

# Overseas Business Presentation Materials

(Overseas Subsidiaries and Affiliates segment)

March 8, 2022

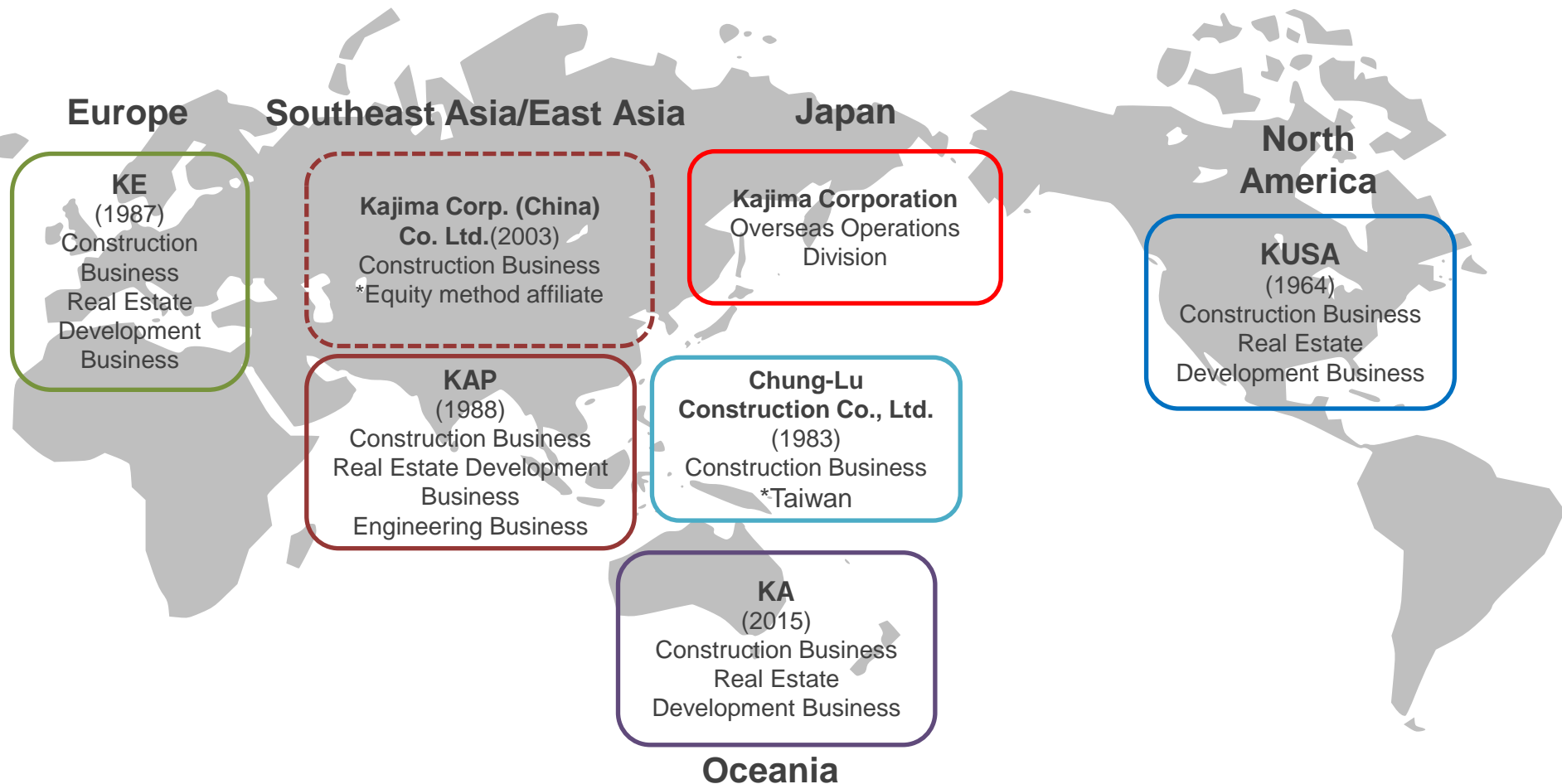


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# Establishment/Organization

# 1-1. Establishment/Organization



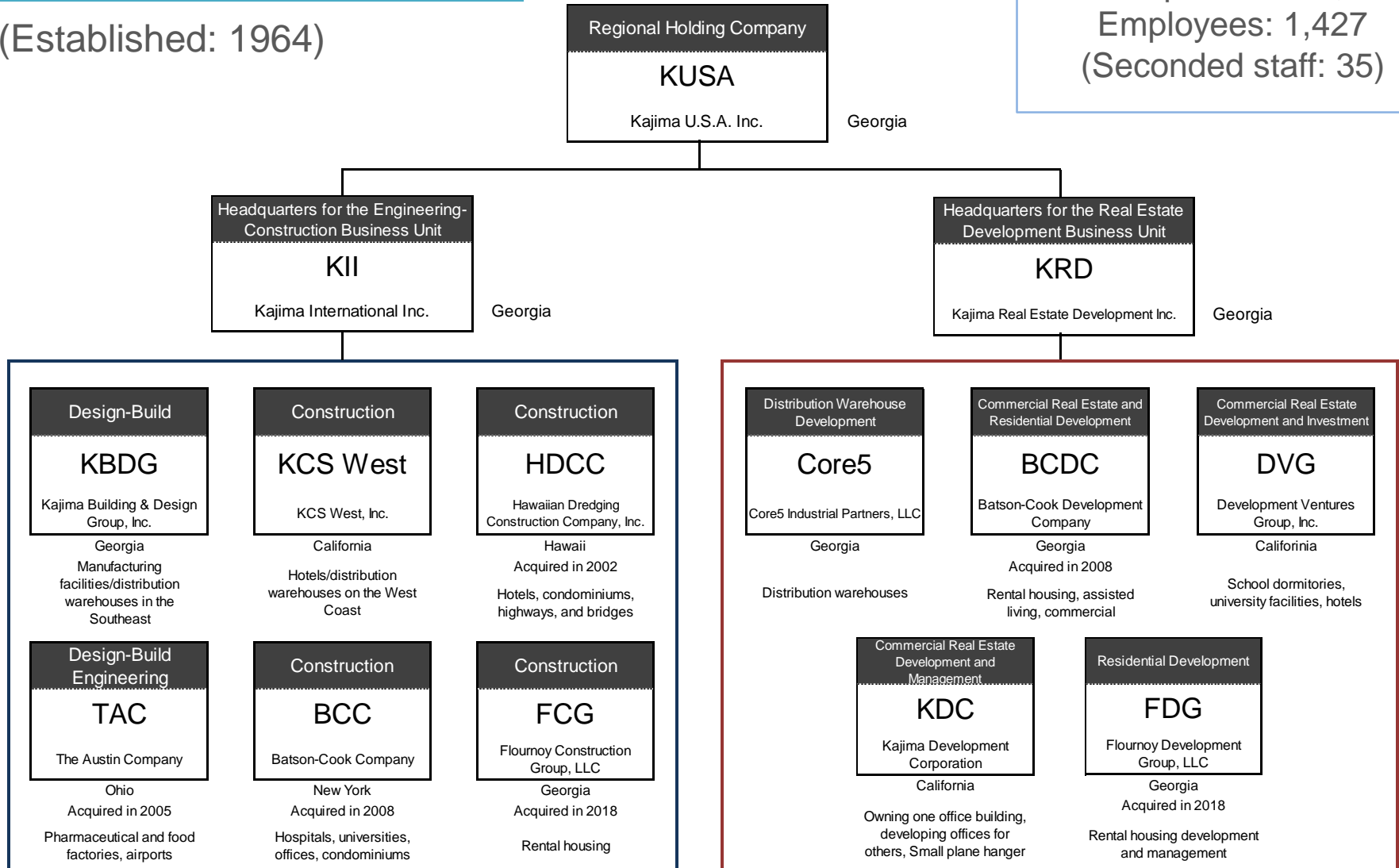
Growing business through our global network of six regional headquarters outside of Kajima Corporation Japan

# 1-2. Establishment/Organization

## KUSA Overview

(Established: 1964)

As of September 30, 2021  
Employees: 1,427  
(Seconded staff: 35)

