

March 25, 2019

Press Release

Daiwa Securities Group Inc.

Attention

This document is an unofficial translation of a press release announced on March 25, 2019 by Daiwa Securities Group Inc. The original press release is in Japanese.

Announcement of acquisition of ORIX Living Corporation

Daiwa Securities Group Inc. (“DSGI”) announce as follows that DSGI has made a decision to acquire 100% shares of ORIX Living Corporation (“ORIX Living”), an operator of private nursing home and private residential senior home, and to make ORIX Living a subsidiary of DSGI.

1. Background

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

In Japan, the elderly population is increasing at an accelerating pace, and the population of 75 years old and above will reach 20 million by 2025. In this condition, as stated in “Future Investment Strategy 2018 – “Society 5.0” “Improvement of common infrastructure of data-driven society””, announced by Japanese government, the aging society is considered as one of the major social challenges and various measures are taken to tackle the issue.

Under the circumstance, Daiwa Securities Group has actively engaged in providing financial solution for healthcare sector through establishment of “Nippon Healthcare Investment Corporation” which is the first REIT mainly focused on healthcare in Japan in 2014, and acquirement of Daiwa ACA Healthcare Inc. which is making investment in hospitals and care facilities in 2018. In addition, as planned in the medium-term plan, Daiwa Securities Group has established sales network well adapted to aging society, by further evolving its sales system to be more customer-centric, and by deploying “Anshin Planner”, financial consultants specialized in providing exclusive care to elder clients, in sales branches at Daiwa Securities Co. Ltd. (“Daiwa Securities”).

ORIX Living established in 2005, which manages facilities for elder people and develops

new facilities, now manages 32 facilities with 2,726 rooms under the brand names of “Good Time Living” and “Platesia”, and 2,437 guests living in the facilities, which are located mainly in *Syutoken* and *Kansai* area (metropolitan areas surrounding Tokyo and Osaka) (as of February 28th, 2019). Besides, ORIX Living has been working on improving functionality in daily life of each guest (“the nursing care supporting self-reliant life”). In addition, ORIX Living has improved service quality and increased time for communication with guests by streamlining operations through actively introducing IT instruments such as nursing care robots and ICT instruments.

ETUAKI MORIKAWA, the president of ORIX Living, also is the chairman of the Council of Senior Housing Industry Executives in Japan, acts vigorously as an opinion leader of this industry.

DSGI and ORIX Real Estate Corporation, the major shareholder of ORIX Living, reached an agreement on DSGI’s acquirement of ORIX Living, and concluded Share-Purchase Agreement today. We are scheduled to close this deal in the first half of the fiscal year 2019 after finishing the procedure related to Competition law and reporting to relevant authorities. Besides, DSGI reached an agreement with ORIX Group on maintaining cooperation with regard to developing new facilities and introducing new guests for ORIX Living.

As mentioned above, one of the key of social issues in Japan is to keep on providing high quality medical service and nursing care service while society is aging. This deal would be aligned with “the achievement of health and longevity”, which Japanese government appoints as one of the highest priority issues in the Sustainable Development Goals (SDGs), and its third goal “health and welfare for all”.

In addition, Daiwa Securities can provide new solution to the elderly customer with their family, and increase customer contact by making ORIX Living its subsidiary. Also, ripple effect such as further expansion of AUM (Asset Under Management) of real estate asset management business through securitizing the facilities owned by ORIX Living.

Daiwa Securities Group make the best use of the resources of customer base and network as comprehensive securities group to support ORIX Living business and realizing their slogan “the life with joy” by introducing ORIX Living new guests, developing new facilities and strengthening cooperation with inside and outside Daiwa Securities Group.

2. About post acquisition (management, operation, band etc.)

DSGI supposes to succeed the current management team and have ETUAKI MORIKAWA remain as president of ORIX Living after acquisition. Besides, there is no change on the operating policy or the brand name "Good Time Living" and "Platesia". DSGI will do its best as shareholder to make use of compliance and risk management knowledge which Daiwa Securities Group has for pursuing the high quality nursing care service to each guest. Also, DSGI, as the shareholder, intends to make its best to maintain the service which guests can feel comfortable, safety and relieved, and the comfortably working environment for ORIX Living staffs.

Further, DSGI plans to change company names and dispatch executives and officers from the Daiwa Securities Group after the closing date. Although, they are not decided so far, they will be disclosed as soon as decided.

3. Overview of ORIX Living Corporation (As of March 25,2019)

(1) Company name	ORIX Living Corporation				
(2) Address	2-2-15, Shiba, Minato-ku, Tokyo				
(3) Name of Executive Director	Etuaki Morikawa				
(4) Shareholders	ORIX Real Estate Corporation Handi Network International Co.,ltd.				
(5) Type of Business	(1)Managing nursing care facility and residence for the elderly people (2)Providing life support services needed for elderly people related to above (1) (3)Providing nursing care services (4)Services associated with and related to above (1)~(3)				
(6) Operating facilities	Operating 32 facilities named "Good Time Living" and "Platesia" <table style="margin-left: 40px;"> <tr> <td>Good Time Living</td> <td>29 facilities</td> </tr> <tr> <td>Platesia</td> <td>3 facilities</td> </tr> </table>	Good Time Living	29 facilities	Platesia	3 facilities
Good Time Living	29 facilities				
Platesia	3 facilities				
(7) Total rooms	2,726 rooms				