

Progress of Medium-Term Business Plan (Fiscal 2018–2020)

The Kajima Group Medium-Term Business Plan (Fiscal 2018–2020), launched in fiscal 2018, is targeted at appropriately responding to the recent increase in construction volume, ensuring stable profits, and actively promoting a focus on ESG measures. The theme of the plan is to address social issues through our businesses with the

goal of sustainable growth, based on the SDGs adopted by the United Nations.

We will energetically promote various measures based on the plan's key objectives.

Key Objectives

| | | |
|----------|---|---|
| 1 | Create next-generation construction systems | Reform production at construction sites in Japan to build sustainable systems in terms of both technology and the people using it, in order to create next-generation construction systems. |
| 2 | Provide construction and services of high value to society and customers | By focusing on changes in the business environment over the medium and long term, enhance capabilities for proactively addressing social issues and customer expectations, and pursue effective building construction and services. |
| 3 | Establish a Group-wide business platform for growth | Develop the organizational and management framework centered on Kajima Corporation into an optimal system for Group management. |

Priority ESG Measures

| | | | | | |
|----------|--|----------|--|----------|--|
| E | Pursue environmental and energy opportunities targeting the business activities of the Kajima Group and its customers | S | Improve productivity and work environment to create sustainability-promoting construction sites | G | Strengthen risk management system and secure and train human resources to support proactive investment and business portfolio expansion |
|----------|--|----------|--|----------|--|

| Strategies | FY2018 Specific Outcomes |
|--|--|
| 1. Domestic construction business Improve productivity and create an attractive work environment | <ul style="list-style-type: none"> • Used BIM, CIM and ICT Expanded use to more construction sites and promoted more sophisticated use Aggregated and centralized management of construction data and expertise to raise the sophistication of construction site management • Work-style reform Implemented initiatives to close construction sites for a total of eight days out of every four weeks Trialed Construction Career Up System • Strengthened collaboration with Group companies Enhanced initiatives to directly employ workers in professions that are in tight supply and develop multi-skilled workers Full-scale deployment of construction robots |
| 2. Domestic/overseas construction businesses Enhance efforts in promising markets and fields | <ul style="list-style-type: none"> • Enhanced renewable energy initiatives • Strengthened market initiatives for infrastructure upgrades in civil engineering and for construction renewal Developed technology for expressway renewal Established specialized teams for the construction renewal market • Collaborated among Group companies outside Japan and promoted cooperation among divisions Acquired new customers in collaboration with IFE, an engineering company in Singapore acquired by Kajima Cooperated between the Real Estate Development Division and the Building Construction Division in the distribution warehouse development business in the U.S. and Europe |
| 3. Construction-related businesses Ensure proper execution in upstream and downstream businesses and diversify revenue sources | <ul style="list-style-type: none"> • Used BIM to provide one-stop solutions from building planning to management and maintenance • Strengthened upstream businesses such as planning and design in the pharmaceutical industry-related field that employ engineering capabilities • Increased profit opportunities in the real estate operation and management business with recently launched Kajima Private REIT Inc. |
| 4. Domestic/overseas real estate development businesses Increase profitability in the real estate development business | <ul style="list-style-type: none"> • Steadily invested according to plan domestically and overseas Domestic: Started Haneda Airport Unused Land Zone 1 Redevelopment Project (Phase I) and other projects Overseas: Started Woodleigh Residences and Commercial Complex Development Project (Singapore) and other projects • Enhanced initiatives to generate outstanding new projects Acquired U.S. company Flournoy Development Group, LLC, creating a platform for residential development |
| 5. Issues common to all businesses Enhance efforts to address social issues, including the environment, energy, and disaster prevention and mitigation | <ul style="list-style-type: none"> • Expanded product and service businesses that help resolve environmental issues • Accelerated initiatives to reduce Kajima Corporation CO₂ emissions • Strengthened support for natural disaster risk management of customers Established a department at the Kajima Technical Research Institute that specializes in customer support and R&D Provided optimal solutions across hard and soft dimensions for all phases from disaster prediction to prevention and post-disaster response |

Key Quantitative Business Targets

During the three years from fiscal 2018 through 2020, our targets are consolidated net income that is consistently ¥80 billion or more and ROE that remains above our cost of owners' equity at 10% or higher. Our medium-to-long-term target is consolidated net income of ¥100 billion or more.

| Consolidated | FY2018 (Actual) | FY2020 | Medium to Long Term |
|-----------------------|------------------|----------------------|------------------------|
| Sales | ¥1,974.2 billion | ¥2,150 billion | Approx. ¥2,500 billion |
| Net income* | ¥109.8 billion | ¥80 billion or more | ¥100 billion or more |
| ROE | 15.5% | 10% or more | — |
| Interest-bearing debt | ¥298.7 billion | ¥400 billion or less | — |

* Consolidated net income attributable to owners of the parent

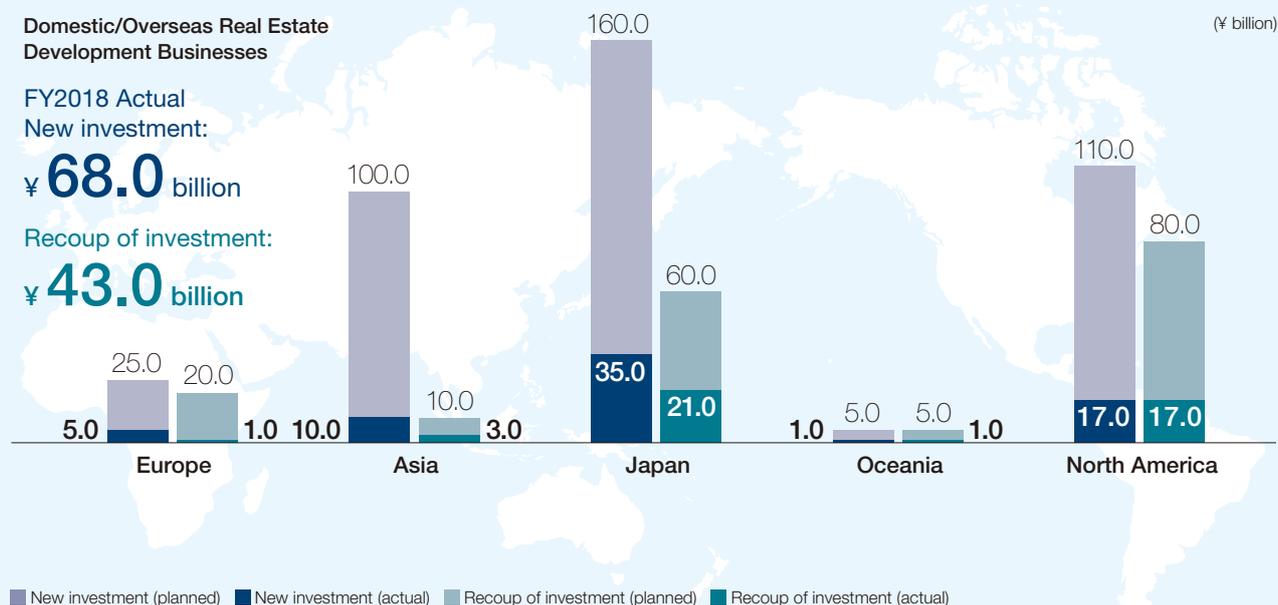
Investment Plan

Total investment over three years

¥500 billion

Prioritize investment in domestic and overseas real estate development businesses.

Rigorously measure investment efficiency and risk management with an awareness of cost of capital.



Message from the General Manager of the Treasury Division



We will take on the challenges of generating stable earnings and building a financial base that reflect Kajima's unique business structure.

