

01 Value Flow, Over Time

Kajima's two core business segments are construction and real estate development. In the latter, Kajima serves as both project developer and contractor. In both segments, the Kajima Group is working to strengthen and geographically expand its business domains over the medium to long-term into fields where it can leverage the overall construction value chain. Kajima will continue to focus on the corporate value creation process in its evolution as a group by maintaining the international competitiveness of its business segments.

Pursuing Sustainable Growth for Kajima

Kajima aims to uphold its corporate philosophy by evolving as a remarkably dynamic, creative corporate group that leverages its technology and human resources to deliver sophisticated and diverse services.

Kajima's Corporate Philosophy

As a group of individuals working together as one, we pursue creative progress and development founded on both rational, scientific principles and a humanitarian outlook, through which we strive to continually advance our business operations and contribute to society.

Kajima's Milestones and Evolution of the Value Creation Process

In 2016, Kajima marks 177 years in business. Since its foundation in 1840, Kajima has sought through its construction business to provide essential social infrastructure and create places for people to live and work. Kajima's ultimate mission is to help build safe, secure, comfortable societies. Kajima first gained a strong reputation for its railway and civil engineering projects. Later, entering new fields, Kajima became known for skyscrapers and nuclear power plants. Kajima intends to continue making history by expanding the complexity of its projects and diversifying its core businesses.

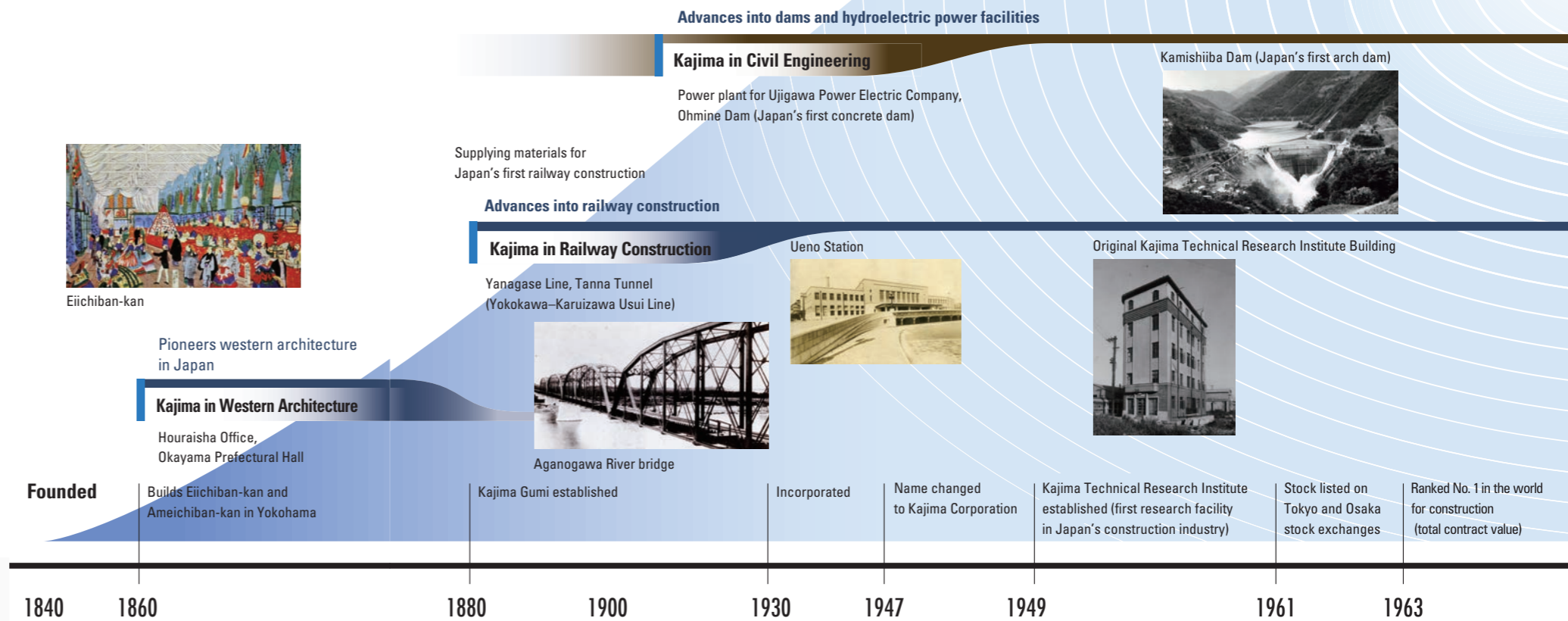
Kajima Outside of Japan

First post-war project funded by war reparations
Baruchan No. 2 Hydroelectric Power Plant
in Myanmar

