

July 30, 2019

Press Release

Daiwa Energy & Infrastructure Co. Ltd

Attention

This document is an unofficial translation of a press release announced on July 30, 2019 by Daiwa Securities Group Inc. The original press release is in Japanese.

DEI to Invest in Electricity North West Limited in U.K.

Daiwa Energy & Infrastructure Co. Ltd. (President: Morimasa Matsuda, Headquarters: Gran Tokyo North Tower, 1-9-1 Marunouchi, Chiyoda-ku, Tokyo / "DEI") has entered into an agreement to acquire a part of the shares of Electricity North West Limited (hereinafter referred to as "ENWL"), which will conduct power distribution business in the United Kingdom ("UK").

We have established a Japanese consortium (KDM Power Limited) in the UK with Kansai Electric Power Co., Ltd. and Mitsubishi UFJ Lease & Finance Company Limited. The Japanese consortium together with UK infrastructure fund, Equitix, agreed to acquire 50% of ENWL shares from institutional investors First State Investments and institutional investors advised by J.P. Morgan Asset Management. As a result, we will indirectly hold ENWL's 9.62% stake through the Japanese consortium holding company.

ENWL is headquartered in Warrington, in the North West of England, and supplies power to approximately 2.4 million households (approximately 5 million people) in the Manchester and Cumbria areas. The company, which owns distribution cables and wires covering a total length of approximately 57,300 km, lays about 78% of it in the ground to avoid equipment failure caused by bad weather. In addition, by providing a high level of maintenance and operation services for distribution-related equipment, the company realizes stable power supply.

In the UK, rising environmental awareness is driving the adoption of EVs for automobiles, and the government is planning to take measures to popularize heat pumps, and demand for electricity is expected to further expand. We will accelerate investment in social infrastructure business by acquiring knowledge related to the power distribution business through the investment participation.

The whole of the Daiwa Securities Group has proven strong with initiatives on the Sustainable Development Goals (SDGs) adopted by the United Nations in 2015 and announced the launch of the SDGs Promotion Committee chaired by Seiji Nakata, President and CEO of Daiwa Securities Group Inc. This investment in ENWL may also contribute to achieving the United Nations' 17 SDGs, in particular, Goal 7: Affordable and Clean Energy, Goal 9: Industry, Innovation and Infrastructure and Goal 11: Sustainable Cities. Daiwa Securities Group will contribute to the achievement of SDGs going forward.

1. Overview of ENWL

Company name	Electricity North West Limited	
Headquarters	304 Bridgewater Place, Birchwood Park, Warrington, WA3 6XG	
Capital	£238.4 million (as of Mar 2019)	
Total Assets	£3,452 million (as of Mar 2019)	
Sales	£458.3 million (as of Mar 2019)	
Net Profits	£71.8 million (as of Mar 2019)	
Representative	John Roberts (Chairman)	
Shareholder Composition	KDM Power Limited :	32.07%
	First State Investment :	25.00%
	JP Morgan Asset Management :	25.00%
	Equitix :	17.93%

2. Overview of KDM Power Limited

Company name	KDM Power Limited	
Headquarters	78 Cannon Street, London EC4N 6AF	
Shareholder Composition	The Kansai Electric Power Co., Inc. :	55.1%
	Daiwa Energy & Infrastructure Co. Ltd. :	30.0%
	Mitsubishi UFJ Lease & Finance Company Limited :	14.9%

3. 17 Goals of SDGs *This investment contributes to three goals below

【Goal 7】 : Affordable and Clean Energy

By maintaining an efficient power distribution system, we contribute to the connection of EVs and heat pumps and promote clean energy supply.

【Goal 9】 : Industry, Innovation and Infrastructure

Through the power supply to EVs, etc., we contribute to the foundation of technological innovation.

【Goal 11】 : Sustainable Cities

By maintaining and expanding power distribution network, we contribute to develop sustainable cities.

4. Overview of related parties

About First State Investments

First State Investments is an experienced global asset manager with in excess of €127 billion managed on behalf of investors worldwide as at 31 December 2018. First State is a leading manager of infrastructure investments with over €8.0 billion of unlisted infrastructure capital under management, having been actively investing in long life infrastructure businesses since 1994. First State's unlisted infrastructure portfolio includes 21 transport, renewable and utility investments in 13 countries.

About J.P. Morgan Asset Management

J.P. Morgan Asset Management, with assets under management of USD 1.8 trillion (as June 30, 2019), is a global leader in investment management. J.P. Morgan Asset Management's clients include institutions, retail investors and high net worth individuals in every major market throughout the world. J.P. Morgan Asset Management offers global investment management in equities, fixed income, real estate, hedge funds, private equity and liquidity. JPMorgan Chase & Co. (NYSE: JPM) is a leading global financial services firm with assets of USD 2.7 trillion (as of 30 June 2019) and operations worldwide. Information about JPMorgan Chase & Co. is available at www.jpmorganchase.com.

About Equitix Investment Management Limited

Founded in 2007 and headquartered in London, Equitix is a leading infrastructure investment firm that manages over £4.5 billion on behalf of long term investors, including a large proportion of UK pension funds. Equitix manages six core infrastructure flagship funds, 14 co-investment funds which are dedicated to larger infrastructure projects, and a number of segregated managed accounts providing customized solutions. Equitix's investment strategy focuses on core infrastructure projects, predominantly located in the UK and covering a wide range of sectors with a particular focus on social infrastructure, transportation, regulated utilities and renewables. Across all of its core funds, Equitix seeks to hold assets for the life of the fund, which is typically 25 years. Equitix has acquired over 270 core infrastructure projects since our inception, thereby establishing a strong reputation as a trusted partner, operator and fiduciary fund manager.

About Kansai Electric Power Co., Inc.

The Kansai Electric Power Company, Incorporated, established in May 1951, engages in the electric power, heat supply, gas supply, and telecommunications businesses primarily in Japan with annual revenues over USD 30 billion at 31 March 2019 and rated A3 by Moody's. Kansai, based in Osaka, is a Japanese leading energy company and is keen to contribute to the stable supply of electric power in other countries through its IPP, electricity transmission and consulting businesses. Today Kansai owns (or is developing) 18 projects in 11 countries with an aggregate net generation capacity of approximately 3 GW.

About Daiwa Energy & Infrastructure Co. Ltd. (DEI)

DEI is a core strategic subsidiary of Daiwa Securities Group Ltd., for exploring further investment opportunities in infrastructure assets, renewable energy and resource. The balance of investment is JPY31 billion (GBP 210 million) at the end of March 2019.

About Mitsubishi UFJ Lease & Finance Company limited (MUL)

MUL is a global leasing company based in Tokyo, Japan, and publicly listed on the Tokyo and Nagoya Stock Exchanges, and a member of Mitsubishi UFJ Financial Group (MUFG), one of the world's largest financial companies. MUL addresses a diverse range of customer needs by expanding upon the functions we offer, from lease finance, corporate finance, service provision, business participation, to business operation..

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