

[Translation]

Prospect Co., Ltd.
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Regarding signing of Investment and Shareholders' Agreement on joint investments with RFP group

Based on the Letter of Intent signed on December 16, 2016 and continuous effort on discussions, Prospect Co., Ltd. (the "Company") and Russia Forest Products Group (hereafter "RFP") have come to terms and signed the Investment and Shareholders' Agreement for pellet producing facilities in Amursk, Russia. Following the signing of this Investment and Shareholders' Agreement, the Company will start to provide funding for factory construction, which aim to complete in the Fall of 2019, and continue to provide assist on negotiations of wood pellet contracts in Japan.

Note

1. Summary of the Investment and Shareholders' Agreement

A. Name of the contract: Investment and Shareholders' Agreement

B. Counter party: Russia Forest Products Group

C. Content of the agreement:

Establishing joint investment companies in both Japan and Russia, to provide funding for constructing a wood pellet factory in Amursk, Russia, with capable of producing 90,000 tons per year.

D. Investment ratio:

The Company will contribute 51% and RFP Group will contribute 49% to Prospectbiomass, a company based in Japan.

The Company will contribute 49% and RFP Group will contribute 51% to LLC RFP Wood Pellets, a company based in Russia.

E. Project funding: Approximately 2.5 billion Japanese Yen

F. Wood pellet off-taker: Feed-in Tariff scheme certified biomass facilities in Japan

2. About RFP Group

Please refer to announcement of "Notice: joint investments in wood pellet projects with the

Russia Forest Products Group” on December 16, 2016.

3. Future forecasts

The impact on the consolidated financial results of current fiscal year is expected to be minor.

- End of News Release -