Consolidated Financial Results for FY2015 (Apr. 2015 – Mar. 2016)

May 13, 2016

SPARX Group Co., Ltd.
http://www.sparxgroup.com/

SPARX VISION Statement

To Be the Most Trusted and Respected Investment Company in the World

March 25, 2016 Advertised on Nihon Keizai Shimbun, Inc.



We have achieved an unprecedented three-year run of for the awards. SPARX Asset Management Co., Ltd. is the only Japanese asset management company to receive the Lipper Fund Awards Japan in 2016 for Best Group in Group Award (Equity). This is the first time for a company in one of the five biggest economies in the world by GDP to win for three years in a row.

(Note) SPARX Asset Management Co., Ltd. is our subsidiary; hereinafter called SAM in this document.

Press Release March 31, 2016

Received Best Fund Award in The First “Rakuten Securities Fund Award”

Won the best fund award in domestic stock fund division!

Rakuten Securities

FUND AWARD 2015

SPARX Shin Kokusai Yuryo Japanese Equity Fund (“Gensentoshi”(“Highly Selective Investment”))

(Reference) http://www.sparxgroup.jp/press/uploads/PressE160331-01.pdf

24 funds were selected for the first “Rakuten Securities Fund Award” from 8 divisions as excellent funds. Among those, customers of Rakuten Securities, FP belonging to the financial instruments brokers of Rakuten Securities, and Rakuten Securities Investment Trust Advisory Committee voted and selected 8 best funds. SPARX Shin Kokusai Yuryo Japanese Equity Fund (“Gensentoshi” (“Highly Selective Investment”)) has received “Best Fund Award (Domestic Stock Fund Division)”.

Press Release March 23, 2016

Received the Best Group Award of “Lipper Fund Awards Japan 2016”

Wining an award in equity category 3 years in a row, is the first time in history among the top 5 GDP countries!



Lipper Fund Awards Japan 2016
Group Award(Equity)
Best Group

(Reference) http://www.sparxgroup.jp/press/uploads/PressE160323-01.pdf

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Press Release April 22, 2016

Received the First Prize of “R&I Fund Award 2016”

Won the first prize in emerging equity multi-regional fund for the four consecutive year

Investment Trusts Category/Emerging Equity Multi-regional Fund The First Prize Nikko SPARX Asia & Middle East Equity Fund Four consecutive years !!
Investment Trusts /Aggregate Category /Japanese Equity Outstanding Performance Award SPARX Asset Management Co., Ltd.
Special Prize of 10th Anniversary/ Japanese Mid-Small Equity Fund SPARX Japan Small Cap Fund (“Rising Sun”)

(Reference) http://www.sparxgroup.jp/press/uploads/PressE160422-01.pdf

The R&I Fund Award is presented to provide reference information based on the past data R&I believes to be reliable (however, its accuracy and completeness are not guaranteed by R&I) and is not intended to recommend the purchase, sale or holding of particular products or guarantee their future performance. The Award is not the Credit Rating Business, but one of the Other Lines of Business (businesses excluding Credit Rating Business and also excluding the Ancillary Businesses) as set forth in Article 299, paragraph (1), item (xxviii) of the Cabinet Office Ordinance on Financial Instruments Business, etc. With respect to such business, relevant laws and regulations require measures to be implemented so that activities pertaining to such business would not unreasonably affect the Credit Rating Activities. Intellectual property rights including copyright and all other rights in this Award are the sole property of R&I, and any unauthorized copying, reproduction and so forth are prohibited. The Award for the "Investment Trusts/Aggregate" category is based on the average performance of the relevant funds of a fund manager, and does not indicate the excellent performance of all individual funds of the manager.

Financial Results for FY2015

FY 2015 Results Overview (1)

Large growth of each stage revenue due to the enhanced ability of base earnings by the increase of management fees.

- **Operating Revenue:** YoY Change +31.4% ¥6,654MM⇒ ¥8,743MM
- **Operating Profit:** YoY Change +109.4% ¥1,422MM⇒ ¥2,978MM
- **Net Income:** YoY Change +79.1% ¥1,499MM⇒ ¥2,685MM

FY 2015 Results Overview (2)

AUM of the entire SPARX group keeps same level as the end of FY2014 due to accumulation of AUM mainly managed in Japan, in spite of a partial termination of contract by a major Korean client

(Unit:100MM JPY)	AUM			Average AUM (Twelve months)		
	FY2014	FY2015	YoY change (%)	FY2014	FY2015	YoY change (%)
Japan	5,613	7,388	+31.6%	4,458	6,711	+50.5%
Korea	3,840	1,979	▲48.4%	3,516	2,746	▲21.9%
Asia	162	231	+42.2%	135	274	+102.3%
Total	9,615	9,599	▲0.2%	8,110	9,732	+20.0%

※ Calculation method of AUM for Japan Renewable Energy Investment Strategy has been changed from FY 2015. Due to the change, the figures of Japanese and the entire SPARX's AUM of FY2014 fiscal year have been retroactively amended accordingly. Hereinafter the same applies in this document.

Financial Highlights

		FY2014	FY2015	
		Apr-Mar 2015	Apr-Mar 2016	YoY change
Average AUM	(100MM JPY)	8,110	9,732	+20.0%
Operating Revenue	(MMJPY)	6,654	8,743	+31.4%
Operating General& Administrative Expenses	(MMJPY)	5,231	5,764	+10.2%
Operating Profit	(MMJPY)	1,422	2,978	+109.4%
Ordinary Profit	(MMJPY)	1,731	3,004	+73.5%
Profit attributable to owners of parent	(MMJPY)	1,499	2,685	+79.1%
ROE	(%)	12.4%	19.6%	+7.2
Number of Employees (period-end)		117	135	+15.4%
TOPIX(period-end)		1,543	1,347	▲12.7%
NIKKEI stock average (period-end)	(JPY)	19,206	16,758	▲12.7%
KOSPI(period-end)		2,041	1,995	▲2.2%

184million yen allocated as impairment loss of goodwill. 556million yen allocated as gain on sales of securities in extraordinary gain due to sale of investment securities.

(Note 1) The figures above, excluding “YoY change” are truncated. “YoY change” are rounded to the nearest tenth of a percent excluding ROE. In addition, YoY change of “Return on Equity” is not percentage of change but simple fluctuation.

(Note 2) Number of employees (period-end) is excluding the number of “directors and corporate auditors”. The total headcount (including outside director) at the end of March, 2016 is 158.

Breakdown of Operating Revenue

		FY2014	FY2015	
		Apr-Mar 2015	Apr-Mar 2016	YoY change (%)
Management fees	(MM JPY)	4,812	6,647	+38.1%
Net management fee rate	(%)	0.51%	0.59%	0.07
Performance fees	(MM JPY)	1,429	1,730	+21.0%
Percentage of AUM eligible to earn performance fees	(%)	47.6%	40.1%	▲7.5
Other operating revenue	(MM JPY)	412	365	▲11.3%
Total operating revenue	(MM JPY)	6,654	8,743	+31.4%

Percentage of AUM eligible to earn performance fees decreased due to AUM with performance fees decreased in Korea, also AUM without performance fees increased in Japan

(Note1) Management fees include inflow from such managing power stations relating to Japan Renewable Energy Investment Strategy. Hereinafter the same applies in this document.

(Note2) Performance fees include one-off fees received from real estate sales and purchases relating to Japan Real Estate Investment Strategy, and acquisition fees for fundraising received from such power stations relating to Japan Renewable Energy Investment Strategy. Hereinafter the same applies in this document.

(Note3) From FY 2015, such power stations' management fees relating to Japan Renewable Energy Investment Strategy are transferred into management fees from other operating revenue. Also, acquisition fees relating to the said Strategy are transferred into performance fees from other operating revenue. Due to this change, each revenue in FY14 has been retroactively amended accordingly.

(Note4) The figures stated above are truncated excluding "YoY change," "Net management fee rate (%)" and "Percentage of AUM eligible to earn performance fees (%)". "YoY change" is rounded to the nearest tenth of a percent. "YoY change" of "Net management fee rate (%)" and "percentage of AUM eligible to earn performance fee (%)" shows the amount of decrease/increase instead of percentage of change.

(Note5) "Net management fee rate" = (management fees – related commissions and charges) ÷ Average AUM.

(Note6) "Percentage of AUM eligible to earn performance fees (%)" = full-year AUM eligible to earn performance fees ÷ full-year AUM

Business that receiving fees at fixed rate of AUM

■ Revenue Structure

Management Fees = AUM × rate of management fees

Performance Fees = AUM × percentage of AUM eligible to earn performance fees × rate of performance fees

■ Important Management Indicator

Asset under management（AUM）

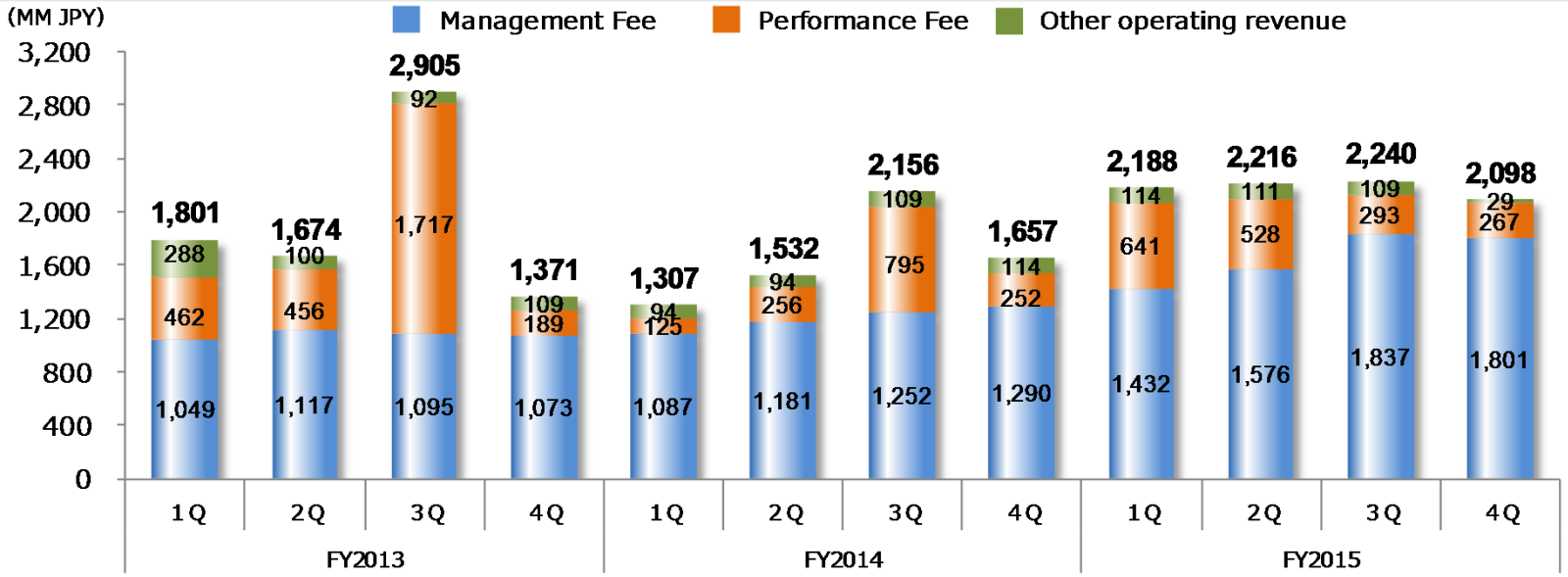
Rate of management fee

Percentage of AUM eligible to earn performance fees

Base Earnings = management fees (after deduction of commission paid) ▲ ordinary expenses

(Note) The formulas above simply explain revenue structure, not exact calculation actually used.

