

Kajima's Strategies for Growth

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Feature

Initiatives to Improve Productivity

Worker shortages in our industry are a pressing issue as fewer young people are interested in starting a career in construction while older skilled workers look to retire, among other factors. To address this, the Kajima Group Medium-Term Business Plan set out productivity improvement initiatives—our ongoing efforts to incorporate the most advanced technologies in construction processes—that are delivering positive results.

In our building business, we are extending the use of various robots, BIM-based cutting-edge ICT and innovative onsite management techniques throughout our sites in Japan. A notable recent achievement that takes us a step closer to the Kajima Smart Future Vision formulated in fiscal 2018, is our successful implementation for the first time in Japan of a BIM-based “digital twin” which links building data in all project phases, from planning, design and construction, to post-construction maintenance, management and operation.

In our infrastructure business, we are poised to complete our next-generation construction system A⁴CSEL[®] (“quad axel”) for autonomous construction machinery.

Our initiatives to improve productivity are combining human experience and expertise with IoT and AI, thus bringing a new sense of excitement to working in the construction industry.

Stepping Up Kajima Smart Future Vision Initiatives

The Kajima Smart Future Vision, launched in fiscal 2018, calls for transforming building construction processes in ways that address the coming shortage of workers while facilitating work-style reforms at the same time. With its core concept of “half of the work with robots,” “half of project management done remotely,” and “digitalization of all processes,” we plan to achieve a 30% improvement in productivity by fiscal 2024.

Half of the work with robots

Such productivity improvements are to come about through collaboration between humans and machines. Hazardous and repetitive tasks will be performed by robots, while work that requires complex decision-making and expertise will be done by humans.

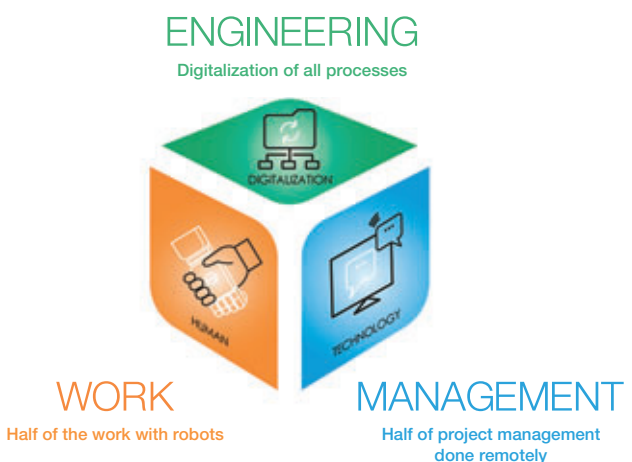
Half of project management done remotely

Wireless communications and sensor technology will be used extensively in pursuit of more efficient, high-quality management. This effort is also to be redoubled as a response to the COVID-19 pandemic.

Digitalization of all processes

All information in the building construction process is to be digitalized on the basis of BIM, which will be developed from the more conventional 3D into 5D by adding material volume and time dimensions, and further into 6D by adding the maintenance and management dimension to enable use from planning and design to building management. BIM-based virtual construction simulations will help the construction industry to shift from “one-off production”—one of its biggest weaknesses—to “repeatable production.”

While prime contractors compete in the development of quality, safety and other enhancements that provide advantages in business, we think it important that the industry as a whole collaborates to develop such robots, tools and other technologies that are better used commonly across subcontractors, improve user convenience, and promote their widespread use.



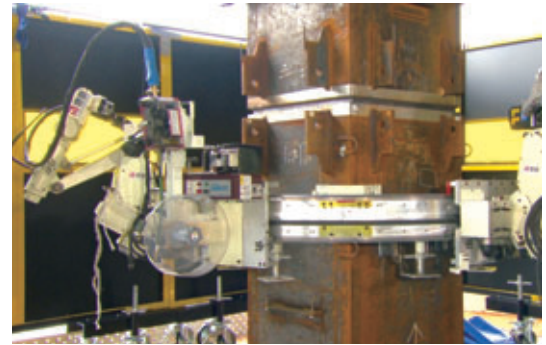
Scan the QR code to access a video introducing the Kajima Smart Future Vision.



WORK Half of the work with robots

Manipulator-type onsite welding robot

We have developed a manipulator-type onsite welding robot that can perform welding of large steel columns. In actual application, two six-axis articulated robots capable of the same movements as a human arm are used in combination to detect the welding points and perform the welding work. They have successfully welded the entire circumference, including continuous welding of the corners of square tubular steel columns (box columns), which is considered difficult with general-purpose portable welding robots, and provided quality on par with the work of a veteran welding technician.

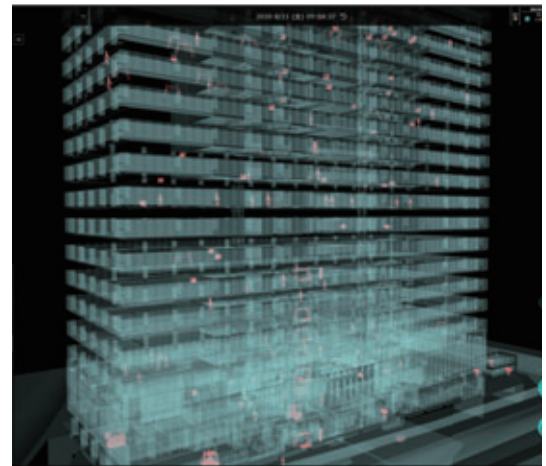


Manipulator-type onsite welding robot

MANAGEMENT Half of project management done remotely

K-Field® and KENLOGI® to Create a Digital Twin

We developed K-Field®, which displays the location and operating status of people, equipment, materials and construction vehicles at construction sites in real time, and are now applying it at multiple sites. With this system, positions are tracked through beacons (signal transmitters) attached to materials, equipment and people on construction sites, and gateways (signal receptors) installed on each level. By using the cloud, this information can be shared remotely from field offices, branches and other offsite locations. In 3D K-Field®, its newest version, BIM data is used to display the positions of materials, equipment and people in a 3D spatial model for a more intuitive visualization of their positions. Combining 3D K-Field® with KENLOGI®, which utilizes conventional identification tags to log the entry and exit of materials and equipment, makes possible more efficient management of various materials and equipment. These systems are being created and operated by One Team, Inc., a Group company.



3D K-Field®, which visualizes construction site conditions in real time in virtual space

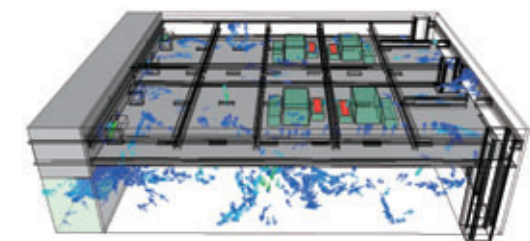
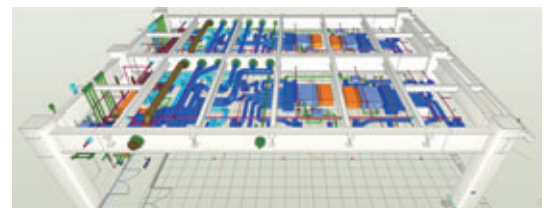
ENGINEERING Digitalization of all processes

Data linkage based on BIM

We will carry out all processes related to building construction based on BIM. For example, at the design stage, we use BIM to conduct various simulations including air flow and the flow of people during a fire evacuation. In the construction phase, virtual construction is performed before the start of actual construction. This exercise adds value by allowing higher-quality drawings and plans to be made, and also helps to reduce delays and rework.

In procurement, manufacturing, logistics and the construction process, the BIM Logistics System lets us see the progress of manufacture, delivery, onsite installation and other processes in real time.

In the maintenance and management stage, maintenance information collected from mobile terminals and a central monitoring system is linked with BIM to visualize building management. When such information is accumulated and analyzed, it is possible to gain insights that are beneficial to customers, and use them strategically when proposing renovation work.



Air flow simulations and assessments under various scenarios

Initiatives to Improve Productivity



Project Summary

Project name: OBIC Midosuji Building New Construction
Client: OBIC Co., Ltd.
Location: Hiranomachi 4-chome, Chuo-ku, Osaka
Building uses: Hotel, event hall, office, restaurant, exhibition space, parking
Total floor area: 55,753 m²
Structure: Steel-frame reinforced concrete below ground, steel frame/reinforced concrete above ground, 2 floors below ground, 25 floors above ground
Design and construction: Kansai Branch, Kajima Corporation
Construction period: May 2017–January 2020



Digital twin technology allows us to fully digitalize project information from planning, design and construction, to post-construction maintenance, management and operation, and to display it in real time in virtual space. For the first time in Japan, Kajima created a BIM-based “digital twin” for the OBIC Midosuji Building, where building data was linked consistently through all project phases.

Background

In Japan, a variety of initiatives are in progress to make the Society 5.0 vision a reality, with increasing attention given to digital twin technology. Kajima is actively employing BIM not only to provide high-quality buildings, but also because it believes that digitalizing building information end-to-end from planning and design to post-construction maintenance, management and operation, and providing this information to customers helps to raise the asset value of their buildings. We have positioned “digitalization of all processes” at the core of the Kajima Smart Future Vision, and are working to create new construction systems based on BIM.

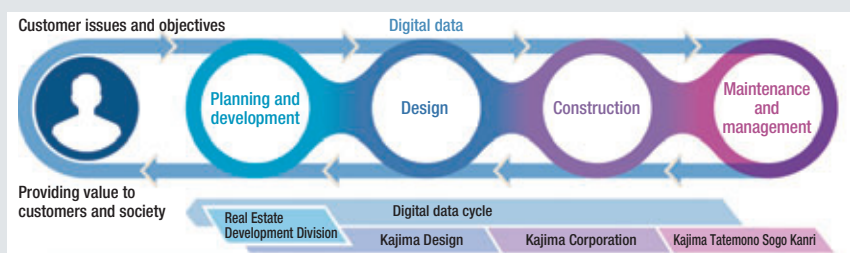
BIM-Based Digital Twin

Under our digital twin initiative, all construction processes are linked through BIM. Productivity will be enhanced by using 5D modeling that adds material volume and time dimensions to BIM-based 3D representations of buildings, and 6D modeling will be made available for building management by further adding the maintenance and management dimension. Thus, BIM-based virtual construction simulation helps the construction industry to shift from “one-off production”—one of its biggest weaknesses—to “repeatable production.” Furthermore, the BIM-based digital twin is linked with Kajima Smart BM® (see Highlight on page 45) operated by Kajima Tatemono Sogo Kanri Co., Ltd., enabling us to provide optimal building management services.

This results in digital assets that have just as much value as real buildings. Moreover, linking the information in these virtual spaces with other building information, and expanding it to city districts and regions will be an essential part of developing the smart cities we can expect to see in the future.

Kajima will continue to expand the use and application of BIM data to increase the efficiency of various tasks in construction projects, helping building owners and users not only to improve convenience and comfort, but also to enhance the asset value of their buildings.

Digital Data Cycle



project
02
**Full-Scale Operation of
A⁴CSEL[®] for Automated
Construction Sites**



Project Summary

Project name: Embankment Construction for Naruse Dam (Phase 1)
Client: Tohoku Regional Development Bureau, Ministry of Land, Infrastructure, Transport and Tourism
Location: Higashinaruse-mura, Ogachi-gun, Akita Prefecture
Purpose: Multipurpose dam
Type: Trapezoidal CSG dam
Dimensions: Height 114.5 m, crest length 755.0 m, dam volume 4,850,000 m³
Construction period: May 2018–December 2022
Construction: Tohoku Branch Joint Venture, Kajima Corporation



Next-Generation Construction System A⁴CSEL[®]

Cutting-edge technologies such as AI and ICT are also being increasingly applied in the field of civil engineering. To enhance onsite productivity and safety, we are creating new construction systems that include the use of ICT-enabled construction machinery and the adoption of advanced communications technology.

A⁴CSEL[®] (“quad axel”), a next-generation construction machinery automation system being developed by Kajima, can convert general-purpose construction machinery into self-driving construction machinery through the mounting of measuring instruments and a control computer. The system compiles actual operating data from skilled operators to achieve automated operation through optimal control enhanced by AI and other technologies. Unlike conventional remote control, this world-first technology enables multiple construction machines to autonomously make decisions and execute automated construction simply based on work commands issued from the control room.

The Challenge of Naruse Dam

Naruse Dam is being constructed in Higashinaruse-mura, Ogachi-gun in Akita Prefecture. With a height of 114.5 meters and a crest length of 755.0 meters, it will be the world’s largest trapezoidal cemented sand and gravel (CSG) dam when completed. In its construction, we have fully introduced A⁴CSEL[®], employing 23 pieces of automated heavy machinery to take on the challenge of full-scale embankment work.

The application of A⁴CSEL[®] in actual construction began with the Gokayama Dam in 2015, and we gradually expanded the number of pieces, types and the operating time of heavy machinery at the Oitagawa Dam in 2016 and then the Koishiwara Dam in 2018. In the embankment work of the Koishiwara Dam, seven pieces of three types of automated heavy machinery operated continuously for five hours, successfully filling one layer of core material (1,300 cubic meters). At Naruse Dam, use of A⁴CSEL[®] reached a high point of having 23 pieces of five types of heavy machinery (7 dump trucks, 4 bulldozers, 7 vibration rollers, 3 oscillating rollers and 2 cleaning vehicles), the most to date, operate day and night for as

many as 72 hours non-stop.

