

For Immediate Release

August 24, 2005

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(Revised)
ORIX JREIT Inc. announces changes for
an internal code of its asset management company

Tokyo, Japan, August 24, 2005- ORIX JREIT Inc. (“OJR”) today announced following change to the captioned disclosure of August 18.

1. Changes for AM & PM Regulation for Investment Policy

Purchase price for property to be acquired from related parties- Article 7 Property acquisition policy
Provision 8

[Before revision]

This provision is newly stipulated about a standard for property acquisition price for related parties transaction. When OJR acquires property from related parties, acquisition price shall be not more than 105% of the appraisal value done by third party appraiser with second opinion from other independent appraisers. In case of acquisition from non-related parties, price can be up to 110% of appraisal value from independent real estate appraisers.

[After revision]

This provision is newly stipulated about a standard for property acquisition price for related parties transaction. When OJR acquires property from related parties, acquisition price shall be not more than 105% of the appraisal value done by third party appraiser. Further, OJR shall obtain second opinion from other independent appraisers in case OJR acquires properties from related parties with purchase price higher than appraisal value. In case of acquisition from non-related parties, the acquisition price can be up to 110% of the appraisal value from independent real estate appraisers.

2. Addendum

The whole text of the revised disclosure with revised portion underlined is attached.

* Please note that this English translation of the original Japanese document is provided solely for informational purposes. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

* OJR is a real estate investment corporation (commonly referred to as a J-REIT) listed on the Tokyo Stock Exchange JREIT Section (TSE:8954) whose objective is to provide stable income returns to investors over the mid- to long-term through investing in diversified types of quality real estate, mostly in Greater Tokyo Metropolitan area. ORIX Asset Management Corp, a wholly owned subsidiary of ORIX Corp. (TSE: 8591), provides the asset management services for OJR.

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(Revised as of August 24,2005)

**ORIX JREIT Inc. announces changes for
an internal code of its asset management company**

Tokyo, Japan, August 18, 2005- ORIX JREIT Inc. (“OJR”) announced today that Board of Directors of ORIX Asset Management Corporation (“OAM”), OJR’s asset management company, approved to make changes (revisions, additions or deletions) for OAM’s internal code named ‘Regulation for asset management and property management for OJR’ (“AM & PM Regulation”). AM & PM regulation is OAM’s internal regulation. OAM aims to deal with current real estate market situation, to further streamline its operation and to enhance agile asset management activities through these changes. All of these changes were approved today on August 18, 2005.

1. Changes for AM & PM Regulation for Portfolio Policy

(1) Section Diversification - Article 6 Portfolio policy Sector diversification

To cope with Japanese real estate circumstances that have been changing abruptly since IPO June 2003, OAM revises investment criteria for each real estate sector based on its market analysis. Please refer to Appendix, ‘Investment criteria for each property sector’.

(2) Geographic Diversification - Article 6 Portfolio policy Geographic diversification

Regarding investment target by geographic diversification, OAM reduces target portion of Tokyo Metropolitan Area from 90% to 80%(based on acquisition price).

While land price in certain cities except Tokyo Metropolitan area such as Osaka and Nagoya has started to rise and their rent market has also be on a recovery trend, acquisition competition of high-qualified properties in Tokyo Metropolitan area has been intensified. Taking into account this kind of situation, OAM increased portion out of Tokyo Metropolitan Area so as to capture acquisition opportunity for high quality properties in certain cities out of Tokyo Met. Area.

(3) Property Size - Article 6 Portfolio policy Property size

Definition for the” middle sized office property” by floor area is changed from 1,000 tsubo ~ 3,000 tsubo* (approx. 3,300m² ~ 9,900m²) to 3,000m² ~ 15,000m². Since property size has been on an increasing tread recently, OAM decides to make upward widening of the definition and make it on a metric system.

*3.30578m² = 1 tsubo

As for price range, OJR will keep focusing on office buildings with price not less than ¥5billion. While, OJR will not exclude the possibility to acquire properties less than ¥5 billion in case OJR judge they (especially properties except offices in Tokyo Met. Area) are worthy of investment.

(4) OJR WAY – Article 6 Portfolio policy Investment Style(OJR WAY)

To flexibly capture investment opportunity for high quality properties, OAM newly sets up two types of investment styles, 'Basic' and 'OJR WAY'. Any of OJR properties are categorized into either way.

'Basic' means investment activities for occupied properties that are core of OJR portfolio and whose market recognition has been basically stabilized. Typical examples of 'Basic' properties are substantially leased-up offices, commercial properties, hotels and residences. While 'OJR WAY' means investment activities for properties whose market recognition has not been established and those that are under or before construction (before completion). OJR Way properties include warehouses/ logistic facilities, nursing and personnel care facilities, limited property rights of land, and practice/ training facilities.

