



## **ORIX to Acquire One of the Largest U.S. LIHTC Fund Portfolios through Agreement with Boston Capital**

TOKYO, Japan – September 14, 2020 - ORIX Corporation (“ORIX”) announced today that Boston Financial Investment Management (“Boston Financial”), a wholly-owned subsidiary of ORIX Corporation USA (“OCU”), has entered into an agreement with Boston Capital (“Boston Capital”) to acquire Boston Capital’s low-income housing tax credit (“LIHTC”) fund portfolio. The closing of the transaction is subject to customary closing conditions and approvals.

Established by the U.S. Congress in 1986, LIHTC is a tax incentive program designed to promote the supply of affordable rental housing for low-income households. Private developers of affordable rental housing projects are awarded the 10-year tax credit issued by the federal government via state and territorial governments, if developers meet certain required conditions.

LIHTC syndicators such as Boston Financial and Boston Capital bridge the gap between developers that are seeking to raise funds by selling the tax credits and the needs of investors pursuing the tax advantages of the tax credits.

Acquired by OCU in 2016<sup>\*1</sup>, Boston Financial has established itself as a leader in the LIHTC industry, and today manages a \$7.7 billion portfolio comprising over 1,125 properties and 98,110 units. The purchase of Boston Capital’s portfolio will nearly double the portfolio to \$15 billion, leading to an increase in associated revenue. These additional assets under management will be serviced by Boston Financial’s best-in-class infrastructure, resulting in expected operational efficiencies and synergies. Post-acquisition, we expect that Boston Financial will enjoy a top position in the LIHTC asset management industry and is well-positioned to expand further via additional opportunistic investments.

Historical LIHTC performance has remained stable during past economic downturns, and ORIX views the LIHTC business as one that shows projected growth, even during the economic uncertainty of the COVID-19 pandemic. LIHTC foreclosures remained low during the 2008 Financial Crisis. Because rent for LIHTC properties is often below comparable non-tax credit properties and the government supports many LIHTC residents in the form of rental assistance, Boston Financial has seen occupancy rates remain stable during the COVID-19 pandemic.

The longest-running national initiative to consistently produce affordable rental housing units, the LIHTC program has historically been supported through mechanisms that include developer obligations to fund property level deficits, as opposed to such obligations having being borne by third-party investors in the fund property.



In the U.S., the Community Reinvestment Act (CRA) encourages local financial institutions to provide loans, investments, and services to under-served communities. Financial institutions, through participation in LIHTC, are able to fulfill CRA requirements making LIHTC properties desirable from an investor standpoint.

Since its founding in 1981, OCU has been expanding financial services in the United States. Over the years, OCU has established a substantial presence within the real estate finance industry and has weathered challenging business environments. In addition, OCU's participation in the LIHTC program through its subsidiary syndicator addresses a key social challenge in the U.S. by supporting the development of affordable housing. Through these initiatives, OCU aims to continue to contribute to social infrastructures and local communities.

OCU has built a strong, comprehensive portfolio in various real estate finance businesses with multifamily at its core, through its investments in Boston Financial, RED Capital Group<sup>\*2</sup>, Lancaster Pollard<sup>\*3</sup>, NXT Capital<sup>\*4</sup>, and, most recently, Hunt Real Estate Capital<sup>\*5</sup>. OCU is committed to expanding this core business by leveraging its network and opportunistic culture in identifying new and adjacent market opportunities.

OCU remains a core pillar for ORIX in its management strategy to expand businesses in the U.S. Through these strategic acquisitions and expansion of existing businesses, OCU aims to build a world-class real estate business that provides the full spectrum of financing solutions and advisory services, including real estate finance, fund management, and asset management services.

\*1 [ORIX to Acquire One of America's Largest Syndicators in the LIHTC Industry \(July 11, 2016\)](#)

\*2 [ORIX USA Acquires RED Capital Group \(May 10, 2010\)](#)

\*3 [ORIX USA Acquires Lancaster Pollard Complementary businesses are the foundation for building U.S. housing infrastructure \(September 14, 2017\)](#)

\*4 [ORIX Corporation to Acquire the Shares of U.S. Loan & Asset Management Company NXT Capital \(July 2, 2018\)](#)

\*5 [ORIX to Acquire U.S. Real Estate Loan Origination and Servicing Company, Hunt Real Estate Capital \(November 5, 2019\)](#)

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**About ORIX Corporation USA:**

Since 1981, ORIX USA has provided innovative capital solutions that clients need to propel their business to the next level. With a focus on merchant banking, commercial finance, and asset management, ORIX USA and its subsidiaries — Boston Financial Investment Management, ORIX Real Estate Capital (the combined company of Hunt Real Estate Capital, Lancaster Pollard, and RED Capital), NXT Capital, RB Capital, Signal Peak Capital Management and ORIX Capital Partners—include a team of more than 1,200 employees spanning more than 50 offices across the U.S. and Brazil. ORIX USA and its family of companies have \$78 billion of assets under management, administration, and servicing (including \$11 billion held by the company and its subsidiaries) as of July 2020. Its parent company, ORIX Corporation, is a publicly owned international financial services company with operations in 37 countries and regions worldwide. ORIX Corporation is listed on the Tokyo Stock Exchange (8591) and New York Stock Exchange (IX). For more information, visit [orix.com](http://orix.com).

**About Boston Financial Investment Management:**

Founded in 1969 and acquired by ORIX USA in 2016, Boston Financial is a national leader in the LIHTC industry, with a proven track record in syndication services as well as asset and portfolio management. Boston Financial has invested over \$13.1 billion of equity in LIHTC properties since 1986 and currently manages a \$7.7 billion portfolio comprising over 1,125 properties and 98,110 units, making Boston Financial one of the largest and most experienced syndicators in the tax credit industry.

**About Boston Capital:**

Founded in 1974, Boston Capital is one of the longest-tenured syndicators in the LIHTC industry and one of the largest owners of apartment properties across the U.S. Since the inception of the LIHTC program in 1986, Boston Capital has raised more than \$10.5 billion of investor equity into more than 3,500 properties nationwide.

**About ORIX:**

ORIX Corporation (TSE: 8591; NYSE: IX) is a financial services group which provides innovative products and services to its customers by constantly pursuing new businesses.

Established in 1964, from its start in the leasing business, ORIX has advanced into neighboring fields and at present has expanded into lending, investment, life insurance, banking, asset management, automobile related, real estate and environment and energy related businesses. Since entering Hong Kong in 1971, ORIX has spread its businesses globally by establishing locations in 37 countries and regions across the world.

Going forward, ORIX intends to utilize its strengths and expertise, which generate new value, to establish an independent ORIX business model that continues to evolve perpetually. In this way, ORIX will engage in business activities that instill vitality in its companies and workforce, and thereby contribute to society. For more details, please visit our website: <https://www.orix.co.jp/grp/en/>  
(As of March 31, 2020)



**Caution Concerning Forward Looking Statements:**

These documents may contain forward-looking statements about expected future events and financial results that involve risks and uncertainties. Such statements are based on our current expectations and are subject to uncertainties and risks that could cause actual results that differ materially from those described in the forward-looking statements. Factors that could cause such a difference include, but are not limited to, those described under “Risk Factors” in the Company’s annual report on Form 20-F filed with the United States Securities and Exchange Commission and under “(4) Risk Factors” of the “1. Summary of Consolidated Financial Results” of the “Consolidated Financial Results April 1, 2019 – March 31, 2020.”