

Acquisition of Shares of Eastland Generation Limited

OBAYASHI CORPORATION (hereinafter referred to as the “Company”) hereby announces that it has decided to acquire 50% of shares of Eastland Generation Limited (“EG”), a New Zealand-based renewable energy power generation company, and to make it an affiliate of the Company. It has also been resolved to establish a local corporation, Obayashi Clean Energy New Zealand Limited (“OCENZ”), fully invested by the Company to acquire shares of EG. The local corporation falls under the category of a specified subsidiary of the Company, and the details are described below.

1. Reason for acquisition of shares

The Obayashi Group is actively working to achieve carbon neutrality and is engaged in renewable energy projects in Japan and overseas. In Japan, the Company has been involved in the development and operation of solar, wind (onshore and offshore), biomass, and geothermal power generation, and has accumulated know-how and knowledge that can meet various needs related to renewable energy. In New Zealand, where initiatives for renewable energy are advanced, the Company established a joint venture with a local company and constructed a production plant of CO₂-free hydrogen (green hydrogen) using geothermal power generation. By the initiation of test marketing of green hydrogen produced at the plant etc. from 2021, the Company has been undertaking the establishment of a green hydrogen value chain in New Zealand.

EG, of which the Company is acquiring shares, develops and operates geothermal, hydro, and other renewable energy power plants in New Zealand with a total power generation capacity of 63 MW. Due to the government's policy to increase the proportion of renewable energy use to 100% by 2030, demand for renewable energy in New Zealand is expected to increase. EG is planning to expand renewable energy generation to over 100 MW by 2027 by promoting the development of projects such as power plants (total power generation capacity of over 54 MW) for which resource consents have been obtained.

By offering EG the know-how and networks the Obayashi Group has cultivated in Japan and New Zealand, it enables the Company's renewable energy power generation business to grow even further. The Company will collaborate with EG to secure the renewable energy vital to the Company's projected enhancement of green hydrogen production in New Zealand.

The Obayashi Group will continue to promote its renewable energy business, thereby strengthening its profitability and contributing to the realization of carbon neutrality.

The shares of EG will be acquired through the local corporation, OCENZ, which will be established as a wholly owned subsidiary of the Company. The total amount of the investment in OCENZ is equivalent to 10% or more of the Company's capital amount, and therefore the local subsidiary will fall under the category of a specified subsidiary.

2. Overview of Eastland Generation Limited subject to being an affiliate of the Company

(1)	Name	Eastland Generation Limited		
(2)	Location	Gisborne, New Zealand		
(3)	Name and Title of Representative	Alice Pettigrew CEO		
(4)	Description of Business	Renewable energy power generation in New Zealand Power generation capacity: 1. In operation Geothermal: approx. 59 MW, Hydro: approx. 4 MW 2. Under development Geothermal: approx. over 49 MW, Solar: approx. 5 MW		
(5)	Capital	NZD 89 Million (as of March 31, 2023)		
(6)	Establishment	June 2007		
(7)	Major Shareholders and Ownership Ratio	Eastland Group LTD 100% (as of March 31, 2023) 50% of which to be acquired by OCENZ		
(8)	Relationship between the Company and said company	Capital relationship	None	
		Personal relationship	None	
		Business relationship	None	
(9)	Operating results and financial position of said company for the last three years (in Thousands of NZ dollars)			
As of/ fiscal year ended		FY2021, March	FY2022, March	FY2023, March
Total assets		237,137	338,772	356,612
Net sales		37,991	48,668	51,085
EBIT		12,789	10,270	4,531
(10)	Dates	Execution of share transfer agreement	November 10, 2023	
		Share acquisition	March 31, 2024 (scheduled)*	

* The acquisition is subject to approval by the New Zealand government authorities.

3. Overview of the subsidiary (Obayashi Clean Energy New Zealand Limited) subject to change

(1)	Name	Obayashi Clean Energy New Zealand Limited		
(2)	Location	Auckland, New Zealand		
(3)	Name and Title of Representative	Kenichi Ando Director		
(4)	Description of Business	Investment in renewable energy and hydrogen-related business in New Zealand		
(5)	Capital	NZD 228 Million (scheduled) The capital at the time of establishment is scheduled to be 1 NZ dollar, and the remaining amount will be increased when acquiring shares of EG (scheduled for March 31, 2024).		
(6)	Establishment	November 9, 2023		
(7)	Major Shareholder and Ownership Ratio	Obayashi Corporation 100%		
(8)	Relationship between the Company and said company	Capital relationship	None	
		Personal relationship	None	
		Business relationship	None	
(9)	Operating results and financial position of said company for the last three years	N/A (Established on November 9, 2023)		
(10)	Date	Execution of capital increase	March 31, 2024 (scheduled)	

4. Future Outlook

The impact of this transaction on the Company's consolidated results for the fiscal year ending March 2024 is minimal.

Disclaimer

This document has been translated from the Japanese original for reference purpose only. If there is any discrepancy between the Japanese original and this English translation, the former will prevail.