

Attention

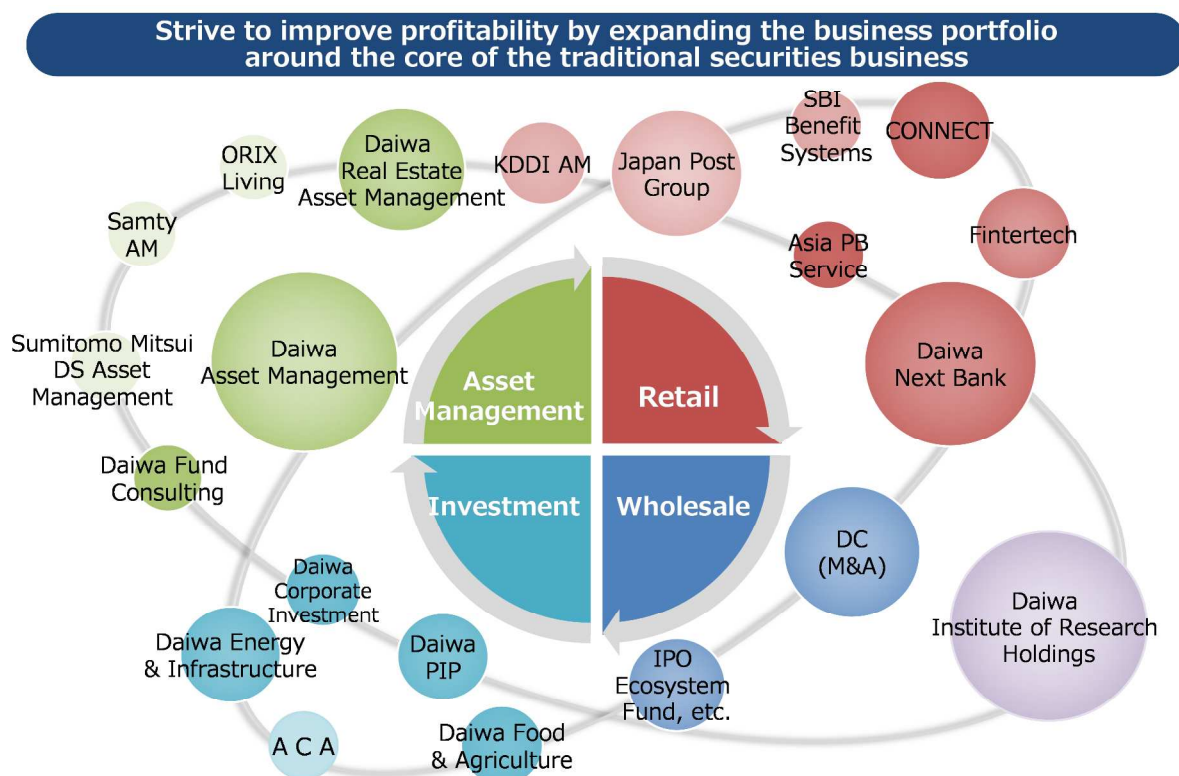
This document is an unofficial translation of a press release announced on May 30, 2019 by Daiwa Securities Group Inc. The original press release is in Japanese

Capital and Business Alliance with Samty Co., Ltd., Subscription for Common Shares and First Series Unsecured Convertible Bonds with Stock Acquisition Rights Issued by Capital Increase Through Third-Party Allotment, and Purchase of Common Shares

Daiwa Securities Group Inc. (“DSGI”) hereby announces that it has decided to execute a capital and business alliance agreement with Samty Co., Ltd. (“Samty”), to subscribe for the third party allocation of new shares of common stock and its first series unsecured convertible bonds with stock acquisition rights, and to acquire existing shares of common stock of Samty held by Samty’s management team.

1. Background

DSGI aims to provide “New Value” as an “Integrated Securities Group with a Hybrid Business Model” by leveraging its traditional securities business and by expanding and strengthening the external networks and neighboring business areas, as planned in the medium-term management plan, “Passion for the Best” 2020, which was put into action from April 2018, and DSGI has invested in a number of new businesses as a way to promote future growth.



