

The following is an English version of the official Japanese announcement, which has been given to the JASDAQ and the media in Tokyo, Japan.



July 21, 2016

Company: SPARX Group Co., Ltd.
(JASDAQ Standard Code: 8739)

Renewable Energy Fund's First Investment In Geothermal Power Plant

Using The Fund, Established by JA Mitsui Leasing and SPARX Group

We announced in the press release dated October 30, 2015: "JA Mitsui Leasing, SPARX Group Start Investing in Renewable Power Generation Businesses in Japan, also Consider Heat Utilization with Agriculture, Forestry, and Fishery Industries". We are pleased to inform that the partnership started the following investment :

■ Overview of investment target power plant

Entity	SGET Ibusuki Geothermal Power Generation G.K.
Power generation type	Geothermal power plant, newly established
Location	Ibusuki-shi, Kagoshima Prefecture
Power output	1.176MW (588kW x 2)
Total project cost	Approximately 2.15 billion yen (Planned)
Operation start	December 2018 (Scheduled)



Image of Power Plant

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- This is the first investment to a geothermal power plant that our Group will start in our business of real asset management, particularly the management of renewable energy generating plants.

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- Geothermal power generation can be a base load power source because it is capable of very stable power generation among the various kinds of renewable energy. Even though Japan has world third richest geothermal resources country, the usage of them is extremely low. The growth of the usage is expected to contribute to Japan's policy which aims to heighten the percentage of renewable energy.

- This geothermal power plant uses steam, taken from the geo in the deep depth, between 1,000 meters and 1,500 meters. After the usage, the plant refluxes hot water to the underground.

Therefore, there is no concern that the surrounding geothermal resources will run dry.

We use binary power generation system which takes 150°C steam from underground and circulates low-boiling media, alternative CFCs. Even in case that alternative CFCs are exposed, it never does damage to human beings.

- We also use the heat generated by the power plant to surrounding facilities, including plastic green houses. We work together with agriculture, forestry, and fishery industries in the given region through investing in the fund and aims to contribute to the development of the regional economy.

- In the future, our Group will expand this model all over Japan to contribute to the realization of the regional revitalization of Japan to the best of our ability by connecting the financial power of urban cities and local resources.

- This Notice is released for the purpose of providing information on a group company's business to gain understanding on our business, and not intended for investment solicitation.

- Related press release

"JA Mitsui Leasing, SPARX Group Start Investing in Renewable Power Generation Businesses in Japan, also Consider Heat Utilization with Agriculture, Forestry, and Fishery Industries" dated October 30, 2015

<http://www.sparxgroup.jp/press/uploads/PressE151030-01.pdf>

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