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Tamagawa Holdings Announces Acquisition of Equity in Etrion Energy 5 Godo Kaisha (To Be Treated as Equity Method Affiliate)

As previously announced by Tamagawa Holdings in press releases dated March 30, 2015, entitled "Tamagawa Holdings Announces Memorandum of Understanding concerning Strategic Cooperative Agreement with Etrion Japan KK" ("Memorandum Release") and dated June 11, 2015, entitled "Announcement of Progression of Strategic Cooperation with Etrion Japan KK" ("Progression Release"), Tamagawa Holdings has been in discussions with Etrion Japan KK ("Etrion Japan") about establishing a joint venture for solar energy power generation operations in Misawa city, Aomori prefecture. The board of directors' meeting of Tamagawa Holdings convened today has now resolved to acquire equity in Etrion Energy 5 Godo Kaisha ("Etrion5GK"), with details as stated below. Tamagawa Holdings will acquire an equity interest of 30% in the entity, which will be accounted for in accordance with the equity method.

1. Reason for the acquisition of an equity interest

As announced in the Memorandum Release and Progression Release, Tamagawa Holdings has been in discussions with Etrion Japan about establishing a joint venture with Etrion Japan for solar energy power generation operations in Misawa city, Aomori prefecture ("Operations"). Tamagawa Holdings has now resolved to acquire from Etrion Japan equity in Etrion5GK, an entity established by Etrion Japan, and in this way to run the Operations as a joint venture with Etrion Japan. With a view to initiating electric power sales at an early stage, Tamagawa Holdings has decided to initiate the facility construction work.

2. Outline of the prospective equity method affiliate

(1) Name	Etrion Energy 5 Godo Kaisha	
(2) Location	Ark Hills Sengokuyama Mori Tower, 28th Floor 1-9-10, Roppongi, Minato-ku, Tokyo (located inside the Baker & McKenzie office)	
(3) Position and name of representative	Representative member:	Etrion Japan KK
	Non-representative executive manager:	Christian Lacueva Canut
(4) Business lines	(i) Electric power generation, transmission, and supply operations (ii) Acquisition, development, construction, maintenance, and management of all types of facilities, equipment, and systems related to electric power generation, transmission, and supply (iii) Construction business operations (iv) All operations incidental or related to the items stated above.	
(5) Capital	1,000,000 yen	
(6) Date established	October 2015	
(7) Equity interest percentage	Etrion Japan KK 100%	
(8) Relationship between the listed company and Etrion Japan	Capital relationships	Not applicable.
	Personnel relationships	Not applicable.
	Transaction relationships	Not applicable.

* Because Etrion Energy 5 Godo Kaisha has not completed its first business year since being established, information on the business results and financial status of the entity have been omitted.

3. Equity to be acquired, acquisition cost, and equity held in the prospective new equity-method affiliate before the acquisition

(1) Equity interest held before the acquisition	0 yen
(2) Equity to be acquired	300,000 yen
(3) Equity held after the acquisition	300,000 yen (30% equity interest in capital)

Notably, as announced in the Progression Release, the conditions of the term sheet concluded with Etrion Japan mean an agreement that Tamagawa Holdings can maintain 30% of the ownership rights to the special purpose company that will run the Operations, forming the basis of this acquisition. Moreover, Tamagawa Holdings will on the same date as the abovementioned equity acquisition (June 24, 2016) pay ¥53,079,332 in additional capital to Etrion5GK. Notably, since the other equity owners will follow suit with capital payments consistent with their equity interest percentages, the equity interest percentage of Tamagawa Holdings will not be affected by the additional capital payment. Furthermore, dated as of the day of the equity acquisition, the equity holders of Etrion5GK will provide Etrion5GK with subordinated loan funds under subordinated loan agreements to be concluded with Etrion5GK by the individual equity holders. Notably, it is planned that Tamagawa Holdings will provided loan funds in the amount of ¥106,174,588.

4. Outline of the counterparty of the equity acquisition

(1) Company name	Etrion Japan KK	
(2) Location	Ark Hills Sengokuyama Mori Tower, 28th Floor 1-9-10, Roppongi, Minato-ku, Tokyo (located inside the Baker & McKenzie office)	
(3) Date established	October 2012	
(4) Position and name of representative	Representative director: Christian Lacueva Canut	
(5) Business lines	Electric power generation, transmission, and supply operations	
(6) Capital	5,000,000 yen	
(7) Main shareholders and shareholder percentages	Etrion Corporation (100%)	
(8) Relationship between the listed company and Etrion Japan	Capital relationships	Not applicable.
	Personnel relationships	Not applicable.
	Transaction relationships	As announced in the Progression Release, Tamagawa Holdings has concluded a term sheet with Etrion Japan concerning the Operations.

5. Outline of Etrion Japan group

Etrion Japan, a group company of Etrion Corporation ("Etrion Corp."), is engaged in the construction, ownership, and operations of commercial-use solar energy power plants. Etrion Corp. is also an independent power plant operator owning solar energy power plants with a total combined output capacity of 139MW located in Italy, Chile, and Japan. The shares of Etrion Corp. are listed on the Toronto Stock Exchange and the NASDAQ OMX Stockholm exchange. The company has US-based headquarters in Miami and business sites in Genève (Switzerland), Rovereto (Italy), Santiago (Chile), and Tokyo, marking Etrion Corp. as a company engaged in the renewable energy business on a large scale in countries around the world.