DSGI subscribed for the third party allotment investment units issued by Samty Residential Investment Corporation (“SRR”) and acquired the shares of Samty Asset Management Co., Ltd. (“SAM”) in February 2018 for the purpose of expanding and strengthening its real estate asset management business and expanding its stable profits. Samty, the parent company of SRR and SAM, and DSGI have thereafter been strengthening their relationship by measures such as providing various information to each other and have conducted a series of discussions with an aim to cooperate in or otherwise work together for hotel development.

Recently, Samty and DSGI agreed that it would be beneficial for the growth and increased corporate value of both companies to mutually utilize the planning and development abilities and the know-how on asset management and the like of Samty, which owns apartments, hotels, and other assets across the country, and DSGI’s customer base and expertise on the real estate asset management business, and to closely work with each other as long-term partners by strengthening the alliance in the real estate asset management business, cooperating in large-scale development, cooperating in development in Asia, and taking other actions. Accordingly, Samty and DSGI have executed a capital and business alliance agreement that sets out the following:

- (1) Strengthening the alliance in the asset management business
- (2) Providing information on corporate real estate (CRE) held by the Company group (Note)
- (3) Jointly establishing a fund for development of large-scale hotels
- (4) Cooperating with the Company group in development in Asia
- (5) Cooperating in real estate sales to wealthy individuals and crowdfunding to individual investors

Note: DSGI will provide information on corporate real estate (CRE) held by DSGI to Samty group when DSGI determines it is appropriate to do so. DSGI may provide information to parties other than Samty Group.

Through this cooperation, DSGI aims to achieve synergies such as higher profits related to alternative investment that has lower correlation with the securities business, expanding the existing real estate asset management business and real estate investment business, and expanding the provision of securitized real estate products to our investors. Moreover, DSGI will contribute to spreading and accelerating the real estate development business and activities in Asia by respecting the history and independence of Samty and allowing Samty to utilize the strong financial foundations and networks of DSGI.

Daiwa PI Partners Co. Ltd. (“Daiwa PI”), which belongs to DSGI, has decided to make a capital contribution to the hotel in Horikawa, Kyoto, which is under development by Samty.

Because the capital and business alliance will lead to the development of regional economies through promoting activities such as the development of housing and hotels outside of major cities, it will also contribute to “decent work and economic growth” and “sustainable cities and communities,” which are included in the Sustainable Development Goals (SDGs) set out by United Nations.

Under the idea of “partnerships for the goals” for the SDGs, DSGI will continue to examine external alliances with various professional partners in the future and will aim to provide “New Value” and achieve the SDGs as an “Integrated Securities Group with a Hybrid Business Model”.

2. Outline of Samty Co., Ltd.

(1) Company Name	Samty Co., Ltd.	
(2) Head Office	Osaka Head Office:	4-3-24 Nishinakajima, Yodogawa-ku, Osaka
	Tokyo Head Office:	1-8-3 Marunouchi, Chiyoda-ku, Tokyo
(3) Representatives	Representative Director and President	Yasuhiro Ogawa
(4) Established	December 1, 1982	
(5) Capitalization	JPY 15, 935 million (as of February 28, 2019)	
(6) Shareholder Structure (as of November 30, 2018)	Shigeru Moriyama	12.6%
	Ichiro Matsushita	9.0%
	Tsuyoshihiru Co., Ltd.	3.5%
	Shigeru Yamasawa	3.4%
	Daiwa PI Partners Co. Ltd.	3.3%
	Hideaki Kasagi	3.0%
	Kazushi Eguchi	2.9%
	The Master Trust Bank of Japan, Ltd. (Trust Account)	2.5%
	Japan Trustee Services Bank, Ltd. (Trust Account)	2.3%
	State Street Bank and Trust Company 505019	2.3%
(7) Description of Business	(1) Real estate business (2) Property leasing (3) Real estate planning and design And others	

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