We have been making various preparations since fall 2019 for CSG placement by automated heavy machinery on an unprecedented scale, including equipment linkage tests, formation testing, and placement testing using locally manufactured CSG.

In summer 2020, we finally began CSG placement using A⁴CSEL[®] automated heavy machinery. As the site is in an area of heavy snowfall, construction cannot be performed in winter. Therefore, high-speed, large-volume placement work of 16,500 cubic meters per day is required in order to achieve the scheduled completion of placement work in July 2023.

In the future, we will introduce various forms of advanced ICT, such as construction optimization technologies for efficiently deploying and operating multiple pieces of heavy machinery, and technologies needed for visualizing construction progress from real-time operating data.

Development to Date of A⁴CSEL[®]

- 2009** • Start of research and development
- 2012** • Vibration roller demonstration test
- 2013** • Test run of automated bulldozer
Start of joint research and development with Komatsu Ltd.
- 2015** • Announcement of A⁴CSEL[®] next-generation construction system
Practical application of vibration roller and demonstration test of automated bulldozer in the Gokayama Dam Construction Project (Nakagawa City, Fukuoka Prefecture)
- 2016** • Introduction of A⁴CSEL[®] automated dump truck
Introduction test of automated dump truck in the Oitagawa Dam Construction Project (Oita City, Oita Prefecture)
Start of joint research with Japan Aerospace Exploration Agency (JAXA)
- 2017** • Received numerous awards, including Grand Prize in the 19th Infrastructure Technology Development Awards
Opening of Seisho Test and Practice Field
- 2018** • Carried out full-scale embankment work (with automated dump trucks, automated bulldozers and automated vibration rollers) in the Koishiwara Dam Construction Project (Toho-mura/Asakura City, Fukuoka Prefecture)
Riken, Komatsu Ltd. and Kajima began joint research
- 2020** • Began operating over 20 pieces of automated heavy machinery in the Naruse Dam Construction Project

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, taking into account the SDGs adopted at the United Nations Summit.

We have generally seen favorable progress through the second year of the Medium-Term Business Plan. During that period, we have been adding policies to reinforce initiatives, following up on policies where progress has fallen behind and responding to changes in the environment.

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

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	FY2019 (Actual)	FY2020 (Target)	Medium to Long Term
Sales	¥2,010.7 billion	¥2,150 billion	Approx. ¥2,500 billion
Net income attributable to owners of the parent	¥103.2 billion	¥80 billion or more	¥100 billion or more
ROE	13.4%	10% or higher	—
Interest-bearing debt	¥326.8 billion	¥400 billion or less	—

Strategies and Specific Outcomes

Strategies	FY2018 Specific Outcomes	FY2019 Specific Outcomes
Domestic construction business Improve productivity and create an attractive work environment	<ul style="list-style-type: none"> Used BIM, CIM and ICT Promoted work-style reform Strengthened collaboration with Group companies 	<ul style="list-style-type: none"> Reduced work hours per square meter of construction by 20% at the pilot site for Kajima Smart Future Vision Engaged in technology collaboration with major construction industry peers in the fields of robot construction and IoT Established Group company that supports onsite management tasks Established subsidy project to support hiring of young skilled workers and training activities at partner companies
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 Collaborated among Group companies outside Japan and promoted cooperation among divisions 	<ul style="list-style-type: none"> Decided on cooperation with other companies to build a self-elevating platform (SEP) vessel Won contract award for construction of offshore wind power generation facilities at Akita Port and Noshiro Port
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 the launch of Kajima Private REIT Inc. 	<ul style="list-style-type: none"> Started offering Kajima Smart BM®, a building management service that uses IoT and AI Acquired Student Depot Sp. z o.o., a company in Poland that develops and operates student dormitories
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 Enhanced initiatives to generate outstanding new projects 	<ul style="list-style-type: none"> Expanded initiatives toward smart cities, such as at Haneda Innovation City Consortium including Kajima designated as the prospective business operator for the Yokohama City Hall District Redevelopment Project Established joint venture for the Myanmar Yankin Township mixed-used development project with Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development (JOIN)
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 	<ul style="list-style-type: none"> Developed and introduced “edes” system for visualization of CO₂ emissions at construction sites Hareza Tower, which was designed and constructed by Kajima, became the first high-rise mixed-use building to acquire ZEB Ready certification Began standardized installation of q-NAVIGATOR®, a system for monitoring structural health during and after an earthquake, in Kajima design and construction projects
Business platform Strategically promote R&D Establish a suitable business platform for Group management	<ul style="list-style-type: none"> Globalized R&D Established compliance and risk management frameworks Expanded Group personnel exchange to nurture management talent 	<ul style="list-style-type: none"> Investigated cutting-edge technology at the Silicon Valley business location and elsewhere, cooperated with venture business on technology development Audited bid-rigging prevention controls at Group companies Began review of employee training systems

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

Domestic/overseas real estate development businesses

¥**400** billion

(Net ¥225 billion)
 Domestic: approx. ¥160 billion
 Overseas: approx. ¥240 billion

R&D investment ¥**50** billion

Medium-Term Business Plan two-year total (actual) ¥**33** billion

Investment in strengthening competitiveness and sustainable growth

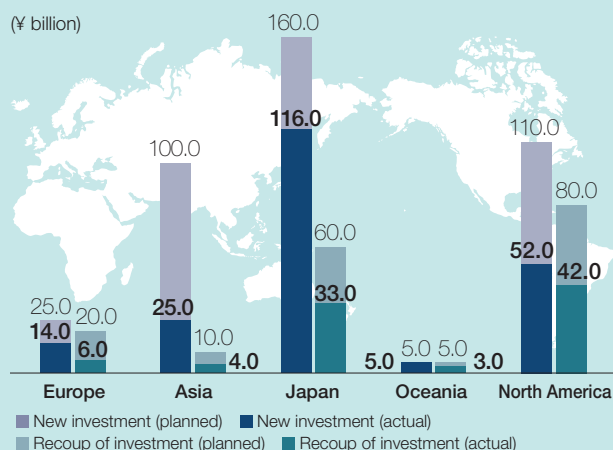
(Domestic/overseas M&A, human resource-related, etc.) ¥**50** billion

Medium-Term Business Plan two-year total (actual) ¥**47** billion

Domestic/Overseas Real Estate Development Businesses

Medium-Term Business Plan two-year total (actual)

New investment **¥212.0 billion** Recoup of investment **¥88.0 billion**



Message from the General Manager of the Treasury Division



Adopting a medium-to-long-term perspective, we will accelerate investment to strengthen competitiveness and diversify revenue sources.

Ken Uchida

Director, Managing Executive Officer,
General Manager, Treasury Division

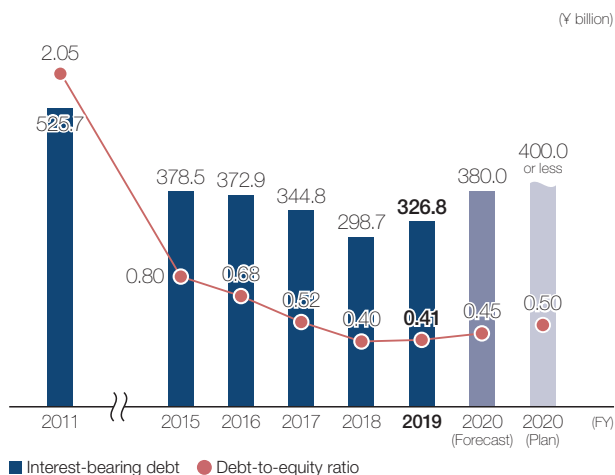
Our Distinctive Business Structure, Securing Equity Capital and Target ROE

We aim to build a stable foundation for earnings through synergy between the construction business, which is our core business, and the real estate development business, which is an investment business. Although profitability of the construction business may fluctuate with economic trends and construction costs because of its order-taking business character, in recent years, we have undertaken numerous large-scale office and commercial buildings in urban areas backed by our proven track record based on trust and technological capabilities. In addition to the conventional real estate businesses of sales and lease of properties, our real estate development business is also actively engaged in demand-creating businesses, such as urban regeneration and smart cities, which have a different earnings structure and risk profile. By utilizing a

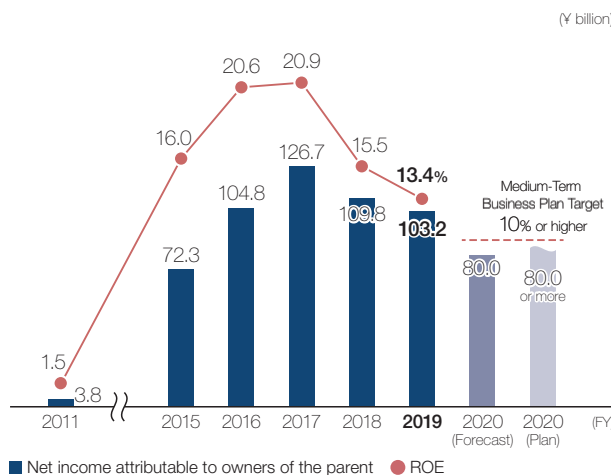
portion of the cash earned in the construction business for investment in domestic and overseas real estate development, we create an optimal business cycle through linkage between construction and real estate development, which contributes not only to enabling us to carry out construction of properties ourselves, but also to achieving target earnings from the sales of properties in the short term or to generating stable earnings from long-held lease assets in the long term.

Under such a business structure, we accumulate assets in the real estate development business while maintaining a financially sound balance between the use of equity capital and borrowed capital. Currently, our consolidated real estate development assets total about ¥540 billion, adjusted equity capital excluding revaluation surplus is over ¥700 billion, and interest-bearing debt is about ¥330 billion. Therefore, we believe our finances are sound, as the debt-to-equity ratio can be maintained at 1.0 time or less even if there is

Interest-Bearing Debt / Debt-to-Equity Ratio



Net Income Attributable to Owners of the Parent / ROE



impairment in some real estate development business assets. In past medium-term business plans, we managed our finances with a focus on reducing interest-bearing debt, placing top priority on improving our financial structure. However, under the current Medium-Term Business Plan, while we are still limiting the increase in interest-bearing debt, we shifted direction to accept a certain level of interest-bearing debt in order to use leverage in the real estate development business. This change was made in consideration of the increased stability of profitability in the construction business, and our drive to invest in real estate development to secure future revenue sources. As a result, interest-bearing debt and net interest-bearing debt in fiscal 2019 turned upward from fiscal 2018, even as we maintained financial control.

Increased investments in the real estate development business may entail not only asset impairment risk in the event that business conditions deteriorate, but also foreign exchange fluctuation risk in overseas operations. In order to prepare for these risks, we have set a target of ¥800 billion for consolidated equity capital, which is a financial foundation with sufficient risk tolerance.

On the other hand, our consolidated results still largely depend on the construction business, which is our core field. It may be hard to be optimistic about the profitability of the domestic construction business, as we foresee overall construction demand will be on the gradual decline. Nevertheless, we regard the construction business as the most important component, and its significance as a revenue source will not diminish. Incorporating the future revenue source of the real estate development business and expanding business domains to upstream and downstream fields will also help us to spur new demand in the construction business. We envision that this, along with improvements in our construction capabilities and productivity, as well as allocation of funds to address the shortage of skilled workers, will enable the construction business to maintain and increase revenue and gross profit, and thus will continue contributing to earnings.

In our overseas operations, we have a well-balanced earnings structure, in which the real estate development business accounts for a relatively larger portion of our overall business and has already built an extensive track record of collaboration with the construction business. As construction demand is expected to grow in some

countries and regions, we expect this unique earnings structure to lead to further business expansion and contribution to earnings.

To realize our envisioned future, we will need to enhance consolidated equity capital in order to withstand business risks. We have set ROE above the cost of equity (expected to be 6.0%–8.0%) as an indicator, and plan to further increase investment efficiency (weighted average cost of capital of around 3.5%–5.0%) to ensure that we achieve it.

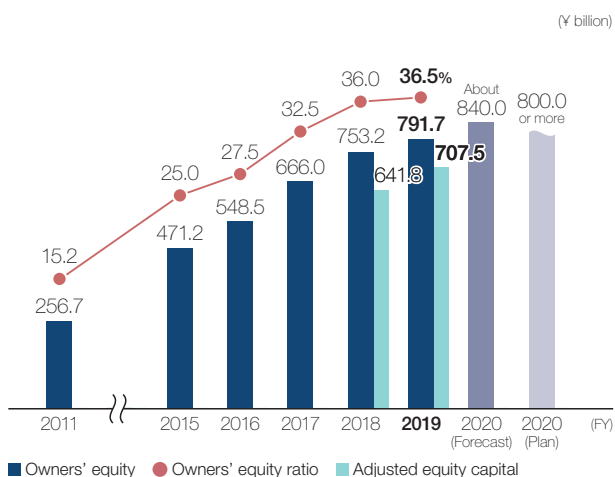
Making Proactive Investments to Execute Our Investment Plan of ¥500 Billion

The current Medium-Term Business Plan allocates ¥500 billion for growth investments. Of that total, about ¥400 billion is earmarked for domestic and overseas real estate development businesses. In fiscal 2019, the amount of investment in these businesses grew to ¥144 billion over the previous year, partly due to the acquisition of a large-scale income-producing property in Japan, bringing cumulative investment for the first two years to roughly half of the planned total for the three-year period. We also invested ¥18 billion in R&D and ¥21 billion in strengthening competitiveness and sustainable growth. Overall, the investment plan is making steady progress.

