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Announcement of Progression of Strategic Cooperation with Etrion Japan KK

Tamagawa Holdings concluded a Strategic Cooperative Agreement with Etrion Japan KK (hereafter referred to as “Etrion”) as shown by its press release dated March 30, 2015, entitled “Tamagawa Holdings announces Memorandum of Understanding concerning Strategic Cooperative Agreement with Etrion Japan KK” and has advanced the consultations how to proceed the joint project of PV plant in Misawa city, Aomori (hereafter referred to as the “Project”). We hereby made an announcement of the progression.

1. Progression of the Project

Tamagawa Holdings acquired the land required for the Project as shown by its press release dated the 26th of December 2014, entitled “Tamagawa Holdings Announces Inception of New Business Operations (Geothermal Power Business) and Issuance of Series-6 Stock Warrants for Private Placement (with Excise Price Reset Option)” and “Tamagawa Holdings Announces Progress in the Business Alliance with ISE Power Co., Ltd.”

We are pleased to announce that the both parties have reached agreement on the Term Sheet that stipulates specific ways to progress the Project and the investment ratio to run it jointly. The main points of the content are as below;

- (1) The special-purpose company which will run the Project (hereafter referred to as the “SPC”) shall be newly established by Tamagawa Holdings and Etrion to do the Project jointly.
- (2) Tamagawa Holdings may keep 30% of the ownership of the SPC.
- (3) Aim at completing all of the procedures required to start construction of the Project by December 2015.
- (4) Tamagawa Holdings and Etrion shall jointly decide the way of funding for the Project and choosing the EPC company.

2. Outline of Etrion and Etrion Corporation

Etrion’s parent company, Etrion Corporation, is a Canadian public company that is part of the

Lundin Group, a large natural resources group active in the energy and mining sectors. The Lundin Group includes 10 publicly-traded companies operating in more than 25 countries. The Lundin family is the main shareholder of Etrion Corporation with 24% of the outstanding shares. Etrion is the flagship renewable energy company in the Lundin Group.

3. Outline of the Project

(1) Location	5-chome, Mukawame, Misawa city, Aomori and others
(2) Operator	GP Energy A GK GP Energy B GK GP Energy C GK GP Energy D GK (All are fully-owned subsidiaries of Tamagawa Holdings)
(3) Size of the site	About 153,00 sqm
(4) Power generating capacity	About 10 MW
(5) Electricity sales price (fixed for 20 years)	36 JPY/KWh (before tax)
(6) (Expected) Income from sales of electricity	About 390 million JPY/year
(7) Estimated volume of power output in the first fiscal year	About 10,852,814 kWh

4. Forecast

Any effects that the Project may make on the consolidated financial result of the current fiscal year will be promptly disclosed as soon as it is calculated.