

Message from the President

A portrait of Yoshikazu Oshimi, the President and Representative Director of Kajima. He is an elderly man with grey hair, wearing a dark blue suit, a white shirt, and a patterned tie. He is standing in front of a modern building with large windows and greenery. A small circular pin is visible on his lapel.

Kajima will target growth by accelerating digitalization and global expansion to further enhance the Group's comprehensive capabilities.

Yoshikazu Oshimi
President, Representative Director

Our previous medium-term business plan started in fiscal 2015, the year I became president. While seeking a recovery in results and growth, its initiatives had the core theme of revitalizing and reinforcing the building construction business. In fiscal 2018, we launched the Kajima Group Medium-Term Business Plan (Fiscal 2018–2020), which builds upon the previous plan. The current plan sets key objectives and quantitative targets that address medium-term management issues, such as creating next-generation construction systems, and incorporates strategies to achieve them.

Officers and employees of the Kajima Group have worked as one to successfully implement the strategies of these two medium-term business plans. Moreover, results have been strong and exceeded plan for the five years through March 2020 in a stable business environment.

This solid performance can be accredited to the trust Kajima has earned over its 180-year history and its people and technology. We strive for Group management that enables us to secure and nurture excellent people who create value, to develop cutting-edge technologies, to continuously invest for the future, and to generate stable earnings, even should an economic downturn pressure

results. Currently, we are investing in the real estate development business, which has synergy with the building construction business, and expansion in construction-related business domains that are less susceptible to economic cycles, such as real estate leasing, maintenance and management, as well as in enhancing the comprehensive capabilities that are the Kajima Group's strength.

During this period, we have implemented corporate governance reforms and improved compliance and risk management systems. Compliance is the basis of corporate activities, and we have been even more vigilant regarding compliance in light of cases in which Kajima was charged with a violation of the Anti-Monopoly Act and a Group company was ordered to pay a penalty for violation of said Act. Following a review of past construction projects that were unprofitable due to poor estimating and of significant losses on civil engineering work outside Japan, we have also rethought our organization and regulations, and are now making improvements to better manage risk.

I was inspired to join Kajima after seeing the 1969 movie *Chokoso no Akebono* (English title: *Skyscraper*), which dramatizes the construction of Japan's first skyscraper, the Kasumigaseki



Building. Constructed by Kajima, this building met contemporary needs by making effective use of scarce land at a time of rapid economic growth. We continue to draw on that same enterprising spirit that has guided Kajima throughout its history as we develop and deploy technologies in completely new fields. In doing so, we help to resolve societal issues, which supports the Group's sustainable growth. Today, techniques such as those used in skyscraper construction that I so admired are undergoing a digital evolution. A new era is already upon us, and global change will only become more rapid. Nevertheless, I believe that by constantly evolving while staying true to our corporate philosophy of striving to continually advance our business operations and contribute to society, we will forge a path to growth.

Fiscal 2020 is my sixth year as president. Although the future is unclear due to the COVID-19 pandemic, the Group is united in responding to the short-term issues that confront us and in continuing with and expanding upon initiatives that address long-term issues.



Fiscal 2019 in Retrospect

Consolidated net income (net income attributable to owners of the parent) for fiscal 2019 was ¥103.2 billion, exceeding ¥100 billion for the fourth consecutive year. Factors included improved profitability in Kajima Corporation's building construction business due to thorough implementation of front-end loading¹ and technology-driven productivity enhancements, as well as improved performance at domestic subsidiaries and affiliates.

We implemented measures to address current management issues such as the concentration of construction work in the Tokyo metropolitan area, while making solid progress with initiatives to prepare us for medium-to-long-term changes in the business environment, including those brought on by Japan's declining birthrate and aging population and the impact of technological innovation. Our investment plan calls for a total of ¥500 billion invested over the three years through fiscal 2020. We invested steadily to diversify revenue sources and enhance our competitiveness in areas including the real estate development business in Japan and overseas, automated construction for civil engineering, R&D focused on smart building construction, and mergers and acquisitions (M&A).

The effects of the COVID-19 pandemic began to become apparent from January 2020. At domestic construction sites, with safety as our top priority and in coalition with onsite partner companies, we are working to prevent the spread of infection. In addition, we are complementing official assistance from the Japanese government with our own measures to support the supply chain. Furthermore, although the effects of the pandemic on procurement have not been significant, we experienced delays in the delivery of some products and occasionally had to procure alternative products. We are therefore diversifying procurement sources.

In overseas operations, we had to temporarily close a number of offices and suspend construction in accordance with restrictions issued by respective governments. Worldwide, our top priority is ensuring the safety of stakeholders as we strive to maintain business continuity.

The impact of COVID-19 on Group results in Japan and overseas was minimal in fiscal 2019, but we expect revenues and earnings to decrease year on year in fiscal 2020. We had previously expected that revenues from overseas operations would make up for flat revenues in the domestic construction business. However, we now forecast that Group revenues will decrease to some extent due to the pandemic, and that consolidated net income will decrease about 20% year on year.

1. Front-end loading: This approach identifies owner requirements in the early stages of a project and builds consensus among the owner, architectural firm and construction company from the design stage, thereby reducing delays, rework and modifications in later stages of the project. This reduces the overall workload and enables suitable quality, cost, and construction period to be factored in.

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Our solid performance in recent years is funding our investment plan, so despite uncertainties about the future, we will continue to steadily invest in future earnings growth. We will maintain a flexible approach to ensure that we do not miss out on good investment opportunities.



Onsite COVID-19 Countermeasures

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Market Environment Outlook Given the Impact of COVID-19

Private capital investment in Japan is expected to decrease in fields related to international tourism. At the same time, construction demand is expected to increase in other fields. This includes healthcare-related facilities, logistics centers to support growing e-commerce, data centers to support more widespread telecommuting, and factories as companies reshore production to Japan. We also expect public investment to remain firm given its role in stimulating the economy and enhancing national resilience.

We have many projects already planned for fiscal 2021 and beyond. We will also secure contract awards by diligently identifying market movements and further strengthening our technological and proposal capabilities, especially in fields where we expect demand growth.

All around the world, the COVID-19 pandemic is disrupting the way people work. In offices, wellness-related needs will become increasingly sophisticated. These include changes in layouts and the use of common space to accommodate the broad adoption of telecommuting, social distancing and more robust networked environments, as well as infection control measures using air conditioning equipment. We are currently conducting relevant research in collaboration with external research institutes and universities.

In overseas operations, although we expect recovery in hotel and resort demand to be slow, the distribution warehouse market is booming. Aggressive investment in our specialized subsidiary in the U.S., Core5 Industrial Partners LLC, and aggressive investment in joint ventures in Europe through the strategic partnership with Panattoni Europe will support revenues in overseas operations. Furthermore, while domestic manufacturers are reshoring production facilities to Japan, they are also ensuring that their operations are well-balanced across multiple regions and countries. We will proactively address this anticipated construction demand by leveraging the Group's comprehensive capabilities.

We will continue to optimize our business portfolio, accurately identify new customer and social needs brought on by change, and maintain and build upon our position as a reliable business partner even in difficult times.



Overseas Operations

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Megatrends and the Future Business Environment

In Japan, population decline due to the low birthrate and aging population is resulting in a long-term qualitative shift in demand from new construction to maintenance, repair and renovation. Outside the Tokyo metropolitan area, we expect that smart society frameworks will lead to infrastructure consolidation and the local consumption of locally produced renewable energy. Natural disasters occur frequently in Japan, necessitating long-term market forecasts that can anticipate large-scale disasters. Moreover, the shortage of skilled workers is likely to become more acute as the labor force contracts. Outside Japan, we expect that continued economic development centered on Asia will generate significant construction demand.