Kajima in Nuclear Power



Japan Atomic Energy Research Institute
No. 1 Nuclear Reactor
(Japan's first nuclear reactor)



Kajima International Inc. established

Four regional headquarters established in Japan, U.S., Europe and Asia
Local operating companies

Kajima U.S.A.Inc. 1986
Kajima Europe Ltd 1987
Kajima Overseas Asia Pte Ltd 1988

Local operating companies
Kajima Australia Pty Ltd 2015

Little Tokyo redevelopment project in L.A.



International Trade Center in former East Germany
Hotels in Leipzig, Dresden, and Berlin

Automotive plants in U.S.

Senayan Square in Indonesia



Real Estate Development

Shiki New Town residential development



Tokyo East 21



Akasaka K-Tower



Nuclear power plants constructed across Japan

Structural seismic control system developed and incorporated into construction

Kajima in Skyscrapers

Kasumigaseki Building, Japan's first ultra high-rise skyscraper



Keio Plaza Hotel
Shinjuku Sumitomo Building
KDD Building
Shinjuku Mitsui Building
Sunshine 60 Building

Shiodome Sio-Site



LNG underground tank

Underground power plants

**Kajima in Technology
The Pioneer Spirit**

Meishin Expressway, Japan's first highway



Tokyo Bay Aqua-Line



Tokyo International Airport landing strip D



Shin-Tanna Tunnel for Tokaido Shinkansen



Honshu-Shikoku Bridge project



Tokyo Marunouchi Station maintenance and retrofit



First in Japan's construction industry to achieve contract value of one trillion yen

