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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 large-scale biomass power generation project (Sendai, Miyagi Prefecture, Capacity: 74.95 MW, hereinafter "the Sendai-Gamo Biomass Project") in which development is led by RENOVA through Morinomiya Biomass G.K., on October 26, 2020. 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 of creating 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 power.

RENOVA has been accumulating knowledge through development and operation of wood biomass-fueled power plants in the Akita Biomass Project, under which the power plant has been in healthy operation since its completion, as well as in the Kanda Biomass, Tokushima-Tsuda Biomass, Omaezakikou Biomass and Ishinomaki Hibarino Biomass projects, which are currently under construction. RENOVA has forged ahead with development in the Sendai-Gamo Biomass Project by taking advantage of this knowledge.

Moving forward, RENOVA will work on the development together with four co-sponsors, namely Sumitomo Forestry Co., Ltd., United Purpose Management, Inc., Mizuho Leasing Co., Ltd. and Daiwa Energy & Infrastructure Co., Ltd., in an effort to increase the corporate value of the Sendai-Gamo Biomass Project. By means of power plant construction and business operation, RENOVA will contribute to local and economic revitalization in the area centering on the city of Sendai through job creation and the utilization of port and harbor infrastructure, as it seeks to achieve collaborative creation in partnership with local communities.

2. Outlook

In terms of the impact on business results for the current fiscal year ending March 31, 2021, following the conclusion of the Financing Agreement, RENOVA will receive a business development fee from Morinomiya Biomass Energy GK. The impact of this business development fee has already been incorporated into RENOVA's consolidated earnings forecast in the Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (Japanese GAAP) which was announced on May 7, 2020, and is negligible. RENOVA will promptly disclose any other matters that should be announced, as and when they arise.

3. Other

RENOVA holds the right to additionally acquire 31.0% equity in the special purpose company owned by co-sponsors Mizuho Leasing Co., Ltd. and RenoDa Partners G.K.*1, on or after the date of completion of the Sendai-Gamo Biomass Power Plant, in accordance with the Memorandum of Understanding on Transfer of Equity Related to Morinomiya Biomass Energy GK that RENOVA has entered into with the two companies (Mizuho Leasing Co., Ltd. and RenoDa Partners G.K.*1) In the event of exercising this right, RENOVA's ownership interest will be 60.0%.



(Rendering of Sendai-Gamo Biomass Power Plant)

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(Reference) Outline of the Sendai-Gamo Biomass Project

Power Plant: Morinomiyako Biomass Power Plant
Operator: Morinomiyako Biomass Energy G.K.
Location: 2-2-1 Kyobashi, Chuo-ku, Tokyo
Planned Construction Site: Shin 1-go 1-bangai, Gamo, Miyagino-ku, Sendai, Miyagi Prefecture

Sponsors
(in the order of ownership
interest)

Company Name	Ownership Interest
RENOVA, Inc.	29.0%
United Purpose Management, Inc.	25.0%
Sumitomo Forestry Co., Ltd.	15.0%
Mizuho Leasing Co., Ltd.	17.0%
RenoDa Partners G.K.*1	14.0%

Financial Arrangers and
Syndicates
(in alphabetical order by
category)

Company Name
Sumitomo Mitsui Trust Bank, Limited (Lead manager)
Resona Bank, Limited (Joint lead manager)
(Major participating financial institutions)
The Aichi Bank, Ltd.
The Bank of Iwate, Ltd.
The Bank of Yokohama, Ltd.
The Iyo bank, Ltd.
The Shizuoka Bank, Ltd.
The Yamaguchi Bank, Ltd.
Ugo Shinkin Bank
The Shoko Chukin Bank, Ltd.
Asahi Mutual Life Insurance Company
JA Mitsui Leasing, Ltd. (mezzanine lender)

Power Generation Capacity: 74.95 MW (based upon the gross capacity)
Annual Electricity Production (estimated): Approx. 553,300 MWh (equivalent to the annual power consumption of approximately 170,000 households)
Power Sales Unit Price: 24 yen per kWh for general wood biomass
Fuels: Wood pellets, palm kernel shells (PKS)
Construction Commencement: August 2020: Order to start
(Full construction is scheduled for February 2021)
Operation Commencement: November 2023 (planned)

*1 Limited Liability Company involved in the Daiwa Securities Group.

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