Changing values mean that people will emphasize space and utility rather than simply the building itself. Furthermore, we expect a greater focus on addressing physical risks such as the increasing intensity of natural disasters brought on by climate change, and on society's transition to a low carbon footprint.

Regarding the aforementioned megatrends and the United Nations' SDGs, which are universal goals for solving social issues, the Group has identified a number of long-term material issues to address. These include developing sustainable and long-lasting social infrastructure, providing technologies and services for disaster preparedness that support safety and security, and contributing actively to society's transition to a low carbon footprint. Looking beyond our traditional businesses, these material issues will guide us in generating sustainable growth as we expand our business domains and the regions we serve.

Addressing environmental issues including climate change is particularly important for sustainability. Global society and markets are increasingly committed to achieving a low carbon footprint and decarbonization. Kajima Environmental Vision: Triple Zero 2050 maps our targets through 2050. Under the vision, we are enhancing and implementing environmental initiatives both through our own business activities and by supporting the business activities of customers. Moving into fiscal 2020, we have begun rolling out the Environmental Data Evaluation System (edes) to all construction sites in order to reduce energy consumption. The system ascertains CO₂ emissions from construction in real time and enables timely measures to achieve targeted reductions. We will also focus on providing environmental value to our customers, such as through the construction of offshore and onshore wind power generation facilities, the design and construction of methane gas power generation facilities, and the development and application of low-carbon concrete.

In 2020, Japan again suffered damage from heavy rains, chiefly in the Kyushu region, and extreme weather and flood damage are likely to intensify in the future. Our mission as a construction company is to help prevent and mitigate disasters, support

business continuity planning, and contribute to post-disaster recovery. We are therefore focusing on R&D that includes the sophisticated use of hazard maps and other knowledge-based approaches. We will continue to ensure that we can sustainably maintain and increase corporate value through our solutions to social issues related to climate change.



Material Issues
Environment

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Kajima's Vision for the Future

We are digitalizing all processes related to buildings and structures through the use of building information modeling (BIM) and construction information modeling (CIM). The Group is now deploying the Internet of Things (IoT) and artificial intelligence (AI) to create integrated services from the planning and design stage to construction and maintenance.

Linking data at each lifecycle phase of buildings and structures is already becoming a key part of our business. Companies from IT and other industries may enter the construction market in the future. However, Kajima is confident in being able to maintain a competitive advantage backed by its knowledge of buildings and structures, and its ability to provide integrated services in fields including disaster prevention, energy and environment-related technologies, and upstream and downstream businesses.

Looking beyond our current automation and labor-saving initiatives, such as Kajima Smart Future Vision and automating construction sites, modularization and the deployment of machinery and robots will enable dramatic improvements in productivity. We believe full automation is ultimately possible, particularly for civil engineering. This will require a shift in construction practices, predicated on the complete digitalization of all information, and including standardization of designs for full automation, and manufacture in factories wherever possible prior to assembly at construction sites.

We also plan to be deeply involved in the operation of smart cities and other new models of urban development. To this end, we will leverage customer relationships spanning multiple industries, our expertise in real estate development, and our proposal capabilities for integrated services that draw on proprietary construction-related data, including from BIM and CIM.

In overseas operations, we will expand our business scale and scope in countries we already serve including in Asia and North America, while also considering expansion into new and promising markets.

Kajima is accelerating technological development aligned with these objectives by complementing existing initiatives with overseas R&D centered on Kajima Technical Research Institute Singapore (KaTRIS). Proactively incorporating external knowledge and

promoting open innovation is essential. As such, we are also developing technologies in coalition with leading companies in Japan and around the world and collaborating with major construction industry peers in the fields of robot construction and IoT. These initiatives are now beginning to generate results. For example, we are further expanding the use of automation in dam and tunnel construction, with welding robots and quadruped walking robots having entered the site application stage. We are thus raising productivity through labor savings and a reduction in heavy labor while consistently ensuring safety and quality.

Predicting how things will move in the future is more difficult than ever these days. Nevertheless, the Group is evolving its business model, which has so far focused on innovation to find better ways to build and deliver on-site during the construction phase. We will utilize data for the entire lifecycle of buildings and structures to find better ways to create and provide ongoing services that fully satisfy customer expectations, and thereby make services an even more important component of our business. Our objective is a unique business model that fuses digital and the real world.

Long-term, we will continue to create value in construction-related fields where we are able to demonstrate our strength. People and technology will remain our sources of value creation, complemented by data as a critical component. We will secure and nurture talent, push forward with R&D, and proactively promote external alliances and M&A.

We will continue to discuss our long-term direction as we consider our next medium-term business plan and the outlook post-COVID-19.

Kajima's Vision for the Next 10 to 20 Years and Direction for the Next Medium-Term Business Plan

■ Direction for the Next Medium-Term Business Plan

We intend to launch our next medium-term business plan in fiscal 2021. We will advance initiatives in line with our long-term direction, but we must begin by squarely facing COVID-19 and making sure our foundation is solid. The nature of the construction industry cycle basically means that our sales for the next two to three years are assured. Nevertheless, the business environment has changed significantly due to the pandemic. We must move up our schedule for digital and other measures as we consider the next plan.

The next medium-term business plan must announce the progress of these measures, as well as our long-term direction and strategies and three-year milestones. Strategies under consideration for incorporation into the new plan revolve around key concepts such as people (securing and nurturing construction personnel), technology (improving productivity), digital, the environment, and expansion of Group business fields. Some of these strategies will

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be new, while a substantial number will advance the themes of the current plan. From fiscal 2020, to promote the steady progress of measures, we are applying key performance indicators (KPIs) to quantify outcomes. This includes KPIs for productivity improvement measures and initiatives in focus areas.

We expect that fiscal 2020 net income will fall below the ¥100 billion or more level that we have sustained over the past four years. However, we will formulate the next medium-term business plan to minimize the negative impact should the effects of the COVID-19 pandemic be prolonged, and to promote consistent initiatives for strengthening the profitability of existing businesses and expanding business domains. In doing so, we hope to achieve a quick recovery and return the Kajima Group to a growth trajectory.

■ Domestic Construction Business

Step one for the domestic construction business is winning contract awards. In building construction, we will support customer business continuity and growth, and maintain and strengthen relationships built on trust, notwithstanding the impact of the COVID-19 pandemic. In civil engineering, we will continue to focus on renewable energy and infrastructure renewal. While developing an organization to strategically serve the renovation field, we must further strengthen cost competitiveness in ways such as diversifying suppliers.

As ongoing initiatives, we must secure construction personnel through work-style reforms and offset the labor shortage by improving productivity. Having reviewed our ideals for construction sites, we aim to close sites for a total of eight days out of every four weeks, and are improving employment conditions and nurturing multi-skilled workers with the support of partner companies. Specifically, we have opened an educational facility for training skilled workers and are laying the groundwork to encourage young people to enter the construction industry. As we promote the Kajima Group's work-style reform initiatives to improve the work environment and raise wage levels for skilled workers, we will maintain or increase productivity through ICT, while implementing thorough measures to prevent the spread of infectious disease. By making the construction industry more attractive to work in, we will be able to expand the labor force.

In building construction, we will continue to transform construction processes under the Kajima Smart Future Vision. Our "digital twin" initiative, which involves creating a digital version of each project before construction begins, will be a particular focus. By modeling construction through to completion at the contract award stage, we are able to incorporate an array of feasible proposals, thereby improving the asset value of buildings and leading to contract awards with stable profitability in a fiercely competitive environment. After winning a contract award, we use the digitally completed building data to improve the efficiency of construction and deliver high-quality, high-value buildings. We have already finished construction of Japan's first digital twin, for a large office building completed in January 2020. We intend to expand this approach and apply it to all buildings.

