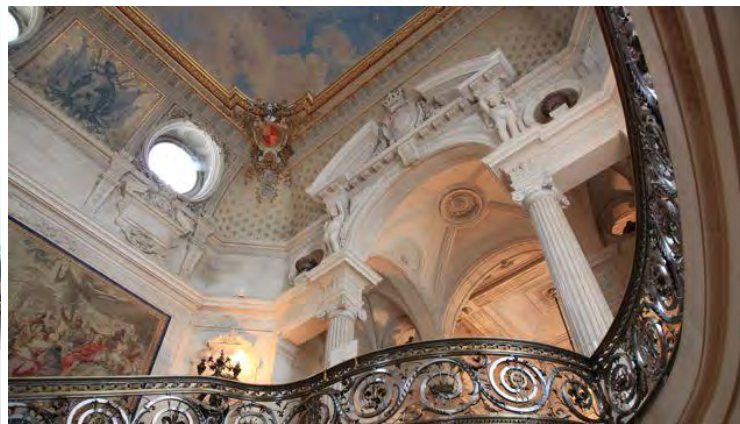


Financial Results for the Fiscal Year Ended March 31, 2016

May 2016



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 3 Consolidated Financial Results for FY3/16

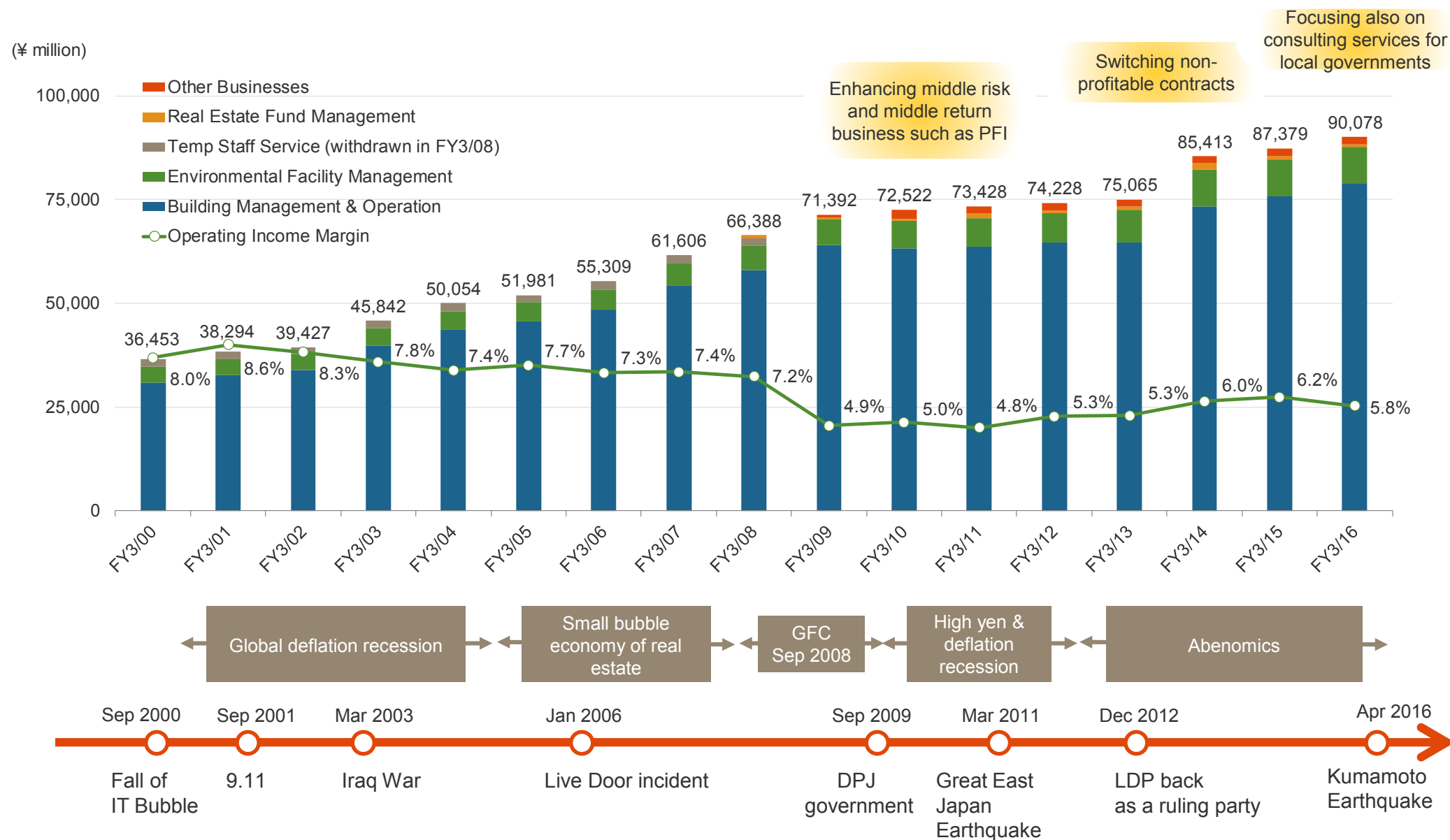
 13 Consolidated Financial Forecasts for FY3/17