Ken Uchida

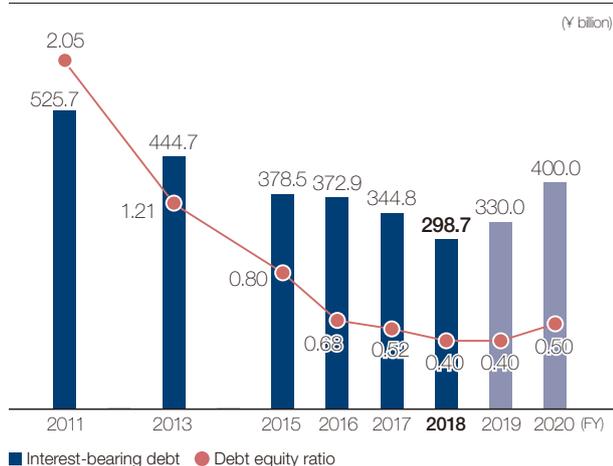
Director; Managing Executive Officer;
General Manager, Treasury Division

Our Unique Business Structure, Securing Equity Capital and Target ROE

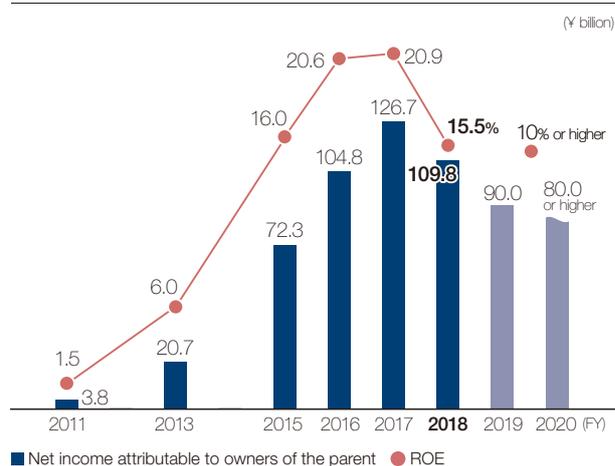
First, I will cover the direction of our earnings and investment plans. Given gross profit margin trends in the construction business and the outlook for yields and investment recoupment period in the real estate development business, we recognize that our approach to generating earnings from our businesses that exceed the cost of capital is a priority issue for us. In particular, the real estate development business must consider investments spanning 10 to 30 years.

Therefore, our business structure is unique among major general contractors because we have both the flow-model construction business and the stock-model real estate development business that generates recurring earnings. Managing finances for this structure requires finding an optimal balance between the two businesses. The profitability of assets in the real estate development business varies depending on the allocation of equity capital and borrowed

Interest-Bearing Debt / Debt Equity Ratio



Net Income Attributable to Owners of the Parent / ROE



capital. Focused on sound finances, we balance equity capital and borrowed capital in building a portfolio of real estate development assets, but on a project by project basis we emphasize capital efficiency and employ financial leverage to increase profitability. We believe our finances are sound, as consolidated real estate development assets are about ¥430 billion, equity capital excluding revaluation surplus is just over ¥620 billion, and interest-bearing debt is about ¥300 billion. We will be able to maintain sound finances even if real estate development assets increase to ¥620 billion during the Medium-Term Business Plan because the aforementioned adjusted equity capital will be ¥700 billion, and interest-bearing debt will be under ¥400 billion for a debt equity ratio of approximately 0.5 times. Increased investments in the real estate development business may involve not only asset impairment risk in the event that business conditions deteriorate, but also foreign exchange fluctuation risk in overseas business. In order to prepare for these risks, we have set a target of ¥800 billion for consolidated equity capital, which is a financial foundation that can sufficiently accommodate future growth in domestic and overseas real estate development business assets.

Our Medium-Term Business Plan prioritizes investment in the real estate development business, but our consolidated

results still largely depend on the construction business, which is our main field. The gross profit margin of the construction business will not be easy to increase because competition is intensifying. Given these trends, we aim to maintain ROE at our target level of 10% or more by increasing profitability, which will be achieved by reducing costs and suppressing cost increases through enhancing our ability to win contract awards and further improving productivity in the construction business. In the real estate development business, generating more stable earnings from investment properties in a timely manner will also be necessary. For this reason, we need to further enhance our approach, in ways such as assessing returns in each division using investment efficiency benchmarks such as return on invested capital (ROIC) to determine whether returns are higher than the cost of capital, thus facilitating the allocation of capital with optimum efficiency. We also need to establish a system to monitor the value at risk of specific portfolio assets and keep it within designated parameters. In these ways, Kajima will generate stable profits using equity capital that is resilient to business risks, and growth investments backed by autonomous and effective business and financial management, thereby meeting stockholder expectations.

A Long-Term Investment Plan Totaling ¥500 Billion

The Medium-Term Business Plan launched in fiscal 2018 allocates ¥500 billion to investments for growth. Of this total, about ¥400 billion is earmarked for domestic and overseas real estate development businesses, as mentioned above. We will increase business revenues and capital efficiency by

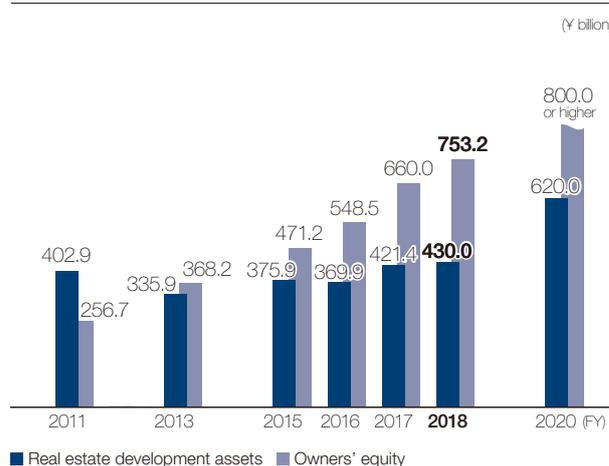
accumulating profitable assets and steadily recouping investments.

We have also allocated ¥50 billion for R&D investment, and ¥50 billion for strengthening competitiveness and sustainable growth. We want to dramatically improve productivity by introducing advanced technologies, and we are looking for

Owners' Equity / Owners' Equity Ratio



Real Estate Development Assets / Owners' Equity



partners worldwide, not necessarily in the construction industry, for collaboration in exploring new technologies, new business ideas and startup incubation. Expectations for successful outcomes are rising as concrete initiatives begin. We have allocated greater R&D investment than ever before in anticipation of improved productivity and competitiveness, and support for the gross profit margin of construction work. Furthermore, we will aggressively invest in the necessary human resources and in ICT. Our investments will not only be reflected in our results during the current Medium-Term Business Plan, but will also yield benefits that we can share with customers over the long term, such as reduced costs and shorter duration of construction. This in turn will help Kajima generate sustainable growth, increase corporate value and, by extension, contribute to society as a whole.

Mergers and acquisitions (M&A) are a key way to expand business overseas. We will continue to search for companies

that have similar corporate values to ours, as well as technologies and business domains that are mutually complementary.

We have established special-purpose committees, such as the Development Steering Committee, and these are responsible for domestic and overseas investment plans for real estate development projects of substantial scale. The committees make formal decisions on projects after investigating many different issues including business concept, social needs, suitability of technology applications, project profitability and recoupment of investment. In addition, the Business Investment Review Committee deliberates and makes formal decisions on specific projects that are not in the real estate development business, including investments in renewable energy, M&A and alliances with other companies.

Financial and Investment Strategies Are on Track after the First Year of the Medium-Term Business Plan

Looking back on fiscal 2018, the first year of our current Medium-Term Business Plan, we were able to execute our financial and investment strategies to a large extent, due to ample cash flows from solid performance in fiscal 2017.

