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For Immediate Release

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ORIX JREIT Announces Acquisition of ORE Sapporo Building

TOKYO, September 29, 2010—ORIX JREIT Inc. (“OJR”) announced that it would acquire the ORE Sapporo Building. The details of the acquisition are outlined below.

1.Acquisition Summary

Asset to be acquired	Property and rights to lease real estate* *Note: This is a building with land leasehold, consisting of a building and the right to lease land. The right to lease land is a fixed-term leasehold stipulated in Article 22 of the Land and Building Lease Law.
Acquisition price	¥ 4,250,000,000 (excluding national and local consumption taxes)* *Note: In addition to the above acquisition price, OJR will pay ¥229,327,500, to the seller on the date of the transfer, in compensation for right to claim repayment of the security deposit from the landowner based on the agreement to establish an ordinary fixed-term lease.
Scheduled acquisition date	October 1, 2010
Current owner and seller	ORIX Real Estate Corporation
Anticipated funding method	Loan proceeds* ¹ , issuance of investment corporate bonds* ² and Self-financed * ¹ See “ORIX JREIT Announces New Debt Financing” dated September 17, 2010. * ² See “ORIX JREIT Announces Issue of Investment Corporation Bonds” dated August 6, 2010.
Payment terms	100 % on transfer

2. Purpose of the Acquisition

Based on Objects and Policies of Asset Management stipulated in OJR’s Articles of Incorporation, the company has decided to acquire the above property from the viewpoint of enhancing the portfolio as well as maintaining and increasing the stability and growth potential of distributions over the medium to long term. In the acquisition of the property, OJR made a particularly positive evaluation of the features described below.

Location

Chuo Ward in Sapporo City, where the property is located, is the center of politics, economics, commerce and culture in Hokkaido. In other words, Chuo Ward is Hokkaido's biggest business area, where a large number of government offices and branches of financial institutions and major corporations are concentrated. The above property is in an outstanding location for convenient transport, only four minutes' walk from Sapporo station and five minutes' walk from Odori station on the Sapporo municipal subway, and nine minutes walk from Sapporo station on the JR line.

Building and facilities

The property is a newly built 12-storey building completed in November 2008. A standard floor has leaseable space of approximately 1,038m² (314 *tsubo*), and the pillar-free design, ceiling heights of 2,800mm and 100mm OA floors ensure expansive open spaces. The property is equipped with a high standard of specifications, since standard floor can be divided into 10 separate areas for individual usage and also because of excellent features such as individually controlled air conditioning, an automated security system, and a 70-car parking space. It can be anticipated to demonstrate high business competitiveness in the Chuo Ward area of Sapporo City.

3. Summary of Property for Acquisition

Specified asset category	Property and rights to lease real estate* *Note: This is a building with land leasehold, consisting of a building and the right to lease land. The right to lease land is a fixed-term leasehold stipulated in Article 22 of the Land and Building Lease Law.
Address	1-7, Kitaniho-Nishi 1-chome, Chuo-ku, Sapporo City, Hokkaido
Registered usage	Office, Retail
Registered area	Land: 1,895.27 m ² Building: 15,631.35 m ² (total floor area)
Registered construction	Reinforced concrete, steel-reinforced concrete, flat roof, 12 floors
Registered completion date	November 21, 2008
Type of ownership	Land: Fixed-term leasehold Building: Fee simple Ownership
Previous owner	ORIX Real Estate Corporation
Acquisition price	¥4,250,000,000 (excluding national and local consumption taxes)* *Note: In addition to the above acquisition price, OJR will pay ¥229,327,500, on the date of the transfer, as a transfer fee for the right to claim repayment of the security deposit.
Appraised value	¥4,266,000,000
Appraisal date	September 15, 2010
Appraiser	Chuo Real Estate Appraisal Co., Ltd.
Scheduled acquisition date	October 1, 2010
Public transit access	About 4 minutes' walk from Sapporo Station on Sapporo municipal subway, About 5 minutes' walk from Odori Station on Sapporo municipal subway About 9 minutes' walk from Sapporo Station on JR,
Usage restrictions	Commercial district, Fire zone
Architects	PLANTEC ARCHITECTS
Structural engineers	Takenaka Corporation
General contractors	Takenaka Corporation
Building inspection agency	JAPAN ERI CO., LTD.
Main facilities and specifications	[Leased area (Standard floor area)] Approx. 1,038m ² (roughly 314 <i>tsubo</i>) [Ceiling height] Standard floor area: 2,800 mm, Raised floors for computer wiring: 100 mm [Elevator] 4 for 17 passengers [Parking] 70-car parking spaces (multi-level automated parking space for 11 cars, parking tower for 56 cars, and level parking space for 3 cars) [Others] Individually controlled air conditioning, Automated security system in a operation
Earthquake resistance	PML 1 % (Based on a SHIMIZU CORPORATION report) PML shows the estimated cost of recovering the building in the event of an earthquake. The figure is based on the probability of an earthquake that may occur every 475 years, and shows the percentage of the construction costs to the replacement value. This seismic risk analysis was done by Shimizu Corporation.
Collateral	None