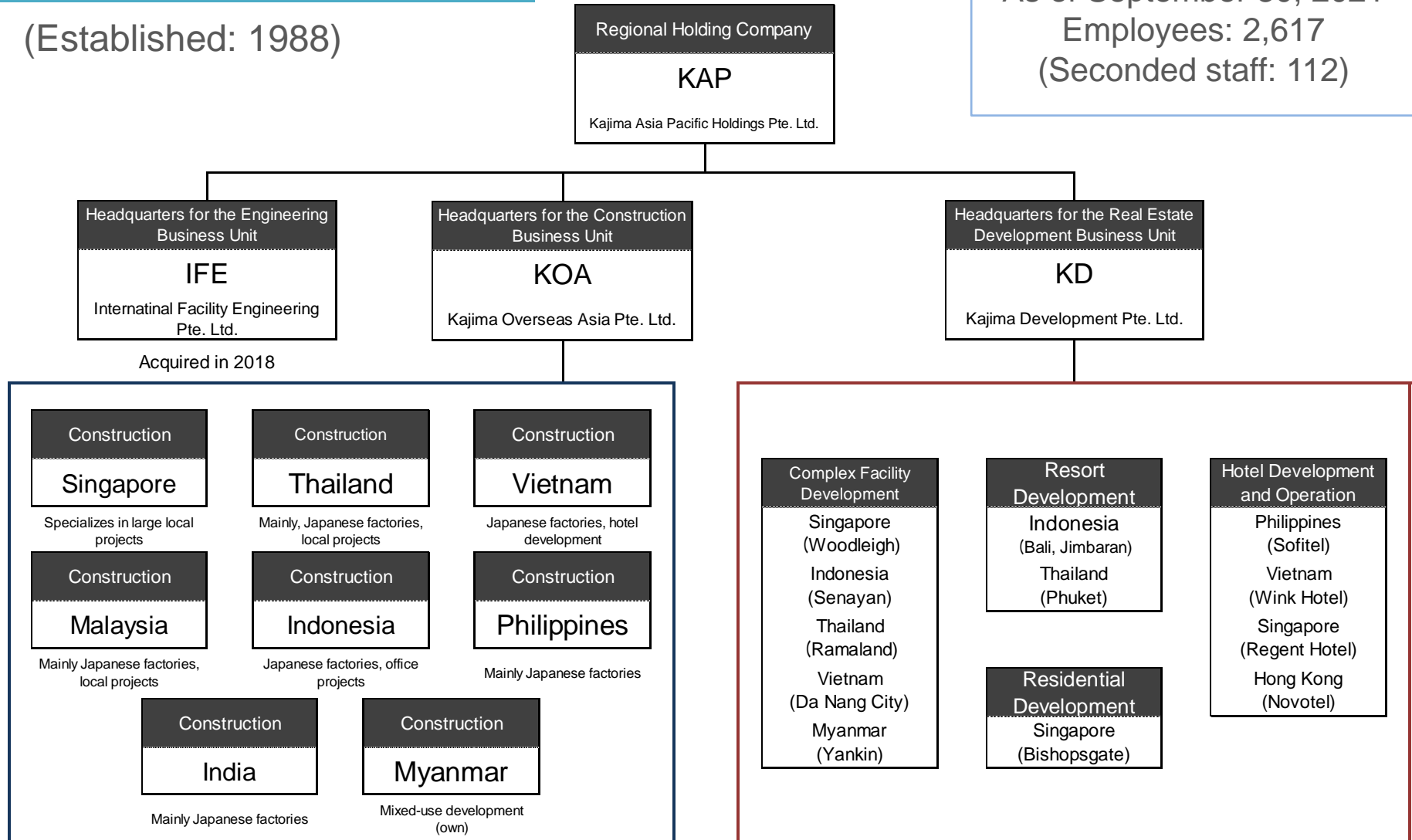


# 1-3. Establishment/Organization

## KAP Overview

(Established: 1988)

As of September 30, 2021  
Employees: 2,617  
(Seconded staff: 112)

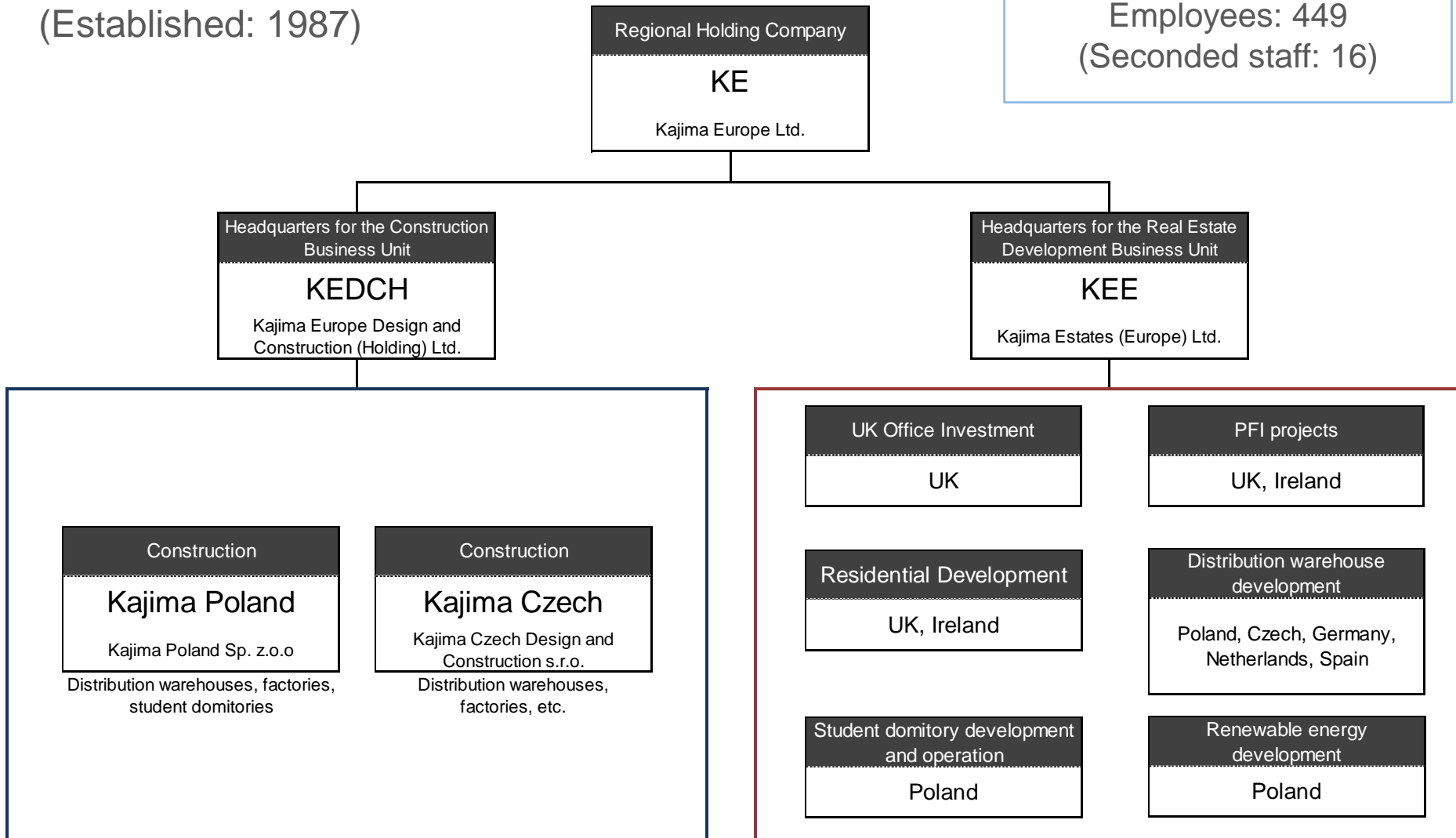


# 1-4. Establishment/Organization

## KE Overview

(Established: 1987)

As of September 30, 2021  
Employees: 449  
(Seconded staff: 16)

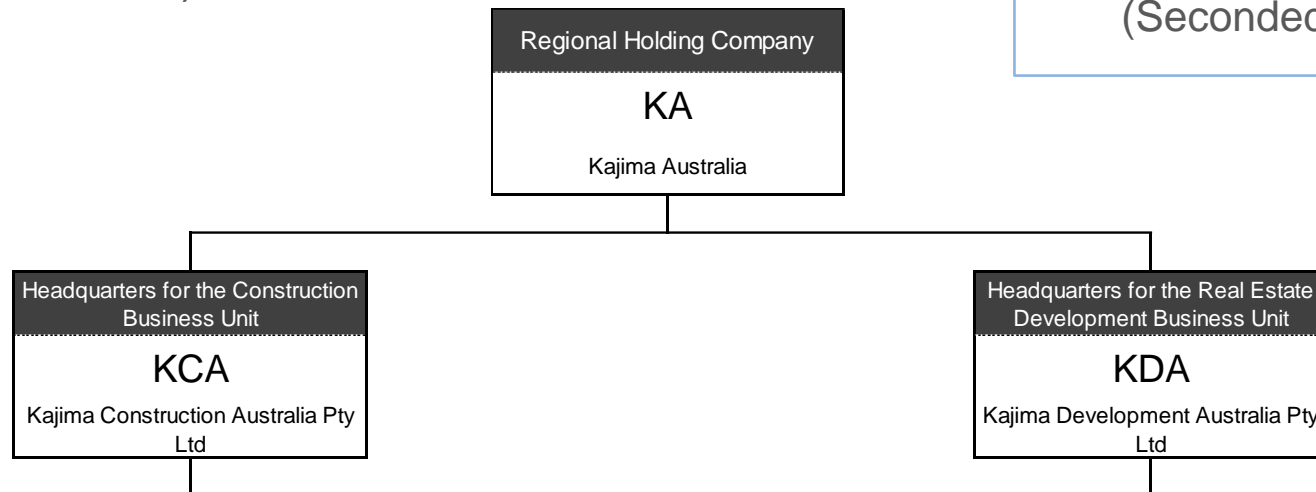


# 1-5. Establishment/Organization

## KA Overview

(Established: 2015)

