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Announcement Concerning Financial Close for RENOVA's Large-Scale Solar PV Project

RENOVA, Inc. (hereinafter "RENOVA") announced that Hitoyoshi Solar G.K. has reached a financial close for the Hitoyoshi Solar Project (Hitoyoshi, Kumamoto Prefecture; generation capacity of 20.8 MW; hereinafter "Hitoyoshi Solar"). Hitoyoshi Solar G.K. will be the project operator of Hitoyoshi Solar. Hitoyoshi Solar T.K. will be an associate of RENOVA.

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 power.

Hitoyoshi Solar is RENOVA's thirteenth large-scale solar power plant and a second such plant in Kumamoto Prefecture. RENOVA will certainly be undertaking this construction project in a bid to increase its corporate value and to contribute to local revitalization and the economy in the city of Hitoyoshi.

2. Future Outlook

RENOVA will recognize project development revenue from Hitoyoshi Solar G.K. upon the financial close. The expected amount of project development revenue is incorporated in the consolidated forecasts announced in the *Notice of Revision to Full Year Consolidated Forecasts* on November 1, 2019. An amount equivalent to 38.0%, RENOVA's planned ownership interest, of the revenue will be eliminated in the consolidation accounting.

3. Other

RENOVA and the co-sponsor, Fuyo General Lease Co., Ltd., will maintain involvement as silent (Tokumei Kumiai) investors. RENOVA's initial ownership interest will be 38.0%. In accordance with the Memorandum of Understanding on Transfer of Equity in Tokumei Kumiai Concerning Hitoyoshi Solar GK, RENOVA holds the right to additionally acquire all 62.0% equity in the Tokumei Kumiai currently owned by the co-sponsor on or after the date of completion of the Hitoyoshi Solar Power Plant.

(Reference) Outline of Hitoyoshi Solar

(1) Power Plant	Hitoyoshi Solar Power Plant
(2) Location	Higashi-Otsuka-machi, Hitoyoshi, Kumamoto Prefecture
(3) Capacity	20.8 MW ^{*1}
(4) Annual Electricity Production ²	Approx. 22 million kWh (equivalent to approx. 6,000 households)
(5) FIT rate	36 yen per kWh (The FIT period is estimated at 18 years and eight months ^{*3} .)
(6) Forecasted annual net sales ^{*2}	Approx. 800 million yen
(7) Forecasted annual EBITDA ^{*2*4}	Approx. 600 million yen
(8) Development Area	Approx. 24 ha
(9) Sponsors	RENOVA, Inc. Fuyo General Lease Co., Ltd.
(10) Construction Commencement	November 2019
(11) Completion of Development	June 2023

*1 The generation capacity is on a module capacity basis.

*2 Figures are as currently planned and may be subject to change.

*3 The Grid Connection Tender process took approximately 2 years and was completed in October 2018.

*4 EBITDA = ordinary profit + net interest expenses + depreciation + amortization of long-term prepaid expenses (grid connection costs and deferred consumption tax) + amortization of goodwill + amortization of deferred assets (business commencement expenses and deferred organization expenses)



Rendering of the Hitoyoshi Solar Power Plant

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