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Company name: Tamagawa Holdings Co., Ltd.
Representative: Toru Masuzawa, President
(JASDAQ Code 6838)
Contact: Junya Tokumoto,
Corporate Planning Department
Telephone: +81-3-6435-6933

Tamagawa Holdings Announces Lease Based Acquisition of Property, Plant, And Equipment (Large Scale Solar Energy Power Plant Facilities)

Tamagawa Holdings announces that it has resolved to acquire by conclusion of a leasing agreement a 2MW solar energy power plant scheduled for construction in Noboribetsu city, Hokkaido prefecture, under plans of GP Energy 6 Co., Ltd., a subsidiary of Tamagawa Holdings' consolidated subsidiary GP Energy Co., Ltd., with details as follows.

1. Outline

Tamagawa Holdings Group has been promoting the expansion of its large scale solar energy power plant business since the implementation of the renewable energy fixed-priced feed-in regulations. Large scale solar energy power plants currently operating in Tateyama-shi, Chiba prefecture; Sodegaura city, Chiba prefecture; and Shimonoseki city, Yamaguchi prefecture, have been realizing steady power sales.

Concerning the large scale solar energy power plant to be built in Noboribetsu city, Hokkaido prefecture, the location enjoys excellent conditions and the project will be able to keep operating for a 20-year period at a price of ¥40 (excluding tax) per 1kWh.

Additionally, it is planned to set up on the same site 12 units of automatic tracking systems which are expected to enhance the efficiency of the power generation derived from solar energy and are seen to contribute to the sales and earning capabilities of Tamagawa Holdings Group.

The contractor for the construction of this power plant will be KCCS Mobile Engineering Co., Ltd., a member of Kyocera Group known for proactively advancing its environment and energy related business operations. KCCS Mobile Engineering Co., Ltd. is engaged in nationwide installation and construction work for public and industrial-use solar energy power generation systems and expected to expediently and reliably carry out the construction of this high-quality power generation facility.

Tamagawa Holdings Group will continue to build and operate power plants that use renewable energy, specifically solar power, with the aims of raising sales and earning capabilities, promoting the proliferation of environment-friendly renewable energy, and contributing to society by reducing the load on the environment.

2. Reason for the lease arrangement

A leasing scheme will be used to promote the efficient management of funds.

3. Content of the assets to be leased

Designation (provisional)	Place	Outline of the assets to be leased and the total lease rate amount	Total acquisition price
Noboribetsu city, Hokkaido prefecture Large scale solar energy power plant	Kaminoboribetsu-cho, Noboribetsu city, Hokkaido prefecture	Set of solar energy power generation system Total lease rate ¥711,000 thousand	¥490,000 thousand

4. Outline of the lessor under the lease agreement

(1) Name	Ricoh Leasing Company, Ltd.
(2) Location	1-7-12 Shinonome, Koto-ku, Tokyo
(3) Representative's position and name	Daisuke Segawa, President and CEO
(4) Business lines	Leasing, installments, and financial services business
(5) Capital	¥7,896.86 million
(6) Established	December 1976
(7) Net assets	¥147.6 billion
(8) Total assets	¥882.1 billion
(9) Main shareholders and shareholder percentages	Ricoh Co., Ltd. 52.8%
(10) Relationships between exchange listed companies and the subject company	No capital relations and personnel relations exist. Transaction relationships exist such as lease agreement, etc. Details are available in the releases dated May 15, 2014, and December 12, 2014, entitled "Tamagawa Holdings Announces Lease Based Acquisition of Property, Plant, And Equipment (Large Scale Solar Energy Power Plant Facilities)" The subject company is not an interested party with respect to Tamagawa Holdings.

5. Lease schedule (prospective)

Resolution of the board of directors	October 31, 2016
Execution of the lease agreement	October 31, 2016
Lease start date	August 2017 (prospective)

6. Outline of the large scale solar energy power plant in Noboribetsu city, Hokkaido prefecture

(1) Location	Kaminoboribetsu-cho, Noboribetsu city
(2) Operator	GP Energy 6 Co., Ltd. (subsidiary of a fully-owned consolidated subsidiary of Tamagawa Holdings)
(3) EPC business operator	KCCS Mobile Engineering Co., Ltd. (Kyocera Group)
(4) Site area	Approximately 72,000 m ²
(5) Electric power generating capacity	Approximately 2 Megawatt
(6) Electric power sales price (fixed for 20 years)	¥40/kWh (tax excluded)
(7) Income from electric power sales (prospective)	Approximately ¥94 million per year
(8) Estimated electric power generation in the first fiscal year (projected)	Approximately 2,350,000 kWh

7. Further outlook

Effects on the financial results of Tamagawa Holdings Group for the current fiscal year are negligible. Full-scale operations of the subject power plant are scheduled to commence in the following fiscal year and steady sales and earnings are expected after the start of electric power sales.