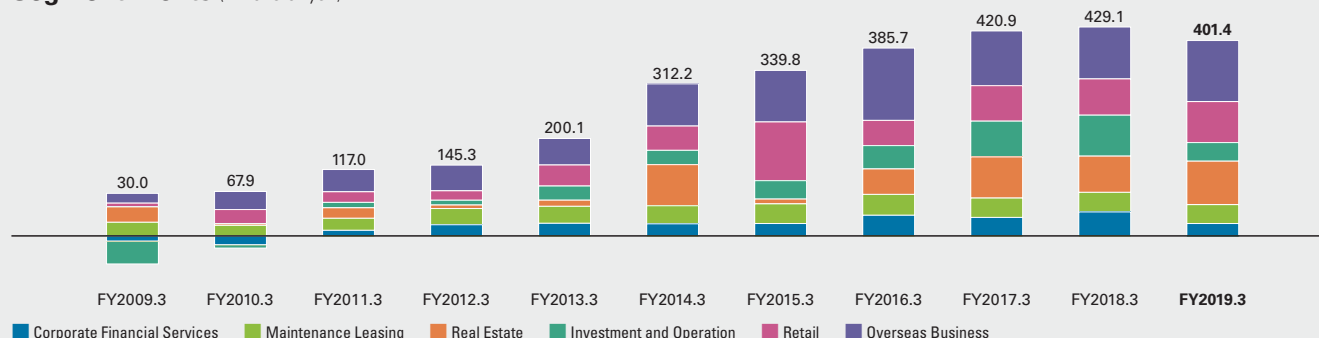


Strategy by Business

Segment Overview

ORIX has structured a business portfolio that ranges from finance to service businesses through ongoing diversification. The portfolio currently encompasses six segments: Corporate Financial Services, Maintenance Leasing, Real Estate, Investment and Operation, Retail, and Overseas Business.

Segment Profits (Billions of yen)



6 Segments and 16 Units

Corporate Financial Services

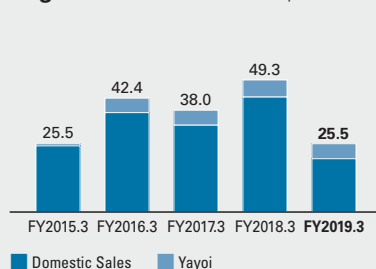


16 Units

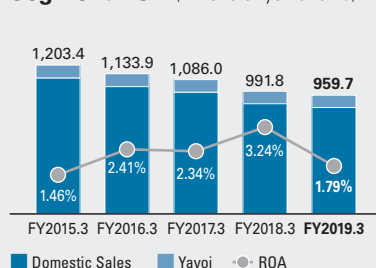
Domestic Sales → P. 52

Yayoi → P. 53

Segment Profits (Billions of yen)



Segment Assets and Segment ROA (Billions of yen and %)



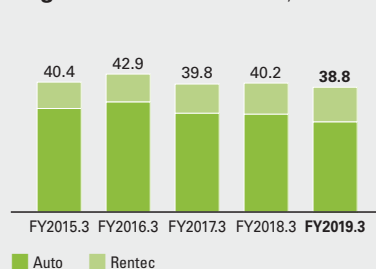
Maintenance Leasing



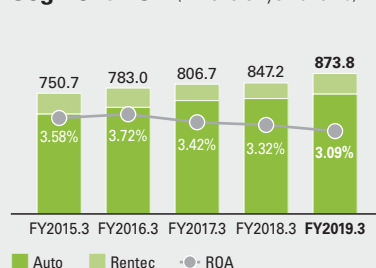
Auto → P. 55

Rentec → P. 57

Segment Profits (Billions of yen)



Segment Assets and Segment ROA (Billions of yen and %)



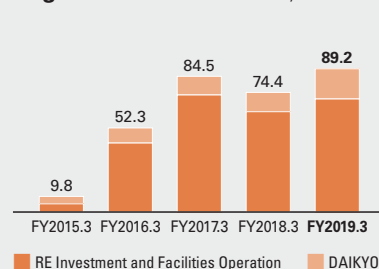
Real Estate



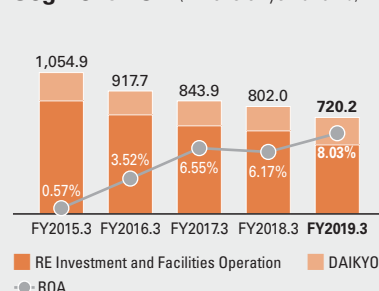
RE Investment and Facilities Operation → P. 59

DAIKYO → P. 60

Segment Profits (Billions of yen)

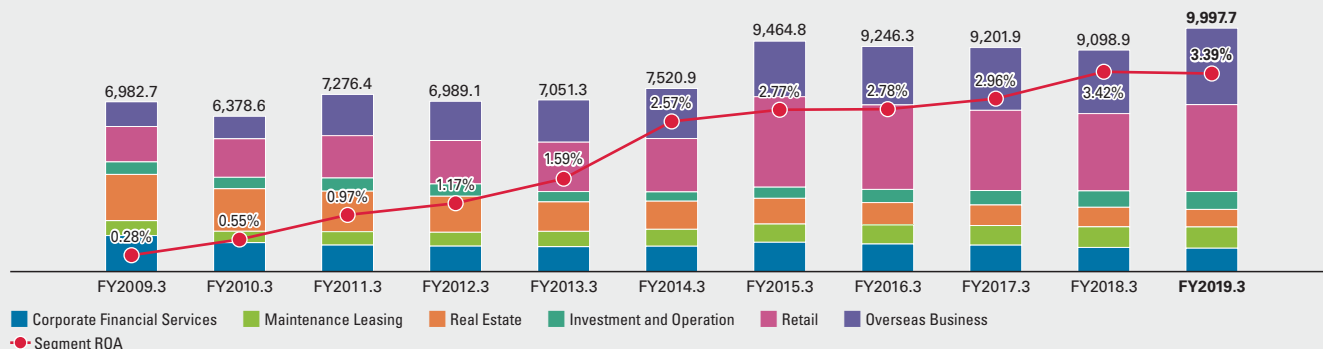


Segment Assets and Segment ROA (Billions of yen and %)



Each segment consists of two to four business units, for a total of sixteen units in six segments.

Segment Assets and Segment ROA (Billions of yen and %)



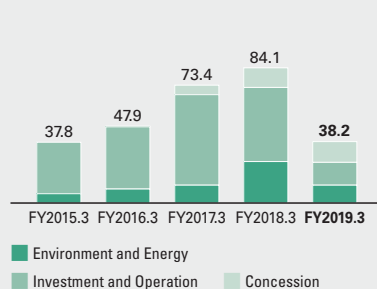
Investment and Operation

Environment and Energy → P. 62

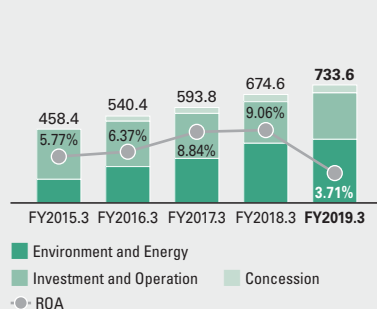
Investment and Operation → P. 64

Concession → P. 65

Segment Profits (Billions of yen)



Segment Assets and Segment ROA (Billions of yen and %)



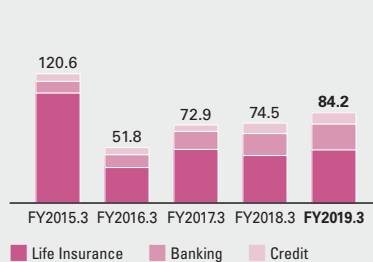
Retail

Life Insurance → P. 67

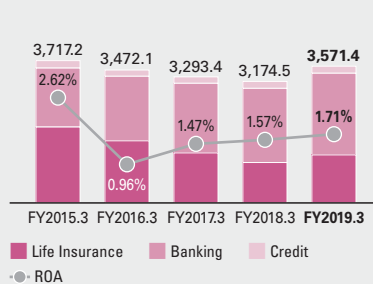
Banking → P. 69

Credit → P. 70

Segment Profits (Billions of yen)



Segment Assets and Segment ROA (Billions of yen and %)



Overseas Business

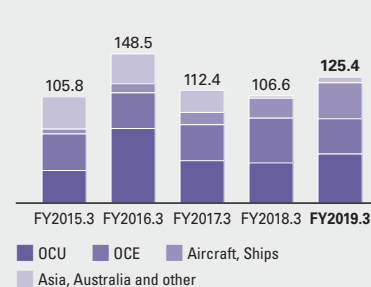
OCU (ORIX Corporation USA) → P. 71

OCE (ORIX Corporation Europe) → P. 72

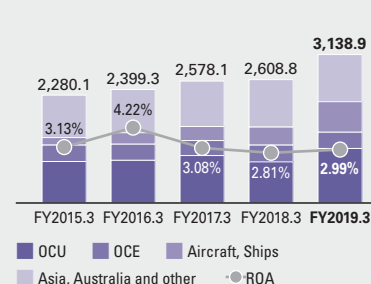
Aircraft, Ships → P. 73

Asia, Australia and other → P. 75

Segment Profits (Billions of yen)



Segment Assets and Segment ROA (Billions of yen and %)



Strategy by Business

Corporate Financial Services

Finance and fee business



Corporate Financial Services serves as a core sales platform for the Group, and provides leases and loans to corporations through a nationwide sales network. In addition, we gather information on Group products and services, and are a single source for addressing customer needs.

Unit Domestic Sales

Business Overview

Corporate Financial Services sales departments in Japan serve as a core sales platform for the Group, with 70 sales locations nationwide and a sales network of approximately 1,500 people. No other company in Japan has such a network, and it gives us access to a variety of inquiries and information. We provide a wide range of products and services including life insurance, environment and energy, automobile leasing, in addition to equipment leasing and loans to small and medium-size enterprises (SMEs), which are our core customers. Moreover, we share and collaborate within the Group and draw on the Group's know-how, expertise and broad array of products and services to propose ideal solutions for customer needs and management issues. We are also promoting the preventive healthcare business as an approach to new business areas that arise from social needs and deregulation.

In addition, we launched a specialized team to meet the business succession needs of SMEs in 2018. We recognized that the lack of a successor is the reason many SMEs suspend or go out of business, which is a major social problem. It is also an important issue for ORIX because of our large SME customer base. We work with owners and managers of SMEs to establish medium- to long-term continuity, growth and employment stability for their companies.

Strategies for Growth

Our business environment is increasingly competitive and interest rates have remained low, so building our asset portfolio has not been easy and interest income has been sluggish. We will therefore improve earnings by expanding fee income, with a focus on providing ORIX Group products and services. We will also broaden the new solutions we offer, ranging from life insurance sales using our ability to propose solutions for an array of customer needs as an agent for 24 life insurance companies (as of April 2019), real estate brokerage and strategies to lower communication charges, to pensions (defined benefit corporate pension services) and IoT network services.