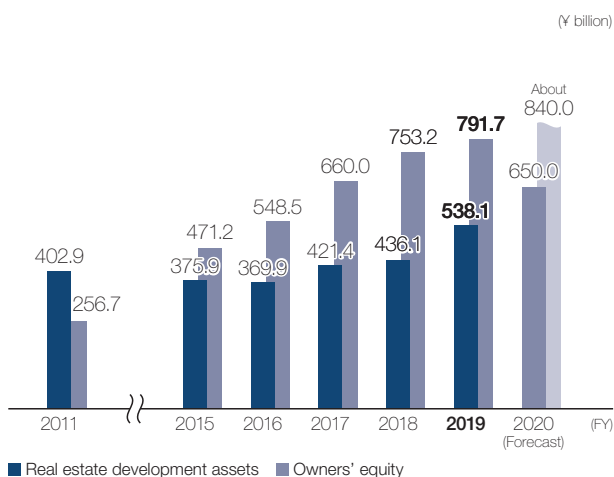
The COVID-19 pandemic will undoubtedly have an impact, but given that this investment will lay the groundwork for our future growth, we will continue to carry out investments in fiscal 2020, and aim to achieve our planned investment target while carefully identifying projects where we can secure adequate profits. M&A is another means to expand our business both quantitatively and qualitatively. We will continue to look for M&A opportunities that are compatible with our businesses (i.e. companies that have similar corporate values to ours, as well as technologies and business domains that are mutually complementary).

Formal decisions on investments of substantial scale are made after deliberation by various committees, which discuss individual projects in their respective business fields. These committees hold extensive and vigorous discussions on the suitability of the proposed investments.

Owners' Equity / Owners' Equity Ratio / Adjusted Equity Capital



Real Estate Development Assets / Owners' Equity



Message from the General Manager of the Treasury Division

The most salient feature of our real estate development business is that we are a so-called “general contractor-developer”—a developer that has design and construction functions. Having skills and knowledge related to design and construction gives us many advantages. For example, at the design stage, we are able to create rational designs that take into account construction feasibility, determine a rough estimate of the construction cost, which accounts for the bulk of project expenses, and promptly reflect a wide range of information, such as conditions of land and soil, disaster prevention and neighboring communities, in the early stage of development plans. To further extend these advantages as we increase our investment in the real estate development business, we will continue to promote the enhancement of individual and organizational capabilities, engagement of external capabilities, effective application of advanced technologies and use of diverse funding sources. By promoting such measures, our professional project teams in the real estate development business will create an outstanding development business that will deliver target results. These are common challenges across our domestic and overseas operations. The Treasury Division is determined to provide full support by mobilizing its knowledge including financing perspectives while ascertaining financial impact.

Steady Progress in Financial Management in the Second Year of the Medium-Term Business Plan

Reviewing financing activities in fiscal 2019, the second year of our current Medium-Term Business Plan, our activities largely mirrored the plan as we utilized the ample cash flows from solid performance in fiscal 2018.

Fiscal 2019 was a period in which we had to fund large-scale construction projects in advance. Rather than relying exclusively on the cash accumulated through the previous year, we raised necessary funds as needed using financing methods suited to the nature of each project. Specifically, we made our first issuance of Green Bonds (used to finance/refinance green building construction) in the amount of ¥10 billion, and flexibly issued commercial paper from our issuance limit of ¥300 billion. We also maintained the optimal amount of cash and deposits on hand to ensure that any deterioration in ordinary cash flows due to the COVID-19 pandemic would not interfere with funding, and increased our committed line of credit to ¥250 billion as a precaution against unforeseen circumstances. This structure will allow for stable funding regardless of the financing environment. On the other hand, regarding the increasing number of overseas real estate development projects, we considered factors such as whether cash demands arising from projects were equity- or debt-oriented. In the case of the latter, we partially funded projects by making parent-company loans to overseas subsidiaries that had been raising funds locally with interest-bearing debt. With this and other strategies, we enhanced the Group’s overall capital efficiency and implemented specific measures to control finances globally.

In addition to securing required funds, the Treasury Division is also responsible for comprehensively identifying and hedging financial risks after fully considering the business characteristics of

new projects, and controlling overall corporate cash flow. We verify the profitability of individual projects through the aforementioned internal committees that assess business risks and discuss countermeasures, and work to manage financial risk with a bird’s-eye view of the Group. In other words, the division’s roles include: (1) maintaining the right balance of projects, taking into account differences in business scale in each region; (2) assessing the profitability and recoupment of investment for each type of business in the real estate development business portfolio; (3) for M&A, measuring compatibility with existing businesses in the Group and the potential for profit synergies, while making business continuity decisions that also consider criteria for withdrawal; (4) increasing the speed of capital turnover in the construction business; and (5) securing diverse funding options to finance projects with the optimal methods for each business. It is difficult to make future assumptions about risks resulting from the COVID-19 pandemic as the situation is changing daily, but we will examine risks as far in advance as possible in order to preempt them.

Distributing Stable Dividends Based on Our Stockholder Return Policy

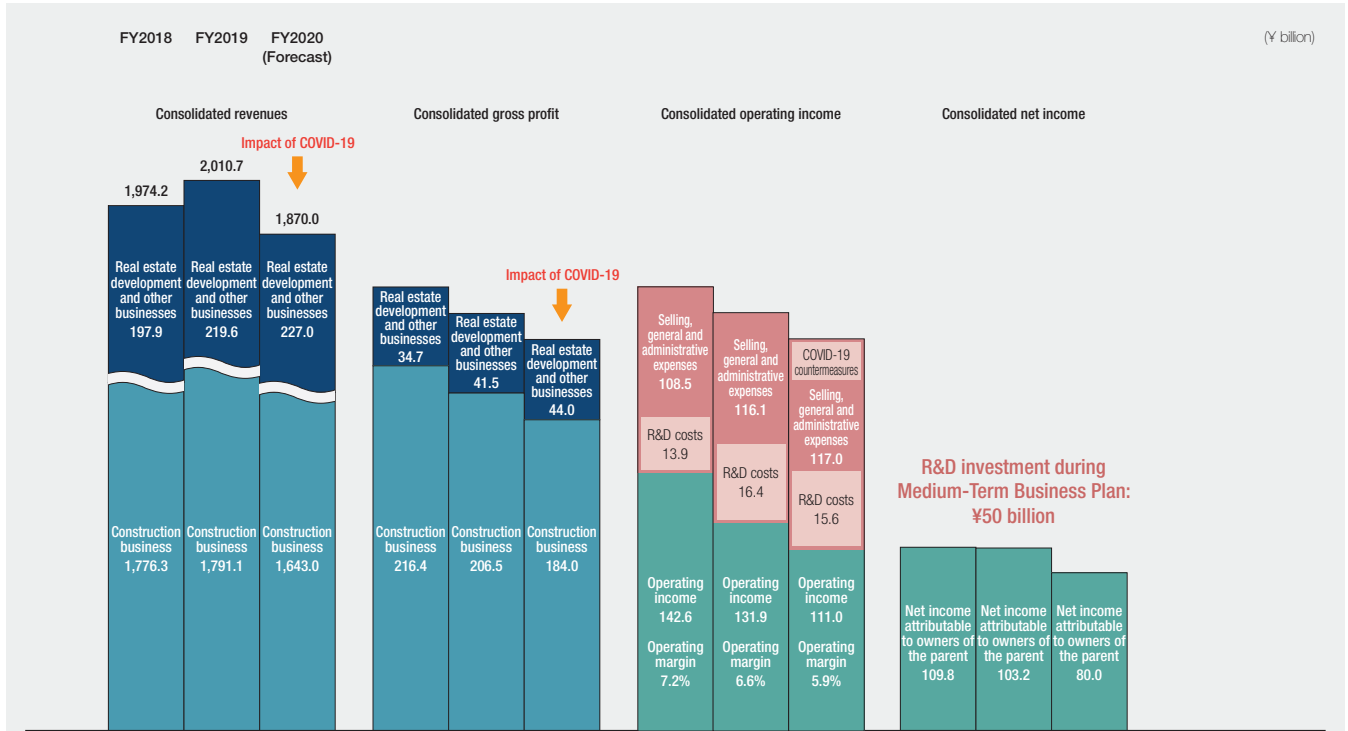
The Kajima Group’s dividend policy is to “Aim to distribute stable amounts of dividend with a target range of a 20 to 30% payout ratio, while securing adequate consolidated equity capital, as well as to provide stockholder returns with consideration of business performance, financial condition and business environment.” We are further enhancing stockholder returns in line with this policy.

In fiscal 2019, cash outflows were as expected under the Medium-Term Business Plan, but we refrained from changing the dividend level and suspended acquisition of our own shares as a precaution against a possible shortfall in cash inflows. As a result, the annual dividend per share was ¥50, the same as the previous year. We made this decision after also taking into account the unprecedented circumstances of the COVID-19 pandemic. For fiscal 2020, although we are forecasting a decline in profit, we plan to distribute the same dividend as this year, reflecting the importance we place on stable dividends. To meet the expectations of stockholders, we will continue to consider the dividend level and acquisition of our own shares based on economic conditions, business results, investment plans, financial condition and other factors at the time earnings are reported as well as the three- to five-year forecast.

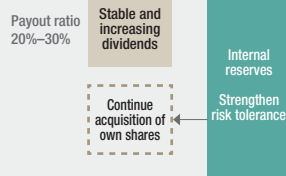
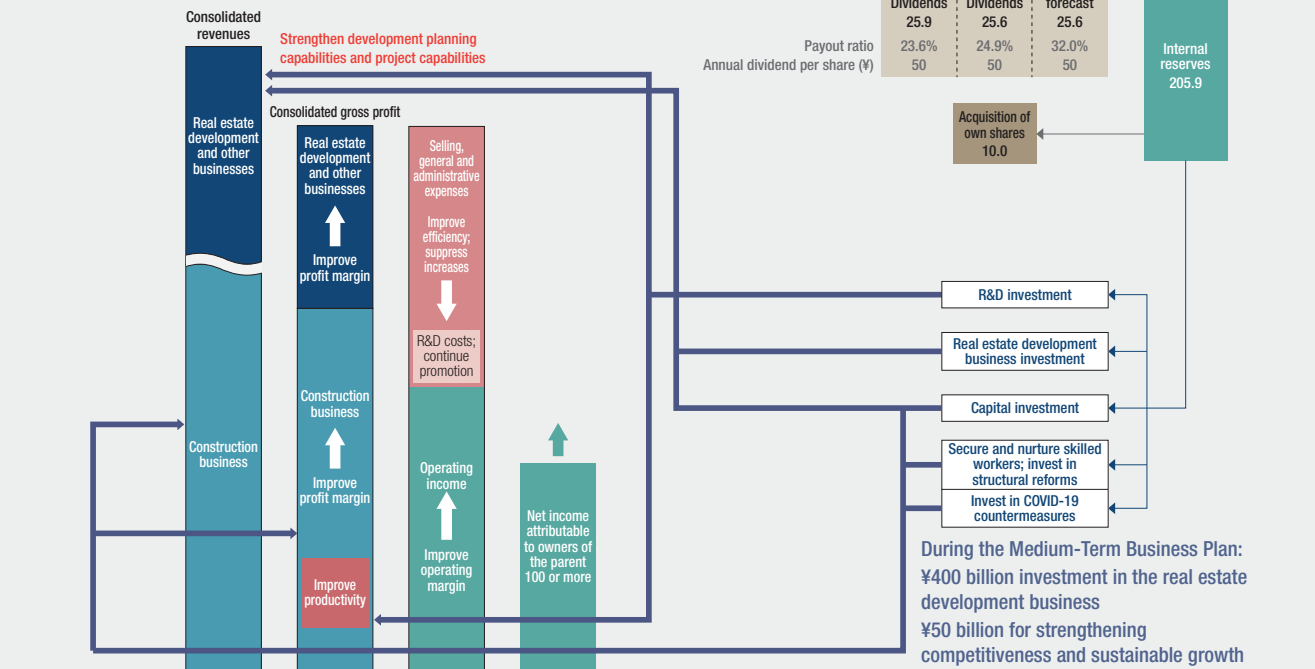
Under our policy on reduction of the holding of listed stocks for strategic purposes including cross-shareholdings over the medium to long term, while taking into account the impact of the disposal of such stocks, we will use the proceeds in a balanced manner for our future growth. This will include investments in technology R&D, which is progressing with increasing speed in the construction business, measures to secure skilled workers, ongoing investments in the real estate development business, stockholder returns, and improvement of our financial position.

We will further deepen our dialogue with stockholders and continue pursuing our long-term initiatives while keeping in mind ESG perspectives and the material issues aimed at addressing the targets of the SDGs, as we work to generate sustainable growth and increase corporate value.

