

Implementing Medium-Term and Long-Term Growth Strategies

Part 3

We are promoting global initiatives to provide technology exceeding customer expectations and develop appealing communities.

Feature 1

Kajima's comprehensive construction capability meeting the demands of the semiconductor and digital industries 47

Feature 2

Evolving from town planning to innovation creation
Creating the future for Haneda Innovation City
with our construction value chain 51

Feature 3

Kajima Europe's strategy to create
new businesses and continue its growth 55





Construction of Kouchigawa Bridge on the Shin-Tomei Expressway (Kanagawa)

Kajima's comprehensive construction capability meeting the demands of the semiconductor and digital industries

The Kajima Group leveraged its proposal, design-build, and engineering capabilities to construct the 1st Fab of Japan Advanced Semiconductor Manufacturing (JASM) in Kumamoto Prefecture. The factory is a national project and one of the largest semiconductor production facilities in Japan. Kajima constructed the main factory building, utility facilities building, several auxiliary buildings, and office building, completing all construction on schedule in December 2023.



Increasing construction of semiconductor factories

The Japanese government's Strategy for Semiconductors and the Digital Industry launched in 2021 positioned the development and growth of the domestic semiconductor industry as a national project. The government set a target to increase domestic semiconductor-related sales to over ¥15 trillion by 2030, roughly three times the level in 2020. The 1st Fab of JASM marks the beginning of a wave of construction in the industry as numerous companies are advancing plans for large semiconductor production facilities.

When construction of production facilities for electronic devices ramped up in the 2000s, Kajima developed design methods for clean rooms and techniques to prevent operational microvibrations in production facilities, as well as construction methods with minimized microvibrations. We continued accumulating technologies and solutions as we responded to each new emerging need, such as developing energy-efficient designs for reducing CO₂ emissions and business continuity plans. In 2022, we combined these technologies and our design-build capabilities to construct

several electronics manufacturing sites, including a major production plant for semiconductor memory. [▶ P.50](#)

One of the largest semiconductor plant in Japan

The 1st Fab of JASM completed in December 2023 is a semiconductor production complex of Japan Advanced Semiconductor Manufacturing (JASM) Inc., which is a majority-owned subsidiary of Taiwan Semiconductor Manufacturing Company (TSMC), one of the world's leading contract semiconductor foundries. The plant, which is TSMC's first semiconductor factory and manufacturing operation in Japan, is a national-level project with investment partners including Sony Semiconductor Solutions Corporation and Denso Corporation and to which the Japanese government is providing up to ¥476 billion in subsidies. The plant, which is planned to commence operations by the end of 2024, will manufacture 22/28 and 12/16 nanometer semiconductors with an expected monthly production capacity of 55,000 wafers (300 mm wafers) and is expected to employ approximately 1,700 personnel.



Project details

The 1st Fab of JASM

Location: Kikuyo Town, Kikuchi District, Kumamoto Prefecture

Client: Japan Advanced Semiconductor Manufacturing Inc.

Design and supervision: Kajima Corporation

Facilities: Offices, factory, parking lot

Construction: Kajima Corporation

Construction period: April 2022 to December 2023

Global standard for quality and speed

The construction of the 1st Fab of JASM was a monumental project that required a comprehensive effort by the Kajima Group. The construction order had explicit conditions—construct the facilities based on Japanese building standards and TSMC’s specifications and adhere to the challenging 20.5-month construction period. We immediately gathered teams of engineers experienced with projects related to electronic device manufacturing and began formulating a plan to fulfill the client objectives. Kajima Group company Chung-Lu Construction, which like TSMC is based in Taiwan, worked with us from the initial proposal stage as the whole Group joined forces to fully identify TSMC’s objectives and quickly formulate a construction plan. Our ability to collaborate seamlessly across borders and our commitment to delivering tailored proposals were key factors in our selection.

Demonstrating Kajima’s comprehensive strength

We established an on-site organizational structure headed by an officer in charge of construction acting as the general manager

providing prompt assessment and job instructions for the 304 employees brought to the project from eight Kajima branches nationwide. Our nationwide network of partner companies delivered materials, equipment, and skilled workers from inside and outside Japan and, at the peak construction period, the number of on-site workers in a single day often surpassed 7,500. The Kajima Group value chain encompassed 20 group companies providing technologies and services to the project.

■ Taiko Trading Co., Ltd.	Pile construction, material and equipment procurement
■ Kajima Road Co., Ltd.	Road and exterior construction
■ Chemical Grouting Co., Ltd.	Earth retaining and ground improvement
■ Clima-Teq Co., Ltd.	Facility construction
■ Kajima Fit Co., Ltd.	Fireproof coating
■ ARMO Co., Ltd.	Design collaboration
■ Ilya Corporation	Furniture design, construction and delivery ▶ P.70
■ Global BIM Inc.	BIM modeling

Feature 1

Kajima's comprehensive construction capability meeting the demands of the semiconductor and digital industries



BIM used for visualization and to enhance productivity

Completing the project presented innumerable challenges including constructing with world-class quality and speed, building consensus with the client in Taiwan, simultaneously constructing multiple buildings with different uses, simultaneously designing and preparing for the start of construction, and gathering and coordinating information from over 30 separate facility construction companies. We made full use of Building Information Modeling (BIM) to make it all possible.