Awarded Deming Prize for total quality control

150th anniversary of founding

1970

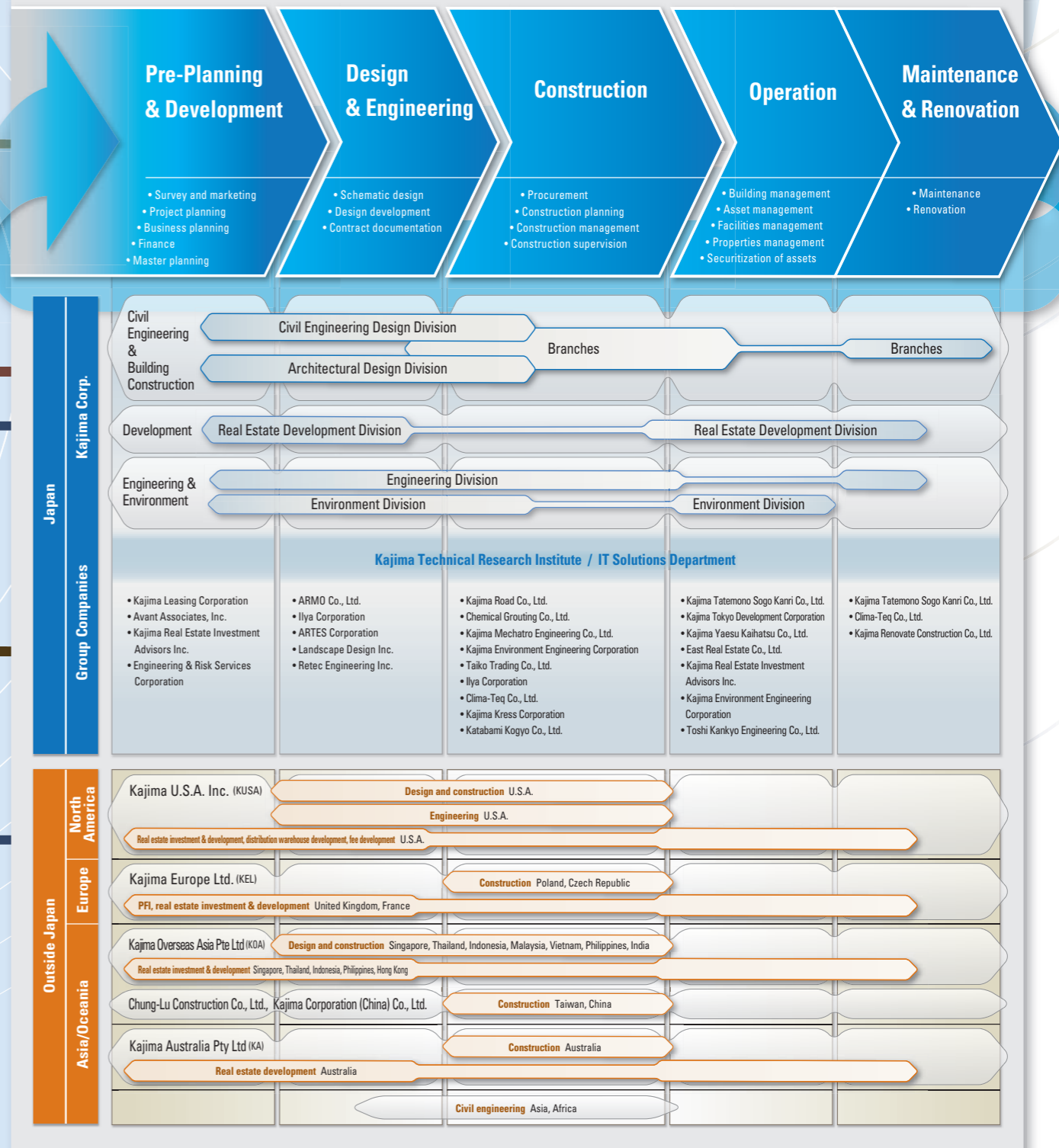
1981

1982

1989

2000

Kajima Group Business Domains



2016

Adding More Facets to the Business

In February 2015, Kajima established Kajima Australia Pty Ltd in Melbourne, Australia, and in April of that year acquired the majority shares of Icon Co Pty Ltd and Icon Co Developments Pty Ltd, a mid-tier contractor and developer. Kajima is continuing to develop its business in Australia through this strategic partnership, adding to an international network that already includes operations in the United States, Europe, and Asia.

Working with Business Partners to Leverage Strengths and Realize Growth

Managing Director, Kajima Australia Pty Ltd

Motohiro Umehara

Australia offers a large, transparent construction market with strong growth potential driven by projected population growth. Until recently, Kajima had not entered the Australian market due to the small presence of Japan-based clients. In 2015, Kajima entered talks with Icon, which led to its acquisition and Kajima's entry into the Australian market. The management team at Icon has the same dedication and professionalism as Kajima's, so we have truly gained an excellent partner.

