

ORIX EXPANDS FOCUS ON AFFORDABLE HOUSING MARKET WITH ACQUISITIONS

Complementary businesses are foundation for growth in affordable housing market

With the recent announcements that ORIX USA acquired Boston Financial Investment Management (Boston Financial) and increased their interest in RED Capital Group LLC (RED) to 100 percent, Hideto Nishitani, Chairman, President and CEO of ORIX USA, Ken Cutillo, CEO of Boston Financial, and Ted Meylor, Chairman and CEO of RED, discussed the impact the acquisitions have on ORIX's desire to expand its presence in the affordable housing market.



Hideto Nishitani
ORIX USA Chairman, President
and CEO

Q: How has ORIX USA expanded its affordable housing footprint in 2016?

A: Nishitani: In February of 2016, ORIX USA increased our ownership of RED from 88% to 100%, underlying the importance of the relationship, which dates back to ORIX's original investment in 2010. Increasing ORIX's investment in RED had

"This acquisition is a natural extension of our (ORIX's) existing business and expertise....." Nishitani

been a strategic objective of mine for the last few years, as I have seen

firsthand the strength of the RED team and their platform and believe in the strength of the multifamily, seniors and affordable housing markets.

Most recently we completed the acquisition of Boston Financial, combining the financial strength and innovative capital solutions of ORIX with one of the largest syndicators in the Low Income Housing Tax Credit (LIHTC) industry. This acquisition is a natural extension of our existing business and expertise as ORIX is already active in the affordable housing industry through our

investment in RED, and we have established expertise in underwriting, construction management and asset management through our Risk Management and Real Estate groups.

Q: Why is ORIX interested in the affordable housing market?

A: Nishitani: In many of the largest metro areas, a significant number of households are severely burdened by housing costs, which highlights the need for affordable housing options that ORIX can help drive through offerings provided by Boston Financial, RED and other business units in the ORIX family of businesses. There is a visible supply demand imbalance for affordable housing which creates a strong demand for affordable housing programs with developers and investors. With long-term bipartisan government policy support, many institutional investors are looking for opportunities to engage in affordable housing programs and ORIX has the ability of looking across the market to facilitate those needs.

Q: How does Boston Financial fit into ORIX's affordable housing strategy?

A: Cutillo: With our seasoned management team, Boston Financial is a national leader in the tax credit industry having raised over \$10 billion of low-income housing and historic tax credit equity investments in over 2,200 properties. Combining ORIX's real estate and affordable



Ken Cutillo
Boston Financial CEO

housing expertise and deep capital resources with Boston Financial's 47-year track record will help solidify Boston Financial as one of the strongest independent syndicators in the market. We also share a commitment to address the housing affordability issue that exists in so many towns and cities in America.

Q: Why did ORIX acquire Boston Financial?

A: Nishitani: With an impeccable track record, reputation for service and

impressive portfolio size, Boston Financial has become a nationally recognized leader in the low-income housing equity market. Their tax credit acquisitions and investment professionals are renowned in the business, and many have been active in the tax credit market since the introduction of the LIHTC program in 1986.

During their 47-year history, they have built long-term relationships with over 250 affordable housing developers—all with a demonstrated record of accomplishment and expertise in building, rehabbing and managing affordable housing communities that are safe, attractive and financially feasible.

Q: How does RED Capital Group fit into ORIX's affordable housing strategy?

A: Meylor: RED provides financing for multifamily and seniors housing, as well as health care projects through various FHA and Fannie Mae programs. RED includes a registered broker-dealer that provides underwriting and syndication of multifamily housing bonds and the related tax credits. With RED's extensive multifamily background, decades of affordable housing experience and strong partner relationships, ORIX is uniquely positioned to provide comprehensive debt and equity capital for affordable housing properties nationwide.



Ted Meylor
Red Capital Group
Chairman and CEO

Properties qualifying for affordable housing financing are rent-restricted and subsidized by local, state and federal government. We work closely with nonprofit organizations, public entities and for-profit sponsors to devise customized capitalization that helps our clients secure the most profitable financing available. RED has worked with borrowers and issuers across the country to develop financial packages in the form of bond, construction and permanent financing.

In addition to our affordable housing offerings, RED provides custom debt solutions for the acquisition or refinancing of smaller properties with at least five residential units. Small Balance Multifamily Loans feature loan amounts between \$1-5 million. This program offers fixed-rate or hybrid ARM financing with full-term or part-term interest-only option with streamlined

documentation processing and underwriting.

We are proud to be a Seller/Servicer for Freddie Mac's Small Balance Loan Program as well as a Fannie Mae DUS lender (including their small loan program) offering highly competitive rates, low fees and streamlined documentation, processing and underwriting resulting in ease of execution and fast turnaround times.

RED's Small Balance Multifamily Loan team is staffed

with proven industry leaders in agency origination, underwriting and closing. Each team member has over a decade of agency and lending experience in their specialty fields, combining their expertise, existing relationships and position as knowledge leader to exceed expectations for service and execution.

Q: Are ORIX and Boston Financial a good cultural match?

A: Nishitani: Our services are largely complementary with minimal overlap. We share a common commitment to improving the quality of life for local residents and strengthening the local economy through investments in affordable housing. We both value employees and place the utmost importance on ethical business practices.

ABOUT ORIX USA

ORIX USA provides innovative capital solutions that clients need to propel their business to the next level. Based in Dallas, ORIX USA has a team of more than 600 employees spanning nearly 20 offices across the U.S. and Brazil. ORIX USA and its family of companies offer investment capital and asset management

services to clients in the corporate, real estate, municipal and energy sectors, while holding \$6 billion of assets and managing an additional \$29 billion, approximately. Its parent company, ORIX Corporation, is a Tokyo-based, publicly owned international financial services company with operations in 36

countries and regions worldwide. ORIX Corporation is listed on the Tokyo (8591) and New York Stock Exchanges (IX). For more information on ORIX USA, visit www.orix.com.



ABOUT BOSTON FINANCIAL INVESTMENT MANAGEMENT

Since 1969, Boston Financial has focused on providing outstanding client service to its partners and has built one of the most experienced management teams in the industry. Since its inception, Boston Financial has raised and managed over \$10

billion of low-income housing and historic tax credit equity investments in over 2,200 properties, making Boston Financial one of the largest firms in the tax credit industry. Boston Financial is a wholly owned

subsidiary of ORIX USA Corporation. www.bfim.com



ABOUT RED CAPITAL GROUP, LLC

Recognized for its industry expertise, innovative and comprehensive structures, and consistently high rankings, RED CAPITAL GROUP, LLC has provided over \$72 billion of integrated debt and equity capital since 1990 to the seniors housing and health care, multifamily, affordable, and student housing industries through three operating companies.

RED Mortgage Capital, LLC is

a leading Fannie Mae DUS® and MAP- and Lean-approved FHA and Freddie Mac small balance lender with a mortgage servicing portfolio near \$16 billion.

RED Capital Markets, LLC (MEMBER FINRA/SIPC) is a leader in the distribution of Fannie Mae and Ginnie Mae Project MBS, and provides structuring, underwriting, placement, and advisory services for tax-exempt and taxable housing and health care bonds.

RED Capital Partners, LLC provides proprietary debt and equity solutions, and asset management in a range of forms, including subordinated gap and bridge loans. RED CAPITAL GROUP, LLC is a wholly owned subsidiary of ORIX USA Corporation.

www.redcapitalgroup.com.



For more information see, www.orix.com/bfim

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