An essential tool for digitalizing construction projects, BIM

is an integrated management system for creating three-dimensional building shape information on a computer and incorporating specific information details, such as specifications and performance values for each building section; names, uses, and final images of each room; and cost information. We made extensive use of BIM in every phase of the project, from client consultations and negotiations to the integrated coordination of architectural, structural, and MEP design, material quantity calculations, and construction management. The enhanced visualization and productivity facilitated by BIM played a pivotal role in ensuring efficient construction and the overall success of the project.

A testament to meticulous planning and teamwork

The primary challenge of this project was to efficiently manage a large workforce and numerous resources while ensuring smooth transitions between project phases. My extensive construction experience has taught me that meticulous planning and effective communication are paramount. This was a major project, and we were able to complete and deliver it on time because of our ability to accurately interpret client needs and to



Construction workers at the topping-out ceremony

develop sound plans that we then executed effectively. BIM enhanced our collaboration and streamlined processes so our experienced design and construction teams, along with seven thousands of engineers, were able to successfully complete the project on time.



Koichiro Kitamura

Assistant to General Manager
Building Construction Management Division

Diverse human resources

The project's challenging timeline and substantial scale necessitated mobilizing a significant workforce and efficiently managing extensive documentation. Some 400 partner companies, including those directly engaged by the client, contributed to this endeavor. The project benefited significantly from the diverse skills and perspectives of our workforce, which included foreign workers, particularly welders from our group companies. To foster a safe and inclusive workplace, we implemented multilingual signage, intuitive safety measures, and an on-site information center. Additionally, our IT specialists facilitated the digitalization of on-site operations, enabling remote work and enhancing overall efficiency.

Preparing for growing demand

The project provided Kajima with new expertise in the construction of large semiconductor plants garnered from our efforts to coordinate engineering, construction, and Group companies and to collaborate with partner companies to meet client specifications. The vast size of the project also allowed us to gain critical expertise dealing with issues in areas not directly involved in construction, such as managing a large workforce from across the country, protecting the environment, and handling risk to the surrounding environment from the large volume of materials and equipment being transported on and off site. We will horizontally leverage the knowledge and know-how accumulated through this project to make our operations more competitive and productive to respond to the growing demand for semiconductor factory construction.

Topics

TSMC recognition as an excellent supplier

TSMC recognized Kajima with the Excellent Performance Award for completing the 1st Fab of JASM on schedule. TSMC presents the annual award to suppliers in fields ranging from semiconductor manufacturing equipment to materials, inspections, components, and facility management services in recognition of outstanding support and contributions over the previous year. In 2023, TSMC presented 20 awards, including seven awards to Japanese companies.

TSMC CEO C. C. Wei, who became chairman and CEO in June 2024, presented Kajima President Amano a commemorative gift at the 2023 Supply Chain Management awards ceremony held on December 7, 2023.



TSMC CEO C. C. Wei and Kajima President Amano at the awards ceremony

Meeting domestic demand for construction of semiconductor production facilities

Plans are under way across Japan to construct manufacturing sites for semiconductors, semiconductor manufacturing equipment, and related components.

Kajima has an extensive track record constructing manufacturing facilities for the semiconductor industry. Prior to the 1st Fab of JASM, we designed and constructed the new Y7 Building at the Yokkaichi Plant of Kioxia Corporation. The Kajima Group Medium-Term Business Plan (FY2024–2026) sets semiconductor industry projects as a priority area for which we are strengthening our capabilities.



The new Y7 Building at the Kioxia Yokkaichi Plant (Mie Prefecture, completed in 2022)

