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 Listed on: Tokyo Stock Exchange Section 1 (Stock code: 8518)
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Notice Concerning the Transfer of Six Projects Following the Execution of Investment for Solar Fund II which Invests in Mega Solar Projects in Operation

The Japan Asia Investment Co., Ltd. (hereinafter, "JAIC") Group (hereinafter, the "Group") announced today that it has decided to transfer six mega solar projects in operation (14.2 MW in total), in which the Group invests, following the execution of investment of JAIC-Solar Fund, L.P., II (hereinafter, "Solar Fund II") that the Group operates, to Solar Fund II (hereinafter, the "Transaction".)

1. Outline of the Transaction

(1) Outline of Solar Fund II

Name	JAIC-Solar Fund, L.P., II	
Location	3-11 Kandanishiki-cho, Chiyoda-ku, Tokyo, Japan	
Fund management company	JAIC Capital Partners Co., Ltd. (JAIC's 100% subsidiary)	
Fund investors and investment ratio (Note)	General Partner	JAIC Capital Partners Co., Ltd. (investment ratio: 0.07%)
	Limited Partners	JAIC (investment ratio:0.07%) , other 2 companies (investment ratio:99.85%)
Fund total (Note)	1,359 million yen	
Investment target	Mega solar projects in operation	
Date of establishment	March 4, 2020	

Note: After the increase of the total fund amount scheduled on March 27, 2020.

(2) List of mega solar projects that Solar Fund II plans to invest in

	Name of power plant	Location	Maximum output(*)
1	Higashioudaike solar power plant	Sanuki City, Kagawa Prefecture	2.4 MW
2	Nakaoudaike solar power plant	Sanuki City, Kagawa Prefecture	2.4 MW
3	Iwate Ichinoseki solar park	Hanaizumi Town, Ichinoseki City, Iwate Prefecture	2.4 MW

4	Mitakabeike solar power plant	Sanuki City, Kagawa Prefecture	1.5 MW
5	Nomaike solar power plant	Sanuki City, Kagawa Prefecture	2.4 MW
6	Kumanishiki Ajioka Shizen Energy solar power plant	Nishiki Town, Kuma District, Kumamoto Prefecture	3.1 MW
		Total	14.2 MW

* Solar cell panel system capacity basis

(3) Schedule

Date of execution	March 30, 2020 (scheduled date)
Settlement day	March 30, 2020 (scheduled date)

2. Reason for the Decision

The Group invests in six funds of an anonymous partnership of mega solar projects in operation (hereinafter, the “Partnership”) listed in 1 (2) above. The Group planned and solicited subscription to the Solar Fund II, whose investment targets are the six funds of the Partnership, and obtained good evaluation from the subscribers concerning the design, electricity sales performance, and maintenance of the power plants owned by the funds. Therefore, the Group has decided to accept their investment in Solar Fund II, resulting in the decision to transfer the six funds of the Partnership from the Group to Solar Fund II.

3. Forecast

Any forward-looking statements in this document are based upon the information currently available to JAIC at the time of writing and certain assumptions. Various factors could cause actual results to differ materially from these result forecasts.

(1) Impact on consolidated financial statements

The Company is expected to book 1,350 million yen of operating revenue and 920 million yen of profit attributable to owners of parent relating to the Transaction on its consolidated statements of income for the fiscal year ending March 31, 2020. Furthermore, the Company is expected to book 520 million yen of operating revenue and 85 million yen of profit attributable to owners of parent from electricity sales revenue until the Transaction for the six funds of the Partnership on the consolidated statements of income for the fiscal year ending March 31, 2020.

Meanwhile, the six funds of the Partnership will no longer be consolidated by the Company due to the Transaction. As a result, in the fiscal year ending March 31, 2021 and onward, only the profit from electricity sales revenue that corresponds to the Group’s investment ratio in Solar Fund II (0.15% for the Group as a whole) will be booked under operating revenue. Therefore, operating revenue and profit attributable to owners of parent are expected to decrease compared to the fiscal year ending March 31, 2020. The following amounts are also expected to decrease from the Company’s consolidated balance sheets as of March 31, 2020 due to the Transaction: 1) the total amount of assets including property, plant and equipment by 4,370 million yen; and 2) the total amount of liabilities including borrowings by 3,820 million yen.

(2) Impact on “result forecast consolidated under the Previous Accounting Standard”

The “result forecast consolidated under the Previous Accounting Standard” announced on February 14, 2020 has taken the Transaction into account and will not be revised following the decision of the Transaction.

4. “Result Forecast Consolidated Under the Previous Accounting Standard”

The private equity investment business conducted by the JAIC Group is significantly affected by changing factors such as stock markets, given the characteristics of the business. In addition, it has been difficult to forecast results reasonably in the rapidly changing environment in recent years. Therefore JAIC doesn't disclose the results forecast. For the convenience of investors and shareholders, however, JAIC discloses “result forecast consolidated under the Previous Accounting Standard” even though it doesn't have enough rationality.

(Note) Previous Accounting Standard

As of Fiscal year ended March 31, 2007 the JAIC Group has adopted “Practical Solution on Application of Control Criteria and Influence Criteria to Investment Associations” (Accounting Standards Board of Japan Practical Issues Task Force No. 20 issued on September 8, 2006), and consolidated financial statements, etc., are being prepared with the inclusion in the consolidation of some of the operational investment funds managed by the JAIC Group.

Nevertheless, to enable investors and shareholders to have an accurate understanding of the JAIC Group's business results and financial position, JAIC considers it essential also to disclose financial statements, etc., prepared in accordance with the previous accounting standards. Therefore, for reference purposes, JAIC will continue to disclose financial statements, etc., in accordance with the previous accounting standards.

In those financial statements etc., prepared in accordance with the previous accounting standards, assets, liabilities, revenues and expenses for investment funds were reported based on the investment portion by JAIC and its subsidiaries and by excluding the portion held by external investors. In addition, company-type funds are excluded from the scope of consolidations in those financial statements.

(End)