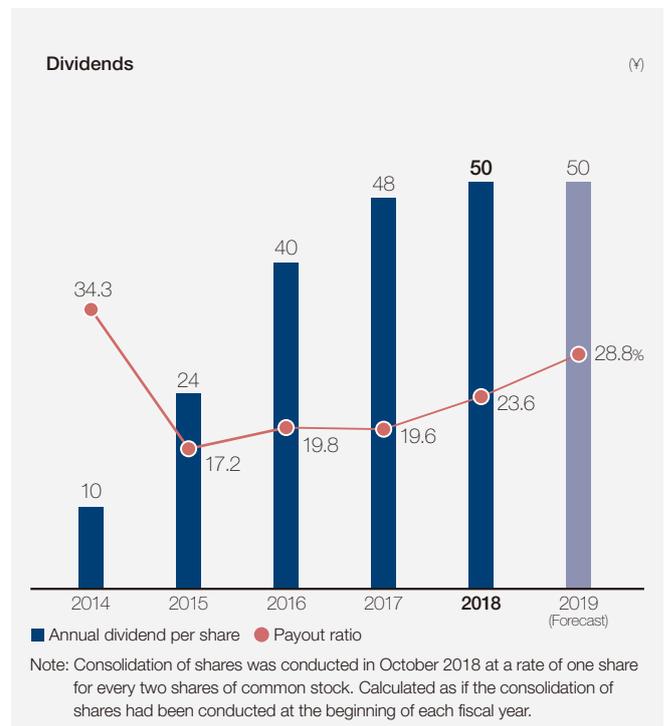
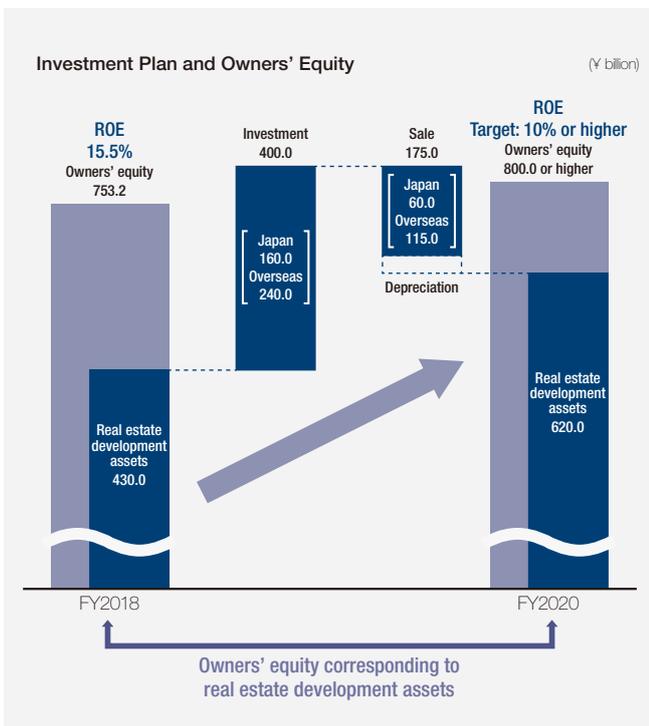
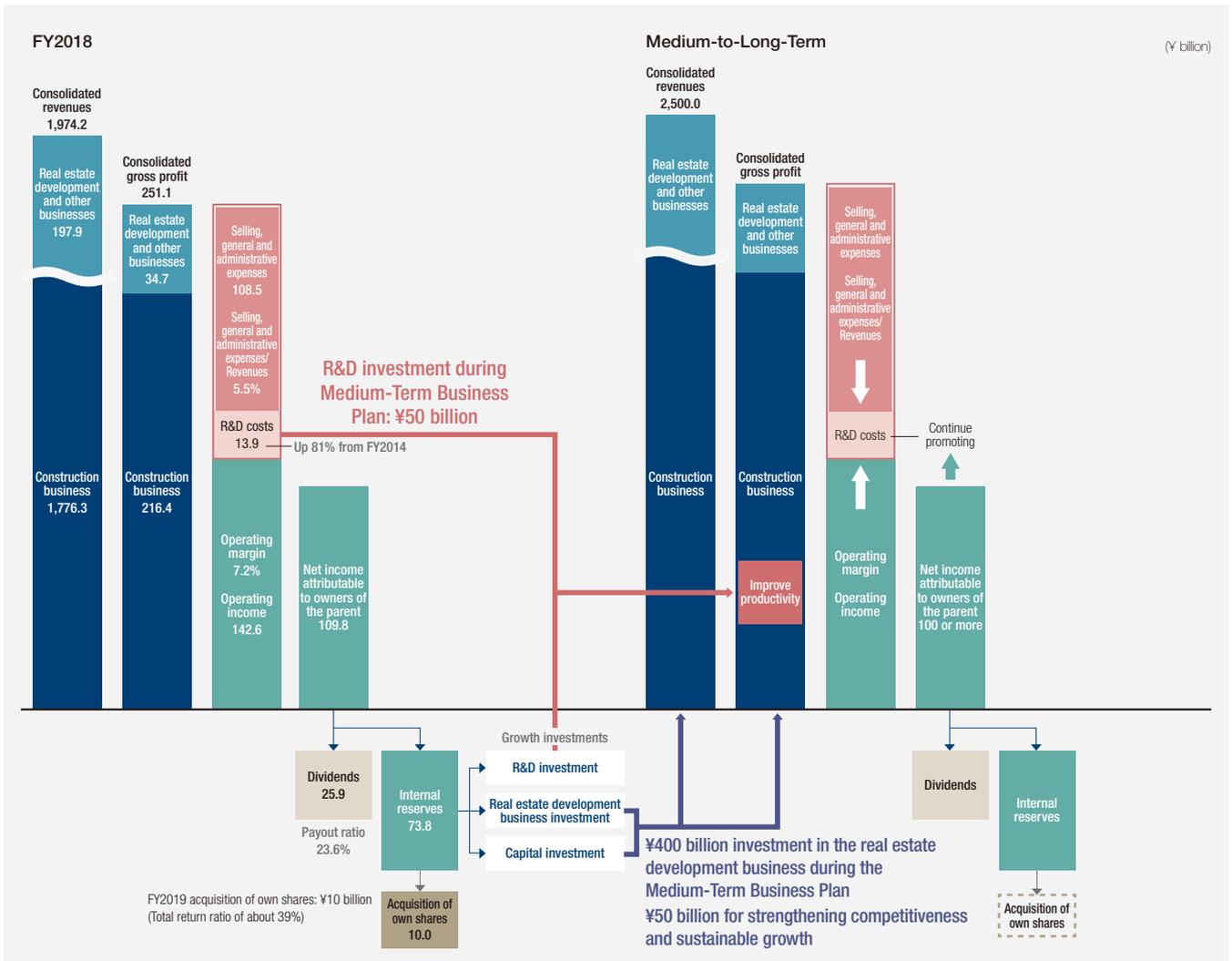
We have implemented proactive measures, such as increasing equity capital at overseas subsidiaries and affiliates, investing in open innovation, and conducting field trials for automated construction systems using heavy machinery. We have allocated a portion of investments and loans toward introducing innovative next-generation construction systems with the goal of improving the sustainability of the construction industry. Our multifaceted approach involved technologies, securing and fostering partner companies, improving and raising the efficiency of day-to-day construction site management and process control methods, improving terms of payment to partner companies and supporting their overseas operations.

