

October 24, 2014

For Immediate Release

Sumitomo Forestry Co., Ltd.

Equity Participation in Wood Biomass Power Generation Business in Tomakomai City, Hokkaido

Sumitomo Forestry Co., Ltd. (President and Representative Director: Akira Ichikawa; Head Office: Chiyoda-ku, Tokyo) today announced that it has signed a shareholder agreement together with Mitsui & Co., Ltd. (President and Chief Executive Officer: Masami Iijima; Head Office: Chiyoda-ku, Tokyo), Iwakura Corporation (President: Hideo Goto; Head Office: Tomakomai City, Hokkaido), and Hokkaido Gas Co., Ltd. (President: Hiroshi Ohtsuki; Head Office: Sapporo City, Hokkaido) for joint investment in the establishment of Tomakomai Biomass Power Generation Co., Ltd. (“the new company”) in Tomakomai City, Hokkaido to conduct wood biomass power generation business (“the new business”).

For this new business, power generation facilities will be built with a capacity of approximately 5.8 MW in the Harumi-cho district of Tomakomai City in order to produce electricity under the feed-in tariff scheme for renewable energy.¹ Construction will begin in May 2015, and the facility is expected to be in operation in December 2016.

The facility will be fueled by wood chips produced entirely from unused wood materials² from forests in Hokkaido. The commencement of the new business is expected to generate additional demand for approximately 60,000 tons of timber annually. The business will have wide-ranging social significance. In particular, it will encourage the maintenance of forest environments while stimulating the advancement of forestry in Hokkaido, and help revitalize the region through job creation.

The Sumitomo Forestry Group launched the first biomass power generation business in Indonesia in May 2008. In Japan, the Group began operation of a 33 MW urban-sourced wood biomass power plant that uses mainly construction waste materials for fuel (Kawasaki Biomass Electric Power Corporation²) in Kawasaki City, Kanagawa Prefecture in February 2011. Furthermore, the Group has commenced work on construction of a 50 MW forest-sourced wood biomass power plant in Mombetsu City, Hokkaido (Mombetsu Biomass Power Generation Co., Ltd.³), that will use unused wood materials and thinnings for fuel, with operation planned to commence in December 2016. The participation in the project in Tomakomai City announced at this time will be the third power generation business in Japan for the Group.

The Sumitomo Forestry Group is leveraging the experience gained thus far in the wood biomass power generation business in its involvement in power generation operations both large and small to deploy an environmentally friendly energy business suited to local conditions and other requirements. Moving forward, the Group intends to further enhance the added value of forest resources while contributing to the stable provision of energy, with consideration for the environment.

¹ Under this system, electric power companies are required to purchase electricity generated using renewable energy (solar, wind, hydro, geothermal, biomass) at a fixed price.

² It will be fueled with unused resources such as thinnings and wood leftover from logging.

³ A joint-operating company created through an investment ratio of Sumitomo Joint Electric Power Co.,

Ltd. 53%. Sumitomo Forestry Co., Ltd. 34% and Fuluhashi EPO Corporation 13%.

⁴ A joint-operating company created through an investment ratio of Sumitomo Forestry Co., Ltd. 51% and Sumitomo Joint Electric Power Co., Ltd. 49%.

Tomakomai Biomass Power Generation Co., Ltd.

Location	40-4 Harumi-cho, Tomakomai City, Hokkaido
Capital	499 million yen
Equity stake	Mitsui & Co., Ltd.: 40% Iwakura Corporation: 20% Sumitomo Forestry Co., Ltd.: 20% Hokkaido Gas Co., Ltd.: 20%
Business activities	Wood biomass power generation
Fuel used	Unused wood materials from forests (approx. 60,000 tons annually)
Main facilities	Fluidized bed boilers, steam turbine generators
Generation capacity	Generating-end output: Approx. 5.8 MW (Sending-end output: 5.0 MW)
Annual output	Approx. 40 million kWh (sufficient to meet the annual electric power requirements of approx. 10,000 average homes)
Tentative schedule for start of operations	December 2016

About Sumitomo Forestry

Founded in 1691, Sumitomo Forestry Co., Ltd. and its Group companies have broadened business activities focused on wood. Based on its corporate philosophy—“utilize timber as a renewable, healthy and environmentally friendly natural resource, and contributes to a prosperous society through all types of housing-related services”—and with its approximately 250,000 hectares of owned and managed forest, the global network that spans more than 20 countries and expertise and technology in housing-related businesses, Sumitomo Forestry Group is developing the Forestry and Environment Business, the Timber and Building Materials Business, the Housing Business, the Overseas Business, the Lifestyle Service Business and other businesses both in Japan and abroad. Adding such businesses as wooden biomass power generation and Timber Solution, it will continue to pursue the potential of timber.

President and Representative Director: Akira Ichikawa

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