Three Years of the Medium-Term Business Plan



Medium to Long Term



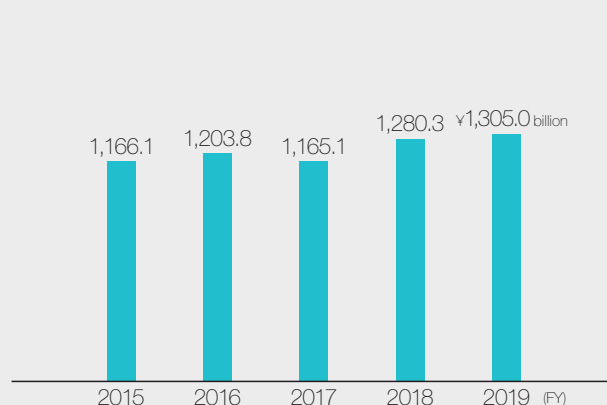
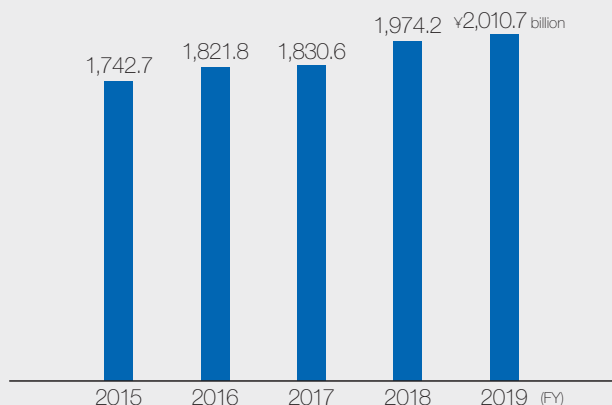
Financial and Non-Financial Highlights

Kajima Group by the Numbers

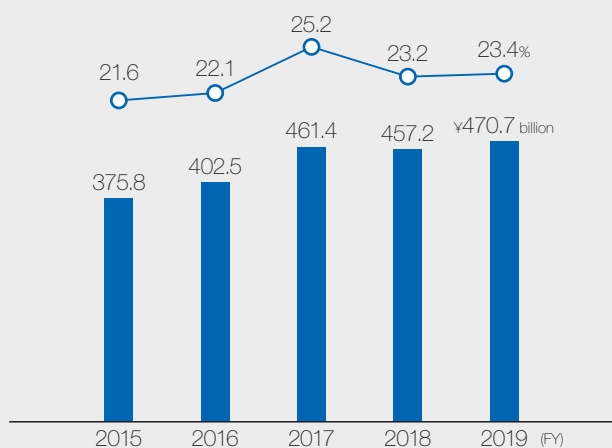
A review of Kajima's data for fiscal 2019 (ended March 31, 2020)

Revenues

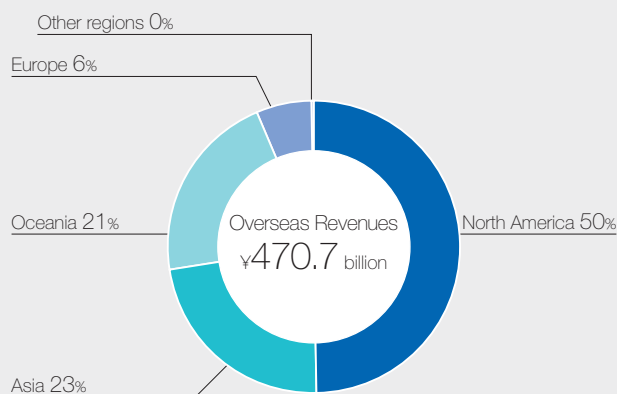
■ Consolidated **¥2,010.7 billion**
■ Non-consolidated **¥1,305.0 billion**



Overseas Revenues / Total Revenues Ratio



Revenues outside Japan, by Region

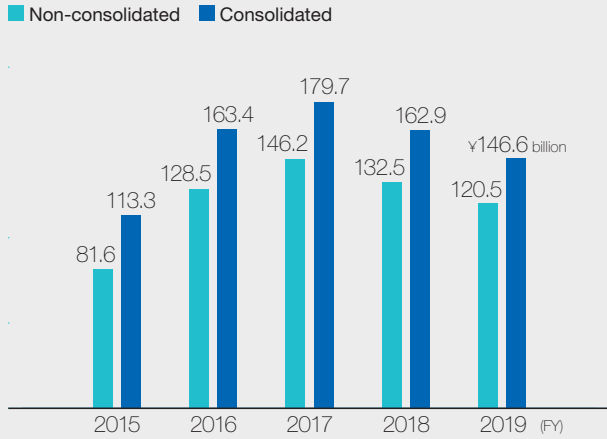


Construction Contract Awards

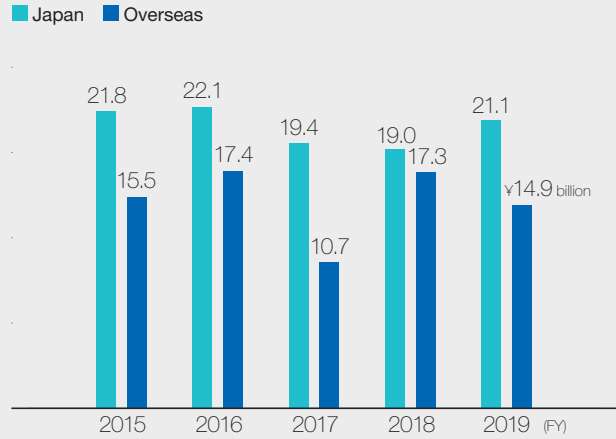
■ Consolidated **¥1,752.8 billion**
■ Non-consolidated **¥1,122.5 billion**

Civil Engineering **¥327.6 billion** Building Construction **¥794.9 billion**

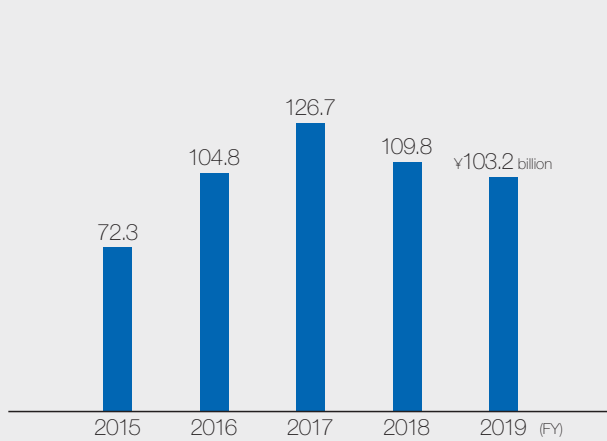
Ordinary Income



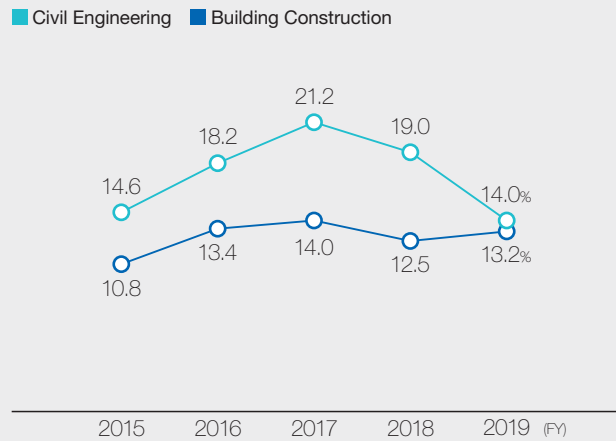
Ordinary Income at Group Companies in Japan and Overseas



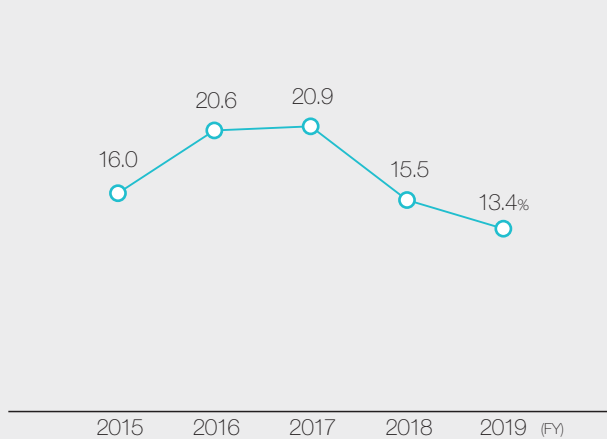
Net Income Attributable to Owners of the Parent



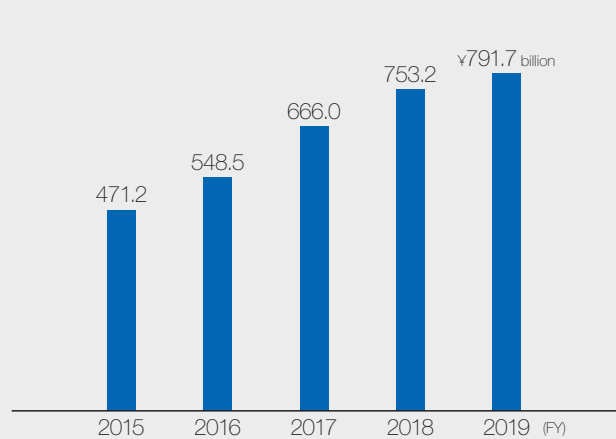
Gross Profit Margin for Civil Engineering / Building Construction Businesses (Non-Consolidated)



Return on Equity



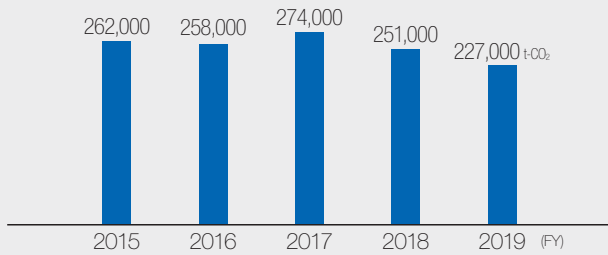
Owners' Equity



Financial and Non-Financial Highlights

CO₂ Emissions Attributable to Construction

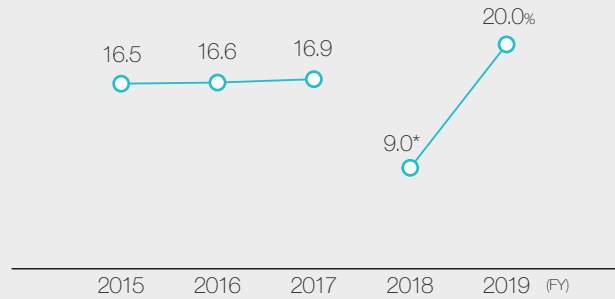
227,000 t-CO₂



Reduction in CO₂ Emissions Per Unit of Sales Attributable to Construction

20.0 %

Rate of reduction compared with benchmark fiscal year for CO₂ emissions per unit of sales attributable to construction (CO₂ emissions per ¥1 hundred million in construction)

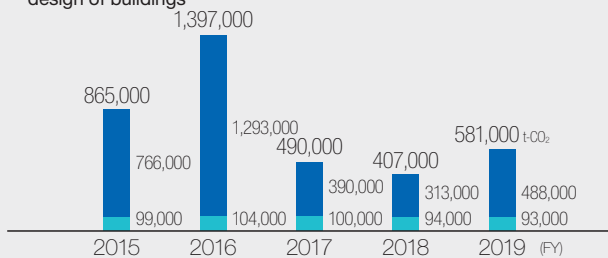


* Benchmark year was 1990 through FY2017, and is 2013 from FY2018.

Indirect Contributions to CO₂ Reduction

581,000 t-CO₂

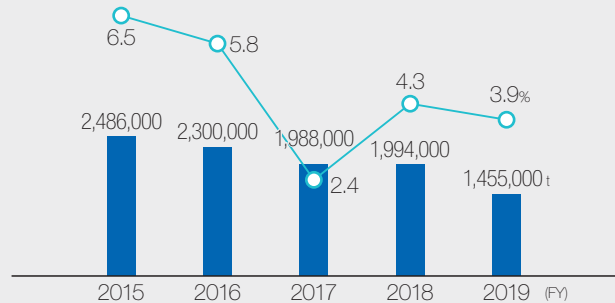
- Contribution to CO₂ emissions reduction attributable to green procurement (blast furnace cement/concrete)
- Contribution to CO₂ emissions reduction attributable to energy-saving design of buildings*



* The annual reduction contribution realized by the energy conservation measures of buildings designed by the Company and completed during the fiscal year, multiplied by building life cycle (30 years)

Amount of Construction Waste Generated / Final Disposal Rate (Including Sludge)

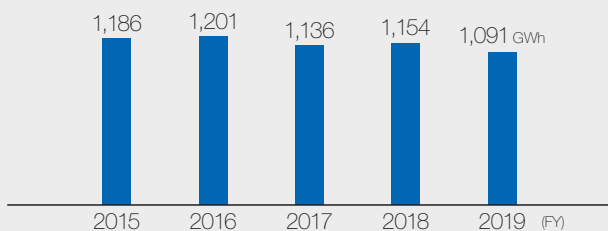
3.9 %



Energy Consumption (Project Sites and Offices)

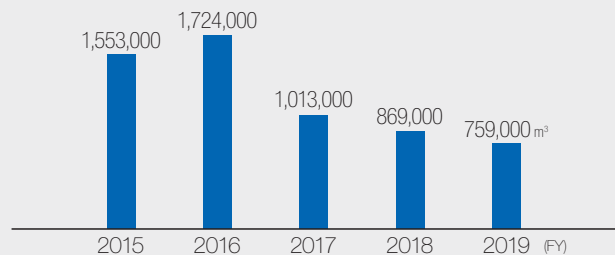
1,091 GWh

Energy consumption is the sum of electricity, fossil fuel, heat/steam, and refrigeration usage converted into primary energy equivalents.