The Treasury Division is responsible for securing required funds flexibly and efficiently, identifying and hedging financial risks in projects that are new to Kajima and may involve unknown risks we have no experience with, and fully reflecting the cash flow characteristics of the construction and real estate development businesses in controlling overall corporate cash flow. Furthermore, while determining the suitability of direct or indirect funding by assessing capital requirements and Kajima's overall debt structure, we also devise approaches to help increase economic value by enhancing liquidity and the cash-to-cash cycle of funds. The Treasury Division will continue to resolutely fulfill its responsibilities in fiscal 2019 and beyond in handling issues including investment and loans in accordance with the Medium-Term Business Plan.

Expand Stockholder Returns While Maintaining the Dividend Policy

The Kajima Group's dividend policy is to "Aim to distribute stable amounts of dividend with a target range of a 20 to 30% payout ratio, while securing adequate consolidated equity capital, as well as to provide stockholder returns with consideration of business performance, financial condition and business environment." Based on this policy, we are further enhancing stockholder returns. In fiscal 2018, we increased the annual dividend per share to ¥50 (taking into consideration the

consolidation of shares), and in fiscal 2019 we will expand stockholder returns by acquiring our own shares in line with results. We will further deepen our dialogue with stockholders and discuss how we should address social issues with a focus on ESG measures and the SDGs, while considering the balance among issues including growth investment, establishing and strengthening our financial base, and stockholder returns in implementing Kajima's capital policies.



Civil Engineering

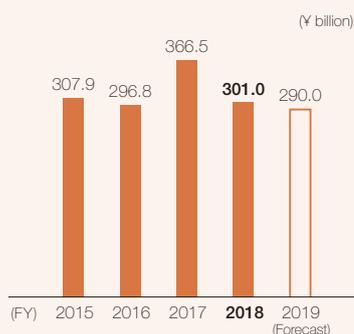


Business Policy

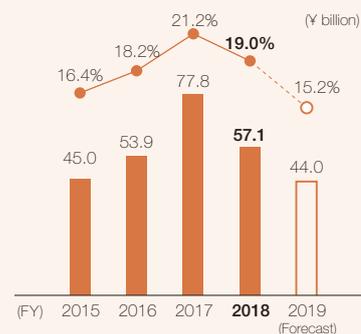
- Strengthen initiatives in promising fields
- Innovate production systems using ICT and CIM

Business Overview

Revenues



Construction Project Gross Profit and Gross Profit Margin



Opportunities

- Strengthening initiatives in promising fields
- Developing and implementing labor-saving technologies

Challenges

- Changes in market environment
- Expected shortage of workers due to a decrease in new employees entering the construction industry

HIGHLIGHTS

Development and Introduction of a Handheld Monitor That Supports Onsite Visualization

In collaboration with Sitech Japan Co., Ltd. (Tokyo), Kajima has developed a handheld monitor* that can accurately superimpose CIM models on actual images of a construction site, with applications for construction planning and safety management. Kajima used this tool for the first time in the embankment construction for the Naruse Dam in Akita Prefecture, and confirmed its effectiveness.

The monitor uses global navigation satellite system (GNSS) data to accurately identify its position and superimpose CIM models on actual images of site topography, enabling multiple people to simultaneously check whether they are consistent, and whether there are any obstacles. This compact, lightweight handheld device is easy to carry, and allows real-time information sharing via an Internet connection among distant locations such as the field office, the branch and the Head Office.

Since the Naruse Dam is located in a region with heavy snowfall, embankment construction requires tools that can identify structures and materials covered in snow, thus allowing safe snow removal. This tool

should also be useful in our plan to manage construction sites using automation technologies including the next-generation construction system A⁴CSEL[®] ("quad axel") and automatic sliding formwork.

Kajima will expand the scope of application of this tool beyond dam construction to other types of work, such as construction in urban areas where subsurface objects and obstacles are common.

* Using a pre-release version as part of the Trimble Early Experience Program



CIM model confirmation onsite using the handheld monitor

Business Strategies

Strengthen Initiatives in Promising Fields

In fiscal 2018, contract awards remained at about the same level as the previous year. Awards of large contracts in the private energy sector, such as in wind power generation, along with public works contracts such as expressways and dams, were factors in achieving this result.

In domestic civil engineering markets, we expect continuing investments in road and rail infrastructure, as well as in disaster prevention and mitigation (programs for “national resilience”), and increasing demand in the renewable energy sector. Given that new legislation is taking effect in the large-scale offshore wind power generation sector, and that we were the first company to install wind turbines in the open ocean off the Japanese coast, we will steadily leverage our strengths as a pioneer in this field.

In the public infrastructure sector, demand for renovation of existing facilities is expected to expand. We have a strong track record renovating dams, and our renovation projects are increasing in other fields. As an example, in fiscal 2017, we completed an expressway renovation project safely and in a short period of time using new materials that are lightweight and durable. We will continue to develop such proprietary technology that meets the needs of society.

In overseas civil engineering markets, demand is stable in Southeast Asia and other regions where we have offices and a solid track record. We will focus on regions and types of work where we can effectively deploy our technology and management skills at the local level.

Innovate Production Systems Using ICT and CIM

Given the decreasing number of young workers entering the construction industry, Kajima is committed to providing attractive working environments (including two days off a week) so as to retain skilled workers over the long haul. Improved productivity and safety at construction sites paves the way for work-style reform; therefore we are emphasizing site management and safety instruction using ICT technology, with our slogan: “Make it visible, so we can see the problem!”

Moreover, we have made production system innovation a medium-to-long-term priority, and are accelerating technology developments needed in heavy machinery automation and the manufacture of construction materials. We will move to apply them on-site, while also finding applications in other types of work.

In our vision for the future, construction machinery will be connected via IoT, and construction sites will resemble state-of-the-art factories. Our goal is thus to create systems where CIM is used to maximum effect, and all relevant data are collected and analyzed in a timely manner to manage and improve overall onsite productivity.

Our focus on open innovation began in fiscal 2018 when we spent about a year networking in Silicon Valley and got to know companies with advanced technologies such as AI and robotics. In fiscal 2019, we will explore ways to apply these technologies on construction sites.



Masayasu Kayano

Director; Executive Vice President
General Manager, Civil Engineering
Management Division, Responsible for
International Civil Engineering Operations

Construction Information Modeling (CIM)

System for integrated construction production that improve efficiency and sophistication through the sharing of various information about building structures, mainly through 3D modeling.

Building Construction

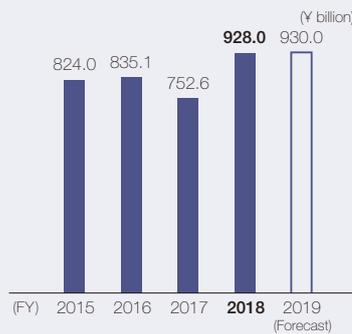


Business Policy

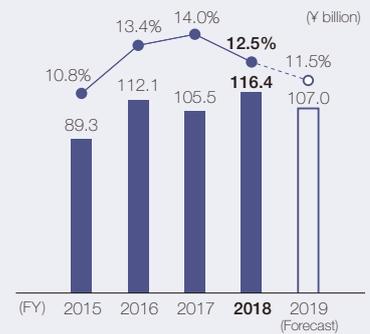
- Increase productivity and strengthen production capacity
- Improve the work environment to secure the next generation of workers

Business Overview

Revenues



Construction Project Gross Profit and Gross Profit Margin



Opportunities

- Enhancing the sophistication of onsite management
- Attracting workers by promoting automation and robotization

Challenges

- Shortage of workers due to a decrease in new employees entering the construction industry
- Large-scale redevelopments in the Tokyo metropolitan area are in full swing and construction costs have risen
- Intensifying competition for orders

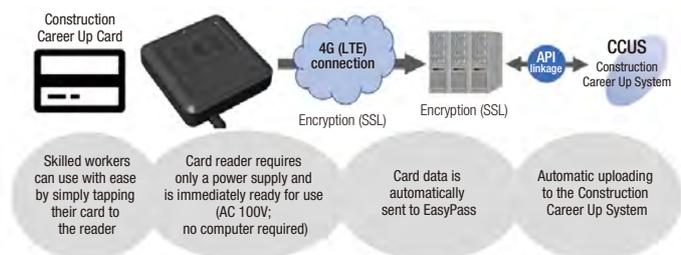
HIGHLIGHTS

Development and Start of Trials for EasyPass Entry and Exit Management System

Kajima is an industry leader, one example of which is its development of the EasyPass onsite entry and exit management system in collaboration with a partner company. This system can also be linked to the Construction Career Up System (CCUS). In March 2019, Kajima introduced EasyPass at 301 building construction sites and 154 civil engineering construction sites, and initiated trial operation in preparation for linkage with CCUS.

