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Corporate Name: RENOVA, Inc.  
Representative: Yosuke Kiminami, Founding CEO  
(Stock code: 9519  
Tokyo Stock Exchange 1st)  
Contact: Aki Mori, Chief Financial Officer  
(TEL: +81-3-3516-6263)

## **Announcement Concerning Financial Close for Large-Scale Biomass Power Generation Project Joined by RENOVA**

RENOVA, Inc. (hereinafter "RENOVA") announced that Kanda Biomass Energy Co., Ltd. (at Kanda-machi, Miyako-gun, Fukuoka Prefecture, approximate capacity of 75 MW) reached the financial close for the Kanda Biomass Power Generation Project (hereinafter "Kanda Biomass Project") on June 22. Kanda Biomass Energy Co., Ltd. is the operator of Kanda Biomass Project, and RENOVA is taking part in this project.

### **1. Purpose of the Financial Close**

With a mission to create green and sustainable energy systems for a better world, RENOVA operates its power generation business based on locally entrenched renewable energy resources such as solar, biomass, wind, and geothermal energy.

RENOVA participated in the Akita Biomass Power Generation Project in 2015. Since then, it has been accumulating knowledge and experience through the development and operation of power plants exclusively combusting wood biomass fuels. RENOVA is harnessing its knowledge and experience to advance the Kanda Biomass Project as well as other large biomass power plants in several locations in Japan.

RENOVA develop the project together with four co-sponsors, including Sumitomo Forestry Co., Ltd. with which RENOVA has a business alliance. In so doing, RENOVA aims to increase its corporate value and to move forward with regional revitalization and economic contribution centered on Kanda-machi by creating new jobs and building the power plant. It will seek to do so in collaborative creation with the local community. RENOVA is planning to use thinned wood as some of the fuel procured after the start of operation. This will help revitalize the domestic forestry industry.

### **2. Future Outlook**

RENOVA will receive a development fee from Kanda Biomass Energy Co., Ltd. for the current fiscal year upon financial close. However, a joint sponsor leads part of the development process in this project and the amount equivalent to RENOVA's expected ownership interest of 43.1% will be eliminated in consolidated accounts. The impact on financial results for the current fiscal year will therefore be minor. On July 5, 2018, RENOVA will be announcing consolidated financial forecasts that incorporate the development fee associated with the project.

### 3. Other

RENOVA has no right to additionally purchase equity in Kanda Biomass Energy Co., Ltd. from any of the four co-sponsors.



Rendering of Kanda Biomass Power Generation Project

[For inquiries about this release]

K. Nose, Investor Relations, RENOVA, Inc.

Tel: +81-3-3516-6263 / Email: [ir@renovainc.jp](mailto:ir@renovainc.jp)

[For inquiries by the media]

N. Tanaka and S. Kubota, CEO's Office, RENOVA, Inc.

Tel: +81-3-3516-6263 / Email: [press@renovainc.jp](mailto:press@renovainc.jp)

(Reference) Outline of the Kanda Biomass Power Plant Project

Power Plant: Kanda Biomass Power Plant  
Operator: Kanda Biomass Energy Co., Ltd.  
Location: 13-5 Torigoecho, Kanda-machi, Miyako-gun, Fukuoka Prefecture  
Sponsors:

Company Name	Ownership Interest
RENOVA, Inc.	43.1%
Sumitomo Forestry Co., Ltd.	41.5%
Veolia Japan K.K.	10.0%
Kyuden Mirai Energy Co., Inc.	5.0%
Mihara Group K.K.	0.4%

Finance Syndicate:

Mitsui Sumitomo Banking Corporation (lead manager)  
The Bank of Fukuoka, Ltd.  
The Bank of Saga Ltd.  
The Chugoku Bank, Ltd.  
The Daishi Bank, Ltd.  
Fukuoka-Hibiki Shinkin Bank  
Daido Life Insurance Company  
The Dai-ichi Life Insurance Co., Ltd.  
Meiji Yasuda Life Insurance Company  
Nippon Life Insurance Company  
JA Mitsui Leasing, Ltd. (mezzanine lender)  
Sumitomo Mitsui Finance and Leasing Co., Ltd. (mezzanine lender)  
(In alphabetical order in each business category)

Capacity: Approx. 75 MW  
Annual Electricity Production: Approx. 500 million kWh  
(equivalent to 168,000 households)  
Power Sales Unit Price: 32 yen per kWh for thinned wood;  
24 yen per kWh for general wood biomass  
Fuels: Wood pellets, palm kernel shells (PKS), and thinned wood  
Construction Commencement: November 2018 (planned)  
Operation Commencement: June 2021 (planned)

\* The outline of the project represents the plan at the time of the announcement and may be subject to future change.