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<For Immediate Release>

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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

Submission of Improvement Plan to Financial Services Agency and Kanto Local Finance Bureau

ORIX JREIT, Inc. (OJR) and ORIX Asset Management Corporation (OAM), the investment trust management company that manages OJR's assets, have announced that OJR submitted an improvement plan to the Kanto Local Finance Bureau on August 21, 2006, pursuant to an operational improvement order received from that agency on July 21, 2006, and that OAM submitted the improvement plan to the Financial Services Agency on August 18, 2006, pursuant to an operational improvement order received from that agency on July 21, 2006. The bureau and agency have accepted the plan.

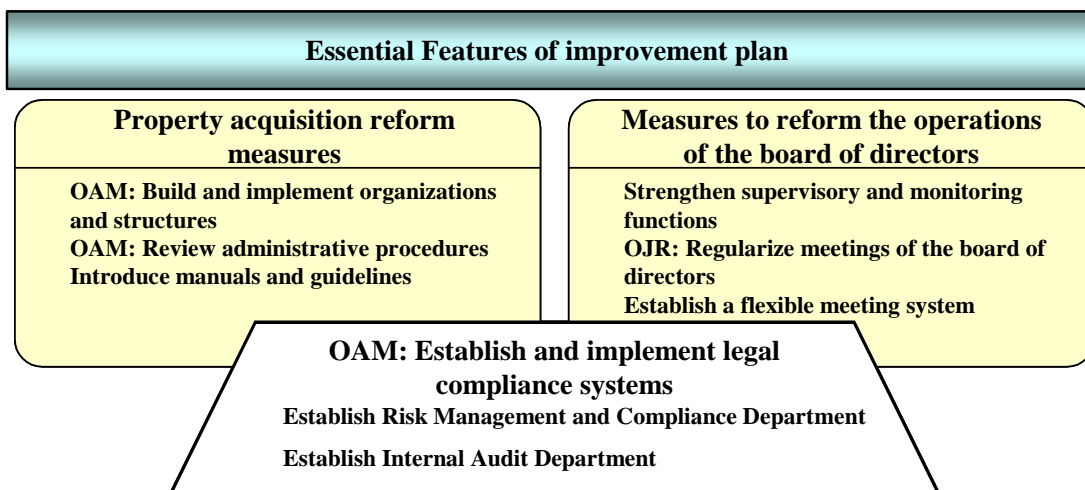
OJR and OAM regard this disposition with the utmost gravity. To ensure the probity of operations in the future, the two companies will ensure thorough legal and regulatory compliance, establish and implement systems of internal controls, and work to regain the trust of their stakeholders and the public, as set forth in the attached improvement plan.

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.

Improvement Plan (Summary)

A March 2006 inspection by the Securities and Exchange Surveillance Commission (SESC) revealed illegal actions including failure to hold actual meetings of the board of directors of ORIX JREIT, Inc. (OJR), and also determined that ORIX Asset Management Corporation (OAM), the investment trust management company that manages OJR’s assets, was guilty of breaches of its duty of care both in its role as an asset manager for an investment corporation and as a general business administrator.

OJR and OAM regard these circumstances with all due gravity. Faced with the need to establish a system of internal controls that will prevent a recurrence of these violations or any other improper conduct, we have published this improvement plan outlining our course of action, and are striving to recover the trust of OJR’s investors and all other concerned parties.