 17 Strength of Nippon Kanzai and Medium-Term Growth Strategies

Consolidated Financial Results for FY3/16



Medium-Term Historic Business Performance



Consolidated Financial Results Highlights

Net Sales

¥90,078 million (+3.1% YoY)

- Continuation of existing contracts and consignment of new projects trended favorably
- Repair work sales including large-scale projects renewed a record high

Operating Income

¥5,227 million (–3.6% YoY)

- SG&A expenses increased for strengthening the organization in anticipation of business expansion
- Unprofitable work concentrated in the Q4, depressing incomes for not only the Q4 but the full-year

Ordinary Income

¥5,806 million (–3.8% YoY)

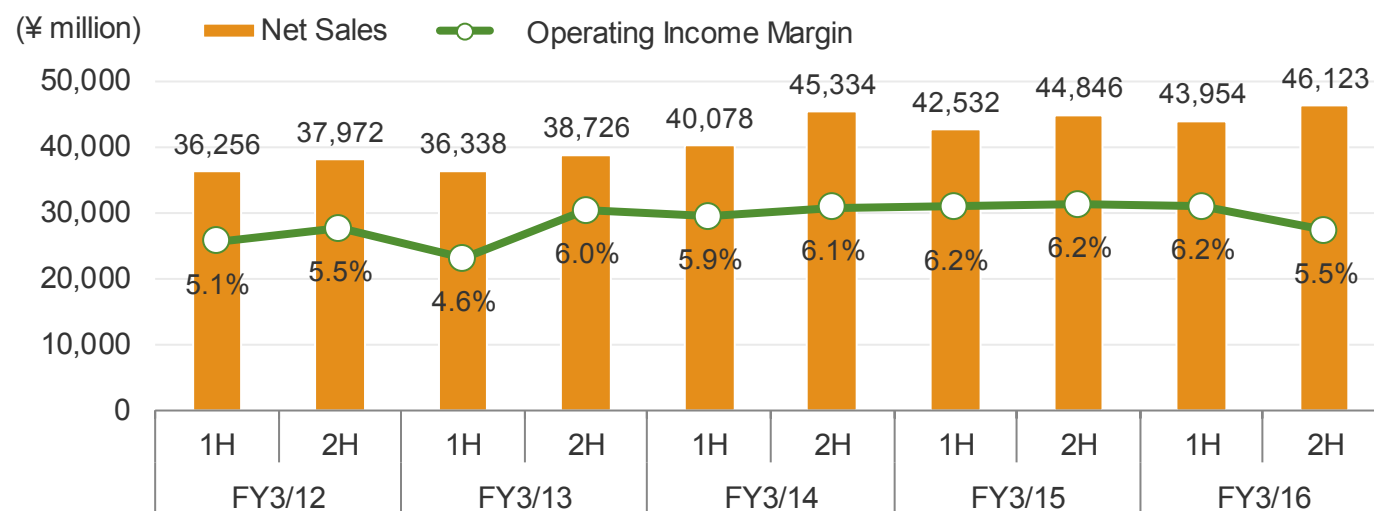
- Foreign exchange losses on overseas investment business from the strong yen