Japan is aging, so preventive healthcare that helps reduce rising medical expenses is expected to grow significantly. In 2017, ORIX concluded a capital alliance with CMC Corporation, which provides clinics with office support services and will continue to expand these initiatives in the future. In addition, many clinics and hospitals lack specialized capabilities in areas such as finance and M&A, and we aim to use ORIX's experience and expertise to help them manage more efficiently.

We launched business succession support services in 2018, then acquired equity in two companies in March 2019.

Examples of Solutions We Provide (Products and Services)

Customer Needs and Management Issues	ORIX's Solutions
Lower fleet management costs	Outsourcing of fleet management
Corporate insurance	Sales of life and non-life insurance products
Lower energy costs	Solar power system sales, provision of electric power as a Power Producer and Supplier
Lower communication charges	Services that reduce fixed telephone line costs
Raise efficiency of bank transfers and lower their cost	Flat-rate bank transfer services
Effective use of owned real estate	Real estate brokerage and purchase
Retirement funds and corporate pensions	Defined benefit corporate pension services, and retirement benefit calculation services
Use of IoT technology	IoT network services

The number of consultations with customers subsequently increased. We therefore stand out because we are using our own capital, people and expertise, which sets us apart from simply providing brokerage and business matching services.

We leverage the financial services expertise we have acquired to provide business strategy and financial support, and also enable companies we support to expand product

and service marketing through our nationwide sales network. We are not looking for short-term returns from this support. Rather, we believe that by helping companies thrive in the regions they serve, we can deepen our relationship with them and increase the value of ORIX as a partner more deeply in the region.

Strengths <ul style="list-style-type: none"> • Sales network rooted in each region of Japan • Strong customer base built on a track record of providing financial services to SMEs 	Challenges <ul style="list-style-type: none"> • Expanding customer transactions using a fee-based approach • Using a fee-based approach to increase earnings and adding earnings other than interest income
Opportunities <ul style="list-style-type: none"> • Nationwide increase in business succession needs among SMEs due to a lack of successor • Increased opportunities to make proposals due to diversifying customer needs 	Risks <ul style="list-style-type: none"> • Intensified competition for corporate lending and mismatch between risks and returns due to low interest rate environment • Tighter regulations on corporate term insurance

Unit Yayoi

Business Overview

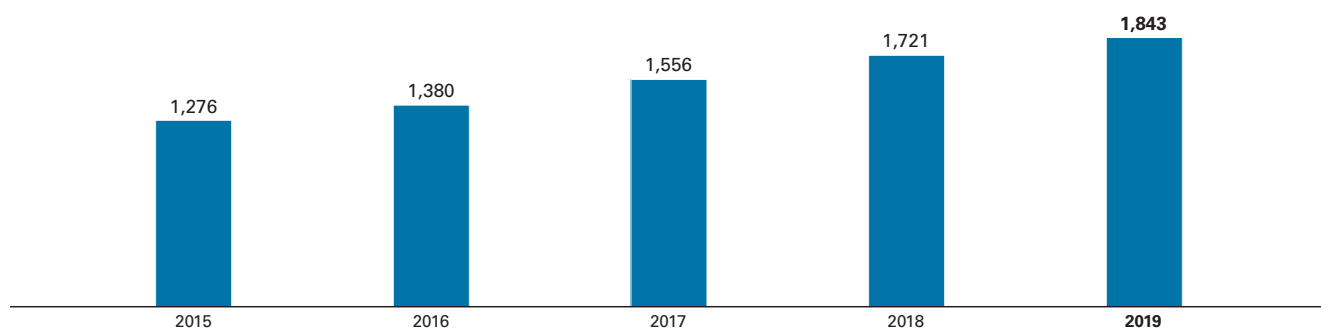
Yayoi is a business software services company that develops and sells a range of business software and provides after-sales support and services. It has built a solid customer base on its strong product development capabilities and brand. Yayoi's business software supports sales management, payroll, customer management and small enterprise back office operations as well as accounting operations. Yayoi also supports customer back-office operations with a wide range of business consultation and employee benefit services that

go beyond the framework of software after-sales service. ORIX and Yayoi collaborated in February 2017 to establish ALTOA, Inc., which overcame the difficulties involved in analog sales and credit screening to commercialize online lending services in the market for short-term, small-amount loans for small businesses.

Yayoi wants to be both a business software provider and a "business concierge" that addresses various problems and challenges for SMEs, individual business owners and entrepreneurs, and thus contributes to their success.

Yayoi Series Registered Users

(Thousands)



Note: Figures as of the end of each fiscal year; as of March 31, 2019 for FY2019.

(Years ended September)

Strategy by Business

Corporate Financial Services

Strategies for Growth

Yayoi's accounting software minimizes data input by importing bank deposit, withdrawal and other data and automatically converting it into accounting data. We are now promoting Accounting 3.0, which automates everything from logging transactions to creating pro forma balance sheets. We also aim to create a new Business 3.0 platform for small businesses that links accounting with commercial and personnel affairs and payroll operations. This will help customers continuously improve the efficiency of their businesses.

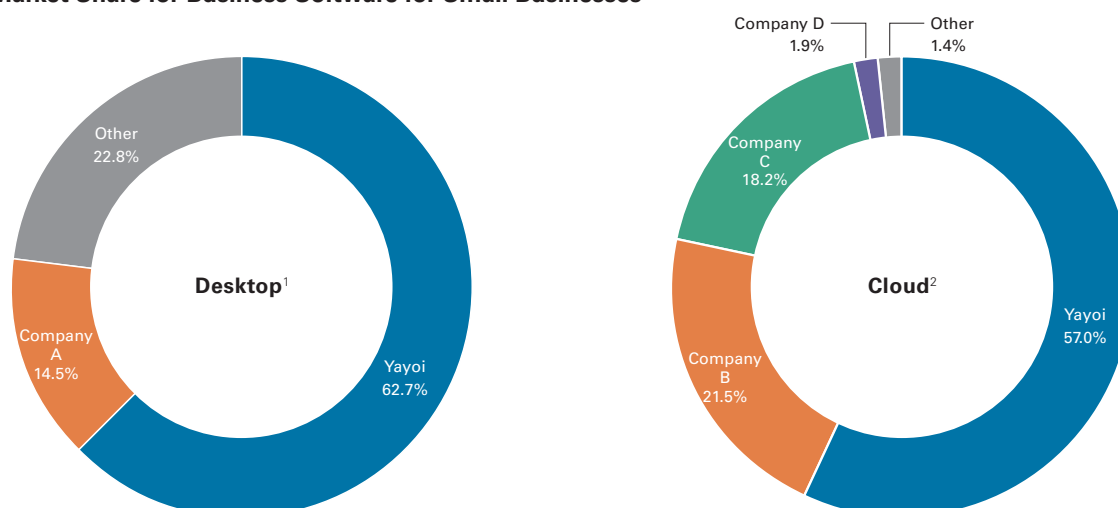
The consumption tax rate will increase to 10% in October 2019, concurrent with the launch of a reduced tax rate system. In addition, tax reform in 2018 is leading to gradual reforms

in personal income taxes and the digitalization of tax procedures. We will respond steadily in terms of both software and support so that customers can do business without problems.

The ALTOA Online Lending Service that ALTOA provides offers convenience not available with conventional business loans, as all procedures are completed online and financing as quickly as the same day is possible. In December 2018, we expanded the scope of services from corporations to individual business owners. We plan to take this business to the next level through means including launching a joint lending as a service (LaaS) business with financial institutions, which has been planned since the start of operations.

Strengths <ul style="list-style-type: none"> • Strong market share and brand in the software market for small businesses • A stable customer base from providing after-sales service 	Challenges <ul style="list-style-type: none"> • Improving business software utilization rate among small businesses • Expanding value-added services by using a database and collaborating with external partners
Opportunities <ul style="list-style-type: none"> • Expansion of the cloud market • Rising business software demand due to legal revisions and other government digitalization initiatives 	Risks <ul style="list-style-type: none"> • Increasingly difficult hiring environment for engineers and support personnel and soaring labor costs • Decrease in the number of entrepreneurs

Yayoi's Market Share for Business Software for Small Businesses



1. Calculated by ORIX based on market research from a third-party organization (Period: October 2017-June 2018)

2. Source: MM Research Institute, "Survey of Cloud Accounting Software Use" (March 31, 2019)

Maintenance Leasing

Automobile leasing and rentals, car sharing; test and measurement instruments and IT-related equipment rentals and leasing



The automobile business provides comprehensive automobile services from leasing, rental, and car sharing to sales of used automobiles and fleet management services. The rental business offers a wide variety of rental products and provides the equipment customers need in a timely manner.

Unit Auto

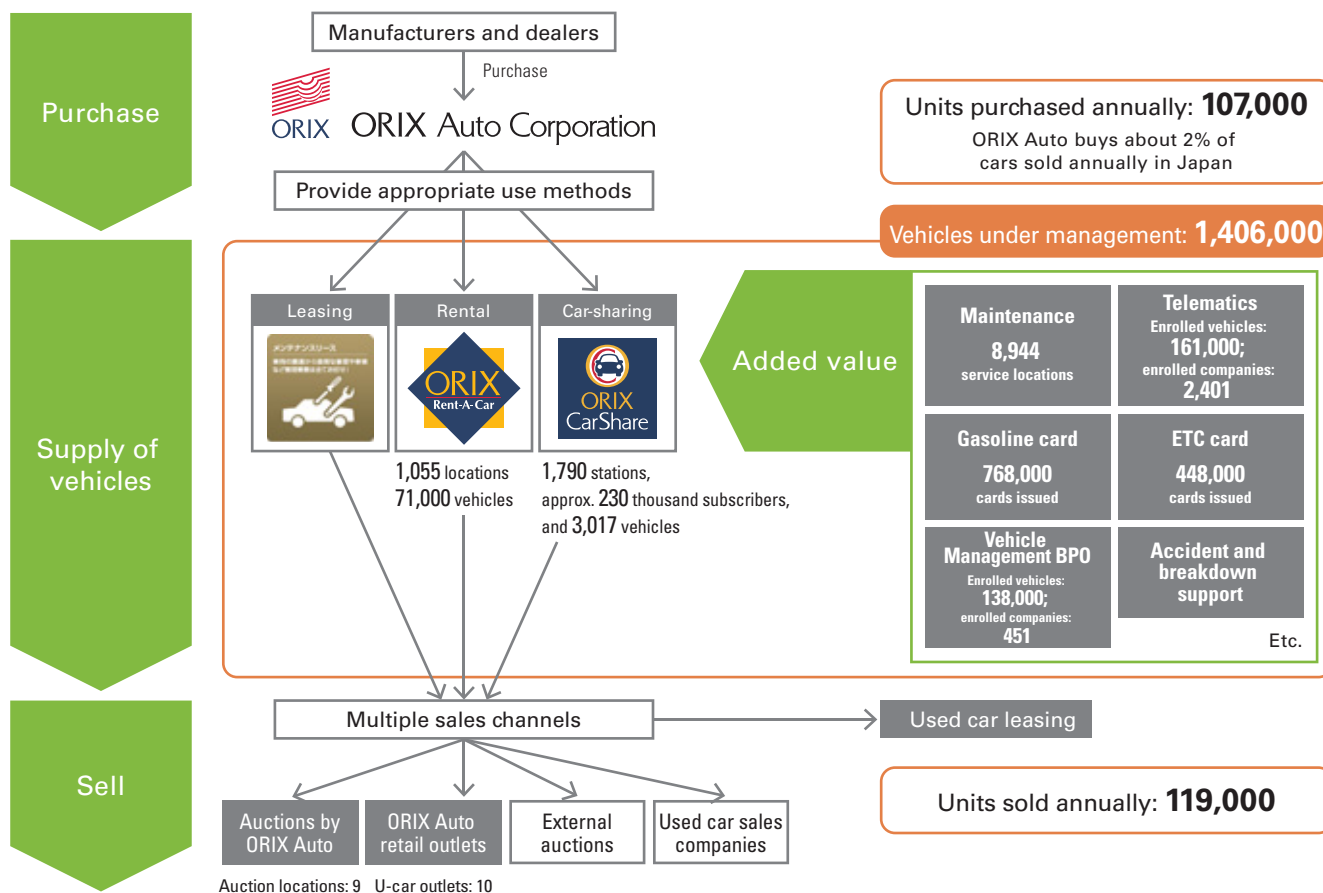
Business Overview

ORIX Auto has strengths that include extensive expertise and a broad lineup of products and services. It incorporates automobile leasing, rental and car sharing in comprehensive proposals aligned with various customer usage conditions such as length, frequency and purpose of use. We are a one-stop provider of every kind of automobile-related service, including solutions that meet needs for compliance,

environmental friendliness, safe driving, labor management and accident prevention, as well as comprehensive vehicle management outsourcing and used car leasing and sales.