As of September 30, 2021  
Employees: 1,234  
(Seconded staff: 9)

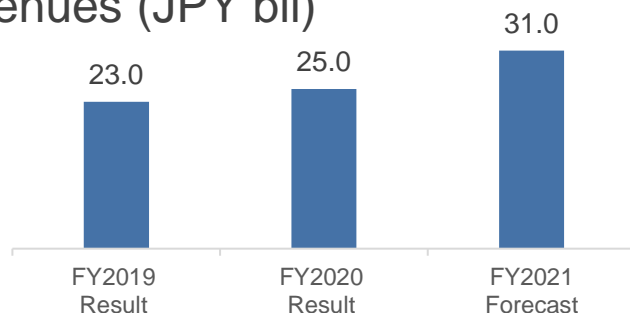




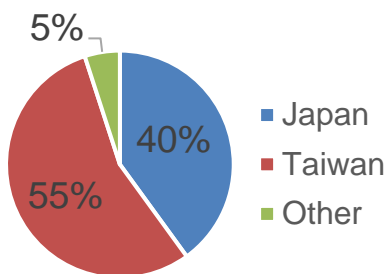
# 1-6. Establishment/Organization

## Chung-Lu Construction Co., Ltd.

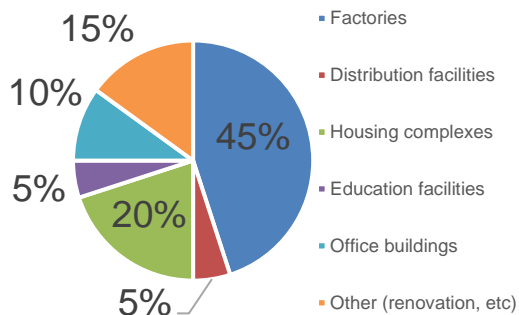
### •Revenues (JPY bil)



### •Customers



### •Building uses



### •Sales bases

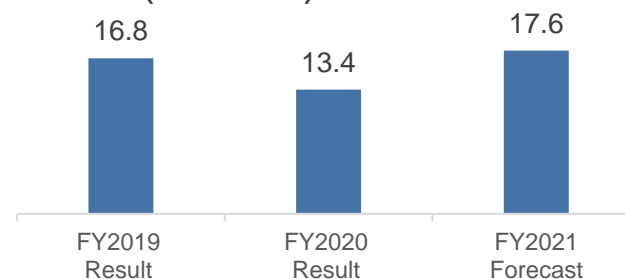


(Established: 1983)

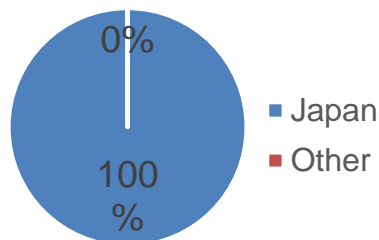
As of September 30, 2021  
Employees: 331  
(Seconded staff: 22)

## Kajima Corporation (China) Co., Ltd. (equity method affiliate)

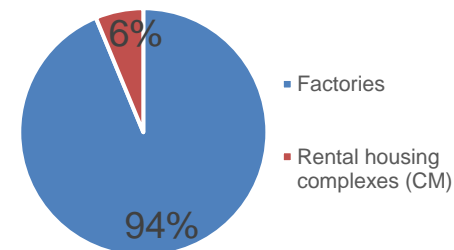
### •Revenues (JPY bil)



### •Customers



### •Building uses

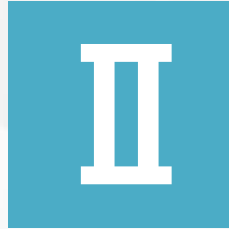


### •Sales bases



(Established: 2003)

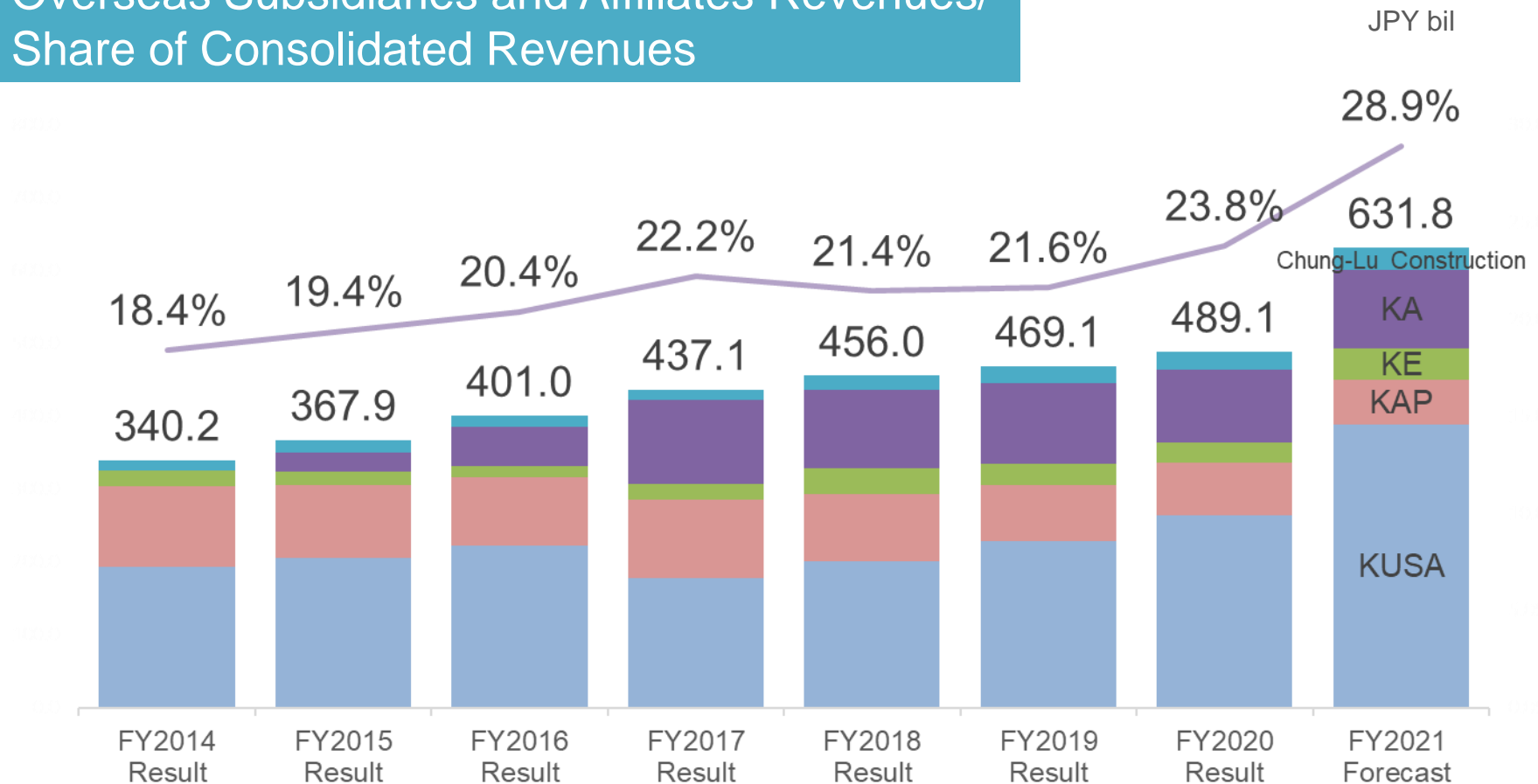
As of September 30, 2021  
Employees: 127  
(Seconded staff: 16)



