

# Kajima Group Medium- Term Business Plan (FY2024-2026)

Further Strengthening the Core  
Business and Building the Future

May 14, 2024



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# 1. Our Goals

We have set out the goals of the Kajima Group clearly and concretely, reflecting the opinions of employees and executives, and based on our corporate philosophy, corporate culture and values that have been passed down.

Our aim is to contribute to our customers and the broader society, by linking our people and our expertise/technology, which together are the source of value creation.

**Society**

**Sustainably develop our business by building a better world**

**Customers**

**Deliver value exceeding customer expectations along the entire process**

**Expertise / Technology**

**Value the expertise that emerges from onsite originality and ingenuity**

**Combine the diverse knowledge of experienced people to create solutions for challenges**

**People**

**Secure high engagement from diverse human resources who leverage their unique abilities**

**Ensure every employee always takes the initiative in taking on new challenges**



## 2. Overview of the Medium-Term Business Plan

### Our Goals

### Kajima Group Medium-Term Business Plan (FY2024-2026) Further Strengthening the Core Business and Building the Future

As a technology-based company, we will further strengthen our construction and real estate development businesses in Japan and overseas and create new value by expanding our value chain and promoting R&D and innovation.

#### Strategies for growth

- I** Enhance Domestic Construction Business
- II** Expand Growth Areas
- III** Create New Value as a Technology-Based Company
- IV** Sustainability

### Business environment

- |                             |   |
|-----------------------------|---|
| <b>Politics / Economics</b> | <ul style="list-style-type: none"> <li>▸ Geopolitical risks</li> <li>▸ Price and interest rate increases</li> </ul>   |
| <b>Environment</b>          | <ul style="list-style-type: none"> <li>▸ Carbon neutrality, circular economy, nature positivity</li> <li>▸ Greater frequency and severity of natural disasters</li> </ul> |
| <b>Society</b>              | <ul style="list-style-type: none"> <li>▸ Human capital management, changes in personal values</li> <li>▸ Labor shortages, overtime work limits</li> </ul>                 |
| <b>Technology</b>           | <ul style="list-style-type: none"> <li>▸ Advances in digital technology</li> <li>▸ Transformation in mobility, communications, and logistics</li> </ul>                   |

### Consolidated net income

Target for FY2026

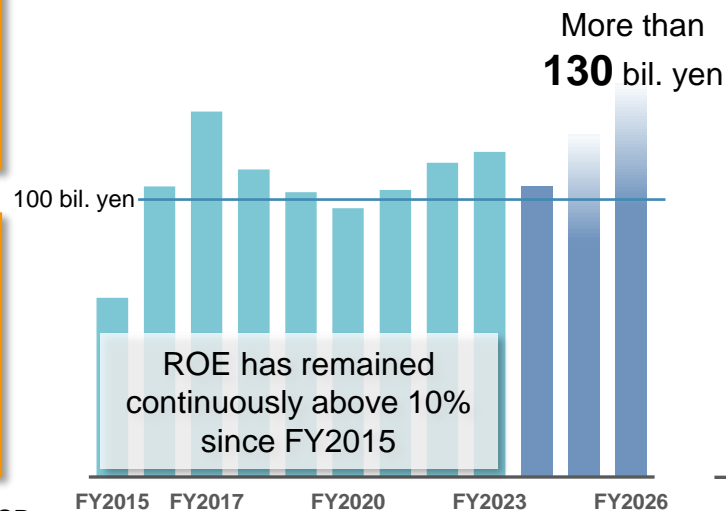
More than **130 bil. yen**

### ROE

Continuously

above **10 %**

#### Consolidated net income



#### Cash allocation Cumulative total for FY2024-2026



### Growth investment

Approx. **1.2 tril. yen**

### Stockholder returns

Pay dividends with a

target payout ratio of **40 %**

Acquire **30 bil. yen of own shares**  
In FY2024

(Continue with flexible own share acquisitions going forward)

\* Assumed exchange rate is about 142 yen/1USD.

- Building on our expertise and technological capabilities as a design-build company, further develop the domestic construction business and increase sustainable profitability by enhancing value creation capabilities for society and customers, while improving productivity and operational efficiency through digital transformation

### (1) Strengthen proposal, design-build, and engineering capabilities to provide added value to customers and society

- Build track record and gather human resources and expertise in priority areas
- Improve proposal capabilities to help solve the issues and meet the needs of customers and society



### (2) Improve productivity and operational efficiency by promoting digital transformation

- Implement automation, robotics, and smart production onsite
- Improve operational efficiency through the utilization of generative AI, etc.



Automated construction system  
A4CSEL

### (3) Create safe work sites that are desirable workplaces

- Implement worksite management that prioritizes safety
- Review worksite operations that contribute to reducing overtime work and enhance support provided by administrative departments
- Create worksites that are responsive to diverse human resources and working styles



## II Expand Growth Areas

### 3. Strategies for Growth

- Expand earnings by demonstrating unique approaches in the real estate development business leveraging the Group's construction-related expertise and ensuring overseas businesses are closely attuned to local realities, while enhancing the value chain

#### (1) Increase profits and improve investment efficiency in the real estate development business

- Secure profits by investing in and selling assets in response to market trends
- Improve investment efficiency through utilization of external funds, early recovery of invested funds, etc.

