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# Results Briefing for the Second Quarter (First Six Months) Ended September 30, 2010

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Representative Executive Officer, President:

**Akira Yamaguchi**

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**Tsukasa Kimura**

Executive Officer:

**Hidetake Takahashi**

**November 17, 2010**

# Disclaimer regarding this Document

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This document was prepared in English for conveniences purpose only. The original Japanese document shall take precedence in the event of any discrepancies arising from the translations or interpretations contained in this document.

The current plans, outlook, strategies, etc., of the Company contained in this document that are not historical fact are forward-looking statements regarding future performance, and are based on the judgment of the Company derived from the information currently available to the Company.

Accordingly, we ask that readers do not place undue reliance on these forward-looking statements only. Please be aware that actual performance may differ materially from these forward-looking statements due to various important factors arising from changes in the external environment and internal environment.

Factors that could cause results which differ from these forward-looking statements are contained in the "Risk Factors" section of both the Annual Securities Report the Company submits to the Director of the Kanto Local Finance Bureau and the Financial Results the Company submits to the Tokyo Stock Exchange, but they are not limited to only these factors.

Furthermore, the only purpose of this document is to provide information; it does not have the purpose of soliciting or recruiting investment in the securities issued by the Company.

- ◆ **Overview of Fiscal 2010 2Q Results**
- ◆ **Fiscal 2010 Performance Outlook**
- ◆ **Management Strategy and  
“Stock” Business Strategy**

\*"Fiscal" used on this presentation material represents the fiscal year ended March 31 of the following year.

# **Overview of Fiscal 2010 2Q Results and Fiscal 2010 Performance Outlook**

# Overview of Fiscal 2010 2Q Results

## Overall Financial Results

- Business operated according to plan by means of steady growth in the “Stock” businesses and earnings recovery in the “Flow” businesses
- Steadily improved financial position

	2Q (First Six Months)		
	Fiscal 2009	Fiscal 2010	Change
Net sales	155.9	129.1	(26.8)
Operating income	5.3	6.0	+ 0.7
Ordinary income	4.3	4.6	+ 0.3
Net income	3.8	3.3	(0.5)

(Billions of yen)

2Q (First Six Months)	
Initial forecast*	Comparison
123.0	+ 6.1
3.0	+ 3.0
1.0	+ 3.6
0.3	+ 3.0

\*Figures announced on May 12, 2010

	As of Mar 31, 2010	As of Sep 30, 2010	Change
Total assets	330.4	313.0	(17.3)
Shareholders' equity ratio	26.4%	28.8%	+ 2.4pp
D/E ratio (times)	1.84	1.76	(0.08)

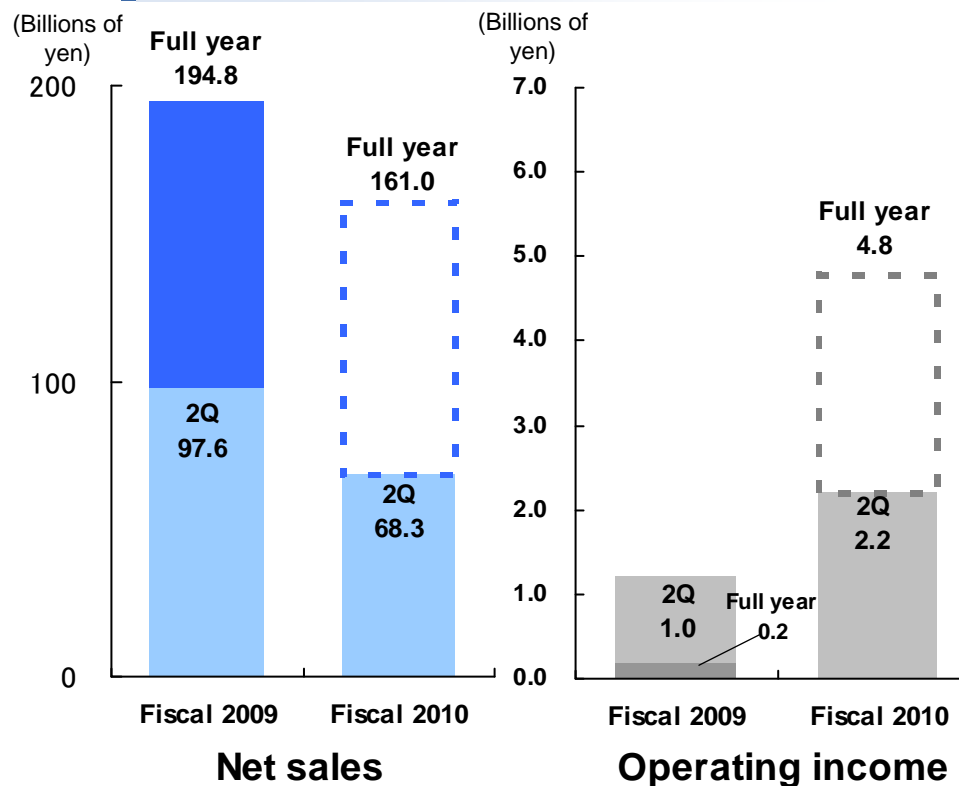
## Real Estate Development and Sales

■ Net sales achieved according to plan. Sharp recovery in operating income resulting from gross profit margin improvement

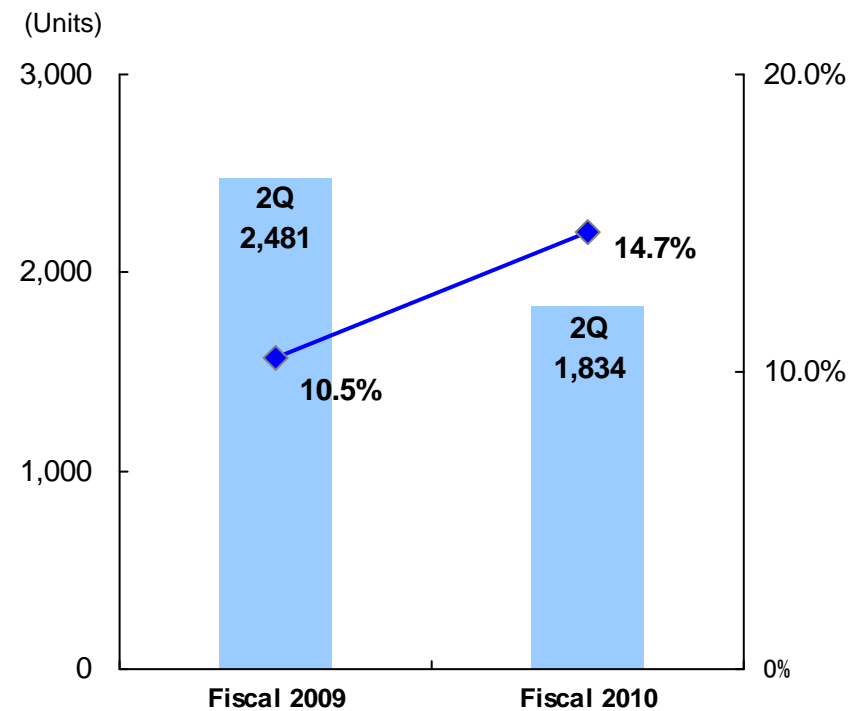
**Net sales**      ¥68.3 billion      (¥29.2 billion down year-on-year)      ⇒ Systematic business operation in line with market size

**Operating income**      ¥2.2 billion      (¥1.2 billion up year-on-year)      ⇒ Improved gross margin on condominium sales and cost reductions