# Business Performance

## 2-1. Business Performance

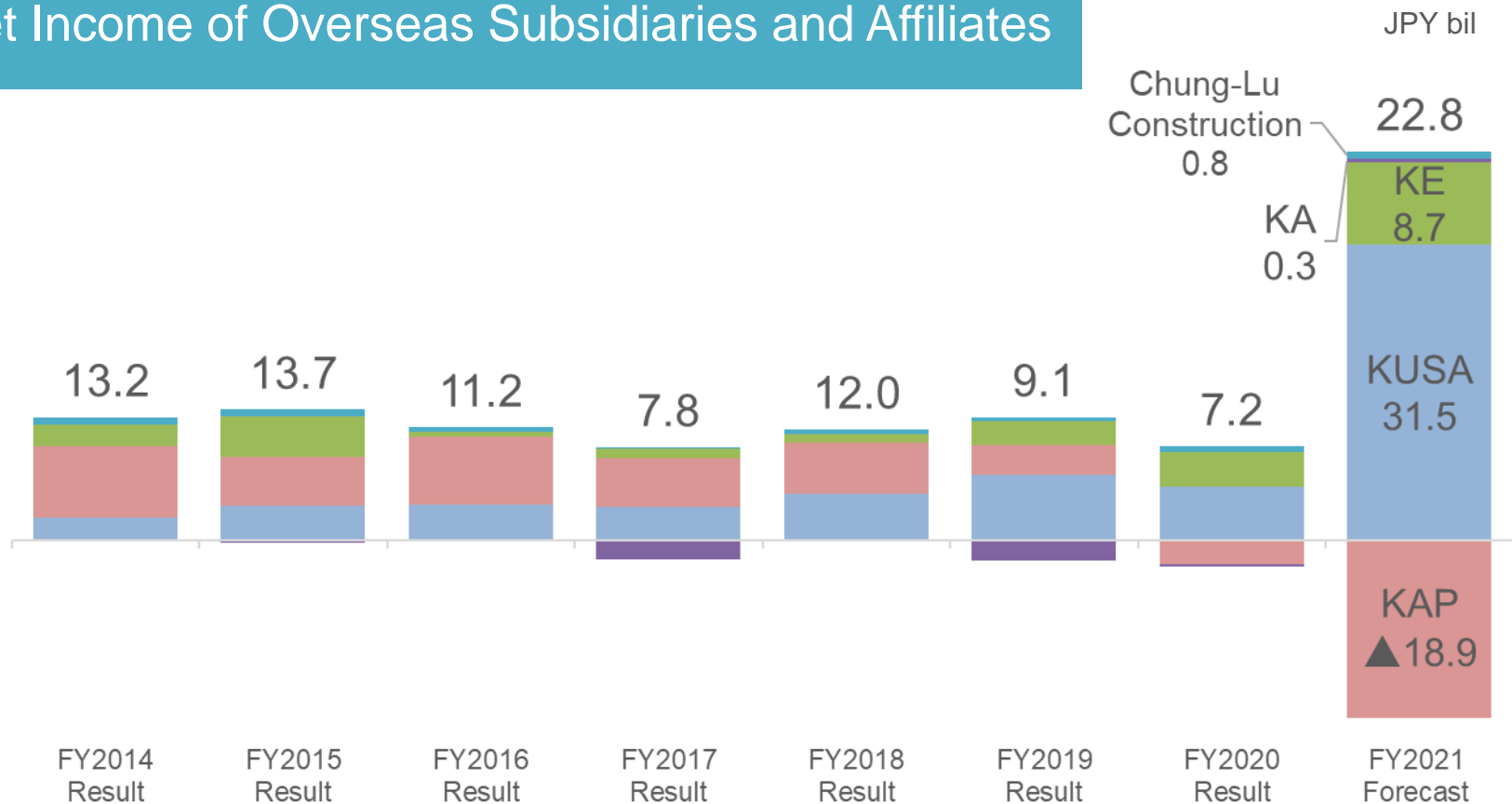
### Overseas Subsidiaries and Affiliates Revenues/ Share of Consolidated Revenues



Revenues from Overseas Subsidiaries and Affiliates has grown to account for nearly 30% of consolidated revenues

## 2-2. Business Performance

### Net Income of Overseas Subsidiaries and Affiliates



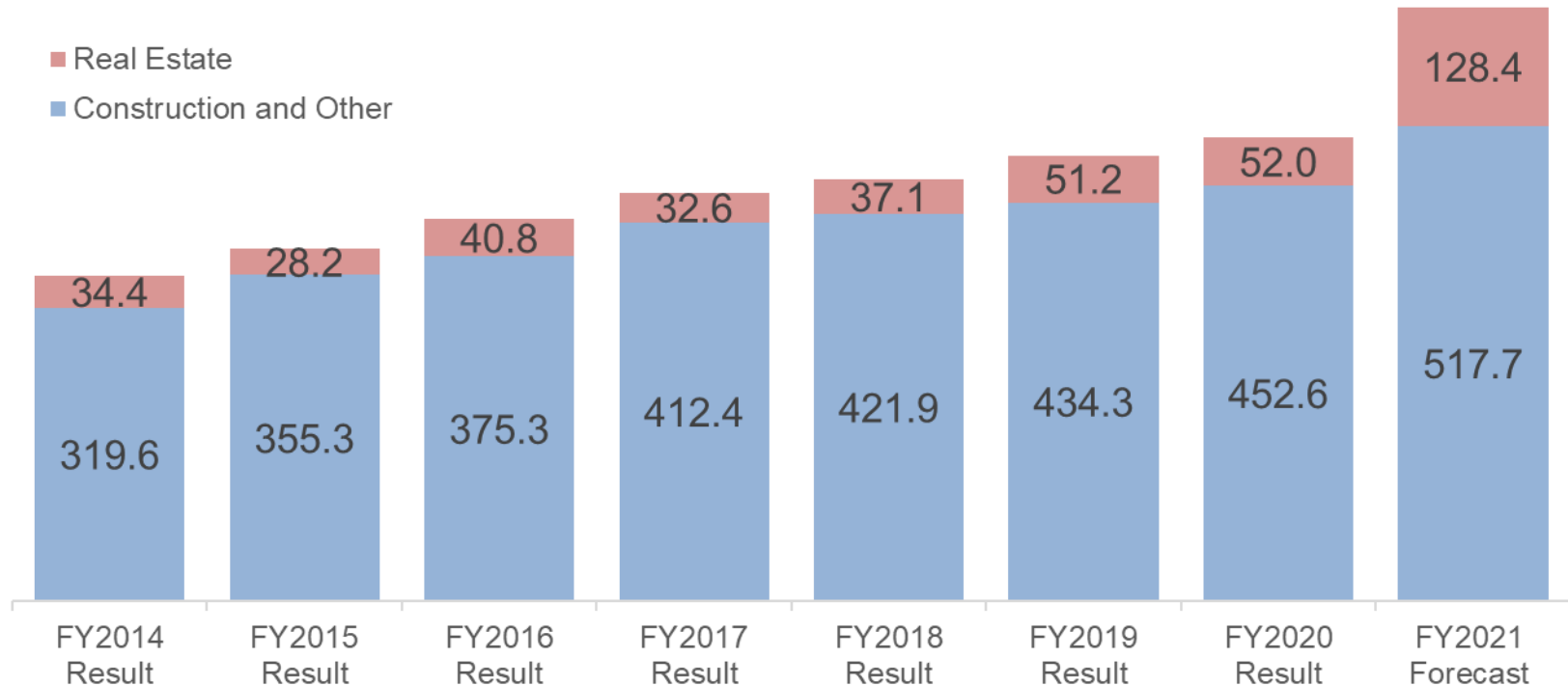
Continuous efforts to build our business foundation with strategic investments were rewarded with significant increase in net income