Profit Attributable to Owners of Parent

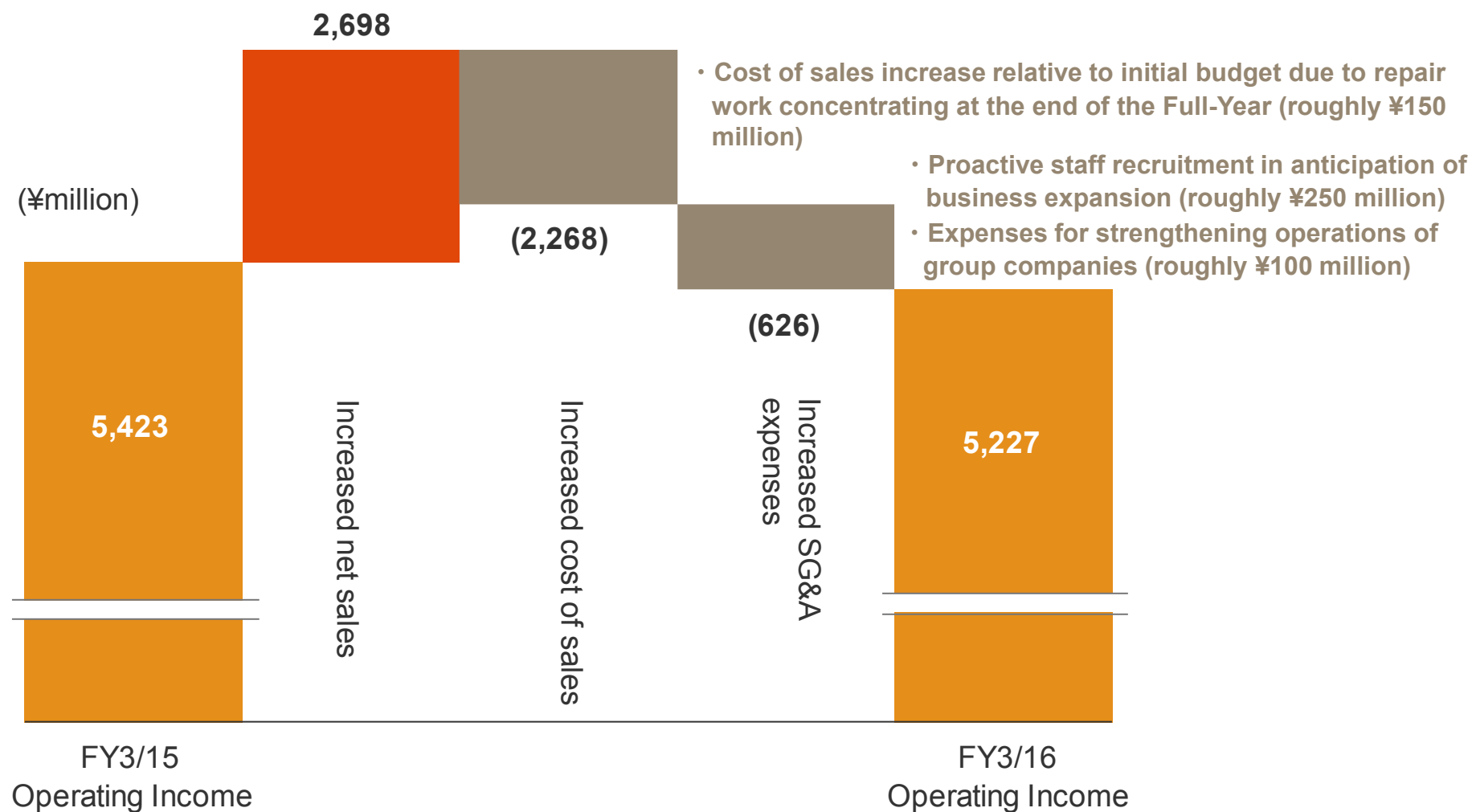
¥3,958 million (+1.7%YoY)

Consolidated Financial Results Summary

Consolidated (¥ million)	FY3/15		FY3/16		YoY Changes	
	Actual	Composition Ratio	Actual	Composition Ratio	Amount	Ratio
Net Sales	87,379	100.0%	90,078	100.0%	2,698	3.1%
Gross Profit	17,407	19.9%	17,838	19.8%	430	2.5%
SG&A Expenses	11,983	13.7%	12,610	14.0%	626	5.2%
Operating Income	5,423	6.2%	5,227	5.8%	(196)	-3.6%
Ordinary Income	6,037	6.9%	5,806	6.4%	(230)	-3.8%
Profit Attributable to Owners of Parent	3,892	4.5%	3,958	4.4%	66	1.7%