The group parent company of Etrion Japan, Etrion Corp., is a member of Lundin Group, a powerful resource group highly regarded in the oil, gas, mining, and energy fields.

Lundin Group has a total market capitalization of CA\$ 11.9 billion and consists of 11 group companies with operations in 25 countries. Lundin Group is the top shareholder of Etrion Corp. with an equity stake of 24.3%, marking Etrion Corp. as the group's foremost renewable energy company.

6. Purpose and meaning of running the Operations as a joint venture with Etrion Japan

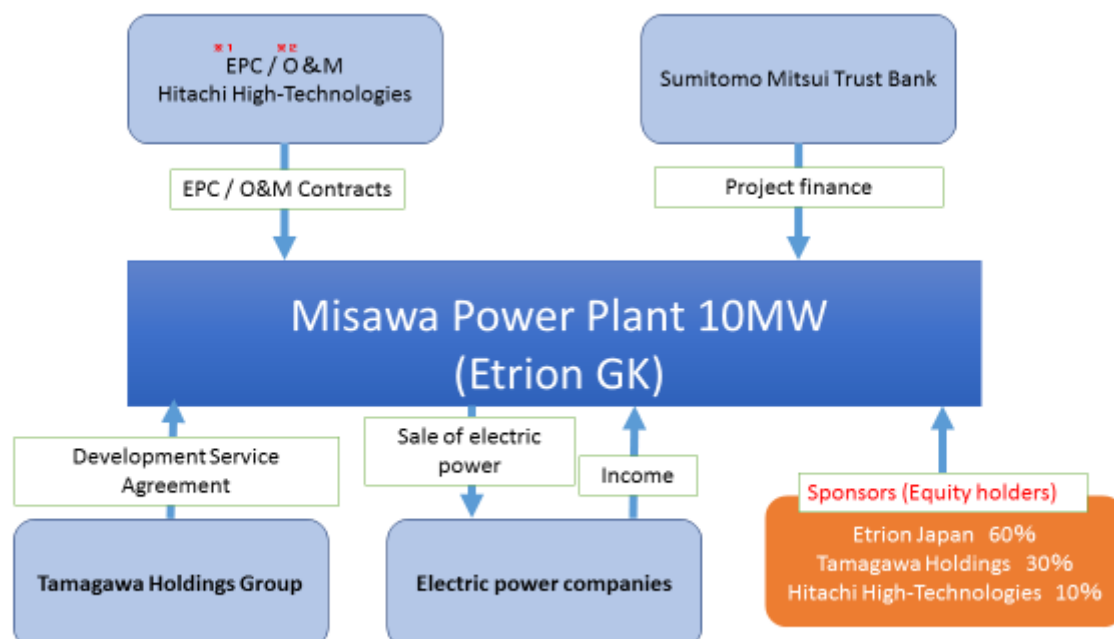
The Operations will comprise large scale solar energy power generation operations with a total energy output capacity of around 9.5MW consisting of four solar energy power plant (high-voltage) sections each with an energy output capacity of 2.5MW. Tamagawa Holdings believes that through development efforts conducted jointly with trusted large corporations and major engineering, procurement, and construction companies, the Operations can be operated with greatly enhanced efficiency. Moreover, for Tamagawa Holdings the Operations mark the first project to receive funding from large financial institutions under a project finance scheme, giving the Operations high importance in the business strategy of Tamagawa Holdings group going forward.

Notably, Tamagawa Holdings is scheduled to transfer commercial-use land of the Operations to Etrion5GK for a price of ¥274,095,586 (book value) when Etrion5GK has received the first loan tranche from financial institutions under the financing scheme.

7. Outline of the Operations

(1) Location	5-chome, Mukawame, Misawa-shi, Aomori and others
(2) Operator	Etrion Energy 5 Godo Kaisha
(3) EPC provider	Hitachi High-Technologies Corporation
(4) Site area	Approximately 163,000 m ²
(5) Power generating capacity	Approximately 9.5 megawatts (total)
(6) Electricity sales price (fixed for 20 years)	36 yen/kWh (tax excluded)
(7) Estimated electric power sales volume in the first fiscal year (projected)	Approximately 10,740,000 kWh
(8) Prospective construction start date	From July 2016
(9) Prospective start date of commercial operations	In stages starting February 2017

8. Outline of the scheme of Operations



※1. EPC is short for engineering, procurement, and construction, referring to construction work contractors for construction projects.
 ※2. O&M refers to contractors for operations and maintenance after facilities have been installed.

9. Schedule

(1) Date of board decision	June 22, 2016
(2) Agreement conclusion date	June 22, 2016
(3) Equity acquisition date	June 22, 2016

10. Outlook

Through the transaction set out in the foregoing, Etrion5GK will become an equity-method affiliate of Tamagawa Holdings.

The acquisition of equity in Etrion5GK will be financed using own funds of Tamagawa Holdings group.

Effects from the transaction set out in the foregoing arising to Tamagawa Holdings group in the current fiscal year are reflected in the consolidated results projections for the fiscal year ending March 31, 2017 released in the summary of the financial statements for the fiscal year ended March 31, 2016 released on May 13, 2016. Full-scale electric power sales will commence in the fiscal year ending March 31, 2018. Details will be released promptly as data become available.