Year One: Building a Platform for Future Business

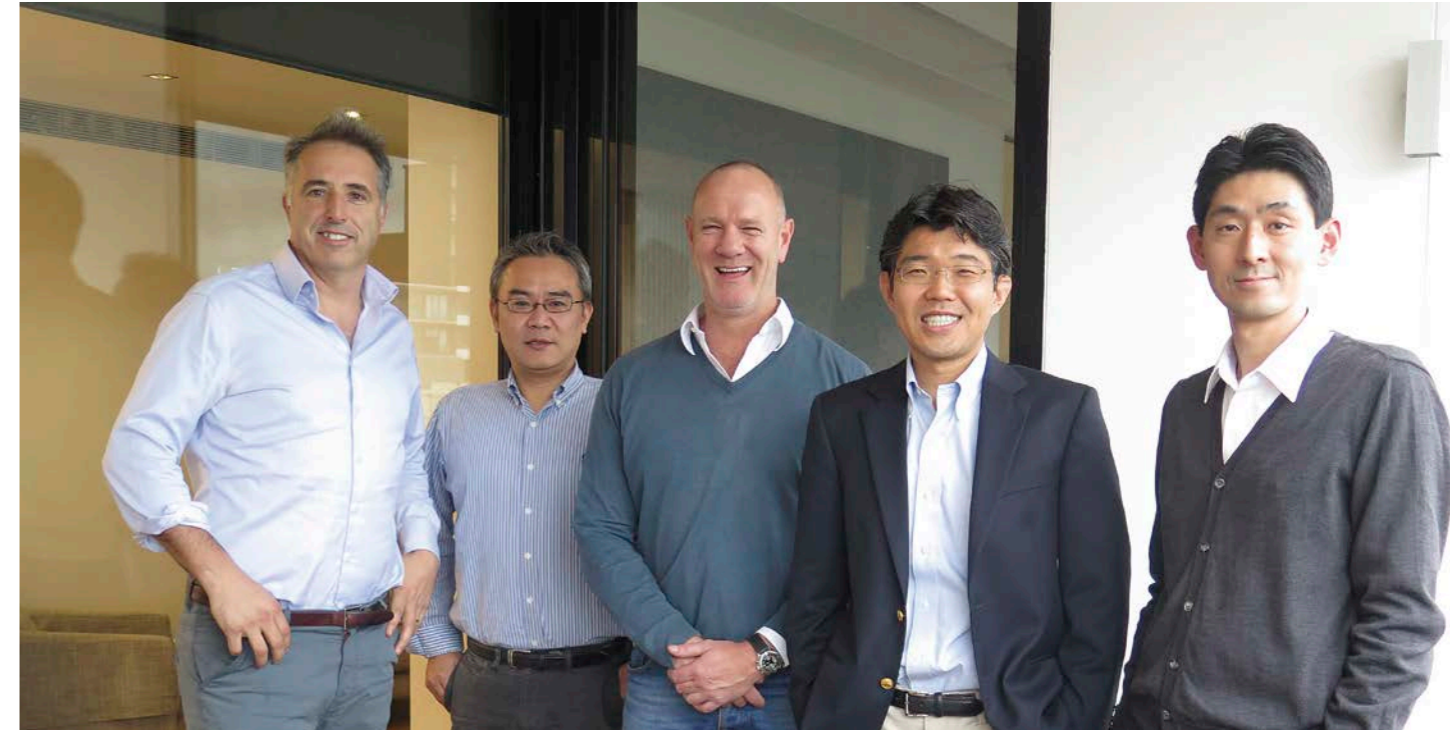
Kajima has assigned three employees from Japan to Kajima Australia, who serve as directors at Icon, which operates as a construction firm and a real estate development firm. The founding members of Icon have remained on the management team and in doing so, the company continues to leverage from their experience. All key issues are discussed by the full management team to build consensus on the management and operation of the business units.

The acquisition left many clients, business partners, and employees concerned that there would be a change in Icon's corporate strategy and business practices. However, we spent a lot of time in the first six months working to gain the trust of industry, clients and business partners patiently engaging with them in dialogue, while continuing to provide financial and technical support. This has enabled us to develop a deeper mutual understanding and build a strong platform for future business.

As a result of this discreet approach, we were awarded more contracts, commencing in the second half of 2015. With the help of the housing boom in Australia, Icon secured ¥84 billion yen (A\$958 million) in contract awards in fiscal year 2015, which was well above our projections. We remain committed to deliver these projects successfully this year.

Leveraging Strengths to Achieve Diversification

Icon has been strong in mid-scale apartment construction market. But following the acquisition, the company has seen more opportunities to secure contracts for large-scale apartment projects. In order to achieve greater business stability, Icon must diversify



Motohiro Umehara (2nd from right), Managing Director, Kajima Australia Pty Ltd, with Nicholas Brown (left), Managing Director, Icon Co Pty Ltd, and Ashley Murdoch (center), Managing Director, Icon Developments Australia Pty Ltd

its project portfolio and establish the presence in non-residential market as well, while expanding its operations in the residential market. Icon is currently strategically targeting health, aged care, education, and some government projects, as these markets tend to be insulated against economic swings. We are raising the level of collaboration between Icon and Kajima to expand into these markets. Icon can draw from the Kajima Group's past projects and leverage the knowledge of Kajima's experienced staff to secure new contracts.

In its real estate development operations, Icon has launched four new apartment projects since the acquisition. Rather than the standard offering of developments that target the investors in the market, we aim to offer higher-quality homes for the owner occupiers, emphasizing planning and details. Moving forward, we will also look at investment opportunities in non-residential market.

Over the medium term, we will seek to secure stable revenues from both construction and real estate development operations. We will set our sights on becoming a top player in the multiple strategic markets that we are targeting for each business unit, aiming to optimally diversify our portfolio.

Human Resources Development and Personnel Exchanges

Since the acquisition, we have seen an increase in people wishing to join Icon from leading construction and real

estate development companies. With the growing volume of construction, Icon is hiring people who can make an immediate impact. We have also created an avenue for hiring talented student interns through Australia's unique cadet training program. In the intern program at Icon, student interns tackle assigned challenges in each area of construction with the guidance of mentor employees.

