

February 27, 2014

To whom it may concern

Company name: DAIKYO INCORPORATED  
Representative: Akira Yamaguchi,  
Representative Executive Officer, President  
Securities code: 8840  
Listing: First Section, Tokyo Stock Exchange  
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Manager, Group Corporate Planning Dept.

### **Notice of ORIX Corporation's Exercise of Right of Demand for Acquisition of the Company's Preferred Stocks**

On February 27, 2014, DAIKYO INCORPORATED (Head office: Shibuya-ku Tokyo; President: Akira Yamaguchi; the "Company") received the demand for acquisition of the Class 2, Class 4, Class 7 and Class 8 preferred stock and acquired these preferred stocks in exchange for delivery of common stock to ORIX Corporation (Head office: Minato-ku; President: Makoto Inoue; "ORIX"). Accordingly, the share of voting rights owned by ORIX in the Company became 64.1% and the Company became a consolidated subsidiary of ORIX.

Please note that ORIX will maintain the current management structure of the Daikyo Group even after conversion of the Company into a consolidated subsidiary. Furthermore, ORIX has expressed its intent to continue to support the Group and strive for improvement of the Group's corporate value. In the future, we will continue striving to the best of our ability to improve our corporate value in order to meet the expectations of all our shareholders.

#### **■ Reasons for the Exercise of the Right of Demand for Acquisition (hereinafter, "the Right of Demand for Acquisition") of Class 2, Class 4, Class 7, and Class 8 Preferred Stocks**

In March, 2005, The Company entered into a capital alliance with ORIX and ORIX subscribed 133,720,000 shares of the common stock of the Company, stipulating the allocation of new shares to a third party, and ORIX acquired 10,000,000 shares of the Class 1 preferred stock, 150,000,000 shares of the Class 2 preferred stock, 25,000,000 shares of the Class 4 preferred stock (In June 2008, the Company repurchased a part of the Class 2 preferred stock and the Class 4 preferred stock acquired by ORIX.). Furthermore, ORIX subscribed 25,000,000 shares of the Class 7 preferred stock and obtained 23,598,144 shares of the Class 8 preferred stock of the Company in March 2009.

The Daikyo Group has shifted its business model from a business model focused on "Flow business", such as mainly condominium development and sales, to a business model that is well-balanced between such "Flow business" and "Stock business" such as real estate management and brokerage, and has built a more stable earning structure.

Based on these circumstances, ORIX has decided to exercise the acquisition right in order to increase the share of voting rights owned by ORIX in the Company without making additional investments to increase equity in earnings.

As of February 27, 2014, the Company has received no requests for acquisition of 10,000,000 share the Class 1 preferred stock.

#### **■ Management Structure and Dividends, etc.**

ORIX intends to maintain the current management structure of the Daikyo Group after making the Company a consolidated subsidiary, provide support to the Group as before and endeavor to enhance its corporate value. The ORIX group and the Group will further promote business cooperation and collaboration in the fields of related business, environment and energy business, etc.

The Company therefore continues business operation based on the management policy under the current management structure. There are no announcements about new management policy during the period at present.

The Company will utilize the funds, etc. that it possesses to make investments for growth that leads to an expansion of the earnings scale of the Group. In particular, with regard to those businesses that will be

the drivers of growth to increase the Group's profits in existing businesses, the Group will aggressively allocate our resources, etc. necessary to realize that growth rapidly and on a large scale. In addition, the Group will also seek to execute M&A and alliances as a way of acquiring new resources, including customer bases, business locations, business techniques, and human resources. There is no change in the year-end dividend, which will be 3.00 yen per share at present.

Furthermore, with regard to the planned dividend resource for the year-end dividend on Class 2, Class 4, Class 7, and Class 8 preferred stocks, in view of the increase in the number of common stocks issued when ORIX exercised the right of demand for acquisition, the Company plans to allocate some of the dividend resource of the year-end dividend to its common stocks.

In the next fiscal year, as the Company celebrates the 50th year of its establishment, all the Company's employees will work together toward becoming a new "real estate services business" group that forms the nucleus of the housing life preferred by customers.

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