This initiative involved collaborating with Art Service Co., Ltd. (headquartered in Kanagawa Prefecture) and establishing sales channels, centered on Art Service, for the broad rollout of EasyPass to other companies in the industry.

There are increasing calls for the construction industry to adopt a unified approach to shared tools and other areas where cooperation is appropriate, which will free companies to focus their competition on core aspects such as quality, and thereby increase industry-wide productivity.



Link between EasyPass and the Construction Career Up System

Business Strategies

Use ICT to Improve Productivity

The first half of the three-year period 2015–2017 was positioned as a restructuring period during which we revitalized and reinforced the Company's building construction business. Then, in 2017 we launched the Kajima Building Construction Total Management System (KTMS) 2017, a next-generation construction system centered on three initiatives: promoting new operational standards, leveraging ICT tools, and reducing the need for labor by 30%.

In fiscal 2018, we established a building construction database of information obtained from production activities at the planning, design, construction, and post-completion stages. We will use AI to integrate this feedback and BIM data, with the aim of building a support system for quality control, process control, and construction management. At the same time, we formulated the Kajima Smart Future Vision. As well as applying various ICT and robot technologies, Kajima will extend the use of BIM to the management of materials and equipment.

In fiscal 2019 and beyond, we will leverage these initiatives to strengthen our design and construction capabilities. Specifically, we will increase the use of BIM at the contract documentation and construction stages with the goal of virtual completion by the start of construction, helping to eliminate design-related inconsistencies and problems prior to commencement of construction. In addition, we will provide BIM manager training and establish a BIM skill certification system to cultivate personnel who will drive BIM forward.

We will also develop a system that manages data for facilities and equipment in the maintenance and management of buildings, and will strengthen our competitiveness in the field of post-completion services.

Kajima Work-Style Reform

Skilled workers are vital to the construction industry, but recruitment to relevant professions lacks persuasiveness because of issues relating to compensation, vacation time and work environment. Kajima seeks to change this by closing worksites for a total of eight days out of every four weeks and by introducing systems that provide greater monetary incentives and benefits.

In March 2019, prior to the full-scale implementation of the Construction Career Up System led by the Ministry of Land, Infrastructure, Transport and Tourism, we began field tests of EasyPass, a dedicated proprietary entry and exit management system. We will appropriately recognize the experience and ability of skilled workers to improve employment conditions, while increasing the overall efficiency of site management by keeping track of information such as entry and exit times and labor performance.

We are also accelerating the direct employment of skilled workers, including foreign nationals, at Group companies Kajima Kress Corporation, Kajima Fit Co., Ltd., and Clima Works Co., Ltd. Developing directly hired employees into multi-skilled workers ensures the stability of their income regardless of construction stage or weather conditions. In addition, deepening cooperation with skilled workers in robot technology development will enable us to gather and use feedback from operations personnel, which will support accelerated technology development.



Hiroyoshi Koizumi

Representative Director
Executive Vice President; General Manager,
Building Construction Management Division

Construction Career Up System (CCUS)

This is an industry-wide database of the work history and qualifications of skilled construction workers built and operated by the Fund for Construction Industry Promotion under the auspices of the Ministry of Land, Infrastructure, Transport and Tourism. Registered skilled workers are assigned a unique ID and issued a Construction Career Up Card, which they can use by simply tapping to a card reader installed at worksites. Information recorded includes where the work was performed, as well as the job type and position. The aggregated results help skilled workers attain employment opportunities that are in line with their careers, and also enable objective evaluation by employers.



— Achieving Sustainable Growth —
Initiatives to Improve Productivity

Sustainable growth

1 Kajima Smart Future Vision

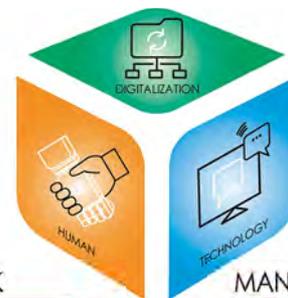
In November 2018, Kajima formulated the Kajima Smart Future Vision to improve productivity by transforming various production processes relating to construction work in response to the shortage of construction workers and by achieving work-style reform. We are developing robot technology using ICT and innovating on-site management with the goal of achieving better building construction processes by 2025.



Video introducing the Kajima Smart Future Vision

ENGINEERING

Digitalization of all processes



WORK

Half of the work with robots

MANAGEMENT

Half of project management done remotely

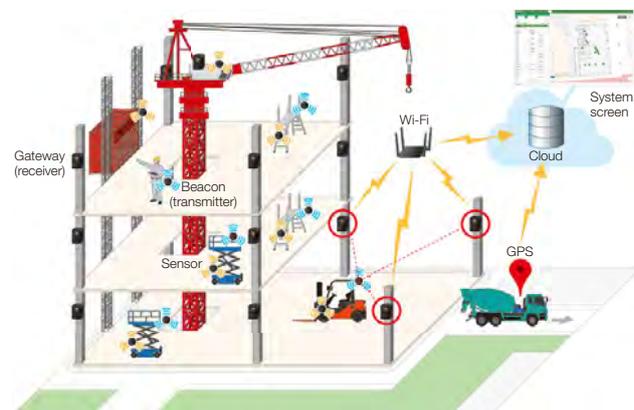
Technology Field Trials toward Implementing Our Vision

We selected the construction of the Kajima Fushimi Building (tentative name) as a pilot site where we are applying and testing 18 technologies and systems, including various construction robots and site management tools.

- Steel frame welding robot (full-circumference, overhead)
- Drone automatic patrol system
- Fireproofing spray robot
- Transport management system
- Concrete finishing robot
- Onsite monitoring system (wearable devices, fixed-position cameras)
- Portable concrete vibrator
- Vitals sensor health management support system
- Assistance machine for exterior installation
- BIM: Networked system for progress tracking
- Robotic exosuits for lifting
- BIM: Virtual reality use (decision-making, safety training)
- Steel frame structural accuracy monitoring system
- BIM: Augmented reality check system
- Materials and equipment location and operation monitoring system
- BIM: Networked system for rebar processing
- Facial recognition entry/exit management system
- Skill transfer system (aggregation and utilization of expertise)

Examples include the KENLOGI inventory management system, which uses newly developed identification tags to log the entry and exit of all materials and equipment, and the K-Field system that logs information on onsite location and operating status of materials and equipment in real time. About 150 beacons have been installed, including on elevated work platforms, temporary platforms, and trolleys, enabling workers to locate them at a glance via PC display or monitor. In addition, we installed magnet sensors on all elevated work platforms, allowing us to monitor operating status based on whether they are raised or not.

As a result, elevated work platforms can be kept in constant operation, ensuring more efficient use of resources. Future possibilities include wearable beacons that transmit information on worker movements or onsite location. This data can be used to improve temporary positioning of toilets, lifting equipment, safety passages and other features.