I. Property Acquisition Reform Measures

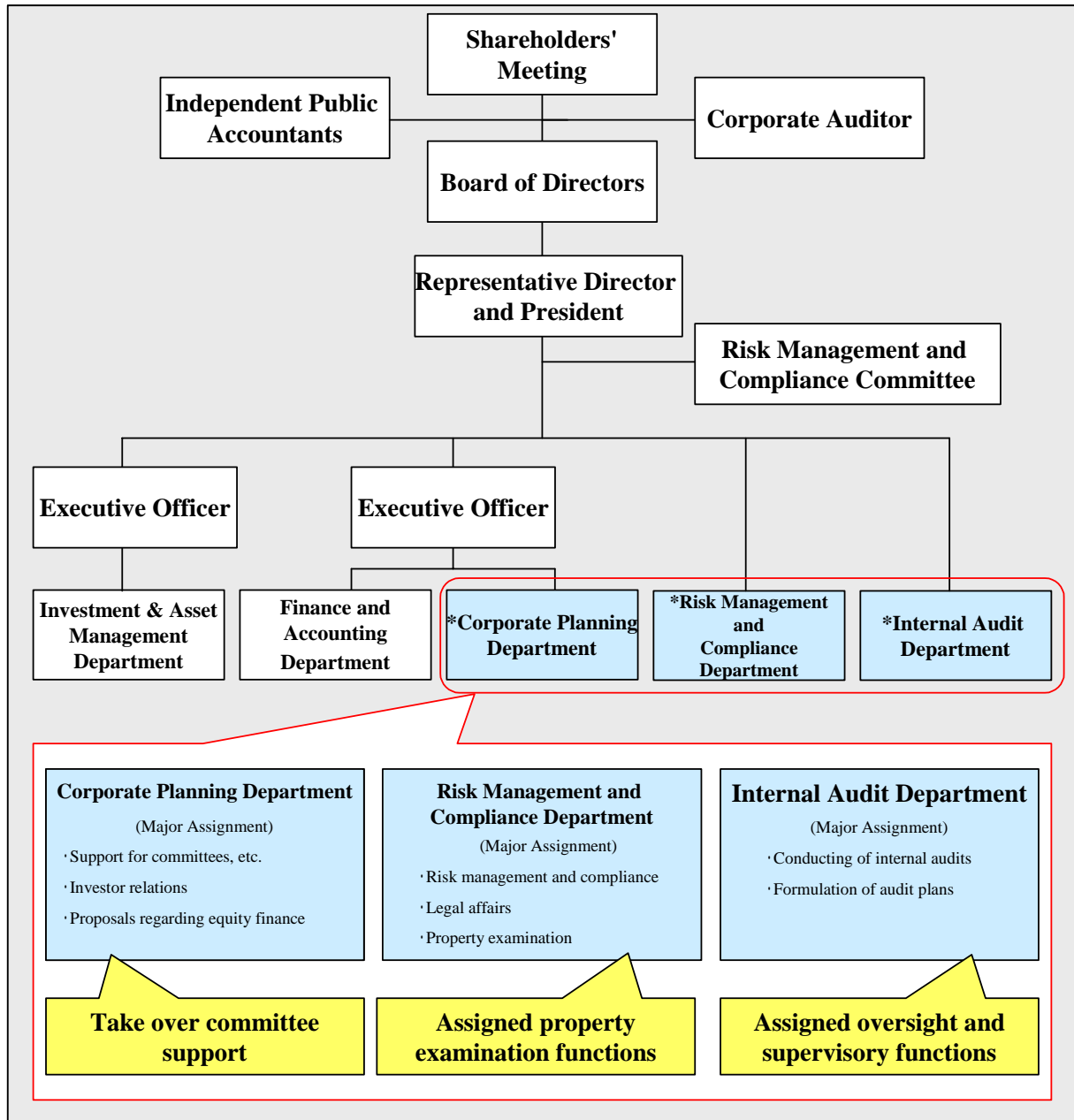
1. Establish and Implement Systems

To prevent any future violations of the duty of care of an asset manager for an investment corporation, OAM has implemented the following measures. This will ensure that its operations are conducted in an open and proper fashion.

- (1) Clarify management stance on compliance with laws and regulations
 - (a) Legal and regulatory compliance is a top management priority, and the Company is moving forward with establishing the organizations that underpin legal and regulatory compliance, and assigning needed personnel to them. (See paragraph (2) below for details.)
 - (b) The board of directors will study and confirm the status of legal and regulatory compliance and the status of progress in that area, and directors will develop a deeper understanding of legal and regulatory compliance.

- (2) Establish systems and structures for legal and regulatory compliance and internal controls
 Basic legal and regulatory compliance systems and structures were established on September 1, 2006 with the reorganization and personnel augmentation described below.