In civil engineering, our goal is to fully automate the construction

of dams, tunnels and other projects using our proprietary A⁺CSEL[®] ("quad axel") automated construction system. We have already achieved full automation of certain processes, such as concrete lining work in a mock-up tunnel, and in fiscal 2020 we entered the final stage of development targeting full-scale introduction at the Naruse Dam in Akita Prefecture. We will continue our pursuit of automated construction, the realization of which will expand business possibilities for application in other types of construction projects, for external sales as a package, and for use overseas.

Advances in the robotization and automation of construction and remote management will help the construction industry resolve the long-standing issue of eliminating occupational accidents. Dispelling preconceptions regarding hazards at construction sites is essential to making the construction industry more attractive to work in. We will work earnestly to establish systems that protect day-to-day safety and complement existing joint safety measures with our partner companies. Furthermore, in line with the expansion of overseas operations, we are working to enhance safety management and inculcate a safety-first mindset based on our SEQ Policy² while taking into account conditions in each country and region.

At the same time, we intend to strengthen our competitiveness by directly employing more workers and further continuing to engage in M&A and capital alliances in Japan and around the world. Directly employing people in professions that are in tight supply has already become an indispensable competitive advantage at construction sites, and we are securing and nurturing specialists in mechanical and electrical facilities. We also seek to address aging infrastructure in Japan and the increasing intensity of natural disasters brought on by climate change. For example, in collaboration with other companies, we are looking to take on challenges in new business domains, such as the maintenance and renovation of infrastructure owned by local governments, and to standardize technology to reduce costs while ensuring quality.



Feature: Initiatives to Improve Productivity

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2. SEQ Policy: Safety, Environment and Quality Policy

■ Promoting Group Management and Strengthening Our Business Platform

In upstream and downstream businesses, one of our initiatives is to accelerate the creation of systems for delivering integrated services. This entails steadily capturing growth opportunities from our digital twin initiative using centralized data collected from planning and design, through construction, maintenance and management, based on BIM and CIM. For example, in building maintenance, management and operation, through linkage with Kajima Smart BM[®], we will provide comprehensive solutions for reducing costs throughout the building lifecycle by combining energy savings from optimized operation of mechanical and electrical equipment, and life extension and breakdown prediction for machinery.

In the domestic real estate development business, we will

collaborate with business partners to address new needs and provide unique value by harnessing our overseas network and technological capabilities. In particular, we will actively participate in smart city business opportunities so as to build a track record in anticipation of future market expansion. We have been participating in a series of projects that includes Haneda Innovation City and Smart City Takeshiba, and we plan to extend our involvement in smart city projects outside Tokyo as we collaborate with partners in various industries.

Overseas, we will develop a locally rooted business structure by forging alliances with reliable partner companies and by securing and nurturing employees capable of managing local subsidiaries in the future. We will also focus on short-term merchant development projects in North America and on strengthening businesses in new fields such as the student dormitory business in Europe. We have been expanding sales and assets steadily, so our next step will be improving efficiency in accordance with regional and business characteristics to achieve true growth as a global company that balances quantity and quality.

Looking to the future, it will be important for us to secure and nurture people who can create new businesses by deploying the vast amount of data collected across all Kajima Group business activities. So far, our programs have been mainly geared toward securing and nurturing talent in the domestic construction business, but we will begin harnessing both domestic and international networks for these programs. While preserving Kajima's close-knit corporate culture that strongly values employees, we will steadily develop the platform for change. We will make systemic changes so as to better respect diverse work styles and support a diverse workforce where all can fulfil their potential. In ensuring the full functionality of the talent management system currently being introduced, we will also update systems for appropriate assignment and development of personnel. Implementing these initiatives will also require significant innovation in our corporate mindset.

To Our Stakeholders

Stock price is difficult to evaluate because it is determined by many factors. However, one factor that Kajima's stock price reflects is investor concern about future earnings growth. We want to eliminate that concern with sustainable growth that leads to a rise in the price of Kajima stock. We will increase corporate value by hitting our short-term targets, steadily executing the strategies and investment goals of the medium-term business plan, raising the sophistication of our business model that is driven by exceptional comprehensive capabilities in construction and real estate

development, and further globalizing operations.

We emphasize a balance between delivering stockholder returns through dividends and share repurchases, and maintaining internal capital reserves to fund future investments and enhance financial strength. Stable dividends are a priority for stockholder returns, and we would like to flexibly enhance stockholder returns through measures such as stock repurchases while taking into account factors including the business environment.

Taking on board the opinions of our outside directors, we made the decision to announce a financial forecast in May 2020, despite the uncertainties in the outlook. Our reasoning is to explain the impact of and our assumptions about the COVID-19 pandemic to ensure the understanding of stockholders and investors, as well as that of Group officers and employees. We will continue to disclose information from the perspective of stockholders, investors, and other stakeholders, and reflect the opinions we obtain through stakeholder dialogue in management.

Although the economic environment is challenging, we are fully committed to steering the Kajima Group toward greater corporate value and sustainable growth. We thank all stakeholders for their continued understanding and support.



Chokoso no Akebono (English title: *Skyscraper*) is a feature film produced by the current K-PROVISION Co., Ltd. that offers a spectacular retelling of the planning, design, construction and completion of Japan's first skyscraper, the landmark Kasumigaseki Building. It was released in 1969.

A History of Creating Value

Since its establishment in 1840, Kajima has created venues for human life and endeavor. This has included the development of social infrastructure such as railways and dams as well as office, commercial and residential facilities. Through our construction business, we have helped to build a society where people can live safely, securely and comfortably.

Since the end of Japan's Edo period through each of its imperial eras (from Meiji, Taisho, Showa and Heisei to the current Reiwa), Kajima has been known for its leadership in fields ranging from Western-style buildings and railways to dams and skyscrapers. This attests to the ability of our businesses to meet contemporary demands, continuously passing on an enterprising spirit that remains ahead of the times to take on the challenges of the future with technology.

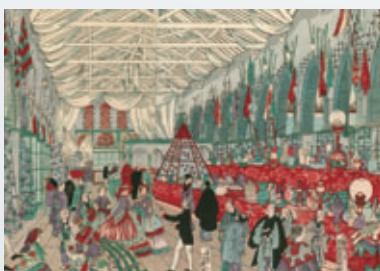
Kajima: Building for the Next 100 Years

We will pioneer a new era by carrying on the traditions of technology and quality created by our predecessors and our history of resolutely taking on the challenges of the future.

1840

Foundation and Leadership in Western-Style Buildings

Kajima's history began in 1840 when founder Iwakichi Kajima opened a carpentry business in Nakahashi Masaki-cho, Edo (now Kyobashi, Chuo-ku, Tokyo). Iwakichi, who was successful enough to frequent the residences of *daimyo* (feudal lords), expanded his business to Yokohama, where construction was booming as an open port under the Treaty of Amity and Commerce between Japan and the United States. Following the construction of the Ei-Ichiban Kan, which housed Yokohama's first foreign trading company, he became widely associated in the public mind with Western-style buildings. Thereafter, he worked on new construction in various locations including the head office of Horaisha, a trading company established by former samurai in Kobiki-cho, Kyobashi, Tokyo, thereby laying the foundation for the growth of the business to the present.



Yokohama English Prosperous Business Firm by "Ikkeisai" Ochiai Yoshiiku (in part; 1871), depicting Ei-Ichiban Kan

1880

Leadership in Railways and Dams

Iwazo Kajima, the second generation of the family to run the Company, established Kajima Gumi in 1880 and started a subcontracting business for railways. The Company built numerous railways and completed the Tanna Tunnel, considered one of the century's most challenging construction projects, further enhancing its reputation in the railway field. Then, as dam construction began in various locations to meet the rapidly growing demand for electricity, Kajima completed the Ohmine Dam, Japan's first concrete high dam. It was the first of many projects that contributed significantly to Japan's development and established the Kajima name in the field of dam construction.