## 2-3. Business Performance

### Revenues of Construction and Other Business and Real Estate Development Business

JPY bil

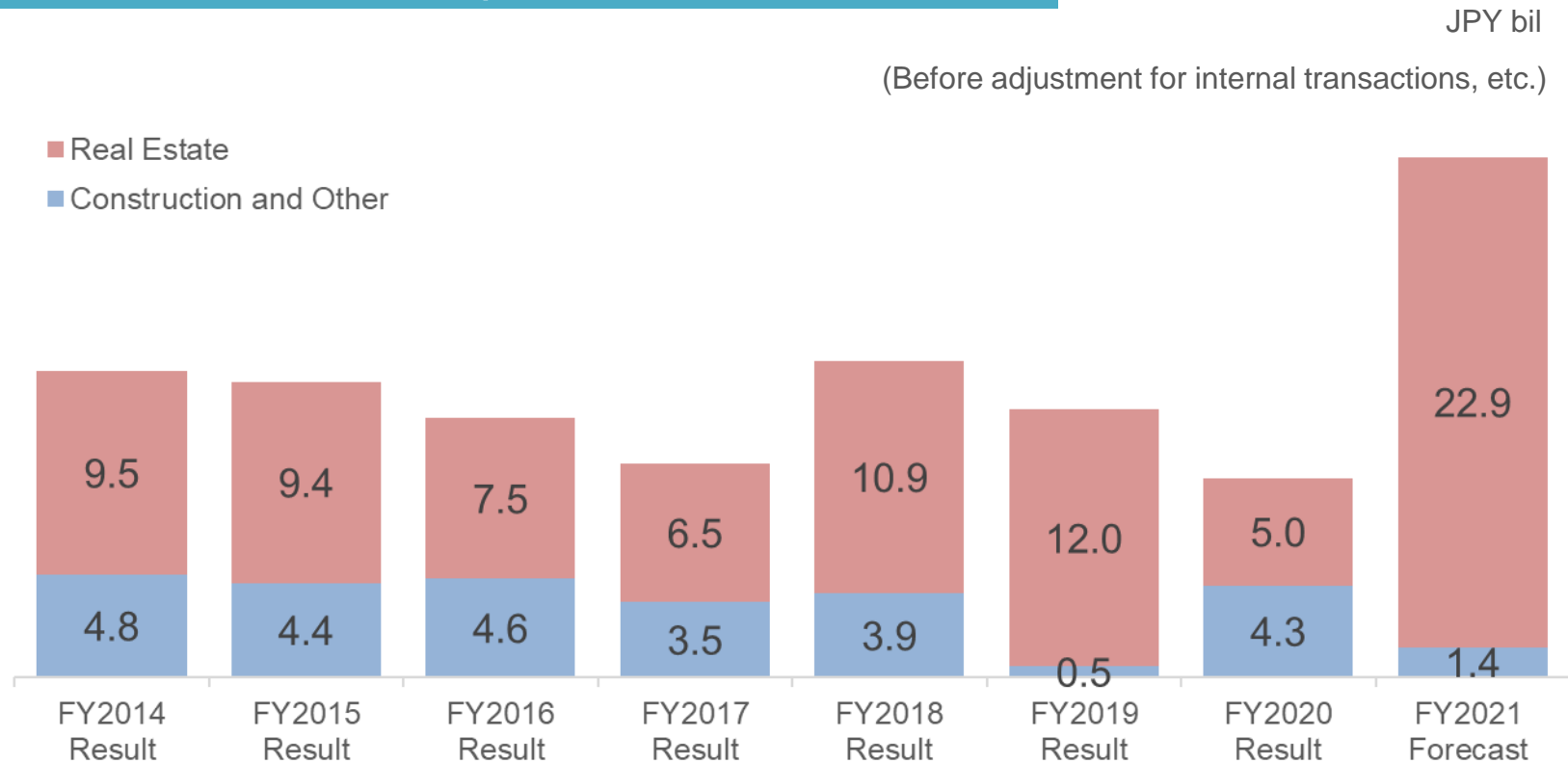
(Before adjustment for internal transactions, etc.)



Revenue grew in both Construction and Real Estate businesses

## 2-4. Business Performance

### Net Income of Construction and Other Business and Real Estate Development Business



Seeking sustainable growth through business expansion centered on construction and real estate

## 2-5. Business Performance

### FY2021 Forecast (Construction Business/Real Estate Development Business)

JPY bil.	Overseas Subsidiaries and Affiliates	Construction and Other	Real Estate
Revenues	631.8	517.7	128.4
Gross Profit	64.4 10.2%	22.4 4.3%	41.5 32.3%
SG&A	▲ 38.3	▲ 19.6	▲ 16.6
Operating Income	26.0	2.8	24.8
Nonoperating Income	20.6	1.5	18.9
Financing	3.6	0.5	3.0
Equity in Earnings of Unconsolidated Subsidiaries and Affiliates	3.8	0.4	3.3
Equity in Earnings of Partnership	12.2	0.0	12.2
Ordinary Income	46.7	4.3	43.7
Extraordinary Income	▲ 12.5	0.3	▲ 12.5
Income before Income Taxes	34.1	4.6	31.2
Income Taxes	▲ 15.2	▲ 3.2	▲ 12.1
Net Income	18.8	1.4	19.0
Net Income Attributable to Noncontrolling Interests	3.9	0.0	3.9
Net Income Attributable to Owners of the Parent	22.8	1.4	22.9

#### Examples of Real Estate Development Income

Gain on sale of distribution warehouses (KUSA)

Income from income-producing properties/Gain on sale of residential properties (KAP)

JV business income (share of 50% or less)

- Gain on sale of rental housing, assisted living facilities, and commercial facilities (KUSA)
- Gain on sale of PFI business interest (KE)

JV business income (share of 50% or less)

- Gain on sale of SPV interest in distribution warehouses (KE)

\*Losses in the current term are due to the impairment loss of Yankin PPP.

The figures for overseas subsidiaries and affiliates are adjusted for internal transactions to the total amount of the construction and real estate development businesses.



# Business Strategy



# 3-1. Business Strategy

## Characteristics and Basic Concepts of Overseas Business

Business model

Repetition of  
earnings cycle

People/Organization

Securing talented individuals and  
creating an agile organization

Build

Platform (business foundation)

Decentralized management and localization of overseas subsidiaries, while  
Kajima HQ/HD retaining ultimate authority through strong governance

## 3-2. Business Strategy

### Characteristics and Basic Concepts of Overseas Business

#### Platform (business foundation)

Decentralized management and localization of overseas subsidiaries, while Kajima HQ/HD retaining ultimate authority through strong governance