Net sales/Operating income



Condominium units delivered/Gross profit margin



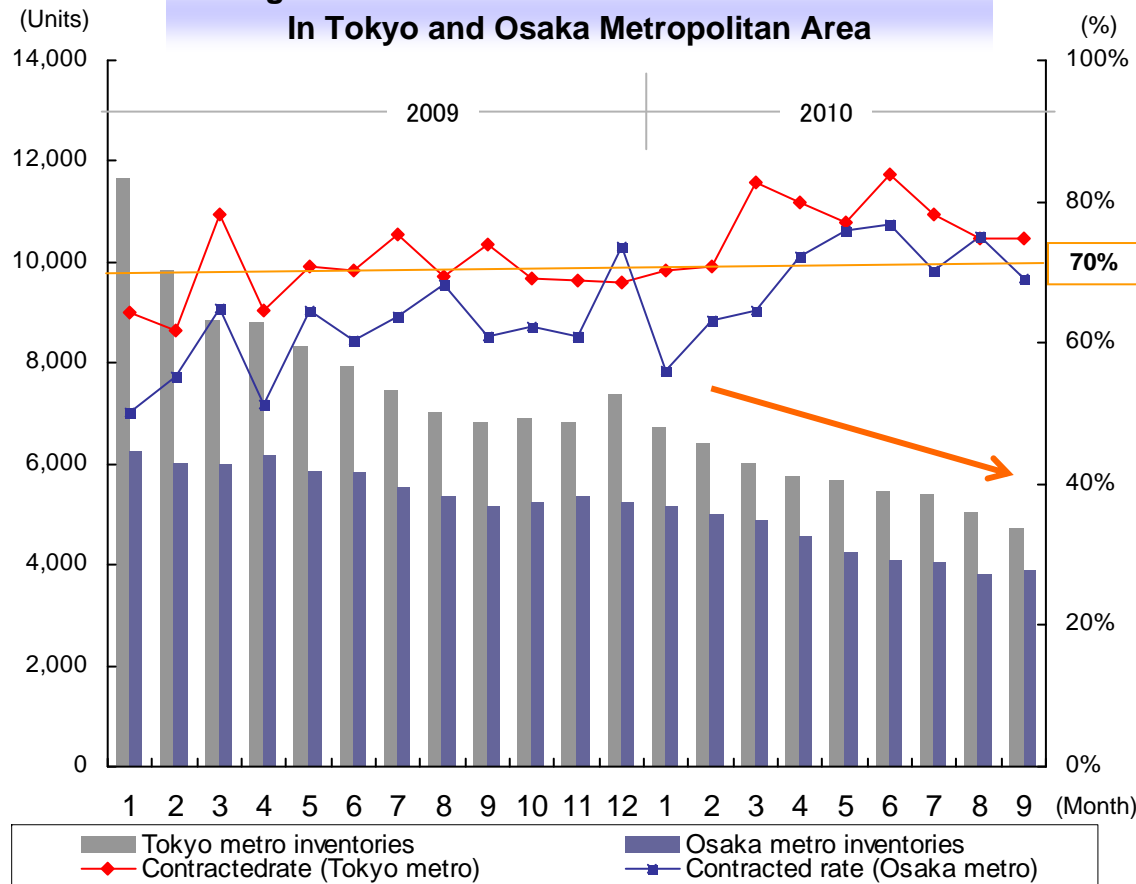
## Real Estate Development and Sales

**Continued strong performance in Tokyo metropolitan area and movement toward a gradual recovery trend in Osaka Metropolitan area and other regional cities**

■ Tokyo metropolitan area ... The sense of supply shortage in relation to latent demand continued. Sales of condominiums for first-time buyers were particularly strong

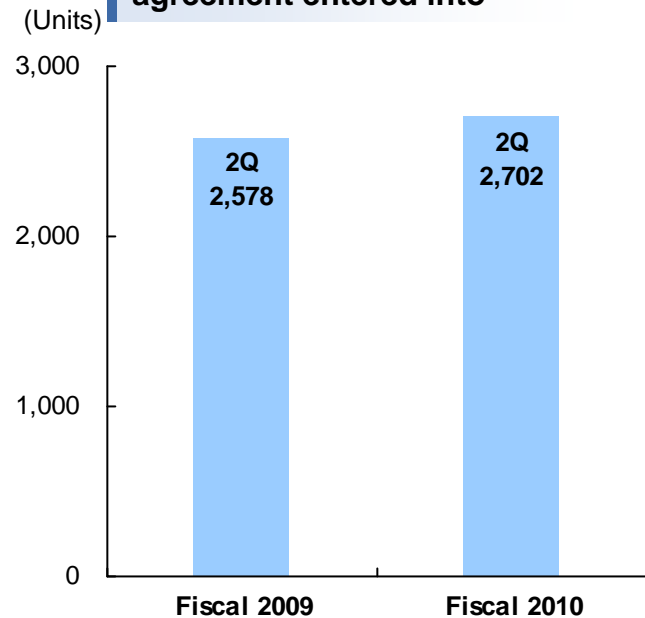
■ Osaka metropolitan area ... The contracted rate entered a recovery trend. Some properties began to show strong sale

**Change in Inventories on Sale and Contracted Rate In Tokyo and Osaka Metropolitan Area**



**Robust condominium contract situation, primarily in the strong Tokyo metropolitan area market**

**Change in number of sales agreement entered into\***



\*Represents the number of condominium units for which sales agreements are entered into in each period

Source: Real Estate Economic Institute Co., Ltd.

## Real Estate Development and Sales

■ The number of contracted sales steadily increased, mainly in the strong Tokyo metropolitan area market. Completed condominium units in inventories progressed according to plan

Completed condominium units in inventory

567 units

(increase of 62 units from the previous fiscal year-end)

⇒

Increase resulting from completion of construction of large-scale properties

Number of contracted sales (amount)

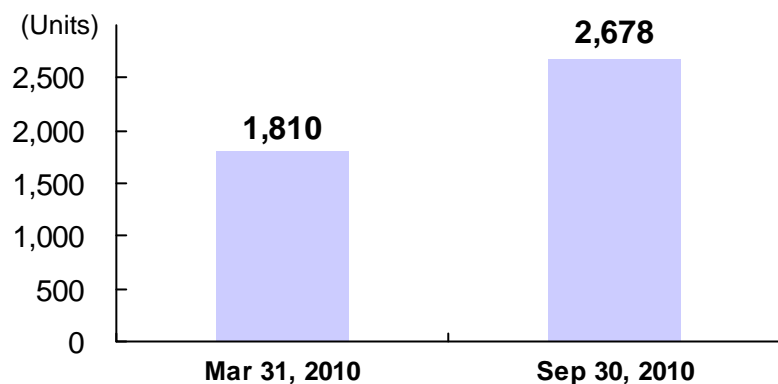
¥104.3 billion

(increase of ¥34.5 billion from the previous fiscal year-end)

