



**JASDAQ**

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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 enter into a lease agreement with its consolidated subsidiary GP Energy 2 Co., Ltd., to acquire a large-scale solar energy power plant with an output of approximately 5.3 megawatt which has been planned for construction by GP Energy 2 Co., Ltd., in Goto city, Nagasaki prefecture.

### 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.

The large-scale solar energy power plant planned for construction at Goto city, Nagasaki prefecture (the "Power Plant") with an output of approximately 5.3 megawatt marks the first extra-high voltage power feed-in of Tamagawa Holdings to go on the grid. With electric power sales set at a price of 36 yen / kWh (net of tax) over a 20-year period, the plant substantiates expectations for contributions to the earnings of Tamagawa Holdings group.

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. Construction firms involved in the construction of the Power Plant

In the public release entitled "Tamagawa Holdings Announces Current Status of Progress at the Large-Scale Solar Energy Power Plant in Goto City, Nagasaki Prefecture" dated January 12, 2016, initially Nangoku Corporation ("Nangoku") was designated as the prospective construction firm to be contracted for the Power Plant. However, following further in-depth reviews of the operating properties and profitability, etc., of the Power Plant, Tamagawa Holdings decided to commission Nangoku only with a part of the civil engineering work and to contract with West Energy Solution Inc. ("West ES") as the main contractor. West ES is a fully-owned subsidiary of West Holdings Corporation ("West Holdings"), the latter being listed on the JASDAQ market operated by Tokyo Stock Exchange, Inc. West ES has a track record as an engineering, procurement, and construction (EPC) firm for large-scale solar energy power plant construction in upwards of 200 locations all over Japan.

Tamagawa Holdings has selected and contracted with West ES as the main contractor based on the judgment that the construction of the Power Plant by West ES will stand out for its high-quality execution and will be carried out at speed.

West Holdings and West ES are profiled below.

(I) West Holdings

(1) Company name	West Holdings Corporation
(2) Location	Tokyo Head Office 32F, Tokyo Opera City Tower, 3-20-2, Nishi-shinjuku, Shinjuku-ku, Tokyo Hiroshima Head Office West Head Office building, 1-15-24, Kusunoki-cho, Nishi-ku, Hiroshima city, Hiroshima
(3) Established	March 1, 2006 (founded October 1981)
(4) Capital	2,020.91 million yen
(5) Net sales	36.9 billion yen (consolidated sales for the fiscal year to August 2016)
(6) Number of employees	494 (Group employee total as of October 2016)

(II) West ES

(1) Company name	West Energy Solution Inc.
(2) Location	Tokyo Head Office 31F, Tokyo Opera City Tower, 3-20-2, Nishi-shinjuku, Shinjuku-ku, Tokyo Hiroshima Head Office West Head Office building, 1-15-24, Kusunoki-cho, Nishi-ku, Hiroshima city, Hiroshima
(3) Established	October 1981
(4) Capital	100 million yen

3. Reason for the lease arrangement

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

4. 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
Goto city, Nagasaki prefecture Large scale solar energy power plant	3-660-1 Yoshikugicho, Goto city, Nagasaki, and other locations	Set of solar energy power generation system Total lease rate 2,934,000 thousand yen	2,070,000 thousand yen

5. 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, Representative Director, President and CEO
(4) Business lines	Leasing, installments, and financial services business
(5) Capital	7,896.86 million yen
(6) Established	December 1976
(7) Net assets	145.5 billion yen
(8) Total assets	878.5 billion yen
(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.

6. Lease schedule (prospective)

Resolution of the board of directors	January 15, 2017
Execution of the lease agreement	January 15, 2017
Lease start date	March - April 2018 (prospective)

7. Outline of the Power Plant

(1) Location	3-660-1 Yoshikugicho, Goto city, Nagasaki, and other locations
(2) Operator	GP Energy 2 Co., Ltd. (a fully-owned subsidiary of Tamagawa Holdings)
(3) Site area	10 ha (approx.)
(4) Electric power generating capacity	Approximately 5.3 Megawatt
(5) Electric power sales price (fixed for 20 years)	36 yen/kWh
(6) Income from electric power sales (prospective)	250 million yen / year (approx.)
(7) Estimated electric power generation in the first fiscal year (projected)	Approximately 6,790,566 kWh
(8) Prospective start of electric power sales	Around April 2019

Note: In order to enhance the operational properties of the project, Tamagawa Holdings has conducted further reviews of the construction costs, etc., and the selection of contractors, etc. As a result, the previously announced prospective start date of electric power sales stated in item (8) changed from April 2017 to April 2018. Tamagawa Holdings will work to accelerate the development of this locally-based, large-scale solar energy power plant and contribute to the local community by creating employment opportunities, etc. It is planned to open part of the plant to guided tours for visitors.

8. Further outlook

Since full-scale operations at the Power Plant are scheduled to commence in April 2018, any effects on the Group's business results for the current fiscal year will be negligible. However, given that contributions to the Group's business result will arise after the initiation of operations, disclosures will be made as soon as data become available.