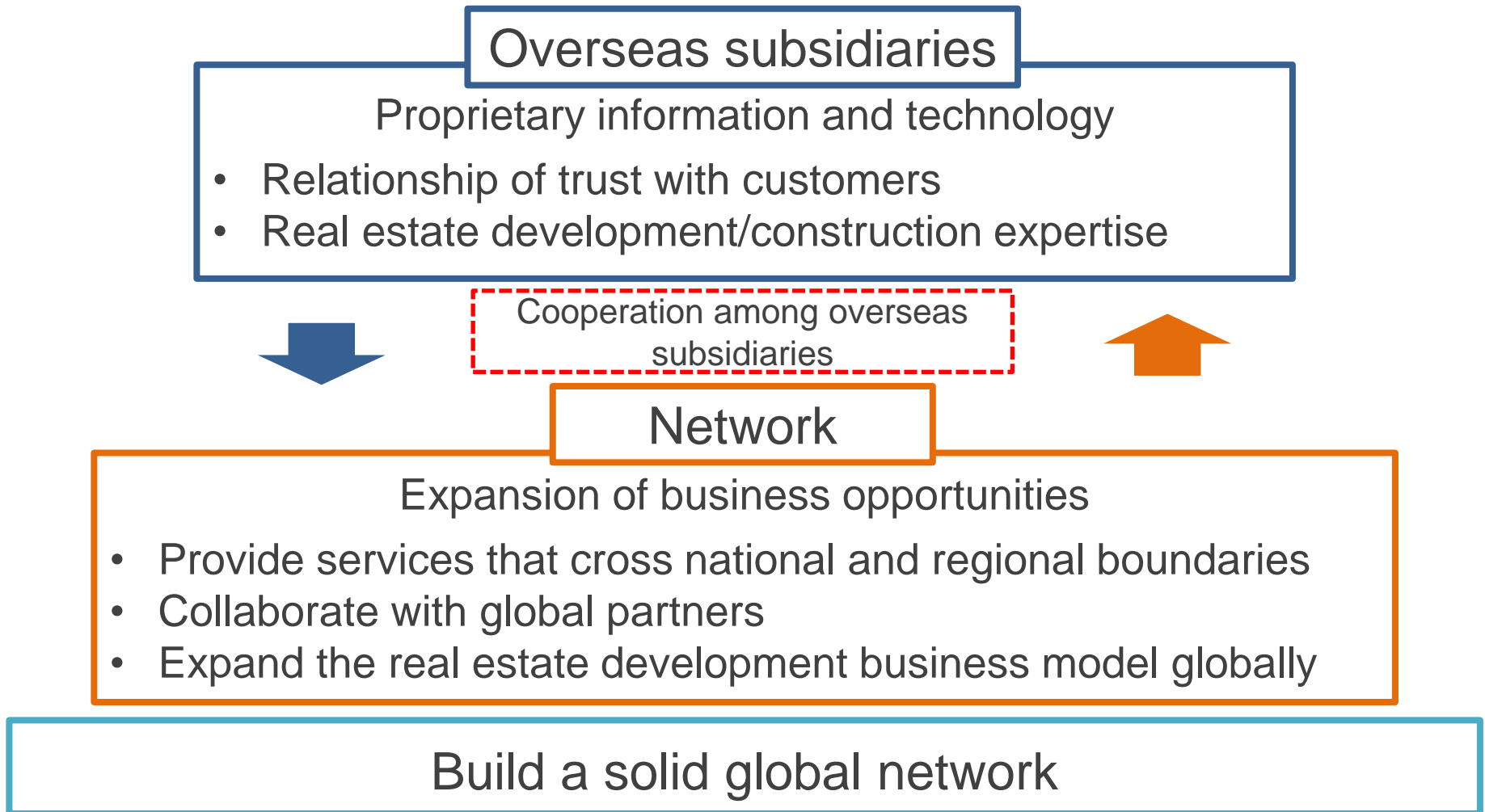
Strengthen existing businesses

Expand business fields

M&A

### 3-3. Business Strategy

#### Characteristics and Basic Concepts of Overseas Business

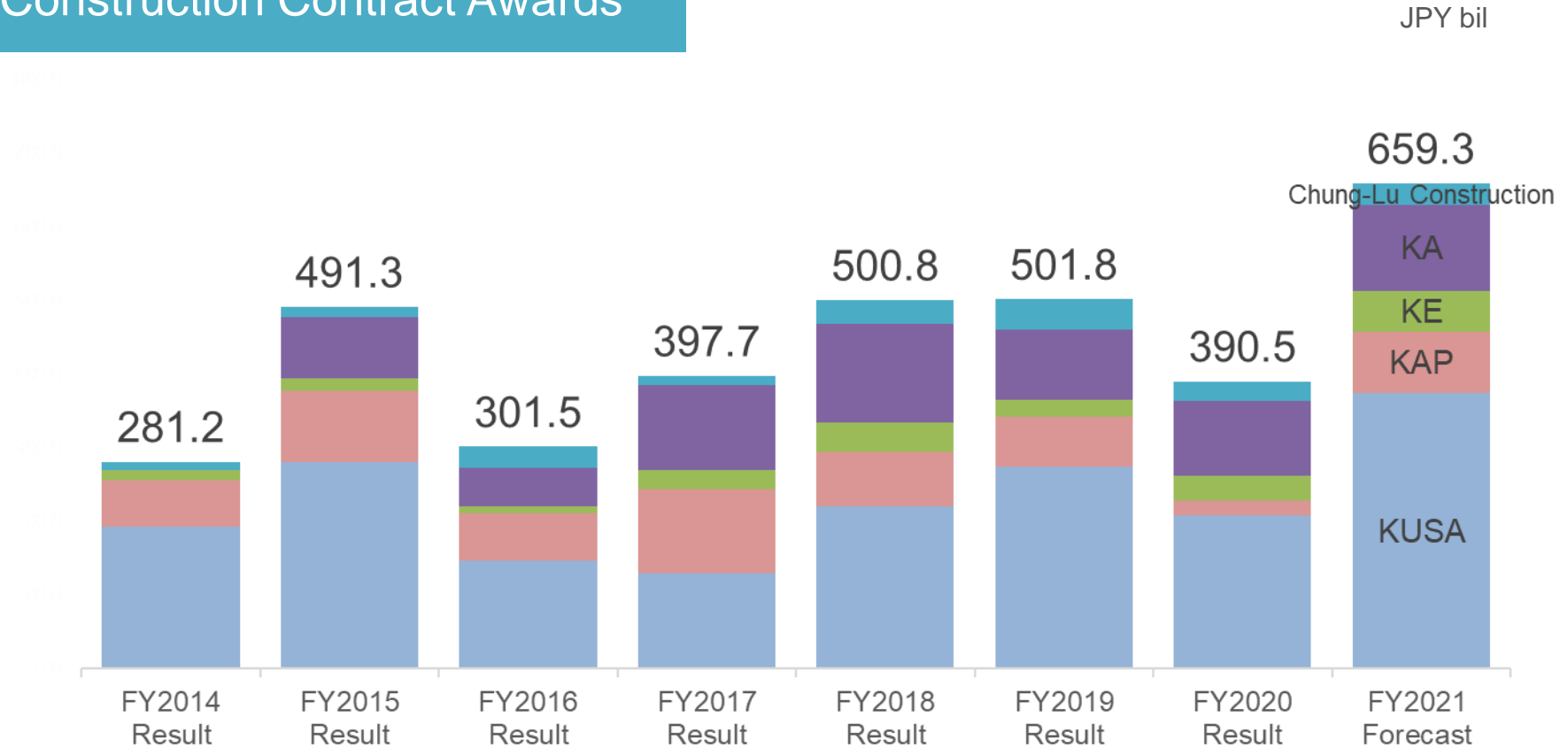




# Construction Business

# 4-1. Construction Business

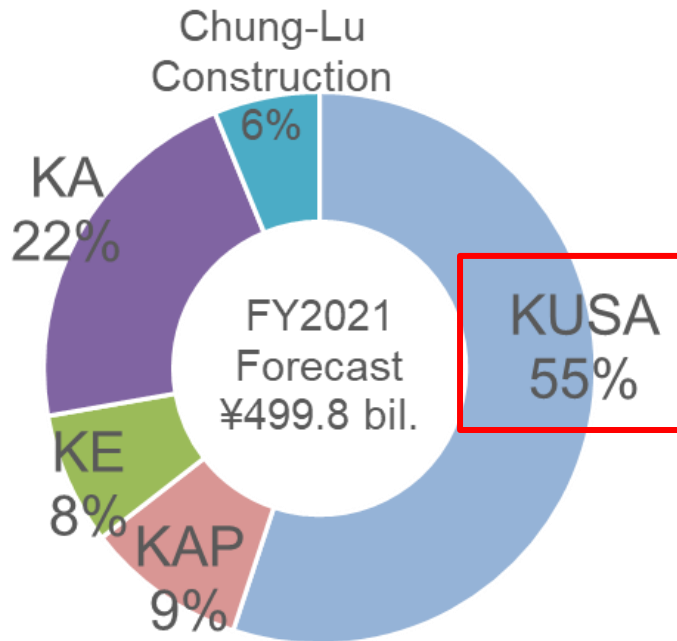
## Construction Contract Awards



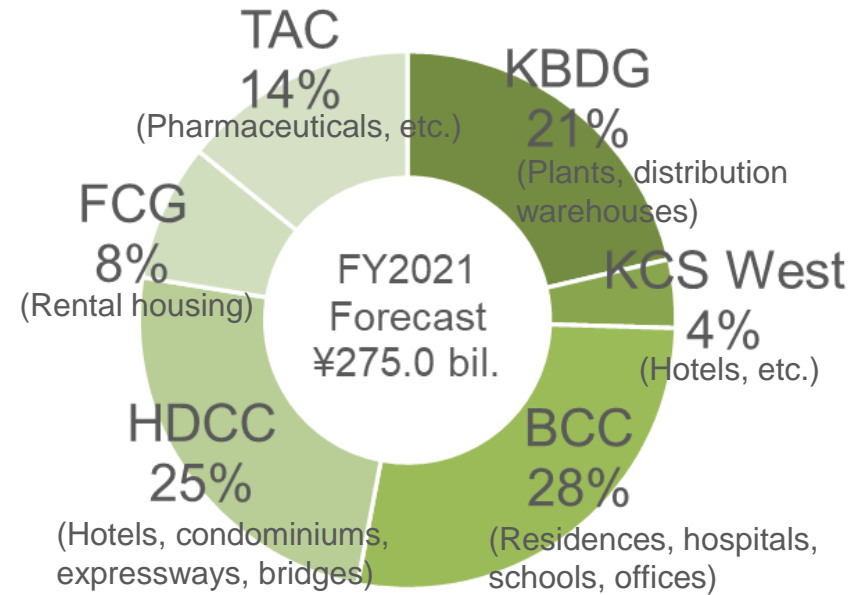
Contract awards increased as business foundation expanded,  
including those by M&A

## 4-2. Construction Business

### Construction Business Revenue Distribution



Overseas subsidiaries  
and affiliates



KUSA

KUSA secured 55% of overseas revenues. Major contributors under the KUSA umbrella are HDCC in Hawaii as well as BCC and KBDG in the rapidly growing southeast.

