

January 10, 2020

Company Name: Prospect Co., Ltd.

Representative: President and CEO Masato Tabata

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Announcement concerning the business progress

Progress (preliminary report) of condominium sales business and renewable energy business as of the end of December 2019 are as follows.

Note

1. Condominium sales business

- | | |
|-----------------------------|--|
| (1) Contracted | 34 units, JPY 1,552 million (April 2019 – December 2019) |
| (2) Newly acquired projects | 1). Yokohama Magane-Cho Project
(Minami Ward, Yokohama City, Kanagawa Prefecture
9-minute walk from Yokohama Municipal Subway Blue
Line "Isezaki Chojacho" Station)

2). Aobadai project
(Aoba Ward, Yokohama City, Kanagawa Prefecture
11-minute walk from Tokyu Denentoshi Line "Aobadai"
Station) |
| (3) Project going on sale | Minami-Senju station square project
(Arakawa-ku, Tokyo
3-minute walk from Tokyo Metro Hibiya Line
"Minami-Senju" Station)
Sales are scheduled to start in mid-April 2020 |



2. Solar business

- (1) Projects in operation 10 Projects - Approx. 41.0 MW (Company equity basis)
※ Narita Kozaki Project (Company equity interest is about 19.3MW) and Yorii Project (Company's sole project approx. 1.21 MW) began selling electricity during the 3rd quarter.
April 2019 – December-end 2019 electricity sales (ex. Tax) JPY 830 million.

- (2) Projects Under Development (Total 2 projects: approx. 12.7 MW • company equity basis)

① Sanbu Minami Project

Address	Shiizaki, Sanmu-shi, Chiba Prefecture
Site Area	Approx. 44,000 m ²
Installed capacity	Approx. 2.03MW (Panel Output)
Operation start	January 2020 (Planned)
Power selling price	JPY 36/kWh (excluding tax • 20 year fixed)

Test electricity sale started in June 2019 (9.67 yen including tax)

② Okayama Aida Hikari Project

Address	Nakagouchi, Mimasaka-shi , Okayama Prefecture
Site Area	Approx. 606,000 m ²
Installed capacity	Approx. 36.97 MW (Panel Output)
Operation start	July 2021 (Planned)
Power selling price	JPY 32/kWh (excluding tax • 20 year fixed)

Construction started in August 2019

3. Wood pellet production facility project in Russia Far East (90k tons annual production)

Construction on the facility started in May 2018 at the site (Amursk, Khabarovsk region, Russia). The Project is located adjacent to two wood processing plants owned and operated by JV partner RFP Group (a group of technologically-integrated companies from wood harvesting to wood processing), enabling long-term, low-cost access to high quality sawmill residues and direct access to railway service to the warm water ports in Vladivostok.

The facility was originally scheduled for completion in the fall of 2019, but the targeted completion has been changed to February 2020 due to bad weather. Meanwhile, the Company is in ongoing negotiations with potential buyers on the terms of a long-term off-take contract for wood pellet sales representing the total production output of the facility. The Company will promptly disclose details of the contract once finalized.

The Company views its tie-up with RFP as a long-term strategic partnership to build a robust platform for the export of industrial wood pellet fuel to Japan. The initial phase calls for 90,000 metric tons per annum (MTA) production plant with further expansion to 135,000 MTA following successful production ramp-up. The Company aims for eventual expansion at the existing and other sites in Far East Russia to reach up to 500,000 MTA.

Off-take contracts for wood pellets are generally long-term (over 10 year), take-or-pay contracts with fixed pricing, which includes an annual escalation. This contract structure enables long-term visibility of stable cashflows with highly creditworthy counterparties.



Main production equipment installation



Wood pellet storage/silo construction



Boiler plant construction

4. Asset management business

The Company has resolved to dissolve and liquidate an overseas consolidated subsidiary and withdrew from the asset management business as announced on May 15, 2019, “Notice Concerning Dissolution and Liquidation of an Overseas Consolidated Subsidiary”.

In addition, as announced on September 13, 2019, “Regarding the transfer of stock acquisition rights held by a subsidiary and the transfer of shares”, all transfers of securities (stocks and stock acquisition rights) held by the subsidiary (The Prospect Japan Fund Limited) have been completed.

The liquidation procedure has been started, and completed on December 31, 2019. And liquidation is expected to be completed by April 2020.

(Note) Electricity sales are preliminary figures. Please refer to the financial statements to be disclosed on Friday, February 14, 2020 for finalized figures.

- End of News Release -