ORIX Auto does business with an array of companies, including manufacturers; suppliers of tires, batteries, parts and consumables; a network of garages nationwide; leasing business partners represented by the ORIX Auto Million Club; and car rental franchises.

ORIX Auto Value Chain (Data as of March 31, 2019)



Strategy by Business

Strategies for Growth

The environment for automotive services continues to change and evolve at a very rapid pace. Termed CASE¹ and MaaS², companies that excel at providing automotive and related services along with market requisites are necessary to society, regardless of how the operating environment may change. ORIX Auto will address the ongoing mobility revolution through alliances with domestic and overseas startup companies to ensure its presence in the next-generation automotive industry.

1. Acronym for Connected, Autonomous, Shared and Electric

2. Acronym for Mobility as a Service. Describes the use of ICT to port traffic, both public and private, to the cloud without regard to the management agency and a shift away from personally owned modes of transportation and towards mobility solutions that are consumed as a service enabled by combining transportation services from public and private transportation providers through a unified gateway

● Capturing Inbound Demand in the Rental Business

ORIX Auto partnered with European rental car company Sixt SE in February 2019. Sixt SE is based in Germany and has car rental operations worldwide. The number of foreign visitors to Japan was over 8 million in 2008 when the Japan Tourism Agency was launched, but 10 years later was 31.19 million in 2018³ and is expected to increase further in the future. Partnering with the global brand Sixt SE will enhance ORIX Auto's ability to serve inbound demand primarily from Europe as well as customers from Asian countries, who have accounted for the majority of overseas tourists in Japan, and allow it to use the operating expertise of the global Sixt SE business.

3. Source: Japan National Tourism Organization (JNTO)

<https://statistics.jnto.go.jp/en/graph/#graph-inbound-travelers-transition>

● A Nationwide Car Sharing Business

The number of car sharing vehicles in Japan has increased by about 17,000 units over the past five years (April 2013 to March 2018), an average annual growth rate of 23.9%. Demand is expected to expand both inside and outside urban areas. ORIX Auto will promote car sharing business collaboration with rental car franchises and expand service locations throughout Japan in FY2020.3. We will set up car sharing locations in new areas at or near ORIX Rent-A-Car offices. At our 1,055 rental car locations in Japan, we will focus on jointly establishing car sharing locations near Shinkansen stations, major train stations and airports to offer customers the convenience of both car rental and car sharing.

● Expansion of the Retail Car Leasing Business

The number of retail car leases in Japan has increased by approximately 150,000⁴ over the past five years to 308,013 units (as of March 31, 2019) for reasons including changes in attitudes toward ownership. Retail leases are also forecast to reach 936,000 units by FY2023.3,⁵ so further market expansion is expected. ORIX Auto has had a retail car leasing business since 1984, and has developed a lineup of products (both new and used cars) to meet various needs in order to expand retail leasing. Our goal is to efficiently add customers using the Internet to close transactions from price quote to application and face-to-face sales through a network of more than 1,000 auto leasing dealers nationwide.

4. Japan Automotive Leasing Association website, "Annual and year-on-year change in the number of leased vehicles by vehicle type nationwide," <http://www.jala.or.jp/library/lease01.html> (Japanese only)

5. Yano Research Institute Ltd., August 6, 2018 press release, "Retail auto lease forecast for fiscal 2022 expected to be 936,000 units," https://www.yano.co.jp/press-release/show/press_id/1921 (Japanese only)

● Collaboration with a Startup Company

In July 2018, ORIX Auto formed an alliance with U.S. startup Nauto Inc., and began providing the services of an AI-equipped communication drive recorder called Nauto to corporations in Japan. In addition, we are examining collaborations with start-up companies in Japan and overseas that offer services featuring new technologies such as vehicle inspection, dedicated cyber security for connected cars, and AI-driven rental car demand forecasting, dynamic pricing, and optimized vehicle positioning.

Maintenance Leasing

Strengths <ul style="list-style-type: none"> • Our diverse service menu enables us to offer comprehensive, optimal services to our customers • We are a global leader in terms of vehicles under management, and have a vast amount of vehicle data 	Challenges <ul style="list-style-type: none"> • Acquiring retail customers • Acquiring new technologies from domestic and international startups
Opportunities <ul style="list-style-type: none"> • Mobility services including the car rental and car sharing markets are growing as the sharing economy and MaaS become more prevalent • Increased demand for automobile leasing and value-added services due to greater corporate need for cost reduction, risk management and compliance awareness 	Risks <ul style="list-style-type: none"> • Competition is intensifying as auto manufacturers and other industries become involved in the sharing economy and MaaS • Decrease in revenue from existing businesses and services and the residual value of vehicles due to structural changes in the automobile business

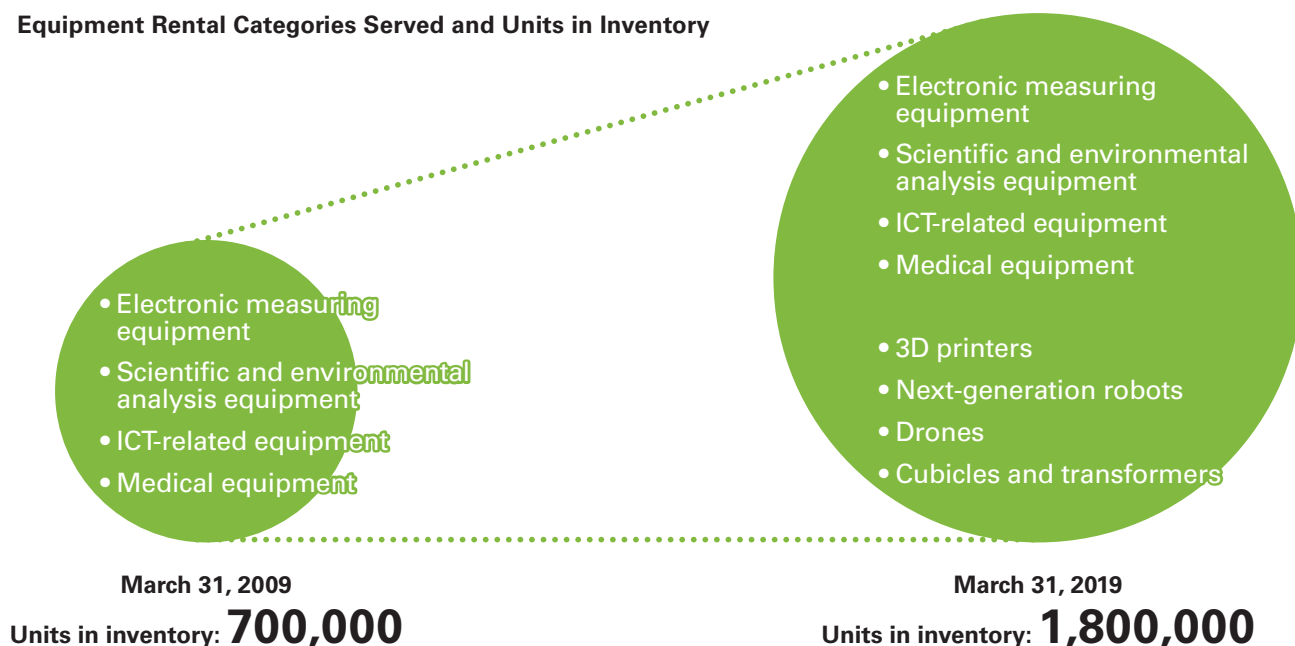
Unit **Rentec****Business Overview**

Founded in 1976 as the first measuring instrument rental company in Japan, ORIX Rentec is an industry leader and one of the largest companies of its kind in Japan, with 32,000 types of rental equipment and 1.8 million units (as of March 31, 2019). ORIX Rentec focuses on equipment rentals including electronic measuring instruments, scientific and environmental analysis equipment, ICT-related equipment, and medical equipment. We offer outsourcing services for measuring instruments that cover quality control and instrument maintenance for electronic instruments customers own. We also offer ICT related services that provide customers with optimal operations support for their IT assets, used equipment sales, and a purchasing service for instruments and equipment that customers own. ORIX Rentec has an excellent customer base that includes major manufacturing industries such as automobiles, aircraft and

aerospace, and electronics, and offers equipment rental and service periods tailored to customer needs, from short-term use for less than one month to medium- and long-term use for more than one year. Thus we help customers resolve various issues in work environments ranging from research and development to the manufacturing floor and offices.

In January 2018, ORIX acquired Yodogawa Transformer Co., Ltd. to further expand its rental business. Yodogawa Transformer is a major renter of power receiving and transforming facilities and equipment with the top share of the overall market at about 40%. Its inventory of cubicles* and transformers is among the largest in Japan. It also supplies original products it develops in-house, such as space-saving cubicles based on customer requests.

* Cubicle: A compact power receiving and transforming facility that contains equipment for transforming electricity sent from a power plant through a substation.

Equipment Rental Categories Served and Units in Inventory

Strategy by Business

Maintenance Leasing

Strategies for Growth

● Improved Ability to Propose Solutions for the Introduction and Use of Robots

ORIX Rentec launched a next-generation robot rental service called RoboRen in 2016, which provides robot rental services including technical support from in-house engineers. The growing need for automation using robots to cope with labor shortages and improve productivity has led to an increase in rental demand for field trials and other purposes. ORIX Rentec will strengthen its ability to propose solutions for robot introduction and use, in ways such as enhancing system integration functions, to support full-scale introduction after field trials. ORIX Rentec will also focus on providing robots that even first-time customers can operate easily by offering robots pre-programmed for the operations required.