New Organizational Chart for ORIX Asset Management Corporation (as of September 1, 2006)



- (a) To achieve a more intense focus on compliance, an independent Risk Management and Compliance Department has been spun off from the Office of the President.
 This department coordinates all risk-management and compliance activities, and has also been given property examination functions. It conducts thorough examinations of properties based on manuals and checklists, and works to improve appraisal request procedures (For details, see item I. 3. "Introduction of manuals and guidelines" below.).

- (b) The Internal Audit Department has been established to exercise oversight and supervisory functions through internal audits.

This department proposes audit plans, conducts internal audits, and otherwise exercises oversight and supervisory functions. An internal audit was conducted in the second half of this fiscal year, which was primarily a follow-up audit intended to assess progress in correcting the problems that led to the current situation, and the status of measures implemented to prevent recurrence.

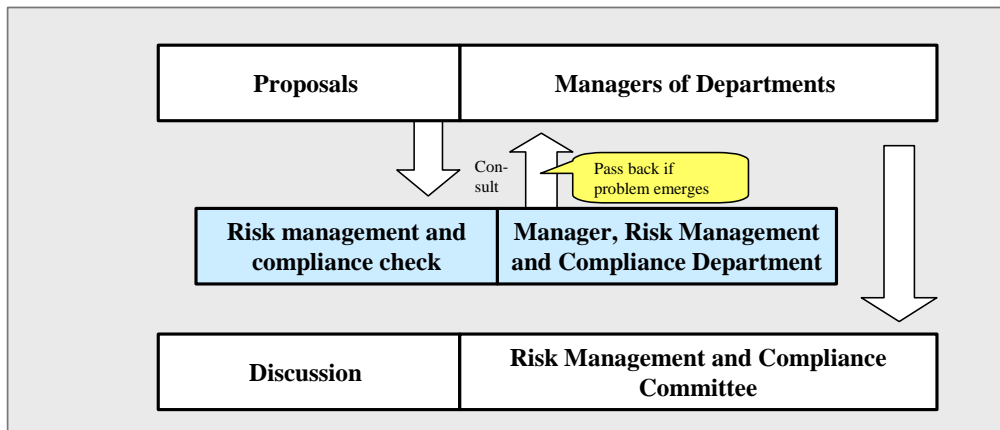
- (c) The public affairs and IR operations of the Finance and Accounting Department were transferred to the Office of the President, and the Office of the President was renamed the Corporate Planning Department.

2. Review of administrative procedures

To ensure proper legal compliance and internal controls, OAM will in the future follow the administrative procedures below.

- (1) To prevent procedural omissions, achieve greater operational efficiency, and order and standardize administrative procedures, OAM is working to codify procedures in written rules, regulations, and manuals. This will clarify request and approval procedures, as well as the authority and responsibility of managers and supervisors.
- (2) Before the Risk Management and Compliance Committee conducts its study of a property in connection with its acquisition, disposal, leasing, or renovation, it is mandatory that the manager of the Risk Management and Compliance Department complete a compliance check. If compliance problems emerge, the manager passes back the proposal to the originating department, and recommends either that the transaction is halted, or that the conditions are revised to eliminate the problem. The company's Compliance Manual, which sets forth its fundamental policies, specifies these procedures.

Example of the decision-making process at the management company (OAM)



- (3) In the first half of fiscal 2006, OAM began reflecting legal and regulatory compliance in employee evaluations, which has heightened the effectiveness of legal compliance.

3. Introduction of manuals and guidelines

OAM has instituted the following measures to make its property examinations stricter and rationalize procedures for requesting appraisals.

- (1) Using manuals and checklists in property examinations

The following administrative tools were introduced on September 1, 2006, to make

property examinations and inspections more stringent.

- (a) A new administrative manual has been written to guide staff in an exhaustive confirmation of the important elements in the acquisition of a property, from the standpoint of a legal examination, physical inspection, and economic analysis. This prevents omission of examinations and inspections.
- (b) Internal guidelines have been written to clarify the method for determining rentable floor area when acting as representative in the acquisition or leasing of a property.