There is also a plan to actively pursue personnel and technical exchanges, by sending Icon employees to Japan for short-term training, as well as receiving Japanese personnel to work at Kajima Australia Group companies. These efforts will spur the overall development of human resources at the Kajima Group.

Proud to Be Part of the Kajima Group

Many Australians seem to have an inherent trust and confidence in Japanese products and services, and this trust extends to Japanese people. It is also the case that many people have high expectations for our company. We will make the most of Kajima's strengths—technology, quality, and safety—as we proudly represent the Kajima name in Australia.

The Kajima Group has always expanded its international business by providing services rooted in each region it enters. Similarly, we will develop our business in Australia into a solid business center and establish it as a key part of Kajima's global reach.

Adding a New Core Business

Kajima established the Engineering Division in 1996 to provide engineering services for production facilities, focusing on pharmaceuticals as well as cosmetics and food production. Twenty years later in April 2016, Kajima restructured the division, declaring its intention to develop engineering services into a new core business alongside its other mainstays, construction and real estate development.

World-Class Engineering Services

Managing Executive Officer, General Manager, Engineering Division

Hideya Marugame



Kajima's Engineering Division provides engineering services tailored to the pharmaceutical, cosmetics, and food industries. We are strategically enhancing our specialization in these fields so we can deliver added value upstream, for instance helping to shape the facility concept and basic plan. This approach creates new avenues for business that help differentiate Kajima from all the competition.

Building Expertise in Process Engineering

In the facility planning consulting services we offer to clients building production facilities, our professionals share their expertise in manufacturing processes and production equipment. Kajima's process engineers have acquired highly specialized knowledge through past projects and are well-prepared to meet the needs of clients.

More pharmaceutical companies today are outsourcing the operational management of their production facilities. Our engineers often collaborate with Kajima Tatemono Sogo Kanri Co., Ltd. in operational management, making the most of engineering skills not only in planning, but in the operational and management phases. This approach also enhances our knowledge of production processes, which translates into better proposals for the planning phase.

Competing in the Global Market

By developing professionals with pharmaceutical expertise, we can provide added value that only Kajima can offer, thereby building a platform for providing engineering services to markets around the world. For instance, we were recently asked to provide consulting services for the production lines of a Korean company. The global harmonization of regulations that govern pharmaceutical production facilities means that our basic planning services are a feasible business in any country; all we need is the right expertise. The Engineering Division opened a representative office in Singapore in 2014, which has been focusing on building a solid local network. Given the market conditions there, we expect to leverage the technical knowledge we have acquired in Japan to provide engineering services in other parts of Asia. We are looking into establishing a regional engineering subsidiary in the future. We will continue to develop our business in the pharmaceutical sector and leverage our globally competitive technologies to expand into new fields—such as industrial wastewater treatment—and supply technologies where they are needed.

Collaborating with Partners

We aim to provide engineering solutions that incorporate the latest technologies and address the diverse issues and needs of our clients. This requires that we build open, collaborative relationships with engineering companies and device manufacturers with specialized technology. To add to



Facilities at the second solid dosage building of the Kagamiishi Plant of Nipro Pharma Corporation.

Kajima's original technologies, we will partner with leading companies in various fields, generating new synergies. As we bring in new perspectives from outside the construction industry, our younger employees will gain experience that will create possibilities for Kajima, going forward. That task for me and the others who have been here for many years is human resources development. We aim to create an environment that empowers our younger employees to collaborate with our business partners, from whom they can gain much knowledge. We want to give them opportunities to learn through trial and error about costs and other aspects of securing good work while also gaining experience that can help drive new business development.

Overcoming Emerging Challenges to Broaden Our World

Many Japanese companies are alarmed at the turbulent changes that are testing their resilience today. Kajima, too, is faced with the question of how to continue to grow its business. In response, we are striving to build upon the core strengths of the Kajima Group by finding new ways to generate added value, Kajima style, throughout our comprehensive construction contracting business (upstream to downstream), focusing on design and construction. We constantly remind our employees how important it is to develop their specialization so that they can grasp the true needs of clients and deliver added value. I am confident that our efforts to further develop the business of the restructured Engineering Division will lead to opportunities in new fields, blazing a trail to further success for the Kajima Group.