● Use of Drones for Infrastructure and Facility Inspection

ORIX Rentec started selling drones and offering drone rental services in 2017. With the decline in the workforce, many companies are thinking about using drones, and the size of the drone market is expected to grow dramatically in the future. On the other hand, issues such as procurement of the latest models and verification of usage methods, maintenance, creation of guidelines for safety management, training of pilots and improvement of operator piloting technologies in line with applications are relevant to practical industrial use. ORIX Rentec will leverage its customer base in focusing on providing services for using drones for facility inspection work in factories, large facilities, and infrastructure applications while collaborating with other companies and participating in field trials to expand the use of drones.

● Expanding Yodogawa Transformer's Business Using the Group Network

Leveraging ORIX Rentec's customer base and sales network will strengthen the project creation capabilities of Yodogawa Transformer, a renter of power receiving and transforming facilities and equipment. ORIX Rentec will move beyond its existing customer base of general contractors by developing new customers involved in businesses such as renovating power plants, railways, data centers, factory construction and relocation, and large events and exhibitions. Core products for business expansion will include mainstay general-purpose products that are highly versatile, and fully order-made two-line cubicles that require sophisticated technology skills to assemble according to customer requirements. By 2022, ORIX Rentec aims to increase its rental equipment inventory by 1.5 times compared with 2019.

● From Japan's Largest Equipment Rental Company to a Sharing Service Platform

In addition to providing rental equipment, ORIX Rentec will transform into a provider of services that add value by combining various services with hardware such as robots, drones and ICT equipment. Furthermore, ORIX Rentec aims to be a platform that provides various sharing services by developing business models such as flat-rate subscriptions.

<p>Strengths</p> <ul style="list-style-type: none"> • A wide range of rental products from multiple vendors and the technical ability to maintain and manage the quality of rental equipment and the logistics service abilities that enable next-day delivery • Client companies and partners in various industries, including large manufacturers 	<p>Challenges</p> <ul style="list-style-type: none"> • Creation of new business through collaboration that utilizes our customer base • Becoming a solutions company that can make a wide range of proposals by converting the expertise acquired over many years into data and using it
<p>Opportunities</p> <ul style="list-style-type: none"> • Changes in consumer perceptions and values, including needs resulting from the shift from ownership to use and increased awareness of sharing services • Accelerating the use of technology as a solution to improve productivity, such as measures to cope with labor shortages and reform work styles 	<p>Risks</p> <ul style="list-style-type: none"> • Decreased needs due to a downturn in capital investment by domestic companies • Reduced need for hardware due to equipment downsizing and technological innovation

Real Estate

Real estate development, rental and management; facility operation;
real estate investment management



We leverage the ORIX Group network to develop and rent office buildings, commercial facilities, logistics centers, and other properties, and operate businesses such as asset management. In addition, we provide high-quality services in operating various facilities such as hotels, inns, and aquariums.

Unit RE Investment and Facilities Operation

Business Overview

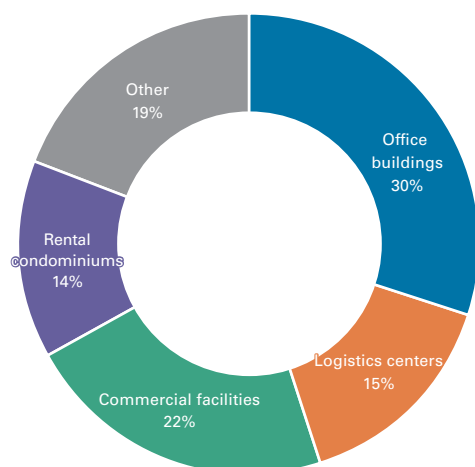
ORIX conducts diverse businesses from real estate development and rental to asset management and facility operation. Our real estate business has comprehensive capabilities not found at other companies because we leverage the ORIX Group's sales network to collect information on properties, identify investors, attract tenants, and introduce customers to operating facilities.

The development and rental business is involved with various types of real estate including office buildings, residential buildings, commercial facilities and logistics centers.

In the asset management business, ORIX Real Estate Investment Advisors (ORIA) operates private equity funds that use capital from investors such as institutional investors and business corporations, and has approximately ¥500 billion in assets under management (as of March 31, 2019). ORIX Asset Management (OAM) operates ORIX Real Estate Investment Corporation, an integrated REIT with assets of approximately ¥670 billion (as of February 28, 2019).

The facility operation business develops and operates properties including hotels and inns, aquariums, a multipurpose dome, and a theater. It is improving services and adding value unique to ORIX facilities with the goal of delighting customers.

Investment: Breakdown of Rental Properties (Investment in operating lease) (March 31, 2019)



Facilities Operation: Number of facilities (April 30, 2019)

Hotels and inns:	21
Senior housing:	33
Aquariums:	2
Training facilities:	4
Other (incl. restaurants, a multipurpose dome, and a theater):	12
Total:	72 facilities

Strategies for Growth

The market for tourism business is expected to expand further ahead of international events such as the 2020 Tokyo Olympics and Paralympics and the Osaka-Kansai Expo 2025. With the aim of expanding business and further enhancing service in the facility operation business, we launched a new inn and hotel management business brand called ORIX Hotels & Resorts (OHR) in January 2019. The new brand applies to 13 directly managed facilities with 3,200 rooms. Through brand unification, we will promote the sharing of expertise and knowledge at each facility to improve customer service. Long term, we will increase awareness of the OHR brand while targeting expansion to around 10,000 rooms over 10 years by 1) upgrading existing facilities and adding value through renovation and remodeling; 2) opening facilities now under development and achieving stable operation; and 3) promoting new development and acquisitions.

In the asset management business, both ORIA and OAM will work to expand assets under management (AUM). ORIA is targeting AUM of ¥700 billion in FY2023.3. It will strengthen relationships with large-scale institutional investors and develop new ones with overseas investors, and use the knowledge of the Group to maximize the performance of AUM and focus on surfacing investments in development projects. In addition, ORIA will expand investment in accommodation facilities in

Strategy by Business

Strengths <ul style="list-style-type: none"> • Extensive expertise in the real estate business and information volume and proposal capabilities that fully leverage the Group's network • Business for domestic and overseas investors, including asset management services and joint investment in large projects 	Challenges <ul style="list-style-type: none"> • Supplementing technical and architectural management specialists and strengthening of quality control capabilities • Enhancing development capabilities (proposal capabilities), including redevelopment
Opportunities <ul style="list-style-type: none"> • Steady occupancy and room rates for hotels and inns due to the increase in foreign visitors to Japan • Booming real estate market due to the accommodative financial environment and the solid global economy 	Risks <ul style="list-style-type: none"> • Decreases in investment in Japan by foreign institutional investors and in the number of foreign visitors to Japan if the yen appreciates and the global economy slows • Intensifying competition among operating facilities and lack of human resources (difficulty in hiring employees) • Exchange and interest rate fluctuation and volatility in the financial environment (bank lending stance)

areas where the number of foreign visitors to Japan is expected to increase, and in real estate in large cities where population inflows are expected. OAM will make carefully selected investments regardless of property use to promote property replacement that is aligned with the market environment. In addition, OAM will strengthen property management to improve the competitiveness of properties and strengthen relationships with tenant companies.

In the logistics centers business, which is part of the

investment businesses, we aim to develop four to five projects each year while watching market conditions. The number of suitable sites is decreasing as competition for sites to develop intensifies, and finding personnel to work at the facilities is key, so we will acquire land using the ORIX Group network. Focusing on Tokyo, Nagoya and Osaka, we will promote new development while identifying locations suitable for logistics facilities to provide state-of-the-art logistics centers that can meet the needs of a wide variety of tenant companies.

Unit **DAIKYO**

In January 2019, ORIX made DAIKYO Inc. a wholly owned subsidiary. This business will complement ORIX's real estate business as we aim for medium- and long-term growth overall as a comprehensive real estate group.

Business Overview

DAIKYO had supplied 461,943 condominium units, primarily in major cities throughout Japan, as of December 31, 2018, and has ranked first among suppliers of condominium units in Japan 32 times according to the Real Estate Economic Institute. It has grown with strong consumer support because it has structured a three-part value chain encompassing real estate development, management and brokerage that maintains condominium asset value.

The real estate development business develops and markets Lions Mansion and Surpass Mansion properties and other

housing that is tailored to customer life stage and regional characteristics, including single-family homes and rental condominiums. Leveraging its expertise in condominium development, the business also focuses on urban redevelopment.

The real estate management business handles maintenance, cleaning and other services for condominiums, office buildings and facilities, and provides support for homeowners associations. In addition, it periodically proposes repairs to improve the performance and asset value of buildings and facilities that have deteriorated over time.

The real estate brokerage business uses a network of directly

Real Estate Development Business: Condominiums developed (January-December 2018)

(Units)

	Greater Tokyo	Kinki	Other	Total
DAIKYO (Ranked 14th)*	530	212	647	1,389
ANABUKI CONSTRUCTION (Ranked 12th)*	0	0	1,427	1,427

* Real Estate Economic Institute Co., Ltd. survey

Real Estate Management Business: Units under management (March 31, 2019)

(Units)

	Greater Tokyo	Kinki	Other	Total
DAIKYO Astage	279,509	60,057	89,067	428,633
ANABUKI COMMUNITY	16,846	9,818	81,225	107,889

Note: The DAIKYO Group, including DAIKYO ASTAGE and ANABUKI COMMUNITY, ranks first in Japan in units under management (Mansion Kanri Shimbun survey).

Real Estate Brokerage Business: Brokerage contracts (FY2019.3) and locations (March 31, 2019)

	Greater Tokyo	Kinki	Other	Total
Brokerage contracts	3,556	560	2,464	6,580
Locations (Branches and offices)	38	6	32	76

Real Estate

managed branches in 32 prefectures and two overseas countries. In addition to brokering the purchase and sale of condominiums and single-family homes, it operates a renovation business that prepares homes for sale by handling repairs and adding new value and functions, and provides management support for rental properties.

Strategies for Growth

Land prices in major Japanese cities such as Tokyo have continued to rise, with the official land price (average of residential and commercial) rising for four consecutive years due to the moderate economic recovery. At the same time, Japan's population and birthrate are decreasing and society is aging, so in our core new condominium sales business, further price increases are difficult to anticipate given the income environment of our primary customer group (the average income demographic). Moreover, the short supply of development sites is intensifying purchasing competition, construction costs remain high, and sales prices in greater Tokyo may well have peaked. Conditions suggest a careful approach to business with close attention to changes in the business environment.

The real estate development business will address these circumstances by energetically participating in redevelopment and strengthening the condominium business in population centers including greater Tokyo and the Kinki area where we

expect solid demand. In addition, we will complement our conventional product line for families by developing products that meet the diverse needs of demographics including the double-income generation, singles, and active seniors. We will also handle development of rental condominiums and hotels as products for investors, and build this into a mainstay of profit alongside new condominium construction.

