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Director, Managing Executive Officer

Contents of Business

- Real estate transaction services (including brokerage, securitization and consulting)
- Real estate investment management (including REIT and private real estate fund investment)
- Real estate infrastructure services (including real estate trusts and appraisal services)

For details of businesses in this segment, please see pages 190–191.

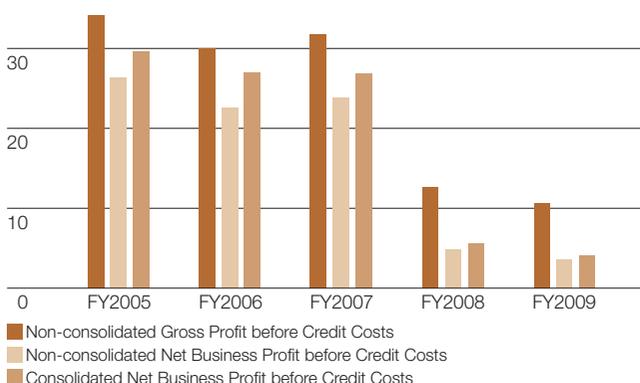
1. Overview of Business Results for Fiscal Year 2009

Non-consolidated gross profit before credit costs for the real estate business declined 16.5% year on year to 10.6 billion yen, mainly because of a decrease in real estate brokerage fees caused by the delayed recovery of the real estate market.

Net business profit before credit costs declined 22.9% year on year to 3.6 billion yen on a non-consolidated basis, and dropped 26.8% to 4.1 billion yen on a consolidated basis.

Gross Profit/Net Business Profit before Credit Costs

40 (Billions of yen)



2. Business Environment in Fiscal Year 2009

Real Estate Transaction Market

The real estate transaction market involving individuals was favorable with a flow of buyers for secondhand properties, due to a decline in prices, which led consumers to think they were getting a good deal, as well as a drop in the supply of new apartments. However, in the commercial real estate transaction market, transactions with corporations and transactions concerning high-value properties remained weak, carrying over the trend from fiscal year 2008, when the real estate transaction market took a rapid downturn after being hit directly by the credit crunch triggered by the financial market turmoil.

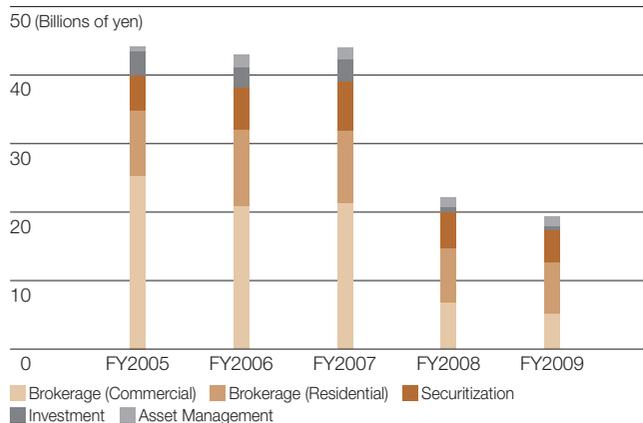
Real Estate Securitization Market

There continued to be strong needs for real estate securitization as a means to address the issues of improving balance sheets, diversifying fund-raising methods and adapting to changes in accounting systems. However, as a result of the delayed recovery in the real estate market, total value of securitized real estate in fiscal year 2009, at 1.7 trillion yen in 275 transactions, was below the fiscal year 2008 level, which had marked a substantial drop from the previous fiscal year.

3. Basic Strategies and Business Performance in Fiscal Year 2009

While the Real Estate Business maintained the basic strategies of (1) strengthening collaboration with other businesses such as the Wholesale and Retail Financial Services Businesses and the Fiduciary Services Business, (2) strengthening information development through the expansion and full utilization of the client base, and (3) promoting full-fledged operation of the real estate investment management business, gross profit for the real estate business declined 13.4% year on year to 19.4 billion yen, mainly due to a significant decrease in brokerage transactions involving large-scale commercial properties that was caused by the delayed recovery in the real estate market.

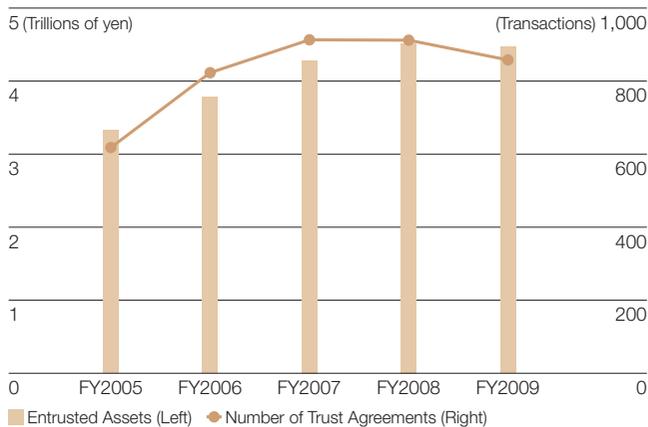
• Consolidated Gross Profit for Real Estate Business



• Real Estate Transaction Services

In the real estate brokerage and securitization businesses, we worked to increase transactions with both individual and corporate clients amid a delayed recovery of the real estate market by strengthening the systems for processing and providing real estate information.

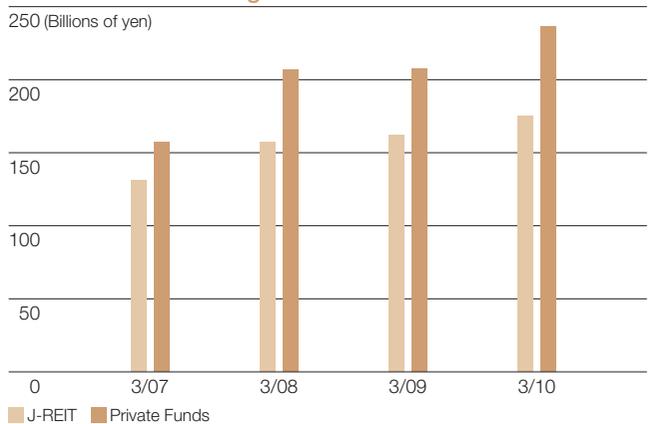
• Securitization Balance



• Real Estate Investment Management

In the real estate investment management business, we agreed to jointly establish an investment fund for domestic real estate with AXA Real Estate Investment Managers, a real estate investment company in the AXA group, which is one of the world's largest comprehensive financial and insurance services groups headquartered in Europe, and promoted the launch of the investment fund in cooperation with STB Real Estate Investment Management Co., Ltd. As a result, the balance of assets under real estate investment management (private placement funds) grew 14.1% year on year to 236.7 billion yen.

• Assets under Management



• Real Estate Infrastructure Services

In the securitization entrustment business, the balance of entrusted assets declined slightly to 4.47 trillion yen amid a decrease in the entrustment of new assets.