

April 2, 2018

For Immediate Release

Sumitomo Forestry Co., Ltd.

**Hachinohe Biomass Power Generation
Commencement of Operations**
Powering approximately 27,000 households using unused wood
materials from local forestlands

Sumitomo Forestry Co., Ltd. (President and Representative Director: Akira Ichikawa; Headquarters: Chiyoda-ku, Tokyo; hereinafter Sumitomo Forestry) announced that its jointly established Hachinohe Biomass Power Generation Co., Ltd. (President: Toshiyuki Yamamoto; Headquarters: Hachinohe, Aomori Prefecture; hereinafter Hachinohe Biomass Power Generation) has commenced operations on April 1, 2018. In addition to Sumitomo Forestry, Hachinohe Biomass Power Generation is also funded by Sumitomo Osaka Cement Co., Ltd. and East Japan Railway Company. It will supply electricity sufficient to power approximately 27,000 households.

The Hachinohe Biomass Power Plant is located on industrial land close to Hachinohe port, and takes advantage of the feed-in tariff (FIT) scheme for renewable energy^{*1}. The wood chips used as fuel will mainly be gathered with the cooperation of other local parties, such as thinnings from the Sanpachi-Kamikita-Shimokita region in Aomori Prefecture as well as from nearby railway forests. In addition, the company is also expected to use PKS as part of its fuel. All fuel will be procured from Michinoku Bio Energy Co., Ltd.^{*2} The energy business will be realized using mainly unused forest materials^{*3}.



Michinoku Bio Energy Co., Ltd. contributes to the invigoration of forestry industry in the region through procurement of logs and chips. In addition, Sumitomo Forestry Wood Products Co., Ltd., which is responsible for the yarding of logs, makes effective use of foliage left in forestlands to carry out activities to support replanting by logging operators.

The Sumitomo Forestry Group ventured into this field in February 2011, when it commenced operations of the Kawasaki Biomass Power Plant, an urban power plant which uses as its main fuel materials such as construction waste wood. In December 2016, operations commenced for the Mombetsu Biomass Power Plant, a 50MW-scale power plant in Mombetsu, Hokkaido Prefecture, while the 5.9MW Tomakomai Biomass Power Plant commenced operations in April 2017. Similar to this time, the main fuel comes from unused forest materials. The Hachinohe Biomass Power Plant is the Group's fourth power generation business in Japan, bringing the Group's scale of power generation business to

approximately 100MW and sufficient to supply electricity to power approximately 209,000 households.

The Sumitomo Forestry Group aims to carry out businesses in accordance with local circumstances, maximize the utilization of wood resources left unused in forestlands, and return profits to local communities by promoting wood biomass power generation. The Group aims to expand the scale of its renewable energy power generation to 200MW*⁴ by March 2019.

*1 Feed-in tariff (FIT) scheme for renewable energy: This is a scheme whereby electric power companies are required to purchase electricity generated using renewable energy (solar, wind, hydro, geothermal, and biomass) at a fixed price.

*2 Michinoku Bio Energy Co., Ltd. (President: Kenji Hatta; Headquarters: Hachinohe, Aomori) is a fully-owned subsidiary of Sumitomo Forestry producing and selling fuel chips.

*3 Unused forest materials: Unused resources, such as thinnings and wood left over from logging.

*4 Including planned projects

Overview of Hachinohe Biomass Power Generation Co. Ltd.

Location	76-370, Hamanayachi, Kawaragi, Hachinohe City, Aomori Prefecture
Capital	¥ 300 million
Equity share	Sumitomo Forestry 52%, Sumitomo Osaka Cement 30%, East Japan Railway Company 18%
Operations	Electric power supply through wood biomass power generation
Fuel	Unused wood materials, nearby railway forests and PSK etc. (approximately 130,000 tons annually)
Major facilities	Fluidized bed boilers, steam turbine generators
Generation capacity	Generating-end output: 12.4MW