\* HDCC: Hawaiian Dredging Construction Company, BCC: Batson-Cook Company, KBDG: Kajima Building & Design Group

## 4-3. Construction Business

### Business Policy in the Construction Business

1

#### Strengthen Current Segments

Accelerate diversification of customers and building use

2

#### Expand Business Segments

Strategic alliances with reputable companies and synergies with real estate development businesses across countries and regions

3

#### Promote M&A and Business Alliances

Fortify the business foundation

## 4-4. Construction Business

Promote M&A and Business Alliances  
Enhance business foundation

### M&A Requirements

A company with a corporate culture and management that are compatible with that of the Kajima Group

Companies that contribute to forming solid networks

### M&A Results

#### KUSA

2002	HDCC (Hawaiian Dredging Construction Company)
2005	TAC (The Austin Company/USA)
2008	Batson-Cook
2018	Flournoy

2021	Austin (UK design and engineering company)
2021	Gala (US design and engineering company)

#### KAP

2018	IFE
------	-----

#### KA

2015	Icon
2017	Cockram



# 4-5. Construction Business

## Specific examples of M&A and business alliances

### HDCC (Hawaiian Dredging Construction Company)

Hawaii's oldest and largest general construction company

Established:	1902
M&A:	2002
Employees:	315 (as of September 30, 2021)
Revenues:	70 billion yen (FY2021 forecast)
Features:	Only overseas subsidiary with a civil engineering division
Construction:	Hotels, condominiums, schools, army barracks
Civil engineering:	Highways, tunnels, bridges, sewage plants
Bases:	Hawaii and Guam

### Representative construction work

- Aulani Disney Resort & Spa
- Halekulani Major Renovation, and others



### Ko'ula

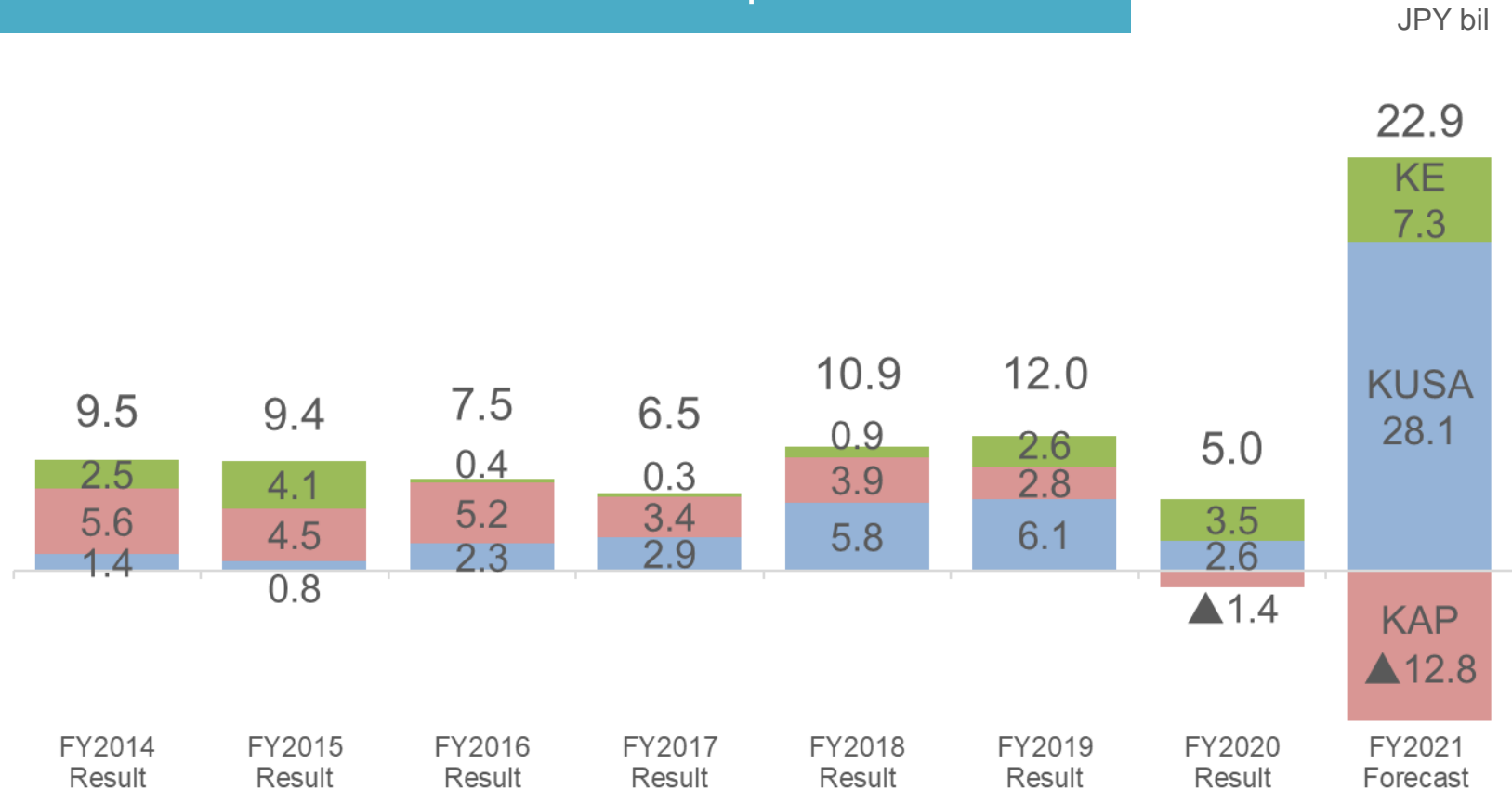
Customer: The Howard Hughes Corporation  
Use: Condominium



# **Real Estate Development Business**

# 5-1. Real Estate Development Business

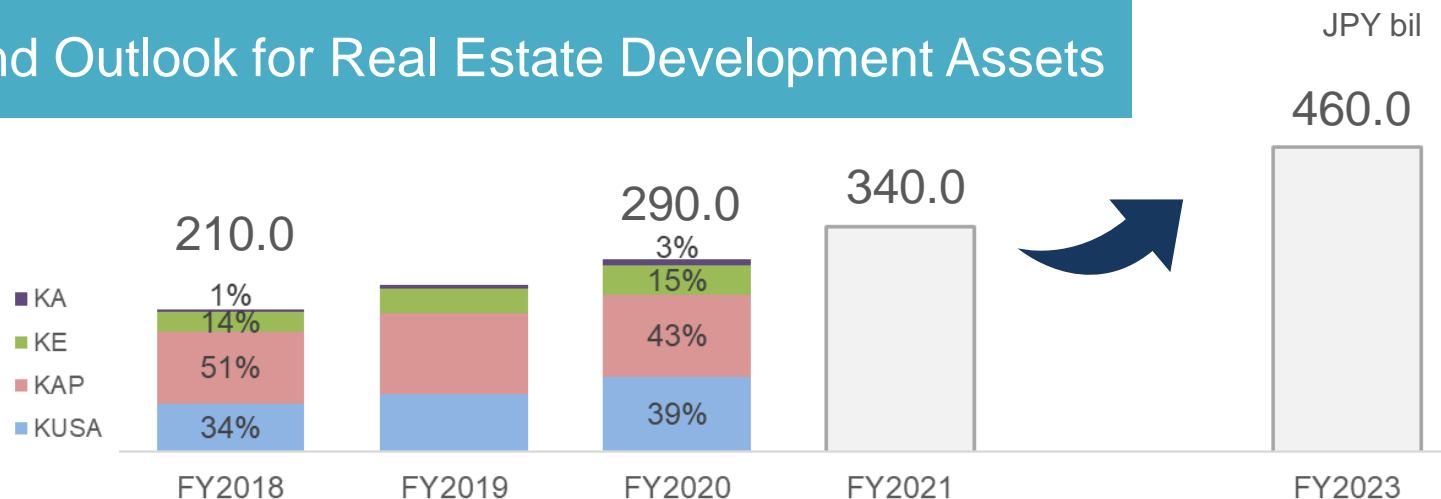
## Net Income of the Real Estate Development Business



While KAP is affected by the pandemic, KUSA and KE continue to contribute to earnings

## 5-2. Real Estate Development Business

### Changes and Outlook for Real Estate Development Assets



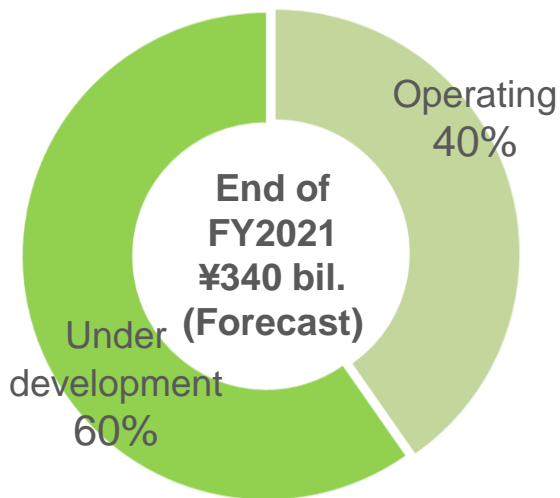
		Previous medium-term business plan FY2018-2020			Medium-term business plan FY2021-2023 (3-year total)
KUSA	Investment	17.0	35.0	68.0	260.0
	Recoup of Investment	17.0	25.0	28.0	200.0
KAP	Investment	10.0	15.0	15.0	110.0
	Recoup of Investment	3.0	1.0	1.0	25.0
KE	Investment	5.0	9.0	16.0	60.0
	Recoup of Investment	1.0	5.0	14.0	40.0
KA	Investment	1.0	4.0	5.0	20.0
	Recoup of Investment	1.0	2.0	2.0	15.0
Total	Investment	33.0	63.0	104.0	450.0
	Recoup of Investment	22.0	33.0	45.0	280.0

\* The recouped investment does not include the booking of an impairment loss on the Yankin PPP.