Special notes	<p>Asahi Shimbun Co., Ltd. (“Landowner”) owns all of the land concerned in this acquisition. OJR will have the right to use the site for the building based on an agreement to establish an ordinary fixed-term lease. A summary of the agreement is as follows.</p> <ol style="list-style-type: none"> (1) Purpose of lease: Ownership of a building primarily offered for the operation of offices, shops and a car park. (2) Term of agreement: 72 years from September 1, 2007 to August 31, 2079 (No renewal of agreement or extension of remaining term due to reconstruction of building) (3) Security deposit: ¥229,327,500 (4) Other <ol style="list-style-type: none"> a) Upon the lease expiry, OJR shall be responsible for restoring the land to its original condition and returning it to the Landowner. OJR cannot request the Landowner to purchase the building. b) The rent shall be revised once every three years, as a rule, in line with the reassessment of the fixed assets tax of the land. c) In the event that OJR intends to sublet all or part of the land or transfer the right of lease to a third party, OJR shall obtain the written consent of the Landowner. When the Landowner intends to sell the land, it shall be offered to OJR before other possible buyers, and both parties shall reach an agreement on the sale and purchase of the land. Notwithstanding, in the event that the two parties have not settled the terms relating to the sale and purchase of the land within three months after the offer by the Landowner, the Landowner may sell the land to any third party other than OJR.
No. of tenants	10 (excluding car parking spaces, as of September 29, 2010)
Gross rental income	¥ 481 million p.a. For unavoidable reasons, including the contractual relationship with tenants, this figure is revenue from operations based on the direct capitalization method as shown in the Appraisal Report.
Security deposits	¥ 457 million (excluding car parking spaces, as of September 29, 2010)
Total rent space	11,259.57m ² (as of September 29, 2010)
Total rentable space	11,672.41m ² (as of September 29, 2010)
Occupancy rate	96.5% (as of September 29, 2010)

4. Profile of Owner / Seller

*As of September 24, 2010

Company Name	ORIX Real Estate Corporation
Address	4-1, Hamamatsucho 2-chome, Minato-ku, Tokyo
Representative	Representative Yoshiyuki Yamaya
Operations	Development of condominiums, detached houses, and office buildings. Subleasing and management of condominiums, shops, and offices.
Shareholders' Equity	¥ 200 million
Date of establishment	March 11, 1999
Major shareholder	ORIX Corporation 100%
Relationships with OJR or its asset management company	
Capital relationships	There is no capital relationship that requires reporting between OJR and the company in question. Both ORIX Real Estate Corporation and ORIX Asset Management Corporation (“OAM”) are subsidiaries of ORIX Corporation. Their relationships thus correspond to that of a “related party” stipulated in the Law Concerning Investment Trusts and Investment Corporations (“the Investment Trust Law”).
Personal relationships	There is no personal relationship that requires reporting between OJR or OAM and the company in question.

Business relationships	During the period ended August 2010, OJR acquired two properties (total acquisition price: 13,950 million yen) from the company in question.
Applicability to related parties	The company in question is not a “related party” for OJR. However, the company in question corresponds to a “related party” for OAM stipulated in the Investment Trust Law as mentioned above.

5. Information regarding Ownership

Property

	Previous Owner
Company Name	ORIX Real Estate Corporation
Special relationships involved	Refer to Section 4. “Profile of Owner/Seller” above
Background to and reason for acquisition	New development (Construction completed in November 2008)
Acquisition date	
Acquisition price	

6. Intermediary

None

7. Payment

Funding method: Loan proceeds*¹, issuance of investment corporate bonds*² and Self-financed

*¹ See “ORIX JREIT Announces New Debt Financing” dated September 17, 2010.

