

October 29, 2018

Press Release

Daiwa Securities Group Inc.

Attention

This document is an unofficial translation of a press release announced on October 29, 2018 by Daiwa Securities Group Inc. The original press release is in Japanese.

Establishment of Daiwa ACA Business Succession Fund

Daiwa Securities Group Inc. (“Daiwa”) announces that we set out to establish Daiwa ACA Business Succession Fund (“Fund”) for strengthening the group’s capability in business succession business.

Based on the announcement of Ministry of Economy, Trade and Industry, the number of owners of small and mid-sized companies who is above 70 years old, an average age of retirement, will amount approx. 2,450 thousand by around 2025, with the half 1,270 thousand owners will not have their successors. The figure consists approx. 30% of the whole Japanese companies and, if we do not tackle with the issue and the closure of small and medium-sized company hikes, it is expected that there is a possibility of losing a total of approx. 6,500 thousand employment and GDP of approx. JPY22 trillion in the decade. Business succession issue is one of the major social challenges that we face.

Daiwa is going to provide “New Value” as an “Integrated Securities Group with Hybrid Business Model” by leveraging its traditional security business and expanding/strengthening of the external network and fringe businesses, as planned in the new medium-term management plan, “Passion for the Best 2020”, which was put into action from April 2018.

In the business succession sector, Daiwa is going to provide “additional value” to customers, by providing the Fund as a business successor candidate, in addition to our business succession solution line-ups including M&A advisory and asset succession consulting which Daiwa Securities Co. Ltd. provides. The Fund does not limit industries and provides wide range of business succession support, targeting relatively small to medium sized companies in the sector.

In addition, Daiwa has formed a capital and business partnership with ACA Investments Pte Ltd and its 100% subsidiary ACA Inc. (“ACA”) has a profound track record of business succession fund operation. Daiwa is going to provide “New Value” to customers, leveraging the expertise of ACA in

business succession sector.

Initiatives of the Fund contribute to the sustainable development of our country, by prompting the innovation of technology and service with continuity through the succession of eminent technology and service of the small and medium-sized company to the next generation. The initiatives of the Fund may also contribute in achievement of the United Nations' 17 Sustainable Development Goals (SDGs), in particular, Goal 9: Industry, Innovation and Infrastructure.

Daiwa has proven strong initiatives on addressing social issues and contributing to future development of society through its continuous effort in product development and provision. Daiwa has announced the launch of "SDGs Promotion Committee" chaired by Seiji Nakata, President and CEO of Daiwa Securities Group Inc. Daiwa Securities group will provide "New Value" as an "Integrated Securities Group with Hybrid Business Model" by contributing in achievement of UN's SDGs.

Summary of Fund

Fund Name	Daiwa ACA Business Succession Fund
Address	1-11-30 Nagatacho, Chiyoda-ku, Tokyo 100-0014, Japan
Investment target	Small to medium sized companies facing Business succession issue in Japan
Fund size	JPY10 billion
General Partner	ACA Inc. and others
Limited Partner	Daiwa Securities Group Inc.

End