

Leading the Renewable Energy Industry
Sumitomo Forestry's Strategic Investment into and Alliance with RENOVA

Sumitomo Forestry Co., Ltd. (President and Representative Director: Akira Ichikawa; Head Office: Chiyoda-ku, Tokyo; hereafter "Sumitomo Forestry") and RENOVA, Inc. (Founding CEO: Yosuke Kiminami; Corporate headquarters: Chiyoda-ku, Tokyo; hereafter "RENOVA") today announced an equity investment by Sumitomo Forestry into RENOVA. The investment is valued at ~ JPY 1 billion yen and following the investment, Sumitomo Forestry will be RENOVA's largest shareholder after its founding members. The two companies concurrently entered into a strategic alliance concerning the development of renewable energy projects. The investment will be conducted by way of third-party allotment, with both agreements dated as of May 24th, 2016.

Through the strategic alliance, Sumitomo Forestry and RENOVA intend to accelerate the development of renewable energy projects with a focus on wind and biomass, both in Japan and overseas. For example in wind farm development in mountainous regions, the companies aim to realize synergies by leveraging construction roads for forestry purposes. This will allow for the sustainable development of surrounding mountain regions, and contribute towards their economic development.

■ Background

While usage of renewable energy increases globally, Japan has lagged in comparison with other advanced nations, with renewables comprising only 11%*1 of total electricity generation. The sector is however expected to experience rapid growth. The Japanese government announced its Energy Mix Policy in June 2015, which aims to increase the ratio of renewable energy to between 22–24% by 2030.



Yosuke Kiminami (left) and Akira Ichikawa (right)

RENOVA is an independent developer and operator of renewable power plants, including large-scale solar, wind, biomass, and geothermal projects. With its founding roots in environmental consulting, RENOVA has undertaken well over 1,000 environmental consulting projects, and possesses both in-depth knowledge and a broad network in the renewable energy sector. As of April 2016, RENOVA has total assets of over JPY 50 billion, and boasts industry-leading results in large-scale solar projects in Japan (total generation capacity of 189MW*2). RENOVA intends to further expand its portfolio in wind, biomass and geothermal power to further cement its position as a leading renewable energy developer.

Sumitomo Forestry Group began its first wood biomass power generation project (33MW) as a joint venture, in Kawasaki City, Kanagawa Prefecture, in February 2011. To date, it has invested in power generation projects totaling approximately 100MW, including projects under development in Monbetsu (50MW; operation scheduled from December 2016), Tomakomai (5.8MW; from December 2016), and Hachinohe (12.4MW; from December 2017). Going forward, Sumitomo Forestry intends to expand, not only in biomass, but also into wind and geothermal power generation, and has set a goal of up to 200MW of additional generation capacity. The investment in and strategic alliance with RENOVA is a key step towards achieving this target.

Sumitomo Forestry Group possesses over 320 years of expertise in the forestry business. The group has continually contributed towards rural economic development, and intends to further contribute to the sustainable usage of Japan's forestry resources, and a sustainable society overall.

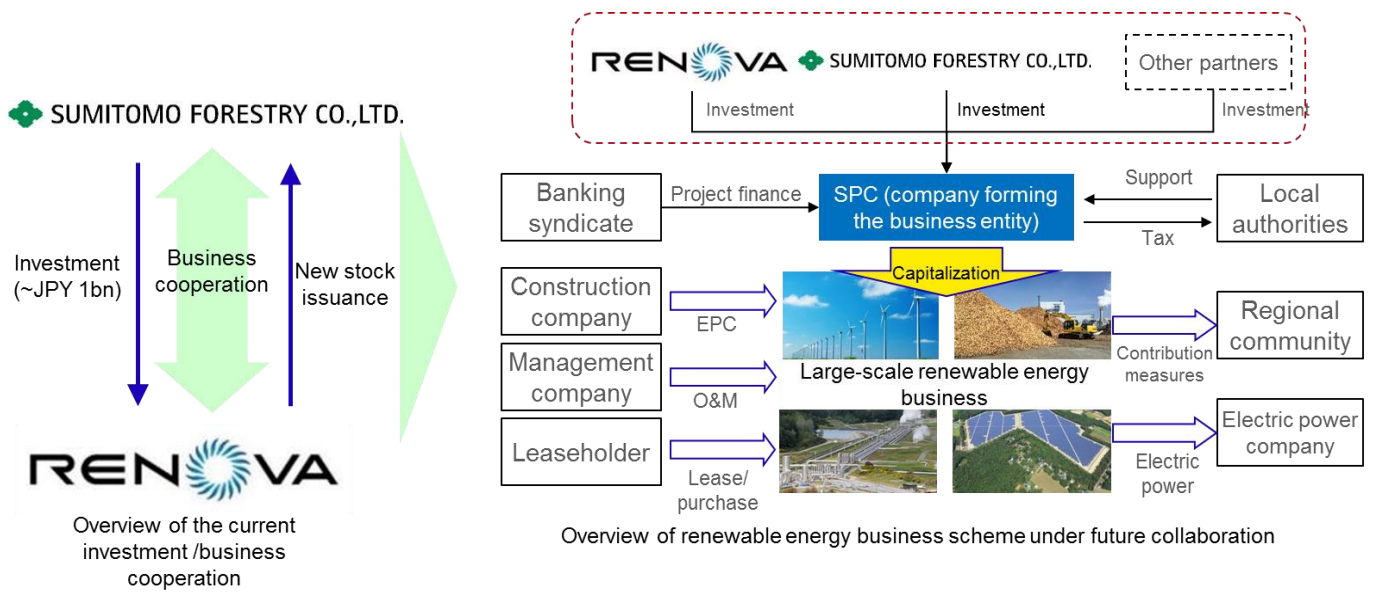
*1 Investigation by Agency for Natural Resources and Energy

*2 Including projects in operation and under construction

■ Overview of RENOVA, Inc.

Company name:	RENOVA, Inc.
Location:	1-7-2 Otemachi Chiyoda-ku, Tokyo, Japan
Founded:	May 30, 2000
Representative	Founding CEO Yosuke Kiminami
Capital and capital reserve	JPY 2,358 million (as of May 31, 2015)
Revenue	JPY 5,539 (Consolidated basis, Fiscal year ended May 31, 2015)
Major businesses	Development and operation of renewable power plants, environmental consulting and plastic recycling

■ Investment and strategic alliance overview



■ Key renewable power projects and investments by RENOVA (leading examples)



Futtsu Solar (40MW)



Karumai Nishi Solar
(48MW, under construction)



United Renewable Energy
(Biomass)