＜Reference＞Quarterly Trends of Operating Revenue

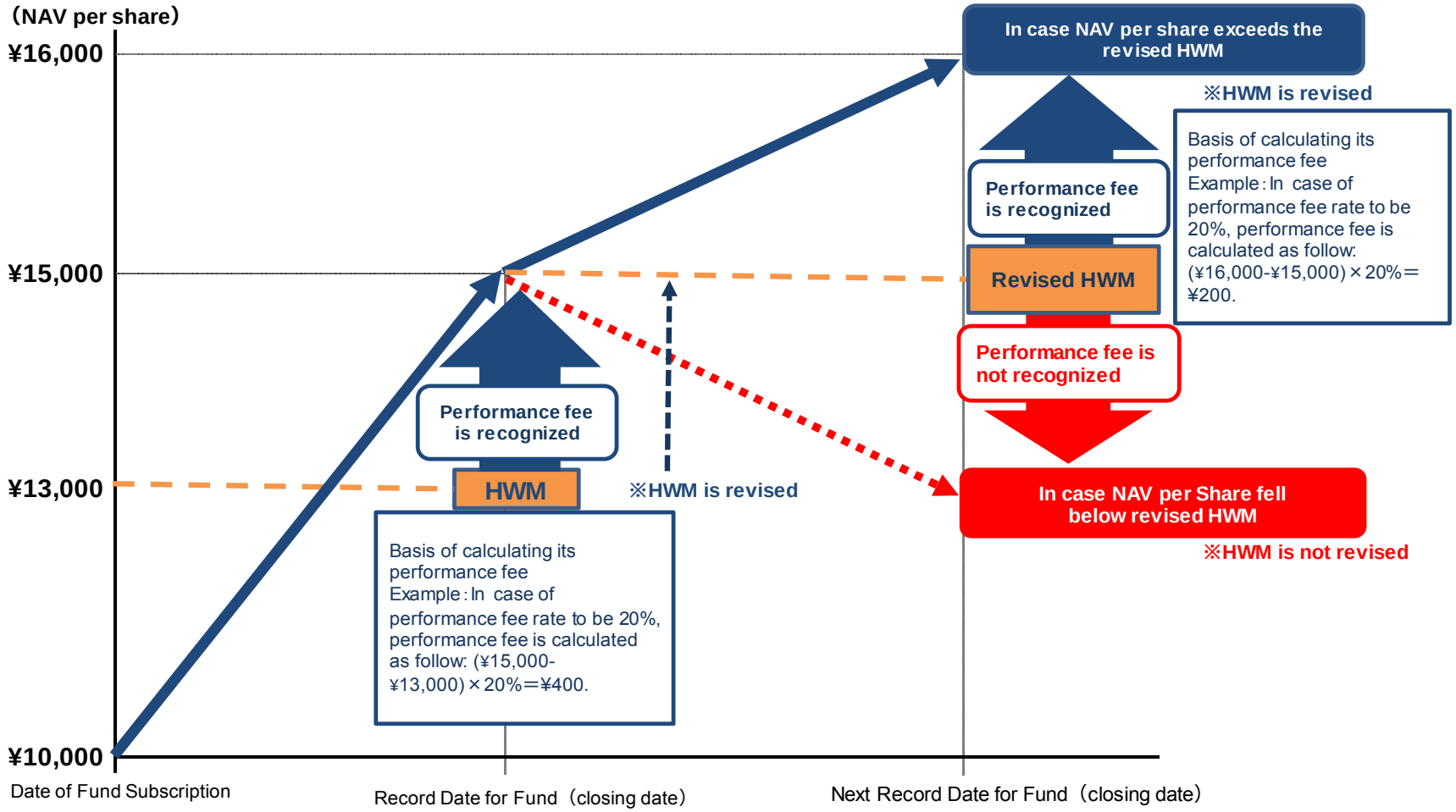


(MM JPY)	FY2013				FY2014				FY2015			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Management Fee	1,049	1,117	1,095	1,073	1,087	1,181	1,252	1,290	1,432	1,576	1,837	1,801
Performance Fee	462	456	1,717	189	125	256	795	252	641	528	293	267
Other operating revenue	288	100	92	109	94	94	109	114	114	111	109	29
Operating Revenue	**1,801**	**1,674**	**2,905**	**1,371**	**1,307**	**1,532**	**2,156**	**1,657**	**2,188**	**2,216**	**2,240**	**2,098**
(Reference)												
Average AUM (100MM JPY) (3months average)	6,774	6,752	7,117	6,874	7,239	7,859	8,217	9,126	10,297	9,277	9,856	9,497
Net management fee rate (3months average) (after the deduction of commission fee)	0.55%	0.58%	0.53%	0.52%	0.51%	0.52%	0.53%	0.49%	0.49%	0.59%	0.63%	0.66%
Percentage of AUM eligible to earn performance fees	46.9%	49.4%	51.9%	55.1%	51.2%	50.5%	51.2%	47.6%	47.4%	37.7%	37.3%	40.1%
NIKKEI stock average	13,677	14,455	16,291	14,827	15,162	16,173	17,450	19,206	20,235	17,388	19,033	16,758

(Note) From FY 2015, such power stations' management fees relating to Japan Renewable Energy Investment Strategy is transferred into management fees from other operating revenue. Also, acquisition fees relating to the said Strategy is transferred into performance fees from other operating revenue. Due to this change, each revenue has been retroactively amended accordingly.

＜Reference＞ Structure of Performance Fee (Related to Stock Fund)

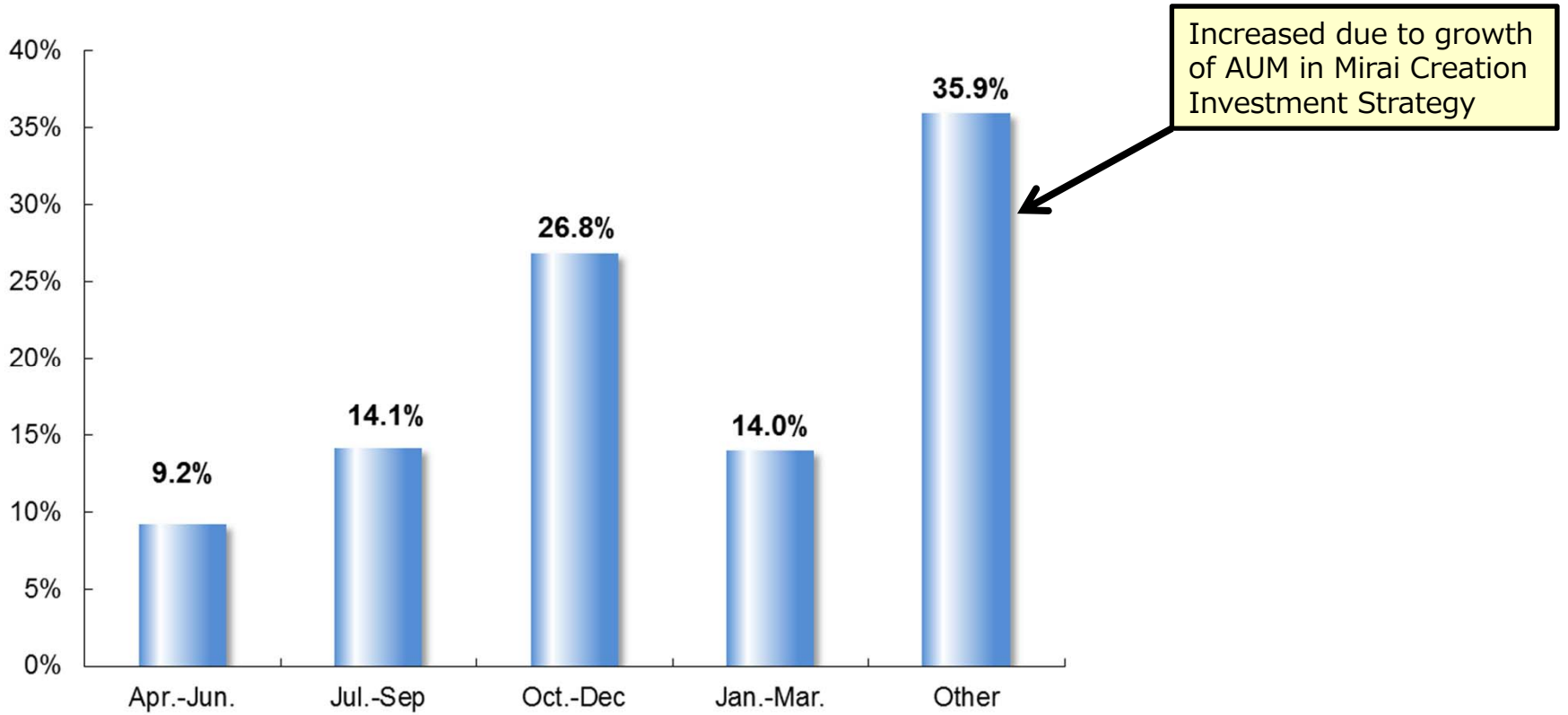
Performance Fee is recognized for NAV per share exceeding HWM as of record date for fund



(Note 1)The structure described above is only informational purpose on performance fee structure. It is not intended to explain exactly how the performance fee is calculated based on fund's NAV.
(Note 2)Above uses performance fee rate of 20% for informational purpose only. In addition, "HWM" an abbreviation of High-Water Mark.
(Note 3)In case peformance fee recognized on record date for fund, "HWM" is revised.

＜Reference＞（SAM）Funds with Performance Fees – Distribution of Closing Date for Calculation

Aim to distribute record date of performance fee for funds



(Note1) All funds managed by SPARX Asset Management Co., Ltd. (investment trusts and discretionary investment accounts) as of March 31, 2016 are classified by the performance fee value date in the graph above. Among these, performance fee is recorded only if it has met the requirements specified in the contract in each calculation value date. Please note that it is not intended to demonstrate how definite performance fee to occur in the future.

(Note2) In calculating these percentages, the following adjustments are made: for funds with multiple payment periods through a year, the equally divided values of the funds are allocated to the amount in the month of each value date and for funds with no regular payment periods are classified as others".

(Note3) The table above excludes AUM which arises acquisition fees of fundraising the Company Group received from such power stations relating to Japan Renewable Energy Investment Strategy.

