Land	74.5%	
Ratio of building	25.5%	

Any special considerations made in the reconciliation of estimated value	Major market players are real estate funds under assumption of using the subject property continuously as rental office building (partially residential property). Appraisal value was determined by adopting capitalization method in reference to cost approach as demand for the subject property is considered to emphasize profitability.
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### Notes:

1. This is the English translation of original Japanese documents and is provided solely for information purposes. If there are any discrepancies between the translation and the Japanese original, the latter shall prevail.
2. The original Japanese version of this announcement is being distributed today to the Kabuto Club, the Ministry of Land, Infrastructure, Transport and Tourism Press Club, and the Ministry of Land, Infrastructure, Transport and Tourism Construction Specialty Publication Press Club.