

[Provisional Translation Only]

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Results of Inspection by Securities and Exchange Surveillance Commission

TOKYO, June 16, 2006 — ORIX JREIT, Inc. (“OJR”) and ORIX Asset Management Corporation (“OAM”), which provides asset management services for OJR, have been undergoing inspections by the Securities and Exchange Surveillance Commission (“SESC”) since the middle of March 2006. OJR and OAM were notified today that the matters described below failed to comply with applicable law, and that the SESC has recommended to the Prime Minister and the Financial Services Agency that administrative disciplinary actions be taken.

OJR and OAM regard this recommendation of administrative disciplinary actions with the utmost gravity. Through heightened emphasis on regulatory compliance, and by earnestly undertaking further strengthening of internal control systems, the two companies are working hard to prevent any recurrence of these problems. Details of the measures taken in response to the matters set forth below will be decided in full consultation with regulatory authorities, and OJR and OAM will strive to resolve these matters in a way that poses no inconvenience to investors.

With regard to item 1 below regarding the failure to convene board of directors’ meetings in a proper manner, OJR will immediately convene a meeting of the board of directors, at which all resolutions with respect to which procedural questions have been raised will be ratified. Henceforth, resolutions will not be adopted via circulation of documents. Instead, meetings of the board of directors will be properly convened in accordance with applicable laws and regulations.

With regard to the matters described in item 2 below:

- (A) Preparations are already underway for construction to correct the violation, and corrective steps will be promptly taken.
- (B) OAM is working to resolve this issue by providing accurate information to the lessee and negotiating to resolve this matter by such means as rent adjustment, etc. OAM will ensure that OJR will bear absolutely no loss or obligation in connection with this matter.
- (C) OAM is upgrading and improving its internal check systems.
- (D) OAM will dispose of the polychlorinated biphenyls (“PCB”), with OJR bearing absolutely no obligation therefore.

ORIX JREIT, Inc. and ORIX Asset Management Corporation offer their sincere apologies for the concern this development has caused to all concerned persons.

1. Failure to convene board of directors' meetings (Offending party: OJR)

At 88 of the 130 meetings of OJR's board of directors held between September 2001 and February 2006, the Executive Director and three Supervisory Directors were not present as required by law. Instead, the members of the board of directors received from OAM proposed drafts of the minutes of meetings and/or an explanation in advance of the meetings, and then minutes were subsequently prepared and sealed to give the impression that the board members had attended the subject meetings, when in fact, they had approved the resolutions via the circulation of documents rather than by holding actual in-person meetings of the board of directors. OJR's practice of adopting resolutions by simply circulating documents for approval did not satisfy the requirements for valid resolutions of the boards of directors, as specified in Article 260-2, Paragraph 1 of the Commercial Code of Japan, as applied *mutatis mutandis* to Article 108 of the Investment Trust and Investment Corporation Law ("Law") as applied prior to revision by Law No. 87 of 2005. Accordingly, a number of actions taken that in fact required the approval of OJR's board of directors were in violation of Article 87, Item 2, 3, 7 and 8 of Article 97, Paragraph 2, Article 120 and Article 131 of the Law.

2. Breach of the duty of care (Offending party: OAM)

Upon the inspection of the investment trust asset management operations of OAM, it was found that inspections required when property was acquired for inclusion in the portfolio assets managed for OJR were not properly conducted. This constitutes a breach by OAM of its duty of the diligence care owed to OJR under the provisions of Article 34-2, Paragraph 2 of the Law. Points specifically mentioned are set forth below.

(A) Acquisition of a building not in compliance with law

Without undertaking adequate investigation, OAM acquired, as an asset of OJR, a property exceeding the permitted floor area ratio as a result of portion of such property being initially approved as a warehouse but subsequently remodeled into office space.

(B) Property was acquired without confirmation of total leased floor area

A lessee-occupied property was acquired as an asset for OJR without verification of the actual total leased floor area. Upon leasing the property, the lessee pointed out that in fact the actual total leased floor area is 55m² less than that specified in the lease agreement.

(C) Property was acquired based on inadequate appraisals

OAM has obtained appraisals from independent appraisers when acquiring properties. In order to increase the objectivity level of the appraised value, OAM has supplied engineering reports on such acquiring properties. However, there have been certain instances of inappropriateness where outdated engineering reports obtained from the seller or provisional engineering reports were submitted.

(D) Acquisition of properties in which PCBs are in custody

Condenser equipment containing PCBs are located on a site acquired by OJR. It is understood that under the Law Concerning Special Measures for Proper Dealing of PCB Waste, the duty of notification and the responsibility for disposal rests with the former owner of the site. However, OAM failed to adequately confirm the provisions of said law, reported the equipment as being under the control of OJR, and went so far as to prepare an estimate of the cost for disposal by OJR.

3. Improper performance as a general affairs administrator (Offending party: OAM)

As OJR's general affairs administrator, OAM assumes the duty to manage and operate OJR's internal operation. OAM's failure to advise OJR of the need to convene meetings of the board of directors, as discussed in item 1 above, constitutes a breach of the duty of the diligence of a good custodian owed by OAM to OJR pursuant to Article 112, Paragraph 2 of the Law.

Today, the original Japanese material is being distributed 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.