Water Consumption (Project Sites and Offices)

759,000 m³



On-Site Safety

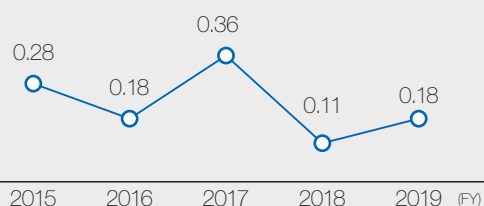
Accident Frequency Rate (Lost Work Time of 4 or More Days)

0.69



Accident Severity Rate

0.18



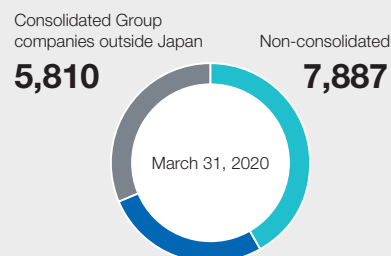
Frequency rate: The number of fatalities and injuries at worksites per one million cumulative working hours

Severity rate: The severity of illnesses and injuries represented by the number of workdays lost per thousand cumulative working hours

Number of Employees

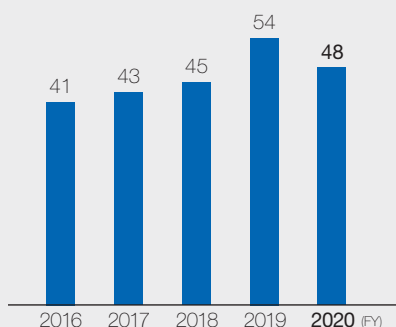
18,673

(20,504 including non-consolidated subsidiaries)



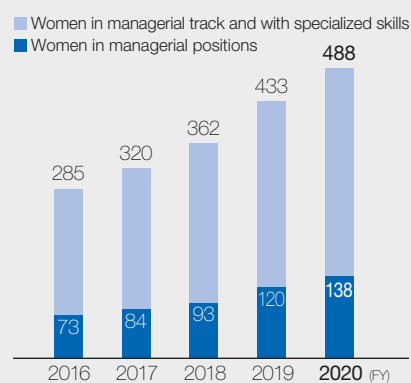
Consolidated Group companies in Japan **4,976**

Number of Women among New Graduate Hires



* Of 251 new graduate hires at Kajima Corporation on April 1, 2020, women accounted for 19.1%.

Number of Women in Managerial Positions



* Women in managerial track and with specialized skills presented from FY2019

Human Resources Data (Non-Consolidated)

(As of March 31 of the fiscal year)

		2015	2016	2017	2018	2019
Employees	Number of employees	7,527	7,611	7,686	7,783	7,887
	Re-employed personnel	921	1,102	919	930	961
	Employees with disabilities (%)	2.2	2.1	2.2	2.2	2.1
	Turnover rate within three years (%)	3.7	3.0	3.5	2.0	2.0
Childbirth/ parenting/ caregiving	Employees taking extended parenting leave	34	39	35	53	60
	Employees taking leave for spouse's childbirth	115	112	117	111	108
	Employees taking leave for caregiving	86	93	90	78	87
	Male employees taking shortened work hours	33	41	64	89	98
	Employees taking extended caregiving leave	22	22	37	22	63
Other	Employees using leave system for volunteering	12	17	21	15	24
	Employees taking paid leave (%)	39.6	49.5	49.6	46.4	52.8

10-Year Highlights

Consolidated

(FY)	2010	2011	2012	2013
Financial Results				
Construction Contract Awards	1,188.4	1,296.0	1,333.2	1,573.5
Revenues	1,325.6	1,457.7	1,485.0	1,521.1
Operating Income	17.2	29.4	18.4	23.0
Ordinary Income	17.5	41.3	24.6	27.0
Net Income Attributable to Owners of the Parent	25.8	3.8	23.4	20.7
Operating Margin (%)	1.3	2.0	1.2	1.5
R&D Costs	9.7	9.1	8.4	7.8
Capital Investment	22.9	35.9	20.5	19.8
Kajima Corporation				
Civil Engineering				
Gross Profit Margin (%)	0.7	8.1	3.5	17.2
Building Construction				
Gross Profit Margin (%)	9.7	6.7	6.2	0.3
Financial Position				
Total Assets	1,644.9	1,686.2	1,686.0	1,789.4
Owners' Equity	252.8	256.7	320.4	368.2
Total Equity	253.2	256.7	318.1	364.1
Interest-Bearing Debt	558.9	525.7	480.1	444.7
Cash Flows				
Cash Flows from Operating Activities	64.0	81.7	58.4	32.9
Cash Flows from Investing Activities	2.9	(38.7)	36.7	17.3
Cash Flows from Financing Activities	(50.5)	(37.7)	(58.6)	(17.1)
Stock Information				
Basic Net Income per Share (¥)	24.87	3.69	22.55	19.98
Owners' Equity per Share (¥)	243.35	247.12	308.49	354.62
Cash Dividends per Share (¥)	6.0	5.0	5.0	5.0
Management Benchmarks				
Ratio of Net Income to Owners' Equity (ROE) (%)	10.0	1.5	8.1	6.0
Owners' Equity Ratio (%)	15.4	15.2	19.0	20.6
Debt-to-Equity Ratio	2.21	2.05	1.50	1.21
Non-Financial Information				
Number of Employees (Consolidated)	15,083	15,149	15,468	15,391
Kajima Corporation	8,164	7,925	7,737	7,657
Consolidated Group Companies in Japan	3,760	3,785	3,920	3,945
Consolidated Group Companies outside Japan	3,159	3,439	3,811	3,789
CO ₂ Emissions Attributable to Construction (t-CO ₂)	205,000	213,000	229,000	228,000
CO ₂ Emissions per Unit of Sales Attributable to Construction (t-CO ₂ /¥ hundred million)	21.5	21.3	22.0	22.0
Final Disposal Rate for Construction Waste (Incl. Sludge) (%)	13	9	6.9	6.9

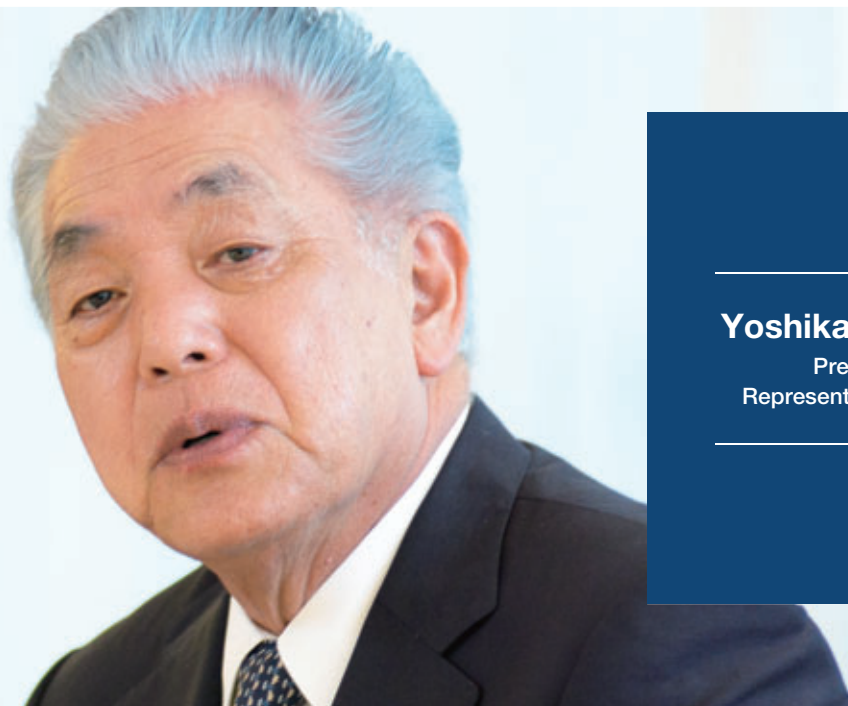
Notes: 1. The Company consolidated its shares at a rate of one share for every two shares, effective October 1, 2018. Accordingly, basic net income per share for FY2017 and FY2018 is calculated as if the consolidation of shares had been conducted at the beginning of FY2017.

2. From the beginning of the fiscal year ended March 31, 2019, the Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Statement No. 28 issued by the Accounting Standards Board of Japan on February 16, 2018). Accordingly, the figures for the fiscal year ended March 31, 2018 were restated to reflect this change.

(¥ billion)

2014	2015	2016	2017	2018	2019
1,474.8	1,795.8	1,728.3	1,685.9	2,010.1	1,752.8
1,693.6	1,742.7	1,821.8	1,830.6	1,974.2	2,010.7
12.6	111.0	155.3	158.3	142.6	131.9
21.3	113.3	163.4	179.7	162.9	146.6
15.1	72.3	104.8	126.7	109.8	103.2
0.7	6.4	8.5	8.7	7.2	6.6
7.7	7.8	8.2	10.3	13.9	16.4
25.4	32.9	29.4	16.1	28.4	86.3
(0.1)	14.6	18.2	21.2	19.0	14.0
1.1	10.8	13.4	14.0	12.5	13.2
1,839.2	1,886.7	1,992.8	2,051.2	2,091.1	2,172.1
434.9	471.2	548.5	666.0	753.2	791.7
436.9	474.0	552.5	669.7	756.9	796.0
385.0	378.5	372.9	344.8	298.7	326.8
59.2	36.3	187.5	120.4	30.3	53.0
8.3	(27.8)	(31.9)	(47.3)	(25.3)	(101.8)
(70.7)	(13.1)	(20.5)	(53.0)	(75.0)	(10.8)
14.58	69.66	101.01	244.29	211.67	200.99
418.86	453.93	528.46	1,283.38	1,451.66	1,544.71
5.0	12.0	20.0	48.0	50.0	50.0
3.8	16.0	20.6	20.9	15.5	13.4
23.6	25.0	27.5	32.5	36.0	36.5
0.89	0.80	0.68	0.52	0.40	0.41
15,383	15,810	16,422	17,730	18,297	18,673
7,546	7,527	7,611	7,686	7,783	7,887
4,068	4,144	4,442	4,674	4,816	4,976
3,769	4,139	4,369	5,370	5,698	5,810
262,000	262,000	258,000	274,000	251,000	227,000
22.2	21.5	21.5	21.4	20.0	17.6
7.1	6.5	5.8	2.4	4.3	3.9

Dialogue between the President and an Outside Director



Yoshikazu Oshimi
President,
Representative Director

In a discussion on the evolution of corporate governance and Kajima's vision for itself and the construction industry, President Yoshikazu Oshimi exchanges views with Masahiro Sakane, an experienced manager who has been part of the management team since becoming Kajima's first outside director in 2015.

Evolution of the Board of Directors

Oshimi: You became an outside director five years ago. What changes have you noticed at Kajima through channels including Board discussions since our dialogue three years ago?

Sakane: The Board has evolved in various ways. I applaud Kajima for the series of changes it has made over the past several years, such as establishing the Governance Committee to discuss strategic governance issues including officer-related personnel matters and remuneration, setting the term of office for directors at one year, and making at least one-third of the Board outside directors. I hope this evolution continues.

I ask the boards of directors at other companies where I am an outside director to hear bad news first, and Kajima's Board makes it a point to start its meetings that way.

The fundamental role of outside directors is to speak on behalf of society and stockholders. My fellow outside directors and I are able to speak out frequently and openly at Kajima's

Board meetings, which signifies that the groundwork has been laid for meaningful discussion. The Board agenda involves reporting, discussion and resolution, and I have been asking my fellow Board members to emphasize discussion. Particularly for key matters, the most informed decisions are not likely to be made if outside directors only participate at the resolution stage of the deliberation process. My requests have resulted in more time allotted to discussing key proposals, but I would say this needs to go even further.

Oshimi: Bad news reported in the course of daily operations was not raised at Board of Directors meetings until we brought in outside directors in 2015. Explanation in the presence of outside directors has helped the Board to reexamine risk factors and ways to prevent recurrence. Furthermore, the presence of outside directors at related interdepartmental review meetings has resulted in much more multifaceted discussion.

I agree that the time allotted for discussion is still insufficient. Outside directors provide the Board with valuable opinions and suggestions, and we also gain insights through the act of



Masahiro Sakane
Outside Director

preparing to explain relevant information and background. I have chaired the Board since July 2020, and I would like to make a point of increasing opportunities for discussion.

Sakane: Bad news is what it is—it won't go away. It is human to err, and societal standards change. What was within permissible norms 20 years ago may not be now. If reporting bad news to the Board immediately is a matter of course, employees who delay doing so will be called out by the President. Such reporting can only make Kajima better. Compliance-related concerns are also reported to the Board immediately when they arise. Kajima benefits from the Board's organization and confirmation of information and the exchange of opinions with outside directors who have multifaceted backgrounds.

The Future of the Construction Industry and Kajima's Challenges

Oshimi: We want to be a global technology leader, so we are always working to incorporate external knowledge and move forward with R&D. What technological innovations should we aim for and what is your take on open innovation?

Sakane: Open innovation is not simply about amassing superior technologies. First, Kajima needs to set goals, such as a future business model. Then it must identify what it lacks

and what it needs in order to achieve those goals, and adopt relevant external technologies. I am positive about recent technology alliances with other major construction industry peers because these alliances represent a change in course from trying to do everything in-house.

Construction companies are hard to distinguish from each other. Nonetheless, Kajima can differentiate itself in ways such as further enhancing its design capabilities.

We are entering the CASE* era. The construction industry will certainly have to address changing needs in areas such as data usage and building ownership that derive from changes in technology and lifestyles. To offer services that meet diverse building needs, it is necessary to have the ability, for example, to propose and design communication systems, air conditioning and energy supply that are ideal for remote offices used by telecommuters. This will certainly require external expertise. Design capabilities that specifically address needs have always been important, but they will be even more important in the future. It is in areas such as this where Kajima can differentiate itself.

