

(Translation)

April 23, 2008

Dear Sirs

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## **Notice of Transition to Holding Company System By Corporate Split**

It is hereby announced that K.K. DaVinci Advisors (the "Company") resolved in the meeting of the board of directors held today that it shall succeed its real estate investment advisory business and other businesses pertaining or relating thereto ((i) not including any businesses pertaining or relating to the management of subsidiaries and affiliates of the Company (hereinafter collectively referred to as the "Group Companies of the Company". The Company and the Group Companies of the Company shall be collectively referred to as the "Company Group") as well as those relating to the planning and administration of the management of the Company Group., but (ii) including any business of the department of management that is in connection to the real estate investment advisory business or pertains or relates thereto.) to its wholly owned subsidiary, K.K. DaVinci Advisors Preparation Company (hereinafter referred to as the "Preparation Company" or "Successor Company"), by way of an absorption type corporate split (hereinafter referred to as "Absorption Type Corporate Split"), as of July 1, 2008, as the effective date. The Company has affixed its seal to the agreement for the Absorption Type Corporate Split with the Preparation Company as of today.

The Company shall become the holding company of the Company Group as of the effective date of the Absorption Type Corporate Split, and will amend its trade name to "K.K. daVinci Holdings" as of the effective date thereof.

Approval by shareholders, resolved at the extraordinary meeting of shareholders of the Company to be held on June 25, 2008, and the approval, license and the registration required for the Preparation Company by the competent authorities, shall be the condition for the Absorption Type Corporate Split.

### **1. Purpose of Absorption Type Corporate Split**

The purpose of the Absorption Type Corporate Split is that the Company shift to the holding company system in order to improve the efficiency of its management and to enhance the independency of the business of each company of the Company Group. This will be achieved by separating the management of the group and the execution of business, along with the expansion and the diversification of the business of the Company Group.

At the same time that the Absorption Type Corporate Split becomes effective (which is expected to be on July 1, 2008), the Company will amend its trade name to "K.K. daVinci Holdings" and will remain as a listed company. It will not only specialize in the strategic management of the whole group as the holding company, but also strive to enhance its corporate governance as a public company. In addition, the Successor Company shall amend its trade name to "K.K. daVinci Advisors" and strive to enhance its competitiveness by concentrating on the execution of the real estate advisory business.

The Company Group will seek further improvement in corporate value of the whole group, by separating the management and the execution of business as described above.

[Measures to secure the fairness]

As the Company's shareholding ratio in the Successor Company remains the same before and after the Absorption Type Corporate Split, and as the Successor Company is the wholly owned subsidiary of the Split Company and has no minority shareholders, the Company has not taken any particular measures to secure the fairness.

[Measures to avoid conflicts of interests]

As no conflicts of interests arise in determining the Absorption Type Corporate Split, the Company has not taken any particular measures to avoid conflicts of interests.

## 2. Outline of the Absorption Type Corporate Split

### (1) Schedule of Corporate Split

Meeting of Board of Directors to resolve the absorption type corporate split:	April 23, 2008
Execution of the agreement regarding the Absorption Type Corporate Split:	April 23, 2008
Announcement of record date for extraordinary meeting of shareholders:	expected to be April 24, 2008
Record date for extraordinary meeting of shareholders:	expected to be May 9, 2008
Extraordinary meeting of shareholders to approve the agreement for the Absorption Type Corporate Split:	expected to be June 25, 2008
Effective Date:	expected to be July 1, 2008

### (2) Method of Corporate Split

Spin off (*Bunsha-gata*) (*butteki*) Absorption Type Corporate Split, in which the Company and Preparation Company fall under the Split Company and the Successor Company, respectively.

### (3) Details of Allocation upon Corporate Split

Upon the Absorption Type Corporate Split, the Successor Company shall issue 1 ordinary share, and shall allocate that share to the Split Company.

### (4) Calculation Base for Details of Allocation upon Corporate Split

As the Company's shareholding ratio in the Successor Company and the amount of the net assets of the Company remain the same before and after the Absorption Type Corporate Split, the number of shares to be allocated was determined upon consultation between both companies in light of the appropriate number of shares of the Successor Company to be issued. In determining the shares to be allocated, the Company did not consult with any calculation agency,

### (5) Capital Reduction due to Corporate Split

Not applicable.

### (6) Treatment of Share Options of the Split Company

The share options issued by the Company are not affected by the Absorption Type Corporate Split.

### (7) Rights and Obligations to be Succeeded

Unless otherwise provided for in the agreement for the Absorption Type Corporate Split, the Successor Company shall succeed to the assets, liabilities, rights and obligations, such as contractual positions under various agreements with respect to the real estate investment advisory business of the Company and other businesses pertaining or relating thereto ((i) not including any businesses pertaining or relating to the management of subsidiaries and affiliates of the Company as well as those relating to the planning and administration of the

management of the Company Group., but (ii) including any business of the department of management that is in connection to the real estate investment advisory business or pertains or relates thereto.). The obligation to be succeeded by the Absorption Type Corporate Split shall be additionally assumed by the Company.