Japan's first high dam made of concrete, Ohmine Dam (Kyoto, 1924). Submerged in 1964 with the construction of the Amagase Dam.

1960

Rising to the Challenge of Skyscrapers

In 1968, we completed the Kasumigaseki Building, Japan's first skyscraper, establishing the construction technologies to make Kajima's name as a leader in the field in Japan. We then went on to build skyscrapers throughout the country. At the core of this technological development was the Kajima Technical Research Institute, which we established in 1949 as the first such facility in Japan's construction industry. In the 1980s, we responded to calls for greater skyscraper safety by leading the world in the development of seismic damping and other technologies. The Kajima Technical Research Institute plays a central role in our technological development to this day, continuing to contribute to Japan's safe and prosperous development and social advances.



Kasumigaseki Building upon completion (1968)

1980

Expansion into Overseas Business

Kajima's overseas operations began with railway construction projects in 1899. Thereafter, we worked on infrastructure facilities in Southeast Asia. In the 1960s, overseas operations took a great stride forward with the redevelopment of Little Tokyo, a Japanese neighborhood in Los Angeles. During the 1980s, we established a structure of three overseas bases at Kajima U.S.A. Inc. (KUSA) in the U.S. in 1986, Kajima Europe Ltd. (KE) in London, U.K. in 1987, and Kajima Overseas Asia Pte. Ltd. (KOA, now KAP) in Singapore in 1988. With the addition of Kajima Australia Pty Ltd (KA), which was established in 2015, we are actively pursuing building construction and real estate development businesses in each region.



Redevelopment of Little Tokyo, the foremost Japanese neighborhood in the United States

2000

Branching Out into Real Estate Development

The impetus for Kajima's full-scale entry into development of large-scale mixed-use facilities was winning a competition to develop Shiki New Town (Saitama Prefecture). It was one of the largest such projects in Japan, testing our comprehensive capabilities in land acquisition, site preparation, layout planning, design, construction and sales. In the 2000s, we began participating in urban renewal projects, including the Akihabara Development Project and the Toranomon 4-chome Project. Since then, we have leveraged our technological skills and comprehensive capabilities as a general contractor-developer with both design and construction capabilities to conduct multi-use urban development.



Toranomon Towers (2006), consisting of a 23-story leased office building and a 41-story residential condominium property on elevated ground in Toranomon, central Tokyo

2020

Kajima Today

Kajima will maintain its enterprising spirit as it moves ahead on initiatives with a view toward the future.



Accelerated technology development for automated construction sites (pages 22, 42)



Development of Kajima Smart Future Vision (pages 22, 24)



Domestic and overseas real estate development businesses utilizing the Group's comprehensive capabilities (pages 46, 48)

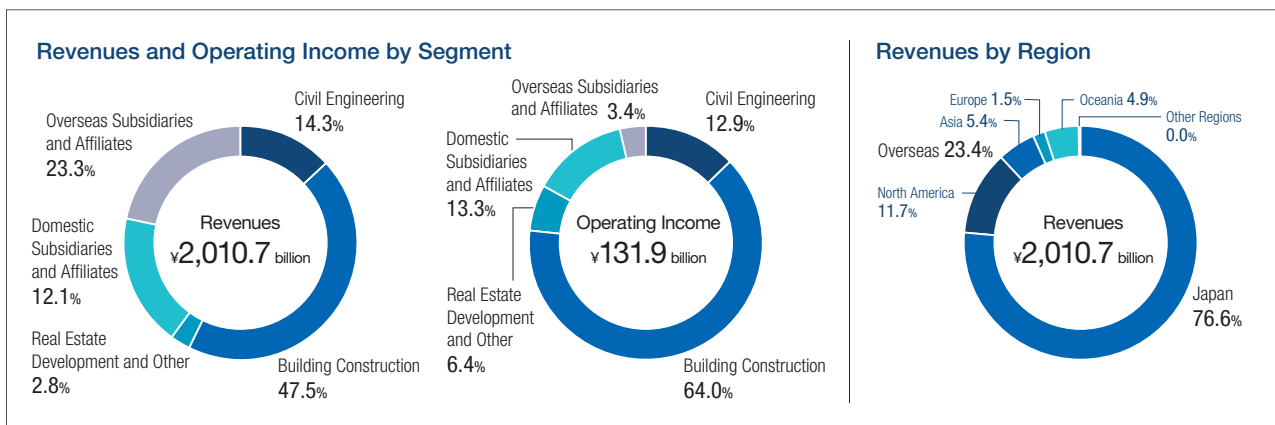
Kajima's Businesses

Business Domains and Business Segments

Staying always true to our corporate philosophy of striving to continually advance our business operations and contribute to society, we have established regional headquarters in North America, Asia, Europe and Oceania in addition to Japan, through which we conduct construction, engineering, real estate development and other businesses globally. Starting with the advanced construction technologies that Kajima has cultivated over its 180-year history, our businesses deploy planning, development, design and engineering capabilities in the upstream part of the construction value chain as well as downstream maintenance and management capabilities. In doing so, we provide communities and customers around the world with urban and architectural spaces and infrastructure built to the highest standard.



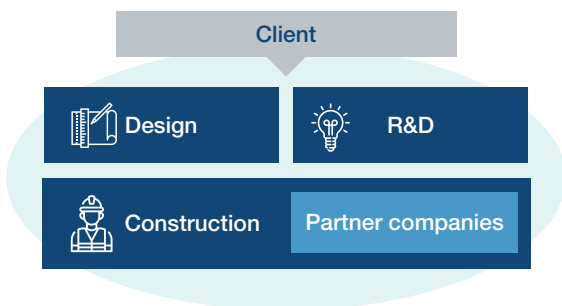
(FY2019)



1. Construction Operations (Civil Engineering/Building Construction)

The domestic construction business is organized into 12 branches across Japan, with each branch a single management unit encompassing sales, construction and administration departments under the supervision of the general manager, together with an organization of partner companies. The branches and their partner companies work together to conduct business activities rooted in each region. Using specialized knowledge, they cooperate across the design, engineering, R&D, sales, real estate development and other departments at the Head Office to identify customers' true needs and provide optimal construction services. Especially for large-scale projects that require an extended preparation and planning phase, we create a mutually advantageous situation with clients while also ensuring a stable cost structure and construction period by participating from the planning and design stage.

Our comprehensive capabilities enable us to meet the exacting conditions of large-scale, high-difficulty and short-turnaround projects. By providing high-quality buildings and structures, we contribute to our clients in the conduct of their businesses and the creation of superior assets.



Design

To give form to client needs, we overcome various conditions, constraints and obstacles by pursuing functionality and design using our advanced architectural design technology that considers ease of construction and maintenance, as well as our specialized knowledge of bridge, tunnel and pharmaceutical-related engineering, and the real estate development business. We also make proposals that factor in measures including for natural disasters and environmental performance, based on our diverse experience and leading-edge technologies.

R&D

Based on the philosophy that "constant research and creativity will lead to society's progress and prosperity," we have established world-class technologies in every field, including disaster prevention technologies such as seismic damping and isolation, through research and development led by Kajima Technical Research Institute (KaTRI) in Japan and Singapore. We are advancing the development of construction technology by investigating cutting-edge technologies and engaging in technology marketing through open innovation.