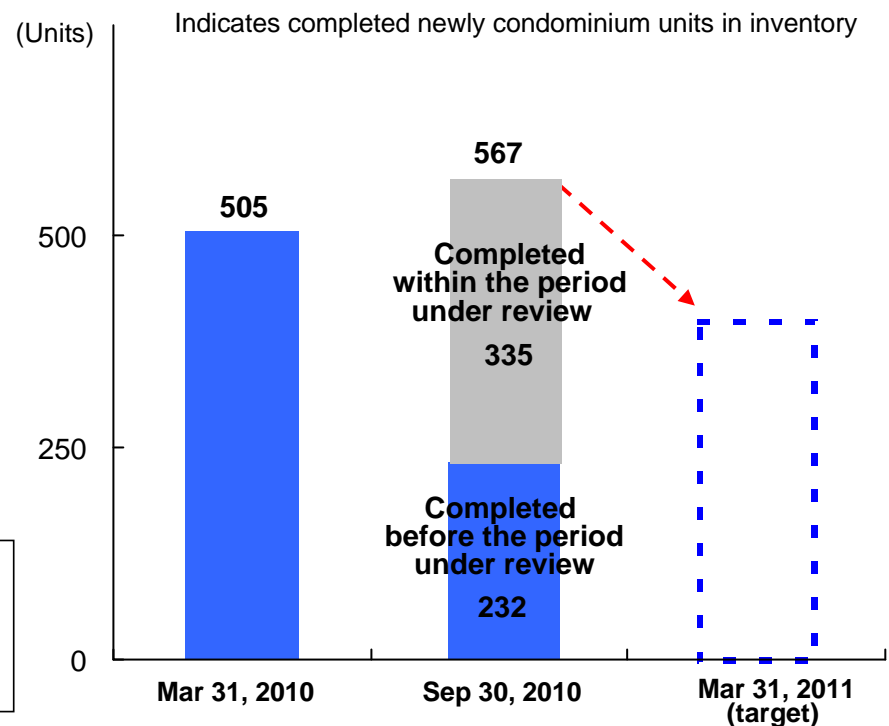
⇒

Secured sales of approx. 90% of the Fiscal 2010 sales forecast

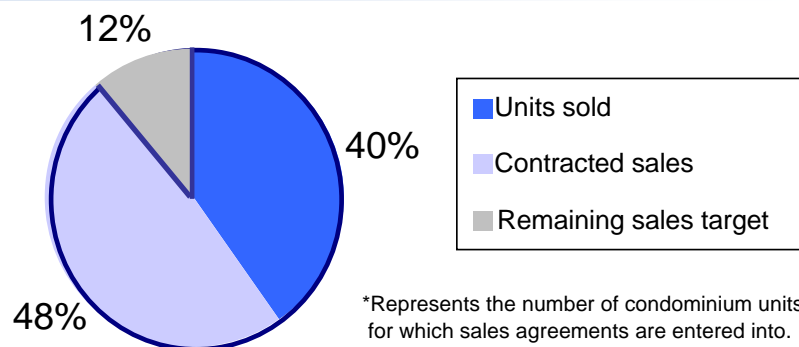
Number of contracted sales\*



Completed condominium units in inventory\*



Progress against the new condominium sales target



\*Represents the number of completed condominium units the Group developed in inventory for which sales agreement have not yet been entered into.



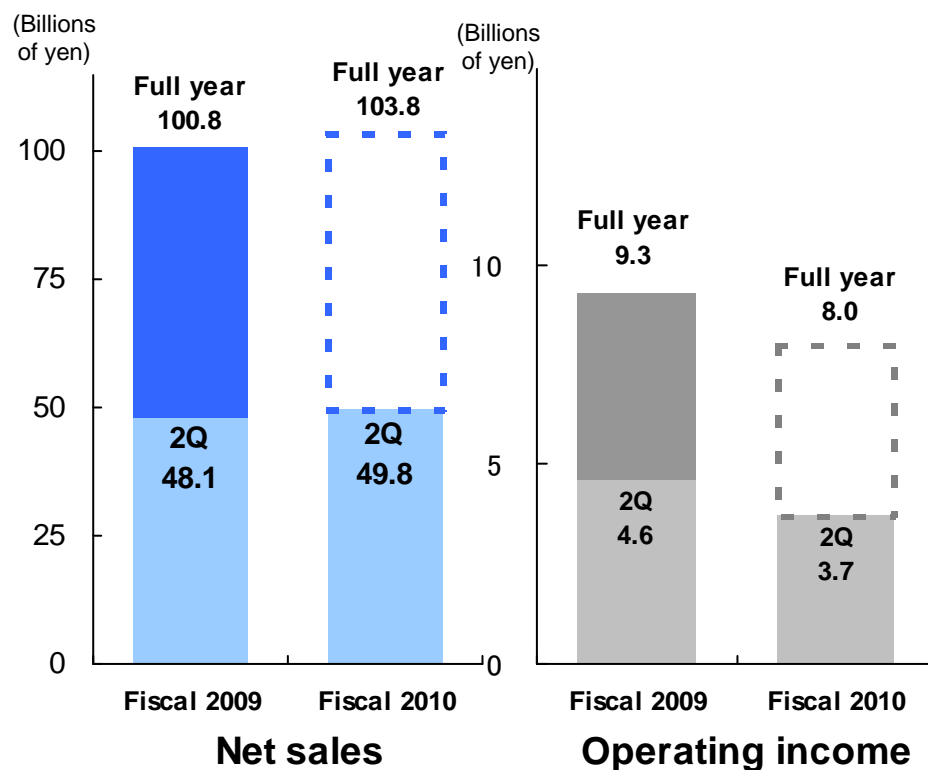
## Real Estate Management

■ Revenue increased as a result of steady increases in the number of condominium under managed and maintenance work orders. Profit developed according to plan as a result of strengthening of business structures for future business expansion

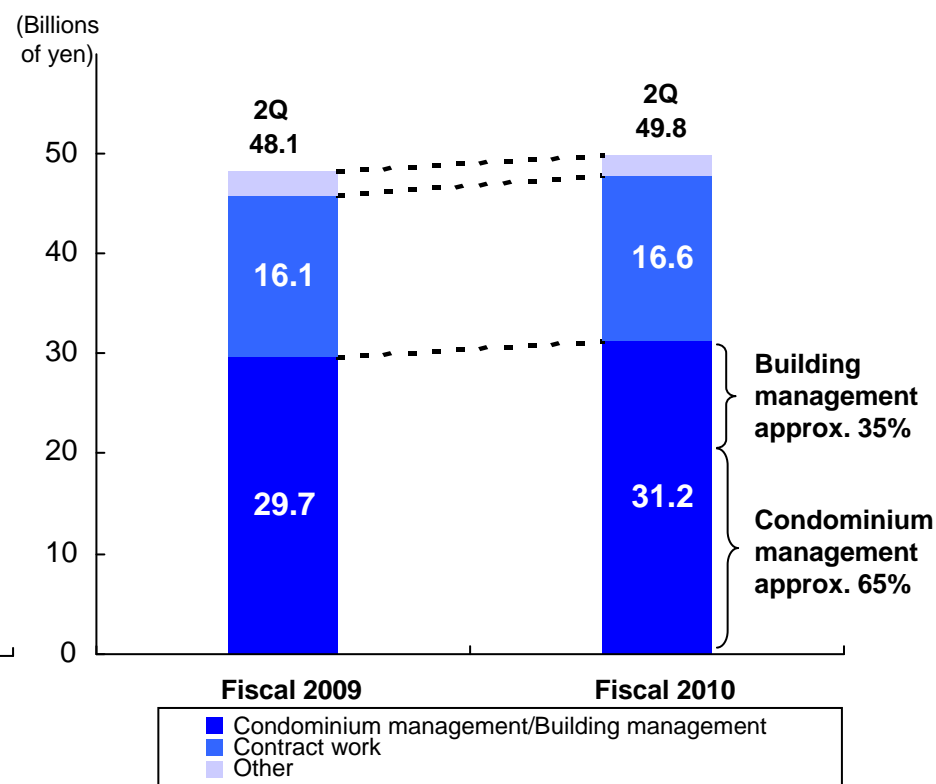
**Net sales**                      ¥49.8 billion (¥1.6 billion up year-on-year)

