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**ORIX JREIT Announces Partial Amendment of Internal Code
at Its Asset Management Company**

TOKYO, March 3, 2008 — ORIX JREIT Inc. (“OJR”) has announced that the meeting of the board of directors of ORIX Asset Management Corporation (“OAM”), the investment trust management company that provides asset management services for OJR, held today resolved as follows with regard to changes to OAM’s internal code named “Regulation for Asset Management and Property Management for OJR” (“AM & PM Regulation”).

The details of the main changes to the AM & PM Regulations and the rationale for the changes are described below.

1. Overview

As reported in the news release “ORIX JREIT Announces Changes to Operational Manual at Asset Management Company” dated today, OAM will contract to provide asset management for several investment trusts, including OJR. The latest changes to the AM & PM Regulations specify the necessary measures to avoid conflict of interest between investment trusts and to carry out the proper execution of operations. At the same time, the aim is to expand opportunities for the acquisition of prime properties, develop even greater operational efficiency, and construct a flexible asset management structure through a flexible and rational review of such areas as portfolio-building policy and acquisition policy from the perspective of seeking stable distribution and increased asset values in the medium to long term in response to changes in real estate market conditions.

2. Details of main changes and rationale for changes

a) Sector diversification

With a view to contracting for the management of “specialist residential REITs” in the future and to clarify its investment policy as manager of “a diversified REIT focused on office buildings in the greater Tokyo area,” OAM has revised its investment criteria to specialize in “real estate supplied with a primary use other than residential.” “Real estate supplied with a primary use other than residential” refers to properties that are targeted for investment which have more than 50% of leaseable area supplied for uses other than residential at the time of acquisition.

b) Geographic diversification

In order to clarify its investment policy as manager of “a diversified REIT focused on office buildings in the greater Tokyo area,” OAM is establishing new criteria for portfolio composition by sector and geographic area (acquisition price base) as shown in Table 1. At the same time, the definitions of the geographic areas are being revised as shown in Table 2.

Table 1: Newly established portfolio composition

Sector		Geographic area	
		Greater Tokyo area	Other areas
Offices	At least 80%	At least 80%	Maximum 20%
Logistics facilities	Maximum 20%		
Retail facilities			
Hotels			
Other			

Note: Percentages indicate rough percentage.

Table 2-1: After changes

Geographic area	Definition	
Greater Tokyo area	3 central Tokyo wards	Chiyoda, Chuo, and Minato Wards
	Remaining Tokyo wards	Remaining 20 Tokyo wards
	Other parts of the greater Tokyo area	Areas of Tokyo (excluding 23 wards of Tokyo), Kanagawa Prefecture, Saitama Prefecture, and Chiba Prefecture
Other areas	Areas other than those above	

Table 2-2: Before changes

Geographic area	Definition	
Designated cities in greater Tokyo area	3 central Tokyo wards	Chiyoda, Chuo, and Minato Wards
	Remaining Tokyo wards	Remaining 20 Tokyo wards
	Urban areas adjacent to Tokyo	Cities located in Tokyo (excluding 23 wards of Tokyo) such as Tachikawa, Hachioji, and Mitaka; cities in Kanagawa Prefecture such as Yokohama and Kawasaki; cities in Chiba Prefecture such as Chiba, Kashiwa and Matsudo; and cities in Saitama Prefecture such as Saitama
Other areas	Leading cities other than those above	

c) Property size

OJR has been seeking to raise the quality of its portfolio by selling primarily small properties and acquiring mainly properties of medium size and larger. Thus, in order to conform to this change in portfolio composition and to further increase the stability of the portfolio's earnings, the investment policy for offices is being changed from the current "primarily acquisition of medium-sized properties" to a policy of "focus as a rule on medium-sized and larger properties." The term "medium-sized property," particularly for offices, refers to any property with a total floor area of about 3,000 – 15,000m².

d) Investment approach (OJR WAY)