Increases/Decreases in Consolidated Operating Income



Overview of Consolidated Balance Sheet

Consolidated (¥ million)	FY3/15 End		FY3/16 End		YoY Changes	
	Actual	Composition Ratio	Actual	Composition Ratio	Amount	%
Total Assets	56,205	100.0%	58,521	100.0%	2,316	4.1%
Current assets	30,394	54.1%	35,055	59.9%	4,660	15.3%
Cash and deposits	16,726	29.8%	20,496	35.0%	3,769	22.5%
Notes and accounts receivable – trade	11,331	20.2%	11,636	19.9%	305	2.7%
Non-current assets	25,810	45.9%	23,466	40.1%	(2,344)	-9.1%
Property, plant and equipment	5,531	9.8%	4,395	7.5%	(1,136)	-20.5%
Intangible assets	2,557	4.6%	2,555	4.4%	(2)	-0.1%
Investments and other assets	17,721	31.5%	16,516	28.2%	(1,205)	-6.8%
Total liabilities	19,942	35.5%	19,821	33.9%	(121)	-0.6%
Current liabilities	13,066	23.2%	13,535	23.1%	469	3.6%
Notes and accounts payable – trade	5,814	10.3%	7,026	12.0%	1,212	20.8%
Accrued consumption taxes	1,577	2.8%	654	1.1%	(923)	-58.5%
Non-current liabilities	6,876	12.2%	6,285	10.7%	(590)	-8.6%
Long-term loans payable	3,667	6.5%	2,925	5.0%	(742)	-20.3%
Total net assets	36,262	64.5%	38,699	66.1%	2,437	6.7%
Shareholders' equity	32,063	57.0%	35,211	60.2%	3,148	9.8%
Capital stock	3,000	5.3%	3,000	5.1%	0	0.0%
Capital surplus	33,716	60.0%	36,763	62.8%	3,046	9.0%
Accumulated other comprehensive income	2,901	5.2%	2,170	3.7%	(731)	-25.2%
Non-controlling interests	1,297	2.3%	1,317	2.3%	20	1.6%
Total liabilities and net assets	56,205	100.0%	58,521	100.0%	2,316	4.1%

Main Factors for Increase/Decrease

Assets

- Cash and deposits increase 3,769
- Sale of real estate 1,025
- Sale of investment securities 1,075

Liabilities

- Decrease due to payment of accrued consumption tax etc. (923)
- Decrease in long-term loans payable due to repayments (742)

Equity Ratio

63.9%

(+1.7pp YoY)

Overview of Consolidated Statement of Cash Flows

Consolidated (¥million)	FY3/15 Actual	FY3/16 Actual	YoY Changes	
			Amount	%
Income before income taxes	6,005	6,023	18	0.3%
Depreciation	615	594	(21)	-3.4%
Decrease (increase) in notes and accounts receivable – trade	(1,348)	(232)	1,116	-82.8%
Increase (decrease) in notes and accounts payable – trade	236	1,203	966	408.4%
Increase (decrease) in accrued consumption taxes	1,201	(943)	(2,145)	-178.6%
Other, net	(2,171)	(3,066)	(894)	41.2%
Cash flows from operating activities	4,538	3,579	(958)	-21.1%
Proceeds from sales of property, plant and equipment and intangible assets	200	1,276	1,075	535.5%
Proceeds from sales of investment securities	153	1,178	1,025	667.5%
Cash flows from investing activities	(945)	1,751	2,696	-285.2%
Increase (decrease) in loans payable	(1,446)	(679)	766	-53.0%
Cash dividends paid	(756)	(911)	(154)	20.4%
Other, net	(690)	(175)	514	-74.6%
Cash flows from financing activities	(2,893)	(1,766)	1,126	-39.0%
Net increase (decrease) in cash and cash equivalents	700	3,469	2,769	395.6%
Cash and cash equivalents at the beginning of current period	15,631	16,331	700	4.5%
Cash and cash equivalents at the end of current period	16,331	19,801	3,469	21.2%
Free cash flows	3,593	5,331	1,737	48.4%

Main Factors for Increase/Decrease

CF from Operating Activities

¥(958) mn

- Notes and accounts receivable – trade increase 1,116
- Accrued consumption taxes decrease (2,145)

CF from Investing Activities

¥1,751 mn

- Increase in proceeds from the sales of property, plant and equipment, and intangible assets 1,075
- Increase in proceeds from the sale of investment securities 1,025

CF from Financing Activities

¥(1,766) mn

- Decrease in the net change amount from borrowing/repayment of loans payable 766

Business Segments and Major Group Companies

Building Management and Operation

¥78,772 mn

Bldg Maintenance ¥43,740 mn

Nippon Kanzai Service Co., Ltd.
Japan Property Solutions Co., Ltd.
Japan Environmental Solutions Co., Ltd.

Security ¥17,776 mn

Three-S Co., Ltd.

