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UOB and ORIX launch US\$200 million mezzanine fund to provide expansion capital to Southeast Asian companies

Singapore, 4 September 2014 – United Overseas Bank Limited (UOB) and ORIX Corporation (ORIX) today announced the launch of a mezzanine fund, the United Orient Capital Fund, L.P. (Fund), to provide mid-sized companies in Southeast Asia access to expansion capital. Through this joint-effort, UOB is the first Singapore bank to launch such a fund.

Mr. Terence Ong, Director of the fund and UOB's Group Head of Global Markets and Investment Management, said, "Southeast Asia's fast-growing companies are seeking capital to help them tap the opportunities arising from the two megatrends in the region – increased consumer spending and intra-regional trade. The Fund will provide these companies with an alternative source of financing to help them to fulfill their expansion ambitions and business development plans."

The Fund is managed by its general partner, United Orient Capital GP Limited (UOC), a joint venture between UOB and ORIX. The Fund will invest in mid-sized companies through the provision of loans or the purchase of bonds and preference shares. Such companies would have mature operations, strong cash flow and good management teams. Other considerations include such companies' market share, brand name and the industry's entry barriers.

The Fund's investments will be used by these companies to finance corporate expansion and corporate restructuring activities such as recapitalisation, mergers and acquisitions as well as privatisation. UOB and ORIX are contributing an initial combined sum of US\$100 million to the Fund, with the target to raise another US\$100 million from institutional investors based in Asia.

UOB and ORIX believe that mezzanine funds will offer Asian investors an alternative option to support the region's rapid growth and transformation.

Mezzanine financing is typically a hybrid of debt and equity used to finance the expansion of existing companies and is subordinated generally to debt provided by senior lenders such as banks and venture capital companies.

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Historically, mezzanine financing has provided investors with stable returns through economic cycles¹. As mezzanine funds typically receive interest income and scheduled principal repayments, they are able to provide investors with more stable and faster returns on capital compared with private equity investment funds.²

Mr. Kazuo Kojima, Director and Corporate Executive Vice President of ORIX, said “ORIX has catered to the diverse needs of its clients across Southeast Asia from the early 1970s. We have also maintained a strong partnership with UOB since establishing a leasing joint venture in 1972. Embracing rapid growth in Asian economies will continue to be the core component of ORIX’s strategies going forward. With UOB’s and ORIX’s deep knowledge of Asia and connections across the region, we are well-placed to offer our investors a high-quality investment portfolio.”

– Ends –

About United Overseas Bank

United Overseas Bank Limited (UOB) is a leading bank in Asia with a global network of more than 500 offices in 19 countries and territories in Asia Pacific, Western Europe and North America. Since its incorporation in 1935, UOB has grown organically and through a series of strategic acquisitions. In Asia it operates through its branches and representative offices as well as banking subsidiaries in China, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

UOB plays an active role in the community, focusing on the arts, education and children. It has, over more than three decades, held the longest-running art competition in Singapore, the UOB Painting of the Year. In recognition of its contributions to the arts, UOB was conferred the National Arts Council’s Distinguished Patron of the Arts Award for the tenth consecutive year in 2014. UOB also encourages its employees across the region to be involved in its regular volunteer activities. This includes the annual UOB Heartbeat Run which is held in Singapore, Malaysia, Indonesia, Thailand and mainland China. For more details, please visit <http://www.uob.com.sg>

About ORIX Corporation

ORIX Corporation (TSE: 8591; NYSE: IX) is a financial services group which provides innovative products and services to its customers by constantly pursuing new businesses. Established in 1964, from its start in the leasing business, ORIX has advanced into neighboring fields and at present has expanded into lending, investment, life insurance, banking, asset management, automobile related, real estate and environment and energy related businesses.

Since entering Hong Kong in 1971, ORIX has spread its businesses globally by establishing locations in 35 countries and regions across the world. ORIX celebrates its 50th anniversary in 2014 and moving forward it aims to contribute to society while continuing to capture new business opportunities and sustain growth by promoting acceleration of its corporate strategy “Finance + Services.” For more details, please visit <http://www.orix.co.jp/grp/en/>.

¹ Source: Corry Silbernagel, Davis Vaitkunas and Ian Giddy, *Mezzanine Finance*, http://pages.stern.nyu.edu/~igiddy/articles/Mezzanine_Finance_Explained.pdf

² Source: Corry Silbernagel, Davis Vaitkunas and Ian Giddy, *Mezzanine Finance*, http://pages.stern.nyu.edu/~igiddy/articles/Mezzanine_Finance_Explained.pdf

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