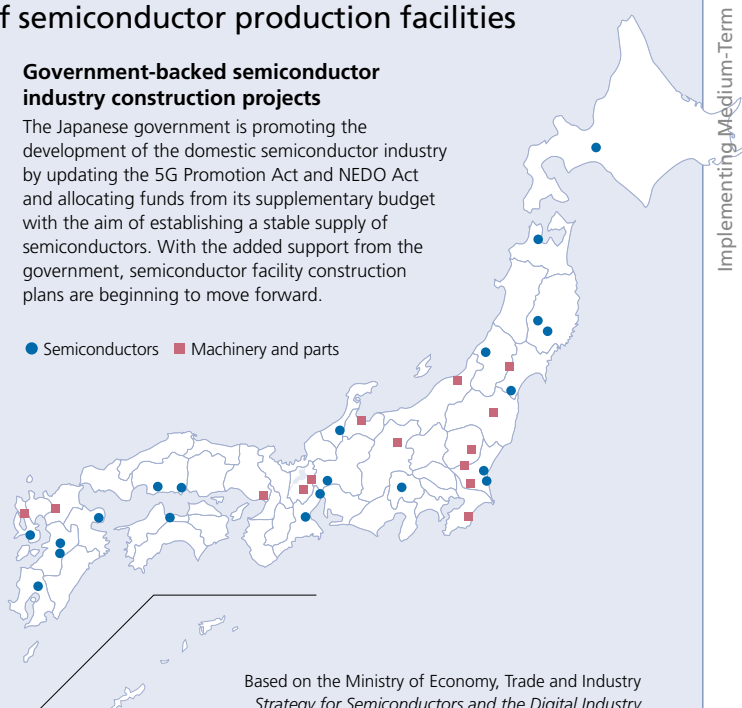


TDK Kitakami Factory (Iwate Prefecture, completed in 2024)

Government-backed semiconductor industry construction projects

The Japanese government is promoting the development of the domestic semiconductor industry by updating the 5G Promotion Act and NEDO Act and allocating funds from its supplementary budget with the aim of establishing a stable supply of semiconductors. With the added support from the government, semiconductor facility construction plans are beginning to move forward.

● Semiconductors ■ Machinery and parts



Evolving from town planning to innovation creation Creating the future for Haneda Innovation City with our construction value chain

Following our growth strategy of “diversifying revenue sources by expanding the value chain,” we are creating a unique value chain in the real estate development business by leveraging the Group’s comprehensive strength and collaborations with external partners in project processes upstream and downstream.

In this feature, the leader of the Haneda Innovation City development project provides insight to operations at the project site.

Haneda Innovation City (Ota City, Tokyo)

Kajima and eight investor companies established the Haneda Future Development Co., Ltd. to develop and operate the 5.9-hectare municipal land adjacent to Haneda Airport, Japan’s international gateway. The large-scale complex houses a diverse range of facilities, including R&D laboratories, offices for mobility and robotics firms, a cutting-edge medical research center, hotels, convention facilities, and various dining options.

Project summary

Project name: The Former Haneda Airport Site 1st Zone Development Project (phase 1 project)

Facility name: Haneda Innovation City (HICity)

Business operator: Haneda Future Development Co., Ltd.

Site area: approximately 5.9 ha

*Total area of the Zone 1 former airport site is about 16.5 ha

Scale: Concrete filled tube (CFT) and partially reinforced concrete structure, 11 floors above ground, 1 floor underground.
Total floor area: approximately 131,000 m²

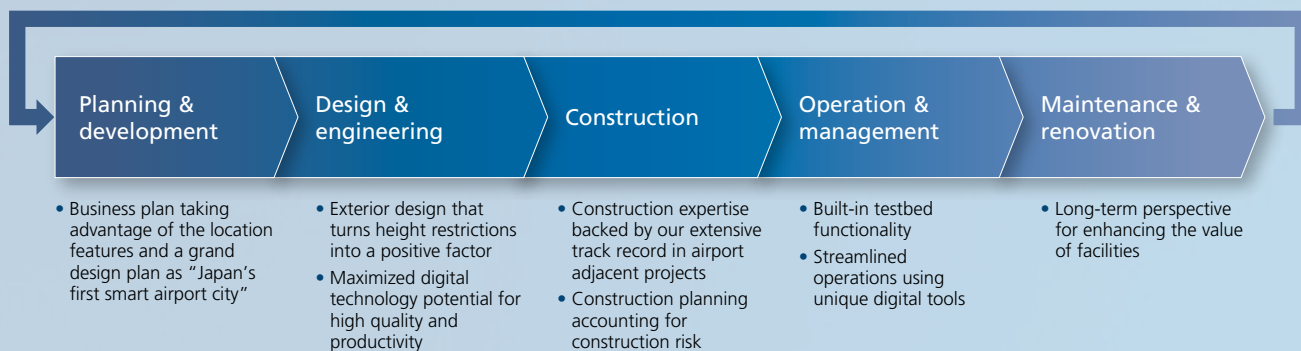
Design: Kajima Corporation, Daiwa House Industry Co., Ltd.

Construction: Kajima Corporation, Daiwa House Industry Co., Ltd.

Construction period: December 2018–June 2023

Grand opening: November 2023

The Kajima value chain at Haneda Innovation City



The objective of the Haneda Innovation City complex is to use Haneda Airport as the gateway for creating and stimulating new industries. The complex, which is divided into Zones A through L, is designed to take advantage of its prime location just a one minute walk from Tenkubashi Station of the Tokyo Monorail and Keikyu Electric Railway Airport Line, which are next to Haneda Airport Terminal 3.
Website: <https://haneda-innovation-city.com/en/>



Planning and development

Smart airport city where state-of-the-art and culture come alive

Haneda Innovation City is a public-private partnership project launched by Ota City, Tokyo, to revitalize the local community. Located on the former Haneda Airport site, the project leverages its prime location adjacent to the current international airport to advance “state-of-the-art tech industry” and “cultural industry.” Leased for 50 years, the land is a designated National Strategic Special Zone contributing to Japan’s national growth strategy.