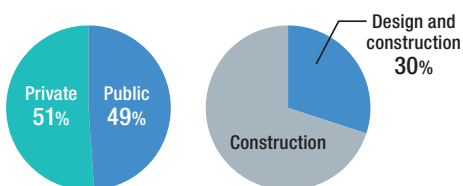
Construction and Partner Companies

We carry out reliable construction and quality control, and consider safety and the environment when planning construction methods. Our construction sites are integrated systems where as many as 100 or more partner companies form a working organization centered on Kajima engineers with highly specialized skills. In deepening mutual understanding while working side-by-side, we build win-win relationships with partner companies by encouraging them to participate in construction planning and various studies, confirming completed work together, and making daily improvements in site management. In addition, we take a long-term perspective in nurturing partner companies given their important role in our operations.

Civil Engineering

▶ p. 42

Construction, maintenance and renewal of infrastructure such as dams, bridges, tunnels and highways.

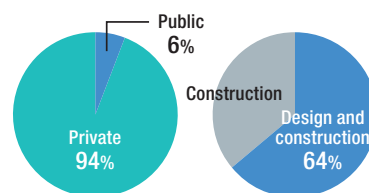


Note: Charts show the ratios of public to private projects and of design and construction projects relative to total value of contract awards in FY2019.

Building Construction

▶ p. 44

New construction and renovation of buildings such as offices, production facilities, laboratories, hospitals and schools.



2. Real Estate Development Business and Other

▶ p. 46

In the domestic real estate development business, we conduct real estate development, leasing and other businesses that leverage Kajima's technological capabilities and network, mainly in the Tokyo metropolitan area and Japan's core regional cities.

3. Domestic Subsidiaries and Affiliates

▶ p. 51

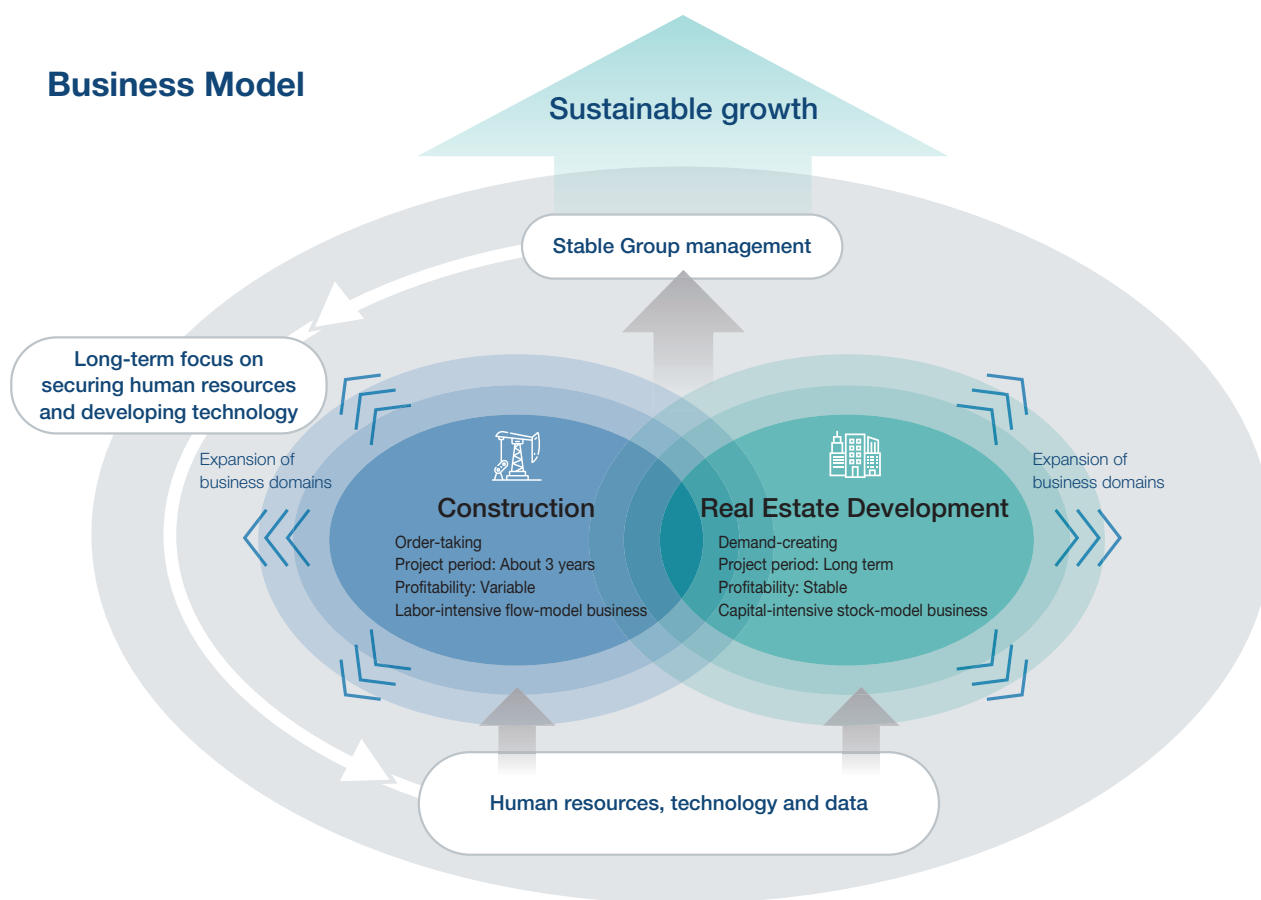
We conduct business through operating companies in upstream and downstream fields, primarily road paving, building management, ground improvement, equipment installation and trading companies for building materials. A number of these function as subcontractors for construction operations of the parent company.

4. Overseas Subsidiaries and Affiliates

▶ p. 48

Centering on North America, Asia, Europe and Oceania, we conduct business through construction, design and real estate development companies under the jurisdiction of our regional headquarters.

Business Model



Construction was our founding business and remains our core business today. To give form to our clients' true needs, we go beyond following the blueprints to constantly strive for greater sophistication and optimization in terms of safety, environment, quality, delivery and cost (SEQDC). At the same time, we enhance our project execution capabilities, including construction technologies and acquisition of permits and licenses, while working in cooperation with a first-class supply chain to maximize project value. Construction happens locally and so it is a business with strong regional affinity. We have therefore built regionally rooted systems in Japan and other countries over many years.

The construction business is positioned midstream in the construction value chain. Because it is an order-taking business, revenues are easy to forecast over the medium term, but contract awards are susceptible to trends in corporate capital expenditure and public investment. Moreover, there is a risk of cost fluctuations depending on the balance between supply and demand of labor, materials and equipment sourced from outside the Company.

On the other hand, real estate development is a capital-intensive investment business. While differing in many ways from the labor-intensive construction business, as part of the construction value chain, the knowledge that we gather through this business, including of factors such as overall project profitability, quality requirements and costs, can be shared within the Group for substantial benefits in Group-wide profit generation. In addition, the real estate development business deploys cash generated by the construction business, and the first-class real estate it develops contributes to business performance as a stable source of income.

In supporting the international expansion of Japanese companies in the 1980s and official development assistance programs by the

Japanese government, we have built a track record of construction work around the world and developed our overseas operations into a solid business area. Contract formats and risk levels differ among Japan, North America, Asia, Europe and Oceania, but we intend to generate reliable profits by providing construction services to Japanese companies, which have been our long-time customers, as well as by participating in quality local projects.

In addition, regions with booming investment in construction are also promising markets for the real estate development business, and construction and real estate development projects have been proceeding concurrently in our overseas operations. As a result, overseas markets have given rise to a business model that smoothly integrates construction and real estate development, generating substantial profits.

Profit opportunities and risks in upstream and downstream businesses, including real estate development, differ from those in the construction business. Combining businesses with different characteristics and conducting operations globally creates a synergistic, complementary relationship. This in turn stabilizes Group management and enables us to secure and train outstanding human resources, conduct medium-to-long-term R&D, and branch out into new business domains and regions.

