

For Immediate Release

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**Notice of Disposition Regarding ORIX Asset Management Corporation
(The Investment Trusts Association, Japan)**

TOKYO, October 26, 2006—ORIX JREIT Inc. (“OJR”) announced today that its investment trust management company, ORIX Asset Management Corporation (“OAM”), received the below-described disposition from the Investment Trusts Association, Japan, of which it is a member, on October 26, 2006.

OAM regards this disciplinary action with due gravity, and is working to reform its operations.

1. Details of Disposition

A fine of ¥5 million was levied.

2. Date of Receipt of Disposition

October 26, 2006

3. Reasons for Disposition

(1) Failure of duty of care with regard to the investment corporation asset management business:

OAM has failed to meet the duty of care it owes to OJR in that it failed to conduct appropriate assessment of properties acquired in connection with asset-management contracts with OJR during the period from December 2001 through March 2006, which should have been made at the time of acquisition of real estate by OJR. These actions constitute a breach of OAM’s duty of care owed to OJR under the provisions of Article 34-2, Paragraph 2 of the Investment Trust and Investment Corporation Law.

(2) Failure of duty of care as a general business administrator:

OAM has, in the course of conducting its general business administration for OJR as a general business administrator in the area of institutional management practices, allowed a situation in which, at 88 of the 130 meetings of OJR’s board of directors that were said to have been held between September 2001 and February 2006, the members of the board of directors of OJR were not actually present as required. Instead, OAM made an arrangement for approval of resolutions via the method of circulating documents. The actions of OAM above constitute a breach of its duty of care owed to OJR under the provisions of Article 112, Paragraph 2 of the Investment Trust and Investment Corporation Law, as effective prior to the 2005 revision of Article 87.

Article 14, paragraph 1, item 6 of the Articles of the Investment Trusts Association, Japan is pertinent to the conduct described in paragraphs (1) and (2) above.

4. Future Actions and Outlook

As announced in an addendum to an August 31, 2006 news release (Submission of Improvement Plan to Financial Services Agency and Kanto Local Finance Bureau) and as described in that improvement plan, OAM is engaged in operational reforms, including the implementation of appropriate operational and internal controls systems, and is taking measures to prevent a recurrence of these events. These endeavors will be continuous.

The ¥5 million fine levied on OAM will have no effect on the performance of OJR.

The original Japanese version of this material is being distributed today 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.