(8) Prospect of Fulfilling Obligation

Both of the Company and The Successor Company conclude that there are no doubts in fulfillment of the obligation to be borne by the Company and the Successor Company after the Absorption Type Corporate Split.

### 3. Outline of Companies subject to Corporate Split

	The Split Company (the Company) (as of December 31, 2007)	the Successor Company (as of establishment on February, 26, 2008)
1) Corporate Name	K.K. DaVinci Advisors (Note 1)	K.K. DaVinci Advisors Preparation Company (Note 2)
2) Business Area	Real Estate Investment Advisory business and Other Business Incidental to These	Real Estate Investment Advisory business and Other Business Incidental to These
3) Foundation	August 14, 1998	February 26, 2008
4) Location of Head Office	6-2-1, Ginza, Chyuou-ku, Tokyo	6-2-1, Ginza, Chyuou-ku, Tokyo
5) Title / Name of Representative	President & Representative Director / Osamu Kaneko	President & Representative Director / Kenji Nagai
6) Capital	JPY 2,385 million	JPY 100 million (as of establishment)
7) Total Number of Issued Shares	1,566,174 shares	2,000 shares
8) Net Asset	JPY 179,977 million (consolidated basis)	JPY 100 million (unconsolidated basis)
9) Gross Asset	JPY 874,403 million (consolidated basis)	JPY 100 million (unconsolidated basis)
10) Fiscal Term	December 31	December 31
11) Number of Employees	69	0
12) Principal Customers	There are no specific customers.	—
13) Large Shareholders and Holding Ratio	Osamu Kaneko 26.61% Bank of New York GCM Client Accounts EISG 6.12% State Street Bank and Trust Company 5.08% Goldman Sachs International 4.39% The Master Trust Bank of Japan, Ltd (Trust Account) 2.87%	K.K. DaVinci Advisors 100%

14) Main Financing Bank	The Bank of Tokyo Mitsubishi UFJ., Ltd Mizuho Bank., Ltd etc	—
15) Relations between Parties	<p>Capital Relations: The Successor Company is the wholly owned subsidiary of the Split Company.</p> <p>Human Resources Relations: Some of the directors of the Split Company are also directors of the Successor Company. In addition, certified tax accountants who work as tax advisors of the Split Company serve as auditors of the Successor Company.</p> <p>Transaction Relations: As the Successor Company currently conducts no business activities, there are no transactions with the Split Company.</p> <p>Whether the Parties constitute related parties or not: The Successor Company is the consolidated subsidiary of the Split Company, and thus falls constitutes a related party.</p>	

(Note 1) It will be amended as "K.K. daVinci Holdings" as of July 1, 2008, the effective date of the Absorption Type Corporate Split.

(Note 2) It will be amended as "K.K. daVinci Advisors" as of July 1, 2008, the effective date of the Absorption Type Corporate Split.

(16) Consolidated Performance of the Company in recent three (3) years

Fiscal Term	8th (Ending in December, 2005)	9th (Ending in December, 2006)	10th (Ending in December, 2007)
Sales (JPY million)	9,502	136,021	276,991
Operating Profit (JPY million)	7,025	44,043	107,705
Ordinary Profit (JPY million)	6,973	30,501	83,303
Current Net Profit (JPY million)	4,481	9,124	11,848
Current Net Profit per share (JPY)	14,051.96	5,940.14	7,692.07
Dividend per share (JPY)	-	-	-
Net Asset per share (JPY)	37,384.75	13,629.96	21,513.47

(Note) As the Successor Company was established on February 26, 2008, there the Successor Company has no performance records for the last three (3) fiscal terms.

#### 4. Outline of Business subject to Corporate Split

(1) Content of Business of Division subject to Corporate Split

The real estate investment advisory business and other businesses incidental thereto ((i) not including any businesses pertaining or relating to the management of subsidiaries and affiliates of the Company as well as those relating to the planning and administration of the management of the Company Group, but (ii) including any business of the department of management that is in connection to the real estate investment advisory business or pertains or relates thereto.).

(2) Operating Results of Division subject to Corporate Split as of the Fiscal Term ending in December, 2007

	Division subject to Corporate Split (A)	Performance of the Company (Before Corporate Split) (B)	Ratio (A) / (B)
Sales (JPY million)	17,777	17,815	99.8%
Gross Profit on Sales (JPY million)	15,916	15,806	100.7%
Operating Profit (JPY million)	15,698	14,159	110.9%
Ordinary Profit (JPY million)	15,191	15,620	97.3%

(Note) The real estate investment advisory business and other business pertaining or relating thereto makes up nearly 100% of the sales of the Company on an unconsolidated basis. The reason for the increase of gross profit on sales and operating profit of the division compared to those of the Company (before the corporate split) is because there will be no more expenses regarding the management of division other than the division which is subject to corporate split.