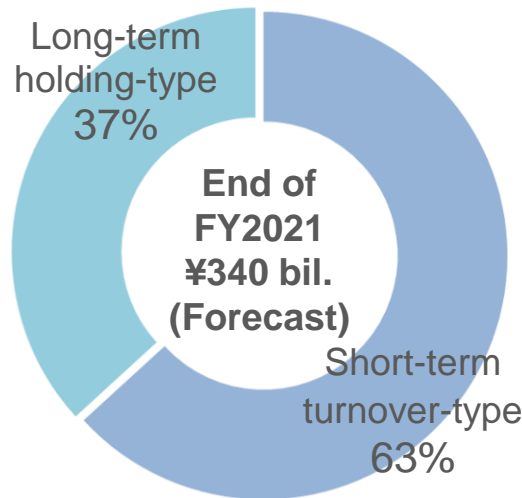
The cycle of investment, sale, and reinvestment leads to expansion and growth, and the accumulation of quality assets

## 5-3. Real Estate Development Business

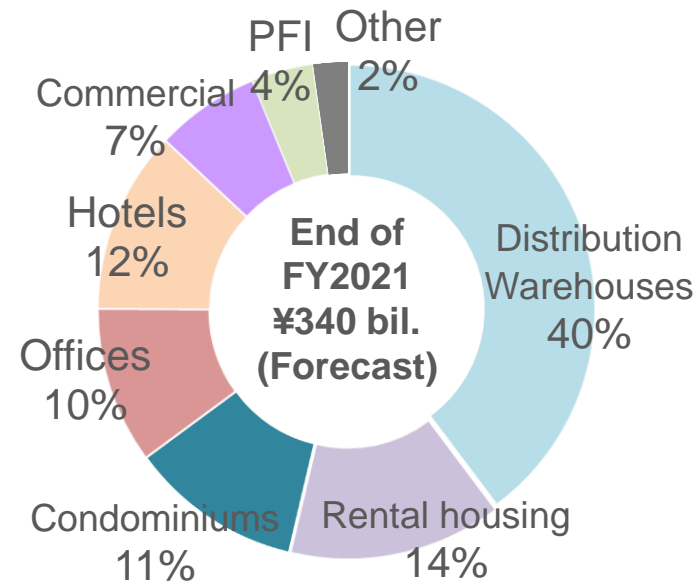
### Real Estate Development Assets



In-operation vs  
under development



By holding period



By use

Spurred by e-commerce booming, short-term turnover and warehousing assets hold significant shares

# 5-4. Real Estate Development Business

## Characteristics and Basic Concepts of Real Estate Development Business

Kajima's Overseas Real Estate Development Business

Proactively and holistically involved, utilizing our own development know-how and network, as well as construction expertise\* through group collaboration.

In “**developer business**” that generates development projects and adds value at each stage of the process



Develop projects on our own platform

\*Utilization of Construction expertise

Proprietary information on cost and construction schedule, design and construction capabilities, etc. contribute to success of real estate development projects, leading to:

- (1) Early business decisions based on accurate information
- (2) Reliable execution of plans by ensuring delivery and quality
- (3) Gaining opportunities to collaborate with developers who do not have construction know-how

## 5-5. Real Estate Development Business

### Investment Decision Criteria

First, set the “hurdle rate” to investment in each country for each of the following asset category, then apply it to determine whether the proposed investment is justifiable

Short-term turnover-type business:  
IRR

Long-term holding-type business:  
NOI yield

### Investment Efficiency

Create a business structure that can achieve an ROE (return on equity) of 10% or more on a stable basis for the entire overseas real estate development division combined through ROIC monitoring

# 5-6. Real Estate Development Business

## Business Policy in the Real Estate Development Business

1

### Strengthen Current Segments

Enhance businesses grown on established platforms

2

### Expand Business Segments

Build new platforms/

Help grow new businesses in start-up stage

3

### Promote M&A and Business Alliances

Strengthen business foundation/

Expand business opportunities



## 5-7. Real Estate Development Business

### Characteristics of the Real Estate Development Business of Each Overseas Subsidiary and Affiliate

KUSA

Distribution warehouse development

Office development

Rental housing complex development

Commercial facilities development, etc.

Mainly engages in short-term turnover-type businesses

KAP

Hotel management business

Mixed-use real estate development business

7 hotels/Commercial facilities, etc.

Singapore, Vietnam, etc.

Mainly engages in long-term holding-type businesses

KE

UK/Ireland

Poland

PFI business

Office investment business

Distribution warehouse development  
Development and operation of student dormitories

Engages in both short-term turnover and long-term holding-type businesses

# 5-8. Real Estate Development Business

## Representative Real Estate Development Business at KUSA: Businesses conducted on an Established Platform

### Core5 (Distribution warehouse development business)

FY2021 (Est) 17 sold, 27 new projects started  
(45 projects under development and operation at the end of FY2021)

### Business Model

- Secure land → build warehouse → Secure lease to tenants → sell to investors (basic model: 3 years)
- Synergies include obtaining construction costs/process information from KUSA construction subsidiaries and awarding many contracts to them
- Start new projects of over 1 million sq. meters annually with an expected profit margin of about 20% for each development project

### Organization

- 37 employees (as of Dec. 30, 2021) and seconded Kajima employees are involved in management through the Core5 Board of Directors



### Markets Core5 has entered



# 5-9. Real Estate Development Business

## Representative Real Estate Development Business at KAP: Businesses conducted on an Established Platform

### Woodleigh Development (Singapore)



- Mixed-use development consisting of condominiums, and commercial and public facilities with a total floor area of 95,400 m<sup>2</sup> partnering with Singapore Press Holdings
- Although construction has been delayed due to the pandemic, sales of condominiums are continuing

### Senayan Square (Indonesia)



- Over a 40-year period, the BOT business has developed a total floor area of 636,000 m<sup>2</sup> consisting of offices, hotels, rental housing, and commercial facilities
- With each facility's operation affected by the pandemic, the Fairmont Hotel yet maintains the highest occupancy rate in the surrounding area

# 5-10. Real Estate Development Business

## Representative Real Estate Development Business at KE: Businesses grown on an Established Platform

### JV with Panattoni Europe (distribution warehouse development business)

FY2021 (Est): 5 sold, 10 new projects started (18 projects under development and operation at the end of FY2021)

#### Business Model

- Enter Central Europe with rising warehouse demand due to development and labor costs cheaper than Western Europe
- Create synergies with KE construction subsidiaries and build relationships of trust with major customers in Central Europe. Expanding investments in Germany, the Netherlands, and Spain
- Make new investments of about 100 million euros annually in anticipation of a development profit margin of more than 20% for each project

#### Organization

- Formed a strategic partnership with Panattoni Europe, the European division of the US developer

### Renewable Energy Power Generating Facility Development Business

#### Business Model

- Develop land for the project (and construct in some cases) and sell it to electric power companies, investors, etc., after completion

#### Organization

- Acquired an approximately 70% stake in PAD-RES from the founder in 2021
- The founder will retain management responsibility and the company will manage development of the project



Now promoting land development for 11 solar power generating facilities (about 560 MW) and 2 wind power generating facilities (about 20 MW)



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Disclaimer: All financial information has been prepared in accordance with generally accepted accounting principles in Japan. While every attempt has been made to ensure the accuracy of information, forecasts contained in this slides are based on the judgments made with information available as of the date of publication, and are subject to risks and uncertainties that may cause the actual results to vary.