Condominium Management ¥17,255 mn

NJK Holding Co., Ltd.

Environmental Facility Management

¥9,025 mn

Environmental Facility Management

Nippon Kanzai Environment Service Co., Ltd.

Real Estate Fund Management

¥599 mn

Asset Management

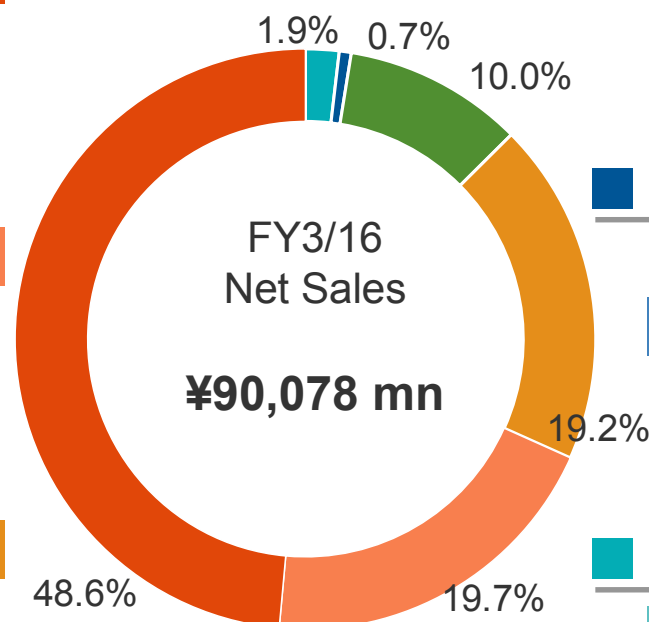
Tokyo Capital Management Co., Ltd.

Other

¥1,681 mn

Other Business

NS Corporation Co., Ltd.
(Advertisement, Sales Promotion,
and Design Supervision)