* CASE: Connected, autonomous, shared and electric

Oshimi: Our corporate culture embraces an enterprising spirit, but we may have overlooked technological innovations that are accessible to us.

For example, we were slow to realize that collecting and using data from heavy equipment at construction sites can raise construction efficiency. A huge amount of construction

Dialogue between the President and an Outside Director

process information is available if we collect it intelligently. I am sure that thinking about how we can collect data and reflect it in design will enable new technologies. Going forward, Kajima will innovate construction technology by making digitalization the starting point for construction.

Sakane: Management involves investing earnings, paying employees, returning profits to stockholders and contributing to society. All resources come from creating more value for customers, so doing so is fundamental. I believe that Kajima can enhance its relationships with customers through technological development and sales and service activities that help create value.

Oshimi: You have pointed out that now is the time for Kajima to show leadership by examining its vision for itself as a general contractor, including the issue of working styles, and reform the multilayer subcontracting structure of the construction industry.

We also want to directly employ more skilled workers in occupations where labor is in short supply, and to secure the next generation of workers. Through the Kajima Smart Future Vision and initiatives to automate construction sites, we are working to increase productivity and make the construction industry more appealing. Moreover, we are promoting various measures to improve the work environment and employment conditions for skilled workers.

What else do you think we need to do in terms of the construction industry and Kajima itself?

Sakane: Multilayer subcontracting is a feature of business in Japan, not just in the construction industry, and I would say it has become something of a burden for the nation as a whole. It worked well when labor was readily available, but is probably not sustainable when labor is in short supply and the linkage of information technology is essential.

I mentioned CASE earlier. An example would be Komatsu Ltd.'s Smart Construction initiative, which shows the position of dump trucks and their payload status on a map. This makes it possible to directly contract with drivers and make payments based on load weight records, which obviates the need for subcontracting with a company that owns dump trucks.

Until now, a single construction project provided multiple companies with work under the multilayer subcontracting structure, but that structure and internal corporate hierarchies are going to collapse.

Oshimi: The entire construction industry knows it must change the current multilayer subcontracting structure, but the reality is that progress is slow. It is essential for the construction industry to develop a new approach for mutually

beneficial relationships with partner companies in order to become sustainable. As a first step, we will take on the challenge of limiting the scope of contracts to secondary subcontractors, in principle.

Future Growth

Oshimi: In Shikaoi-cho, Hokkaido, we are conducting a demonstration project for generating hydrogen locally from livestock excreta to supply energy for local consumption. Kajima seeks to target other energy-related projects in the future. Outside Tokyo, cities need to consolidate infrastructure as much as possible to reduce management costs while creating bases in regions critical to business continuity planning, so Kajima will take on the challenge of urban design from a long-term perspective, making good use of hazard maps.

Sakane: Japan is strongly affected by rising average temperatures and other effects of climate change, and is dealing with increasingly severe natural disasters. It therefore faces the need to address climate change, particularly issues in the energy sector. In that respect, I would like Kajima to consider a broad array of initiatives, without being constrained by conventional ideas and methods.

Kajima has the potential to contribute to urban development through environmental initiatives. The need for such contributions is emerging in Japan and in new urban centers in China and other countries and regions in Asia. Kajima's experience in a developed country such as Japan should be useful for international expansion.

Creating databases of automobile traffic to analyze movement will enable the creation of urban centers with a minimum of parking space and cars, thus reducing CO₂ while providing convenience for all. A comprehensive understanding of this data will lead to the creation of businesses that use the operational data for urban centers. That idea led me to consider the outstanding expertise and new business model that a general contractor could achieve by developing an urban center and managing it responsibly.

Oshimi: In the future, Kajima will expand its scope from a business centered on high-quality building to include businesses that deploy data collected through external collaboration. We have already participated in several smart city projects and are taking on various related challenges.

In addition, in our overseas operations we must further enhance our locally rooted business development programs and implement relevant strategies.



What insights can you share from your experience managing companies overseas?

Sakane: The construction industry is typically the oldest industry in any given country, and every country has homegrown construction companies. Kajima's ability to provide highly earthquake-resistant construction as a construction company headquartered in earthquake-prone Japan is a key selling point for participating in markets outside Japan. In addition, natural disasters are bound to increase due to global warming, and quality problems are likely to appear everywhere in existing buildings and structures. Therefore, I would advise Kajima to differentiate itself by establishing a reputation for high-quality construction that won't be affected by such problems 30 to 40 years from now.

However, because each country's construction industry is deeply rooted in the nation's history, Kajima should adopt a strategy of quickly identifying strong local partners and putting Japanese quality to work through those partners.

Oshimi: Thank you for your valuable insights. In entering new markets, we need to work with reliable local partners and take on challenges with the intention of working with them long into the future.

We will continue to reflect the suggestions and opinions of outside directors in management in order to enhance the effectiveness of the Board of Directors. In addition, while working toward the business targets for fiscal 2020, we will formulate our next medium-term business plan and work together as one toward further growth.

Suggestions for Improvement from Previous Dialogue (*Corporate Report 2017*) and Actions Taken

Suggestions for improvement	Key actions
Board of Directors <ul style="list-style-type: none"> • Provide status reports, particularly any bad news. • Focus on discussion. 	<ul style="list-style-type: none"> • Gave a status report at the start of every Board meeting, including bad news. • 17 matters discussed (June 2019–May 2020).
Open innovation and collaborative development <ul style="list-style-type: none"> • Clearly identify areas where the Company excels and procure technology externally in areas where it lacks strength. 	<ul style="list-style-type: none"> • Kajima Technical Research Institute Singapore Office (KaTRIS) is conducting collaborative research with the National University of Singapore and others. • Encouraged open innovation by investing in a start-up incubator fund, and opened an office in Silicon Valley in June 2018. • Began technological collaboration with other major construction industry peers in January 2020 in the fields of robot construction and IoT. • Introduced an upgraded version of Boston Dynamics' quadruped walking robot at civil engineering sites.
Vision for the construction industry <ul style="list-style-type: none"> • Reform of the multilayer subcontracting structure. Show leadership by reexamining Kajima's vision for itself as a general contractor, including work-style reform. 	<ul style="list-style-type: none"> • Currently reviewing procurement and ordering approaches with the goal of creating construction systems that limit the scope of contracts to secondary subcontractors, in principle. • Implementing Kajima Smart Future Vision to raise productivity, and automating construction sites with a focus on A⁺CSEL[®] ("quad axel") as a means of addressing the shortage of construction workers and implementing work-style reform. • Various initiatives are under way, including promotion and use of the Construction Career Up System, the introduction of financial incentives, the implementation of training for young people before and after they enter the industry, and preparations to open an educational and training facility. • Directly hired employees with skills such as welding and fireproof coating application.

Civil Engineering



Business Policy

- Strengthen initiatives in promising fields with a medium-to-long-term view
- Innovate production systems using ICT

Strengths

- A culture of taking on challenges in new technologies and fields
- Extensive track record of construction using advanced technology
- Comprehensive capabilities of human resources and the organization

Opportunities and Risks

- Changes in social needs and the market environment
- Expansion of the renewable energy field and the infrastructure maintenance and renewal field
- Expected shortage of workers due to fewer people entering the construction industry
- Development and implementation of labor-saving technologies using ICT

Business Strategies



Masayasu Kayano

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

In February 2020, we began full-scale construction on an offshore wind power generation facility in Akita Prefecture, the first of its kind to be developed as a private-sector commercial venture. The project requires the use of a self-elevating platform (SEP) vessel. To that end, we are collaborating with Penta-Ocean Construction Co., Ltd. and Yorigami Maritime Construction Co., Ltd. to build an SEP vessel that will be capable of constructing the largest feasible class of wind turbines safely, efficiently and at a reasonable cost.

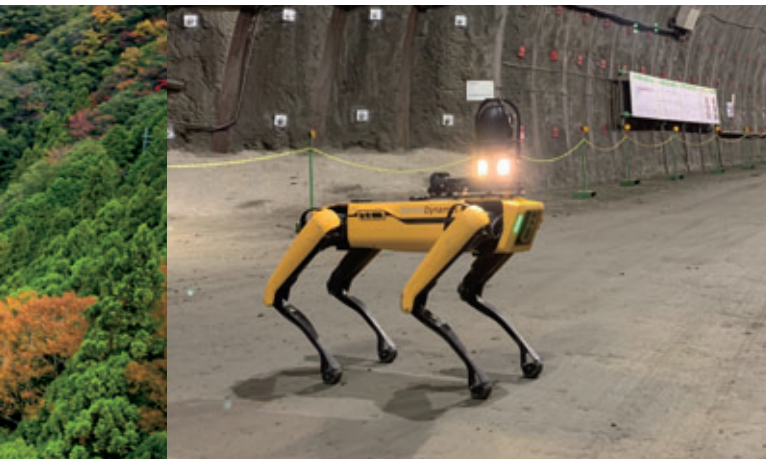
Meanwhile, we expect the maintenance and management field to expand in the domestic infrastructure market. To strengthen our competitiveness in this field, we are developing measurement technologies based on optical fibers. Optical fibers enable us to accurately measure strain and temperature over long periods and can be installed in structures to measure age-related changes starting from the time of construction, so our idea is to use these technologies to evaluate the durability and safety of structures, and to more accurately predict when repair or renovation becomes necessary. In this way, we will leverage our expertise in advanced data analysis to facilitate effective maintenance and management after project delivery.

Outside of Japan, where we can expect growth in civil engineering work, we will focus on the types of work for which we can effectively deploy our technological and management capabilities. We will also identify regions where we can sustainably generate profit and develop initiatives rooted in local communities.

Strengthening Initiatives in Promising Fields

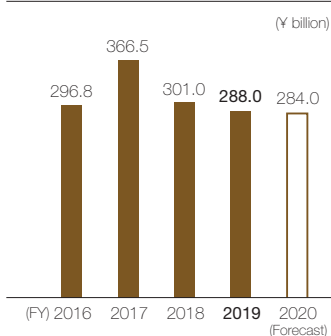
In the domestic civil engineering market, we expect continuing investment in road and rail infrastructure, as well as in disaster prevention and mitigation (programs for national resilience), and increasing demand in the renewable energy sector. We will work to capture a significant share of the renewable energy market as Japan transitions to a low-carbon society.

As part of this effort, we have established a new department at the Head Office that specializes in the renewable energy sector. A first priority is to centrally manage various tasks relating to wind power projects, such as design, construction, procurement and contracting. A further goal is to accumulate the knowledge and expertise needed to turn this field into a medium-to-long-term revenue source.

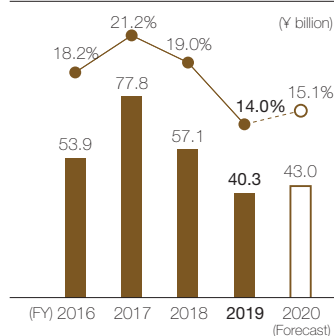


Business Overview

Revenues



Construction Project Gross Profit and Gross Profit Margin



Innovating Production Systems

To respond to the future shortage of workers, there is an urgent need to enhance productivity and safety by innovating construction systems through further mechanization and automation. We will expand our next-generation construction system, A⁴CSEL[®], which we have mainly been using in the dam field, to the tunnel field. For robotic work, in 2019 we introduced Spot, Boston Dynamics' quadruped robot, modified to be able to walk freely in tunnels under construction. Taking advantage of its mobility, we will expand its use not only for patrol work, but also for hazardous work such as surveying and measurement on steep slopes.

We are also further promoting the use of ICT and CIM.¹ In addition to proactively introducing the latest technologies such as augmented reality and mixed reality to construction sites, we are strengthening our proposal capabilities through the application of CIM from the design stage. Such capabilities are important because ECI² projects have become increasingly common in recent years. Linking CIM data and process chart software enables "virtual completion," whereby work progress through to completion is visualized before the start of construction. Through this procedure, our design and construction departments can cooperatively establish optimal construction methods at the earliest stage, and so enhance safety and quality, and reduce costs.

We are serious about the concept of open innovation as a means of accelerating technological development. In Silicon Valley and Singapore, for instance, we are networking with governments and academia, and gathering information from a wide range of sources. We are committed to the development and application of automation technologies, and other new technologies that are relevant, given the ongoing COVID-19 pandemic.

HIGHLIGHT

Completion of Wind Farm Tsugaru, the Largest Onshore Wind Farm in Japan

While preparing for our full-scale entry into offshore wind power, we continue to add to our extensive track record in onshore wind power, a field in which we are a forerunner. Wind Farm Tsugaru was completed in Tsugaru City, Aomori Prefecture in spring 2020, and commercial operation began in April. With a generation capacity of 121.6 megawatts, it is the largest wind farm in Japan. It is located at the base of the Tsugaru Peninsula, with 38 wind turbines extending approximately nine kilometers from north to south.

Featuring rotor blades with a diameter of 103 meters and towering to a maximum height of 149.8 meters, these are the largest onshore wind turbines in Japan.

We were also involved in the construction of the Shin-Aoyama Kogen Wind Farm (Tsu City/Iga City, Mie Prefecture) in 2017. It too was Japan's largest wind farm at the time, with a generation capacity of 80 megawatts. We continue to steadily accumulate expertise in the construction of large wind turbines.



