

For Immediate Release

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ORIX JREIT Announces Revisions of Earnings & Distributions Forecasts for the 30th fiscal period ending February 28, 2017 and the 31st fiscal period ending August 31, 2017, and Earnings & Distribution Forecasts for the 32nd fiscal period ending February 28, 2018

TOKYO, February 10, 2017 — ORIX JREIT Inc. (“OJR”) announced the following revisions to its earnings and distributions forecasts for the 30th fiscal period from September 1, 2016 through February 28, 2017 and the 31st fiscal period from March 1, 2017 through August 31, 2017 indicated in “ORIX JREIT Announces Financial Results for 29th Fiscal Period” released on October 17, 2016.

In addition, OJR announced its earnings and distribution forecasts for the 32nd fiscal period from September 1, 2017 through February 28, 2018.

1. Revised Earnings & Distribution Forecasts for the 30th fiscal period ending February 28, 2017

	Operating revenues (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Distribution per unit excluding distribution in excess of earnings (yen)	Distribution per unit in excess of earnings (yen)
Previous forecasts (A)	21,013	9,102	7,592	7,573	3,000	0
Revised forecasts (B)	22,183	10,291	8,751	8,732 <small>(Note3)</small>	3,120 <small>(Note3)</small>	0
Change (B – A)	1,170	1,189	1,158	1,158	120	—
Change of percentage	5.6%	13.1%	15.3%	15.3%	4.0%	—

Notes:

- Number of issued investment units at the end of the fiscal period is forecasted to be 2,524,623 units.
- Operating revenues, Operating income, Ordinary income and Net income are rounded down to the nearest million yen. Change of percentage is rounded to the first decimal place.
- For the purpose of balance of future distribution, OJR will set aside a certain amount, 856 million yen, in its unappropriated retained earnings as internal reserves based on "Special Provisions for Taxation in the Event of Advance Acquisition of Land, etc. in 2009 and 2010" stipulated in Article 66-2 of the Act on Special Measures Concerning Taxation. The approximately full remaining amount calculated by deducting the foregoing internal reserves from unappropriated retained earnings is going to be distributed to its unitholders.

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2. Revised Earnings & Distribution Forecasts for the 31st fiscal period ending August 31, 2017

	Operating revenues (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Distribution per unit excluding distribution in excess of earnings (yen)	Distribution per unit in excess of earnings (yen)
Previous forecasts (A)	21,311	8,985	7,516	7,497	2,970	0
Revised forecasts (B)	22,114	9,573	8,059	8,040	3,000	0
Change (B – A)	803	587	542	542	30	—
Change of percentage	3.8%	6.5%	7.2%	7.2%	1.0%	—

Notes:

- Number of issued investment units at the end of the fiscal period used in calculating previous earnings forecasts announced as of October 17, 2016 was forecasted to be 2,524,623 units. Number of issued investment units at the end of the fiscal period used in calculating the revised forecasts announced as of today is forecasted to be 2,680,000 units.
- Operating revenues, Operating income, Ordinary income and Net income are rounded down to the nearest million yen. Change of percentage is rounded to the first decimal place.

3. Reason for Revision

OJR has revised its earnings and distributions forecasts for both the 30th fiscal period ending February 28, 2017 and the 31st fiscal period ending August 31, 2017 announced on October 17, 2016, as shown in the above-mentioned table 1 and 2, mainly due to the following factors.

- The 30th fiscal period ending February 28, 2017
 - Booking of Capital Gain of 1,018 million yen from Transfer of Property “Toyo MK Building”^(Note1) announced on November 11, 2016 and set-aside of 856 million yen as internal reserves.
 - Booking of Property-related rental income attributable to acquisition of “SUNROUTE PLAZA TOKYO”^(Note2) announced on January 17, 2017.
 - Increase of Rental revenues from existing properties.
- The 31st fiscal period ending August 31, 2017
 - Booking of Property-related rental income attributable to acquisition of “SUNROUTE PLAZA TOKYO”^(Note2) announced on January 17, 2017.
 - Increase of Rental revenues from existing properties.
 - Increase of 155,377 units and Issuance costs following Issue of New Investment Units and Secondary Offering of Investment Units pursuant to the resolution passed today.^(Note3)

Notes:

- For details of Transfer of Property, please refer to the press release “ORIX JREIT Announces Transfer of Property ‘Toyo MK Building’” announced on November 11, 2016.
- For details of Property Acquisition, please refer to the press releases “ORIX JREIT Announces Property Acquisition ‘SUNROUTE PLAZA TOKYO’” announced on January 17, 2017.
- For details of Issue of New Investment Units and Secondary Offering of Investment Units, please refer to the press release “ORIX JREIT Announces Issue of New Investment Units and Secondary Offering of Investment Units” to be announced at a later date.