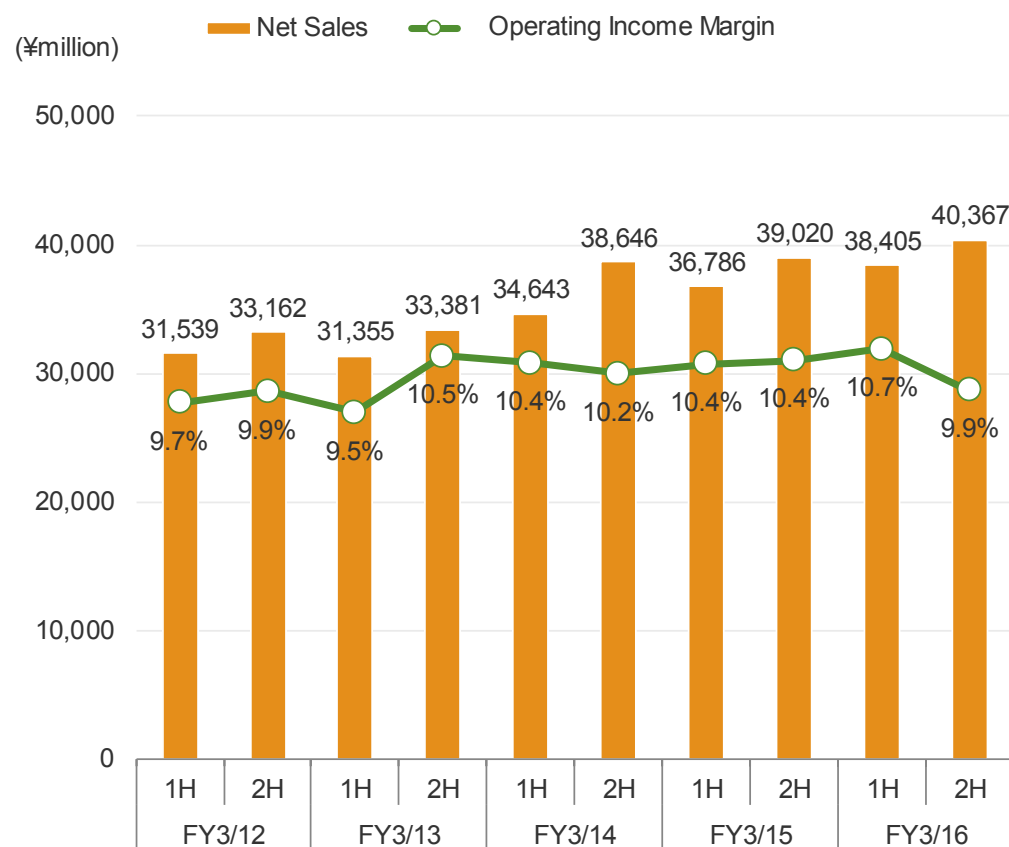


Financial Results by Business Segment

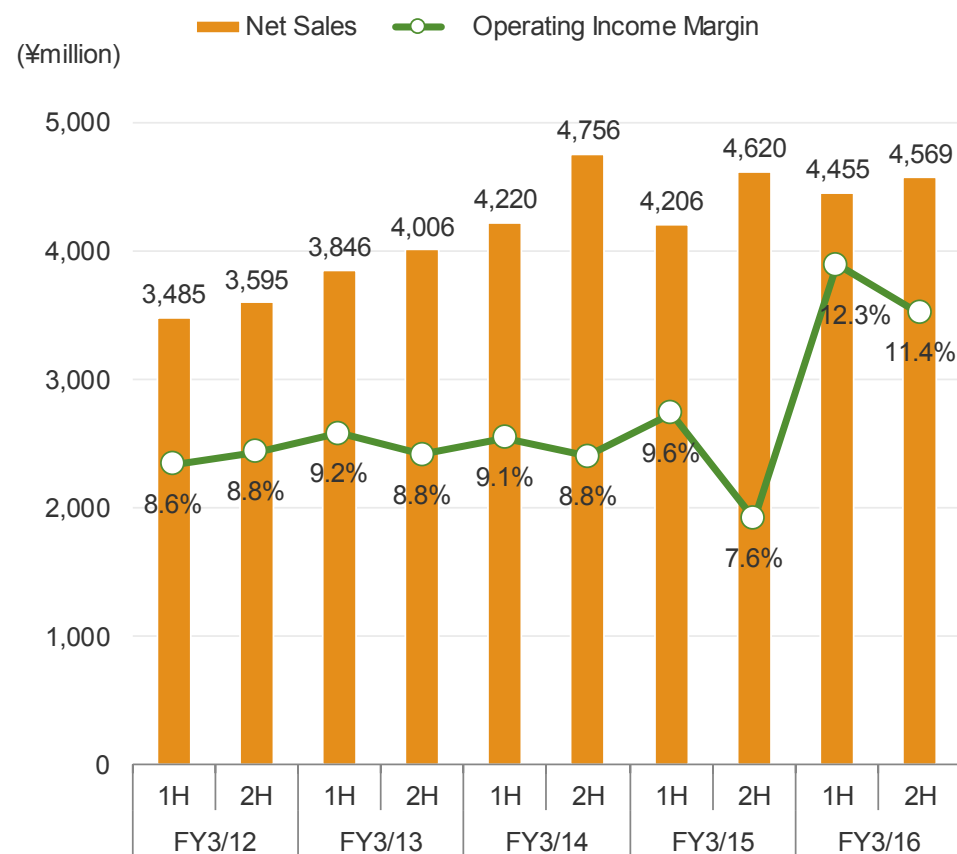
Consolidated (¥ million)	FY3/15		FY3/16		YoY Changes	
	Actual	Composition Ratio/Margin	Actual	Composition Ratio/Margin	Amount	Ratio
Net Sales	87,379	100.0%	90,078	100.0%	2,698	3.1%
Building Management and Operation Business	75,806	86.8%	78,772	87.4%	2,965	3.9%
Building Management	41,937	48.0%	43,740	48.6%	1,803	4.3%
Condominium Management	16,806	19.2%	17,255	19.2%	449	2.7%
Security Service	17,062	19.5%	17,776	19.7%	713	4.2%
Environmental Facility Management Business	8,826	10.1%	9,025	10.0%	198	2.2%
Real Estate Fund Management Business	938	1.1%	599	0.7%	(338)	-36.1%
Other Businesses	1,807	2.1%	1,681	1.9%	(126)	-7.0%
Operating Income	5,423	6.2%	5,227	5.8%	(196)	-3.6%
Building Management and Operation Business	7,894	10.4%	8,085	10.3%	191	2.4%
Building Management	4,466	10.7%	4,716	10.8%	249	5.6%
Condominium Management	1,596	9.5%	1,329	7.7%	(266)	-16.7%
Security Service	1,831	10.7%	2,040	11.5%	208	11.4%
Environmental Facility Management Business	753	8.5%	1,072	11.9%	319	42.4%
Real Estate Fund Management Business	368	39.3%	139	23.3%	(229)	-62.1%
Other Businesses	110	6.1%	104	6.2%	(5)	-5.2%
Adjustments	(3,703)	—	(4,175)	—	(472)	12.8%

