

[Translation]

January 6, 2020

Company Name: Prospect Co., Ltd.

Representative: President and CEO Masato Tabata

(Security Code: 3528 TSE 2nd Section)

Notice regarding acquisition of shares in overseas stock market

Prospect Co., Ltd. (the "Company") has been acquiring shares of Pinnacle Renewable Energy Inc. (hereinafter "Pinnacle") since February 2018, which is listed on the Toronto Stock Exchange in Canada. The Company hereby informs its shareholders that its ownership in Pinnacle has exceeded 10.00%, and has reported to the Ontario Securities and Exchange Commission in accordance with the country's National Instrument 62-103.

Note

1. Overview of the acquired shares as of today

Pinnacle Renewable Energy Inc.

• Number of shares owned (as of December 27, 2019)	3,348,600 shares
• Total shares outstanding	33,308,516 shares
• Ownership %	10.053 %
• Annual dividend forecast	0.60 CAD per share

2. Purpose of holding

As the demand for wood pellets in Japan's biomass power generation is increasing and expected to grow further in the future, the Company has been strategically investing in Pinnacle as part of its renewable energy business expansion strategy. In addition, Pinnacle engages in long-term fixed price contracts with the buyers of wood pellets, so the Company is expecting high growth potential and high dividends.

3. About wood pellets and Pinnacle

Wood pellets are a type of fuel for base load power generation (power generation that can be operated continuously, low power generation unit price, and stable supply). In order to achieve Japan's medium-term goal of reducing greenhouse gases under the Paris Agreement, the expansion

of renewable energy is expected to accelerate in the future, predicated on the reduction in the use of coal and nuclear power.

Pinnacle Renewable Energy is one of the world's leading manufacturers and distributors of industrial wood pellets for use by global utilities and large-scale independent power producers (IPP) as a renewable fuel to produce reliable baseload power. The company is based in Vancouver, British Columbia, Canada, with 9 wood pellet production facilities in operation and 2 more under development across Western Canada and Southeast United States, with annual production capacity of almost 3 million metric tons. Pinnacle is a major supplier of wood pellets to both Europe and the rapidly growing Japanese biomass power generation market, with Japanese contracts representing 48% of its CAD 7.1 billion contracted backlog as of Q3 2019, up approximately 40% year-on-year.

(Reference) Pinnacle's latest news release

December 19, 2019

【Capital investment】 Announced plans to build a new industrial wood pellet plant (360,000 tons per year, Southeastern US). Production will start in the second quarter of 2021.

December 16, 2019

【Raw material contract】 Announced agreement with Alkali Resource Management Ltd. for a three-year supply of wood pellet raw materials to use at the Pinnacle plant in British Columbia.

October 17, 2019

【Off-take contract】 Announced a new off-take agreement with Mitsui & Co., Ltd. (TSE: 8031) to supply 100,000 tons of wood pellets per annum for domestic biomass power generation starting 3rd quarter of 2023.

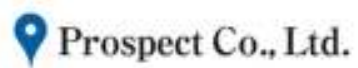
Please visit the official website of Pinnacle Renewable Energy Inc. for more information

<https://www.pinnaclepellet.com/>

4. Future outlook

The impact of this matter on the business results for the current consolidated fiscal year is expected to be minor.

※Inquiries regarding this matter



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【About Prospect】

Prospect Co., Ltd. is listed on the Second Section of the Tokyo Stock Exchange and engages in condominium sales and renewable energy businesses. The Company is developing new businesses from the conventional condominium sales business alone and conducting M & A as a business diversification strategy to continuously maximize corporate value. Revenue for the fiscal year ended March 31, 2019 was ¥ 3.9 billion, with 41 employees. For more information about our company, please visit <https://www.prospectjapan.co.jp>