**Operating income**        ¥3.7 billion (¥0.9 billion down year-on-year)

Net sales/Operating income



Breakdown of net sales

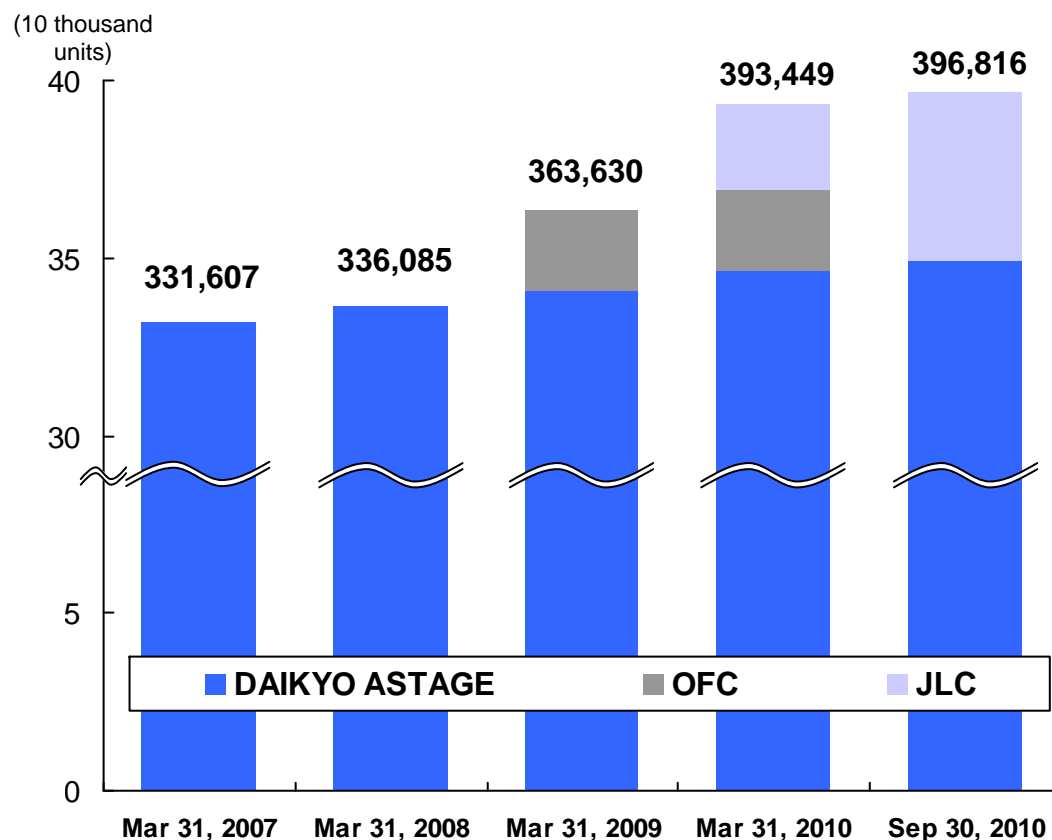


## Real Estate Management (Condominium Management/Contract Work)

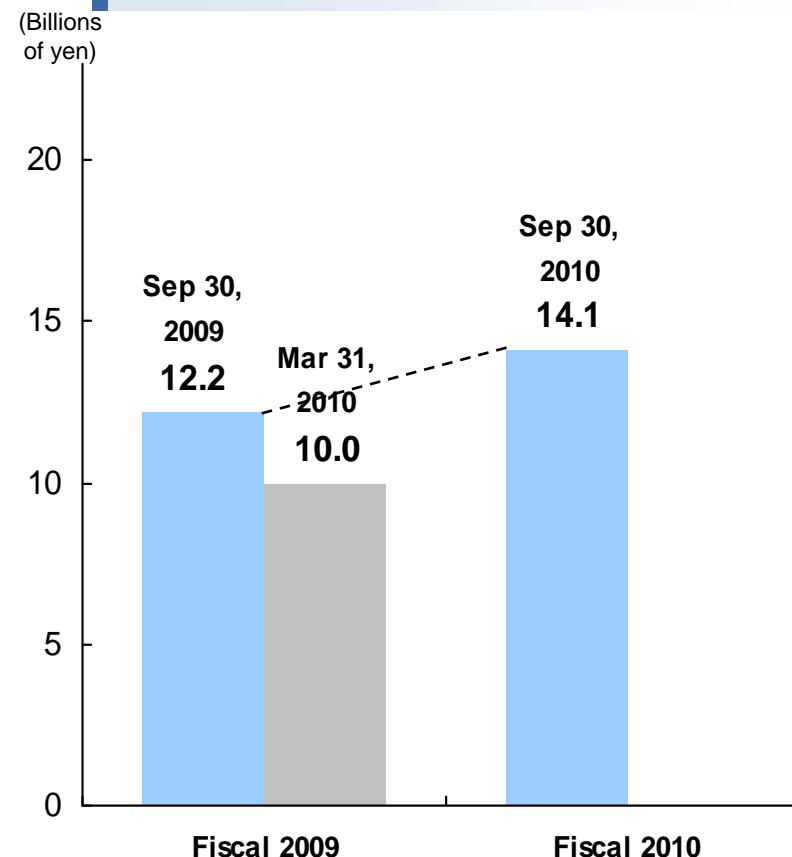
■ The number of condominium units managed steadily increased to nearly 400,000 units

■ Large-scale repair and maintenance work and renovation work developed solidly, and the volume of contract work orders increased.

Change in number of condominium units managed



Change in volume of contract work orders



Note: OFC ... ORIX Facilities Corporation  
 Note: JLC ... JAPAN LIVING COMMUNITY INC.

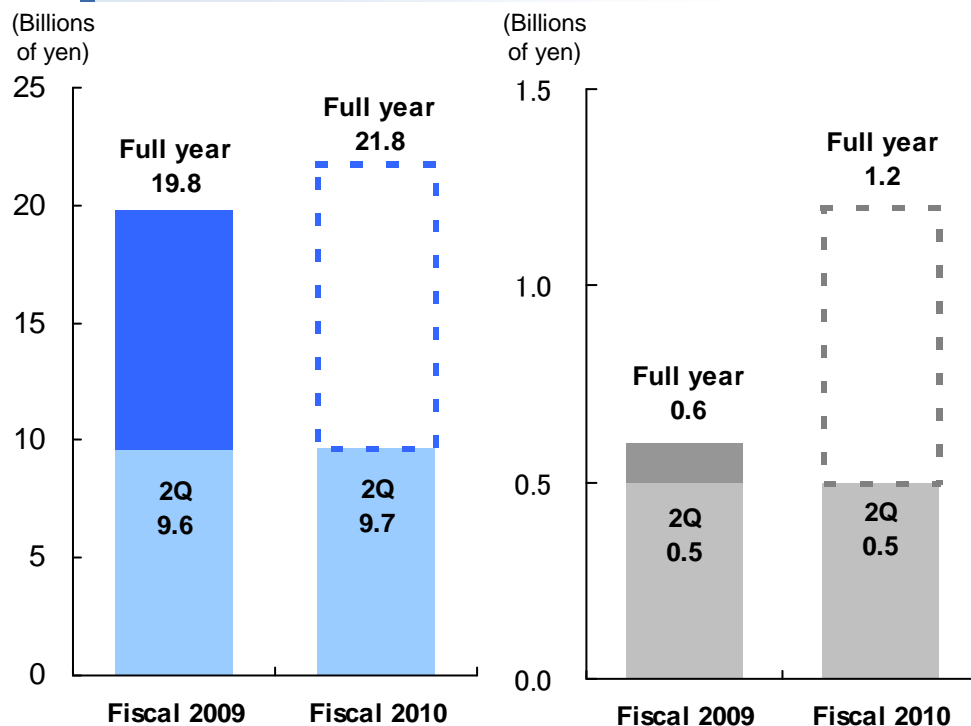
## Real Estate Brokerage

■ Real estate brokerage, existing condominium sales, and lease management all developed solidly