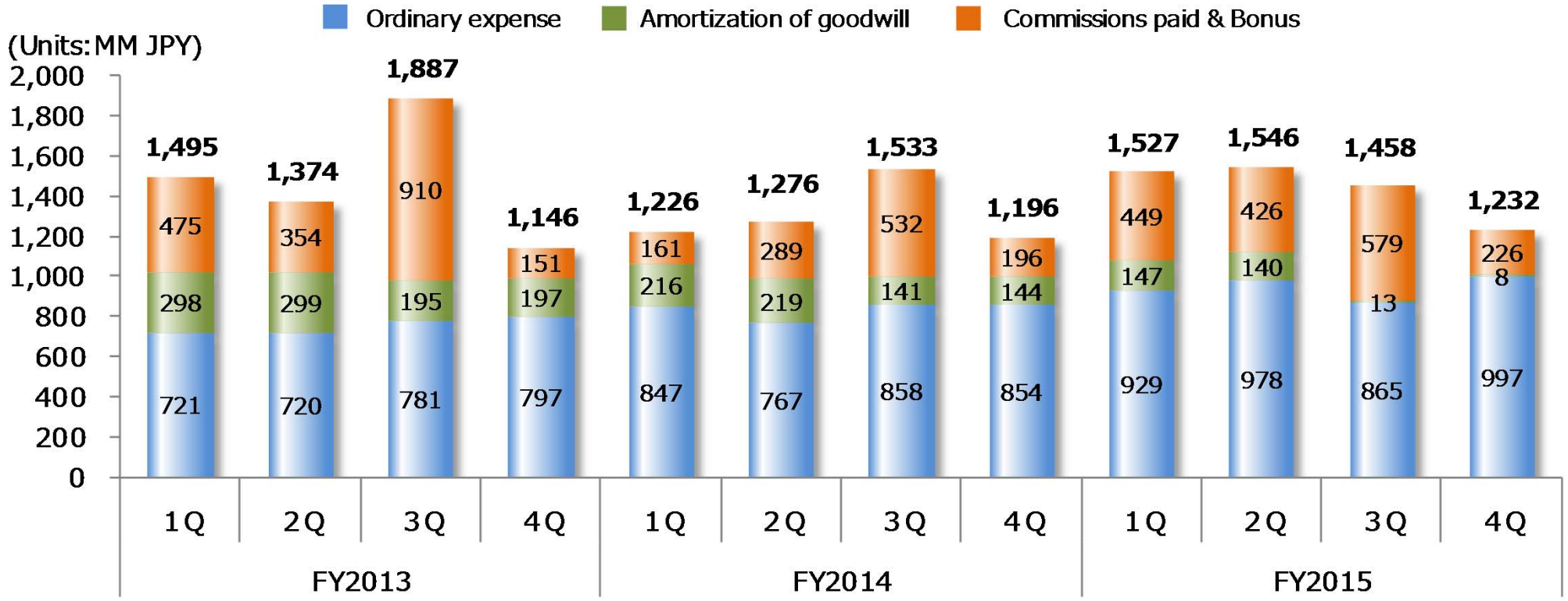
(Note4) The above % figures are rounded to the nearest tenth of a percent. In addition, the figures are estimated based on in-house calculation.

Breakdown for Operating Expenses and General & Admin Expenses

(Units: MM JPY)	FY2014	FY2015	
	Apr-Mar 2015	Apr-Mar 2016	YoY change
Commissions paid	814	1,008	+23.9%
Personnel exp.	2,006	2,305	+14.9%
Entrusted fund admin fees	17	19	+11.3%
Travel exp.	146	187	+27.9%
Property rent	239	303	+26.5%
Entrusted business expenses	261	321	+22.9%
Depreciation on fixed assets	56	112	+100.7%
Other expenses	967	1,195	+23.5%
Amortization of goodwill	722	311	▲57.0%
Total: Operating and general administrative expenses	5,231	5,764	+10.2%
Ordinary expense	3,328	3,770	+13.3%

（Note1）The figures above, excluding “YoY change” are truncated. “YoY change” is rounded to the nearest tenth of a percent.
（Note2）The “Personnel Expenses” data includes payments for legal welfare, bonus and temporary staff, etc. other than salary .
（Note3）The “Ordinary expenses” is calculated by deducting (1) Commissions paid, (2) Bonuses (including allowance for bonuses, and legal welfare expenses related to bonuses), (3) Severances package for key members and (4) Amortization of goodwill, from total operating and general administrative expenses; hereinafter the same applies in this document.

＜Reference＞Quarterly Trends of Operating Expenses and General & Admin Expenses

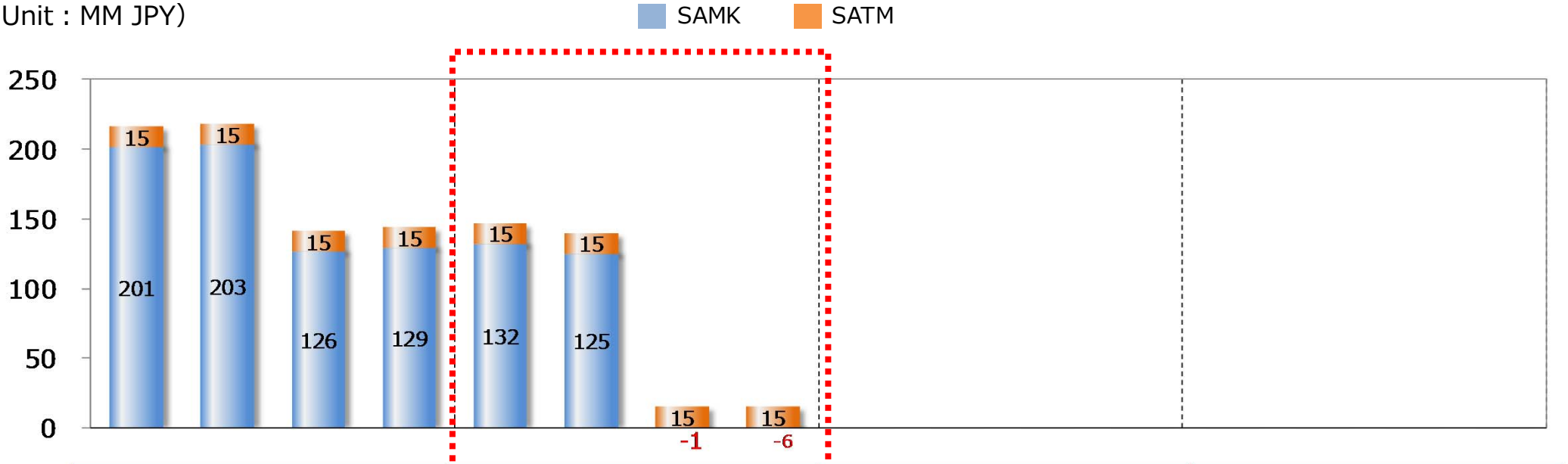


(Units : MM JPY)	FY2013				FY2014				FY2015			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Ordinary expense	721	720	781	797	847	767	858	854	929	978	865	997
Amortization of goodwill	298	299	195	197	216	219	141	144	147	140	13	8
Commissions paid & Bonus	475	354	910	151	161	289	532	196	449	426	579	226
Operating and general administrative expenses	**1,495**	**1,374**	**1,887**	**1,146**	**1,226**	**1,276**	**1,533**	**1,196**	**1,527**	**1,546**	**1,458**	**1,232**

Schedule for Goodwill Amortization

Goodwill amortization will not occur since FY2016, due to goodwill of SAMK completed at the end of 2Q in FY2015, and balance of goodwill related to SATM allocated in impairment loss.

(Unit : MM JPY)



FY2014				FY2015				FY2016				FY2017			
1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
216	219	141	144	147	140	13	8	-	-	-	-	-	-	-	-
722				311								-			

Decrease expenses approx. 300MM JPY/p.a.

(Note1) SAMK is the abbreviation for SPARX Asset Management Korea Co,. Ltd. (subsidiary). SATM is the abbreviation for SPARX Asset Trust & Management co,. Ltd. (subsidiary). Hereafter called the same .

(Note2) Goodwill of Korean won base are included, it will be affected by the exchange rate fluctuation.

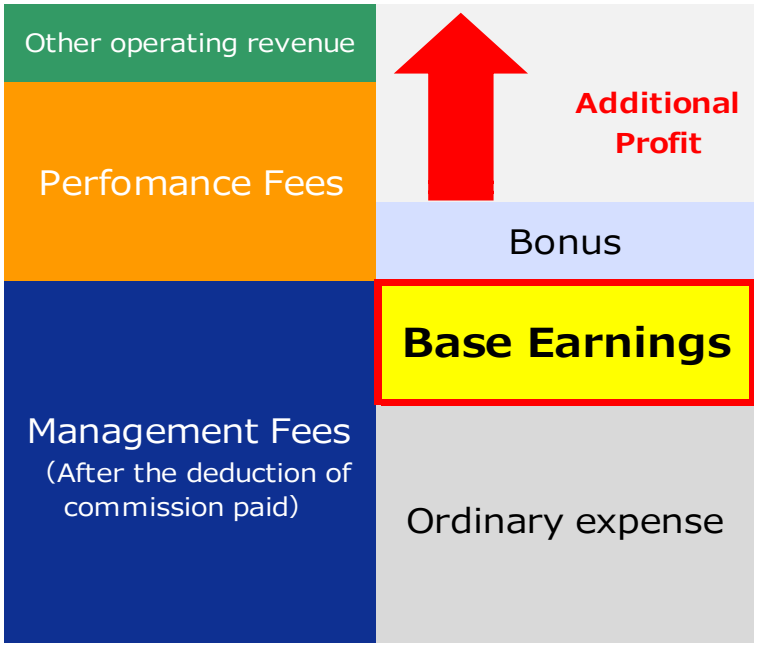
Base Earnings

Base earnings increased due to an increase in management fees, significantly greater than an increase in ordinary expenses

		FY2014 Full Year	FY2015 Full Year
Average AUM	(100MM JPY)	8,110	9,732
Net management fee rate (After the deduction of commissions paid)	(%)	0.51	0.59
Net management fee revenue (After the deduction of commission paid)	(MM JPY)	4,160	5,705
Ordinary expenses	(MM JPY)	3,328	3,770
"Base Earnings"	**(MM JPY)**	**+832**	**+1,935**

■Base Earnings

Base Earnings are calculated by Management fees (after the deduction of commission paid) minus ordinary expenses which explain sustained and stable fundamental profitability of the company.

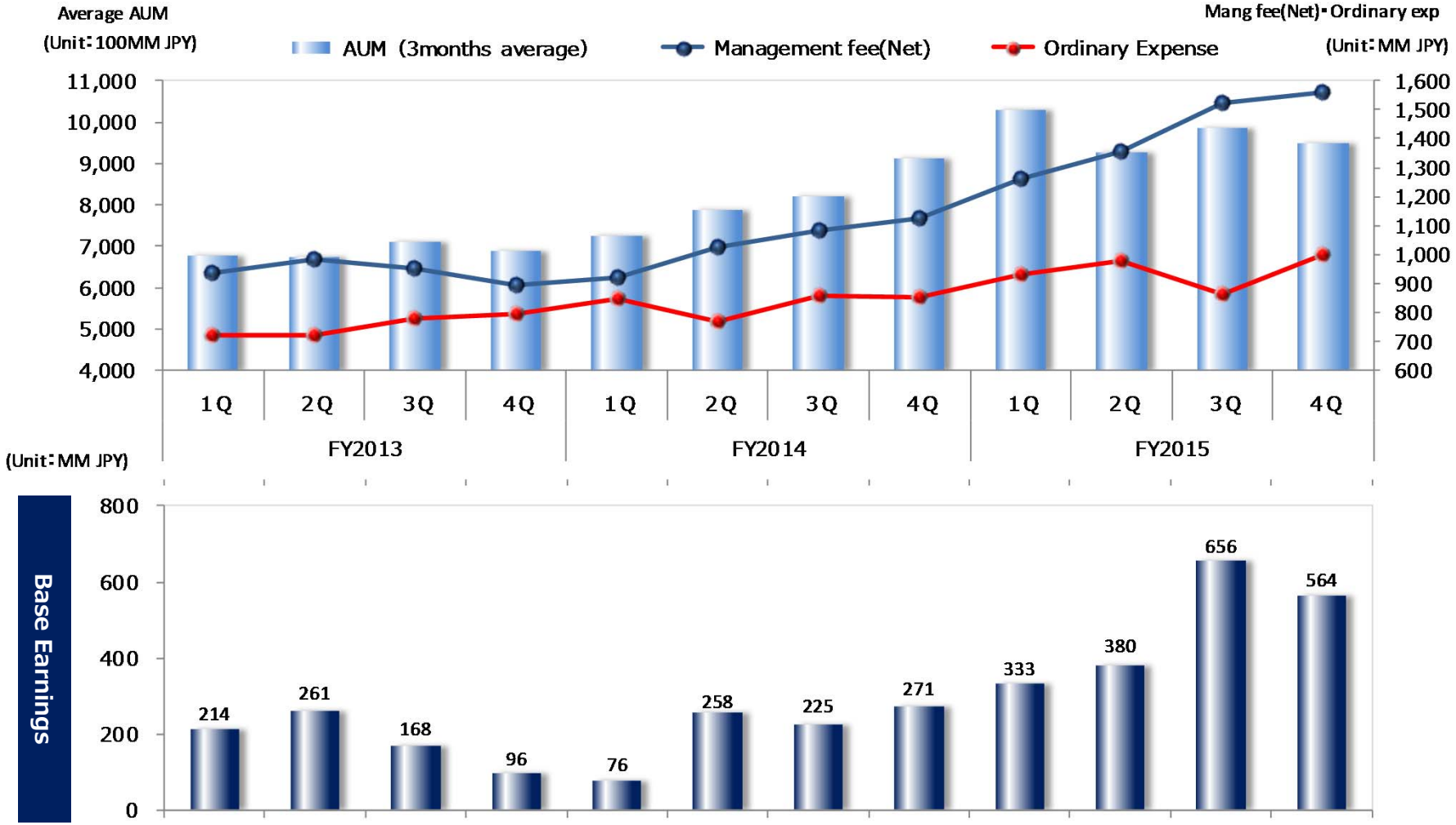


(Note1) "Management fee revenue (after the deduction of commission paid) " is obtained by multiplying "Average AUM" and "Net management fee rate (after the deduction of commission paid)". As figures less than the presented unit are used for the calculation, the calculation using the above numbers after rounding down fractions less than the presented unit does not necessarily match the "Net management fee revenue" numbers provided above.

