

[Translation]

March 23, 2020

Company Name: Prospect Co., Ltd.

Representative: President and CEO Masato Tabata

(Security Code: 3528 TSE 2nd Section)

Contact: Chief of General Affairs Jiro Taketani

(TEL: +81-03-3470-8411)

**Notice regarding sale of operating solar power plants,
change of consolidated subsidiary and recording extraordinary income**

Prospect Co., Ltd. (the “Company”) is pleased to announce the Company’s decision to transfer all of the equity interests and silent partnership interests of the Godo Kaisha, which were established to own and operate power plants with the intention to sell the operating solar power plants.

Note

1. Reason for the transfer

Although the Company promotes solar power generation business in the renewable energy business, it will not hold solar power plants for an extended period following the commencement of power sales, and will instead try to obtain the maximum development profit based on future cash flows. The following five power plants have been arranged for sale to a buyer, and the joint ventures that own the power plants have been transferred. Six power plants are remained in operation after the sale, and the Company will continue to actively pursue new projects, including those in the secondary market.

2. Overview of the transferred subsidiary

1.	Name	GK Asago Mega Solar	
2.	Location	1-30-8 Sendagaya, Shibuya-ku, Tokyo	
3.	Title and name of representative	Representative: Prospect Co., Ltd. Masato Tabata, Executive Officer	
4.	Business description	Solar power business	
5.	Amount of capital	100,000 Japanese Yen	
6.	Date of establishment	July 16, 2014	
7.	Investors and investment ratio	Prospect Co., Ltd 100%	
8.		Capital ties	The Company holds 100% of the relevant company’s stock.

Relationship between the Company and the relevant company	Personnel ties	Masato Tabata, President and CEO of the Company, concurrently serves as an executive officer of the relevant company.		
	Business relationship	None		
9. Business performance and financial position (consolidated) of the relevant company over the last 3 years				
Accounting Period	FY 3/2017	FY 3/2018	FY 3/2019	
Net Assets (thousand yen)	(1,660)	86	226	
Total assets (thousand yen)	296,761	281,912	263,067	
Revenue (thousand yen)	40,486	42,259	37,981	
Operating Profit (thousand yen)	10,055	12,248	8,156	
Ordinary income (thousand yen)	6,599	8,870	5,046	
Net Income (thousand yen)	60	1,747	140	

1.	Name	GK Prospect Ushiku		
2.	Location	1-30-8 Sendagaya, Shibuya-ku, Tokyo		
3.	Title and name of representative	Representative: Prospect Co., Ltd. Masato Tabata, Executive Officer		
4.	Business description	Solar power business		
5.	Amount of capital	100,000 Japanese Yen		
6.	Date of establishment	December 19, 2014		
7.	Investors and investment ratio	Prospect Co., Ltd 100%		
8.	Relationship between the Company and the relevant company	Capital ties	The Company holds 100% of the relevant company's stock.	
		Personnel ties	Masato Tabata, President and CEO of the Company, concurrently serves as an executive officer of the relevant company.	
		Business relationship	None	
9. Business performance and financial position (consolidated) of the relevant company over the last 3 years				
Accounting Period	FY 3/2017	FY 3/2018	FY 3/2019	
Net Assets (thousand yen)	(3,625)	(3,351)	(3,335)	
Total assets (thousand yen)	621,149	605,001	569,396	
Revenue (thousand yen)	73,006	76,403	74,116	
Operating Profit (thousand yen)	40,678	30,401	27,778	
Ordinary income (thousand yen)	31,314	21,588	20,343	
Net Income (thousand yen)	(473)	273	15	

1.	Name	GK Prospect Katori		
2.	Location	1-30-8 Sendagaya, Shibuya-ku, Tokyo		
3.	Title and name of representative	Representative: Prospect Co., Ltd. Masato Tabata, Executive Officer		
4.	Business description	Solar power business		
5.	Amount of capital	50,000 Japanese Yen		

6.	Date of establishment	November 14, 2014		
7.	Investors and investment ratio	Prospect Co., Ltd 100%		
8.	Relationship between the Company and the relevant company	Capital ties	The Company holds 100% of the relevant company's stock.	
		Personnel ties	Masato Tabata, President and CEO of the Company, concurrently serves as an executive officer of the relevant company.	
		Business relationship	None	
9.	Business performance and financial position (consolidated) of the relevant company over the last 3 years			
	Accounting Period	FY 3/2017	FY 3/2018	FY 3/2019
	Net Assets (thousand yen)	(10,671)	(11,523)	(11,394)
	Total assets (thousand yen)	865,465	741,232	694,331
	Revenue (thousand yen)	53,605	86,237	86,936
	Operating Profit (thousand yen)	16,166	25,420	27,309
	Ordinary income (thousand yen)	2,328	4,838	14,730
	Net Income (thousand yen)	(2,756)	(851)	128