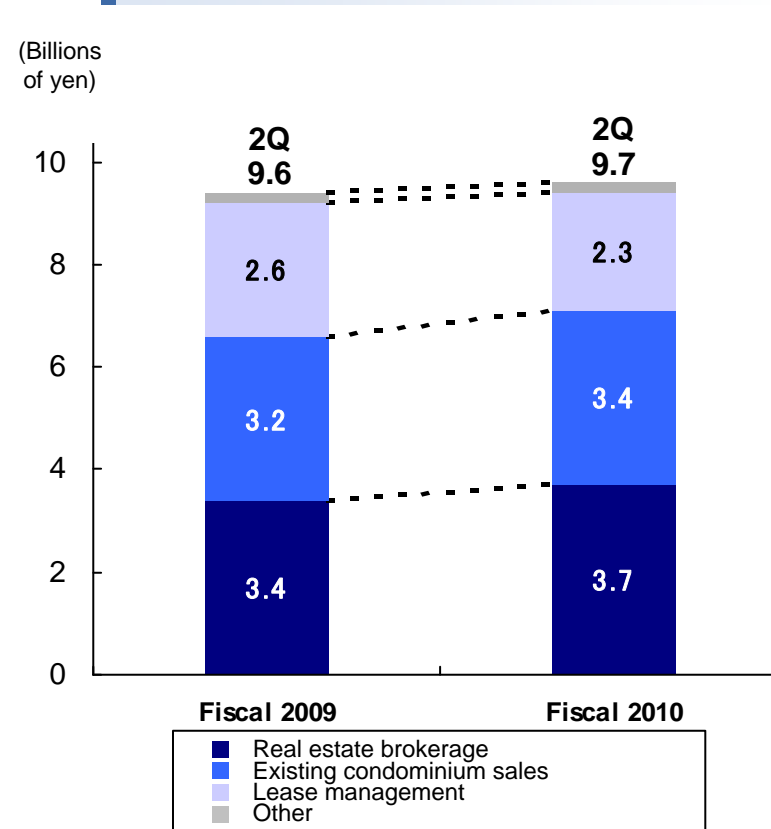
**Net sales**                    ¥9.7 billion (¥0.1 billion up year-on-year)

**Operating income**        ¥0.5 billion (¥0.05 billion up year-on-year)

**Net sales/Operating income**



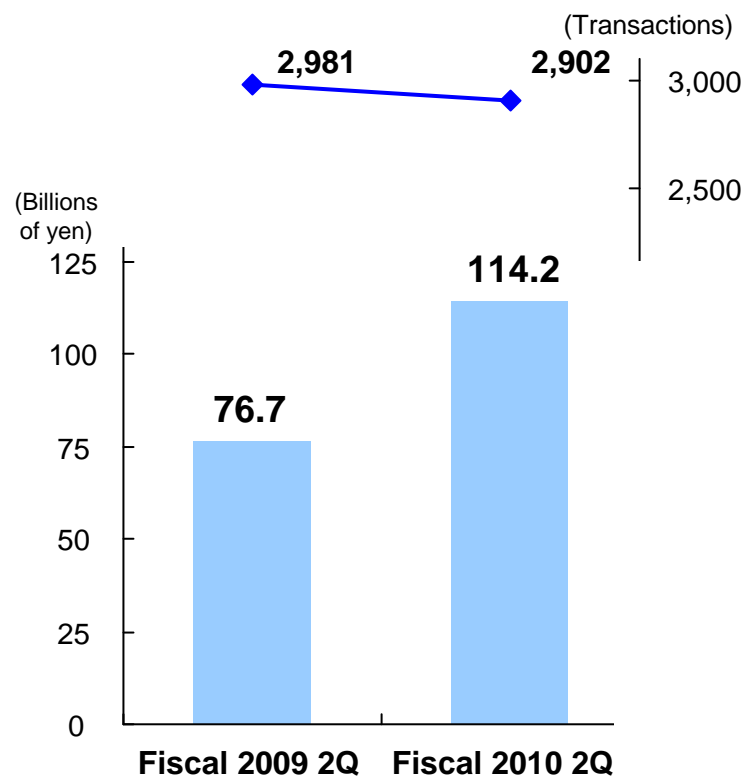
**Breakdown of net sales**



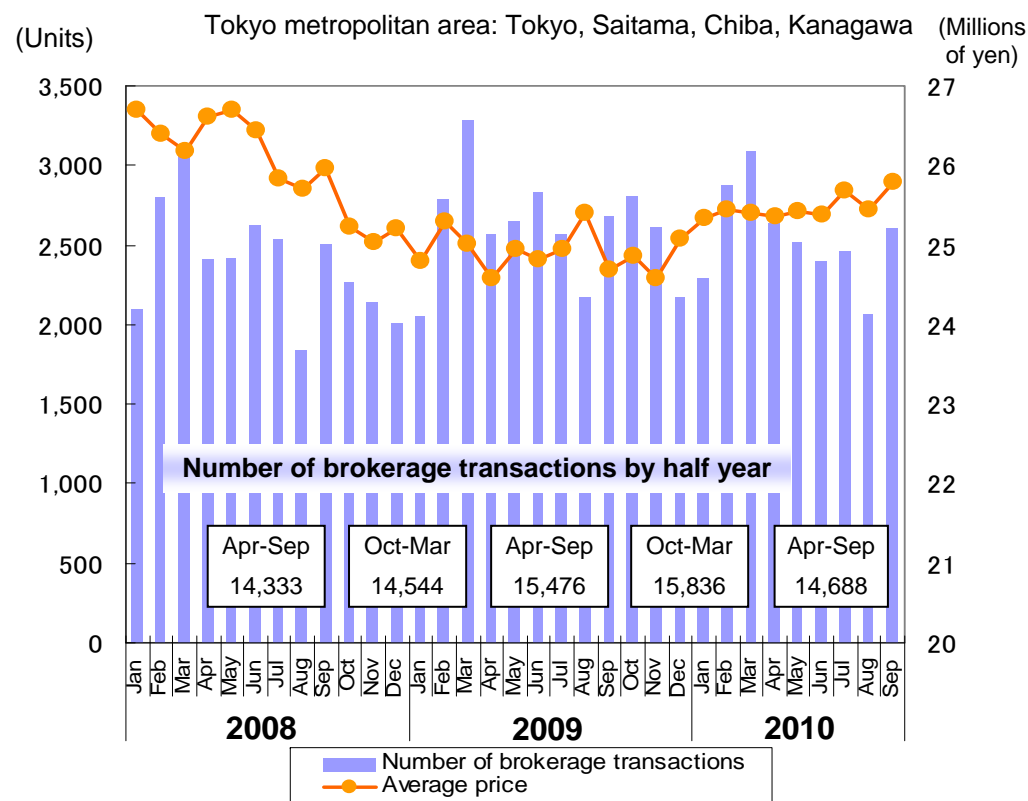
## Real Estate Brokerage

■ Although the number of brokerage transactions decreased as a result of the impact of trends in the condominium brokerage market, reinforcement of corporate brokerage activities led to an increase in the total amount of transactions