Kajima’s history of numerous large-scale redevelopment projects in central Tokyo has provided with expertise in identifying the characteristics of a region and bringing out the full potential of specific sites targeted for development. In creating the master plan for the Haneda project, we sought to revive local industries that are currently shrinking due to the aging population and shortage of industry professionals to carry the operations into the future. We focused mainly on the machine metal processing industry, which is the largest industry in Ota City.

With “cutting edge” as our theme, we set out to develop an R&D hub that generates and emanates innovation by creating connections between the human resources and technologies of the local small urban factories and the leading technologies like mobility and robotics that Japan is famous for. We also incorporated facilities for health care R&D to stimulate exchange with the high concentration of medical research institutes just across the river in Kawasaki. Cultural exchange and inbound tourism demand were also key planning points. Targeting travelers using Haneda Airport, we created a stage for disseminating Japanese culture through contemporary art, music, entertainment, and food to stimulate cultural exchange and add to the site’s vibrancy.

Leveraging Kajima’s strength in selecting and collaborating with outstanding business partners, Haneda Innovation City is the result of the shared vision of nine companies: Kajima Corporation, Daiwa House Industry, Keikyu Corporation, Japan Airport Terminal, Airport Facilities, East Japan Railway Company, Tokyo Monorail, Nomura Real Estate Partners, and Fujifilm Corporation. Our strong brand, built on experience and a successful track record, enables us to form alliances with leading industry players.

Atsushi Kato

General Manager, Project Development, Real Estate Development Division, Kajima Corporation
General Manager, Haneda Future Development Co., Ltd.

Design & engineering

Designed to highlight the advantages of the nearby airport

Kajima oversaw all of the project’s planning, development, design, and construction. Our ability to oversee all aspects of a project is highly effective for ensuring an urban development project is of the highest quality and for demonstrating our superiority in competitions for projects. Our presentation for this project was very well received. We presented a highly cogent grand design plan that we had formulated with the design team from the initial planning stage along with a perspective image of the final buildings showing both the interiors and exteriors.

From a distance, Haneda Innovation City is designed to appear like a dynamic group of structures that gently stretch from the airport terminal toward the sky like a plane taking off. The Civil Aeronautics Act has strict height limits for buildings near airports, but our design team skillfully turned the restrictions into a positive element. In addition, the flow line plan included a 200-meter-long main street called the Innovation Corridor connecting the entire facility. This grand design fully express the Haneda Innovation City concept of “diverse people, things, and information coming together and interacting to stimulate innovation.”



Top: Haneda Innovation City as seen from the Tama River
Bottom left: Innovation Corridor connecting the entire facility
Bottom right: An outdoor open space with a large roof

Front loading by combining design and construction

For the Haneda Innovation City project, we took advantage of our strengths in design and construction to engage in “front loading,” in which construction plans are examined ahead of schedule. In the design stage, design and construction teams use building information modeling (BIM) to examine buildings and construction in detail, such as potential conflicts between building utilities and piping, as well as determining the necessary workforce, machinery, materials, and work processes. By planning every aspect of a project early on, including construction methods and technology needs, we are able to ensure safety, improve productivity, reduce costs, and maintain the highest quality.

Construction

Construction capabilities backed by abundant experience and enhanced with digital technology

Since the Haneda Airport offshore development project began in the 1980s, Kajima has been responsible for the construction of several airport-related facilities, including preparing landfill infrastructure, constructing surrounding expressways, constructing Runway D, and constructing and expanding the Terminal 3 building.

For the construction of Haneda Innovation City, we applied the full depth of our experience and expertise in airport-related construction and incorporated the latest digital technologies with the aim of our on-site management having zero impact on airport operations. In addition, the department managers of the Real Estate Development Division, the Architectural Design Division, and the Tokyo Architectural Construction Branch, which was in charge of construction, communicated closely and worked together as a tight unit to carry out the project.

We faced several significant challenges, including simultaneously handling multiple major projects in the Tokyo metropolitan area and the impact of the COVID-19 pandemic. At the same time, labor and material costs were soaring, but early procurement and real-time modifications made possible by our cost management system enabled us to stay ahead of price fluctuations and keep costs under control.



Haneda Innovation City under construction in July 2022

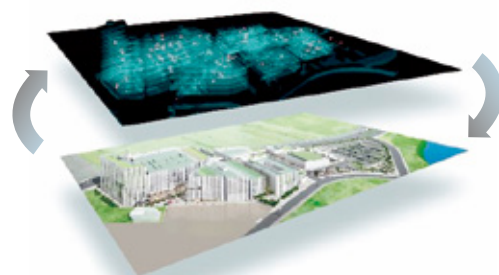
Operation & management

Testbed for the social implementation of advanced technologies

Haneda Innovation City, which held its grand opening in November 2023, features offices and laboratories of some 50 companies and universities conducting advanced research on mobility, robotics, and other innovative technologies with the aim of creating “state-of-the-art tech industry.” The facilities were carefully designed to accommodate demonstrating testing of R&D innovations. Kajima has always integrated new technologies into its development projects, and we have a corporate culture of always seeking evidence-based and reliable technologies. The “testbed function” we built into Haneda Innovation City is our way of sharing this culture with research institutes.