*² See “ORIX JREIT Announces Issue of Investment Corporation Bonds” dated August 6, 2010.

Payment terms: 100% on transfer

8. Related-Party Transactions

OJR will acquire the ORE Sapporo Building from ORIX Real Estate Corporation. In accordance with the Affiliated Company Transaction Regulations, which are in-house regulations of the asset management company, the transactions in question have been approved by OJR’s board of directors after being examined by the Risk Management and Compliance Committee and the board of directors at OAM See 4. “Profile of Owner/Seller” for the summary of the related parties.

9. Schedule

September 29, 2010 (scheduled): Execution of sale and purchase contract for the property

October 1, 2010 (scheduled): Settlement and transfer of the property

10. Future Outlook

The acquisition of this property will only make a minor impact on the financial results for the period ending February 2011 (18th fiscal period: September 1, 2010 - February 28, 2011). Therefore, the forecast financial results for the periods ending February 2011 remain unchanged from those announced in the Financial Results for the period ended February 2010 (16th fiscal period: September 1, 2009 - February 28, 2010).

Addendums

- I. Property photo and map
- II. Appraisal summary
- III. Portfolio summary after acquisition of the ORE Sapporo Building

The original Japanese version of this material 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 Press Club for Construction Publications.

I. Property photo and map



II. Appraisal summary

Appraisal

- 1) Appraised Value ¥ 4,266,000,000-
- 2) Appraisal Date September 15, 2010
- 3) Appraiser Chuo Real Estate Appraisal Co., Ltd.

Valuations by method

- 1) Cost Method..... ¥ 3,009,000,000-
- 2) Income Method
 - i. DCF value ¥ 4,266,000,000-
 - Discount Rate..... 6.3 %
 - Terminal Capitalization Rate 7.1 %
 - ii. DC Value..... ¥ 4,096,000,000-
 - Capitalization Rate..... 6.6 %

Income projection

The following projection (annualized) is quoted from the income projection using the direct capitalization method in the Appraisal Report, and does not represent any projections by OJR or OAM.

(In millions of yen)	
(1) Gross revenue (a-b)	481
a. Effective gross revenue	535
b. Vacancy loss	53
(2) Total costs (c+d+e+f)	198
c. Management /maintenance fee (management fee, utility expenses, PM fees, etc.)	104
d. Taxes	34
e. Casualty insurance premium	0
f. Other costs	58
(3) Net revenue (1-2)	283
(4) Lump sum revenue	2
(5) Capital expenditure	15
(6) Net income (3+4-5)	270

Long Term Projected Repairs

According to the Engineering Report by Earth-Appraisal Co., Ltd. maintenance cost over the next 12 years will be ¥ 114,183 thousand.