Centered on its construction and real estate development businesses in Japan and overseas, Kajima is applying data to human resources and technology and stepping up its upstream design and engineering operations and its downstream maintenance and management operations. We will continue to evolve and grow with a business model that provides added value throughout the entire lifecycle of buildings and infrastructure.

Synergy between Construction and Real Estate Development, and Domestic and Overseas Businesses



1. Advantage of having a construction department that can verify construction cost and work period in advance to ensure stable quality in real estate development projects
2. Higher commercial value of developed properties through the brand power of Kajima as a top construction company
3. Leverage of construction business's broad customer network in areas such as attracting tenants and the corporate real estate business
4. Application of data obtained from design and construction for operation management, maintenance and renovation businesses
5. Acquisition of opportunities to invest in businesses through joint participation as an attractive business partner for developers without construction departments
6. Acquisition of construction contract award opportunities from joint participation in businesses
7. Leverage of permit acquisition expertise in real estate development business to win contract awards
8. Acquisition of opportunities to trial cutting-edge technologies at construction sites for in-house real estate development projects
9. Reflection of feedback from building operation data in design

1. Deployment of design and construction technologies and human resources cultivated in domestic business to overseas construction
2. Contributing creditworthiness based on financial capacity and brand power based on track record
3. Deployment of human resources and expertise related to construction and real estate development risk management and consulting to overseas projects
4. Leverage of overseas track record to promote Kajima among multinational companies headquartered in Japan
5. Domestic application of cutting-edge technologies and special techniques of overseas subsidiaries and affiliates
6. Information sharing on overseas building material procurement
7. Acquisition of business opportunities in Japan from non-Japanese companies Kajima dealt with overseas
8. Domestic rollout of new business models from overseas

Synergy Overseas

The synergy between our construction and real estate development operations also applies overseas, where real estate development accounts for a larger proportion of our business than it does in Japan. Our overseas construction departments enable us to ensure that quality and work periods overseas conform to plans, as well as to obtain construction contract awards and opportunities for collaboration from business partners in the real estate development business.

By supporting Japanese companies with factory construction and other services when they expand overseas, we increase the

longstanding trust we have earned from our customers and build a supply chain network through which we can obtain a wider range of construction contract awards from local companies. We are also strengthening our existing businesses and expanding our earnings base in ways such as involvement in the large-scale real estate development business in Asia, where economic growth continues apace, and the distribution warehouse development business, which is a growing market due to advances in global e-commerce.

U.S. Distribution Warehouse Development Business (Core5 Industrial Partners LLC)

The fact that we operate in both real estate development and construction is a characteristic that we can leverage in the distribution warehouse development market, where speed is of the essence. By collaborating with the construction department, we can promptly determine appropriate land prices because of our comprehensive understanding of location features, services, investment scale, building specifications, construction costs and other factors, thus creating a business model that is highly competitive.

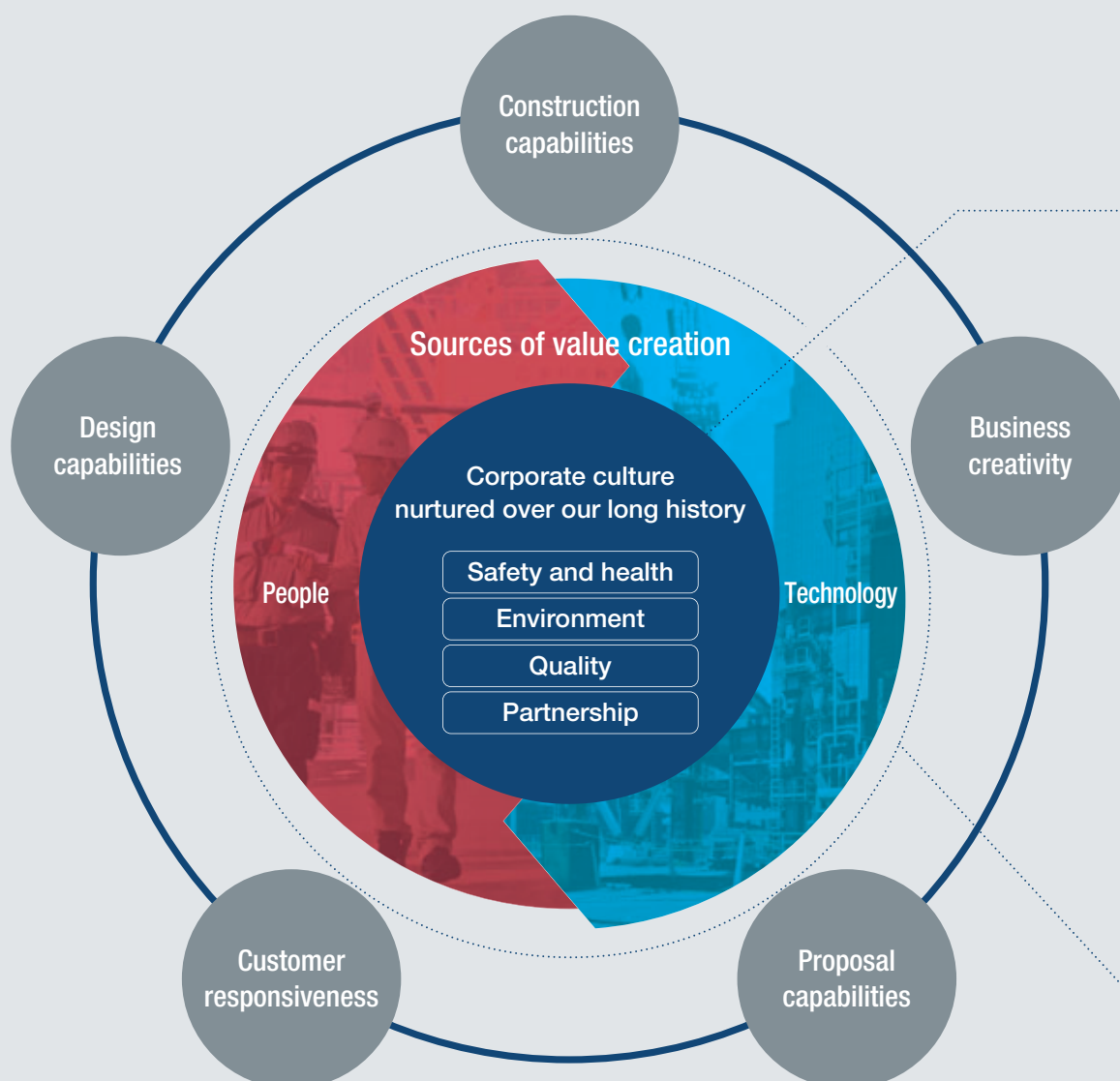


Sources of Value Creation

Kajima has nurtured sources of value creation throughout its history. At our core, our construction activities are predicated on safety and health, the environment and quality, and our corporate culture emphasizes partnership with customers and the companies we work with. Our people are industry leaders who take on new challenges, while our diverse technology portfolio, centered on our three businesses of civil engineering, building construction and real estate development, is a source of value creation that addresses customer and societal needs.

Kajima Group Strength

Comprehensive capabilities in the construction and real estate development businesses, in which highly skilled experts coordinate all phases of construction and development.



Design and Construction Capabilities

Ability to meet the exacting construction demands of large-scale, high-difficulty and short-turnaround projects and produce superior quality by utilizing advanced design and engineering technologies

Business Creativity

Ability to create businesses together with customers and partners using our construction-related technological skills and real estate development expertise

Proposal Capabilities and Customer Responsiveness

Ability to organically link our design and construction capabilities, our business creativity, our specialized knowledge and our network to provide value, in addition to maintaining close customer relationships

SEQ Policy

(common to the three areas of safety and health, the environment and quality assurance)

Safety and health, environmental management and quality assurance are fundamental to construction activities and corporate survival. By establishing and continuously improving management systems to comply with relevant laws, ordinances and other societal requirements, Kajima works to conduct efficient construction activities while earning the trust of clients and society.