##### Domestic real estate development business

- Diversify profit opportunities by expanding into more project fields (hotels, residential, distribution warehouses, etc.)
- Create new profit opportunities through the growth of private REITs



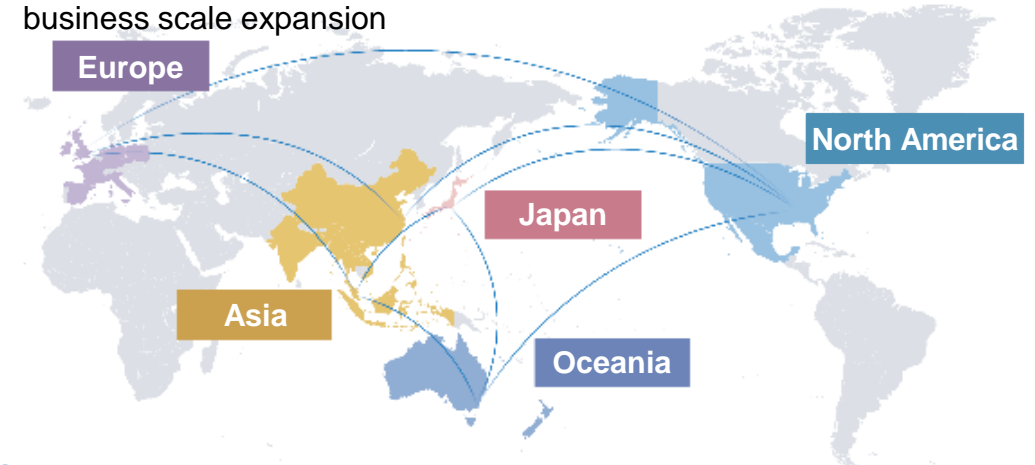
##### Overseas real estate development business

- Closely monitor market and financial trends and promote timely investment and recoupment through selling off
- Steadily expand the cycle of reinvestment of funds and profits recouped from selling off



#### (2) Enhance global platforms

- Expand earning power and profit opportunities by leveraging multidimensional global network
- Develop a management foundation and strengthen governance to match business scale expansion



#### (3) Diversify revenue sources by expanding the value chain

- Enhance the value provided by strengthening collaboration within and outside the Kajima Group
  - Harness synergy between construction and real estate development businesses
  - Provide consistently high-quality services across the Kajima Group, from upstream to downstream areas
  - Develop and collaborate with promising external partners, etc.
- Enhance and expand the value chain through M&A, etc.



- Identify social, customer, and onsite issues, and then solve them by combining our own technologies with external cutting-edge technologies; and as a technology-based company, promote technological development utilizing open innovation to create new value

### (1) Strengthen the global R&D system

- Promote R&D that responds to social, customer and onsite issues
- Build an R&D system using our global network



Kajima Technical Research  
Institute (Japan)



The GEAR  
(Singapore)



US hub

### (2) Create new value by promoting innovation

- Promote innovation activities through the fusion of our own technologies with external cutting-edge technologies.



NEDO (New Energy and Industrial  
Technology Development Organization)  
Green Innovation Fund Project  
Eco-friendly concrete dome "CUCO®-  
SUICOM Dome"

### (3) Create new businesses unique to Kajima

- Take on new business challenges that leverage the Kajima Group's resources and strengths
  - In the forestry sector, utilize the forests under our ownership
  - In the marine sector, utilize algae regeneration and cultivation technologies
  - In the space sector, enhance and apply our automated construction technologies



- In addition to promoting the newly formulated Kajima Environmental Vision 2050plus, strengthen responses to natural disasters, including taking disaster prevention and mitigation measures that also take climate change into account

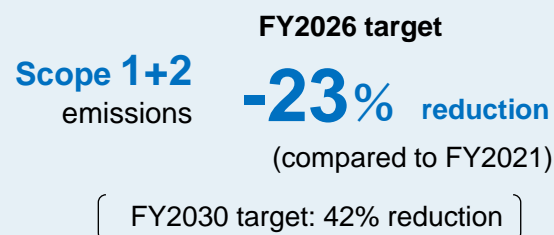
### (1) Promote Kajima Environmental Vision 2050plus



- Recognizing the interlinkage between the three areas of “carbon neutrality,” “circular economy,” and “nature positivity” the goals and actions set out under the previous environmental vision have been restructured and newly formulated.
- Aim to realize a sustainable society where environmental conservation and economic activities can be pursued in tandem.

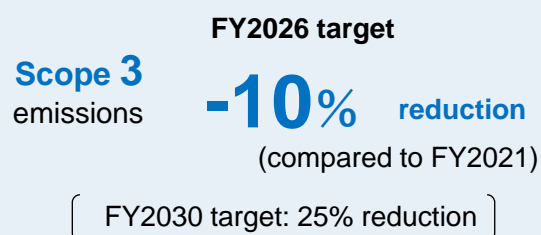
#### Carbon Neutrality

### Measures for contributing to carbon neutrality



#### [Reduction measures]

- Reduce emissions through improved productivity and energy conservation
- Secure and promote use of renewable electricity and biofuels
- Reducing fuel consumption at asphalt manufacturing plants (Kajima Road Co., Ltd.)