The need for the real estate management business to move away from a labor-intensive business model is a major issue given Japan's shrinking population, declining birthrate and aging society, and we will invest aggressively to structure a new business model that employs artificial intelligence and the Internet of Things. As the properties we manage age, we also expect a steady increase in demand for repair and renovation. We are also enhancing our ability to capture external orders for new construction, repair and renovation by recruiting qualified construction management personnel. The office building management business will leverage the ORIX Group's network to grow earnings by increasing properties under management and capturing orders in the ancillary repair and renovation business.

In the real estate brokerage business, we will improve sales force productivity and strengthen the business by improving operations such as sales price assessment using AI. We will also use the ORIX Group network to expand services that meet inbound and outbound demand.

<p>Strengths</p> <ul style="list-style-type: none"> • Development expertise and overwhelming brand recognition of Lions and Surpass condominiums • A customer base from building management of 10,030 condominium properties¹ and 6,472 office buildings and facilities² and stable revenue generated from their building management, leasing management, brokerage, repair work, and renovation <p>1. As of March 31, 2019 2. As of January 2019</p>	<p>Challenges</p> <ul style="list-style-type: none"> • Expanding the share of condominiums supplied in greater Tokyo and the Kinki area • Structuring a new business model using AI and IoT
<p>Opportunities</p> <ul style="list-style-type: none"> • Increase in demand for repair and renovation of condominiums and other properties under management • More business opportunities from leveraging the ORIX Group network 	<p>Risks</p> <ul style="list-style-type: none"> • Rising land prices due to intensifying purchase competition • Loss of opportunities due to labor shortage (limitations on growth in orders from shortage of qualified construction management personnel)

Synergy and Growth from Integrated Operation of ORIX's Real Estate Business and DAIKYO

Our objective is to develop all types of real estate and provide services throughout the entire real estate value chain through unified management leveraging ORIX's competitive advantages in the real estate business and DAIKYO's strengths. This will enable ORIX to be a real estate industry leader in profitability. Moreover, our organization will enable us to promptly take advantage of investment opportunities when the real estate industry enters a correction phase. We

have already started collaborating on projects, such as redevelopment around Kanazawa Station and the second phase of development in Umekita, Osaka. We will increase opportunities to maximize and demonstrate the value of integrated operations from the standpoint of sharing information and collaborating in development, brokerage and construction supervision. We intend to move forward with real estate business integration during FY2020.3.

Strategy by Business



Investment and Operation

Environment and energy, private equity and concession



ORIX is a comprehensive energy service provider that operates in the renewable energy business and the electric power retail business. We also make private equity investments in Japan and overseas, and use the expertise of the Group to increase the corporate value of our investees. The concession business operates airports and a wastewater treatment plant.

Unit Environment and Energy

Business Overview

We operate a wide range of energy businesses in the fields of renewable energy power generation, energy-saving services and electric power supply, and environment businesses such as waste disposal and metal recycling.

In the energy business, we are working to make renewable energy mainstream, including solar power, biomass, geothermal energy, and wind power to contribute to the global transition to a carbon-free society through our businesses. Among these forms of energy, we are a top company in terms of output in the solar power business in Japan. We are also leveraging the expertise we have gained in Japan to invest in the energy business overseas, including renewable

energy power generation businesses. Energy-saving services help customers save energy and reduce CO₂ emissions, with the goal of eliminating upfront investment and increasing productivity for customers renovating or installing equipment in factories and building interiors. In electric power retailing, we are a retail electric utility (new power) that offers the service of providing discounted electricity to factories, office buildings and other business operators throughout Japan.

In the environmental business, we offer services using our own facilities and unique nationwide network to structure a single-source value chain that handles everything from collection of unwanted goods and waste collection and transport to recycling, processing and final disposal.

Energy Businesses

Business		Main Data (March 31, 2019)
Japan	Renewable energy	Solar power projects with about 1 GW capacity (total of mega solar and rooftop), and about 840 MW in operation. It will operate at full capacity by FY2022.3.
	Electric power supply	Power retail: power contracts for 1,034 MW, power sales of 2.36 GWh, ranked 7th in the new power market (high voltage) Operating power plant gross capacity: 13.6 MW for biomass power plants, 224 MW in total for two coal and biomass power plants
	Energy-saving	Service engagements: approximately 750 (cumulative total)
Overseas	Renewable energy	Gross capacity of investees: Geothermal in U.S. – Ormat Technologies, 947 MW; Wind power in India – Indian IL&FS, 874 MW; Hydroelectric power in Vietnam – Bitexco, 895 MW

Environment Businesses

Emission	Resource	Industrial Waste	General Waste
Intermediate processing (crushing, sorting)	ORIX Eco Services (support for waste recovery, reuse, recycling, proper processing and operation of intermediate processing facilities that mainly handle metal waste)		—
	Reusable items are sold to second-hand sales companies	Items that cannot be reused are dismantled and separated by material. Resources such as recyclable iron and non-ferrous metals are recycled as materials.	
Final disposal (incineration, melting, landfill)	—	ORIX Environmental Resource Management processed about 118,000 tons of waste in FY2019.3 (complete recycling at an advanced waste processing facility, the largest private processing facility in Japan)	
		ZEEKLITE processed about 130,000 tons of final processed waste in FY2019.3 (operates Japan's largest final disposal site, properly disposes of waste that cannot be recycled)	

Strategies for Growth

Under the feed-in tariff (FIT) system, Japan's renewable energy business has completed its development phase and is ready to move to the power plant quality improvement phase. In September 2018 we established ORIX Renewable Energy Management, a solar power plant operation, management and maintenance company that works with ORIX power generation facilities to ensure safe operation and maintain high quality and power generation efficiency over the long term. In the geothermal power generation business, we are moving forward with commercialization and conducting feasibility studies in Hakodate City in Hokkaido, Hachiojima in Tokyo, and elsewhere in Japan. Geothermal power generation is a promising source of revenue compared with other renewable energy sources because its independence from the weather gives it high power generation efficiency. In the wind power generation business, we are researching and considering commercialization of offshore wind power off the coast of Choshi City, Chiba Prefecture. We are also looking at an alliance with a company from outside Japan with experience in launching wind power businesses because this project will be awarded through public tender.

The growing use of renewable power generation is moving the supply of energy from centralized supply by large-scale power plants to distributed supply by smaller-scale, regionally dispersed power plants that supply power to nearby areas, and this shift is gaining traction globally. ORIX already owns power supply facilities that contribute to a distributed energy network spanning over 600 locations throughout Japan, including renewable energy power plants such as solar (mega solar, rooftop), wind power and biomass. We have also emplaced approximately 10,000 residential-use stationary storage batteries and provide residential solar power generation equipment. We expect the power supply facilities we own and services we provide to contribute to the stability of the expanding distributed energy network. In addition, we will consider the development of electric vehicles that can be a new power source and medium and large stationary storage

batteries. ORIX owns distributed power generation and supply resources and supports the efficient consumption of electricity and the stable use of new resources to supply demand, and will continue to be a major player in distributed energy supply.

Our overseas energy business had focused primarily on financial investments to take minority stakes, but we will now acquire platform companies to build the foundation for power generation businesses in Europe and Asia. In particular, the renewable energy market in Asia is expected to expand in line with the increase in electricity demand, and we will establish an organization for acquiring business opportunities, such as assigning specialized personnel to Hong Kong, with the goal of building our own platform for the renewable energy business. From this perspective, we have made an investee wind power generation company in India into a wholly owned subsidiary. Moreover, the renewable energy market in Europe is expected to grow steadily due to lower power generation costs and a carbon-free mindset, so we established ORIX Corporation UK Limited in the United Kingdom to acquire power producers and asset managers.

In our environmental businesses, the transition to a society that reuses and recycles has energized the reorganization of the waste processing and recycling industry, so we will seek opportunities for synergistic M&A. In addition, we will strengthen our integrated value chain from collection and transportation to intermediate processing and final disposal by expanding processing facilities at final disposal sites to address the increase in intake volume. Furthermore, the general waste market has high entry barriers due to waste regulations, and we are planning to construct a new biogas power plant mainly for food waste, wastepaper and other business-related general waste. It is scheduled to come online during FY2022.3. In addition, we will consider the business of recycling incombustible waste for local governments with the objective of receiving orders to process waste at facilities that take the place of municipal recycling centers. These centers would also double as facilities for receiving large amounts of waste in the event of a disaster.

Strategy by Business

Strengths <ul style="list-style-type: none"> Japan's largest solar power generation business, and comprehensive energy service businesses including energy-saving services, electric power retail, and storage battery sales One-stop service from waste collection and transportation to final disposal 	Challenges <ul style="list-style-type: none"> Intensifying market competition Hiring and developing personnel in line with business expansion and new business development
Opportunities <ul style="list-style-type: none"> Using experience in Japan and overseas investment expertise to expand the global renewable energy market Increasing need for waste treatment (food waste, etc.) and recycling, increasing waste treatment needs of local governments 	Risks <ul style="list-style-type: none"> Accidents at large-scale facilities (power plants, waste treatment facilities, etc.) Massive natural disasters

Unit Investment and Operation

Business Overview

The private equity investment business makes full use of the Group's global network and expertise to increase the corporate value of investees. Unlike many other private equity funds, we invest our own capital and are therefore able to respond flexibly to changes in investment terms and capital increases. In Japan, we emphasize a hands-on approach to improve investee corporate value in many ways. This includes integrating with investee administration and providing business support, assigning specialized personnel to investees, and collaborating with the many ORIX Group divisions to develop new customers and expand sales channels. We do not simply increase investee value; we want to drive industry reorganization and structural change in ways that only ORIX can.

We build a relationship of trust with our investees, and

emphasize management aligned with their aspirations and communication with management and employees. The same applies to investment outside Japan, where in some cases it may take years to build a trusting relationship. We seek out local partners with good track records to help us accommodate diverse cultures.

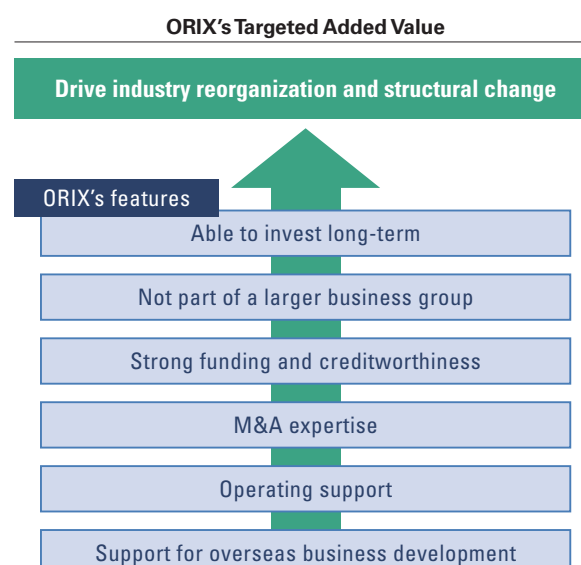
We actively invest in Japan and around the world, with the goal of generating stable profits from our investees and consistent capital gains through portfolio replacement.

Investment Results in Japan

Following the financial crisis of 2008, ORIX began making new investments in FY2012.3. By March 31, 2019, we had made 20 new investments and exited 8 of them, and so now have 12 investees. We also have investments in 12 other funds and vehicles.