2

Accelerating Technology Development for Automated Construction Sites

Technologies for Automated Mountain Tunnel Construction

In November 2018, we built a real-scale mock-up of a tunnel as a base for developing technologies needed in automated mountain tunnel construction, and began demonstration and verification tests. The tunnel is 55 meters long and has a cross-sectional area of 76 square meters. It assumes a two-lane highway cross section.

As a first step, we are working to automate concrete spraying work. Taking account of the specific work environment and geological conditions, and after having programmed nozzle positions, orientations, and spray patterns in accordance with the required spray position and range, spray thickness, and intended surface shape, the machine will then move its arm and boom automatically and conduct concrete spraying.

We will add measurement management technologies required for gauging spray thickness and shape and identifying material properties. By further establishing work procedures and methods suited to site conditions through full-scale experiments in the mock-up tunnel, we aim to develop an automated spraying system that can optimally adapt to various site conditions.

In addition to automated spraying, we plan to automate every step of the tunneling process, including drilling, mucking, crown and wall scaling, and installation of rock bolts, and achieve a single-operator system for face work in fiscal 2020.



Demonstration of automated spraying in the mock-up tunnel

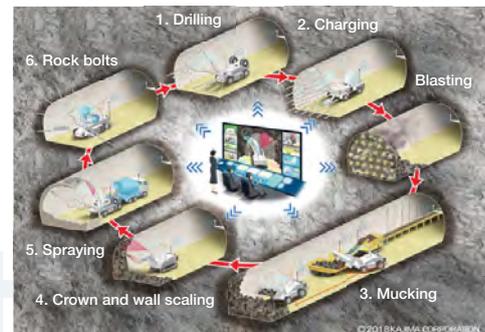


Illustration of tunnel site automation with a single operator

Technology to Automate Dam Construction

In the construction of the Koishiwara Dam (Fukuoka Prefecture), A⁴CSEL[®] (“quad axel”), a next-generation construction machinery automation system, was used for the first time to handle full-scale embankment work (for one layer of core material).

A⁴CSEL[®] is the first technology in the world that automates work through the use of measuring instruments and a control PC mounted on general-purpose construction machinery. A⁴CSEL[®] differs from conventional remote control—it allows a single user to issue work commands that are then autonomously executed by multiple machinery units.

Based on this achievement, we plan to use 20 to 30 automated heavy machinery units for embankment work on the body of the Naruse Dam (Akita Prefecture), a trapezoidal CSG dam,* the construction of which started in 2018. Moreover, we intend to combine other automation technologies including our fully automated sliding formworks in order to automate all steps—from shipment of materials to transportation and placement—in dam body construction, and in so doing explore the possibility of automating civil engineering construction activities to a “factory-like” level. We believe that such a non-labor-intensive, high productivity construction system, when fully realized, will be welcomed not only in Japan, but also overseas, as it can be exported as a package.

* A type of concrete dam made using cemented sand and gravel (CSG) generated by mixing water and cement with sand and gravel, set in a trapezoidal shape.



Commands are issued to automated heavy machinery from the control room



Core material construction for the Koishiwara Dam

Real Estate Development

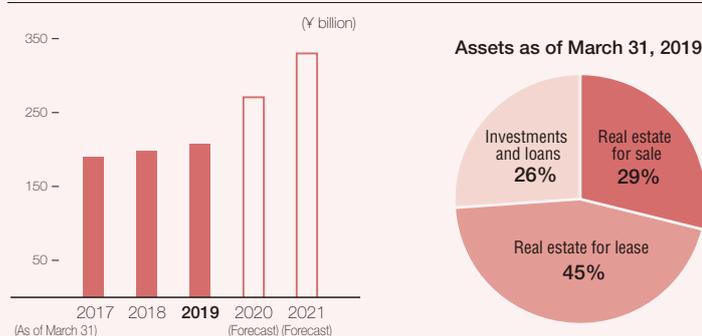


Business Policy

- Structure a medium-to-long-term business platform that contributes to profit stability
- Expand real estate-related businesses with capital efficiency in view
- Respond to a wide range of social demands through real estate-related operations

Business Overview

Domestic Real Estate Development Assets



Opportunities

- Increasing number of projects where comprehensive solutions are expected
- Growing need for redevelopment due to changes in urban structure
- Increasing social demands for improving facility environments and amenities

Challenges

- Rising facility construction and maintenance costs
- Need to strengthen Group-wide property management capabilities

HIGHLIGHTS

Development Projects in Japan

| Project Name | Remarks |
|---|---|
| Gracia Towers Ebina | East Tower: Completed May 2019 West Tower: Completion scheduled for Jan. 2020 |
| Kajima Fushimi Building (tentative name) | Completion scheduled for Sep. 2019 |
| Haneda Airport Unused Land Zone 1 Redevelopment Project (Phase I) | Completion scheduled for May 2020 (Phase I) Completion scheduled for 2022 (Phase II) |
| Takeshiba Urban Redevelopment Project (tentative name) | Completion scheduled for May 2020 |
| Hamamatsucho 2-Chome District 4 Block A (Building A3) | Completion scheduled for Mar. 2021 |
| Yokohama Gate Tower | Completion scheduled for fall 2021 |
| Kudan Kaikan Reconstruction Project | Completion scheduled for Jul. 2022 |
| Minato Mirai 21 Central District 37 Block Development Plan (tentative name) | Completion scheduled for Mar. 2023 |
| Hamamatsucho 2-Chome District Type 1 Urban Area Redevelopment Project | Completion scheduled for 2026 |



Reconstruction of historic building Kudan Kaikan

Business Strategies

Steadily Build a Portfolio of Prime Assets and Short-Term Projects

Real estate development has been expanding as Kajima's third core business alongside civil engineering and building construction. It balances short-term projects with fast turnover and medium-to-long-term projects that generate recurring revenues. Under the current Medium-Term Business Plan (Fiscal 2018–2020), our goal is to invest ¥160 billion over three years and increase quality assets to approximately ¥300 billion.

In fiscal 2018, Kajima's domestic real estate development business invested approximately ¥35 billion. This includes investment in the Minato Mirai 21 area to acquire land, initiate construction and proceed with authorizations and approvals for the Yokohama Gate Tower Project, and for steady progress in existing projects. As a result, domestic real estate development business assets as of March 31, 2019 totaled approximately ¥210 billion.

Earnings are fluctuating due to the replacement of assets in accordance with the Medium-Term Business Plan. However, we aim to further increase earnings, by acquiring income properties on the basis of detailed business feasibility studies and through measures to increase profit that will add new rent income, supplementing a stable income from prime lease assets. Moreover, we aim to further generate gains through sale of lease properties after adding to their value.

By making continuous steady progress with attractive large-scale projects already acquired and undergoing business structuring, while also acquiring outstanding new properties through direct transactions utilizing our client network, we expect to achieve our goals under the Medium-Term Business Plan.

On another note, Group company Kajima Real Estate Investment Advisors Inc. launched a private REIT in fiscal 2018. The REIT had ¥28 billion in assets under management as of March 31, 2019, and is expanding steadily toward its asset target of ¥100 billion in five years. We will create new investment opportunities that provide stable long-term asset management for institutional investors and help maximize investment value by providing distinctive real estate services that make use of the planning, technology and network capabilities of the Kajima Group.

New Business That Leverages Our Real Estate Development Expertise

In the course of supporting the businesses of our clients, we have cultivated development expertise, and planning and proposal capabilities in areas including business structuring, permits and environmental assessment. Alongside working on our own businesses, we will leverage this expertise and experience in real estate development to provide supporting services for the acquisition of contract awards for attractive projects. Furthermore, we will expand non-asset businesses such as corporate real estate consulting, brokerage and management services for customer assets by restructuring and strengthening real estate-related Group company functions.