III. Portfolio summary after acquisition of the ORE Sapporo Building

		Property	Acquisition		Percentage of Total Acquisition Cost
			Date	Price(¥ million)	
Offices	3 central Tokyo wards	Aoyama Suncrest Building	December 1, 2001	3,356	1.1
		Round-Cross Ichi-bancho	December 1, 2001	3,900	1.3
		Beside Shirogane	December 21, 2001	1,300	0.4
		Nihonbashi East Building	December 21, 2001	1,720	0.6
		Round-Cross Minami Azabu	December 21, 2001	1,394	0.5
		Round-Cross Akasaka	January 10, 2002	2,624	0.9
		Round-Cross Mita	January 10, 2002	1,748	0.6
		Shiba Daimon Building	January 10, 2002	2,195	0.7
		Round-Cross Tsukiji	January 10, 2002	3,378	1.1
		ORIX Shiba 2-chome Building	September 29, 2003	7,500	2.5
		Aoyama 246 Building	March 3, 2004	5,200	1.7
		ORIX Akasaka 2-chome Building	June 26, 2006	21,860	7.2
		Nihonbashi Honcho 1-chome Building	December 4, 2006		
		ORIX Suidobashi Building	March 28, 2007	10,500	3.4
		ORIX Shinagawa Building	March 28, 2008	3,000	1.0
		ORIX Shinagawa Building	June 27, 2008	15,200	5.0
		OX Tamachi Building	March 29, 2010	6,730	2.2
		Subtotal		91,605	30.0
	Remaining Tokyo wards	Carrot Tower	December 1, 2001	5,479	1.8
		Toyo MK Building	December 1, 2001	5,270	1.7
		Round-Cross Moto Yoyogi	December 1, 2001	5,091	1.7
		Round-Cross Nishi Shinjuku	December 1, 2001	2,650	0.9
		Beside Kiba	December 21, 2001	2,450	0.8
		DT Caen	December 21, 2001	2,430	0.8
		Yoyogi Forest Building	December 21, 2001	1,473	0.5
		ORIX Ikebukuro Building	April 18, 2003	9,577	3.1
		Round-Cross Shinjuku	April 28, 2006	8,020	2.6
		Seafort Square Center Building	September 30, 2005	18,000	5.9
		Round-Cross Kamata	April 28, 2006		
		Round-Cross Kamata	March 1, 2006	5,640	1.8
		Round-Cross Shinjuku 5-chome	April 26, 2007	4,500	1.5
		KN Jiyugaoka Plaza	May 30, 2007	3,110	1.0
		ST WORLD Building	March 28, 2008	3,500	1.1
		ORIX Real Estate Nishi Shinjuku Building	March 27, 2009	13,600	4.5
		ORIX Meguro Building	July 29, 2010	6,350	2.1
		Subtotal		97,140	31.8
	Other parts of the greater Tokyo area	Neo City Mitaka	December 1, 2001	2,200	0.7
		Round-Cross Kawasaki	April 27, 2004	4,130	1.4
		Omiya Miyacho Building	March 27, 2009	4,400	1.4
		Omiya Shimochi 1-chome Building	March 29, 2010	3,750	1.2
		Subtotal		14,480	4.7
	Other areas	Nagoya Itochu Building	September 29, 2003	4,500	1.5
		ORIX Koraibashi Building	April 27, 2005	5,560	1.8
		Lunar Sendai	June 28, 2007	8,500	2.8
		ORIX Nagoya Nishiki Building	March 29, 2010	12,500	4.1
		* ORE Sapporo Building	October 1, 2010(scheduled)	4,250	1.4
		Subtotal		35,310	11.6
		Offices Total		238,535	78.2
Logistics Facilities	Other parts of the greater Tokyo area	Koshigaya Logistics Center	April 28, 2006	4,000	1.3
		Toda Park Logistics Center	March 28, 2008	9,600	3.1
		Ichikawa Logistics Center	September 29, 2008	8,300	2.7
		Subtotal		21,900	7.2
	Other areas	Sakai Logistics Center North Building	March 30, 2010	10,200	3.3
		Subtotal		10,200	3.3
		Logistics Facilities Total		32,100	10.5
Retail Facilities	3 central Tokyo wards	Nihon Jisho Minami Aoyama Building	October 31, 2003	2,548	0.8
		Subtotal		2,548	0.8
	Remaining Tokyo wards	CUBE Daikanyama	March 31, 2004	2,435	0.8
		Subtotal		2,435	0.8
	Other parts of the greater Tokyo area	aune Kohoku	March 10, 2010	4,000	1.3
		aune Makuhari	March 10, 2010	3,600	1.2
		Subtotal		7,600	2.5
	Other areas	Kobe Momoyamadai Shopping Center (Site)	March 5, 2010	3,260	1.1
		Subtotal		3,260	1.1
		Retail Facilities Total		15,843	5.2
Hotels	Other parts of the greater Tokyo area	Cross Gate	January 10, 2002	15,040	4.9
		Subtotal		15,040	4.9
		Hotels Total		15,040	4.9
Others	3 central Tokyo wards	Park Axis Nishi Azabu Stage	December 1, 2001	1,219	0.4
		Subtotal		1,219	0.4
	Remaining Tokyo wards	Sonet Kami Ikebukuro	December 1, 2001	2,377	0.8
		Subtotal		2,377	0.8
		Others Total		3,596	1.2
Grand Total		53 properties		305,114	100.0

* Newly acquired building

Notes 1. "Acquisition price" above refers to sale price (fractions rounded down) specified in the sale and purchase contract. Consumption taxes are not included in the price.

12. "Percentage of total acquisition cost" refers to the acquisition price of each property under management as a proportion of total acquisition price.

1 3. Fractions are rounded to two decimal places for the "Percentage of total acquisition cost". Totals for the "Percentage of total acquisition cost" may not tally as a result of rounding.