

November 26, 2020

Company: Financial Products Group Co., Ltd.
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Notice of Arrangement of the Leasing Product under the Voluntary Partnership Method and Change in Subsidiary

Financial Products Group Co., Ltd. (FPG) announced that FPG has decided the arrangement of the leasing product under the voluntary partnership method, and the voluntary partnership to be arranged will be our subsidiary under the Civil Code.

1. Summary of the arrangement of voluntary partnership

FPG Group has decided to arrange the aircraft leasing product for the trust beneficial interest under the voluntary partnership method, which is a partnership agreement as defined in Article 667, paragraph 1 of the Civil Code. In this project, FPG Securities Co., Ltd. as a consolidated subsidiary of FPG, and two of FPG's subsidiaries will arrange the voluntary partnership to manage and operate the trust beneficial interest, which the main trust asset is the aircraft trust beneficial interest in the United States. Subsequently, the equity interest in the voluntary partnership underwritten by FPG Securities will be transferred to investors through intermediary of FPG, and the profits and losses from the operation and sale of the aircraft trust beneficial interest will be attributed to the investors. FPG Trust Co., Ltd, which has license of the investment trust company, has managed and administered the aircraft trust beneficial interest in the United States as trustee in accordance with the trust agreement ^{*1}, and the voluntary partnership will manage the trust beneficial interest, the main trust asset of which is the aircraft trust beneficial interest in the United States. This trust beneficial interest is currently held by FPG and will be transferred to a voluntary partnership. FPG will work with the group companies to plan and promote this project. In addition, as a Type 2 financial instruments dealer, we will mediate the transfer the equity interest in the voluntary partnership to investors through our distribution network. This voluntary partnership mainly invests in securities and the partners of this will give the full authority to invest and manage the assets of this to FPG Securities Co., Ltd as the investment trust company. This project will be realized through the organic use of the FPG group's financial licenses, and we will continue to offer a variety of products, including new financial licenses in the future.

^{*1}: Because the regulations of the United States require that the owner of the aircraft leased to a U.S. carrier be a U.S. citizen, FPG Trust Co., Ltd. does not become the owner of such aircraft, but holds the aircraft trust beneficial interest with the U.S. Trust Company as trustee and register the U.S. Trust Company as the owner of such aircraft.

2. Change in Subsidiary

The aircraft trust beneficial interest in the United States which will be held by the voluntary partnership has already been recorded in the FPG's assets as a “money in trust”. However, this disclosure is made because the investment in the voluntary partnership, which will be held through a subsidiary of FPG, will exceeds 10% of FPG's capital and is a specified subsidiary of FPG.

1. Name of the Partnership	FPG Aircraft Leasing Partnership No. 2
2. Location	2-7-2 Marunouchi, Chiyoda-ku, Tokyo
3. The managing partner	FLIP NO.1000 Co., Ltd.
4. Basis for Establishment	The voluntary partnership under the Civil Code
5. Date of Establishment	November 27, 2020 (Plan)
6. Business purpose of the partnership	Aircraft Leasing Business
7. Total amount of investment	42.71 million U.S. dollars
8. Investor, Investment ratio	FPG Securities Co., Ltd. 99.996% FLIP NO.1000 Co., Ltd. (subsidiary of FPG) 0.002% FLIP NO.1001 Co., Ltd. (subsidiary of FPG) 0.002%

3. Schedule (Planned)

The determination date of arrangement of the voluntary partnership: November 26, 2020

The contract date of the voluntary partnership: November 27, 2020

4. Future outlook

Currently, FPG has decided that this matter will not directly affect the FPG's consolidated financial result forecast for the fiscal year ending September 2021. FPG will promptly release if it becomes necessary to revise the earnings forecast in the future, or if any matter arises that should be announced.