#### [Reduction measures]

##### (Upstream supply chain)

- Development and application of eco-friendly concrete, such as CO<sub>2</sub>-SUICOM, etc.
- Promoting usage of electric furnace steel frames

##### (Downstream supply chain)

- Improving energy saving rate using ZEB

#### Circular Economy

### Measures for contributing to a circular economy

- Actively use recycled materials onsite, especially for main materials
- Expand construction of wooden/wood-based buildings and strengthen relevant systems
- Promote efforts to improve the recycling rate

#### Nature Positivity

### Measures for contributing to nature positivity

- Proposing designs that take biodiversity and biological resources into consideration, minimizing dependence on water resources, etc., and proactively obtaining environmental certifications
- Promoting conservation activities in collaboration with customers and local communities, such as coral and seaweed bed restoration and rice terrace conservation
- Ecosystem conservation/regeneration on Kajima-owned land such as forests



Kajima-owned forests (total approx. 5,500ha)

### (2) Ensure social and corporate sustainability in the case of natural disasters

- Take disaster prevention and mitigation measures for large earthquakes as well as wind and flood damage, which are becoming more frequent and severe due to climate change
- Development and application of both hardware and software technologies to support business continuity management (BCM)



Seismic damping technology



- Through focused efforts to enhance human capital investment, including in the supply chain, create a positive cycle for further growth by building a system that contributes to the recruitment, development, and retention of human resources in core and new business areas
- Ensure thorough awareness that compliance is always the top priority and maintain the trust of society and customers

### (1) Develop people and create systems that will promote growth and change

#### Secure the necessary human resources

- Strengthen recruitment of new graduates who will support core businesses
- Promote recruitment of career-oriented personnel in new fields and those with highly specialized skills

#### Develop human resources

- Encourage employee growth through provision of on-the-job training, systematically passing on experience and giving opportunities to take on challenges
- Promote the improvement of management skills
- Provide sufficient self-learning opportunities

#### Create workplaces and systems that incorporate new personal values

- Increase engagement by promoting quality communication
- Encourage employees to form medium- and long-term careers
- Support employees in fully demonstrating their abilities, based on qualities, aptitude and employees' own wishes

#### Create workplaces where everyone can thrive

- Promote work style reforms
- Diversity, Equity & Inclusion (DE&I), employee health management
- Enhance personnel systems that support employees engaging in childcare and nursing care, etc.

#### Establish human capital infrastructure

- Development of human resources information infrastructure
- Strengthen intra-group linkage among personnel divisions
- Improve employee remuneration and benefit

### (2) Maintain and strengthen the supply chain and secure future workforce

- Improve the remuneration and benefit of skilled workers
- Promote further restructuring of multi-layered subcontracting to create a construction system limited to secondary subcontracting in principle
- Enhance support for partner companies including human resource development and stronger collaboration



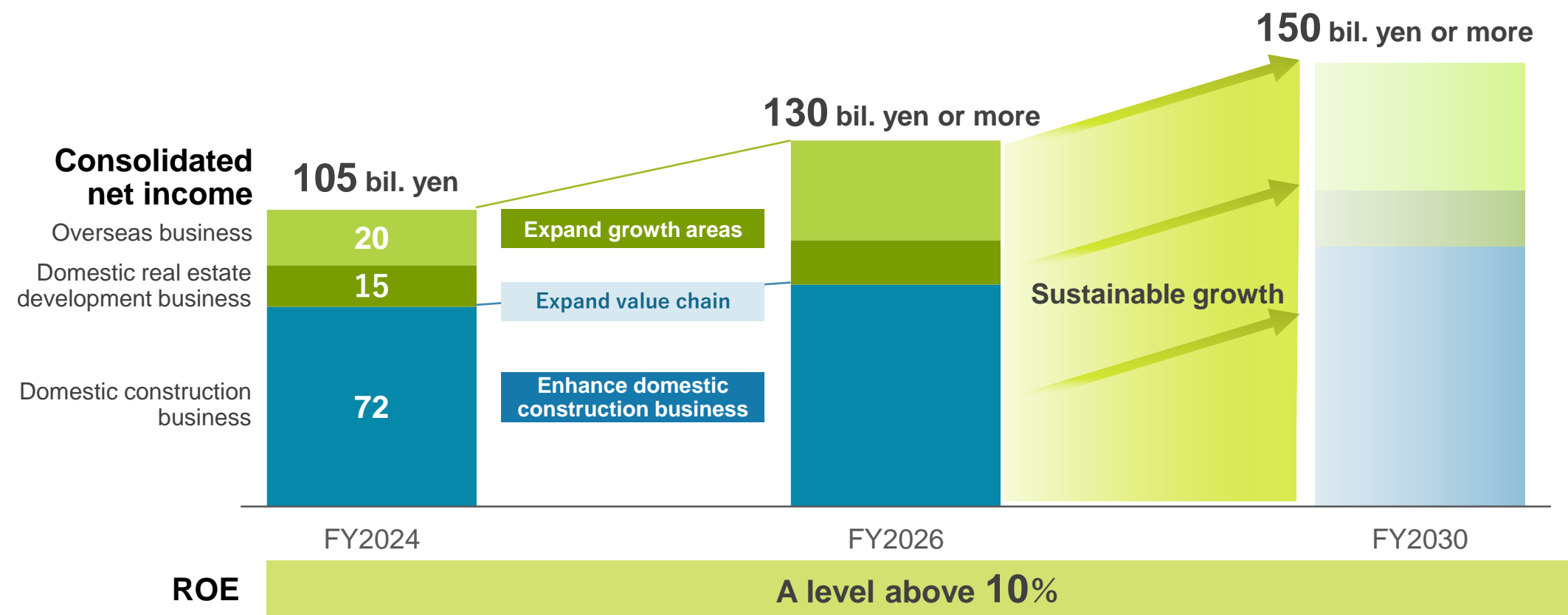
Kajima Partner College, a program to train skilled workers and successors at partner companies