Safety and Health Policy

Safety is the barometer of a company's capabilities and ethics. We therefore collaborate with partner companies with strong management to eliminate construction-related accidents and injuries so we can maintain public trust in the construction industry while pursuing sustainable corporate progress.

- We work to prevent accidents and incidents stemming from human error by focusing on the workplace, equipment, and site conditions and by using point-call-and-response practices as routine workplace procedures.
- We strive to create safe and comfortable working environments by facilitating close communication between Kajima and partner companies and by ensuring close coordination between people, machinery, and equipment.

Environmental Policy

Kajima, as the company "Building for the Next 100 Years," pursues a unique long-term environmental vision, doing its part in the broader social efforts to preserve the environment and ensure economic sustainability.

- We work to reduce the environmental impact of our business and take into consideration the entire lifecycle of the structures we construct. We thereby seek to help build societies which use materials responsibly, have a low carbon footprint, and harmonize with nature.
- As a standard for achieving these goals, Kajima:
 - Creates innovative technologies that help safeguard the environment and use resources sustainably;
 - Engages in construction management processes to prevent environmental damage caused by hazardous materials used in construction projects; and
 - Cooperates with the public, including by proactively disclosing information.

Quality Assurance Policy

Kajima provides products and services that satisfy clients, from marketing to follow-up services, allowing them to place orders with a sense of reassurance and trust.

- We ensure product quality by heeding and addressing client requirements and responding while thoroughly implementing the Plan-Do-Check-Act (PDCA) cycle.
- We enhance research and development and plan ways to improve quality and increase operational efficiency.



Holders of Main Qualifications

Professional Engineers	853	First-Class Civil Engineering Works Execution Managing Engineers	1,902
First Class Architects	2,365	First-Class Building Operation and Management Engineers	2,559

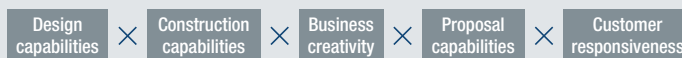
Note: As of April 1, 2020



FY2019

Patent applications	Patent registrations	Patent publications	Research and technology development investment
232	206	220	¥18.0 billion

Exemplary Projects Demonstrating Strength Synergies



Haneda Innovation City

National Strategic Special Zone / Ministry of Land, Infrastructure, Transport and Tourism Smart City Model Project

Urban Development to Create New Experiences and Value by Combining the Cutting Edge with Culture

Project Overview

Haneda Innovation City (HICity) complex is a large-scale facility with a total floor area of more than 130,000 square meters, directly connected to Tenkubashi Station, which is one station from Haneda Airport Terminal 3 Station (formerly Haneda Airport International Terminal Station).

Featuring cutting-edge industries and cultural industries, HICity incorporates many distinctive functions, both as a pilot for applying and testing advanced technologies and as a place offering Japanese cultural experiences. A broad range of people of all backgrounds, including researchers, creators, tourists and visitors from Japan and abroad, will be able to gather here and inspire each other. This will combine cutting-edge features and culture, and give birth to exchanges and new industries that transcend the boundaries between people, goods and services. We are conducting urban development that creates new future-oriented experiences and value to realize Japan's first smart airport city.*

For HICity, which has been selected as a smart city model project by the Ministry of Land, Infrastructure, Transport and Tourism, we have implemented 3D K-Field®, a spatial information data linkage platform that utilizes BIM. We will work to raise management efficiency and optimize traffic flow by visualizing the movements of cleaning robots, guidance robots, security, luggage delivery and self-driving buses that operate in the facility using a three-dimensional model of the space.

* A smart city that is a large-scale development of mixed-use facilities in the vicinity of an airport, and where technology application and testing and other initiatives are being conducted.

A Project Utilizing the Group's Comprehensive Capabilities

With Kajima as the representative of Haneda Mirai Development Co., Ltd., a consortium of nine investor companies, the Real Estate Development Division is handling the planning and implementation of this project. Together with four Group companies, we are advancing the overall execution of the project while cooperating to make the best use of respective fields of specialty.

Avant Associates, Inc. serves as the secretariat of the Area Management Committee. It plays a central role in promoting operations and is conducting studies to create guidelines and establish a foundation in communities related to the project.

East Real Estate Co., Ltd.* plays a central role in property management, and Kajima Tokyo Development Corporation is applying its know-how from Tokyo East 21 in providing support that is mainly commerce-related.

In addition, Kajima Tatemono Sogo Kanri Co., Ltd. is in charge of building management, and plans to introduce the Kajima Smart BM® platform.

* Company name changed to Kajima Property Management Co., Ltd. on October 1, 2020.



Plan Overview

Nine Investors

Kajima Corporation, Daiwa House Industry Co., Ltd., Keikyu Corporation, Japan Airport Terminal Co., Ltd., Airport Facilities Co., Ltd., East Japan Railway Company, Tokyo Monorail Co., Ltd., Nomura Real Estate Partners Co., Ltd., Fujifilm Corporation

Overall planning: Kajima Corporation Architectural Design Division

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

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

Uses: R&D facilities (laboratories and large-scale offices), advanced medical research center, event hall, facility offering Japanese cultural experiences, dining establishments, conference and training accommodation facilities, hydrogen filling stations, etc.

Scale: Steel-frame/reinforced concrete/steel-frame reinforced concrete structure, 1 basement floor, 11 floors above ground, total floor area approx. 131,000 m²

Construction period: 2018–2022

Scheduled opening: Opening on July 3, 2020; Grand opening in 2022



Design capabilities × Proposal capabilities × Customer responsiveness

Operation and Management Business for Pharmaceutical Facilities

Comprehensive Outsourcing of Integrated Facility Management from Astellas Pharma Inc.

Project Overview

Kajima's Engineering Division and Kajima Tatemono Sogo Kanri Co., Ltd. have taken on outsourced operation and management on behalf of Astellas Pharma Inc. for four production facilities and three research facilities in Japan. Facility management personnel were transferred from Astellas Business Service Co., Ltd., which performed shared administrative support for the Astellas Pharma Group. Since 2017, Kajima has conducted administrative support at these facilities, including daily management operations such as inspection, maintenance and repair of buildings, equipment and machinery, as well as management of outsourcing for cafeterias and cleaning.

Customer Support with a High Level of Expertise

Pharmaceutical facility management requires a thorough understanding of both Good Manufacturing Practice (GMP) standards for manufacturing and quality control of pharmaceuticals and the equipment and machinery at pharmaceutical facilities. Kajima Tatemono Sogo Kanri Co., Ltd., which is well-versed in facility management, is in charge of day-to-day operations, and the Engineering Division, which has an extensive track record involving pharmaceutical facilities, provides overall supervision and specialized technical guidance. This supports the stable operation of each facility.



Design capabilities × Construction capabilities × Business creativity

Construction of Kajima Global Hub (KGH) in Singapore

Accelerating Synergies between Construction, Real Estate Development and Technology Development Divisions

Project Overview

Kajima started a new project to develop a facility that integrates office and research functions at Changi Business Park in Singapore, which is a convenient five minutes' drive from Changi Airport, the largest air transportation hub in Asia. Our proposal for this project has been endorsed by the Singapore Economic Development Board. Kajima Global Hub (KGH) will be a place that embodies the Kajima Group's advanced construction technologies and facility management expertise cultivated in Japan through all phases from design to construction and property management for the benefit of people, companies, investors and governments in the Asia-Pacific region.