1.	Name	GK Prospect Sendai		
2.	Location	1-30-8 Sendagaya, Shibuya-ku, Tokyo		
3.	Title and name of representative	Representative: Prospect Co., Ltd. Masato Tabata, Executive Officer		
4.	Business description	Solar power business		
5.	Amount of capital	10,000 Japanese Yen		
6.	Date of establishment	November 7, 2014		
7.	Investors and investment ratio	Prospect Co., Ltd 100%		
8.	Relationship between the Company and the relevant company	Capital ties	The Company holds 100% of the relevant company's stock.	
		Personnel ties	Masato Tabata, President and CEO of the Company, concurrently serves as an executive officer of the relevant company.	
		Business relationship	None	
9.	Business performance and financial position (consolidated) of the relevant company over the last 3 years			
	Accounting Period	FY 3/2017	FY 3/2018	FY 3/2019
	Net Assets (thousand yen)	(1,298)	(1,278)	(1,882)
	Total assets (thousand yen)	701,891	688,787	668,183
	Revenue (thousand yen)	60	13,153	73,590
	Operating Profit (thousand yen)	(3,646)	8,876	35,988
	Ordinary income (thousand yen)	(4,422)	1,136	28,875
	Net Income (thousand yen)	(81)	20	(604)

1.	Name	GK Prospect Tokujiro		
2.	Location	1-30-8 Sendagaya, Shibuya-ku, Tokyo		
3.	Title and name of representative	Representative: Prospect Co., Ltd. Masato Tabata, Executive Officer		
4.	Business description	Solar power business		
5.	Amount of capital	50,000 Japanese Yen		
6.	Date of establishment	November 14, 2014		
7.	Investors and investment ratio	Prospect Co., Ltd 100%		
8.	Relationship between the Company and the relevant company	Capital ties	The Company holds 100% of the relevant company's stock.	
		Personnel ties	Masato Tabata, President and CEO of the Company, concurrently serves as an executive officer of the relevant company.	
		Business relationship	None	
9.	Business performance and financial position (consolidated) of the relevant company over the last 3 years			
	Accounting Period	FY 3/2017	FY 3/2018	FY 3/2019
	Net Assets (thousand yen)	(12,030)	(26,092)	(32,784)
	Total assets (thousand yen)	1,815,132	1,800,111	1,567,424
	Revenue (thousand yen)	60	23,438	215,713
	Operating Profit (thousand yen)	(10,382)	11,800	82,170
	Ordinary income (thousand yen)	(10,942)	(5,286)	66,099
	Net Income (thousand yen)	(11,012)	(14,062)	6,691

* List of the sold power plants

Company name	Power plant overview		
	Location	Panel output	Commencement
GK Asago Mega Solar	Asago, Hyogo Prefecture	About 1.1 MW	March, 2015
GK Prospect Ushiku	Ushiku, Ibaraki Prefecture	About 1.8 MW	February, 2016
GK Prospect Katori	Katori, Chiba Prefecture	About 2.0 MW	July, 2016
GK Prospect Sendai	Sendai, Miyagi Prefecture	About 1.8 MW	January, 2018
GK Prospect Tokujiro	Utsunomiya, Tochigi Prefecture	About 4.8 MW	February, 2018

3. Overview of the transferee

The transferee, transfer price and book value will not be disclosed due to a confidentiality agreement with the transferee. The transferee is a general corporate entity in Japan, and there is no capital, personal, or business relationship to be noted between the Company and the transferee, and the transferee does not fall under a related party. In addition, the Company has confirmed that the transferee is not an antisocial force.

4. Schedule for transfer

Date of signing of transfer agreement	March 23, 2020
Payment date for transfer	March 23, 2020

5. Future outlook

Following the transfer of the joint ventures, the Company expects to record extraordinary gains on sales of investments in subsidiaries of approximately 550 million yen in the consolidated and non-consolidated financial statements for the fiscal year ending March 31, 2020. Details will be disclosed as soon as the financial results for the current fiscal year are finalized and consolidated figures are determined.

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