**Total amount of transactions and number of brokerage transactions**

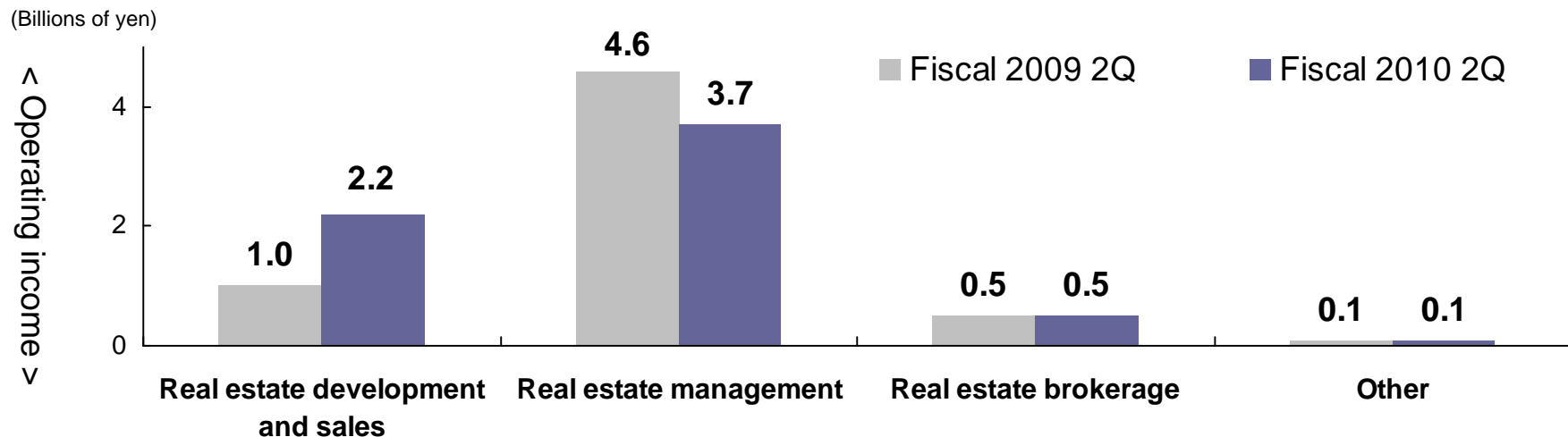
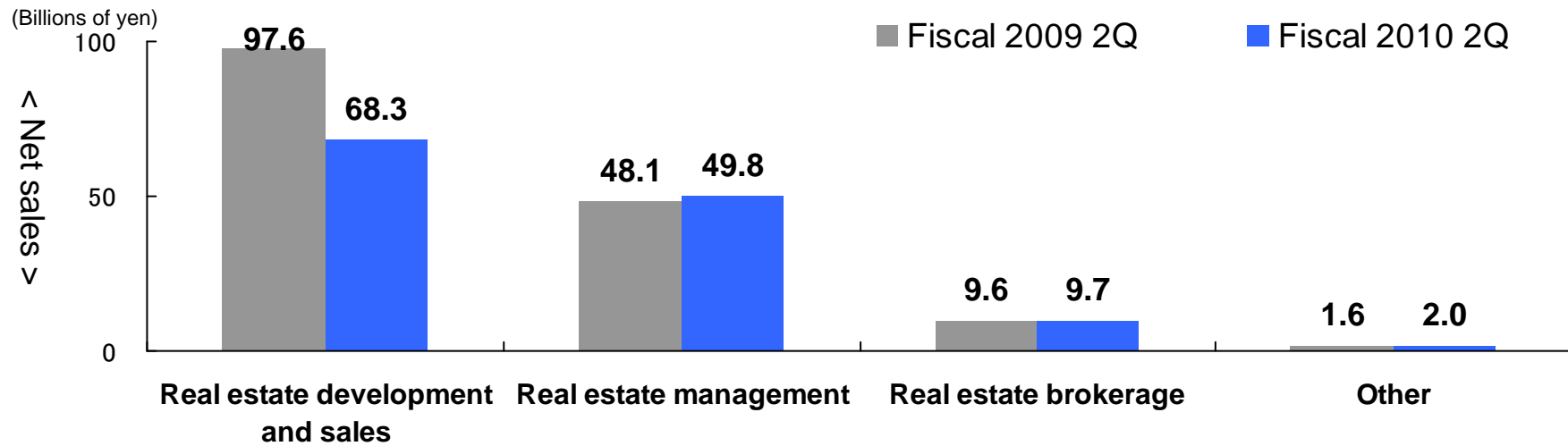


**Tokyo metropolitan area existing condominiums — change in number of brokerage transactions and average price**



Source: Real Estate Information Network for East Japan

## Overview of Segment Results



Revenue decrease,  
profit increase

Revenue increase,  
profit decrease

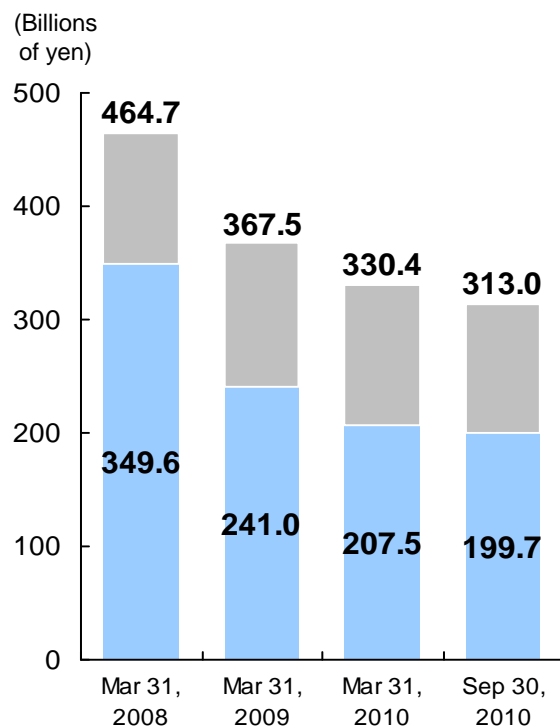
Business operated according to plan

# Overview of Fiscal 2010 2Q Results

## Financial Indexes

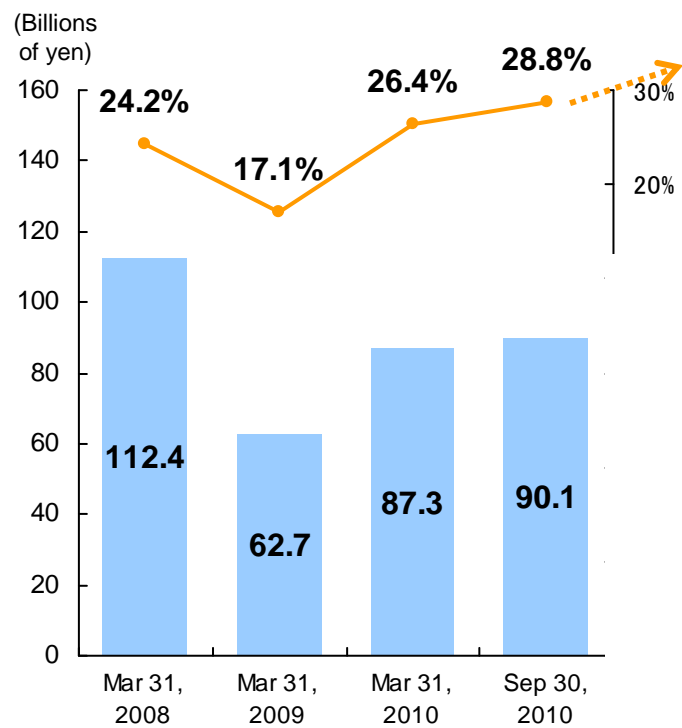
■ Financial position improvement progressed steadily → Pursue further financial stability