Ceiling for 'OJR WAY' properties is 20% again total portfolio on a acquisition price basis.

2. Changes for AM & PM Regulation for Investment Policy

(1) ORIX Synergy - Article 7 Property acquisition policy Provision6

OJR will keep stable relation with ORIX group companies (ORIX Synergy) to further enhance property acquisition capability.

(2) Criteria in acquiring properties before completion - Article 7 Property acquisition policy Provision7

OJR refers to these criteria when it acquire incomplete properties as per OJR WAY mentioned above. The criteria say that OJR is able to execute a sale and purchase contract on the following condition.

Necessary due diligence can be executed upon completion, Delivery of property is subject to its completion, Payment of purchase price is subject to completion. Sufficient occupancy rate is expected after completion of property.

(3) Purchase price for property to be acquired from related parties- Article 7 Property acquisition policy Provision8

This provision is newly stipulated about a standard for property acquisition price for related parties transaction. When OJR acquires property from related parties, acquisition price shall be not more than 105% of the appraisal value done by third party appraiser. Further, OJR shall obtain second opinion from other independent appraisers in case OJR acquires properties from related parties with purchase price higher than appraisal value. In case of acquisition from non-related parties, the acquisition price can be up to 110% of the appraisal value from independent real estate appraisers.

Appendix : Investment criteria for each property sector

Property type	Investment criteria for each property sector
Office	<p>1) As workplaces (offices) are relatively homogeneous and have plentiful stock and high liquidity compared with other real estate, OJR will treat them as principal investment choices of OAM. However, as the demand and supply of offices is greatly influenced by economic trends, such as business cycles, there is a possibility that they will experience dramatic fluctuations in their profit ratio. Therefore, it is thought that diversified investments in other areas are required in order to diversify risks.</p> <p>2) As for the pattern of acquiring workplaces (offices), there is a risk that not enough investment profit can be secured due to high purchase prices caused by bidding, and the like, so OJR is required to attach importance to not only negotiation transactions and acquisitions from the ORIX Group, but also to appropriate investment profit margins.</p> <p>3) Among the workplaces (offices) to be targeted, OJR will focus on real estate which is conveniently located in busy districts and can be used for stores, and the like, since it can expect to diversify the purpose of this real estate and effectively enhance profitability by finding out the needs of tenants who do not have difficulty in paying rent.</p> <p>4) OJR will attach importance to properties which are conveniently located in inner-city districts of Tokyo, where the market-scale is relatively big, try to stabilize tenant contracts as much as possible by adopting fixed term lease contracts, and the like, and thereby aim to secure stable profits.</p>
Retail	<p>As for retail properties, OJR will principally target asset investments in retail properties, where there is a strong expectation that alternative tenants will be able to find easily, such as commercial facilities in busy districts in large cosmopolitan areas, complex facilities with high versatility located in suburban districts, and so forth. However, in principle OAM shall not target buildings that are built for a specific purpose, such as an all-purpose, large supermarket where the versatility and potential for putting the facility to other purposes are relatively low. This is because, this kind of building might be judged to have a relatively low substitutability of tenants, and also have a poor potential for resale.</p> <p>Hotel</p> <p>As for hotels, in principle OJR shall only invest in properties for which hotel management and operating risks can be avoided by concluding lease contracts of the building. It shall not invest in properties by concluding operating contracts between OJR and the hotel management company. Also, the credibility of the hotel management company shall be taken into consideration. Further, it is prerequisite for investments that substitutability of tenants is recognized.</p> <p>Residential</p> <p>As for housing, since many investors, including real estate funds that specialize in leasing, have participated in this market, relatively-speaking there is a trend of declining profitability. Accordingly, new acquisition of real estate for housing use shall be made only when OJR has judged that the relevant property has specific investment merits, such as the asset management company will be helpful for OJR to maintain and enhance its profit, and so forth, in the future.</p> <p>Others</p> <p>As for real estate for purposes other than those mentioned above, OJR may sometimes make investments in real estate which has purposes other than those mentioned above in order to maximize the company's characteristics of an investment corporation that conducts a comprehensive type of investments. As for real estate which has not always been established in the market up to the present (for example, warehouses, distribution facilities, nursing-care facilities, training facilities, so-called limited propriety right of land, and the like), OJR may also acquire such real estate if it judges it to be eligible for investment, taking into consideration various factors for its comprehensive management strategy, and the like, such as trends of the real estate market and diversification of investment objects.</p>

The above-mentioned Investment criteria for each property sector states OAM's opinion based on its analysis on real estate investments as of August 18, 2005, which may change depending on the economic and real estate market trends. Neither OJR nor OAM shall be liable for future trend of each sector/ investment yield.

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