With regard to public-private partnership projects that the Japanese government is actively using to develop public real estate, we will continue to make use of the strengths of the construction business and collaborate with companies in other business areas and industries to aggressively propose business plans that create excellent and diverse long-term opportunities.

In addition, while bearing in mind the United Nations' SDGs, we will accelerate the development of green buildings and, as a next-generation urban development project, we will work to implement a smart city in the Haneda Airport Unused Land Zone 1 Redevelopment Project. Moreover, we remain committed to the creation of a sustainable society through real estate development projects that support regional industrial development, job creation, harmonious coexistence with nature, and high-quality education, among other benefits.



Teruaki Yamaguchi

Executive Vice President
General Manager,
Real Estate Development Division

Overseas Operations

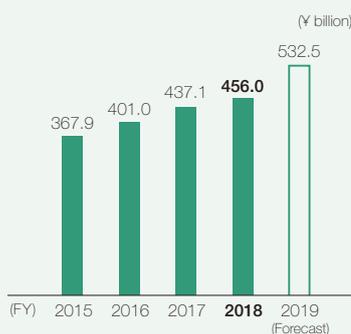


Business Policy

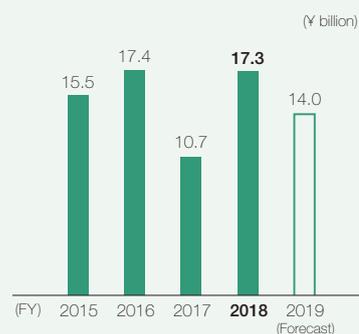
- Be the best in specific markets and business domains
- Create unique business opportunities through Group collaboration

Business Overview

Revenues



Ordinary Income



Opportunities

- Diverse opportunities to win contract awards
- Creation of new revenue sources

Challenges

- Achieving a balanced portfolio of real estate assets
- Strengthening the business platform

HIGHLIGHTS

Real Estate Development through Indochina Kajima Development Limited

In 2016, Indochina Kajima Development Limited was jointly established by Kajima and Indochina Capital Corporation, a Vietnamese real estate development company, and has since been active in the real estate development arena in Vietnam. A groundbreaking ceremony was held to celebrate the commencement of construction of the joint venture's first project—a hotel development—in Ho Chi Minh City on November 30, 2018.

The project is located on Nguyen Binh Khiem Street, an important tourism and business hub with excellent transport access, only 15 minutes' drive from Tan Son Nhat International Airport and 5 minutes' drive from the central business district. The company is developing a 237-room hotel that will operate under the Wink Hotels* brand upon completion.

Wink Hotels is a Vietnam-based chain that provides reasonably priced, high-quality hotel accommodation to a wide range of Vietnamese and international travelers and businesspersons.

* Wink Hotels is a brand of accommodation-only hotels with a concept that embraces the assemblage of traditional and modern styles of Indochina.



Business Strategies

Building a Close-Knit Group Network by Strengthening the Business Platform

In our overseas operations, we have been establishing various platforms whereby overseas subsidiaries provide professional services tailored to the specific needs of respective markets in their countries. In recent years, we have also been expanding our business domains through M&A.

Rather than developing the Kajima Group's overseas operations by expanding out from Japan, each overseas subsidiary organically grows its own business domains, reaching out and collaborating with sister companies worldwide, which will create a truly close-knit global network. For example, the collaboration between Cockram Construction Australia Pty Ltd and The Austin Company in the U.S. has led to the creation of a new business opportunity providing services to European and U.S. companies with which we have previously had no dealings. In Japan, Kajima's domestic branches are collaborating with Scenario Cockram Ltd. (of Hong Kong) whose forte is the specialty construction of theme parks. In terms of overseas capital investment to Japan, the business relationships that overseas subsidiaries have built and the trust that they have gained from their clients over the years have brought new business opportunities to Kajima.

- **United States: Short-term “merchant” development business model has a proven track record of success**

In the U.S. real estate development business, Core5 Industrial Partners LLC is focusing on developing distribution warehouses for e-commerce and is vigorously pursuing a short-term development business model. With the wealth of expertise accumulated within the team, the company is running ahead of many of its competitors by providing differentiated and value-added services to its clients with the cooperation of the building construction arms of the Group. It generates steady earnings by leveraging the benefits of working with an abundant number of third-party service providers, controlled by an agile organization of experts. In 2017 Flournoy Development Group, LLC, which develops, constructs and manages apartment communities, joined the Kajima Group. The company is making steady progress and we expect it to start making a solid contribution to the Group's earnings from fiscal 2021. Overall, Kajima U.S.A. Inc. (KUSA) aims to generate stable earnings through a business portfolio that combines short- and long-term projects.

- **Asia: Large-scale projects kick off in full swing**

Kajima Yankin PPP Co., Ltd., a subsidiary of Kajima Asia Pacific Holdings Pte. Ltd. (KAP), has commenced construction of its first large-scale, mixed-use development project in Yankin Township in Yangon, Myanmar, which entered the preliminary stage in 2017 and is now in full swing. In Singapore, Kajima Development Pte. Ltd., KAP's real estate development business arm, and Singapore Press Holdings Ltd., a Singapore-based media company, are engaged in the joint construction of the Woodleigh Development Project, a mixed-use facility that encompasses residential condominiums and commercial facilities on approximately 2.5 hectares of land. Pre-sales of condominiums are proceeding successfully.

- **Australia: M&A synergy**

Icon Co Pty Ltd, acquired in 2015, and Cockram Construction, acquired in 2017, became wholly owned subsidiaries and merged into a single entity, Kajima Icon Holdings Pty Ltd (KIH), in December 2018. The merger of Icon, strong in residential construction, and Cockram Construction, strong in non-residential projects such as production facilities, has resulted in a summative reputation as one of the largest full-service construction companies in Australia. KIH is expanding its realm of services to education, medical care, and defense facilities.



Keisuke Koshijima

Executive Vice President
General Manager,
Overseas Operations Division

Cockram Construction Australia Pty Ltd

Acquired in 2017 by Kajima Australia Pty Ltd (KA), headquarters for operations in Oceania. In addition to Australia, Cockram Construction also operates in China, the U.S. and New Zealand, having a competitive advantage in non-residential construction.

The Austin Company

Acquired by KUSA in 2005. Has a competitive advantage in providing design and engineering as well as construction services primarily for manufacturing facilities.

Scenario Cockram Ltd.

A subsidiary of Cockram Construction, majority stake acquired by KA in March 2018. Scenario Cockram specializes in designing, manufacturing, and constructing artificial rocks, special interiors and exteriors, and show-sets for attractions, mainly for theme parks in the U.S. and Asia.

Core5 Industrial Partners LLC

U.S. distribution warehouse development company established in March 2015. Core5 Industrial Partners, capable of developing and realizing short-term returns on investment, is highly competitive in its markets.

Business Policy

Construct highly functional and efficient facilities from the viewpoint of production processes.

As a general contractor, Kajima has accumulated an extensive track record and technical capabilities in every phase from planning to construction, through which it is able to provide optimal engineering services for production, logistics, and research facilities of clients in industries where there are needs

for advanced and regulated production process management, such as pharmaceuticals, cosmetics, food, datacenters and semiconductors. Furthermore, we develop new technologies for facilities to support new product categories with high potential, such as biopharmaceuticals.

Main Initiatives

The development of optimal production processes to meet the client's management and production plans is critical for production, research and logistics facilities.