Features and Targeted Added Value of ORIX's Private Equity Investment

ORIX's Features			
An investor that combines the strengths of a fund and an operating company			
	ORIX	Fund	Operating company
Investment objective	Pure financial investments and strategic investments	Pure financial investments	Strategic investments
Independent management	◎	◎	×
Unequivocal neutrality (Not part of a larger business group)	○	○	×
Diverse investment approaches	○	△	×
Investment term	○	×	No exit
Flexible exits	○	×	
Synergy	◎	×	◎



Investment and Operation

Strategies for Growth

In Japan, we will move from simple private equity investment to the next stage, based on our track record in generating investment returns, including capital gains, of more than ¥100 billion over the past five years. We will continue to deepen our involvement in industries we have been focusing on, and will build businesses on a dimensional scale. Unlike other companies, we will use ORIX's unique network to identify investees, grow market share through investee roll-ups, and expand into adjacent businesses. Focus industries include healthcare, business process outsourcing, IT and information services, lifestyle support services and education. We assume that business succession at companies with individual owners, carve outs from listed company groups, and capital policy for activist countermeasures will be among our investment opportunities.

We intend to make both pure financial investments and long-term strategic investments. Rather than limit ourselves to pure financial investments with a 3-to-5 year time frame, in growth areas such as healthcare we will add investees and leverage synergies among investees in making long-term,

strategic investments. We will generate consistent capital gains from pure financial investments every fiscal year, and establish a stable foundation for earnings from strategic long-term investments. Furthermore, we will complement our traditional solo investments by exploring the potential of co-investment with operating companies. Given the positive reviews of our hands-on model of dispatching ORIX employees to investee companies, we will look at deals in which ORIX takes responsibility for structuring administration while operating companies assume responsibility for expanding the business of investees. Thus we will accelerate new investments and diversify our deal flow.

Overseas, we will focus investment on specific regions and sectors and collaborate with good partners. Regionally, we will focus on Southeast Asia and India. Focus sectors will include business services such as logistics, healthcare, business process outsourcing and financial services. We will invest in growth companies that are sector leaders and have an established business model to accelerate the growth of investees.

Strengths <ul style="list-style-type: none"> • Contribution to increasing investee value by assigning ORIX managers to the investee during post-merger integration (PMI) to compensate for investee weaknesses while leveraging synergies with the ORIX Group's sales network and products • Flexibility about timeframes and deal flow because unlike funds, ORIX invests its own capital 	Challenges <ul style="list-style-type: none"> • Using previous hands-on experience increasing value to explore new investment schemes such as co-investment with operating companies • Building economies of scale by expanding business through investee roll-ups while creating new functions and adding value
Opportunities <ul style="list-style-type: none"> • Increasing business succession needs at SMEs and carve-outs at listed companies in Japan • Increasing investment opportunities globally due to significant changes in industry structure from progress in AI and IoT, and accelerating industry reorganization 	Risks <ul style="list-style-type: none"> • Rapidly rising acquisition prices may impede new investment • Poor investee performance due to changes in the business environment may require recognition of impairment of goodwill recorded at the time of acquisition, or preclude an exit at the expected price

Unit Concession**Business Overview**

The concession business currently operates airports and a wastewater treatment plant. We started operating Kansai International Airport and Osaka International Airport (Itami Airport) in April 2016 as the first privately-owned full-scale operation business for an airport in Japan, and have been operating Kobe Airport since April 2018. Both are operated by Kansai Airport Co., Ltd., established by a consortium centered on ORIX and VINCI Airports of France. Enhancements at the airport and attractions in the vicinity are required to increase the number of routes and passengers. Kansai

Airport is continuously working on enhancing airport facilities and working with local companies and local governments to increase demand for business and tourism.

We have been operating a wastewater treatment plant in Hamamatsu City, Shizuoka Prefecture since April 2018. ORIX participates in the operating company, which was established with the Japanese subsidiary of the French company Veolia at its core. We provide safe and secure wastewater treatment services to residents, and reduce environmental impact in accordance with our environmentally sound business management policy.

Strategy by Business

Investment and Operation

Strategies for Growth

Competition in the Japan's concession market is intensifying as more and more foreign companies and domestic developers participate.

In our airport-related business, for existing operations (Kansai, Itami, Kobe), we will increase earnings by using the expertise of the ORIX Group, focusing on commerce, real estate development, headcount reduction and labor-saving services. We will enhance measures to address the increase in inbound traffic and the number of passengers in preparation for the 2025 Osaka Expo. In addition, in December 2018 we announced a disaster countermeasure plan (reinforcement of revetment, underground electrical facilities relocation, BCP review) for Kansai International Airport, which was damaged by a typhoon in September 2018, and will

implement the measures over the coming two years. As a new initiative, we will pursue new business opportunities that make use of airport management knowledge.

Many local governments are having trouble with water supply and sewerage because of decreasing population, decreasing demand, and increasing costs for equipment renewal. The challenge is achieving sustainable infrastructure operation by increasing operating efficiency and introducing new technology. Japan's water supply and sewerage market is potentially large, so we will continue to consider participation in new concession projects with a focus on collaboration with partners.

In addition to solidifying our position as Japan's leading concessionaire, we will pursue business opportunities in overseas concession projects.

Kansai Airport before and after the Start of the Concession Business

Business Content		FY2016.3 (Prior to start of concession business)	FY2019.3
Number of passengers (Kansai ¹ + Itami ²) (Kobe Airport)		38.69 million 2.53	45.70 million 3.19
Number of international flights	Kansai summer schedule ³	1,241 flights per week	1,548 flights per week
	Passenger flights (LCC ⁴)	365	536
	(FSC ⁵)	744	867
	Cargo service	132	145
Non-airline revenue ⁶		¥99.8 billion	¥130.1 billion

1. Kansai: Kansai International Airport

2. Itami: Osaka International Airport (Itami Airport)

3. FY2016.3 is results for summer 2016. FY2019.3 is planned results for summer 2019.

4. LCC: Low-cost carrier

5. FSC: Full-service carrier

6. Non-airline revenue: Duty-free store sales, product sales, food and beverage revenue, etc.

Strengths	<ul style="list-style-type: none"> • Extensive expertise and experience in business operation • Solid network of relationships with leading companies in and outside Japan 	Challenges	<ul style="list-style-type: none"> • Creative ideas are required because of new forms of public-private partnerships • Participation in overseas concession projects
	Opportunities <ul style="list-style-type: none"> • Japan's concession market is potentially large • In recent years, interest in Japan in domestic and international infrastructure projects has been increasing 		Risks <ul style="list-style-type: none"> • Intensifying competition in domestic concession projects • Change in policies regarding concession promotion and change in laws and regulations



Retail

Life insurance, banking, card loan business



In the life insurance business, we provide simple, easily understood products, primarily through agency sales and mail order and Internet sales. In the banking business, we focus on areas of strength including real estate investment loans. In the card loan business, we leverage our credit expertise to guarantee unsecured loans for other financial institutions.

Unit Life Insurance

Business Overview

Our life insurance business offers simple and easily understood products and reasonably priced insurance coverage. We offer a full lineup of insurance products, primarily in the third-sector market and also in the first-sector market. Recognized by customers and external observers as insurance professionals, we also research and develop new products so that we can provide optimal insurance aligned with evolving customer needs.

ORIX Life Insurance organically integrates four sales channels – agency sales, sales through banks and other financial institutions, mail order and Internet sales, and direct sales – with an omnichannel strategy of providing services via channels that customers wish to use. The agency channel

accounts for about 80% of new policies in force and premium income each year. In light of more stringent regulations and measures for customer-oriented operations, improving quality is a key theme for the agency industry. ORIX Life Insurance is providing focused support to help agencies improve quality while strengthening relationships with agencies that are doing so. As part of our omnichannel strategy, Conserve Advisors (ORIX Life employees) play the core role in our direct sales channel, where we can provide face-to-face service. Our home visit consulting service in which we call on customers who have requested information via phone or Internet has been particularly well received. Conserve Advisors are highly productive, and we continue to hire selectively as we expand our organization.

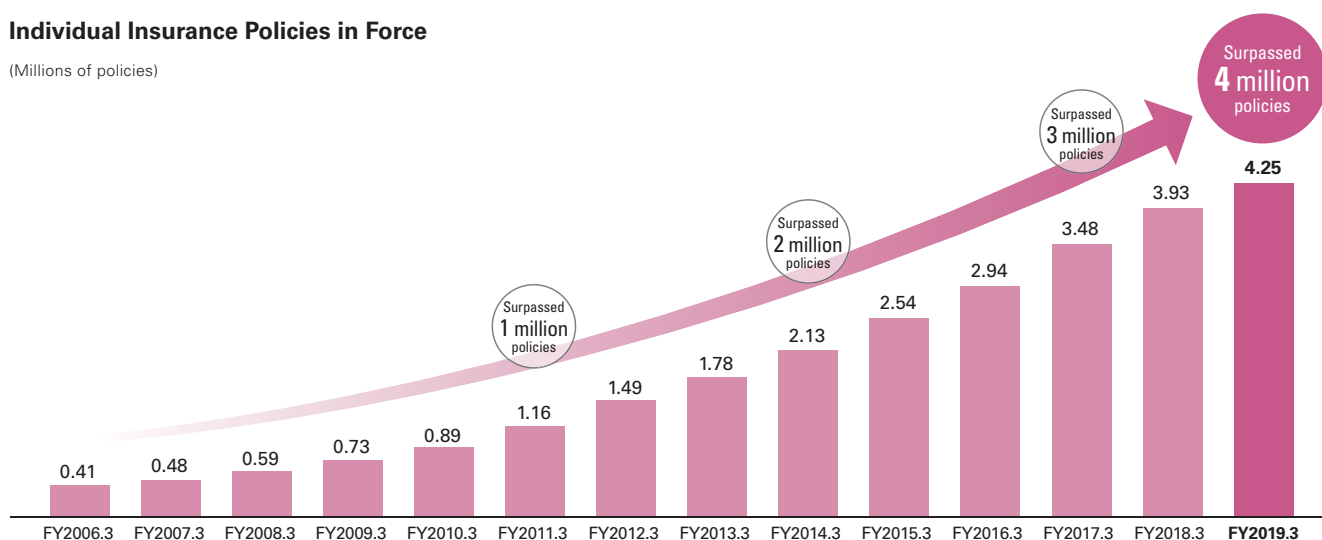
Number of Sales Channels (As of March 31, 2019)

Agency channel: 5,823 locations

Financial institution channel including banks: 6,161 branches

Individual Insurance Policies in Force

(Millions of policies)



Strategy by Business

Strategies for Growth

We want to remain the company of choice for customers and generate sustainable growth. We are therefore implementing our omnichannel strategy and continuing to develop and provide high-value-added products and services that can address diverse customer needs.

ORIX Life Insurance has been complementing its traditional strength in third-sector insurance products such as medical insurance by handling a broader array of first-sector insurance products including death insurance and income security insurance. In April 2019, ORIX Life Insurance launched its first foreign-currency denominated product, a U.S. dollar whole life insurance product called Candle. This product offers sensible asset formation for lifelong security planning in a protracted low-interest-rate environment. The launch of Candle added to ORIX Life Insurance's multiproduct

portfolio, enabling an approach that addresses more diversified customer needs. We will respond to new markets and needs by developing and providing products that will help expand our customer base.