(Note2) The figures above are truncated.

＜Reference＞ Quarterly Base Earnings Trend

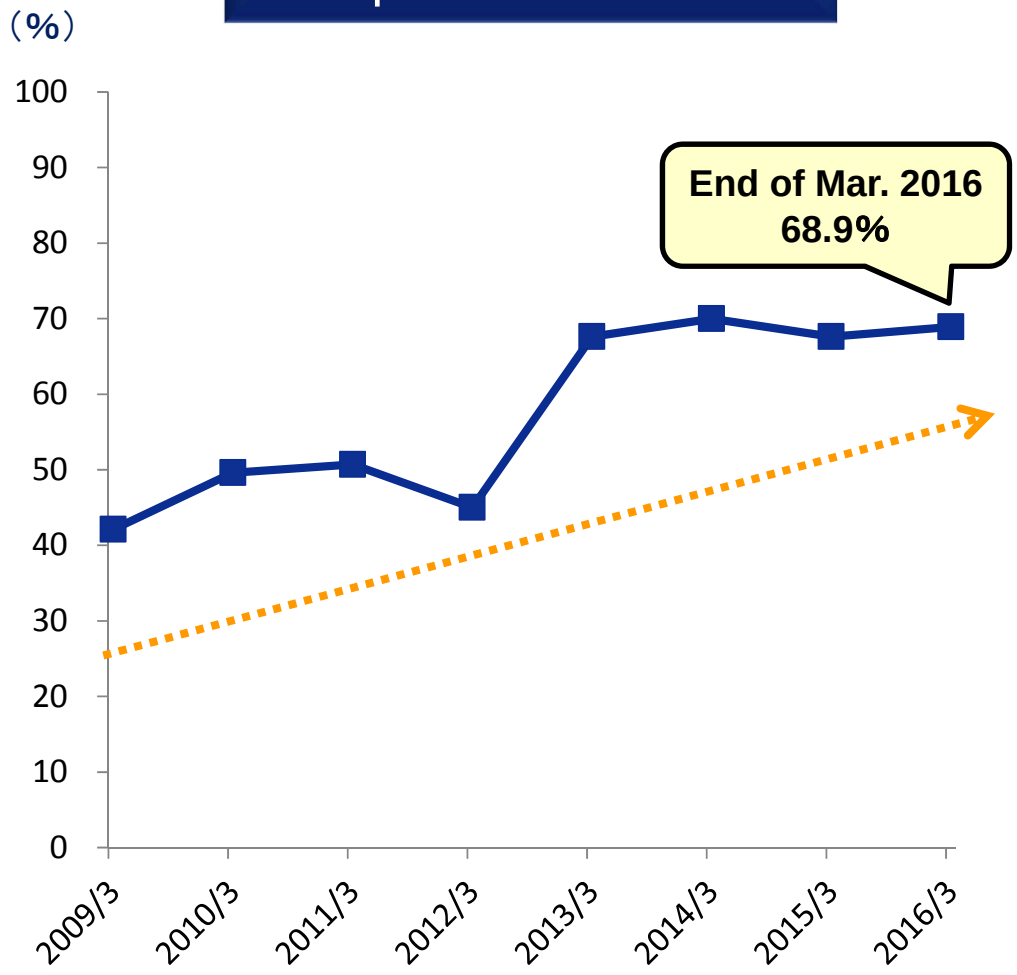
Maintaining of high level of base earnings due to increasing management fees, and controlling the costs



(Note) As preliminary figures, the「Management fee (Net)」is calculated by multiplying the net management fee rate and the average AUM for the period.

B/S Overview（1）

Capital Asset Ratio



Consolidated B/S

（Unit：MM JPY）

Assets		Liabilities and Net Assets	
Cash and Cash equivalent	13,070	Interest-bearing debt	3,000
		Other liabilities	1,947
Receivables	1,838	Net assets	15,733
Securities・Investment Securities	3,829		
Other Assets	1,943		
Total Assets	20,680	Liabilities and Net Assets	20,680

Own capital will be used in order to expand business for the time being.
We continuously explore the most effective approaches to obtain necessary funds for business expansion.

※ Please refer slide 40-41 about dividend and stock repurchase.

B/S Overview (2)

(Units: MM JPY)	Mar. 2015	Mar. 2016	YoY change
Current assets	15,265	16,921	+1,655
Cash and cash equivalents	12,709	13,070	+360
Securities	–	494	+494
Receivables	1,312	1,838	+526
Fixed assets	4,184	3,758	▲425
Goodwill	506	–	▲506
Investment securities	3,275	3,335	+60
Total assets	19,450	20,680	+1,229
Payables	944	1,465	+520
Current portion of long-term loans payable	–	3,000	+3,000
Long-term loans payable	3,000	–	▲3,000
Total liabilities	4,662	4,946	+284
Common stock	8,517	8,575	+57
Add'l paid-in-capital	4,053	4,108	+55
Retained earnings	1,797	3,972	+2,175
Treasury stock	▲3,304	▲3,501	▲197
Total Shareholder's Equity	11,063	13,154	+2,090
Valuation difference on AFS securities	499	▲63	▲563
Foreign currency translation adjustment	1,588	1,163	▲424
Non-controlling interests	1,568	1,453	▲115
Total net assets	14,787	15,733	+945

(Simplified) Operating CF: ¥3,289MM
Increased due to mainly expansion of operating revenue

Increased due to transferring current portion of bonds from investment securities

Increased due to occurring account receivable of acquisition fees relating to Japan Renewable Energy Investment Strategy

For future amortization cost of goodwill, refer to slide 18.

Increased due to investment of seed money

Increased in mainly bonuses payable and income tax payable in relation to business operation

Breakdown of current portion of long-term loans payable is as follows:
1,500MM Rate：1.365%
1,500MM Rate：1.396%
Due：March 2017

profit attributable to owners of parent : +2,685MM yen
Dividend： ▲ 510MM yen

Decreased due to recognizing unrealized gain as profit by sale of an investment securities

Decreased mainly due to the impact of yen appreciation / won depreciation.

(Note1) The figures above are truncated.
(Note2) The investment securities includes the seed money of SPARX Group funds.
(Note3) "(Simplified) operating cash flow" is calculated by adding back amortization of goodwill to its operating income.

Progress of the Businesses and Future Plans

FY2016 Perception About the Present State of Affairs and Goal

① Complete revival has become foreseeable

- ⇒ **Lower dependence on equity investment due to revenues from real asset investment and Mirai Creation.**
- ⇒ **Enhancing profitability toward the 30th anniversary in July 2019 of foundation of SPARX.**
- ⇒ **Developing high quality and high value added products such as renewable energy and Mirai Creation.**
- ⇒ **Aiming to achieve net inflow of 200 billion yen in AUM**

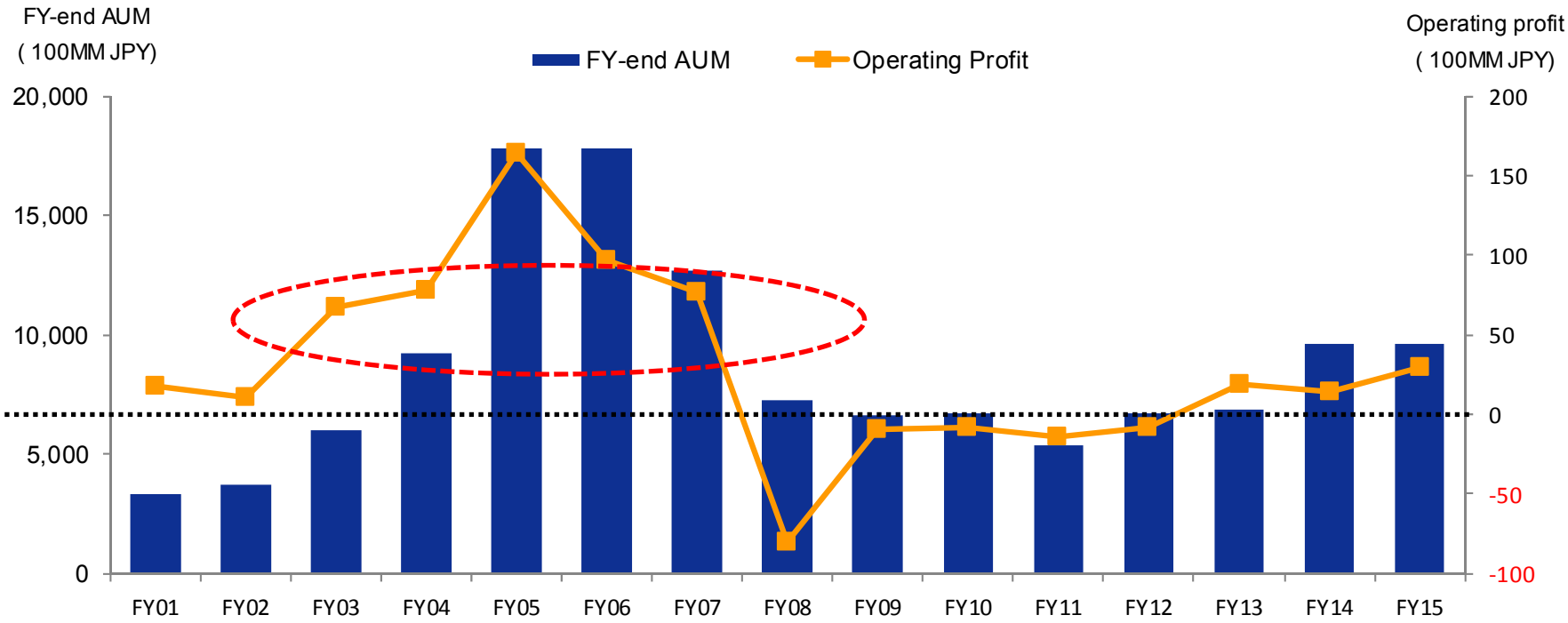
② Enhancing shareholders return

- ⇒ **Aiming to keep enhancing profit and dividend subsequent to the previous fiscal year**

③ Branding “SPARX” as representative of Japanese /Asian asset managers

- ⇒ **Activate exchanges of human resources among offices and enhance PR activities**

Toward to Mid Term Target “VISION2020” from “Complete Revival”