Construction of Wind Farm Tsugaru

Location: Tsugaru City, Aomori Prefecture

Client: Green Power Tsugaru GK
(Green Power Investment Corporation)

Scale: Generation capacity of 121.6 MW
(38 × 3.2 MW wind turbines)

Civil engineering work, wind turbine transportation and installation, and electrical installation

Construction period: August 2017–May 2020

- 1. Construction Information Modeling (CIM):** System for integrated construction production that improves efficiency and sophistication through the sharing of various types of information about building structures, mainly through 3D modeling.
- 2. Early Contractor Involvement (ECI):** A bidding contract format in which the contractor provides technical assistance from the design stage.

Building Construction



Business Policy

- Create next-generation construction systems
- Provide construction and services of high value to society and customers
- Establish a Group-wide business platform for growth

Strengths

- Collaboration with Group companies involved in upstream and downstream fields of the construction business
- A business platform where domestic and overseas construction and real estate development businesses complement each other

Opportunities and Risks

- Changes in the market environment in a post-COVID-19 society
- Evolving needs of society and customers for streamlining and efficiency
- Decrease in the number of skilled construction workers

Business Strategies



Hiroyoshi Koizumi

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

construction engineers with the necessary high-level specialized skills and diverse work experience. We will also continue to foster management skills through the dispatch to overseas subsidiaries of employees in their sixth year with the Company who have mastered their work to a certain level.

Next, we will gather and make advanced use of data. The full-scale deployment of BIM will be the basis for strengthening our design and construction capabilities as we aim to achieve virtual completion at the start of construction and for offering services that provide new value to customers at the facility operation stage (our “digital twin” initiative).

In construction management, we are reinforcing the use of IT tools already at the operational stage. In particular, for labor management, in addition to the introduction of IT for work coordination and safety management documents, we will use digital technology for facial recognition and entry and exit management in conjunction with the Construction Career Up System (CCUS). These tools will better enable us to properly evaluate the experience and skills of workers and so provide an environment that is more attractive to work in.

One Team, Inc. is a new Kajima Group company established for the further enhancement of quality and productivity at construction sites. It works in conjunction with the new Productivity Enhancement and Technical Support Team at the Head Office and branches to support the launch of IT environments at construction sites and to provide assistance for inspections, thereby enabling onsite employees to focus on their primary duties. In conjunction with the Kajima Smart Future Vision, currently in the testing phase, One Team will continue to promote labor-saving and enhance the efficiency of onsite management. (See Feature on pages 22–23.)

Construction automation technologies, such as welding robots being developed in cooperation with Kajima Kress Corporation, have the potential to help resolve the major issue of securing a future workforce. In addition, by expanding remote-controlled

Enhancing Construction Efficiency in a Market Environment of Radical Change

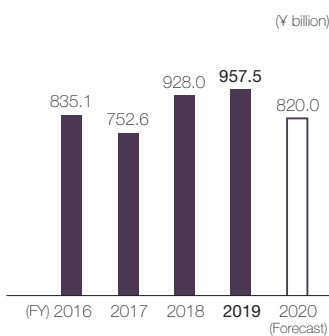
In the run-up to the Tokyo Olympic and Paralympic Games scheduled for 2020, the environment in the domestic building construction market was relatively stable, but was transformed by the impact of the COVID-19 pandemic. It is imperative that we accelerate measures currently under way and respond to the new environment. To do so, we must implement systems that promote further operational improvements in quality and productivity. With the introduction of Kajima Building Construction Total Management System (KTMS) 2017, we sought to promote new operational standards, leverage IT tools, and reduce the need for labor by 30%. From fiscal 2020, we will evolve and accelerate these measures as KTMS 2020.

First, we will restructure the training curriculum for project managers and engineers in order to promote work-style reform and raise employee productivity (revenue per head). We are establishing a new hands-on training facility in order to fast-track development of

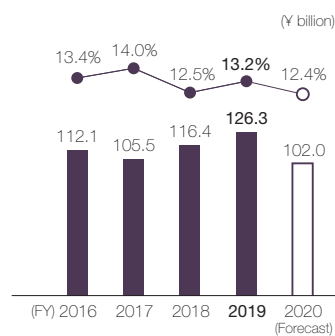


Business Overview

Revenues



Construction Project Gross Profit and Gross Profit Margin



construction management and the types of construction work that can be performed, they may also be a highly effective countermeasure against COVID-19. (See Domestic Subsidiaries and Affiliates on page 51.)

Working to Expand Business Domains

By accelerating and expanding the deployment of BIM, we will be able to gather, analyze and make more effective use of a variety of data from building operation. We are already conducting R&D for the development of smart buildings, and we are testing the use of BIM data in areas such as resident wellness, IT-based management and energy control. Monitoring the movement of people and goods, as well as the real-time operating status of equipment, will enable us to optimize environmental control based on factors such as facility congestion and a variety of user needs, visualization of elevator movement, and environmental control of areas such as conference rooms. These technologies have enormous potential in that they can be rolled out from smart buildings to smart cities.

These services enhance user comfort, convenience and work productivity. Through collaboration across the Group, we will use them to expand the business domains of each Group company involved in upstream and downstream fields. As an example, Global BIM Inc., which supports the implementation of BIM at the design and construction stage, and Kajima Tatemono Sogo Kanri Co., Ltd., which works in partnership with customers at the building operation stage, will provide new services such as the Kajima Smart BM® (Building Management) platform in conjunction with digital twin modeling, and generate stable business opportunities over the long term.

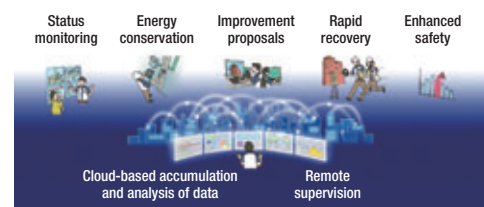
Through the adoption of IT and digitalization for site operational management and smart construction, we will introduce next-generation construction systems while working with Group companies to build a business platform that can respond to an environment of radical change.

HIGHLIGHT

Providing New Building Management Services Using the Kajima Smart BM® Platform

In collaboration with Microsoft Japan Co., Ltd., Kajima and Kajima Tatemono Sogo Kanri Co., Ltd. have developed Kajima Smart BM® (Building Management). This building management platform automates the gathering and storage of operational management data from buildings in a cloud network environment. Through the analysis and use of this data, we can monitor the operating status of equipment, conserve energy, propose operational improvements, rapidly recover from emergencies, and enhance customer safety.

As of July 2020, Kajima Smart BM® is in use at approximately 51 buildings managed by Kajima Tatemono Sogo Kanri. Moving forward, we plan to expand this into a service that better enhances comfort and convenience by combining it with data on building usage and user behavior.



Concept of building management services using Kajima Smart BM®



Kajima Smart BM® dashboard and usage status at the management site

Real Estate Development



Business Policy

- Accumulate quality assets through steady promotion of ongoing projects
- Generate new projects to build a resilient portfolio
- Establish an efficient and robust Group-wide business platform for real estate development

Strengths

- Creation of high-quality assets by leveraging technological capabilities of the Building Construction Division
- Diverse business opportunities that leverage the Company's extensive information network
- Pursuit of investment efficiency through approaches integrating real estate and finance, including private REIT

Opportunities and Risks

- Development of new, sustainable communities in the face of social change
- Strengthening of operational management capabilities in cooperation with Group companies
- Establishment and implementation of new real estate development management methods in coordination with production technology innovation

Business Strategies



Takahiko Tsukaguchi

Executive Officer,
General Manager, Real Estate
Development Division

Creating Quality Assets and Pursuing Investment Efficiency through Collaboration with the Building Construction Division

The Kajima Group Medium-Term Business Plan (Fiscal 2018–2020) calls for us to expand the real estate development business as our third core business alongside civil engineering and building construction. Under the plan, we aim to raise earnings by investing ¥160 billion over three years, thereby increasing domestic assets to approximately ¥300 billion. In fiscal 2019, Kajima's domestic real estate development business invested ¥84.8 billion. This includes the completion and opening of NAGOYA FUSHIMI K-SQUARE; the start of construction of the Yokohama Gate Tower, the Kudan Minami 1-Chome Project (tentative name) and the Hakata Ekimae 4-Chome Building (tentative name); new participation in the KANNAI 8 consortium, the prospective operator of the Yokohama City Hall District Redevelopment Project; and the acquisition of income-generating buildings in Osaka, Sendai and other regions. As a result, domestic real estate development business assets as of March 31, 2020 totaled approximately ¥270 billion. We are therefore on track to achieve or exceed the Medium-Term Business Plan target. In fiscal 2020, we will steadily advance ongoing projects, including the opening of Haneda Innovation City and the completion and opening of Tokyo Portcity Takeshiba. In positioning corporate real estate, public real estate, and redevelopment as key strategic areas, we are taking on the challenge of generating new projects that will grow revenues. Such large-scale projects are executed as joint ventures with major customers. We aim to undertake sophisticated real estate development projects that combine the expertise of our customers with our own technological capabilities. In doing so, we will continue to build a portfolio of highly competitive quality assets.

In addition, we will continue to pursue investment efficiency while expanding the scale of our assets. By using capital-saving project schemes and pursuing profitability through asset replacement as

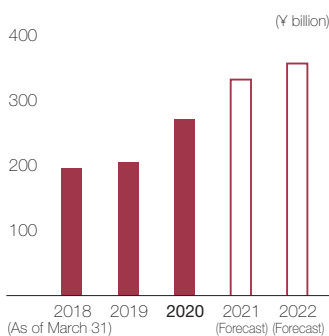
Development Projects in Japan

Project Name	Remarks
Haneda Innovation City	Completed May 2020 (Phase I) Completion scheduled for fiscal 2022 (Phase II)
Tokyo Portcity Takeshiba	Completed May 2020
Hamamatsucho 2-Chome District 4 Block A (Building A3)	Completion scheduled for Mar. 2021
Hakata Ekimae 4-Chome Building (tentative name)	Completion scheduled for Jun. 2021
Yokohama Gate Tower	Completion scheduled for Sep. 2021
Kudan Kaikan Reconstruction Project	Completion scheduled for Jul. 2022
Minato Mirai 21 Central District 37 Block Development Plan (tentative name)	Completion scheduled for Jan. 2023
Park Tower Kachidoki South	Completion scheduled for Aug. 2023
Yokohama City Hall District Redevelopment Project	Completion scheduled for fiscal 2025
Hamamatsucho 2-Chome District Type 1 Urban Area Redevelopment Project	Completion scheduled for 2026



Business Overview

Domestic Real Estate Development Assets



Assets as of March 31, 2020



appropriate, we will work toward our target ROE of 10% or higher while ensuring that we make the most effective use of our finite funds. On another note, Group company Kajima Real Estate Investment Advisors Inc. launched a private REIT in fiscal 2018. The REIT has over ¥40 billion in assets under management and is expanding steadily toward its asset target of ¥100 billion in fiscal 2023. As a sponsor, we will continue to provide maximum support to institutional investors to improve profitability and provide new investment opportunities that contribute to long-term stable asset management.

Developing New Communities Adapted to Social Changes

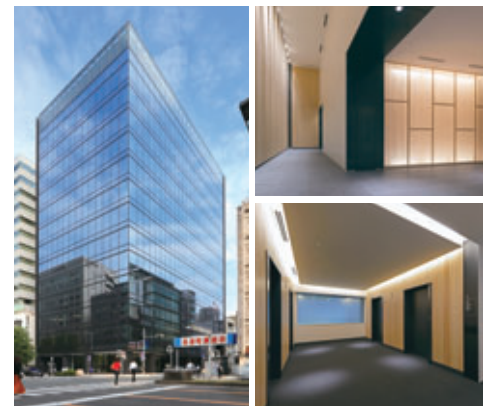
The roles of cities and facilities in Japan are undergoing a major transformation as a result of technological innovations such as AI and IoT, changes in social structure due to population decline from the low birthrate and aging population, changes in industrial structure based on globalization and policies on international tourism, and the need to respond to social risks such as the COVID-19 pandemic. Furthermore, the companies engaged in developing such cities and facilities must also transform their attitude toward social contribution, with the SDGs as a prime example. We will proactively take on the challenges that come with considering community building for the new era and what our contribution to that should be. Our area management business, which targets development of whole communities rather than standalone development projects, began in 2007 in Akihabara, and since then we have expanded the business to a number of locations. Specifically, at Haneda Innovation City we are working on a smart city model project and the development of a new industry-creation and cultural center, and in the Takeshiba district of Tokyo we are trialing and verifying ways to implement new mobility services. Going forward, we are committed to the creation of a sustainable society through our real estate development projects.

HIGHLIGHT

Completion of a Project Introducing the Kajima Smart Future Vision as a Technology Showcase

In October 2019, NAGOYA FUSHIMI K-SQUARE opened in Naka-ku, Nagoya City. This property was developed by Kajima, which handled business planning, design and construction. Facing onto Nishiki-dori, the main street in Nagoya's business district, it is a rental office building with commercial space on the 1st floor and office space on the 2nd through 13th floors. The exterior features high-performance, double-coated, low-emissivity glass, and the blinds are equipped with an automatic control system that tracks sunlight. The aluminum curtain wall material has been treated with a highly weather-resistant polyester powder coating that does not emit hexavalent chromium, and the interior of the entrance hall and elevator hall on each floor uses solid Japanese cypress from the Kiso region. These and other measures help conserve energy and reduce environmental impact. Another characteristic of the building is the initiatives that were introduced at the construction phase and took into account post-construction operation. As a pilot site for the Kajima Smart Future Vision, which targets innovation across all construction processes and enhanced productivity, we applied and verified 18 state-of-the-art technologies and systems, including a variety of ICT-based construction robots and site management tools. Since completion, we have been working with Kajima Tatemono Sogo Kanri Co., Ltd. to build a BIM-FM* system that uses BIM data from the construction phase for building maintenance and management.