We are also focusing on improving service quality. Having enhanced all print materials provided to customers, we provide detailed customer-driven support at our Contact Center, and designed a simple, user-friendly website. These efforts have received favorable recognition from a third-party institution. We will use our understanding and analysis of customer feedback to further improve service quality and to develop and provide new services. We will also conduct initiatives with the priority theme of providing services that are relevant given the rising age and longevity of society, while structuring our business operations accordingly.

Strengths <ul style="list-style-type: none"> • Strong ability to develop products that address customer needs, and favorable recognition from third-party institutions • Omnichannel business development 	Challenges <ul style="list-style-type: none"> • Sales highly dependent on the agency channel • Overdependence on third-sector insurance products subject to intense price competition
Opportunities <ul style="list-style-type: none"> • Changes in customer needs brought on by changing lifestyles and an age when people may live to 100 • Increase in points of customer contact and expanded opportunities to sell policies using an omnichannel approach 	Risks <ul style="list-style-type: none"> • Contraction of the domestic life insurance market due to the declining population • Intensifying competition in the agency channel

Unit Banking

Business Overview

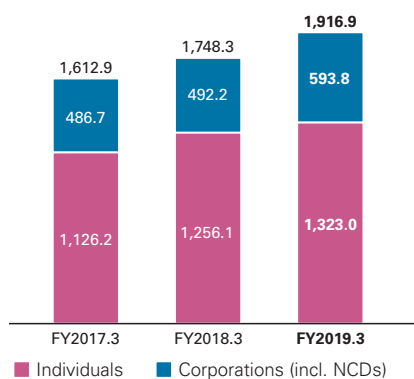
ORIX Bank does not do business like conventional banks. We do not have branches, ATMs, or handle settlement functions. Instead, we emphasize Internet and telephone transactions to reduce operating expenses and provide customers with higher interest rates on their deposits. We maintain a high deposit-to-loan ratio and operate efficiently by flexibly acquiring deposits in line with business growth.

ORIX Bank capitalizes on its strengths in niche markets. We are more profitable than other financial institutions because

we offer distinctive products and services that meet customer needs, such as real estate investment loans, card loans, trust products and investment trusts. Real estate investment loans are a core business that leverages the strength of the network and expertise we have built over the years.

We launched retail investment trusts in 2018 with the goal of making ORIX Bank a leader in ESG investing. We sell no-load funds with reasonable management expenses that address customer needs for asset formation over the medium and long term.

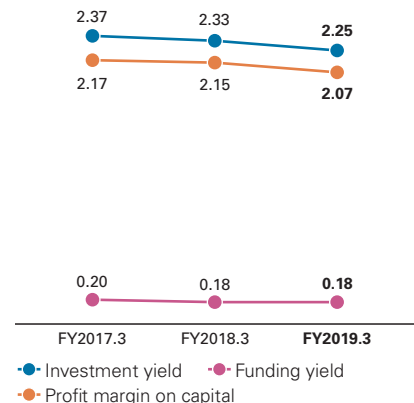
Deposits (Billions of yen)



Loans (Billions of yen)



Yield and Gross Margin (%)



Strategies for Growth

Real estate investment loans are a core business in which we aggressively leverage the powerful expertise we have acquired over many years. This market has pitfalls that include the submission of falsified documents by financial institutions and real estate companies, which requires sound due diligence. In November 2018 we also enhanced our conventional due diligence in ways such as adding rent projections to elucidate the risks associated with real estate investment. The market for real estate investment loans is

growing. ORIX Bank will continue to lead the industry to form a sound market for real estate investment loans, maintain and expand strong relationships with real estate companies, and retain market share as a leading source of financing in the industry.

We will also support the future growth of our customers by emphasizing customer-oriented services with the goal of being a bank customers select because of our strength in real estate consulting.

Strengths

- Large share, strong risk management capabilities, and customer-oriented operations in the real estate investment loan market
- Low-cost, highly profitable operations

Challenges

- Highly dependent on real estate investment loans
- Need to deepen relationships with customers

Opportunities

- Strong market for real estate for investment
- Proposal and provision of products that use trust mechanisms to address customer needs

Risks

- Real estate market downturn due to declining population in Japan
- Increased liquidity risk due to changes in the funding environment

Strategy by Business

Retail

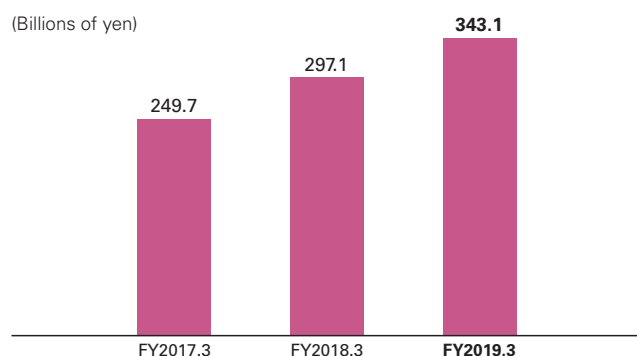
Unit Credit

Business Overview

ORIX Credit operates in three core retail businesses: the loan business, the credit guarantee business, and the mortgage banking business. The loan business primarily provides unsecured loans to individual customers. The main product is the ORIX VIP Loan Card, which was launched in 1987. Using efficient business operations and credit screening capabilities developed over many years, ORIX Credit offers products and services that are easy for customers to use, such as industry-leading low interest rates and large credit limits. The credit guarantee business guarantees unsecured loans mainly handled by financial institutions based on the credit expertise ORIX Credit has acquired in the loan business, and as of March 31, 2019, ORIX Credit partnered with 184 financial institutions. The mortgage banking business, launched in 2017, provides housing loans with emphasis on the Flat 35 product.

Consumer Loan Guarantees

(Billions of yen)



Strategies for Growth

In the consumer loan market, growth in bank card loans, an area where our presence has been strong over the past several years, has slowed and loan balances among lenders are showing signs of bottoming out. ORIX Credit will further enhance the brand value of VIP loan cards, improve product appeal and services, and build relationships with blue-chip customers. In addition, ORIX Credit will employ a strategy of IT and digital alliances with companies that have a customer base.

In the credit guarantee business, ORIX Credit will seek out relationships with new business partners while stimulating transactions with existing partners through sales proposals that promote consumer term loans on deeds for unspecified purposes. ORIX Credit will also strengthen its portfolio management and increase the balance of guarantees by expanding guarantees for diversified pools of smaller, high-quality receivables.

In the mortgage banking business, ORIX Credit will expand its agent network to capture the leading share in the Flat 35 market. ORIX Credit will also expand its product menu to meet diverse funding needs, in ways such as launching reverse mortgages.

Strengths <ul style="list-style-type: none"> • VIP loan card brand (history) • Screening capabilities built over many years 	Challenges <ul style="list-style-type: none"> • Decrease in loan demand due to declining birth rate, aging population and changing lifestyles • Major changes in the social environment (legal regulations) of the consumer loan market
Opportunities <ul style="list-style-type: none"> • Japan's consumer loan market slowdown appears to be bottoming out • Increased opportunities to attract customers by collaborating with business partners (using data, AI, digital, and other means) 	Risks <ul style="list-style-type: none"> • Worsening economic environment (increase in non-performing loans) • Intensifying competition in the consumer loan market due to entrants from other industries such as fintech

Overseas Business

Asset management, aircraft and ship operations,
private equity investment and finance



Since launching operations in Hong Kong in 1971, ORIX has built an overseas network of 730 locations in 36 countries and regions outside Japan as of March 31, 2019. We conduct financial services businesses with deep local ties in Asia. In our asset management and aircraft and ship businesses, we conduct operations that leverage our expertise globally.

Unit ORIX Corporation USA (OCU)

Business Overview

Established in 1981, OCU has more than 35 locations in the United States and Brazil that are the ORIX Group's strategic business bases in the Americas. OCU invests in securities such as municipal bonds, finances real estate and infrastructure, and operates in the private equity investment and asset management businesses.

OCU began making private equity investments in 2016. It conducts investment and operation for promising businesses, including investment in public infrastructure related service companies because public infrastructure facilities in the United States are aging and demand for replacement and maintenance of facilities is increasing.

In the asset management business, OCU has been expanding by acquiring multiple mortgage banking and loan servicing companies and asset management companies since

2010. In August 2018, OCU acquired NXT Capital Inc. (NXT Capital), an independent loan and asset management company involved in leveraged finance¹ and the real estate finance and investment management businesses in the United States, mainly for the middle market.²

Strategies for Growth

Our policy is to expand our asset management business in the United States. NXT Capital has structured a highly profitable business model that generates an array of fees along with interest income. It lends on its own account and its excellent reputation and track record in the industry also attracts funds from high-quality institutional investors. OCU will integrate its leveraged finance business into NXT Capital to comprehensively strengthen its U.S. middle-market finance business.

1. Financing that guarantees the future cash flow and assets of an acquisition

2. Market for medium-sized enterprises

Private Equity Investment Business: Investees since 2016

Investee	Initial Investment	Industry and Business
RoadSafe Traffic Systems, Inc.	2016.3	Transportation infrastructure safety services
Protection Services Inc.	2016.11	Transportation infrastructure safety services
Hoffman Southwest Corporation	2017.2	Water supply maintenance and management services
Beth's Barricades	2017.7	Transportation infrastructure safety services
Peak Utility Services Group	2018.6	Installation and maintenance services for public infrastructure and facilities
NTI Connect, LLC	2018.12	Installation and maintenance services for communications infrastructure and facilities
Tri-State Utilities Co.	2019.2	Public infrastructure services
Accumark, Inc. Benchmark VA LLC Subsurface Utility Services Pipe Vision, LLC	2019.5	Public infrastructure services
Utility Sales & Service Inc.	2019.7	Installation and maintenance services for public infrastructure and facilities

Note: Please refer to page 25 for AUM and earnings at core subsidiaries in the asset management business.

Strategy by Business

In private equity investment, we will steadily capture opportunities to increase new investments and make additional acquisitions through existing investees. In 2019, we expanded our business when investee Hoffman Southwest, a water supply maintenance and management company, acquired competitors Tri-State Utilities, Accumark, Benchmark

and Pipe Vision and existing investee Peak Utility Services acquired Utility Sales & Service Inc. Through additional acquisitions through new investments and existing investees, we will capture strong demand centered on growth industries in the United States.