Performance of Major Segments

Building Management & Operation Business



Environmental Facility Management Business



Consolidated Financial Forecasts for FY3/17



Consolidated Financial Forecasts Summary

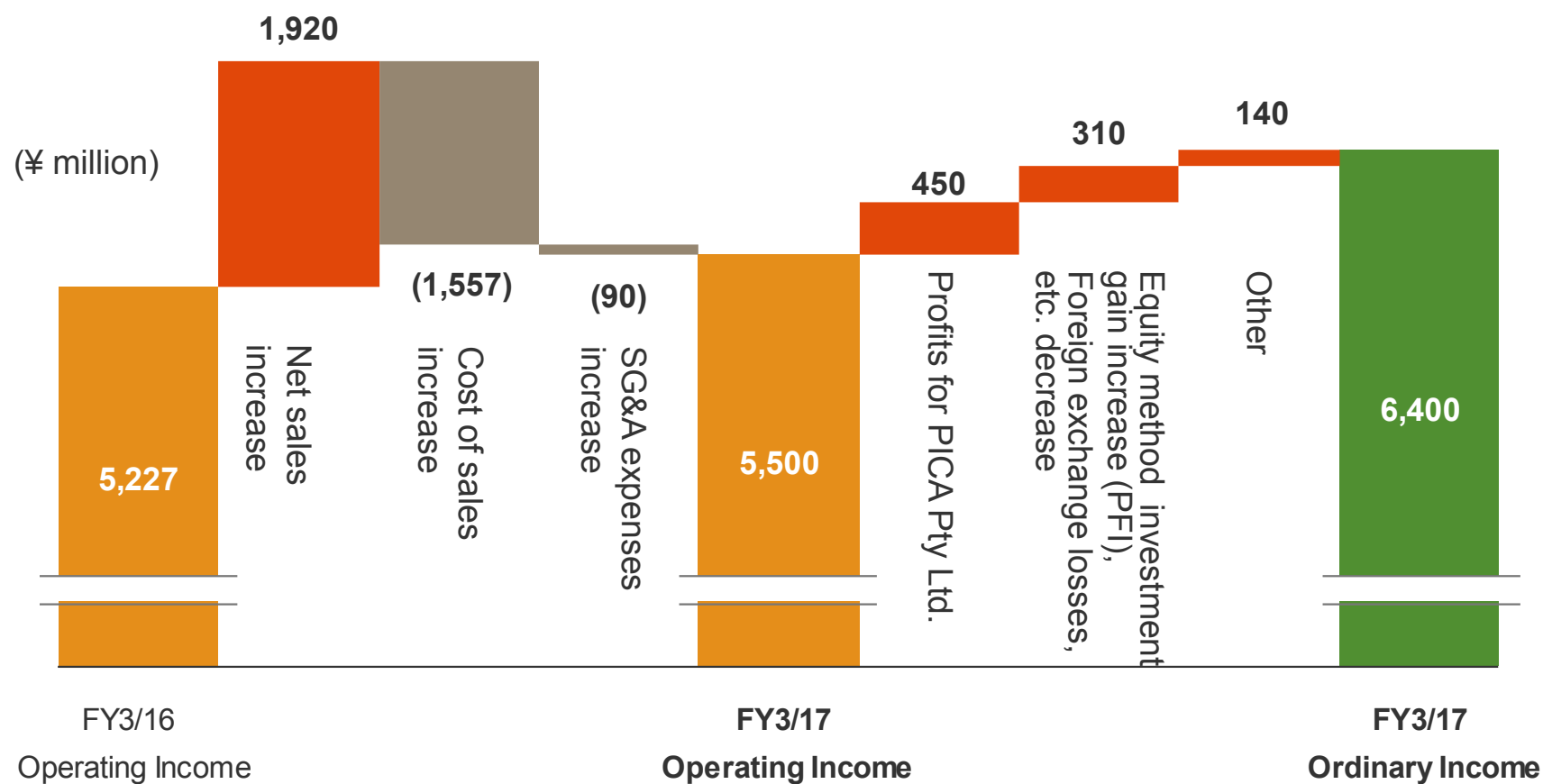
Market Background

- Active large-scale building developments in mainly central Tokyo continue to move forward.
- Development is continuing for logistics distribution centers as a result of growth in the online shopping market and commercial facilities catering to inbound tourists in suburban and rural areas.
- Medium to large-scale facilities which are a strength of Nippon Kanzai are expected to continue increasing going forward.
- At the same time, securing sufficient operations staff and rising personnel expenses are factors for concern.

