

Attention

This is an unofficial translation of a press release announced on January 15, 2018 by Daiwa Securities Group Inc. The original press release is in Japanese.

January 15, 2018

Press Release

Company name: Daiwa Securities Group Inc.
Representative name: Seiji Nakata, President and CEO
(Securities code: 8601 TSE and NSE (First Sections))

Notice Regarding New Project in Real Estate Asset Management Business
- Subscription for Third Party Allotment Investment Units Issued by Samty Residential Investment Corporation and Acquisition of Shares of Samty Asset Management Co., Ltd. -

We announce as follows that Daiwa Securities Group Inc. (“DSGI”) has made a decision to partially subscribe for the third party allotment investment units issued by Samty Residential Investment Corporation (“SRR”), a listed Real Estate Investment Trust (“REIT”), and acquire 33% of the outstanding shares of Samty Asset Management Co., Ltd. (“SAM”), an asset management company of SRR.

1. Background

The Daiwa Securities Group announced that it will “strengthen asset management abilities” in its Mid-Term Management Plan “‘Passion for the Best’ 2017” published in April 2015, and has been actively pursuing the expansion of its real estate asset management business.

In 2009, DSGI made Daiwa Real Estate Asset Management Co. Ltd. (“Daiwa Real Estate”) its subsidiary and entered into the real estate asset management business. DSGI also made Mi-Casa Asset Management Inc. (“Mi-Casa Asset”) its subsidiary in 2015. Now, under the Daiwa Securities Group, Daiwa Real Estate manages “Daiwa Office Investment Corporation” (a listed REIT focused on offices), “Daiwa Residential Private Investment Corporation” (an unlisted REIT focused on residential properties) and “Nippon Healthcare Investment Corporation” (a listed REIT focused on healthcare facilities), and Mi-Casa Asset manages “Japan Rental Housing Investments Inc.” (focused on residential properties). The total asset size under management of the four investment corporations now exceeds approximately 858 billion yen.

As a new project in its real estate management business, DSGI has now decided to partially subscribe for the third party allotment investment units of SRR and partially acquire the shares of SAM. SRR is a listed REIT mainly focused on residential properties located in regional cities with a total portfolio of 49 properties (51.5 billion yen). After discussion with SRR, SAM and Samty Co., Ltd. (“Samty”), a parent company of SAM, DSGI has agreed that DSGI and Samty will subscribe for the third party allotment investment units of SRR (total subscription price of 15.1 billion yen), and DSGI will acquire 33% of the shares of SAM held by Samty.

In addition, DSGI has entered into a sponsor support agreement with SRR and SAM, under which DSGI will provide several forms of support including provision of various types of information, formation of bridge funds, and cooperation in securing human resources at SAM for the purpose of sustainable and stable growth of SRR and SAM. One part-time director is also planned to be dispatched from DSGI to SAM.

DSGI firmly believes that it will contribute to further growth of unitholders’ value and the corporate value of SRR and SAM through these arrangements, and that pursuing the expansion of these arrangements will lead to further development of the real estate asset management business of the Daiwa Securities Group.

2. Contemplated Timeline*

January 15 (Monday)	Execution of relevant agreements
February 1 (Thursday)	Payment for third party allotment investment units of SRR Acquisition by DSGI of SAM’s shares

* The above timeline is subject to change depending on future discussion among relevant parties.

3. Overview of SRR and SAM

(1) Profile of SRR

(1) Name	Samty Residential Investment Corporation (Securities Code: 3459)
(2) Address	1-8-3, Marunouchi, Chiyoda-ku, Tokyo
(3) Name of Executive Director	Tetsuro Kawamoto
(4) Total Unitholders' Equity	26,015 million yen (as of July 31, 2017)
(5) End of Fiscal Period	January and July
(6) Number of Properties	49 properties (as of January 15, 2018)

in Portfolio	
(7) Total Acquisition Price of its Portfolio	51.5 billion yen (as of January 15, 2018)
(8) Major Unitholders and Ownership Share (as of July 31, 2017)	Japan Trustee Services Bank, Ltd. (Trust Account) 8.67%
	Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account) 4.65%
	Samty Co., Ltd. 4.37%
	The Master Trust Bank of Japan, Ltd. (Trust Account) 4.31%
	Kinki Sangyo Credit Union 4.24%

(2) Profile of SAM

(1) Name	Samty Asset Management Co., Ltd.
(2) Address	1-8-3, Marunouchi, Chiyoda-ku, Tokyo
(3) Name and Title of Representative	Yosuke Masuda, President
(4) Type of Business	Investment management business, real estate investment advisory business, and building lots and buildings transaction business
(5) Amount of Stated Capital	120 million yen
(6) Shareholders and Ownership Share	Samty Co., Ltd. 100%