The OJR WAY was specified in the AM & PM Regulations on August 18, 2005 as a new investment approach for the flexible pursuit of opportunities for the acquisition of prime properties without being constrained by existing policy to the effect that it allows for the acquisition of "properties whose market recognition has not been established" such as warehouses and logistics facilities, nursing and personal care facilities, training facilities, and vacant lots with limited property rights to the land, and "properties that are under construction and before completion" up to a maximum of 20% of the investment portfolio. (For details refer to the news release entitled "ORIX JREIT Inc., announces changes for an internal code of its asset management company" dated August 18, 2005.) With the passage of time, some areas of this investment approach (investment in warehouses and logistics facilities, and advance acquisition at the development stage) have already become commonplace, and OJR seeks a progressive dissolution by deleting phrases relating to investment approach from the regulations in view of

actual established circumstances while continuing pursuing the same kind of investment opportunities. Approximately 16,520 million yen, or 20%, of the total 84,130 million yen in properties acquired since the adoption of OJR WAY have been OJR WAY properties, indicating that it has produced a certain track record.

e) “Criteria in acquiring properties before completion”

In order to acquire real estate or real estate trust beneficial rights after completion, OJR sometimes concludes a sale and purchase agreement for the relevant property at the development stage, and it attaches conditions that must be fulfilled in order to limit the risk in these circumstances. The main conditions are as follows.

- i) The total of the sale and purchase price specified in the sale and purchase agreement for real estate concluded at the development stage shall be a limit that does not have an excessive impact on the portfolio overall.
- ii) There shall be reasonable expectation of tenant occupancy following completion.
- iii) OJR shall be able to carry out due diligence that it deems necessary within a reasonable period of time after completion and before transfer.

In addition, in order to increase opportunities for the acquisition of prime properties even before completion at the development stage, investment in anonymous association based on the Commercial Code and senior investment securities based on the Act on Securitization of Assets is expected, and conditions that must be fulfilled to limit risk in these circumstances are being made into new regulations. The main conditions are as follows.

- i) The limited liability company that operates the anonymous association investment scheme and the special purpose company (SPC) that is the issuer of senior investment securities based on the Asset Liquidation Law (“development-type investment vehicle” collectively) shall in principle be aimed at measures to segregate assets in bankruptcy.
- ii) In each project under the development-type investment vehicle, OJR shall not own a number of shares equivalent to 50% or more of the total number of shares issued, or shall not fund more than 50% of the total amount of the investment.
- iii) The timing of the investment shall be after the acquisition of development approval (refers to that specified in Article 29, Town Planning Law) and notice of confirmation (refers to that in Article 6 of the Building Standards Law). (Notwithstanding that development approval shall be limited to those case where its acquisition is required.)
- iv) As a rule, the ceiling for the total anonymous association investment in a development-type investment vehicle or the total investment in senior investment securities shall be around 5% of OJR’s total acquisition price (including the relevant investment). Nevertheless, there are no obstacles to exceeding the relevant ceiling to the limit that does not have an excessive impact on OJR’s portfolio overall.

f) Relationship between appraisal value and purchase price

It was previously stipulated to the effect that the transaction price when purchasing a property from a third party other than a related party specified in the Investment Trust and Investment Corporation Law or other affiliated company should be a maximum of 110% of the appraisal value. However, in order to increase the opportunities to invest in prime properties, the content has been changed to the effect that the relevant ceiling shall be completely abolished, and the transaction price shall be determined using the appraisal value as a reference.

3. Other

In addition to the matters recorded in section 2, “Details of main changes and rationale for changes,” revision of the necessary wording and establishment of regulations have been carried out to comply with legislative changes.

The original Japanese version of this material is being distributed today to the Kabuto Club, the Ministry of Land, Infrastructure and Transport Press Club, and the Ministry of Land, Infrastructure and Transport Press Club for Construction Publications.