Total assets/Inventories



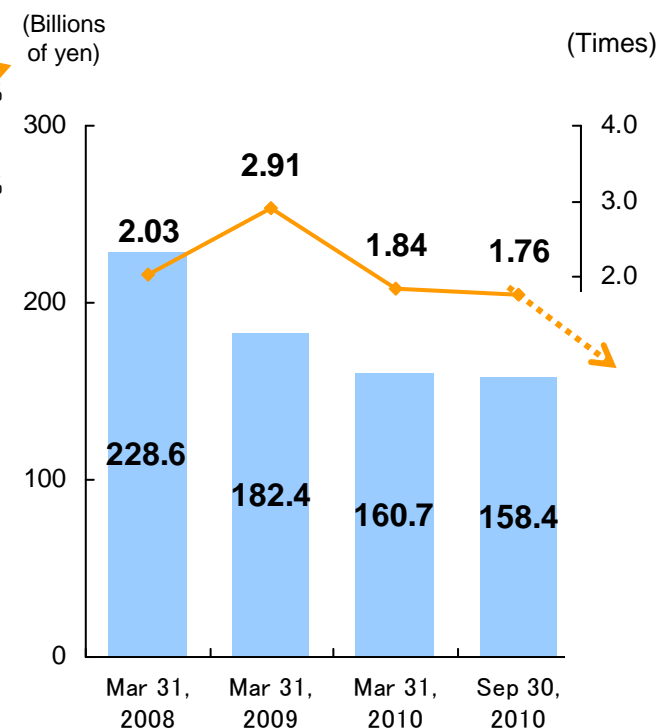
Balance of inventories in total assets

Shareholders' equity/  
Shareholders' equity ratio



Shareholders' equity Shareholders' equity ratio

Interest-bearing debt/  
Debt Equity ratio



Interest-bearing debt D/E ratio

# Fiscal 2010 Performance Outlook

■ Business operation is progressing in line with the full-year performance forecast

(Billions of yen)

	Full year			2Q (First Six Months)			Progress to Full year
	Fiscal 2009 Actual	Fiscal 2010 Forecast	Comparison	Fiscal 2009 Actual	Fiscal 2010 Actual	Change	
Net sales	318.3	290.0	(28.3)	155.9	129.1	(26.8)	44.5%
Operating income	9.0	12.5	3.4	5.3	6.0	0.7	48.7%
Ordinary income	6.3	8.0	1.6	4.3	4.6	0.3	58.6%
Net income	6.3	7.0	0.6	3.8	3.3	(0.5)	47.3%

## Segments

	Fiscal 2009 Actual	Fiscal 2010 Forecast	Comparison	Fiscal 2010 2Q Actual	Fiscal 2009 Actual	Fiscal 2010 Forecast	Comparison	Fiscal 2010 2Q Actual
	Real Estate Development and Sales	194.8	161.0	(33.8)	68.3	0.2	4.8	4.5
Real Estate Management	100.8	103.8	2.9	49.8	9.3	8.0	(1.3)	3.7
Real Estate Brokerage	19.8	21.8	1.9	9.7	0.6	1.2	0.5	0.5
Other	5.3	5.4	0.0	2.0	0.5	0.2	(0.3)	0.1

# **Management Strategy and “Stock” Business Strategy**



## “Stock” and “Flow” Double-pillar style of management

« “Stock” business »

- Pursue aggressive expansion as a pillar of stable growth

« “Flow” business »

- Operate the business flexibly in response to environmental changes

**Aim for continuous growth while at the same time establishing a stable earnings structure that places priority on “Stock”**

## Change in operating income

(Billions of yen)

Previous segments	Real estate mini-bubble			Collapse of Lehman Brothers	
	Fiscal 2005	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009
<b>Flow</b>	26.9	31.6	27.8	(50.4)	(2.0)
<b>Stock</b>	5.5	6.0	6.1	8.4	12.8

\* Prior-year figures restated according to new segments are available only until Fiscal 2009. Accordingly, this table shows figures before intersegment eliminations based on the previous segments.

## Growth strategy

**Growth from upgrading and expansion of the real estate services business, with residents' lifestyle as the core**

- Further strengthen the competitiveness of existing businesses
- Convert to new business methods suited to the new business environment
- Seize business opportunities and grow by making inroads into new fields and expanding the business domain

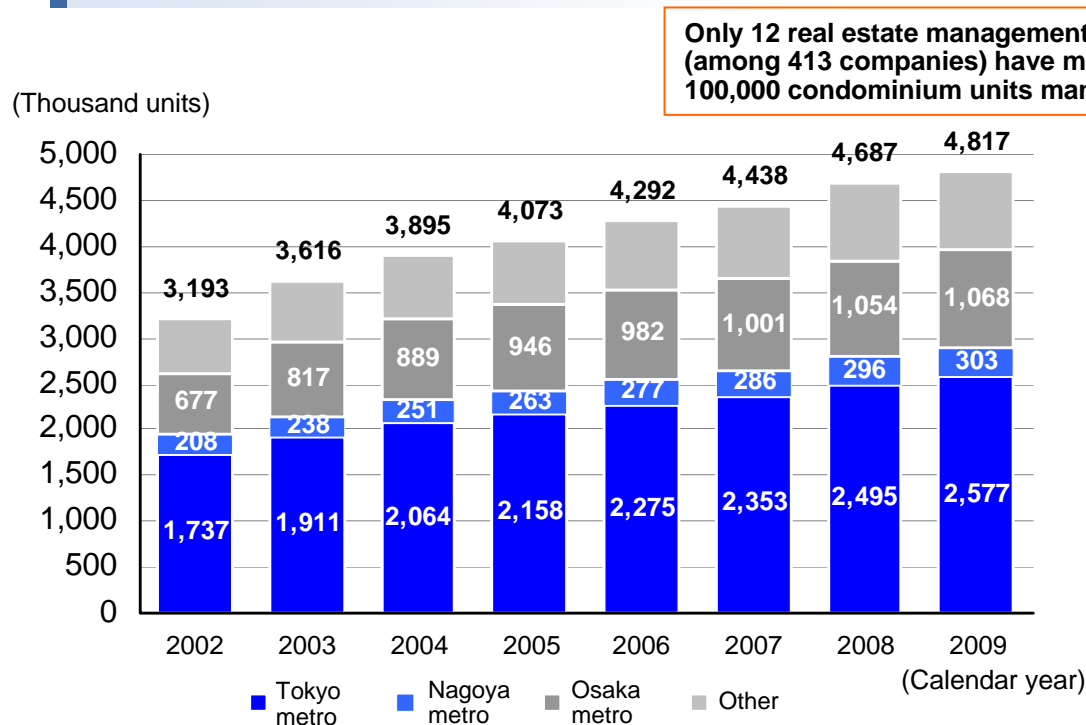
**Capitalize on the resources within the Group for future growth**