In our engineering business, the design, construction, and engineering departments work together to support all phases of a project, from conception and basic planning to design and construction. We are able to lead projects to success with the shortest timeframe without rework since we examine diverse perspectives at the planning stage based on the customer's requirements. In addition, through work analysis of industrial engineering methods and adoption of various production process automation technologies, Kajima is able to create highly productive facilities that achieve a fusion of human and machine labor.

Ensuring product quality is a crucial mission in fields such as pharmaceuticals or foods, while research and production facilities are subject to many strict regulations. Furthermore, companies doing business globally must comply with the regulations of each country they serve. Kajima's engineers are thoroughly versed in the latest domestic and international regulations. In collaboration with specialist consultants in each country, they conduct facility planning in accordance with the necessary specifications and standards, and construct facilities capable of ensuring high product quality.

Using core technologies and expertise in facility planning, productivity improvement and environmental protection, we respond to customer needs with smooth project management capabilities from the initial stage of projects.

HIGHLIGHTS

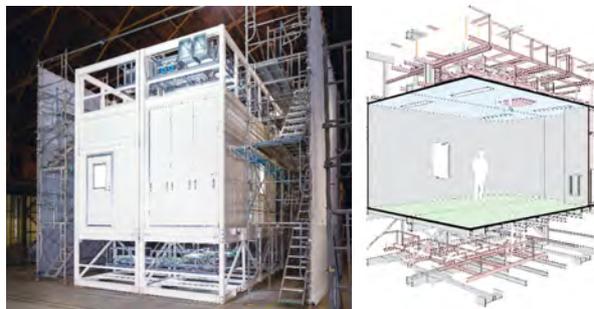
KaMoS (Kajima Modular Facility System) for Pharmaceutical Production Facilities

Rather than constructing an entire building on-site, modularized construction, in which divided units are manufactured at the factory, then transported and assembled on-site, has entered use for various facilities. Its benefits include ensuring building quality while shortening time to facility start-up. KaMoS (Kajima Modular Facility System) is a brand-new modularization technology developed by Kajima, and is specialized for the construction of high-end pharmaceutical manufacturing facilities.

With KaMoS, structure and equipment are integrated and manufactured into each module at the factory, making it possible to build a homogeneous facility capable of high precision in a short period of time. Each module complies with airtightness and hygiene specifications suitable for high-grade bioclean rooms and biocontainment facilities, thereby achieving the high quality and performance required for pharmaceutical facilities.

The modules can be transported in standard shipping containers and assembled on-site. The facility can also be disassembled, transported to a new location, and reassembled. This technology enables the rapid construction of a high-quality bioclean room equivalent to one constructed in Japan anywhere in the world. Post-construction, the production room

can be expanded, downsized, partitioned or changed quickly, and the facility can be easily relocated to another site.



KaMoS employs three types of vertically stacked module (ceiling modules, floor modules, and under modules), which are connected in the horizontal plane to form a facility.

Domestic Subsidiaries and Affiliates

Business Policy

As of March 31, 2019, the Kajima Group has 91 domestic subsidiaries and affiliates, consisting of 40 subsidiaries and 51 affiliates. These companies are involved in a wide range of upstream and downstream fields with a focus on construction. Highly skilled experts throughout the Group collaborate to provide comprehensive capabilities at all stages from planning, development, design, engineering, and construction, to post-completion operation and management, and maintenance and repair.

The aim of the Kajima Group's Medium-Term Business Plan is to ensure sustainable growth from fiscal 2021 onward by establishing a Group-wide business platform for growth. Toward this objective, in fiscal 2018 we strengthened profitability in the domestic construction business and upstream and downstream businesses. We did this by enhancing our production capabilities by directly employing people in professions that are in tight supply and developing multi-skilled workers, using BIM in stages from building design and construction, to maintenance and management, providing BCP solutions through Group collaboration, and engaging in initiatives targeting public-private partnerships (PPP) and public real estate (PRE) utilization. In fiscal 2018, consolidated revenues from domestic subsidiaries

and affiliates increased to ¥393.7 billion, up 7.4% from the previous fiscal year, and ordinary income was essentially unchanged at ¥19.0 billion.

We will continue to promote collaboration throughout the Group, use means including M&A to shore up and expand capabilities, and diversify revenue sources throughout the lifecycle of buildings and structures.

Performance of Main Domestic Subsidiaries and Affiliates

| | FY2018 (¥ billion) | | Employees (As of March 31, 2019) |
|---------------------------------------|--------------------|-----------------|-------------------------------------|
| | Revenues | Ordinary Income | |
| Taiko Trading Co., Ltd. | 117.5 | 1.55 | 295 |
| Kajima Road Co., Ltd. | 134.2 | 6.71 | 1,349 |
| Kajima Tatemono Sogo Kanri Co., Ltd. | 57.5 | 3.56 | 1,785 |
| Chemical Grouting Co., Ltd. | 26.2 | 1.26 | 292 |
| Kajima Leasing Corporation | 9.1 | 0.88 | 54 |
| Ilya Corporation | 7.4 | 0.52 | 178 |
| Kajima Mechatro Engineering Co., Ltd. | 11.0 | 0.10 | 196 |
| Clima-Teq Co., Ltd. | 20.5 | 0.87 | 374 |

HIGHLIGHTS

Directly Employing Workers in Professions in Tight Supply and Developing Multi-Skilled Workers

■ Kajima Fit Co., Ltd.

Kajima Fit contributes to enhanced construction capabilities and productivity in the construction industry by providing a work environment where people have job security as regular Group employees, and by leveraging the Group's broad expertise to develop workers with multiple skills in construction technology and management. At its technical training facility in Yashio City, Saitama Prefecture, skilled technicians offer instruction and training in basic construction technology and techniques, which are followed by on-the-job training. Kajima Fit's programs develop technologically competent workers who can handle multiple types of work, such as fireproof coating construction and autoclaved lightweight aerated concrete panel construction.

■ Kajima Kress Corporation

Kajima Kress actively recruits technical interns from Vietnam and trains them as onsite welding technicians. Since 2017, Kajima Kress has accepted 22 trainees. On completion of the Architectural Welding Qualification, a certification for architectural steel welding specialists, trainees proceed to assignments at construction sites as welders.



Kajima Fit's multi-skilled team



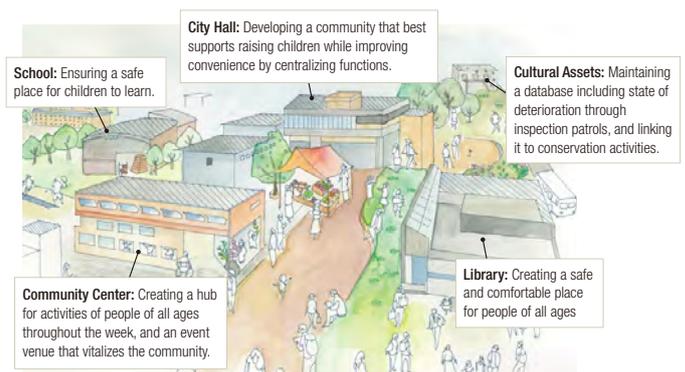
Trainees from Vietnam at the start of their technical internship

HIGHLIGHTS

Collaborative Group PRE Initiatives

■ Kajima Tatemono Sogo Kanri Co., Ltd.

In March 2019, Higashiyamato City awarded a contract for comprehensive facility management to Kajima Tatemono Sogo Kanri. Comprehensive management of public and other facilities is an integrated approach that improves efficiency and ensures appropriate management by agglomerating contracts with respective facilities and departments of local government bodies. Through the comprehensive capabilities of the Kajima Group, Kajima Tatemono Sogo Kanri is pursuing public facility management that is safe, secure, and best serves the community.



Model for comprehensive management of public and other facilities