

June 26, 2018

For Immediate Release

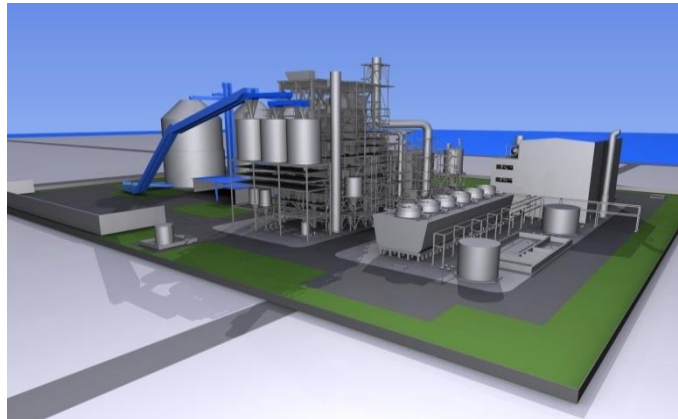
Sumitomo Forestry Co., Ltd.

## Equity Participation in Kanda Biomass Energy

Generating approximately 168,000 households' worth of electricity from June 2021

Sumitomo Forestry Co., Ltd. (President and Representative Director: Akira Ichikawa; Headquarters: Chiyoda-ku, Tokyo; hereinafter Sumitomo Forestry), along with RENOVA Inc.\*<sup>1</sup> and others, jointly invested in Kanda Biomass Energy K.K. on June 25. The Kanda Biomass Energy will construct a biomass power plant with an approximate capacity of 75 MW in Kandamachi, Miyakogun, Fukuoka Prefecture, and conduct power generating operations which will use the feed-in tariff scheme for renewable energy.\*<sup>2</sup>

For fuel, in addition to wood pellets produced in North America and palm kernel shells produced in Indonesia, they plan to receive help from local parties to gather materials such as thinning and unused timber from forests\*<sup>3</sup> from northern Kyushu.



<Rendering of Kanda Biomass Power Plant>

The Sumitomo Forestry Group will procure biomass fuels through the consolidated capabilities of its Group and other partners to realize a stable supply of electricity. Together with supplying renewable energy to the local areas, it is anticipated that the business will contribute to the local area through job creation.

The three other companies Veolia Japan K.K., Kyuden Mirai Energy Co., and Mihara Group K.K. will invest in the Kanda Biomass Energy along with Sumitomo Forestry Group and RENOVA. The power generation plant is scheduled to commence operations in June 2021. The financial arrangements will be carried out through joint financing on June 22. With 360,000 tons of biomass fuel per year, the plant will generate enough electricity for approximately 168,000 households.

In February 2011 Sumitomo Forestry Group ventured into this field by operating the urban type Kawasaki Biomass Power Plant (with a capacity of 33 MW) using waste wood materials from construction, etc. as its main fuel. In December 2016, Mombetsu Biomass Power Plant, a 50 MW-scale power plant commenced operations using unused timber from forests, followed by 6.2 MW Tomakomai Biomass Power Plant in April 2017 and 12.4 MW Hachinohe Biomass Power Plant in April 2018. When Kanda Power Plant commences its operation, the scale of the Sumitomo Forestry Group's power generation will be approximately 177 MW, and supplying approximately enough

electricity for 378,000 households.

Sumitomo Forestry Group promotes wood biomass power generation business and maximizes use of wood resources to invigorate local economies. The Group aims to expand renewable power generation to 200 MW\*<sup>4</sup> by March 2019.

\*1 RENOVA Inc. (CEO: Yosuke Kiminami; Headquarters: Chiyoda-ku Tokyo) entered into a business collaboration agreement regarding renewable energy business with Sumitomo Forestry in May 2016, and this is the first project following the tie up.

\*2 Renewable energy feed-in tariff system: 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.

\*3 Unused timber from forests: Unused resources in forests, such as thinning and wood left over from logging due to warping or small diameter.

\*4 Including planned projects.

## ■ Overview of new business

Name	Kanda Biomass Energy K.K.
Location	13-5 Torigoecho, Kandamachi, Miyakogun, Fukuoka Prefecture
Equity stake	RENOVA Inc. 43.1% Sumitomo Forestry: 41.5% Veolia Japan K.K. 10% Kyuden Mirai Energy Co. 5% Mihara Group K.K. 0.4%
Business activities	Electric power supply through biomass power generation
Fuel used	Wood pellets, palm kernel shells, domestic wood chips, etc. (approximately 360,000 tons annually)
Main facilities	Fluidized bed boilers, steam turbine generators
Generation capacity	Generating-end output: Approx. 75.0 MW
Annual output	Approx. 500 GWh (sufficient to meet the annual electric power requirements of approx. 168,000 average homes)
Construction schedule	Commencement: November 2018 Start of operations: June 2021
Equity participation date	June 25, 2018