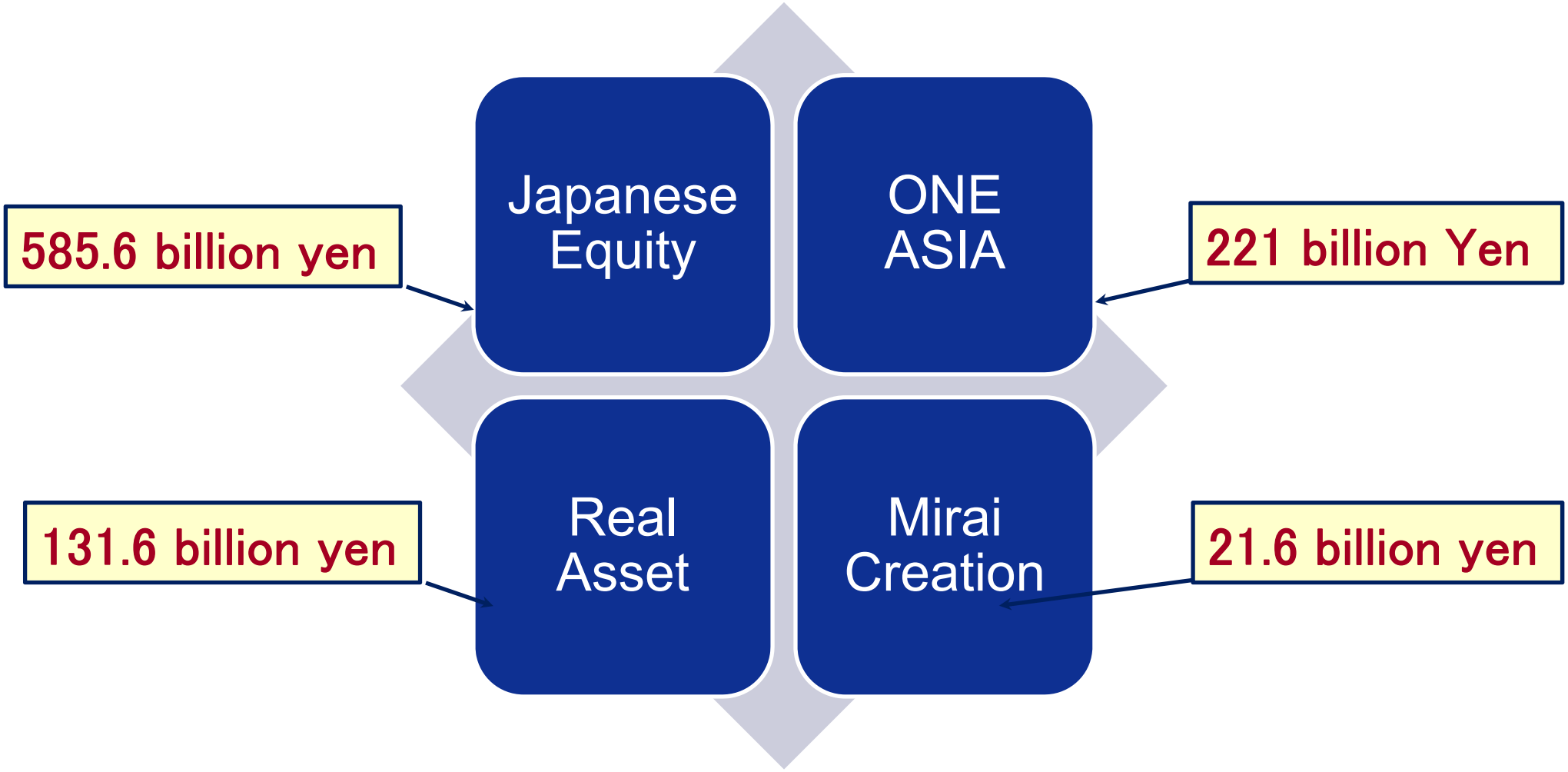


“Complete revival” is stably recording profitability level achieved before Lehman shock, specifically, the level of operating profit of 8 to 10 billion yen.

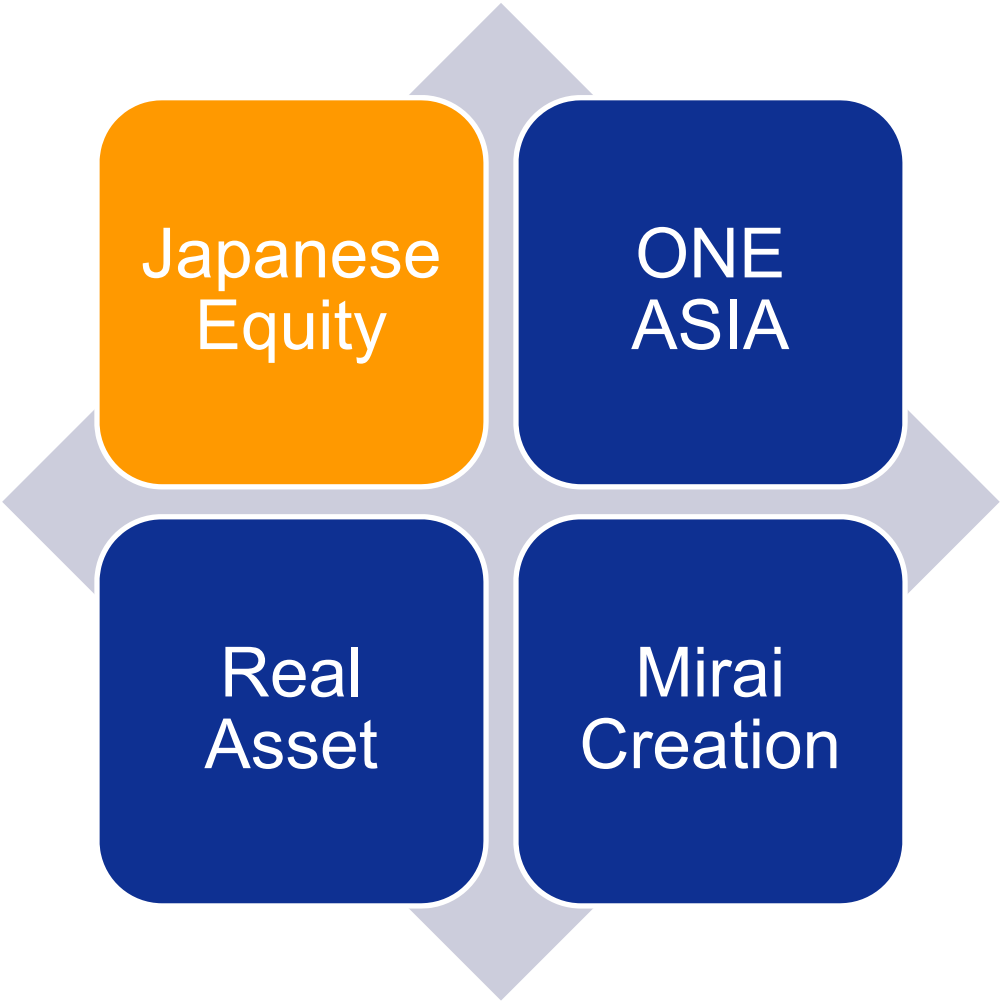
⇒Aim at recording AUM 2 trillion yen and operating profit of 8 billion yen sooner.

Set mid term target at AUM 10 trillion as mentioned in VISION2020.
Establish business foundation with high profitability and strong brand in Japanese /Asian investment, based on business model of combination of equity investment, real asset investment and Mirai Creation.

4 Main Investment for Growth Realization - Breakdown of FY2015 AUM



① Japanese Equity Investment Strategy
(AUM: 585.6 billion yen at the end of FY2015)



Japanese Equity Investment Strategy

(Unit : 100million JPY)	AUM		
	FY2014	FY2015	YoY change (%)
Japanese Equity Long-Short Strategy	392	399	1.6%
Japanese Equity Focus All Cap Strategy	1,581	2,623	65.9%
Japanese Equity Mid & Small Cap Strategy	1,890	1,916	1.4%
Japanese Equity Clean Tech. Strategy	969	852	▲12.1%
Others (Note)	52	65	24.7%
Total	4,886	5,856	19.8%

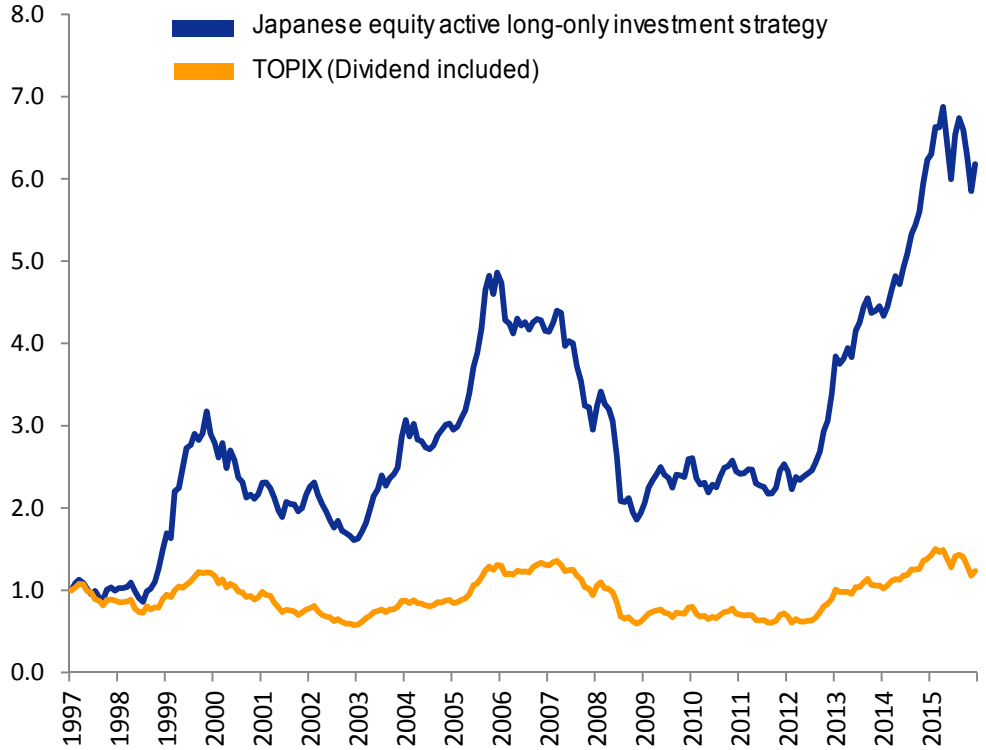
(Note) Engagement fund of SPARX such Stewardship fund

- Enhancing promotion as a pioneer of Long/ Short Strategy products.
- Aiming to increase AUM by continuously seeking for characteristic products of SPARX such as Japanese Equity All Cap, Mid-Small Cap and Stewardship.

