

Notice Concerning Share Transfer Involving a Change in a Consolidated Subsidiary

Tokyo, December 23, 2022 --- Mitsubishi HC Capital Inc. (TSE, NSE: 8593, Representative Director, President & CEO: Takahiro Yanai, the “Company”) announces that the Company resolved at its Board of Directors meeting held today that it will transfer all shares of its consolidated subsidiary Diamond Asset Finance Company Limited (Representative Director, President & CEO: Akira Hane, “DAF”) to the investee* of the fund managed by Keystone Partners Co., Ltd (Representative Director: Tomoaki Tsutsumi, “KSP”), which is an affiliate of SBI Holdings, Inc. (the “Share Transfer”), and executed a share transfer agreement (the “Share Transfer Agreement”).

The Company has executed the Share Transfer Agreement based on the evaluation that the corporate investment experience and know-how held by KSP as well as synergies with financial institutions and corporations under the control of SBI Holdings, Inc., including Shinsei Bank Group, will further leverage DAF’s strengths and lead to its growth.

* GK PEARL, which is a 100%-owned subsidiary of GK EMERALD, in which Japan Revival Sponsor Fund IV, LPS (which is managed and operated by KPS) has made *tokumei kumiai* investments.

1. Reasons for the Share Transfer

The Company positions “Together we innovate, challenge and explore the frontiers of the future” as “Our 10-year Vision.” In order to accomplish it, the Company aims to realize “CX (Corporate Transformation and Customer Experience)” by way of “SX (Sustainability Transformation)”, “DX (Digital Transformation)”, and “Business Portfolio Transformation”.

In terms of “Business Portfolio Transformation”, the Company will pursue the process of portfolio optimization for the mid- to long-term growth of the Company through the initiatives “developing new businesses”, “shifting existing business to high value-added services”, and “enhancing profitability and efficiency of existing businesses”. As part of this move, the Company has resolved to transfer shares of DAF, a subsidiary of the Company that operates a real estate-related business, in order to concentrate resources on prioritized businesses in the real estate business, and to improve profitability in line with these efforts.

The Company made DAF its consolidated subsidiary in 2006. Then, through that company, the Company has developed solutions in the residential real estate field, mainly loans for residential real property developers and investment condominium owners. The Company has made a decision on the Share Transfer since it would be essential for DAF to affiliate with a financial institution and a corporation excelling at the residential real estate-related financing that DAF could further enhance its competitiveness in this area where DAF focuses on.

The Company’s Real Estate Division offers many types of services including securitization of properties such as office building, commercial facilities, residence and logistics facilities, revitalization investments to add the value of lapsed buildings, as well as, asset management such as private REIT (Real Estate

Investment Trust). The Company will contribute to realizing a decarbonized society and creating a resilient social infrastructure by providing real estate-related solutions applying expertise acquired through investment, financing, and asset management businesses.

2. Overview of Subsidiary Subject to the Change (as of December 23, 2022)

(1) Company name	Diamond Asset Finance Company Limited		
(2) Location	1-8-1, Marunouchi, Chiyoda-ku, Tokyo		
(3) Representative	Akira Hane, Representative Director, President & CEO		
(4) Line of business	Real property loans for corporations, investment condominium loans for individuals, and real property leasing business		
(5) Stated capital	8,575 million yen		
(6) Date of establishment	June 1, 1987		
(7) Major shareholder and shareholding ratio	Mitsubishi HC Capital Inc. 100%		
(8) Relationship between the Company and the subsidiary	Capital relationship	The Company owns 100% of the issued shares in the subsidiary.	
	Personnel relationship	The officers and employees of the Company concurrently serve as directors at the subsidiary.	
	Business relationship	Between the Company and the subsidiary, there is a business relationship related to loan of funds and provision of systems.	
(9) The subsidiary's business results and financial condition for the three most recent fiscal years (unit: million yen)			
Fiscal year	Year ended March 2020	Year ended March 2021	Year ended March 2022
Net assets*	36,727	40,891	40,881
Total assets	252,956	231,948	209,806
Net assets per share (yen)	110,957	123,538	123,507
Revenues	10,535	15,160	9,823
Operating income	3,427	2,598	1,905
Recurring income	3,434	2,608	1,910
Net income	2,820	5,061	2,290
Net income per share (yen)	8,520	15,290	6,919
Dividend per share (yen)	2,710	6,950	6,920

* By the date on which the Share Transfer is implemented, DAF plans to carry out reduction of capital without compensation and pay a dividend of surplus to the Company at the amount to which the net assets are reduced for the purpose of the net assets being equivalent to the transfer price of the Share Transfer.