The complex’s operation and management uses the Kajima “3D K-Field” technology enabling BIM-based management using digitalized data from all of the building planning, design, construction, maintenance, and operation processes. The 3D K-Field serves as a digital twin for visualization using data from camera and sensors combined with a virtual space for monitoring the flow of people—facility visitors, security, logistics, and cleaning staff—and the location and operating status of self-driving buses and service robots. The system increases facility management efficiency, while information boards improve convenience for visitors by showing the availability of conference rooms and restrooms and by providing directions to each building.

One of the testbed functions is being fulfilled by facility operations manager Kajima Tatemono Sogo Kanri Co., Ltd. The company plans to incorporate emerging big data and AI technologies to create a reliable and efficient operating management tool. Combining this with open data provided by the government and corporations, it is seeking to generate a virtuous cycle leading to smart offices, smart hospitals, smart factories, and smart parking facilities and the creation of new value.



The 3D K-Field technology links facility management tools and spatial data

Maintenance & renovation

Enhancing facility value for the long term

Haneda Innovation City was designed to make full use of the high-quality service capabilities of Kajima Group companies to build the value of the facilities into the long term. Avant Associates, Inc. is the secretariat and formulates guidelines for area management to maintain and improve a good environment in the complex. For overall property management, which is indispensable for improving asset value, Kajima Property Management Co., Ltd. manages office spaces and Kajima Tokyo Development Corporation is in charge of commercial facilities, formulating and implementing management and operation plans from the initial planning stage. Kajima Tatemono Sogo Kanri Co., Ltd. is in charge of building management, and Katabami Corporation is in charge of greening and landscaping.

Together with the consortium companies and in dialogue with Ota City, local communities, research partners, and commercial tenants, we will continue the evolution of the Smart Airport City.

Japan's first Smart Airport City presenting state-of-the-art and culture

Haneda Innovation City, which is located in a designated National Strategic Special Zone, was selected in 2020 to be a Smart City Leading Model Project by the Ministry of Land, Infrastructure, Transport and Tourism. The complex is the first Smart Airport City in Japan and was certified as a Project for Promoting Data Collaboration and a Development Partner. Haneda Innovation City serves as a platform to showcase Japanese culture while driving advancements in cutting-edge technologies and offers a unique experience to travelers visiting Japan.

Advancing in three directions

Smart Mobility

An innovative company in R&D and development of cutting-edge mobility technologies has a test course and is using Haneda Innovation City as a testbed for autonomous buses and personal mobility.



A self-driving bus



The autonomous driving test course and office of the Denso Corp. Global R&D Tokyo, Haneda

Smart Robotics

A company conducting research in advanced robotics technology development has set up a laboratory to develop automated equipment used in Haneda Airport operations. The company also operates restaurant service robots that prepare and serve meals to customers.



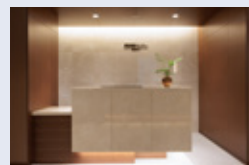
The "terminal.0 HANEDA" R&D facility



A robot server at the AI_SCAPE restaurant

Smart Healthcare

Healthcare companies at the complex are researching next-generation medicine, engaging in joint research with medical devices and drug discovery manufacturers, and conducting demonstration experiments of healthcare innovations. Medical tourism services are also accommodated by the attached hotel and facilities.



Fujita Medical Innovation Center Tokyo



Provide medical tourism services

A stage for experiencing Japanese culture

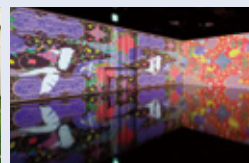
Haneda Innovation City is vibrant with opportunities to experience the latest trends in Japanese culture ranging from contemporary art to music, movie and theater entertainment, Japanese cuisine, and sightseeing.



Two hotels



Flying car exhibit



Digital experience facilities
The Haneda Dejima digital experience



Live entertainment

Message

Making Haneda Innovation City an airport town that moves people's hearts

I joined Haneda Innovation City project to be a part of injecting new energy into my hometown of Ota City and Haneda. The project's lead company, Kajima, oversaw construction of the Haneda Airport Passenger Terminal and is an irreplaceable partner for the airport. We have received warm guidance and support throughout the entire process, from the initial stage of forming the consortium to planning, development, design, construction, and opening to the present.

In March 2024, we opened "terminal.0 HANEDA" R&D facility based on the concept of "Everything the airport can do to move people's hearts." Our purpose is to develop solutions for issues facing the airport and co-create solution businesses with Kajima and the other 32 companies, one organization, and two universities participating in the project. We are aiming to build the solutions our project develops out from passenger terminals to create an "airport community that moves people's hearts" and continue expanding to develop airport communities around the world.