## Real Estate Management

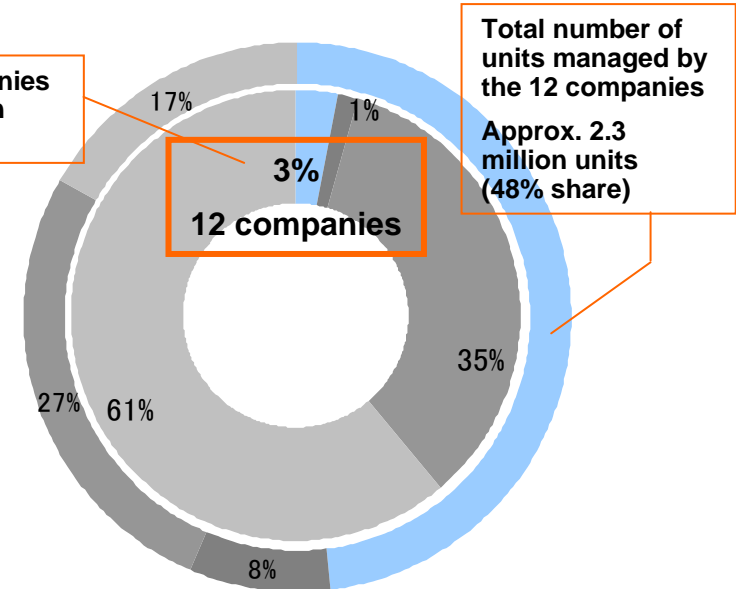
■ **Condominium management business**  
 Expansion of Group condo units under management →  
 (As of Sep 30, 2010: 396,816 units)

Contract business from other companies, M&A → For 500,000 units or more  
 Business alliance

### Condominium management business market



Only 12 real estate management companies (among 413 companies) have more than 100,000 condominium units managed



Share and Total Number of Units Managed by Company Business Scale

■ 100,000 ~ ■ 50,000 ~ 99,999 ■ 10,000 ~ 49,999 ■ ~ 9,999

Source: Condominium Management Companies Association "Condominium Management Contracting Trends Study Findings Report"

Source: DAIKYO data based on the number of members of Condominium Management Companies Association

### Real estate management BPO service

■ Explore the fee business by providing condominium management know-how to other companies  
 → Project currently being implemented with a management company in Fukuoka

## Real Estate Management

- **Strengthening of the building management business**  
(Fiscal 2010 2Q net sales: approx. ¥11.0 billion)



**Quality improvement**  
**Further efficiency**

### Separate building management business format by means of business realignment

- Improve quality and increase business operating structure efficiency

### Reinforce the pipeline with ORIX

- Expand new customer acquisition through ORIX's introductions

### Promote the public facilities business

- Actively approach PFI projects, schools, etc.

### Promote the environment-related business

- Kyoto University ESCO service (comprehensive service related to energy conservation)
- Light and care service using LED lighting



Minatomirai Center Building  
(Nishi-ku, Yokohama)



Seminar House Cross Wave Fuchu  
(Fuchu, Tokyo)

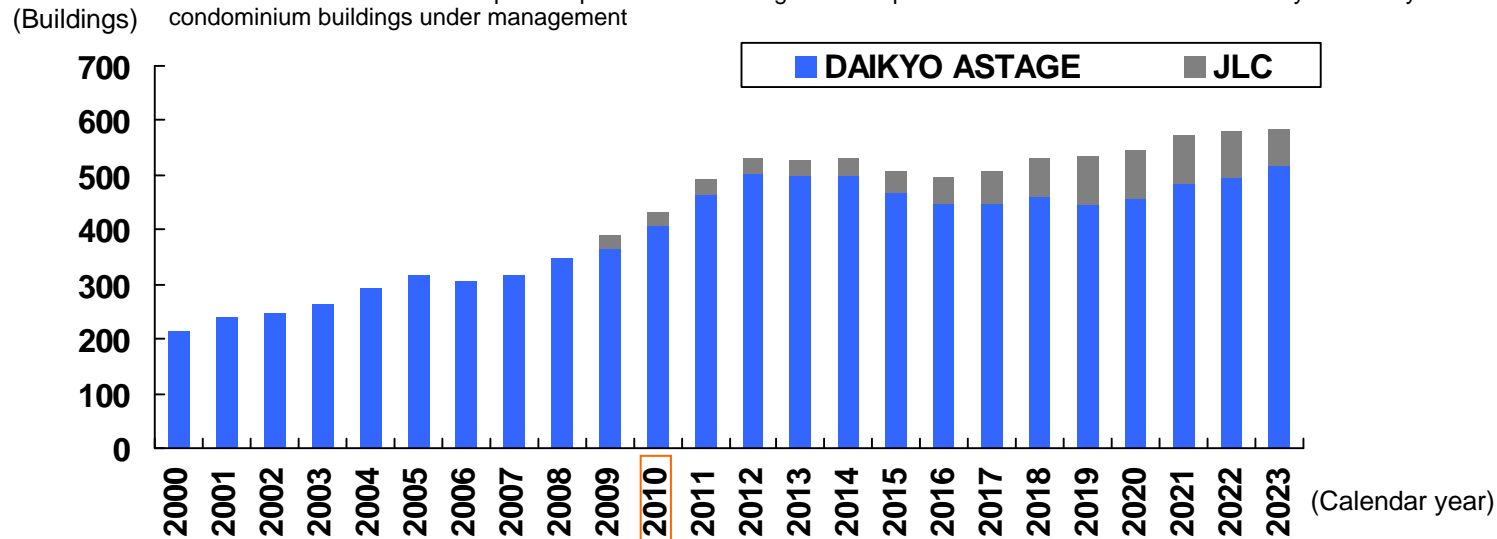
## Real Estate Management

- Expand maintenance work orders  
(Fiscal 2010 2Q net sales: ¥16.6 billion) → Maintenance work market expansion  
Renovation business expansion

■ Future expansion trend in the number of condominium properties that reach the time for large-scale repair and maintenance work

### Estimated Number of Condominium Buildings to Reach the Time for Large-Scale Repair and Maintenance Work

\*Estimate based on the assumption of performance of large-scale repair and maintenance work once every 12 to 15 year at all condominium buildings under management



### Expand orders for the renovation business

- Increase the capture rate for needs of tenants in properties under management, enhance product lineup

## Real Estate Management

### ■ Incidental businesses

Growth into a business to become the fourth business pillar →  
(Fiscal 2010 2Q net sales: ¥1.9 billion)

**New product and service development**

### Home security services for individual units of existing condominiums

マンション・タワーマンション向けセキュリティサービス  
**セキュアプラス**

Equipment in common space

Emergency warning

Fire detector

### Establishment of ORIX Electric Power Corporation

- Inexpensive electricity supply through a bulk electricity purchasing service
- Improve customer satisfaction by reducing cost of condominium management associations

### Sumairu rescue (On-site troubleshooting service for residents to respond their request )

### On-site purchasing service of recycle goods

### Concierge service

### Development of electric vehicle recharging infrastructure for existing condominiums

- Alliance with Nissan Motor
- Launch of a demonstration project

### Development of a website for residents

# Results Briefing for the Second Quarter (First Six Months) Ended September 30, 2010

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