### (3) Thorough compliance and respect for human rights

- Create an organization and culture where each individual maintains high ethical standards and integrity
- Ensure thorough compliance and respect for human rights, including in supply chain organizations

# 4. Financial Targets

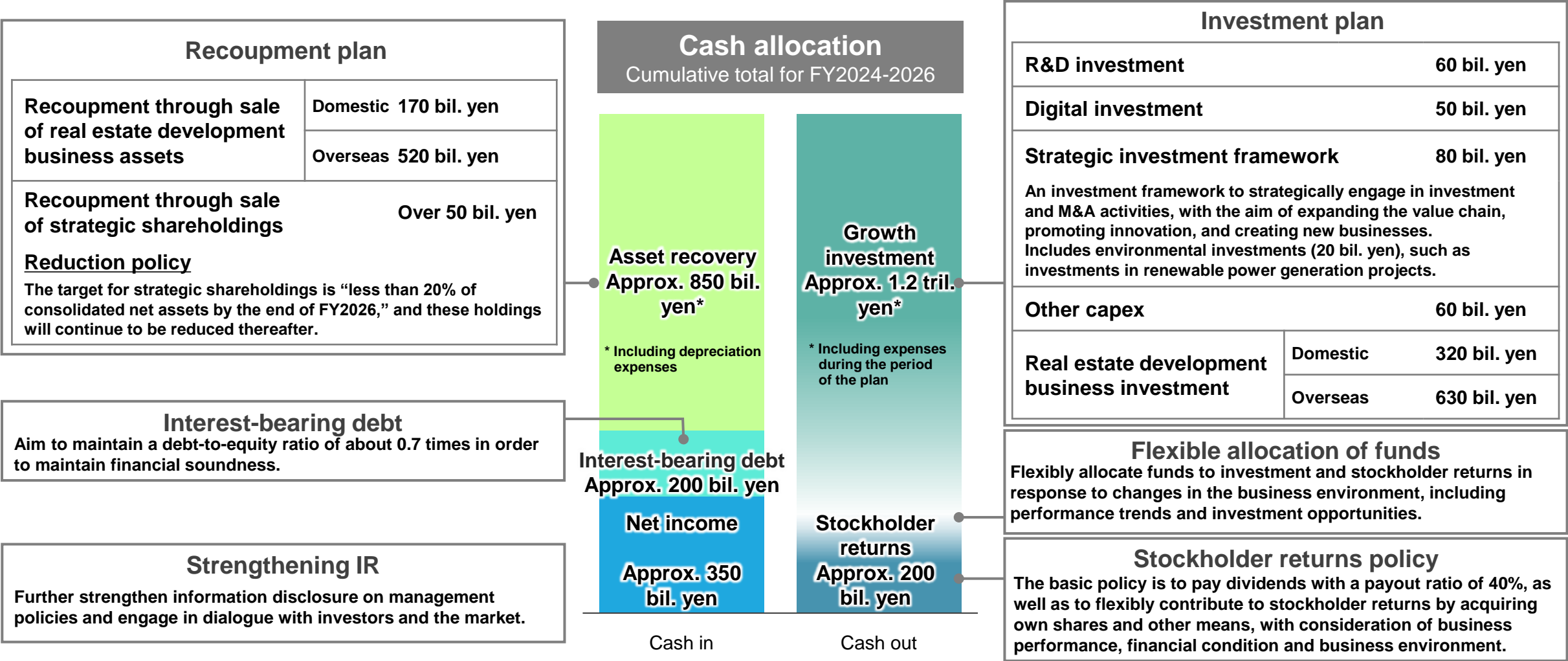
- Accumulate profits in the domestic construction business, increase profits in the growth areas of the real estate development business and overseas business, and expand the value chain, aiming to realize ROE at a level continuously above 10% and deliver consolidated net income of more than 130 billion yen in FY2026, and at least 150 billion yen in FY2030



Notes: 1. Consolidated net income is net income attributable to owners of the parent.  
2. As the bar graph breakdown shows the net income of each business segment before consolidation adjustments, the total does not match total consolidated net income.  
3. Assumed exchange rate is about 142 yen/1USD.