(2) Rationalizing the method of requesting appraisals

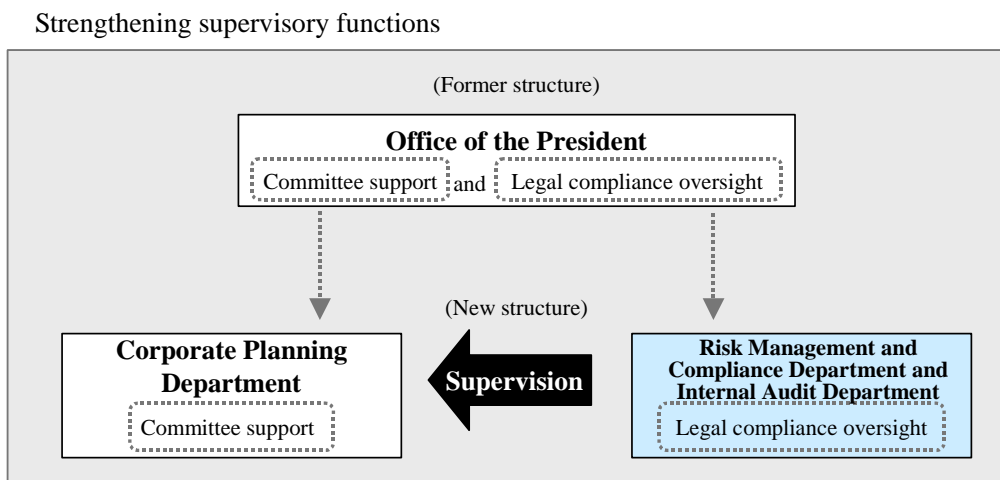
Internal guidelines have been written to ensure that procedures for receiving appraisal reports are proper and fair. The company will use these to improve various procedures, including appraisal request.

II. Measures to reform the operations of the board of directors

The following measures have been taken to ensure that meetings of OJR's board of directors are properly convened.

1. Strengthening supervisory functions

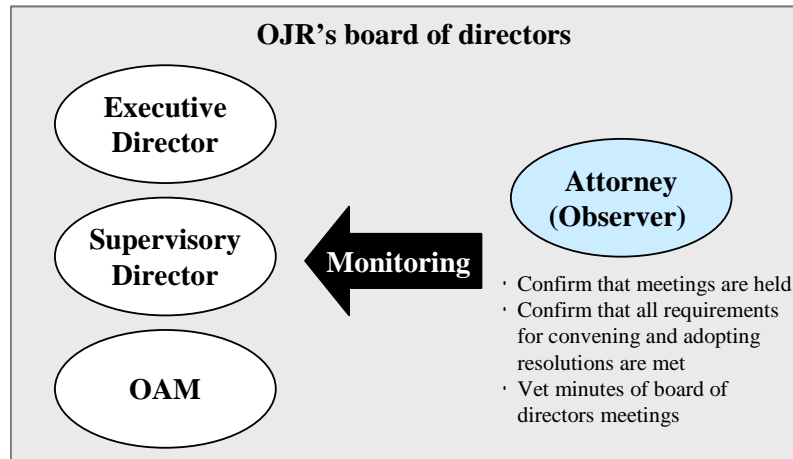
With a primary focus on establishing and implementing OAM's system of internal controls, the Risk Management and Compliance Department was established on September 1, 2006 as discussed above in item I. 1. (2). This had the effect of seating the responsibility for committee support operations in a different department from responsibility for oversight of legal compliance, which will increase the effectiveness of internal supervisory functions.



2. Strengthening monitoring functions of attorneys

As a general principle, meetings of OJR's board of directors will be attended by an attorney as an observer. The observer will confirm that the meetings of the board of directors are actually convened, and that all legal requirements for convening meetings of the board of directors and for the adoption of resolutions are satisfied. This attorney will also ensure that the minutes of meetings of the board of directors meet all legal requirements.