Strengths <ul style="list-style-type: none"> • Involvement in a wide range of financial services businesses to offer various capital solutions • Use of specialists with an intimate knowledge of business in their fields 	Challenges <ul style="list-style-type: none"> • Continuous earnings growth by changing to fee businesses from inventory-based businesses • Intense price competition with other companies in the investment business
Opportunities <ul style="list-style-type: none"> • Strong demand for public infrastructure services in the United States • Expansion of assets under management as the asset management market expands 	Risks <ul style="list-style-type: none"> • Soaring acquisition prices backed by strong appetite for investment • Lower earnings due to an economic slowdown in the U.S. economy

Unit ORIX Corporation Europe (OCE)

Business Overview

ORIX made a full-scale entry into the global asset management business by acquiring the Netherlands-based asset management company Robeco Groep N.V. in 2013. We changed its name to ORIX Corporation Europe N.V. in 2018. As part of OCE, Robeco Institutional Asset Management B.V., which operates in the asset management business under the "Robeco" brand, and several other asset management companies lead the ORIX Group's asset management business. Founded in 1929, Robeco has long been researching new investment technologies while constantly investing, and now

offers a wide range of active investment management solutions from stocks to bonds. Its clients are numerous European institutional investors, including pension funds, banks, insurance companies and public institutions. As a pioneer and global leader in sustainability investing and quantitative investment management, Robeco provides innovative investment management strategies with a proprietary combination of research in three fields: fundamentals, sustainability and quantitative investing. Sustainability investing is increasingly popular in Europe and around the world, giving Robeco more opportunities to exercise its competitive advantage.

Asset Management Companies within OCE: Total AUM¹ for five companies at the end of FY2019.3: ¥37 trillion;
Segment profit for FY2019.3 (before tax)²: ¥35.1 billion

Subsidiary Name	Primary Businesses
Robeco Institutional Asset Management B.V.	Stocks, bonds, and investment solutions
Transtrend B.V.	CTA ³
RobecoSAM AG	Sustainability investing
Harbor Capital Advisors, Inc.	Manager selection ⁴
Boston Partners Global Investors, Inc.	U.S. and global equities

1. Estimated AUM that includes servicing assets

2. Estimated based on results for FY2019.3

3. Commodity trading advisor: Company or manager that manages customer financial assets by diversifying into a wide range of financial products including hedge funds and other commodity futures as well as currency and stock index futures

4. Creation of stock or bond mutual funds and selection of the most appropriate manager for each fund

Overseas Business

Strategies for Growth

We have been considering M&A to expand the scale of assets under management since acquiring Robeco in 2013. Rapidly rising prices impeded this initiative, but prices have fallen recently and we will consider acquisitions. At the same time, we will reorganize and integrate the entire asset management business and facilitate synergy with new acquisitions.

In the asset management industry, there is an ongoing

shift of capital from active funds to passive funds. Robeco runs counter to this environment because it is classified as an active fund manager. In addition, downward pressure on fees is also increasing throughout the industry. Therefore, in order to maintain and increase profitability, we will supplement our product lineup and enhance distribution, which adds points of contact with customers by creating marketing materials, providing strategic marketing support and other measures to support fund sales.

Strengths <ul style="list-style-type: none"> • Broad product lineup and investor base • Extensive experience backed by a long-term track record and an excellent research system 	Challenges <ul style="list-style-type: none"> • Decrease in assets under management due to deterioration in investment management performance and more intense competition • Comparatively small AUM limiting benefits from economies of scale
Opportunities <ul style="list-style-type: none"> • Expectations that the asset management industry will expand assets under management globally • Increased M&A opportunities due to reorganization of the asset management industry 	Risks <ul style="list-style-type: none"> • A weakened investment management organization due to an outflow of talented personnel • Major trends in the asset management industry: Shift from active to passive (Robeco is classified as active) and rising pressure on fees

Unit Aircraft, Ships**Business Overview****Aircraft Business**

We have accumulated 40 years of aviation business expertise after entering the aircraft leasing business in 1978. ORIX Aviation Systems Limited (OAS), established in Ireland in 1991, is a leading aircraft leasing company with strengths in aircraft asset management. In addition to leasing owned aircraft, it invests jointly with U.S. hedge funds and other partners, and arranges aircraft investments for corporate investors in Japan. OAS also provides aircraft asset management services to joint investment partners and domestic corporate investors, and engages in negotiations with airlines, monitors aircraft operation and maintenance, and sells aircraft. As of March 31, 2019, OAS owned and managed more than 200 aircraft and leased to more than 70 airlines in over 30 countries. In November 2018, the company acquired 30% of the outstanding shares of the world's third-largest aircraft leasing company, Avolon Holdings Limited (Avolon). Avolon mainly orders aircraft directly from aircraft manufacturers and leases the new aircraft to airlines upon delivery, while OAS mainly focuses on acquiring leased aircraft from airlines. Thus OAS significantly expanded its leasing business.

Ship Business

ORIX entered the ship leasing business in 1971 and established ORIX Maritime in 1977 to handle ship operations and management. We have owned ships since the 1980s, and launched a business that invests in ships and charters them to Japanese and international shipping companies. Furthermore, in 1996 we established a small-scale vehicle for companies to invest in ships, which was the first of its kind in Japan. Today, we arrange numerous investment projects and provide them to customers.

Over nearly 50 years of business operations, we have accumulated a wide range of know-how related to ship financing, the management and operation of ships we own, and ship trading and brokerage. With four bases in London, Taiwan, Singapore and Tokyo, ORIX owned 12 bulk carriers as of March 2019, and will add 14 more that will be completed in the next two years. All ships that are owned and all the ships to be added in the future are constructed at Japanese shipyards, which are fuel-efficient and produce high-quality products. In addition, we are undertaking initiatives to reduce the environmental burden of ships and contribute to the preservation of the marine environment.

Strategy by Business

Aircraft Business Revenue Opportunities

Aircraft Business Revenue Opportunities		Lease Revenue	Gains on Sale	Fee Income
Owned aircraft	Lease owned aircraft to airlines	○	○	
Joint investment	Lease aircraft owned with joint investors to airlines	○	○	
	Manage aircraft asset management service under contract from joint investors			○
Arrange investment in aircraft*	Arrange aircraft investment for investors			○
	Manage aircraft asset management service under contract from investors			○

* Arrange investments for investors with the goal of recovering investment capital through lease payments from airlines and generating capital gains through the sale of aircraft after several years

Strategies for Growth

Aircraft Business

OAS aims to achieve sustainable growth in existing businesses in light of the future of the passenger market, and will expand its portfolio while observing trends in the airline and leasing market and investor demand. In addition, it will replace assets with an emphasis on airline credit to improve the quality of its portfolio.

Avolon aims to maximize earnings. ORIX's investment has significantly improved Avolon's ability to raise funds and has created synergies.

Ship Business

Our policy is to flexibly replace assets while closely observing the market environment. During the market slump from 2015 to 2017, we determined the market was near a bottom and ordered 21 bulk carriers in 2015. In 2017, we acquired primarily performing loans collateralized by ships from European financial institutions at favorable prices. Both investments were timed to receive favorable prices, and we are now recovering the loans smoothly through early repayment. We have already sold some of the bulk carriers that will be delivered, and we will survey the market to optimize our exit. In addition, we are continuing to target increased fee income by arranging ship investments for domestic corporate investors. As a new business, we will work with outstanding partners to consider the development of container leasing and other businesses areas ancillary to ship operations.

Aircraft Business

Strengths	<ul style="list-style-type: none"> • Aircraft sourcing ability and high-quality asset management services • Avolon's business model of ordering from aircraft manufacturers 	Challenges	<ul style="list-style-type: none"> • Sophisticated risk management in the cyclical aircraft market • Adding promising human resources
Opportunities	<ul style="list-style-type: none"> • Increased aircraft demand in response to increased global passenger traffic • Increased use of leasing among airlines 	Risks	<ul style="list-style-type: none"> • Decrease in passenger demand due to a global economic slowdown, war, terrorism or infectious diseases • Airline bankruptcies

Ship Business

Strengths	<ul style="list-style-type: none"> • Operations and management (ORIX Maritime) • Diversified revenue sources including lease revenue, gains on sale, and asset management fees 	Challenges	<ul style="list-style-type: none"> • Deterioration of supply and demand balance due to market entry by funds and other entities • Global shortage of personnel familiar with operations and management
Opportunities	<ul style="list-style-type: none"> • Newly built ship (completed 2019-2020) exits enabled by market recovery • Investment opportunities from operations with reduced environmental load such as LNG-fueled ships using clean energy 	Risks	<ul style="list-style-type: none"> • Decrease in the volume of trade due to accelerating protectionism (decrease in volume of goods shipped internationally) • Deterioration of the investor market due to a global economic slowdown

Overseas Business

Ship Business Revenue Opportunities

Ship Business Revenue Opportunities		Chartering Fees	Gains on Sale	Fee Income
Owned ships	Charter owned ship to shipping company	○	○	
Joint investment	Own ship with joint investors for chartering to shipping companies	○	○	○
	Manage ships under contract from joint investors			○
Arrange investment in ships*	Arrange investment in ships for investors			○
	Manage ships under contract from investors			○

* Arrange investments designed for investors to receive lease payments from shipping companies and then recover principal and receive capital gains through the sale of ships after several years.

Unit Asia, Australia and Other

Business Overview

The Overseas Business has structured a global network by establishing local companies in Southeast Asia, South Asia, Oceania, and the Middle East since its entry into Hong Kong in 1971. We mainly operate financial services companies and we are familiar with the differing business practices, laws and regulations from country to country. We provide local customers with machinery and equipment leasing, automobile leasing, installment loans, loans, and rentals. Local companies in Greater China (China, Hong Kong, Taiwan) also make private equity investments. Each local subsidiary is diversifying its business using the expertise ORIX has acquired in businesses in Japan.

Strategies for Growth

Local companies that operate in traditional financial services businesses such as leasing and finance tend to have

diminishing profitability and growth potential, depending on the country and region. Therefore, based on market size as determined by factors including a country's population and economy, the growth potential of the market and the competitive situation, we will optimize our portfolio through a focus on key markets and businesses. In addition, each local subsidiary will focus on non-leasing businesses in diversifying its operations and establishing new businesses. At the same time, we will diversify human resources by hiring employees with knowledge and experience other than leasing such as IT employees as well as people with knowledge of finance, and take new approaches other than the embedded management of a traditional leasing company.

In the private equity investment business in Greater China, we will continue to create investment opportunities and business opportunities based on a network that leverages local know-how and expertise.

Greater China Private Equity Investment Results

Investee	Initial Investment	Industry and Business
Haichang Ocean Park	2010	Operates ocean theme parks at 10 locations in China
China Water Affairs Group Limited	2011	Provides water and sewage services in mainland China
Shanghai Dianrong Financial Information Services Co., Ltd.	2018	Peer-to-peer lending
Beijing Wecash Technology Company	2018	Personal credit information service
Shougang Group	2018	Steel production, urban infrastructure development

Note: Please refer to the list of Group companies on page 89 for details of local subsidiaries in Asia, Australia and Other.

Strengths <ul style="list-style-type: none"> Local expertise and networks developed over the long term Ability to leverage the expertise of the ORIX Group businesses in Japan 	Challenges <ul style="list-style-type: none"> Incomplete business diversification Bias in employee skills and mindset toward traditional leasing business
Opportunities <ul style="list-style-type: none"> Continuing economic growth and market expansion in emerging countries in Asia, with growth of the middle class Creating opportunities in businesses such as medical care and media through cooperative dialogue between Japan and China to innovate 	Risks <ul style="list-style-type: none"> Relatively high interest rates and exchange rate volatility Political uncertainty, including elections in individual countries