Yoko Koyama
Senior Managing Director
Executive Officer
Japan Airport Terminal
Co., Ltd.

Kajima Europe's strategy to create new business and continue its growth

Kajima's overseas operations have become a linchpin of Group earnings through each business site's steady business development. Kajima Europe (KE) has been consistently generating earnings by flexibly shifting its business regions and diversifying its business portfolio in response to changes in political, economic, social, and market conditions. European countries are advanced in virtually every field, including addressing environmental issues, and the company is accordingly pursuing new business directions to broaden its business growth.

(KE FY2023: Revenue ¥41.3 billion, net income ¥7.0 billion, number of employees 508)

The starting point for business growth

Kajima extended its reach to Europe in 1976 with the construction of the World Trade Center in Berlin, a project to commemorate the establishment of diplomatic relations between Japan and the former East Germany. Kajima was selected for the project based on its technologies exhibited in the construction of the Kasumigaseki Building in Japan and other high-rise buildings. After various construction projects in East Germany, including three major hotels, KE was fully established in 1987 with its business headquarters for building construction and real estate development projects across Europe.

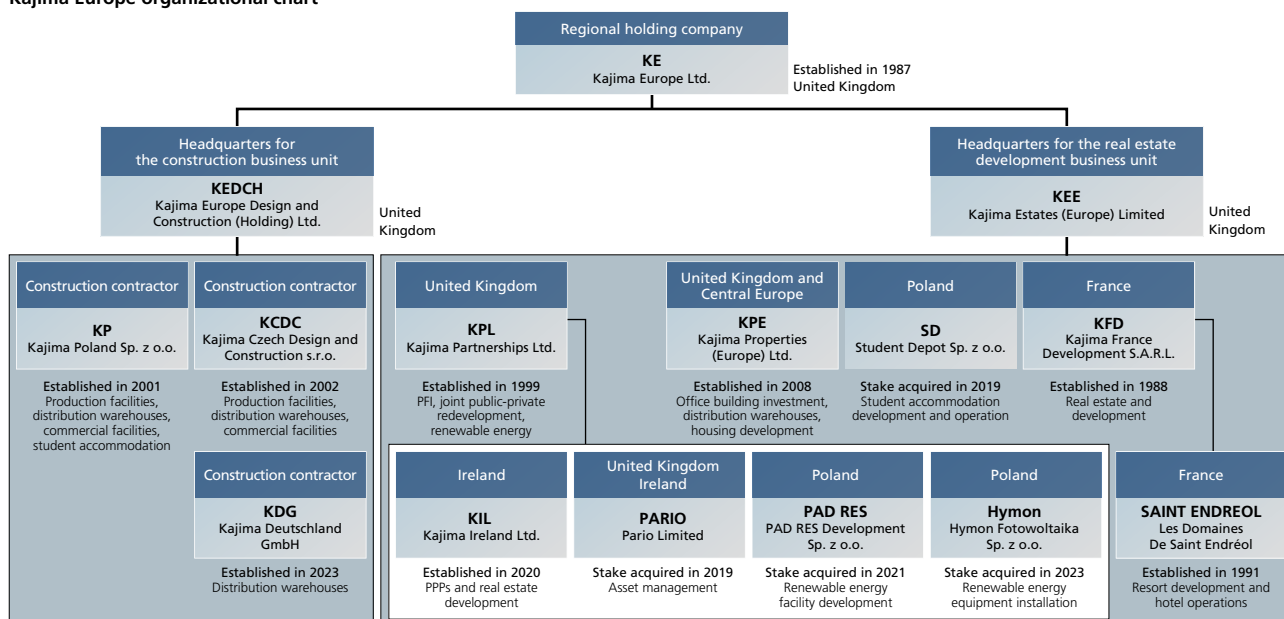
KE was originally located in the Netherlands, where it oversaw operations in the United Kingdom and Western Europe. From its current headquarters in London the company has adapted its business regions and strategies in response to changing regional, social and economic conditions. KE currently has construction businesses in Poland and two other countries, and real estate development operations in nine countries, centered in the United Kingdom and Poland.

Economic conditions in Europe are always fluctuating, and KE's construction business started growing in the 2000s when it shifted its focus from Western to Central Europe and

localized the management of its operating companies. Since European countries have long-held traditions and customs, construction companies must establish themselves as local general contractors by fostering strong ties to the community and gaining the trust of local customers and supply chain companies. KE therefore formed Kajima Poland (KP) with a management structure rooted in the community and led by a president from the area. This approach combines Kajima's corporate culture and strengths with the local company brand power. KP has since grown into one of Poland's leading construction companies and is a rare European company providing fully integrated design and build services.