Annualized Performance by Strategy Since Inception ①

※ category of investment strategy in this slide is not completely match with IR information in previous slides

Japanese equity active long-only investment strategy

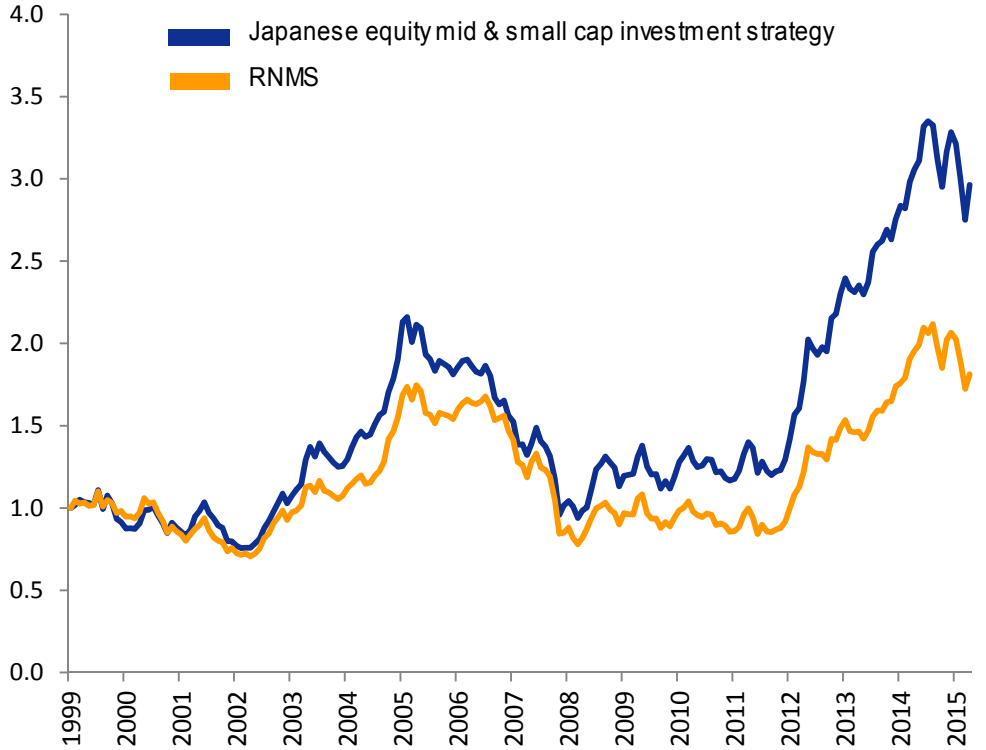


(Annualized Return)

Japanese equity active long-only investment strategy	10.10%
Reference Index	1.12%
Excess Return	8.98%

Reference Index	TOPIX (Dividend included)
Measurement Period	1997/5 ～2016/3
Volatility of Composite Return (Annualized)	21.52%

Japanese equity mid & small cap investment strategy



(Annualized Return)

Japanese equity mid & small cap investment strategy	6.91%
Reference Index	3.73%
Excess Return	3.19%

Reference Index	Russell/Nomura Mid-Small Cap Index
Measurement Period	2000/1 ～2016/3
Volatility of Composite Return (Annualized)	18.22%

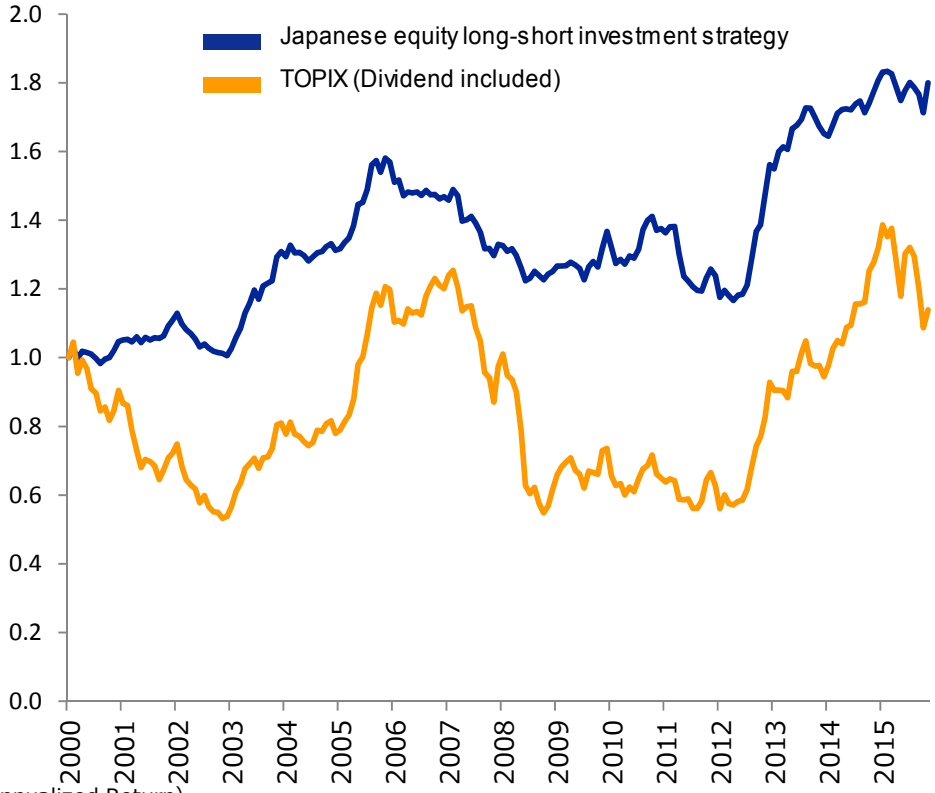
Please refer to the disclaimers at the end of the slides.

Source: SPARX Group Co., Ltd (Tokyo, Japan), as of March 31, 2016.

Annualized Performance by Strategy Since Inception ②

※ category of investment strategy in this slide is not completely match with IR information in previous slides

Japanese equity long-short investment strategy

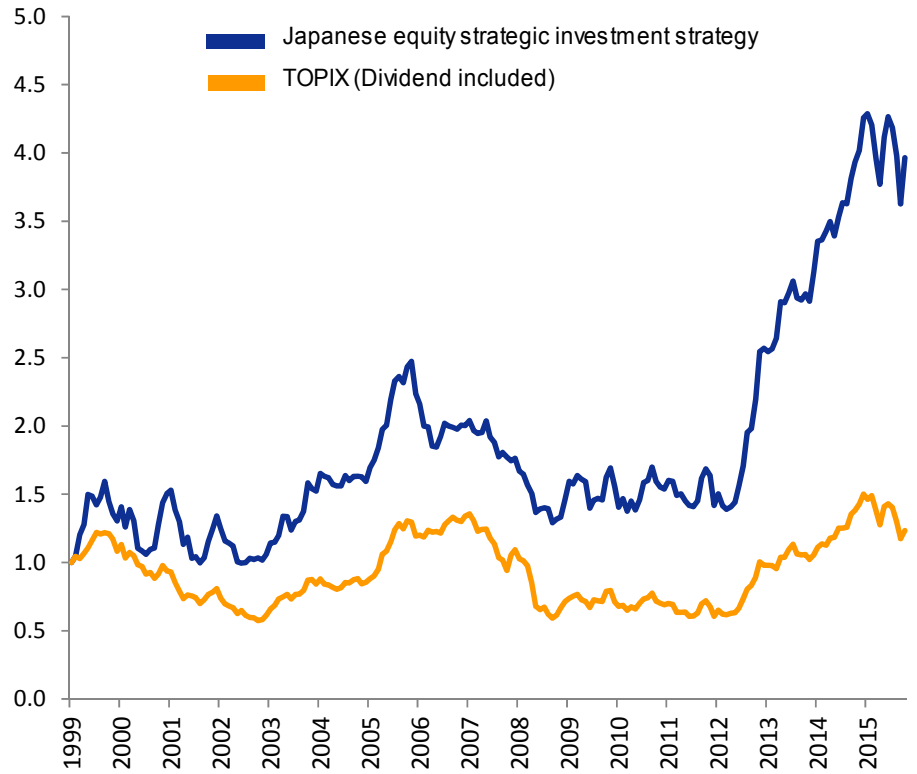


(Annualized Return)

Japanese equity long-short investment strategy	3.78%
Reference Index	0.83%
Excess Return	2.95%

Reference Index	TOPIX (Dividend included)
Measurement Period	2000/6 ～2016/3
Volatility of Composite Return (Annualized)	7.43%

Japanese equity strategic investment strategy



(Annualized Return)

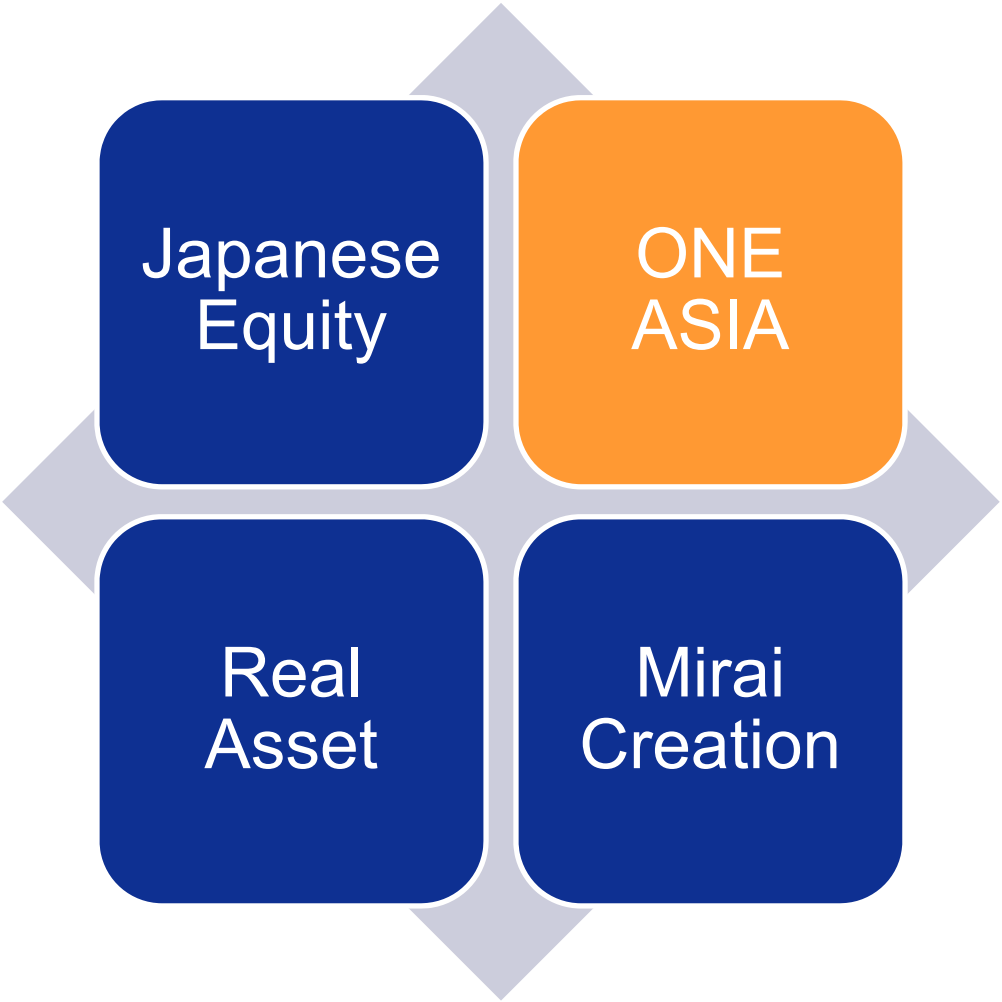
Japanese equity strategic investment strategy	8.57%
Reference Index	1.26%
Excess Return	7.31%

Reference Index	TOPIX (Dividend included)
Measurement Period	1999/7 ～2016/3
Volatility of Composite Return (Annualized)	20.65%

Please refer to the disclaimers at the end of the slides.

Source: SPARX Group Co., Ltd (Tokyo, Japan), as of March 31, 2016.

