

August 9, 2023

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Notice Concerning Disposal of Treasury Stock through Third-party Allotment upon the Introduction of the Stock Remuneration Plan

Kajima Corporation (the “Company”) hereby announces that, today, at the Board of Directors’ Meeting, it resolved to dispose of its treasury stock (the “Disposal of Treasury Stock”) as stock remuneration as described below.

1. Summary of the disposal

(1) Date of disposal	September 1, 2023
(2) Type and number of shares to be disposed of	2,303,000 shares of common stock of the Company (Including 756,000 shares for the Stock Delivery Trust for Directors and Executive Officers and 1,547,000 shares for the Stock Delivery Trust for Employees)
(3) Disposal price	¥2,191 per share
(4) Aggregate disposal amount	¥5,045,873,000
(5) Planned recipient of disposal	Sumitomo Mitsui Trust Bank, Limited (trust account) (Re-trustee: Custody Bank of Japan, Ltd. (trust account))
(6) Other	The Company will dispose of its treasury stock based on the resolution above only if the securities registration statement comes into effect in accordance with the Financial Instruments and Exchange Act.

2. Purpose and reason for the disposal

The Company has decided to introduce the following remuneration plans for its Directors (excluding Outside Directors; the same applies hereinafter), Executive Officers and employees at or above a certain position (hereinafter collectively referred to as the “Officers and Employees”): a performance-linked stock remuneration plan for Directors and Executive Officers of the Company using a trust structure (the trust established for the introduction of this plan is referred to as the “Stock Delivery Trust for Directors and Executive Officers”) and an incentive plan for employees of the Company using a trust structure (the trust established for the introduction of this plan is referred to as the “Stock Delivery Trust for Employees”). The introduction of the performance-linked stock remuneration plan for Directors was approved at the 126th Ordinary Stockholders’ Meeting held on June 28, 2023.

Please refer to “Announcement of Introduction of Performance-Linked Stock Remuneration Plan (RS Trust) for Directors and Executive Officers” dated May 15, 2023, for an outline of this performance-linked stock remuneration plan.

The Sumitomo Mitsui Trust Bank, Limited (trust account; re-entrusted to Custody Bank of Japan, Ltd. trust account), which is the trustee of the trusts (the “Trusts”) established for the introduction of the performance-linked stock remuneration plan for Directors and Executive Officers and the incentive plan for employees (hereinafter collectively referred to as the “Plans”), will be the recipient of the Disposal of Treasury Stock.

The amount of shares to be disposed of (2,303,000 shares or 23,030 units of voting rights) corresponds to the number of shares expected to be delivered to the Officers and Employees based on a consideration of factors such as trends in the positions and composition of the Officers and Employees during the trust period, in accordance with the Stock Delivery Regulations established by the Company upon the introduction of the Plans. This will have a dilutive effect equivalent to 0.44% of 528,656,011 shares, the total number of issued shares as of March 31, 2023 (or 0.47% of 4,864,821 units, the total number of units of voting rights as of March 31, 2023; both percentages are rounded to the second decimal place).

The Company believes that the Plans contribute to improve the corporate value over the medium- to long-term, and considers that the number of stocks to be disposed of and the scale of the resulting dilution due to the Disposal of Treasury Stock are both reasonable and the effect on secondary markets will be insignificant.

(Reference) Overview of the trust agreement for the Stock Delivery Trust for Directors and Executive Officers

Trustor	The Company
Trustee	Sumitomo Mitsui Trust Bank, Limited (Re-entrusted to: Custody Bank of Japan, Ltd.)
Beneficiaries	Directors and Executive Officers of the Company who satisfy the requirements for beneficiaries
Trust administrator	Plan to select a third party that is independent of the Company and its officers
Exercise of voting rights	Voting rights pertaining to stocks of the Company held in the trust shall not be exercised throughout the trust period.
Type of trust	Trust of money other than money trust (third-party benefit trust)
Date of trust agreement	September 1, 2023
Trust period	September 1, 2023 – August 31, 2026 (planned)
Purpose of trust	To deliver the Company’s Stocks to beneficiaries based on the Stock Delivery Regulations

(Reference) Overview of the trust agreement for the Stock Delivery Trust for Employees

Trustor	The Company
Trustee	Sumitomo Mitsui Trust Bank, Limited (Re-entrusted to: Custody Bank of Japan, Ltd.)
Beneficiaries	Employees of the Company who satisfy the requirements for beneficiaries
Trust administrator	Plan to select a third party that is independent of the Company and its officers
Exercise of voting rights	Voting rights pertaining to stocks of the Company held in the trust shall not be exercised throughout the trust period.
Type of trust	Trust of money other than money trust (third-party benefit trust)
Date of trust agreement	September 1, 2023
Trust period	September 1, 2023 – August 31, 2026 (planned)
Purpose of trust	To deliver the Company's Stocks to beneficiaries based on the Stock Delivery Regulations

3. Basis for the calculation of disposal price and specific details thereof

To avoid arbitrary pricing in light of recent share price trends, the disposal price for the Disposal of Treasury Stock shall be set at ¥2,191, which is the closing price of the Company's common stock in the Tokyo Stock Exchange on August 8, 2023, the business day immediately before the Board of Directors made the resolution. This is the market share price immediately prior to the date of the resolution, and the Company considers this calculation method to be highly objective and reasonable.

This price represents a deviation of 0.32% from ¥2,184, the average closing price (rounded down to the nearest yen) during the month leading up to the business day immediately before the date of the resolution by the Company's Board of Directors (July 10, 2023 – August 8, 2023), a deviation of 4.28% from ¥2,101, the average closing price (rounded down to the nearest yen) during the most recent three months (May 9, 2023 – August 8, 2023), and a deviation of 16.54% from ¥1,880, the average closing price (rounded down to the nearest yen) during the most recent six months (February 9, 2023 – August 8, 2023; the deviation rates are each rounded to the second decimal place).

Upon consideration of these factors, the Company believes the disposal price for the Disposal of Treasury Stock is not especially advantageous to the planned recipient of the disposal and that it is reasonable.

Moreover, all Audit & Supervisory Board Members (five Audit & Supervisory Board Members, including three Outside Audit & Supervisory Board Members) expressed the opinion that the basis used to calculate this disposal price is reasonable, is not especially advantageous to the planned recipient of the disposal, and is legitimate.

4. Procedures under the Code of Corporate Conduct

The Disposal of Treasury Stock (i) results in a dilution ratio of less than 25% and (ii) does not entail a change in the controlling shareholder. Therefore, the Company is not required to obtain the opinion of an independent third party or undertake the procedures to confirm the intent of shareholders set forth in Rule 432 of the Securities Listing Regulations established by the Tokyo Stock Exchange.

Disclaimer: This document is an English translation of the announcement titled “Notice Concerning Disposal of Treasury Stock through Third-party Allotment upon the Introduction of the Stock Remuneration Plan” which is filed with Stock Exchanges in Japan on August 9, 2023. The Company provides this translation for your reference and convenience only without any warranty as to its accuracy. In case of any discrepancy between the translation and the Japanese original, the latter shall prevail.