3. Overview of Counterparty to Share Transfer

(1) Company name	GK Pearl
(2) Location	3-1-1, Marunouchi, Chiyoda-ku, Tokyo Within Tokyo Kyodo Accounting Office
(3) Person Who Executes Business	Yoshiyuki Wada

(4) Purposes	(i) Acquiring, owning, and disposing of monetary claims (ii) Acquiring, owning, and disposing of beneficial interests in trusts (iii) Acquiring, owning, and disposing of securities (iv) Contributing to, or acquiring other interests in, general incorporated associations, specified purpose companies, and other corporations, as well as owning and disposing thereof (v) Any other operations incidental or related to the business set forth in any of the preceding items	
(5) Stated capital	100 thousand yen	
(6) Date of establishment	June 27, 2022	
(7) Contributor and contribution ratio	GK Emerald 100% (The fund managed and operated by KSP has made <i>tokumei kumiai</i> investments in GK Emerald.)	
(8) Relationship between the Company and the counterparty	Capital relationship	Not applicable
	Personnel relationship	Not applicable
	Business relationship	Not applicable
	Status as related party	The counterparty does not fall within a related party.

(Reference)

Overview of Keystone Partners Co., Ltd

(1) Company name	Keystone Partners Co., Ltd
(2) Location	1-2-1, Otemachi, Chiyoda-ku, Tokyo
(3) Representative	Tomoaki Tsutsumi, Representative Director Satoshi Koyama, Representative Director
(4) Line of business	(i) Acquiring, investing in, owning, and utilizing securities, as well as consulting business related thereto (ii) Utilizing and managing property of investment limited partnerships and executing agreements related thereto or conducting business related to brokerage therefor
(5) Stated capital	80 million yen
(6) Date of establishment	May 20, 2009
(7) Major shareholder and shareholding ratio	TTK Partners Co., Ltd. (35.0%) SBI Financial Services Co., Ltd. (33.4%) Satoshi Koyama (16.0%) Shigeo Yoshida (5.0%) KK Minoli Kaikei (4.0%) Yukinori Goda (4.0%) Shiro Toba (2.6%)

(8) Relationship between the Company and KSP	Capital relationship	Not applicable	
	Personnel relationship	Not applicable	
	Business relationship	Not applicable	
	Status as related party	KSP does not fall within a related party.	
(9) KSP's business results and financial condition for the three most recent fiscal years (unit: million yen)			
Fiscal year	Year ended December 2019	Year ended December 2020	Year ended December 2021
Net assets	820	1,110	1,439
Total assets	1,385	1,952	2,376
Net assets per share (yen)	410	555	719
Revenues	1,254	1,363	1,644
Operating income	214	491	732
Recurring income	216	493	732
Net income	130	330	491
Net income per share (yen)	65	165	245

4. Number of Shares to Be Transferred, Transfer Price, and Situation of Shares Held Before and After the Transfer

(1) Number of shares held before the transfer	331,000 shares (number of voting rights: 331,000; voting rights holding ratio: 100%)
(2) Number of shares to be transferred	331,000 shares (number of voting rights: 331,000)
(3) Transfer price	6,400 million yen
(4) Number of shares held after the transfer	0 share (number of voting rights: 0; voting rights holding ratio: 0%)

5. Schedule

(1) Resolution at the Board of Directors meeting	December 23, 2022
(2) Execution of the share transfer agreement	December 23, 2022
(3) Implementation of the share transfer	March 1, 2023 (to be determined)

6. Future Outlook

The impact that the Share Transfer will have on the Company's consolidated operational results for this fiscal year is minor.

(Reference)

Consolidated Financial Forecast for This Fiscal Year (Published on November 10, 2022) and Consolidated Results for the Previous Fiscal Year (unit: million yen)

	Net income attributable to owners of the parent
Consolidated financial forecast for this fiscal year (year ended March 2023)	110,000
Consolidated results for the previous fiscal year (year ended March 2022)	99,401

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