4. Earnings & Distribution Forecasts for the 32nd fiscal period ending February 28, 2018

	Operating revenues (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Distribution per unit excluding distribution in excess of earnings (yen)	Distribution per unit in excess of earnings (yen)
Forecasts (A)	22,036	9,592	8,166	8,147	3,040	0
The 31 st fiscal period forecasts(B)	22,114	9,573	8,059	8,040	3,000	0
Change (A-B)	-78	18	106	106	40	-
Change of percentage	-0.4%	0.2%	1.3%	1.3%	1.3%	-

Notes:

1. Number of issued investment units at the end of the fiscal period is forecasted to be 2,680,000 units.
2. Operating revenues, Operating income, Ordinary income and Net income are rounded down to the nearest million yen. Change of percentage is rounded to the first decimal place.

5. Fiscal period on Fiscal period comparison for Change in the 32nd fiscal period ending February 28, 2018

- i. Operating revenues are forecasted to decrease in the 32nd fiscal period ending February 28, 2018 as Early Termination fees revenue which is forecasted to be gained in the 31st fiscal period ending August 31, 2017 will not occur in the 32nd fiscal period.
- ii. Decrease in Financing-related costs^(Note1) as well as non-occurrence^(Note2) of Issuance costs by New Investment Units and Secondary Offering of Investment Units pursuant to the resolution passed today.

Notes:

1. Financing-related costs represent the sum of Interest expense on Loans and investment corporation bonds as well as Amortization of investment corporation bond issuance costs and funding related expenses.
2. For details of Issue of New Investment Units and Secondary Offering of Investment Units, please refer to “ORIX JREIT Announces Issue of New Investment Units and Secondary Offering of Investment Units” to be announced at a later date.
3. For details, please refer to following table II. Profit and Loss statement from the 29th fiscal period ended August 31, 2016 through the 32nd fiscal period ending February 28, 2018.

Disclaimer:

These forecasts provide no guarantees of actual Operating revenues, Operating income, Ordinary income, Net income, and Distribution per unit, which may vary due to future additional acquisitions or transfers of specific properties, changes in the management environment.

The revisions of the Earnings & Distribution Forecasts for the 31st fiscal period ending August 31, 2017 and the Earnings and Distribution Forecasts for the 32nd fiscal period ending February 28, 2018 are calculated based on certain assumptions shown in Appendix for reference.

Appendix for reference:

- I. Assumptions for Earnings & Distributions Forecasts for the 31st fiscal period and the 32nd fiscal period.
- II. Profit and Loss statement from the 29th fiscal period ended August 31, 2016 through the 32nd fiscal period ending February 28, 2018.

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.