# 5. Financial Strategy

- Plan to invest a total amount of approx. 1.2 trillion yen, aiming to promote growth strategies and achieve financial targets
- Raise dividend payout ratio to around 40% and continue flexible share buybacks, implementing stockholder returns that are balanced with investment





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# **Supplementary Materials**

## i. Overview of Investment Plans – Comparison of investment results in previous Medium-Term Business Plan

- Plan to invest a total of approximately 1.2 trillion yen, approximately 250 billion yen more than during the previous Medium-Term Business Plan period, aiming to create new value as a technology-based company and to further expand earnings from the real estate development business
- Promote recoupment of investment through asset sales in the domestic and overseas real estate development business, with net investment projected to be in the region of 510 billion yen.

(billion yen)		Medium-Term Business Plan (FY2021–2023)		Medium-Term Business Plan (FY2024–2026)
		Plan	Results	
<b>R&amp;D investment</b>	R&D and digital investment	<b>55.0</b>	<b>52.0</b>	<b>60.0</b>
<b>Digital investment</b>			<b>41.0</b>	<b>50.0</b>
<b>Strategic investment framework</b>		<b>60.0</b>	<b>55.0</b>	<b>80.0</b>
<b>Other capex</b>		<b>45.0</b>	<b>61.0</b>	<b>60.0</b>
<b>Domestic Real Estate Development</b>		<b>190.0</b>	<b>158.0</b>	<b>320.0</b>
Recoup of investment		80.0	66.0	170.0
<b>Net investment</b>		<b>110.0</b>	<b>92.0</b>	<b>150.0</b>
<b>Overseas Real Estate Development</b>		<b>450.0</b>	<b>583.0</b>	<b>630.0</b>
Recoup of investment		280.0	269.0	520.0
<b>Net investment</b>		<b>170.0</b>	<b>314.0</b>	<b>110.0</b>
<b>Total</b>		<b>800.0</b>	<b>950.0</b>	<b>1,200.0</b>
<b>Net investment</b>		<b>440.0</b>	<b>615.0</b>	<b>510.0</b>

Note: In the medium-term business plan (FY2021-2023) investment plan, digital-related R&D was included in “R&D and Digital Investment.” In the medium-term business plan (FY2021-2023) results and in the medium-term business plan (FY2024-2026), total digital-related expenses including R&D are listed as “Digital Investment.”

# i. Overview of Investment Plans – R&D and digital investment, strategic investment framework, and other capex

## R&D and digital investment 60 bil. yen + 50 bil. yen

- Productivity improvements through automation and robotization of construction
- Efficiency improvements through use of generative AI, etc.
- Promote company-wide, global R&D and digital transformation for creation of new value



A4CSEL for Tunnel, automated rock bolt installation

## Strategic investment framework 80 bil. yen

- Promote investments and M&A to expand the value chain, promote innovation, and create new businesses
- Includes environmental investments (20 bil. yen), such as investments in renewable power generation projects.



Activities to discover and collaborate with startups in The GEAR (Singapore)

## Other capex 60 bil. yen

- Development of appealing working environments, dormitories and company housing
- Investment in construction machinery that contributes to automating construction and improving productivity.



KX-LAB, a space for nurturing growth and innovation (Tokyo)