Kajima's real estate business in Europe started growing in 2000 when Kajima Partnerships (KPL) launched its private finance initiative (PFI) business in the United Kingdom. KPL, whose employees have always been primarily British nationals, has established a stable earnings base by accumulating PFI projects and securitizing completed properties, as well as accumulating expertise in joint public-private ventures. KPL's success, led by locally employed managers, was the impetus for Kajima Properties (Europe) (KPE) to enter the distribution warehouse development business which provided another boost to KE's real

Kajima Europe organizational chart



Note: Many joint ventures with partners in the real estate development business are recorded as non-operating income and extraordinary income.



Student accommodation in Poland developed and operated by Student Depot

estate development business growth. The business started as a joint development project with Panattoni Europe, one of Europe's largest distribution warehouse development companies.

Panattoni had been impressed by our Kajima Czech Design and Construction's level of construction technology for distribution warehouses and the Kajima Group's track record developing distribution warehouses in the United States. KPE is currently broadening the business region from Central to Western Europe.

Our relationship with Panattoni Europe then led to a collaboration with Griffin Capital Partners, the largest venture capital firm in Central Europe. This partnership opened new vistas for business, including the development and operation of student accommodation and development of renewable energy facilities in Poland.

KE's local management structure and strong network of operating companies continues to be a fruitful source of new growth and business creation.

Diverse business portfolio

Construction business

KE shifted its business axis from constructing factories for Japanese companies in Western Europe and PFI projects in the United Kingdom to the constructing of warehouses and factories in Central Europe. After the Central European countries joined the European Union we established local subsidiaries in Poland and the Czech Republic. Our current operations center on distribution warehouse and production facility projects, mainly in Poland, for European companies, which account for about 30% of KE's total net profit. In 2023, we added to our business foundation by establishing a local subsidiary in Germany.

PFI and regeneration businesses

Anticipating a growing market for PFI after its inauguration in the United Kingdom, we participated in a PFI project in 2000 for the Cambridge Government Building of the Department for Environment, Food and Rural Affairs (DEFRA). We have since been involved in numerous PFI projects for schools, hospitals, libraries, and other public facilities in the United Kingdom and Ireland, and our assets under management currently total close to ¥210 billion. Profits from long-term public institution PFI contracts support stable business operations because they provide a revenue base that is not affected by economic trends. We are currently applying our PFI expertise to public-private partnership urban regeneration projects with local governments in the United Kingdom.

Value-added office investment business

The value-added office investment business acquires and fully renovates aged office buildings to expand floor space and update facilities which are then sold or leased. The business started in 2008 with an office building in the Mayfair district of London and has grown to five office buildings in Central London.

Distribution warehouse business

Since launching the business in Poland with Panattoni Europe in 2016, the distribution warehouse business has expanded from Poland to encompass the Czech Republic, Germany, the Netherlands, France, Spain, and Italy. We have worked on 34 development projects, 17 of which have been sold, 8 which are currently in operation, and 9 under development. Our development assets currently amount to roughly ¥37 billion. Upon completion of a project, we implement measures to improve asset efficiency, such as forming and managing funds, and selling or reinvesting in the development properties to take advantage of market conditions.

Residential development and operational business

In 2019 we entered the student accommodation development and management business with the acquisition of a majority stake in Student Depot in Poland. The company's nine dormitories, which are operating at close to 100% occupancy rates, account for about 30% of the country's student accommodation market. In 2021 the residential development and management business participated in a rental housing development project in Ireland. This was a new direction for the business, and we are considering pursuing it further due to the strong demand for rental housing in the country.

Renewable energy facility development business

KE entered the renewable energy business in 2021 with the acquisition of a majority stake in PAD RES, a Polish developer of wind and solar power generation facilities. KE conducts its operations by purchasing land, obtaining permits, constructing the facilities and then formulates a structure to sell the facilities to power companies and investors. We have developed 18 projects to date and sold our first solar power generation facility in FY2023. Anticipating growing demand in the EU market for solar panels and heat pumps, in 2023 we acquired a majority stake in Hymon, which is Poland's leading installer of solar panel generation facilities.

Feature 3

Kajima Europe's strategy to create new business and continue its growth



The large-scale solar power generation facility in Sztum, Poland, developed by PAD RES

Strengthening governance and human resource development

Success in construction and real estate development projects in Europe requires a deep understanding of each country's history and culture. To ensure businesses accord with local business culture, KE appoints local individuals as presidents of their operating companies, who along with their management teams, conduct daily operations in conformance with local customs. Governance is executed through daily meetings between the companies' Board of Directors, comprised mainly of local executives, and directors of KE assigned from Kajima.

KE's construction division additionally convenes a Continental Meeting attended by directors from KE and executives of operating companies in Poland, Czech Republic and Germany. At the conference the directors share information and issues related to current construction projects and business opportunities. The cross-organizational communication at the conferences strengthens overall divisional management.