* FM: Facility management



The entrance and elevator halls use solid Japanese cypress from the Kiso region

Photography by Shinsuke Kera/Urban Arts

Overseas Operations



Business Policy

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

Strengths

- Multi-dimensional global network based on organizations and businesses rooted in each country
- Real estate development business that leverages our Group's comprehensive capabilities

Opportunities and Risks

- Diversifying revenue sources
- Capturing growth in Asia

Business Strategies



Keisuke Koshijima

Executive Vice President,
General Manager, Overseas
Operations Division

collaboration in Japan. One characteristic of our overseas operations is that companies are not only intermittently connected when needed; each company has expanded its sphere of business like radar screens which overlap and interact with each other on a regular basis. This global network that we have today enables us to deploy our best resources and Group-wide expertise where needed at any time.

In addition to building partnerships with local companies, we acquire companies with high market potential, and corporate cultures, sizes and fields that match the needs of our Group. Post-acquisition, these companies are welcomed into our Group as fellow members that share Kajima's corporate culture and values, which emphasize long-term trust and high-quality services.

Multi-Dimensional Global Network

The Kajima Group currently has more than 100 overseas subsidiaries, including multiple firms acquired via M&A. They provide a wide range of services either independently or in collaboration with leading local partners in 18 countries and regions in the U.S., Asia, Europe and Oceania. Through these subsidiaries, we offer quality services worldwide to our multinational customers as they initiate construction projects across multiple countries and regions. We have been developing a system for effectively sharing successful examples of how customer requirements have been realized in one country for replication at Group companies operating in other countries.

Our success is not limited to inter-company collaboration among overseas subsidiaries; it is also evident in collaboration between overseas subsidiaries and domestic departments and branches in Japan. A Group company in Australia with strengths in theme park construction, for example, is engaged in one such

Real Estate Development Business That Leverages Our Group's Comprehensive Capabilities

We pursue construction and real estate development businesses deeply rooted in each region as one of the few "general contractor-developers" with integrated Group functions from design through construction, development, operation and sale. For example, we engage in hotel development as well as large-scale, long-term, mixed-use redevelopment projects in Southeast Asia, which is experiencing rapid urbanization. Meanwhile, in the U.S. and Europe, we are focusing on senior care facilities and high-rise rental apartments, which are less susceptible to economic fluctuations, as well as short-term merchant development projects such as distribution warehouses fueled by today's growing e-commerce. We are building platforms,¹ which are designed to fit the characteristics of each market, to become firmly established within each region.

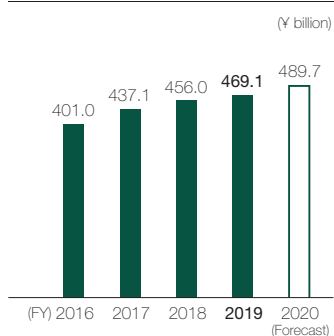


AEON Mall Ha Dong
Design and construction: Kajima Vietnam Hoa Binh Joint Venture
Development and operation: AEON Mall Vietnam Co., Ltd.

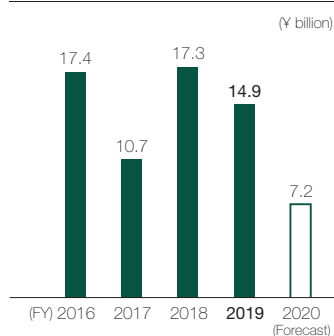


Business Overview

Revenues



Ordinary Income



Due to the COVID-19 pandemic, the e-commerce market is growing at an unprecedented pace, and the distribution warehouse development business in the U.S. and Europe is expected to continue making a significant contribution to profit. In addition to delivering quality buildings as a general contractor, our Group is also engaged in real estate development and operations as a developer. In doing so, it not only provides differentiated value-added services to our customers, but also offers long-term stable returns to institutional investors.

Diversifying Revenue Sources

We are also securing new revenue sources to generate synergies with our existing businesses. We acquired the largest developer-operator of student dormitories in Poland, where many foreign students choose to study, as well as a company engaged in asset management in the U.K. and Ireland. Going forward, we will increase collaboration with our construction business in Poland in the student dormitory business and with our European private finance initiative (PFI) business in the asset management business.²

Capturing Growth in Asia

The key to success both in the building construction and real estate development businesses is how to capitalize on economic growth. We are striving to become a leading player in the Asian market, which is expected to continue growing. By leveraging the Kajima Group's multi-dimensional global network, we will be able to provide multifaceted support not only to Japanese companies, but also to other global companies entering the Asian market as well as to Asian companies entering the U.S. and European markets and expanding within Asian regions, thereby enabling us to develop value-added businesses in a wide range of fields.

HIGHLIGHT

Success in the Distribution Warehouse Development Business in the U.S. and Europe

The U.S. distribution warehouse market covers a broad spectrum from huge "mega-box" centers in distribution hub cities to "last-mile" facilities that are close to the delivery destination. Due to growth in e-commerce, demand for distribution warehouses is strong, with low vacancy rates and stable rent prices.

In 1989, Kajima U.S.A. Inc. (KUSA) entered the distribution warehouse development business with the establishment of Industrial Developments International, Inc. (IDI). It accumulated expertise in this segment over the years until the business was sold in 2013. Established in 2015, Core5 Industrial Partners LLC carries forward the expertise that Kajima gained through IDI to develop distribution warehouses that reflect the needs of user companies by accurately capturing market demand and applying reliable site selection capabilities. Moreover, working in collaboration with KUSA construction subsidiaries, Core5 ensures that construction risks are minimized, thereby realizing a highly competitive business model.

In Europe, in spring 2016 we formed a development joint venture with Panattoni Europe, a leading developer of distribution warehouses, to develop the distribution warehouse business centering on Poland and the Czech Republic, countries with good access to many EU member states. Leveraging our experience in the U.S. in identifying market demand and selecting ideal sites, we are collaborating with construction subsidiaries of Kajima Europe Ltd. to achieve high-quality development in Europe.

Core5 Industrial Partners LLC in the U.S. has undertaken more than 40 projects, including those that have been sold. With the inclusion of European development joint ventures, the Kajima Group has been involved in more than 50 projects over the past four years.



Panattoni SMYK/Media Expert Tomaszowska

1. In overseas operations, we are establishing business platforms consisting of business models that generate revenue, and of people and organizations that execute and achieve those business models.
2. We acquired Student Depot Sp. z o.o., a company in Poland that develops and operates student dormitories, in May 2019, and Parlo Limited, which operates a PFI asset management business in the U.K. and Ireland, in October 2019. These companies are developing their businesses and contributing to the expansion of our Group's overseas operations, which demonstrates that the right people are successfully assigned to the right places, irrespective of nationality or background.

Engineering

Characteristics of Business

- Construct highly functional and efficient facilities from a production process perspective
- Create added value through synergy with building construction

Main Initiatives

Our engineering business provides total engineering solutions, mainly in the field of production facilities. These solutions propose and structure optimal production systems that encompass a full range of functions, including construction, production, logistics, information and utilities as a single integrated system. The engineering business operates in three domains: the domestic EPC (engineering, procurement and construction) business, which builds highly functional production facilities in conjunction with the building construction business; the overseas business, which applies the engineering capabilities we have developed in Japan to overseas operations; and the operation and maintenance (O&M) business, which provides post-construction operation and management services.

In the core domestic EPC business, we are focusing on production and logistics facilities for products including pharmaceuticals, medical devices, cosmetics and food products, in which stable capital investment is expected. In particular, we are focusing on the growing field of biopharmaceuticals. In order to respond to customer issues such as reducing time-to-market and ensuring virus inactivation, we have developed proprietary technologies, such as KaMoS® (Kajima Modular Facility System) for pharmaceutical production facilities and HAZARD BUSTER®, a

continuous thermal inactivation wastewater treatment unit, through which we are building a track record in this field.

In the overseas business, with International Facility Engineering (Singapore) Pte. Ltd. (IFE), acquired in 2018, as a core, and Kajima Overseas Asia Pte. Ltd. (KOA), our local construction subsidiary, we are expanding in Southeast Asia, where the pharmaceutical market continues to grow. We have already been awarded contracts for projects from several pharmaceutical companies in the region and we are building a track record. Meticulous planning capabilities backed by extensive experience are a forte of Kajima's engineering business and highly regarded overseas. We will continue to grow this business by leveraging synergies with IFE's local network and KOA's construction capabilities.

In the O&M business, we meet facility management outsourcing needs. We are currently providing such management services to Astellas Pharma Inc. among other customers. By comprehensively combining our engineering capabilities with the facility management capabilities of Kajima Tatemono Sogo Kanri Co., Ltd. and extending contact points with customers to operation and management downstream in the value chain, we are able to gain a deeper understanding of facility operation issues, thereby strengthening our proposal capabilities at the upstream facility planning stage.

HIGHLIGHT

Supporting the Automation of Industrial Facilities

Given the domestic labor shortage and calls to reduce heavy labor, there is growing need for automation and labor-saving at all kinds of industrial facilities.

Kajima has built a variety of automation equipment, primarily for automation of inter-process transport in factories. The latest example is at the No. 3 SD Building at the Ibaraki Plant of Tsumura & Co., completed in 2019. Tsumura & Co. is a leading manufacturer of prescription Kampo medicines.* Based on the concept of improving productivity through automation, this facility processes powdered extracts as an intermediate product for Kampo medicines. Raw ingredients, such as roots, stems, leaves, fruits and minerals, come in a variety of forms and with different properties, and automating the process of cutting, weighing and mixing them according to the formula of each preparation had previously proved difficult. Nevertheless, we overcame this challenge through the development and introduction of state-of-the-art robots, thereby enhancing process safety and efficiency.

Building automation equipment and making factories smarter will require wide-reaching collaboration, including with robot manufacturers,

system integrators, logistics equipment manufacturers, instrumentation manufacturers and AI vendors. Kajima will continue to contribute to the automation of industrial facilities by utilizing its engineering capabilities to build systems that integrate a variety of technologies.

* Kampo medicines: Japanese traditional medicines prepared from herbal and other raw ingredients originating from ancient Chinese medicines.



Intake automation equipment



Automated material handling equipment

Domestic Subsidiaries and Affiliates

Characteristics of Business

- Expand and strengthen the functions required by the Group through means such as M&As
- Diversify revenue sources across the entire lifecycle of buildings and structures

Main Initiatives

As of March 31, 2020, the Kajima Group has 95 domestic subsidiaries and affiliates, consisting of 42 subsidiaries and 53 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 current 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 2019 we strengthened profitability in the domestic construction business and upstream and downstream businesses. We did this by improving productivity and service functions through IT and robots, 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 2019, mainly due to stable construction demand, consolidated

revenues from domestic subsidiaries and affiliates were essentially unchanged at ¥398.0 billion and ordinary income increased to ¥21.1 billion, up 11% from the previous fiscal year.

Performance of Main Domestic Subsidiaries and Affiliates

	FY2019 (¥ billion)		Employees (As of March 31, 2020)
	Revenues	Ordinary Income	
Kajima Road Co., Ltd.	133.5	6.50	1,414
Taiko Trading Co., Ltd.	109.6	1.87	296
Kajima Tatemono Sogo Kanri Co., Ltd.	62.3	3.72	1,862
Chemical Grouting Co., Ltd.	28.3	1.47	291
Clima-Teq Co., Ltd.	24.6	1.32	377
Ilya Corporation	10.9	0.91	180
Kajima Mechatro Engineering Co., Ltd.	9.4	0.06	200
Kajima Leasing Corporation	9.0	0.86	55

HIGHLIGHTS

Automation and Robotization of Construction

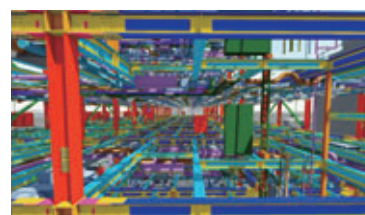
One of the core concepts of the Kajima Smart Future Vision that we are currently implementing is "half of the work with robots." We are advancing automation and robotization of construction in conjunction with Group companies, targeting processes such as those performed in harsh environments and for which automation offers quality or efficiency benefits. Specifically, we aim to improve performance by actively applying Kajima Fit Co., Ltd.'s fireproof coating spray robots and Kajima Kress Corporation's welding robots in actual construction work. Furthermore, the expertise of directly employed skilled workers who operate robots is contributing to technological development.



Construction using a fireproof coating spray robot

Adoption of BIM Inside and Outside the Group

In 2017, we established Global BIM Inc. as a company specializing in BIM. It provides the BIM platform "Global BIM," which utilizes cloud services and can be accessed by all project stakeholders. Since its establishment, the company has contributed significantly to the adoption of BIM within the Kajima Group, and has also actively provided services to companies outside the Group. In addition to providing a BIM platform, Global BIM Inc. is also actively engaged in the modeling business, which generates BIM data, and the consulting business, which focuses on using BIM data to improve work efficiency and reduce costs at construction sites. As a result, transactions with Kajima's construction sites and with companies outside the Group continue to grow.



Example of BIM modeling