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**Submission of an Improvement Report to the Tokyo Stock Exchange, Inc.**

TOKYO, August 4, 2006 — ORIX JREIT Inc. (“OJR”) hereby announces that upon request from the Tokyo Stock Exchange, Inc. (“TSE”), OJR submitted today the Improvement Report (as defined below).

The background thereof is as follows.

On July 21, 2006, OJR received a request from the TSE to submit a report (the “Improvement Report”) stating the background and the proposed corrective measures, in accordance with Paragraph 4, Article 7 of the Special Rules of the Listing Rules Concerning Securities of Real Estate Investment Trusts and Paragraph 1, Article 22 of the Rules on Timely Disclosure of Corporate Information by Issuer of Listed Securities.

OJR shall sincerely and solemnly implement the proposed measures as set out in the Improvement Report.

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## Improvement Report (Summary)

DATE: August 4, 2006

ORIX JREIT Inc. (“OJR”) hereby submits its report on the background and the proposed corrective measures (the “Improvement Report”) to the Tokyo Stock Exchange Inc.

### **1. Reasons for Submission of the Improvement Report**

OJR has made certain false statements to the Tokyo Stock Exchange in response to requests from TSE for timely disclosure of information. Proposed resolutions were approved through the circulation of documents for the approval of cognizant officers, rather than holding bonafide meetings of OJR’s board of directors, or of the board of directors or general meeting of shareholders (collectively, the “Internal Meetings”) of the administration company to whom OJR has delegated its asset management and internal administration (the “Management Company”).

Accordingly, OJR hereby submits the requested Improvement Report in accordance with Paragraph 4, Article 7 of the Special Rules of the Listing Regulations Concerning Securities of Real Estate Investment Trusts and Paragraph 1, Article 22 of the Rules on Timely Disclosure of Corporate Information by Issuers of Listed Securities.

### **2. Corrective measures**

#### (1) Corrective measures by OJR

Corrective measures by OJR to prevent a recurrence of these events, and the schedules for their implementation, are as follows:

##### (a) Strengthen the supervisory functions over operations of OJR

OJR will make it a general rule that a legal counsel who is conversant with laws applicable to OJR and its internal rules will attend meetings of its board of directors as an observer, to ensure that the meetings of the board of directors will be convened in accordance with applicable law and regulations and improve the supervisory functions.

Implementation schedule: Scheduled to be implemented as from the ordinary meeting of boards of directors on August 25, 2006 and thereafter.

##### (b) Written pledges

To ensure the thorough consciousness of all the directors on compliance with laws and regulations, the Management Company shall obtain written pledges on legal and compliance matters from all directors including the Executive Director.

Implementation: Completed on July 21, 2006.

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(c) Holding regular meetings of the board of directors, and determining the schedules in advance

It is determined that a certain date of each month is set as the date on which a meeting of the board of directors is regularly held, and that the whole schedule of meetings of the board of directors during the next fiscal period shall be determined by the end of each fiscal period. This is intended to ensure the attendance of the Executive Director and the supervisory directors.

Implementation: We shall prepare the schedule in advance and implement the above for any meetings of the board of directors to be held during the 10th fiscal period (from September 1, 2006 to February 28, 2007) and thereafter.

(d) Establishment of a flexible system for convening the board of directors

Whenever necessary to convene an extraordinary meeting of the board of directors, any measures permitted under applicable law shall be used, such as an attendance of board members through teleconference system, convening the meetings with a minimum number of members to satisfy the quorum. This will allow flexibility in convening the board of directors while ensuring that legality of procedures of constituting the board of directors of OJR; and we shall never resolve any matters by means of the circulation of minutes hereafter.

Implementation schedule: Scheduled to be implemented from August 2006.

Also, all matters so resolved in the past by means of the circulation of minutes have been reconsidered and rectified by a resolution at a proper meeting of the board of directors held on June 23, 2006.

(2) Matters concerning the Management Company

OJR has received a report from the Management Company on its proposed corrective measures to prevent a recurrence of these events. The schedules for their implementation are as follows:

(a) Strengthen oversight over the Management Company's operations

The Management Company will establish a Risk Management and Compliance Department to supervise situation of the compliance of laws and regulations in daily operations. In addition, an Internal Audit Department will be established which is responsible for internal audits. This office will conduct internal audits and report the results to the board of directors of the Management Company.

Implementation schedule: The Risk and Compliance Department and the Auditing Office are scheduled to be established in September 2006.

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(b) Written pledges

To ensure the thorough consciousness of all the directors of compliance with laws and regulations, the Management Company shall obtain written pledges on legal and compliance matters from all directors.

Implementation schedule: The pledges are scheduled to be obtained on August 10, 2006.

(c) Establishment of a flexible system for convening the board of directors

It has been an established practice of the Management Company that a meeting of the board of directors of the Management Company is convened on a certain date of each month. However, in case it is necessary to convene an extraordinary meeting of the board of directors, the Management Company shall deem that matters are adopted by a resolution of the board of directors pursuant to Article 370 of the Company Law by obtaining approval either in writing or digitally in case of necessity.

Implementation schedule: New provisions were incorporated in the Articles of Incorporation of the Management Company which was necessary to resolve the matters in writing or digitally pursuant to Article 370 of the Company Law by resolution of the general meeting of shareholders of the Management Company held on June 26, 2006.

Also, all matters so resolved in the past by means of the circulation of minutes have been reconsidered and rectified by a resolution at a proper general meeting of shareholders held on July 31, 2006.