I. Assumptions for Earnings & Distributions Forecasts for the 31st fiscal period and the 32nd fiscal period

fiscal period	<ul style="list-style-type: none"> • The 31st fiscal period from March 1, 2017 through August 31, 2017 • The 32nd fiscal period from September 1, 2017 through February 28, 2018
Properties owned	<ul style="list-style-type: none"> • Assumptions for Earnings Forecasts are made based on 110 properties including “(Tentative) HOTEL LiVEMAX Nagoya-Sakae Annex” to be acquired on December 26, 2017 and 109 properties owned by OJR as of today. In addition, OJR makes Assumptions for Earnings Forecasts under the precondition that there will no change to properties owned by OJR due to additional property acquisitions or transfers of existing properties by the end of the 32nd fiscal period ending February 28, 2018. • It is possible that the number of properties owned by OJR may vary as results of acquisitions or transfers.
Number of issued Investment Units	<ul style="list-style-type: none"> • OJR sets precondition for Number of issued Investment Units of 2,680,000 units calculated by adding the forecasted number of issued Investment Units of 2,524,623 units at the end of the 30th fiscal period ending February 28, 2017 to 155,377 units in total including 147,978 units by Issue of New Investment Units through Public Offering as well as the maximum limit of 7,399 units by Issue of New Investment Units through Third-Party Allotment following Secondary Offering of Investment Units through Over-Allotment resolved in OJR’s board meeting held as of today. • OJR sets precondition that the maximum limit of 7,399 units will be fully issued regarding New Investment Units through Third-Party Allotment.
Interest-bearing debt	<ul style="list-style-type: none"> • As of today, OJR incurs Interest-bearing debt of 295,917 million yen including loans of 276,417 million yen and investment corporation bonds of 19,500 million yen. LTV based on Total assets ^(Note 1, 3) stands at 46.5% and LTV based on unitholders’ capital ^(Note 2, 3) records 49.8%. • OJR sets preconditions that it will fully refinance loans of 16,000 million yen that will mature on March 17, 2017 in loans that will mature during the 31st fiscal period ending August 31, 2017. Furthermore, OJR sets preconditions that it will fully redeem short-term loans of 21,800 million yen that will mature on July 20, 2017 following Property Acquisition “SUNROUTE PLAZA TOKYO” released on January 17, 2017 before their maturity dates on March 31, 2017 by using forecasted proceeds of 25,111 million yen from Issue of New Investment Units through Public Offering resolved as of today and forecasted proceeds of 1,255 million yen from Issue of New Investment Units through Third-Party Allotment. In addition, in case OJR can have the remaining amount from the above-mentioned proceeds, OJR assumes to retain it as Cash in hand in order to partially allocate it to funds for acquisitions of specific properties or redemption of loans. There are no investment corporation bonds reaching maturity during the 31st fiscal period ending August 31, 2017. • OJR sets preconditions that it will fully refinance loans of 17,050 million yen which will reach maturity during the 32nd fiscal period ending February 28, 2018. Furthermore, OJR sets preconditions that it will fully refinance investment corporation bonds of 5,000 million yen reaching maturity during the 32nd fiscal period ending February 28, 2018. • Thus, each balance of Interest-bearing debt at the end of the 31st fiscal period ending August 31, 2017 and at the end of the 32nd fiscal period ending February 28, 2018 is forecasted to stand at 274,117 million yen. Since OJR assumes that Unitholders’ capital will increase comprehensively as results of Issue of New Investment Units through Public Offering and Third-Party Allotment resolved in OJR’s board meeting held today, OJR is forecasted to have an LTV based on Total assets of 42.8% and an LTV based on

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	<p>unitholders' capital of 45.8%. However, the above-mentioned balance of Interest-bearing debt and LTVs may vary according to Issue price of units offered this time.</p> <p>Notes:</p> <ol style="list-style-type: none"> 1. LTV based on Total assets (%) = Interest-bearing debt ÷ expected Total assets × 100 “expected Total assets” refers to the amount calculated by adding Total assets at the end of 29th fiscal period ended August 31, 2016 to net increase in both Interest-bearing debt and Unitholders' capital at and after the end of the 29th fiscal period ended August 31, 2016. 2. LTV based on Unitholders' capital (%) = Interest-bearing debt ÷ (Interest-bearing debt + Unitholders' capital) × 100 3. Both LTV based on Total assets and LTV based on Unitholders' capital are rounded to the first decimal place.
<p>Operating revenues</p>	<ul style="list-style-type: none"> • Rental revenues are calculated according to valid lease agreements as of today by taking into account the market environment, competitiveness of each property and negotiations with tenants. Furthermore, Rental revenues from properties to be acquired are calculated based on terms and conditions set forth in lease agreements of properties on and after the date to be acquired as of today. • OJR sets preconditions that there are no arrears or non-payments regarding rents incurred by tenants.
<p>Operating expenses</p>	<ul style="list-style-type: none"> • In principle, OJR adopts the method that OJR books the amount corresponding to the fiscal period in the taxable amount imposed on the properties owned by OJR regarding Asset related tax to Property-related expenses. OJR books the amount equivalent to Property-related expenses incurred by OJR regarding Asset related tax in the fiscal period when OJR acquires properties not to expenses but to the book value of the properties. • Repair costs may vary considerably from the forecasted amount because the amount changes considerably in each fiscal period and these expenses do not arise in a regular manner. • Property-related taxes are forecasted to be 1,722 million yen in the 31st fiscal period ending August 31, 2017 and 1,722 million yen in the 32nd fiscal period ending February 28, 2018. • Property management costs are forecasted to be 2,045 million yen in the 31st fiscal period ending August 31, 2017 and 1,990 million yen in the 32nd fiscal period ending February 28, 2018. • Depreciation expenses are forecasted to be 4,021 million yen in the 31st fiscal period ending August 31, 2017 and 3,975 million yen in the 32nd fiscal period ending February 28, 2018.
<p>Non-operating expenses</p>	<ul style="list-style-type: none"> • Non-operating expenses such as Interest expenses on loans and investment corporation bonds are forecasted to be 1,516 million yen in the 31st fiscal period ending August 31, 2017 and 1,428 million yen in the 32nd fiscal period ending February 28, 2018. • Costs relating to Issue of New Investment Units resolved in OJR's board meeting today in the aforementioned Non-operating expenses are forecasted to be 25 million yen in the 30th fiscal period ending February 28, 2017 and 28 million yen in the 31st fiscal period ending August 31, 2017.
<p>Distribution per unit</p>	<ul style="list-style-type: none"> • OJR sets precondition that it will make a distribution up to the profit amount, while the distribution amount shall exceed the amount equivalent to 90% of the amount of OJR's account profit available for distribution. • The amount of distribution per unit may vary depending on factors such as changes in Rental revenues by changes of tenants, Transfers or Acquisitions of Properties, changes in interest rates and Additional Issue of New Investment Units.