②ONE ASIA Investment Strategy
（AUM 221 billion yen at the end of FY2015 ）



ONE ASIA Investment - In order to harvest whole Asian region growth

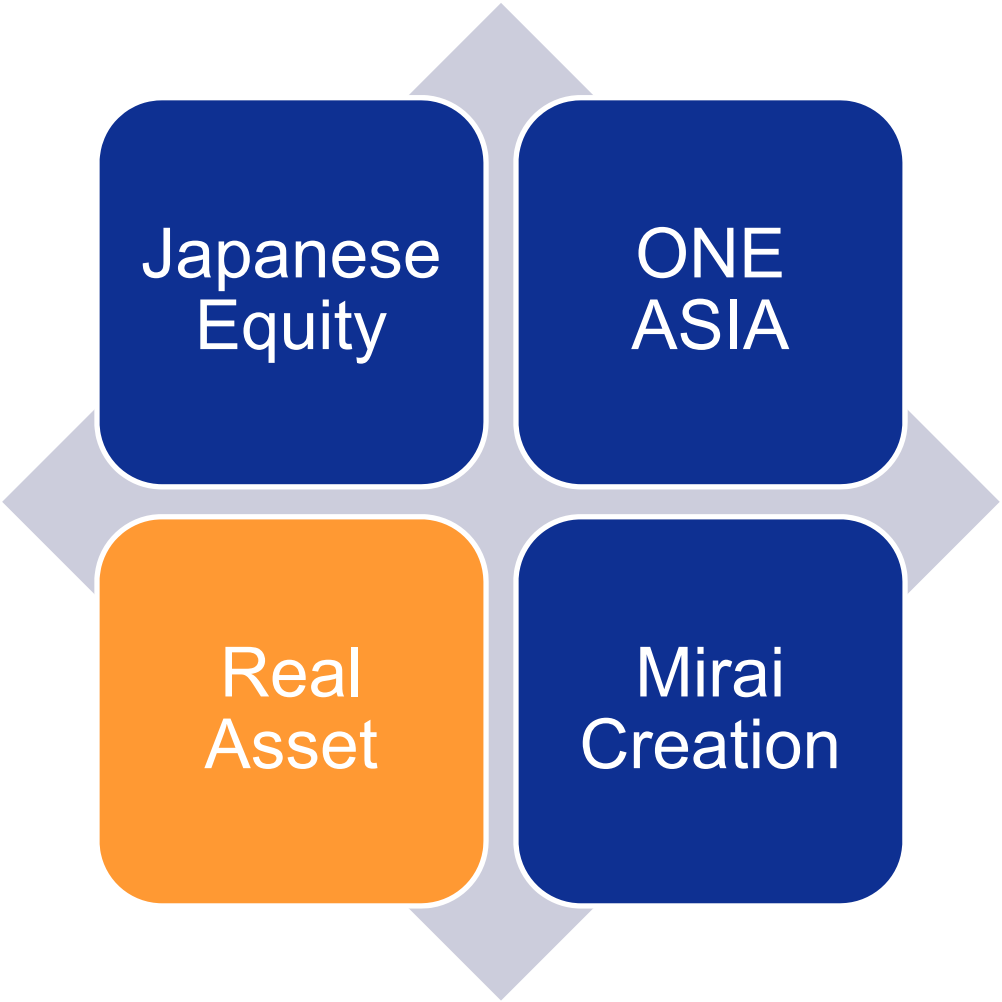
Actual and expectation of GDP
（Unit：USD 1 billion）

	2014	2015	2016	2017	2018	2019	2020	2021	Average growth rate
World	77,825.29	73,170.99	73,363.83	77,101.60	81,077.11	85,587.86	90,532.08	95,485.69	3.00%
Japan	4,596.16	4,123.26	4,412.60	4,513.75	4,562.21	4,675.79	4,800.06	4,895.42	1.00%
ASIA	24,162.08	24,212.10	25,208.25	26,726.42	28,429.39	30,470.69	32,862.89	35,386.09	5.60%
China	10,430.71	10,982.83	11,383.03	12,263.43	13,338.23	14,605.29	16,144.04	17,762.01	7.90%
ASEAN	2,521.38	2,436.04	2,578.12	2,792.17	3,010.92	3,248.12	3,516.26	3,831.76	6.20%
India	2,042.56	2,090.71	2,288.72	2,487.94	2,724.76	3,006.95	3,315.36	3,660.21	8.70%
Korea	1,410.38	1,376.87	1,321.20	1,379.32	1,434.95	1,498.76	1,566.40	1,628.61	2.10%

Source: IMF Economic Outlook 2016

- Internal exchanges of human resources among Tokyo, Hong Kong and Korea offices has been started.
- Preparation of flagship mutual funds for domestic investors has been started.

③ Real Asset Investment Strategy
（AUM 131.6 billion at the end of FY2015）



Investment in Renewable Energy Generating Facilities
AUM 113.4 billion yen at the end of FY2015

Invested in 23 projects (approx.272MW)

Including 11projects already selling electricity (approx.62MW)

- Listed infrastructure fund (solar, wind, geothermal, biomass)

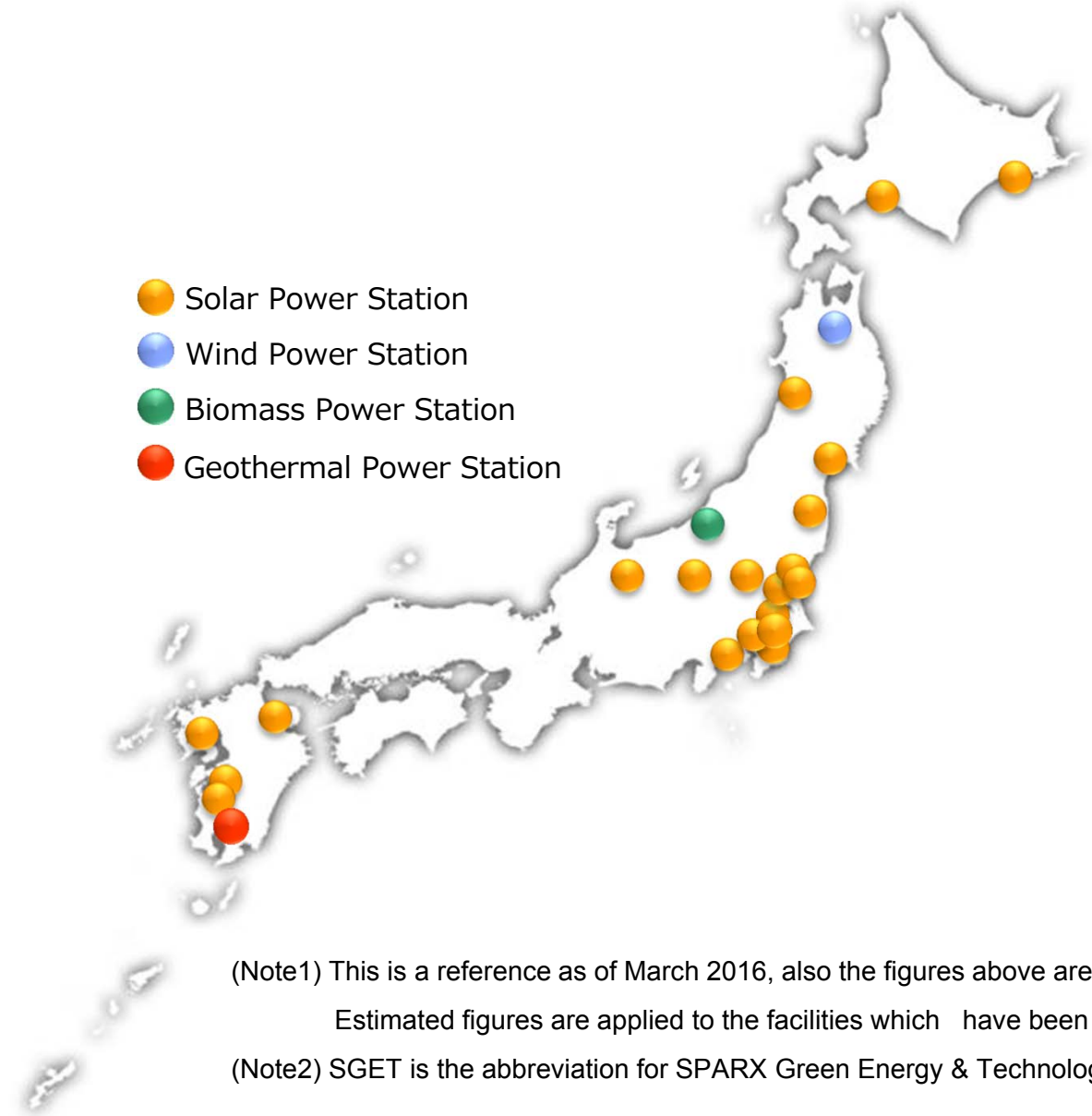
Decided to reconsider the listed fund scheme due to the reason that the revised investment corporation tax exemption system is not likely to be applied to the investment scheme SPARX is using. Therefore, SPARX will continue managing investment in the form of private infrastructure funds.

http://www.sparxgroup.jp/press/uploads/PressE160427-01.pdf

- SPARX has been using its intelligence and knowledge for “green field investment” funds, targeting on the preparation and launch of renewable power generation facilities. In addition, SPARX is preparing to provide “brown field investment” funds, focusing on the running of renewable power generation facilities, which can produce long-term stable cash flow, for institutional investors.

Location of Renewable Energy Generating Facilities by SGET

23 projects, Power output 272.4 MW （as of March 2016 ）



	Location	Output Scale (MW)	Total Project Cost* (100mil JPY)	Start of Commercial Operation
Kushiro Mega Solar	Hokkaido	21.7	83	May 2015
Tomakomai Mega Solar	Hokkaido	2.6	9	May 2015
Singo Wind Power	Aomori	18.0	110	May 2018 (Scheduled)
Akita Mega Solar	Akita	2.7	9	Dec. 2013
Kurihara Mega Solar	Miyagi	15.7	55	Jan.2017 (Scheduled)
Fukushima Matsukaw a Mega Solar	Fukushima	2.7	9	May 2015
Sanjyo Biomass Power	Niigata	6.3	55	Feb.2017 (Scheduled)
Namekata Mega Solar	Ibaraki	8.2	30	Feb.2017 (Scheduled)
Hitachiomiya Mega Solar	Ibaraki	21.2	78	Aug.2016 (Scheduled)
Kamisu Mega Solar	Ibaraki	20.3	82	Jan.2017 (Scheduled)
Tsumagoi Mega Solar	Gunma	2.4	9	Jan. 2014
Chiba new town Mega Solar	Chiba	12.7	45	Apr.2018 (Scheduled)
Ichihara Mega Solar	Chiba	2.9	11	Feb.2015
Kisarazu Mega Solar	Chiba	32.0	123	Aug.2017 (Scheduled)
Nakai Mega Solar	Kanagawa	9.8	41	Apr. 2015
Tochigi Mega Solar	Tochigi	22.0	81	Aug.2017 (Scheduled)
Tokyo Mega Solar	Tokyo	0.4	1	Dec.2015
Toyama Mega Solar	Toyama	7.7	27	Feb.2015
Saga Mega Solar	Saga	2.0	7	Oct. 2013
Ashikita Mega Solar	Kumamoto	8.0	34	Dec. 2013
Otachimisaki Mega Solar	Kumamoto	2.2	7	Jul.2016 (Scheduled)
Usa Mega Solar	Oita	50.0	216	Apr.2018 (Scheduled)
Ibusuki Geothermal power	Kagoshima	1.2	22	Apr.2018 (Scheduled)
Total	**—**	**272.4**	**1,143**	**—**

(Note1) This is a reference as of March 2016, also the figures above are truncated.
Estimated figures are applied to the facilities which have been under construction.

(Note2) SGET is the abbreviation for SPARX Green Energy & Technology Co., Ltd. (subsidiary). Hereafter called the same.

Real Estate Investment (AUM 18.1 billion yen at the end of FY2015)

- A medical building being constructed in Setagaya/ Karasuyama by real estate investment fund, will be completed in June, and scheduled to open in August 2016.
  A specialized examination clinic and an orthopedic clinic which are invited by SDP Japan (tenant), will be opened in the said building. The orthopedic clinic is specializing in hip arthroplasty. A doctor of the said clinic is one of the top-class experts of the operations in that field in japan.
- Realization of low financial risk to medical institution involving development risk and fix asset investment are incurred by the real estate investment fund.
- Declined to accept the selection as fund manager for Tokyo Metropolitan Government's Public-Private Partnership Infrastructure Fund for facilities contributing to welfare. Considering to maintain current investment scheme and to continue private infrastructure funds.
- Selection of project has been done prudently by considering investment strategy in each fund, while prices of real estate are soared.