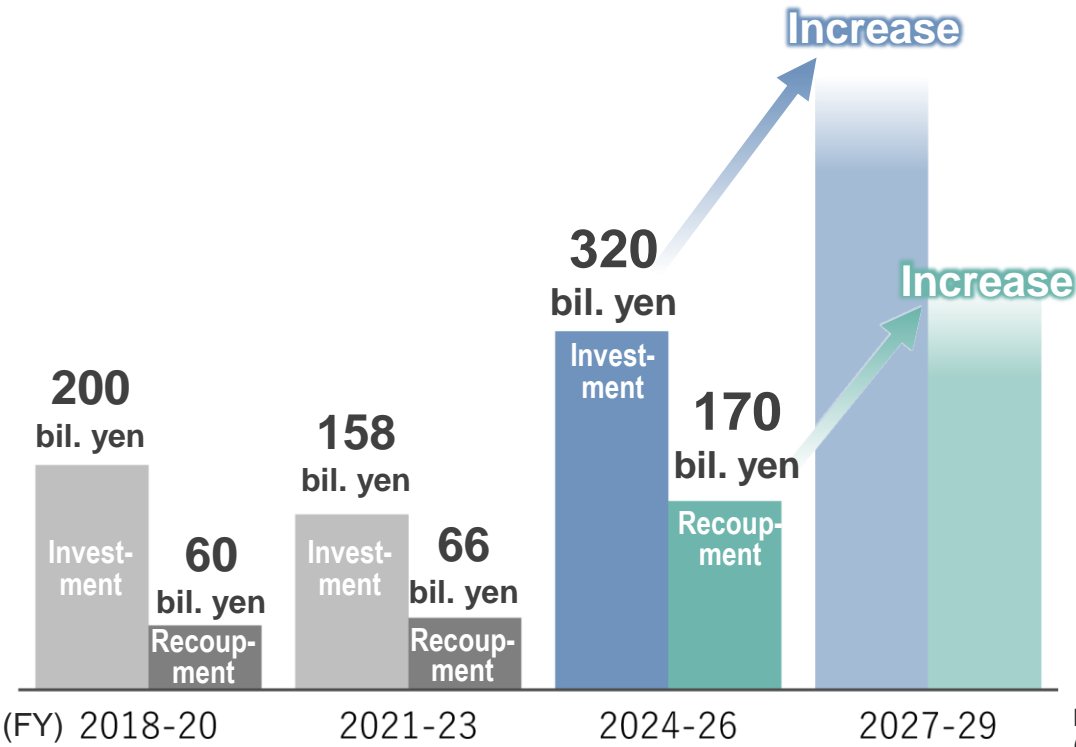


# i. Overview of Investment Plans – Domestic real estate development

## Domestic real estate development

Investment **320 bil. yen**      Recoupment of investment **170 bil. yen**

In order to accumulate quality assets to secure future earnings, continuing to utilize external funds for investment, while also thoroughly managing risk.



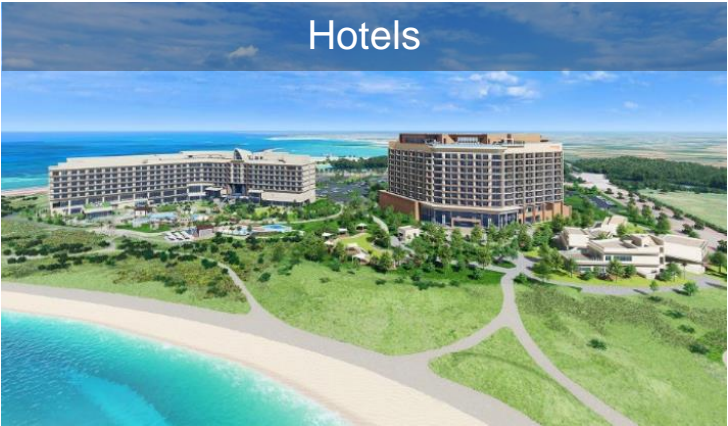
Expand into more project fields and accumulate quality assets to diversify revenue sources and expand profit opportunities

Office & commercial



Sapporo 4-chome Project (tentative name) (Hokkaido)

Hotels



Canopy by Hilton Okinawa Miyako Island Resort (Okinawa)

Distribution warehouses



Kajima Minami-Rokugo Logistics Center (tentative name) (Tokyo)

Commercial & residential



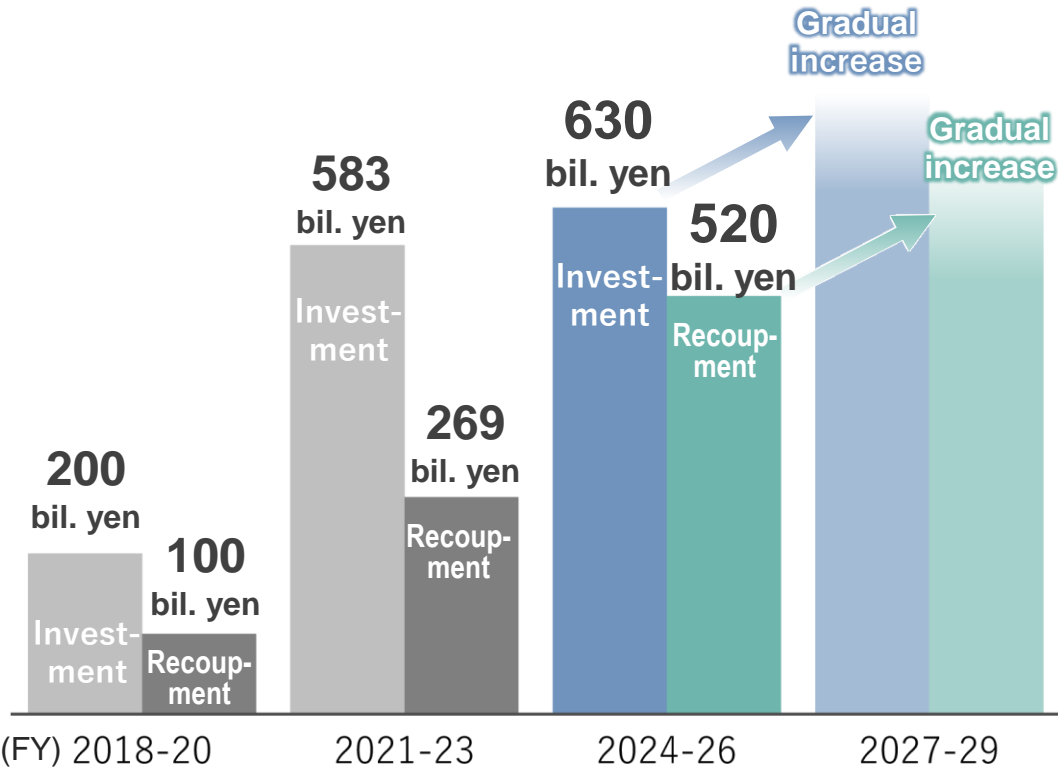
Jiyugaoka 1-29 District Category-I Urban Redevelopment Project (Tokyo)