Distribution per unit in excess of earnings	<ul style="list-style-type: none"> • There is currently no plan to make a distribution in excess of earnings.
Other	<ul style="list-style-type: none"> • OJR sets preconditions that there will be no revision affecting the foregoing numerical forecasts to legislation, the tax system, accounting standards, stock market listing regulation and regulations of The Investment Trusts Association, Japan, etc. • OJR sets preconditions that there will be no major unforeseen changes to ordinary economic trends and real estate market conditions.

II. Profit and Loss statement from the 29th fiscal period ended August 31, 2016 through the 32nd fiscal period ending February 28, 2018

Unit: Million Yen

	The 29th fiscal period ended August 31, 2016	The 30th fiscal period ending February 28, 2017	The 31st fiscal period ending August 31, 2017	The 32nd fiscal period ending February 28, 2018
Rental revenues	17,892	18,796	19,620	19,672
Other operating revenues	2,410	2,368	2,494	2,363
Gains on sale of real estate properties etc.	62	1,018	-	-
Total Operating revenues	20,365	22,183	22,114	22,036
Property management costs	1,876	2,030	2,045	1,990
Utility costs	1,682	1,805	1,970	1,900
Property-related taxes	1,424	1,416	1,722	1,722
Repair costs	426	463	535	533
Depreciation expenses	3,860	3,962	4,021	3,975
Others	400	543	508	564
Property-related expenses	9,669	10,221	10,804	10,686
Asset management fee	1,220	1,298	1,379	1,396
Administrative service fee	156	171	171	181
Other expense	164	200	185	180
Expenses other than property-related expense	1,540	1,669	1,736	1,757
Total Operating expenses	11,210	11,891	12,541	12,444
Operating income	9,155	10,291	9,573	9,592
Non-operating income	4	2	2	2
Financing-related costs including investment corporation bonds ^(Note1)	1,521	1,462	1,482	1,420
Issuance costs of new units	38	63	28	-
Other expenses	8	17	6	7
Non-operating expense	1,568	1,543	1,516	1,428
Ordinary income	7,591	8,751	8,059	8,166
Extraordinary income or loss	-	-	-	-
Income before income taxes	7,591	8,751	8,059	8,166
Provision for income taxes	16	19	19	19
Net income	7,575	8,732	8,040	8,147
CAPEX	454	790	1,627	1,106

Notes:

1. Figures represents the sum of Interest expense on Loans and investment corporation bonds as well as Amortization of investment corporation bond issuance costs and funding related expenses.

[Reference] Assumption of property-related income/loss from newly acquired properties^(Note2) which are included in the above forecasts.

	The 29th fiscal period ended August 31, 2016	The 30th fiscal period ending February 28, 2017	The 31st fiscal period ending August 31, 2017	The 32nd fiscal period ending February 28, 2018	Assumption per fiscal year based on appraisal values at each timing of acquisitions. ^(Note3)
Rental revenues	-	284	1,068	1,084	
Other operating revenues	-	3	4	4	
Total of property-related rental revenue	-	288	1,073	1,089	1,151
Total of property-related rental expense	-	124	337	316	354
Property-related taxes	-	-	7	7	47
Depreciation expenses	-	66	156	188	166
Property-related rental income/loss	-	164	735	773	796

2. Acquired properties represents "Hotel Nikko Himeji", "SUNROUTE PLAZA TOKYO" and "(Tentative) HOTEL LIVEMAX Nagoya-Sakae Annex".

3. "Property-related rental revenue" as well as "Property-related rental expense excluding Depreciation expenses" are calculated according to appraisal reports at each timing of determinations on acquisitions.
"Depreciation expenses" refers to forecasted Depreciation expenses calculated by OJR at each timing of determinations on acquisitions.