Strengthening monitoring functions of attorneys



3. Regular meetings of the board of directors and preparation of a schedule
Dates will be set in advance for monthly meetings of the board of directors, and by each fiscal-year-end account settlement date, a schedule for meetings of OJR's board of directors through the next account settlement date will be prepared. The attendance of each director will be ensured.
4. Establishing a flexible system for convening meetings of the board of directors
When the necessity exists for an ad hoc meeting of OJR's board of directors, the meeting may be convened using a teleconference system as permitted under pertinent statutes and regulations. Procedures for convening the board of directors will be as flexible as applicable laws and regulations allow.

III. Clarification of responsibilities

To clarify the responsibilities of the executives of OAM and OJR, the following measures were taken.

- (1) To ensure proper performance of duty by directors, the meeting of the board of directors will convene once a month and on an ad hoc basis as required. Each director will fulfill the duties of a director with regard to procedures and deliberation.
- (2) Beginning with the first half of fiscal 2006, legal and regulatory compliance is reflected in employee evaluations at OAM, which will heighten employees' consciousness of their responsibilities.
- (3) OJR executive director Hiroshi Ichikawa is scheduled to step down following the November 2006 general meeting of investors.

IV. Corrective action with regard to inappropriate or unsuitable properties

The results of the recent inspection of properties are shown below. Procedures have been instituted for correction of the items listed in (1) and below.

Synopsis of property inspection results

Circumstances	Name of property	Date of acquisition	Acquisition price		Reduction in total rentable space	
			Amount (¥ million)	Ratio (%)	Floor space (m ²)	Ratio (%)
Acquisition of property not in compliance with law	Yoyogi Forest Building	December 2001	1,473	0.7	51	0.02
Acquired without confirmation of leased floor space	*Landic Mita Building 2	January 2002	1,748	0.8	55	0.02
	Round-Cross Aoyama	December 2001	4,529	2.1	58	0.02
Acquired without adequate appraisal	*Nihon Jisho Minami Aoyama Building	October 2003	2,548	1.2	-	-
	Aoyama 246 Building	March 2004	5,200	2.4	-	-
	*Shiba Daimon Building	January 2002	2,195	1.0	-	-
	*Landic Mita Building 2	January 2002	Duplicate	-	Duplicate	-
	One other case	-	Sold	-	Sold	-
Acquired property on which PCBs were stored	*Landic Akasaka Building	January 2002	Sold (11,580)	-	Sold (-)	-
Total			17,693	8.3	164	0.07

Notes:

- Properties in the shaded areas are sold or listed elsewhere.
- Properties marked with an asterisk were acquired from an SPC founded by ORIX Corporation.
- The acquisition price ratio is the ratio of the acquisition price of the property listed to the ¥213,515 million total acquisition price of all properties as of July 31, 2006 (including the acquisition prices of properties the purchase of which has been announced but not concluded, and properties scheduled for sale).
- Reduction in total rentable space indicates the decline in rentable floor space after corrective measures for each property.
- The ratio of reduction in total rentable space is the ratio of the reduction in the total rentable space of the property concerned to the 244,387.73m² total rentable space of all properties as of July 31, 2006.

(1) Acquisition of property not in compliance with law

(a) Yoyogi Forest Building

The illegalities were corrected by a construction project completed July 31, 2006.

OAM bore the expense.

(b) Other properties

OJR is now inspecting all its properties to ensure that their construction meets legal requirements. These inspections are scheduled for completion in December 2006.

(2) Acquired without confirmation of leased floor space

(a) Landic Mita Building 2

Affected tenants were reimbursed for excess lease fees paid. OAM bore the financial burden. A new contract was drawn up reflecting the correct leased area.

(b) Other properties

OJR is now in the process of inspecting all the properties it now owns to determine whether there are discrepancies between the floor area listed on contracts and actual floor area.

- (3) Acquired without adequate appraisal
Reviews of engineering reports are being conducted on affected properties, and other measures taken to ascertain their status.

- (4) Acquired property on which PCBs were stored
Possession and responsibility for the said PCBs has been returned to the seller, OREIT Two Ltd., and OJR has no further responsibility in this matter.