Project selection in the real estate development division starts with special-purpose committees comprised of KE executives examining the commercial feasibility of potential projects. Following deliberation by the Board of Directors of each operating company, KE scrutinizes and selects projects to propose to the Kajima Head Office where special-purpose committees review and determine whether or not to proceed.

Governance by the Kajima Group also includes Head Office audits of workflow, building quality and monthly information-sharing meetings about risks and issues to prevent problems from arising.



Continental Meeting participants

KE's comprehensive local management and the close cooperation between executives sent from Kajima and local executives have led to a successful joint effort to fulfil our business plans. This long-standing relationship of trust gives us a strong management foundation. We also provide opportunities for local staff, who are promising candidates for future executive positions, to train at the Kajima Head Office so they can broaden their global perspectives and deepen their knowledge of the Kajima Group. Since KE's operations span a diverse range of businesses, the Kajima Group systematically assigns individuals with special skills or knowledge, such as employees with experience at overseas subsidiaries and engineers who have worked on projects in Japan.

Pursuing further growth

The business environment in Europe is stabilizing, even though energy and prices continue to soar and interest rates have risen partially due to the situation in Ukraine. In the building construction business we have a stable earnings foundation in Poland and are strengthening our operations in the Czech Republic with the aim of building it into a core profit center. We are currently focusing on the construction of production facilities, where we are leveraging the Kajima Group's global network to win orders from clients in the United States and Japan.

The real estate development business is seeing growing demand for distribution warehouses following the rise of e-commerce during the pandemic. However, investors have tended to take a wait-and-see approach to trade transactions due to the rising interest rates and inflation. KE's business model starts construction projects only after securing a certain amount of tenants. In the current conditions we are taking a flexible approach of holding assets that are generating rental income and waiting to sell assets until the investment market improves. At the same time, soaring energy prices and a growing movement to address environmental issues are leading to rapidly rising demand for renewable energy. We are therefore preparing to actively develop solar power generation facilities as a growth area for our business.

KE's business growth in recent years has been the result of collaboration with business partners to diversify our portfolio and optimizing our business domains to follow market trends. Continuing this growth will require us to refine both our local and global networks and to constantly and boldly pursue new business opportunities.

Messages from a partner company president

Panattoni Europe We look forward to expanding our collaborative partnership in Europe and new markets



Robert Dobrzycki
CEO & Co-Owner
Panattoni Europe, United Kingdom,
Middle East and India

Our relationship with the Kajima Group began as a construction contractor and client of a project in Poland. The success of these joint ventures ultimately led us to the level of strategic partnership. Our deep trust in the Kajima Group as a business partner comes from the Group's insight and expertise in the real estate development market, which improves project efficiency and contributes greatly to successful completion. We strongly hope our partnership will continue to grow through collaborations in Europe, and we look forward to the potential to expand our collaboration into new markets.



Świebódzin Fulfillment Center
(Poland, developed by Panattoni-KPE
joint venture, constructed by KP)

Message from KE Group operating company presidents

Kajima Poland Collaborating with Group companies to continue growing in the uncertain conditions



Maciej Runkiewicz
President
Kajima Poland Sp. z o.o.

Kajima Poland has completed hundreds of projects and is widely recognized as a design and build company in the country with strengths in production facilities. By combining our passion and creativity with the Kajima Group's expertise and network, we have attracted construction orders from both local companies as well as well-known global companies. Our connections with the Group companies and real estate developers have allowed us to maintain steady operations even in these uncertain business conditions. We look forward to sharing information and implementing innovations with the Group to continue growing our business.



Designer Outlet Warsaw in Poland

Kajima Properties (Europe) Implement new strategies in response to changes in the market to secure stable earnings and expand into growth areas



John Harcourt
Managing Director
Kajima Properties (Europe) Ltd.

Our European real estate business has benefited enormously from Kajima's support and commitment to innovation, enhancing our development and investment expertise while also exploring new growth sectors. Despite the uncertainty in the European real estate market, we are generating continuous profit through diligent application of our methods for identifying excellent investment opportunities and managing risks. We have built a high-performance value-add platform and are implementing new strategies for navigating the market changes as we look forward to increasing our contribution to earnings.



77 Coleman Street, United Kingdom

Maximizing operating company strengths and pursuing sustainable growth in the changing business environment

Europe is a combination of ancient traditions and progressiveness in various fields. KE pursues business stability and growth by deepening its operations in regions and business domains where its operating companies have strengths. It also pursues various promising business opportunities by proactively and flexibly collaborating with partners and acquiring companies. The broadening of our business content in recent years is the result of the evolution of our business portfolio that has occurred from following this strategy. As president of KE, I place importance on instilling a clear management system, fostering a venture-like corporate culture, and maintaining communication transparency to maximize the operating company strengths while ensuring their effective governance. For us to continue growing as we adapt to the ever-changing business environment, we need to constantly reinvent ourselves. To do this, Kajima must respect each company's autonomy and commitment, and each company must have a strong trust in Kajima.



Hiroto Ichiki
President and CEO
Kajima Europe Ltd.