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[Translation]

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Notice: joint investments in wood pellet projects with the Russia Forest Products Group

As part of Prospect Co., Ltd. (hereafter the “Company”)’s increasing activities and expansion in the renewable energy business, the Company and Russia Forest Products Group (hereafter “RFP”) signed Letters of Intent for joint investments in pellet projects with capacities of 90K t/a and up to 500K t/a in the Russian Far East during the Russian-Japanese Business Forum in Tokyo on December 16, 2016. RFP is the largest forest industry holding of the Russian Far East and the Company believes that Russia has the potential to become Japan's fastest growing source of biomass fuel.

Note

1. Project summary

① The first project

Type: Wood pellet manufacturing plant
Capacity: 90,000 tons per annum
Location: Russian Far East
Construction start: 2017
Funding: Joint investment or borrowing from Japanese financial institutions
Off-take: Pellets manufactured from 2019 will be 100% exported to Japan

② The second project

Type: Wood pellet manufacturing plant
Capacity: 500,000 tons per annum
Funding: Joint investment or borrowing from Japanese financial institutions
Off-take: Based on non-industrial wood/forest residue as a raw material and will be focused on the Japanese end user market

2. About RFP

RFP is the largest forest industry holding of the Russian Far East and one of the largest in Russia. RFP comprises a group of technologically-integrated companies from wood harvesting to wood processing. RFP holds forest lease rights for 4.5 million hectares of timberlands; annual harvesting volume exceeds 2.3 million m³ of industrial round wood. RFP operates the Russian Far East’s largest



wood processing complex in Amursk, Khabarovsk region. RFP leased forests and production facilities are certified according to FSC international standards.

3. Future outlook

The impact on the consolidated financial results of current fiscal year is expected to be insignificant.

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