



September 13, 2019

[Translation]

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**Regarding the transfer of stock acquisition rights held by a subsidiary and
the transfer of shares**

Prospect Co., Ltd. (hereinafter referred to as the “Company”) hereby announces that it has approved the transfer of the Company’s 3rd stock acquisition rights (hereinafter referred to as the “Stock Acquisition Rights”) held by The Prospect Japan Fund Limited (hereinafter referred to as “TPJF”), a wholly owned subsidiary of the Company, in their entirety to Prospect Asset Management, Inc. (hereinafter referred to as “PAMI”) as follows. Furthermore, TPJF has decided to make a distribution in-kind and transfer shares held by TPJF (hereinafter referred to as “TPJF shares”) to the Company.

1. Regarding the transfer of the Stock Acquisition Rights

(1) Summary of the Stock Acquisition Rights transfer

Transfer date	September 25, 2019 (planned)
Stock Acquisition Rights to be transferred	Prospect Co., Ltd. 3rd Stock Acquisition Rights
Number of Stock Acquisition Rights to be transferred	713 units (1 unit gives the right to acquire 109,756 shares)
Transfer amount	JPY 0 per unit (JPY 0 per share)
Number of potential shares related to the Stock Acquisition Rights to be transferred	78,256,028 shares
Total transfer amount	JPY 0
Exercise price	JPY 49.2 per share
Total exercise amount	JPY 3,850,196,577
Transferee	Prospect Asset Management, Inc., a wholly owned subsidiary of Prospect Co., Ltd. (Location: Hawaii, USA)
Other	In accordance with Article 135, Paragraph 1, of the Companies Act (prohibition of acquisition of parent company shares), the transferee, a wholly-owned subsidiary of Prospect Co., Ltd., cannot acquire the parent company shares (Prospect Co., Ltd. shares) by exercising the Stock Acquisition Rights.

(2) Reason for the transfer of the Stock Acquisition Rights

As announced by the Company in the “Notice Concerning Dissolution and Liquidation of an Overseas Consolidated Subsidiary” on May 15, 2019, TPJF, a wholly-owned subsidiary of the Company, will be dissolved and liquidated. With regard to the Stock Acquisition Rights held by TPJF, in view of the need to raise funds as announced in the “Notice Concerning Stock Acquisition Rights through Third-Party Allotment” dated November 17, 2015 still exists, TPJF will transfer the Stock

Acquisition Rights to PAMI to seek and sell to investors who can be expected to exercise the Stock Acquisition Rights in the future.

2. Regarding distribution in-kind and transfer of TPJF shares

(1) Summary of distribution in-kind for TPJF shares

In-kind distribution date	September 25, 2019 (planned)
Stocks to be received as distribution in-kind	The Fukushima Bank, Ltd. 4,222,200 shares The Daito Bank, Ltd. 2,376,800 shares Shaklee Global Group, Inc. 196,900 shares PINNACLE RENEWABLE ENERGY INC 3,155,100 shares
Company holding policy	The Company holding policy in regards to shares of The Fukushima Bank, Ltd., The Daito Bank, Ltd. and Shaklee Global Group, Inc is one of net investment. The Company holding policy in regards to shares of PINNACLE RENEWABLE ENERGY INC is one of net investment, and making shareholder proposals depending on circumstances.

(2) Reason for distribution in-kind and transfer of TPJF shares

As announced by the Company in "Notice Concerning Dissolution and Liquidation of an Overseas Consolidated Subsidiary" on May 15, 2019, TPJF, a wholly-owned subsidiary of the Company, will be dissolved and liquidated. Therefore, prior to the dissolution and liquidation of TPJF, TPJF shares held by TPJF will be distributed in-kind and transferred to the Company who is the sole shareholder of TPJF.

4. Future forecasts

There is no serious impact on our business results from this transaction. Additional announcements will be made in the event of any further changes.

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