# i. Overview of Investment Plans – Overseas real estate development

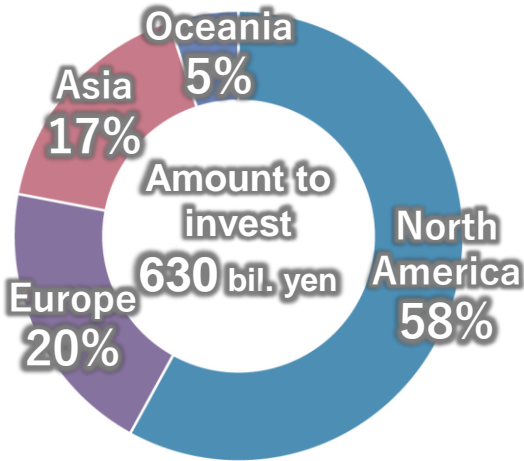
## Overseas real estate development

Investment 630 bil. yen      Recoupment of investment 520 bil. yen

Expand cycle of reinvestment of funds and earnings recovered from asset sales, and increase both investment and recoupment (decrease in net investment)



## Investment plans by region



\* Plan to recoup approximately the same percentage as investment

### North America

Focus on short-term turnover business, including distribution warehouses and rental apartments, etc.



Rental apartment (USA)

### Europe

Build a diverse business portfolio, including distribution warehouses, student housing, and renewable energy.



Genowefa Solar PV facility (Poland)

### Asia

In addition to the long-term holding business such as complex development and operation, strengthen sales business



Senayan Square (Indonesia)

## ii. Profit Growth

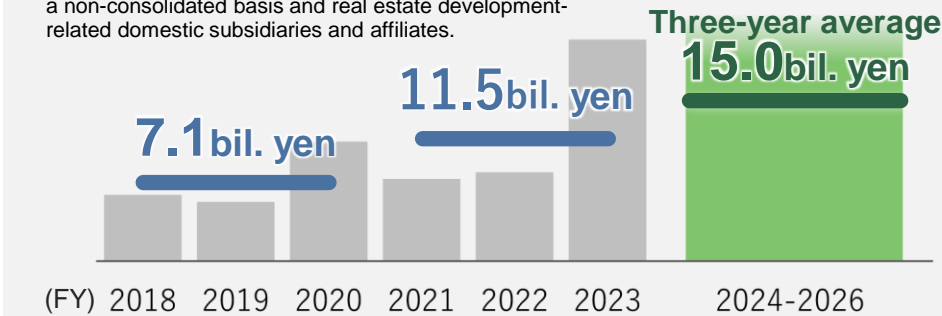
- Respond to changes in the business environment and achieve steady profit growth
- With increased profits in the domestic real estate development business and at overseas subsidiaries and affiliates, aim to deliver consolidated net income of more than 130 billion yen in FY2026

Consolidated net income

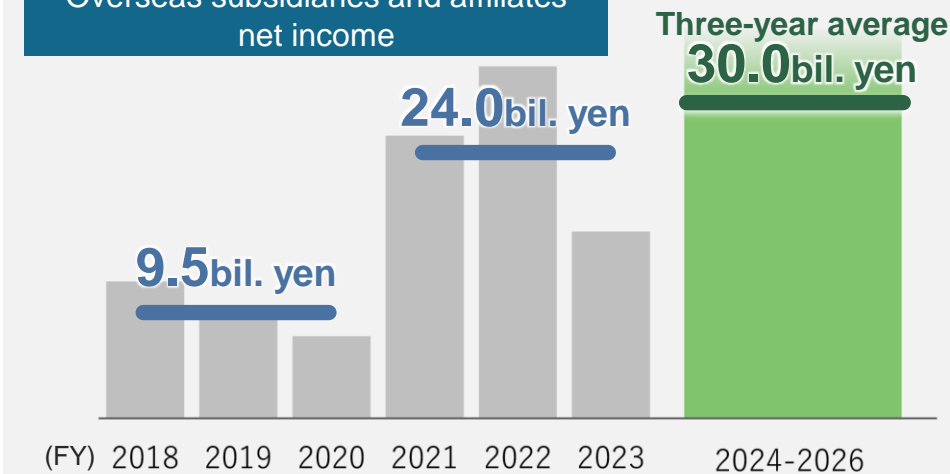


Domestic real estate development business\* net income

\* Business management figures are the combined total net income for Kajima's real estate development business on a non-consolidated basis and real estate development-related domestic subsidiaries and affiliates.