(3) Item and Amount of Assets and Liabilities Subject to Corporate Split (as of December 31, 2007)

Item	Book Price	Item	Book Price
Current Asset (JPY million)	27,002	Current Asset (JPY million)	20,204
Fixed Asset (JPY million)	20,424	Fixed Asset (JPY million)	6,223
Total (JPY million)	47,427	Total (JPY million)	26,428

## 5. Situation of the Successor Company (as of July 1, 2008, to be expected)

- (1) Corporate Name K.K. daVinci Advisors  
(It is expected to be amended as above from K.K. DaVinci Advisors Preparation Company, as of July 1, 2008.)
- (2) Business Area Real estate investment advisory business and other business incidental thereto
- (3) Location of Head Office 6-2-1, Ginza, Chyuou-ku, Tokyo
- (4) Title / Name of Representative President & Representative Director / Kenji Nagai
- (5) Capital JPY 100 million
- (6) Fiscal Term December 31 (not amended)

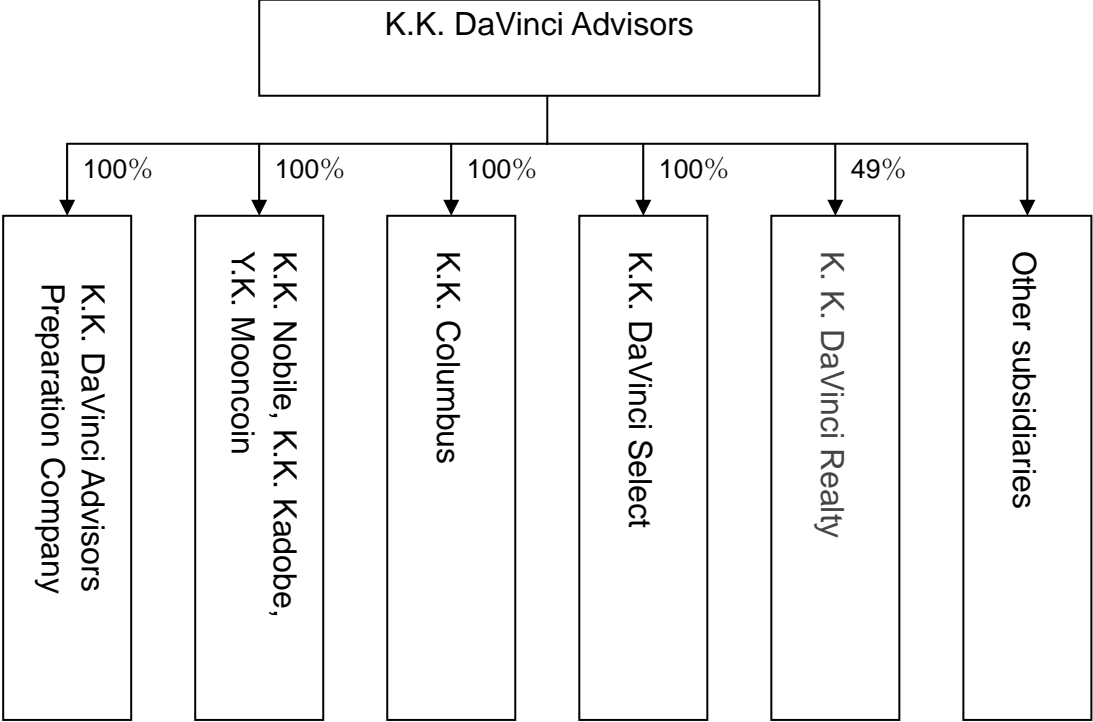
## 6. Situation of the listed company after the Absorption Type Corporate Split

- (1) Corporate Name K.K. daVinci Holdings
- (2) Business Area Holdings Company
- (3) Location of Head Office 6-2-1, Ginza, Chyuou-ku, Tokyo
- (4) Title / Name of Representative President & Representative Director / Osamu Kaneko
- (5) Capital JPY 2,385 million  
(There is no capital reduction due to the Absorption Type Corporate Split.)
- (6) Net Asset JPY 28,923 million
- (7) Gross Asset JPY 36,906 million
- (8) Fiscal Term December 31 (not amended)
- (9) Detail of Account processing Transactions under common control
- (10) Prospective in Future

As the Successor Company is the wholly owned subsidiary of the Company, the Absorption Type Corporate Split has no effect upon the consolidated performance of the Company. In addition, as the Company is expected to be the holding company after the Absorption Type Corporate Split, the revenue of the Company will consist mainly of management service fees and dividends from the Group Companies of the Company, and expenses of the Company will mainly relate to the functions of the holding company.

### 7. Group Organization after transition to Holdings Company System

(Current Organization)



(Organization After Transition)

