

## Investment Division

The Daiwa Securities Group is active in investment businesses, including venture capital investments, private equity investments and fund management. These businesses not only offer a supply of capital to meet the funding needs of customers, but they also enhance their corporate value through “Hands-On Management.”

### Action Plan for FY2012

1. Maximize returns from the existing portfolio
2. Invest and raise funds in a timely and appropriate manner

### Investing in the Future Through Private Equity Stakes Daiwa Corporate Investment Co., Ltd.

Daiwa Corporate Investment Co., Ltd. was established in 1982 as a private equity firm. The company uses its extensive business network, centered on the Daiwa Securities Group, and a wealth of accumulated experience and knowhow to supply capital for venture companies or buy-outs. In this way, it has helped numerous businesses to grow and eventually to list their shares publicly. In the fund management business, which supplies capital for investments, the company also operates a highly transparent financial instruments operation (Type II Financial Instruments Business and Investment Management Business).

In FY2011, Daiwa Corporate Investment established the East Japan Earthquake Small and Medium Enterprises Revival Support Investment Limited Partnership, with the aim of providing assistance for recovery and growth from the East Japan Earthquake. This fund aims to contribute to the early recovery and sustained growth of the disaster-stricken region by flexibly providing risk money (equity investment) to the region's unlisted companies.

#### <Venture Capital Investment >

Daiwa Corporate Investment generally provides support to companies with advanced technologies and companies with unique business models, content or services. Its approach is to offer venture companies a “Hands-On” support package that includes not only investment capital but also contacts to prospective executives or employees, advice on listing the company's shares, and a full array of other types of management assistance.

#### <Buy-Out Investment>

This business focuses on business reorganization and reformation of medium-sized businesses with valuable management assets, often through MBO\*. Investment focuses on companies with no clear management succession, the subsidiaries of large corporations, business divisions that are being spun off, or companies which aspire to become privately-held. The experience and know-how cultivated at Daiwa Corporate Investment through venture investment is leveraged in directly assisting the buy-out investment of target companies.

\* MBO: Management Buyout—The act in which management leads the buyout of a company's own shares.

### Developing Solutions Through Investment Activities Daiwa PI Partners Co. Ltd.

Daiwa PI Partners Co. Ltd. was launched in 2001, under the name Daiwa Securities SMBC Principal Investments Co. Ltd. The company was involved in private equity investment, monetary claims investment, real estate investment, investment in green-house gas emissions credits and regional recovery funds. In February 2010, the investment portfolio was transferred to a company that retained the original name, Daiwa Securities SMBC Principal Investments Co. Ltd., whereas the current company adopted the name Daiwa PI Partners Co. Ltd., and began pursuing new investment activities. Through its investment activities, Daiwa PI Partners addresses the varying needs of target companies for raising capital and selling off assets.

In FY2011, Daiwa PI Partners established Aozora Daiwa Finance Co., Ltd. together with Aozora Bank, Ltd. in October 2011. Through this joint venture, Daiwa PI Partners will build a one-stop framework for a wide range of high-value-added services providing fund raising solutions in bridge loans and mezzanine finance for M&A transactions, which require both speediness and specialized expertise.

#### <Monetary Claims Investment>

The Daiwa Securities Group has been a pioneer in monetary claims investments since 1998. It acquires loan contracts and nonperforming loans from financial institutions and business corporations throughout Japan.

#### <Private Equity Investment>

The Group has made more than ¥300 billion in private equity investments in over 20 Japanese and Asian companies.

#### <Investment Funds>

The Group has established Daiwa Quantum Capital Partners I—an investment fund operated jointly with Quantum Leaps Corporation, the venture capital firm founded by former Sony CEO, Mr. Nobuyuki Idei. This fund invests mainly in growing companies in Asia, including Japan.