

*[Provisional Translation Only]*

*This translation of the original Japanese document is provided solely for information purposes.*

*Should there be any discrepancies between the translation and the Japanese original, the latter shall prevail.*

ORIX JREIT Inc. (TSE: 8954)

Hiroshi Ichikawa

Executive Director

*Inquiries:*

ORIX Asset Management Corporation

Masayuki Iwai

General Manager

Finance & Accounting Department

Tel: +81-3-3435-3285

**Notice of Administrative Disposition Issued to ORIX Asset Management Corporation  
by the Ministry of Land, Infrastructure and Transport**

TOKYO, Japan—August 25, 2006—ORIX JREIT, Inc. (OJR) today announced that ORIX Asset Management Corporation (OAM), the investment trust management company that manages OJR's assets, has received directives from the Ministry of Land, Infrastructure and Transport under the provisions of Article 65-1 of the Building Lots and Buildings Transaction Business Law (Law 176 of 1952, below, "the Building Law").

OAM regards this administrative disposition with due gravity, and is working to prevent a recurrence of these violations by ingraining regulatory compliance, and through the establishment and improvement of operational management systems.

1. Details of Disposition

- (1) At the least, the following measures are required to prevent a recurrence of these violations.
  - (a) The quick and thorough familiarization of everyone in OAM with the nature of these violations and the administrative disciplinary measures taken in response.
  - (b) The establishment of concrete measures to prevent the recurrence of these violations.
  - (c) The drawing up and implementation of a training and education plan that will ingrain the consciousness of regulatory compliance.
  - (d) The carrying out of audits and inspections of routine, daily operations, and, together with this, the establishment and improvement of in-house operational control systems.
- (2) OAM will submit written plans for the implementation of the measures above (and in the case OAM has additional measures, not limited mentioned above) by September 25, 2006, and will implement these measures immediately thereafter.

2. Date of Receipt of Disposition: August 25, 2006

3. Reasons for Disposition

On March 7, 2002, OAM entered into a contract increasing the floor area leased by a tenant in a building owned by ORIX JREIT, Inc. and under the management of OAM. On December 2, 2005, that tenant pointed out that there was a difference between the floor area specified in the contract and the actual floor area. A subsequent investigation by OAM confirmed the difference in floor area.

*[Provisional Translation Only]*

*This translation of the original Japanese document is provided solely for information purposes.*

*Should there be any discrepancies between the translation and the Japanese original, the latter shall prevail.*

As a result, this tenant has sought reimbursement of excess lease fees paid from March 7, 2002 to the present, a period of approximately four years.

Because OAM acted as the agent in concluding the lease agreement which increased the present tenant's floor area, and because OAM was not properly aware of its legal responsibilities as agent in performing these actions, OAM failed to measure and confirm the rentable area, an extremely important component of the contract. As agent in the matter of this lease agreement, OAM did not comply with Article 35-1 of the Building Law regarding explanations of important matters and Article 37-2 regarding provision of written statements. Instead, at the time of the property's acquisition, OAM accepted the leased area given on the lease agreement received from the previous owner without verification. OAM therefore failed to discover that the floor space given on the contract as 265.32m<sup>2</sup> exceeded the actual floor space by 55.44m<sup>2</sup>, a difference of 26%.

The tenant suffered monetary damages as a result of this discrepancy, and Articles 35-1 and 37-2 of the Building Law were violated. The provisions of Articles 65-1-1 and 65-1-2 of the Building law are applicable.

#### 4. Outlook

OAM regards these events with the utmost gravity, and, in accordance with directives received from the Ministry of Land, Infrastructure and Transport, is taking measures to prevent the recurrence of these violations. The details of these measures will be released as soon as they are finalized.

At present, there are no revisions to forecasts of OJR's performance.

Today, the original Japanese version of this 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.