Kajima Technical Research Institute Singapore (KaTRIS) will establish a research facility at KGH to promote open innovation with external organizations actively engaged in technology development, including other companies, universities and government agencies in Singapore. All Kajima Group companies in Singapore will be housed at KGH so as to enhance synergies between construction, real estate development and R&D functions. We plan to incubate new businesses there as well.



Material Issues

Drawing on our corporate philosophy of advancing our business operations and contributing to society, we have identified material issues to address in order to increase corporate value and achieve sustainable growth together with society.

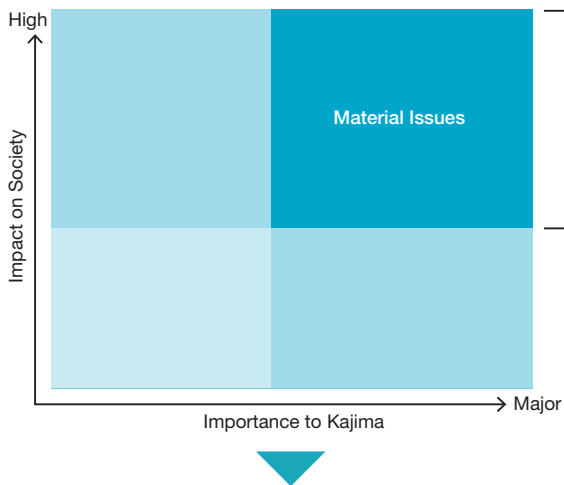
Through its efforts to resolve social issues, including

contributions to the United Nations' SDGs, Kajima aims to be the world's most respected and trusted corporate group in developing mechanisms and systems for creating, providing, and verifying superior quality services in the fields of urban development, building construction, and social infrastructure.

Process for Determining Material Issues

- 1 Confirm the relevance of each department's businesses and initiatives under the Medium-Term Business Plan with regard to the 17 SDGs.
- 2 Identify issues by aggregating and organizing businesses and initiatives related to the SDGs as reported by each department.
- 3 Map issues according to importance to Kajima (x-axis) and impact on society (y-axis).
- 4 Review issues at interdepartmental meetings and exchange opinions with external experts.
- 5 Deliberate on and decide material issues at the Management Committee.

Issue Mapping



Based on the chart above, we identified issues that are important to Kajima and have a major impact on society. We have condensed, reorganized and labeled these as seven material issues: four material issues to which Kajima Group can contribute through its businesses and three material issues that form our platform for business sustainability.

- 1
 - Addressing competition among cities
 - Increasing sophistication of urban functions
- 2
 - Addressing funding and personnel shortages in the field of social infrastructure maintenance and renewal
- 3
 - Improving disaster preparedness and resilience
 - Increasing sophistication of disaster preparedness measures
 - Supporting disaster recovery
- 4
 - Responding to climate change
 - Ensuring a stable supply of energy
 - Promoting efficient energy use
- 5
 - Assuring and improving quality
 - Increasing labor productivity
- 6
 - Improving employment conditions for skilled workers
 - Nurturing human resources
 - Strengthening partnerships
 - Ensuring occupational safety
 - Championing diversity
- 7
 - Conducting fair business practices
 - Ensuring compliance



Kajima's corporate philosophy is to continually advance its business operations and contribute to society. We will uphold the 10 principles of the UN Global Compact, drawing on our corporate philosophy to help resolve social issues through our businesses while also carrying out initiatives related to the SDGs.

Our Material Issues and Related SDGs

	Direction of Initiatives for Material Issues	Contribution through Customers' Businesses	Contribution through Our Businesses	Related SDGs
Society	<p>1 Creating functional urban and industrial infrastructure capable of meeting new needs</p> <p>Kajima combines experience and new technologies to address new needs. Furthermore, by developing functions for facilitating life, work, and wellness, Kajima proposes sophisticated value in the fields of building construction, social infrastructure construction, urban development and industrial infrastructure.</p>	<ul style="list-style-type: none"> • Creating comfortable and attractive spaces • Improving productivity and product quality through engineering technologies • Improving workplace productivity and wellness 	<ul style="list-style-type: none"> • Conducting large-scale, mixed-use redevelopment projects • Constructing smart buildings and cities 	  
	<p>2 Developing sustainable and long-lasting social infrastructure</p> <p>Kajima promotes technological development for repair, maintenance, renovation and extending the lifespan of buildings and infrastructure, and develops outstanding social infrastructure that can be used safely long into the future.</p>	<ul style="list-style-type: none"> • Technologies for extending building lifespan • Technologies for maintaining and renewing infrastructure • Increasing sophistication of facility and building management 	<ul style="list-style-type: none"> • Acquiring quality assets in the real estate development business • Participating in concessions 	  
	<p>3 Providing technologies and services for disaster preparedness that support safety and security</p> <p>Kajima provides disaster-resilient building and infrastructure construction, technology development, and services for rapid recovery and reconstruction in the event of a disaster. In light of the impact of climate change, we will increase the sophistication of disaster prevention technologies with a commitment to a safe society where people can live with peace of mind.</p>	<ul style="list-style-type: none"> • Increasing sophistication of seismic damping and isolation technologies • Responding to climate change with resilient buildings and structures • Proposing business continuity plan (BCP) solutions 	<ul style="list-style-type: none"> • Structuring supply chains that take BCP into account • Strengthening initial response capabilities for disaster recovery 	 
Environment	<p>4 Contributing actively to society's transition to a low carbon footprint</p> <p>Kajima contributes actively to society's transition to a low carbon footprint by reducing CO₂ emissions during construction, by developing energy-efficient technologies, renewable energy facilities, and green buildings, and by managing energy efficiently. In addition, we are also committed to recycling resources and harmoniously co-existing with nature based on Kajima Environmental Vision: Triple Zero 2050.</p>	<ul style="list-style-type: none"> • Delivering zero-emission and other energy-efficient buildings • Structuring optimal energy systems • Constructing renewable energy facilities 	<ul style="list-style-type: none"> • Reducing CO₂ emissions during construction • Developing green buildings • Using renewable energy 	    
			<ul style="list-style-type: none"> • Achieve Triple Zero 2050 	
	Direction of Initiatives for Material Issues	Platform for Business Sustainability		Related SDGs
Platform for Business Sustainability	<p>5 Focusing on unwavering technological innovation and Kajima quality</p> <p>Kajima creates sustainable next-generation construction systems by developing technologies that improve productivity and safety. In addition, in order to deliver buildings and infrastructure to customers with confidence, we continually improve the quality of inspection and assurance systems with a commitment to ensuring quality and peace of mind for building, infrastructure and environment users.</p>	<ul style="list-style-type: none"> • Promoting technology development and using ICT to improve productivity and safety • Ensuring safe, high-quality buildings through rigorous quality assurance systems 	<ul style="list-style-type: none"> • Mechanizing, automating and employing ICT in construction • Kajima Smart Future Vision 	 
	<p>6 Construction that emphasizes people and partnerships</p> <p>Kajima promotes work-style reform at construction sites, secures construction personnel, hires and nurtures human resources, and creates an attractive working environment in which every employee can excel. We create value in cooperation with our business partners and promote innovation through collaboration with external parties.</p>	<ul style="list-style-type: none"> • Ensuring occupational health and safety • Promoting work-style reform and securing construction personnel • Training and developing people with an emphasis on diversity • Using open innovation 		     
	<p>7 Practicing corporate ethics</p> <p>Kajima promotes fair and honest corporate activities by practicing thorough compliance and risk management. Each employee and director of the Group acts ethically and earns the trust of customers and society through initiatives in all parts of the supply chain.</p>	<ul style="list-style-type: none"> • Ensuring rigorous compliance • Enhancing risk management systems and process management • Conducting fair supply chain management 		