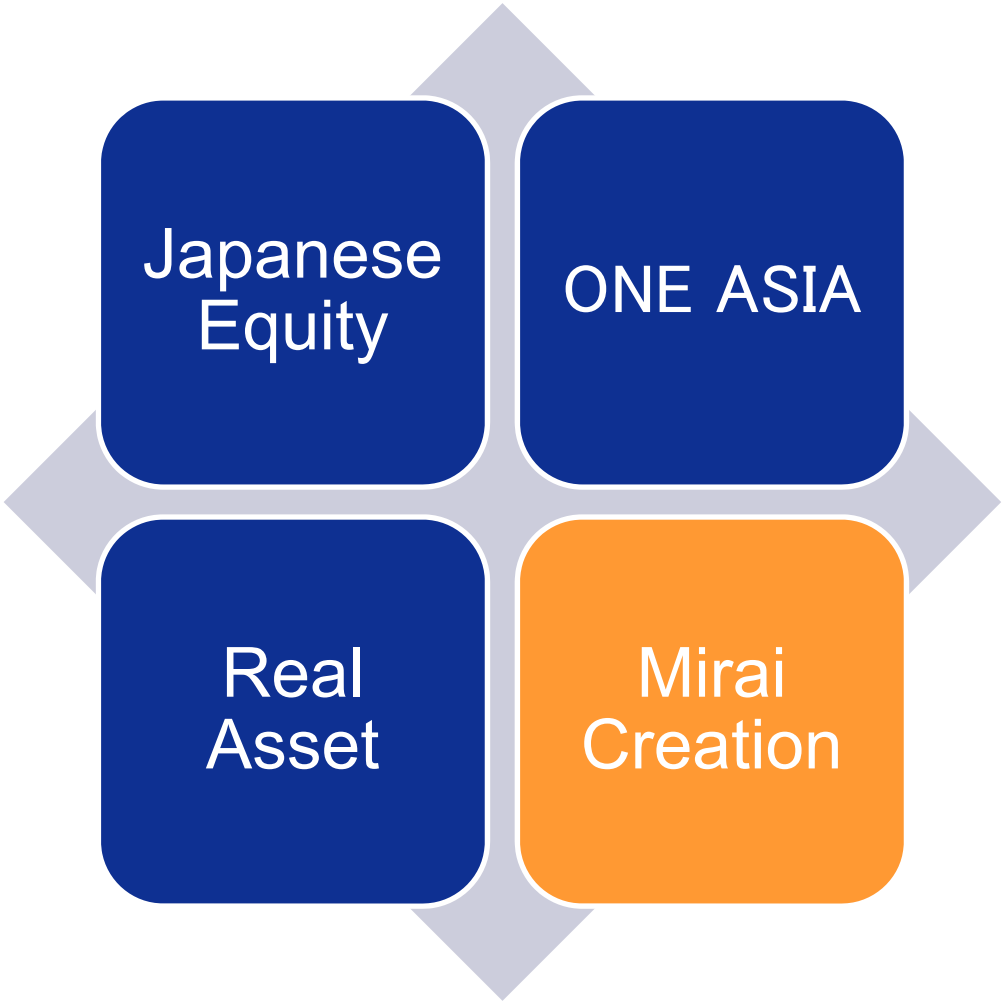


Image of medical building



Right before the completion of building which contains "Tokyo Hip Joint Clinic" and "Tokyo Medical Imaging Clinic"

④ Mirai Creation Investment Strategy
（AUM 21.6 billion yen at the end of FY2015）



Mirai Creation Investment Strategy （AUM 21.6 billion yen at the end of FY2015）

- Established a fund with Toyota Motor Corporation(Toyota) and Sumitomo Mitsui Banking Corporation(SMBC). Core fields for the fund will include AI, Robotics, and technologies to help make a hydrogen-based society a reality. The fund will invest in enterprises processing innovative technologies in these fields, as well as related projects.
- Aiming to expand total investment capital up to 50 billion yen.

(Break down of AUM 21.6 billion yen as of FY2015 :

Toyota, SMBC, 8 LP investors, SPARX)

- 4 Investment projects (as of March 2016)

UIEvolution Inc.	Kymeta Corporation	Groove X Co., Ltd.	Exergy Power Systems Co., Ltd.
Aiming to provide solutions safely shared information on any device. Business partners are Toyota Motor Corporation and DENSO Corporation.	A venture enterprise and commercializing an antenna for satellite and mobile communications. Developing its innovative and smart antenna products “compact, light, inexpensive and power efficient” utilizing its unique technology.	Established by Kaname Hayashi who involved into developing a humanoid robot “pepper”. Currently, Under development of robot which is able to fulfill human.	A venture Tokyo-university born, has unique technology on hybrid-hydrogen batteries and hydrogen production. Under development of extremely efficient hydrogen electrolysis is highly required for the realization of a hydrogen society.

Shareholders Return

Return to Shareholders －（1）Stock Repurchase

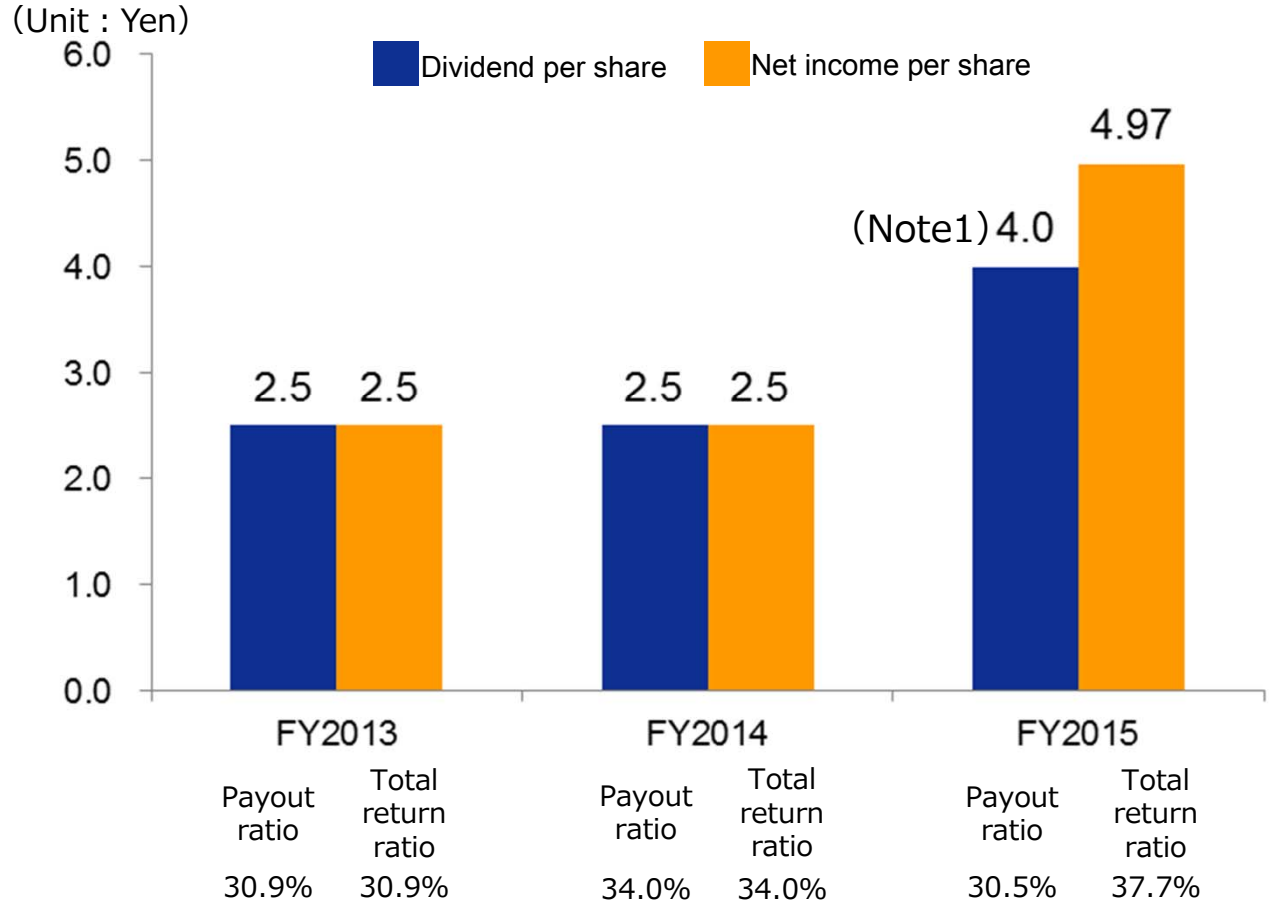
Stock repurchase program, after 8 years interval

Implemented stock repurchase program in order to achieve higher shareholder return, improve capital efficiency and enable effective execution of its capital strategy in accordance to the business environment.

(1) Type of shares acquired	Shares of common stock of SPARX Group Co., Ltd.
(2)Total number of shares acquired	1,000,000 shares (0.49% of total issued common stock (excluding treasury stock))
(3)Total price of shares acquired	197,549,500 yen
(4)Period of stock acquisition	From February 1, 2016 through February 16, 2016 (trading day base)

Shareholders Return －（2）Dividend

Shareholders return per share is significantly increased due to dividend increase to 4.00 yen per share, and stock repurchase implemented



（Note1） Dividends will be paid out subject to the approval of the resolution of the 27th general shareholders' meeting that is scheduled to be held in June 2016.
（Note2） Total return ratio per share = (dividend + total price of share acquired) ÷ (total number of shares issued △ total number of treasury stock)
（Note3） Payout ratio = dividend per share ÷ net income per share
（Note4） Total return ratio ＝（total dividend + total price of shares acquired）÷ profit attributable to owners of parent

Other Activities

SPARX Community Contribution Activities：

Education Program “Children’s Energy Summit” won Good Design Award



Outline

Children’s Energy Summit is an education program mainly for elementary school children, with the aim of enriching knowledge and understanding about renewable energy, and to enable to bring out their “ideas on new future energy”. We implement integrated activities such as “Study Tour”, “Quiz Contest”, “Way of thinking/presentation” and “Experience of generating power” and then elicit ideas from children. Such ideas are posted on website to be presented in society. Currently, we are conducting this program throughout Japan in accordance with SGET’s power-generating business development.

GOOD DESIGN AWARD http://www.g-mark.org/award/describe/43220?token=VTacfkobIY&locale=en

Move of Location of Office

Decided to move the location of office for business expansion

■ New address

〒108-0075

Shinagawa Season Terrace 6F

Konan 1-2-70, Minato-ku, Tokyo

■ Effective Scheduled Date

June 13, 2016 (Monday)

■ Domestic subsidiaries of SPARX will also move their office in the same manner as above.

SPARX Asset Management Co., Ltd.
SPARX Green Energy & Technology Co., Ltd.
SPARX Asset Trust & Management Co., Ltd.



We Started Facebook (currently only available in Japanese)



https://www.facebook.com/SPARXGroup

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The term the “Firm” was redefined effective 15 October 2009 and 30 November 2010 where SPARX Investment & Research, USA, Inc. (SIR) and SPARX International (Hong Kong) Limited (SIHK) have been excluded, respectively, due to the dissolution of SIR and the transfer of SIHK’s shares to a third-party. SPARX Overseas Ltd. has been excluded from the definition of the firm since December 31, 2013.

Contact: Global Business Development Tel: +81-(0)3-6711-9200

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