



[Translation]

March 29, 2019

Company Name: Prospect Co., Ltd.
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Notice of Completion of Share Transfer in Company's Consolidated Subsidiary and Acquisition of Silent Partnership Equity

Prospect Co., Ltd. (hereinafter referred to as the “Company”) and its consolidated subsidiary, Kidoh Construction Industry Co., Ltd. (hereinafter referred to as “Kidoh Construction”), on approval of both companies’ Board of Director’s Meetings held 26 March 2019, have completed the sale of all the shares of Kidoh Construction owned by the Company to Kidoh Global Holdings Co. Ltd (hereinafter referred to as “KGH”). The Company has also completed the acquisition of an equity interest in a silent partnership related to the Narita Kozaki Solar Project owned by Kidoh Construction.

Note

1. Background on change

The Company is making continuous efforts to promote solar power generation business in Japan and progressing in the joint investment of constructing a biomass fuel manufacturing plant to produce white pellets in Russia. The Company is also aiming to further expand its renewable energy business in the future.

The Company is seeking to strengthen focus on renewable energy business segments and judged the MBO offer by KGH as an opportunity to realize profits and streamline its operations and balance sheet while enhancing stable cash flows from an increased ownership in a major mega-solar development, which gives the Company flexibility to expand, launch new projects or conduct possible M&A.

The additional acquisition of the silent partnership equity interest contributes to profitability through an increase in the ownership of the Narita Kozaki Solar Project, which has an installed capacity of approximately 24 MW with a selling price of 36 yen/kWh.

2. Subsidiary Share Transfer

Company name:	Kidoh Construction Industry Co., Ltd.
Acquisition Date:	March 20, 2014
Transfer Date:	March 29, 2019
Sale Amount:	JPY 1,850 million
Total dividend received:	JPY 250 million



3. Details of Silent Partnership Equity Acquisition

Acquisition Date: March 29, 2019

Acquisition Amount: JPY 200 million

Additional equity stake: 25% (total 80% after the acquisition)

Electricity Sale Start: June, 2019

Estimated Annual FCF (Free Cash Flow): JPY 35 million

4. Outlook

Although the Share Transfer will result in the company's exclusion from the Company's consolidated subsidiaries, the impact on the business performance of the current fiscal year is currently being reviewed and will be disclosed as it becomes clear.

End