Overseas subsidiaries and affiliates net income



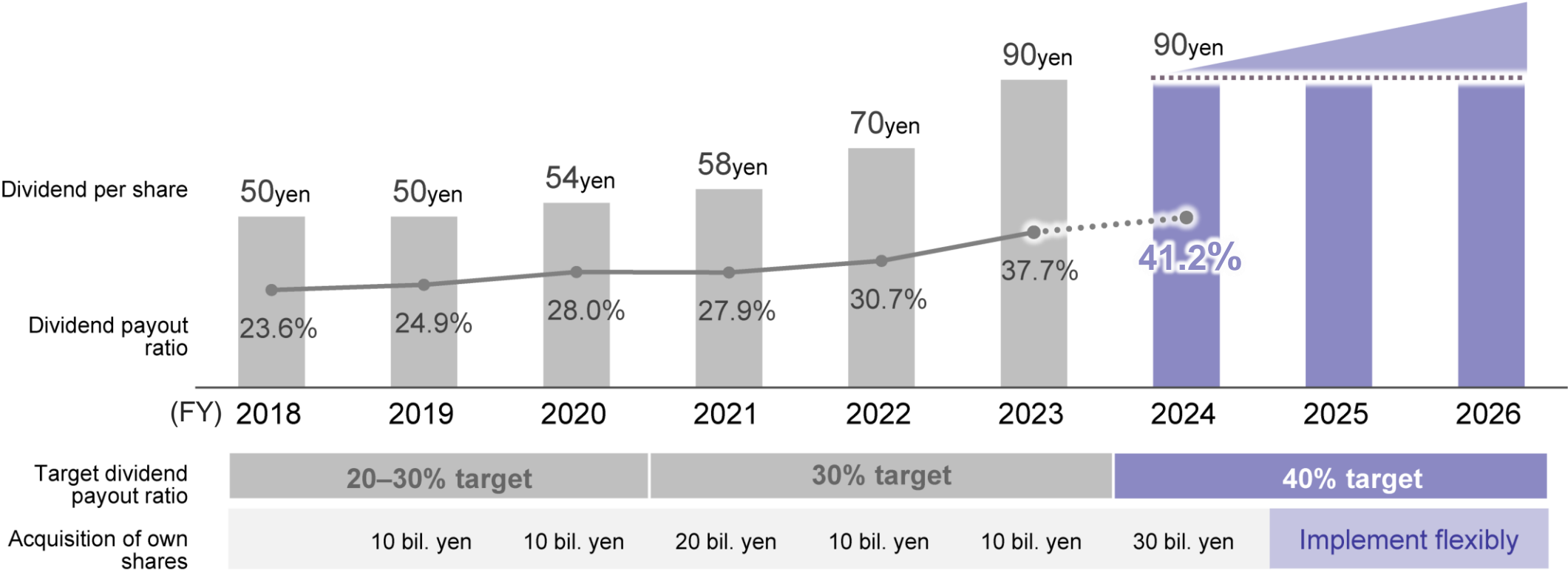


### iii. Stockholder Returns

- Due to steady profit growth, we have decided to raise the dividend payout ratio target and actually increased the dividends for four consecutive years since FY2020
- Acquisition of own shares has been ongoing since FY2019, and plans call for purchase of 30 billion yen of own shares in FY2024

Policy on  
Stockholder Returns

The basic policy is to pay dividends with a target payout ratio of 40%, as well as to flexibly contribute to stockholder returns by acquiring own shares and other means, with consideration of business performance, financial condition and business environment.



# IV . Further Improvement of Corporate Value and Market Valuation, and Financial Strategies

## Evaluation and Analysis of the Current Situation

Because we have made investments to drive our sustainable growth under the medium-term business plan (FY2021-2023), profits exceeded our targets, and we also exceeded our ROE target of 10%. We also believe that our market valuation is growing due to improved information disclosure and better dialogue with investors and the market. We recognize the Group’s cost of equity to be approximately 7-8%.

## Our Initiatives

We will implement the growth strategies contained in our new medium-term business plan (FY2024-2026), with the aim of contributing to society and customers through business activities of the Group, in addition to sustainable growth of our group. At the same time, we will work to further raise our corporate value and market valuation by executing our financial strategy that balances growth investments with stockholder returns.

## Financial Strategy of the Medium-Term Business Plan (FY2024–2026)

Growth Investments	<ul style="list-style-type: none"><li>Invest about 1.2 trillion yen over the next three years to promote growth strategies.</li><li>Continue to meet the ROE target of over 10%.</li></ul>
Capital Structure	<ul style="list-style-type: none"><li>Aim for a D/E ratio of about 0.7x to maintain financial soundness.</li><li>Sell at least 50 billion yen of strategic shareholdings with the goal of reducing them to less than 20% of consolidated net assets by the end of FY2026, and continue to reduce them after achieving this target.</li></ul>
Stockholder Returns and IR	<ul style="list-style-type: none"><li>Pay dividends with a target payout ratio of 40% and link dividends to profit growth.</li><li>Continue to flexibly acquire own shares while maintaining an awareness of capital costs. Plan to acquire 30 billion yen of own shares in FY2024.</li><li>Further strengthen information disclosure on management policies and engage in dialogue with investors and the market.</li></ul>