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## **Announcement Concerning Final Investment Decision on Large-Scale Biomass Power Generation Project**

RENOVA, Inc. (hereinafter "RENOVA") announces that it made a final investment decision for Tokushima Tsuda Biomass Power Plant GK (Tokushima, Tokushima Prefecture; Capacity: 74.8 MW) as the operator of the Tokushima Tsuda Biomass Power Generation Project (hereinafter the "Tokushima Tsuda Biomass Project") in which development is led by RENOVA on February 25, 2019. In addition, RENOVA announces that it reached a financial close by signing a financing agreement with financial institutions (hereinafter "the Financing Agreement").

### 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 is accumulating its knowledge and experience through the development and operation of the Akita Biomass Project that it joined in 2015 as well as the Kanda Biomass Project, in which the construction of a 100% wood biomass power plant commenced in 2018. RENOVA has forged ahead with the Tokushima Tsuda Biomass Project by taking advantage of its knowledge and experience.

RENOVA will work on the development together with six co-sponsors, including local partners and Osaka Gas Co., Ltd., in an effort to increase its corporate value. By means of power plant construction and business operation, RENOVA will contribute to job creation and local and financial revitalization in the city of Tokushima and other areas in a bid to achieve collaborative creation with the local communities.

### 2. Future Outlook

Following the conclusion of the Financing Agreement, RENOVA will receive a Business development fee from Tokushima Tsuda Biomass Power Plant GK in the current fiscal year ending March 31, 2019. Of the business development fee, the amount equivalent to RENOVA's 41.80% share of dividends from the project is eliminated from the consolidated accounts before the consolidated net sales are posted. RENOVA will also receive an additional business development fee (hereinafter "additional fee") from some of the co-sponsors. It will not be eliminated from the consolidated accounts.

The consolidated earnings forecast for the current fiscal year ending March 31, 2019 already takes into account the posting of all the business development fees, including the additional fee, for consolidated net sales.

### 3. Other

RENOVA holds the right to additionally acquire 24.70% equity in the special purpose company owned by NEC Capital Solutions Limited. and Mitsubishi Electric Credit Corporation as co-sponsors (hereinafter “the Specified Co-Sponsors) on or after the date of completion of the Tokushima Tsuda Biomass Power Plant in accordance with the Memorandum of Understanding on Transfer of Equity in Special Purpose Company and Others Related to Tokushima Tsuda Biomass Power Plant GK that RENOVA has executed with the Specified Co-Sponsors. In the event of exercising this right, RENOVA’s ownership interest will be 60.80%, and the share of dividends distributed from the project to RENOVA will be 70.40%.



(Rendering of Tokushima Tsuda Biomass Power Plant)

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(Reference) Outline of the Tokushima Tsuda Biomass Project

Power Plant: Tokushima Tsuda Biomass Power Plant

Operator: Tokushima Tsuda Biomass Power Plant GK

Location: 1-3 Nakashowacho, Tokushima, Tokushima Prefecture

Planned Construction Site: Tsudakaigancho, Tokushima,

Tokushima Prefecture

Sponsors:

Company Name	Ownership Interest
RENOVA, Inc.*	36.10%
Osaka Gas Co., Ltd.	33.50%
NEC Capital Solutions Limited.	12.35%
Mitsubishi Electric Credit Corporation	12.35%
Genboku Co., Ltd.	1.90%
Dairi Lumber Co., Ltd.	1.90%
Tokushima Denki Sangyo Co., Ltd.	1.90%

(In the order of ownership interest, and in alphabetical order among those with the same ownership interest)

\* A 41.80% share of dividends is distributed from the project to RENOVA.

Finance Syndicate:

Company Name
Sumitomo Mitsui Trust Bank, Limited (lead manager)
The Awa Bank, Limited
Nippon Life Insurance Company
The Shiga Bank, Ltd.
The Tokushima Bank, Ltd.
The Nanto Bank, Ltd.
The Dai-ichi Life Insurance Company, Limited
The Juyo Bank, Ltd.
The Shoko Chukin Bank, Ltd.
The Daishi Bank, Ltd.
The Bank of Kochi, Ltd.
and one other bank
Mitsubishi UFJ Lease & Finance Company Limited (mezzanine lender)

Capacity: Approx. 74.8 MW

Annual Electricity Production: Approx. 500 million kWh

(equivalent to the annual power consumption of approximately  
150,000 households)

Power Sales Unit Price: 24 yen per kWh for general wood biomass

Fuels: Wood pellets, palm kernel shells (PKS),

Construction Commencement: Around spring 2019 (planned)

Operation Commencement: March 2023 (planned)

\* The outline of the project presents information based on the plan as of the announcement date, and it may be subject to change in future.