- Operating income is increasing from the disappearance of one-off cost factors in FY3/16.
- Ordinary income is expected to increase from growth in equity method investment gain from the earnings recovery of overseas business and strong income management business for facilities of certain PFI projects.
- No revision has been made on financial forecasts published on April 28, 2016.

Consolidated (¥ million)	Full-Year FY3/16		1H FY3/17		2H FY3/17		Full-Year FY3/17		YoY Changes	
	Actual	Composition Ratio	Forecast	Composition Ratio	Forecast	Composition Ratio	Forecast	Composition Ratio	Amount	Ratio
Net Sales	90,078	100.0%	45,000	100.0%	47,000	100.0%	92,000	100.0%	1,921	2.1%
Gross Profit	17,838	19.8%	9,000	20.0%	9,200	19.6%	18,200	19.8%	361	2.0%
SG&A Expenses	12,610	14.0%	6,300	14.0%	6,400	13.6%	12,700	13.8%	89	0.7%
Operating Income	5,227	5.8%	2,700	6.0%	2,800	6.0%	5,500	6.0%	272	5.2%
Ordinary Income	5,806	6.4%	3,300	7.3%	3,100	6.6%	6,400	7.0%	593	10.2%
Profit Attributable to Owners of Parent	3,958	4.4%	2,200	4.9%	2,000	4.3%	4,200	4.6%	241	6.1%

Increases/Decreases in Consolidated Ordinary Income Forecast



Financial Forecasts by Business Segment

Consolidated (¥ million)	Full-Year FY3/16		1H FY3/17		2H FY3/17		Full-Year FY3/17		YoY Changes	
	Actual	Composition Ratio/Margin	Forecast	Composition Ratio/Margin	Forecast	Composition Ratio/Margin	Forecast	Composition Ratio/Margin	Amount	Ratio
Net Sales	90,078	100.0%	45,000	100.0%	47,000	100.0%	92,000	100.0%	1,921	2.1%
Building Management and Operation Business	78,772	87.4%	39,660	88.1%	41,190	87.6%	80,850	87.9%	2,077	2.6%
Building Management	43,740	48.6%	21,696	48.2%	23,317	49.6%	45,013	48.9%	1,272	2.9%
Condominium Management	17,255	19.2%	8,512	18.9%	9,119	19.4%	17,631	19.2%	375	2.2%
Security Service	17,776	19.7%	9,452	21.0%	8,754	18.6%	18,206	19.8%	429	2.4%
Environmental Facility Management Business	9,025	10.0%	4,428	9.8%	4,622	9.8%	9,050	9.8%	24	0.3%
Real Estate Fund Management Business	599	0.7%	212	0.5%	188	0.4%	400	0.4%	(199)	-33.3%
Other Businesses	1,681	1.9%	700	1.6%	1,000	2.1%	1,700	1.8%	18	1.1%
Operating Income	5,227	5.8%	2,700	6.0%	2,800	6.0%	5,500	6.0%	272	5.2%
Building Management and Operation Business	8,085	10.3%	4,182	10.5%	4,319	10.5%	8,501	10.5%	415	5.1%
Building Management	4,716	10.8%	2,467	11.4%	2,438	10.5%	4,905	10.9%	188	4.0%
Condominium Management	1,329	7.7%	713	8.4%	751	8.2%	1,464	8.3%	134	10.1%
Security Service	2,040	11.5%	1,002	10.6%	1,130	12.9%	2,132	11.7%	91	4.5%
Environmental Facility Management Business	1,072	11.9%	537	12.1%	550	11.9%	1,087	12.0%	14	1.3%
Real Estate Fund Management Business	139	23.3%	28	13.2%	6	3.2%	34	8.5%	(105)	-75.7%
Other Businesses	104	6.2%	31	4.4%	79	7.9%	110	6.5%	5	5.1%
Adjustments	(4,175)	—	(2,078)	—	(2,154)	—	(4,232)	—	(56)	1.3%

Strength of Nippon Kanzai and Medium-Term Growth Strategies



Our Medium-Term Growth Strategies

Business Opportunities

- 1 Increase in demand for vitalizing existing market 
- 2 Increase in demand for expertise of public sector 
- 3 Global development of know-how accumulated through domestic business 

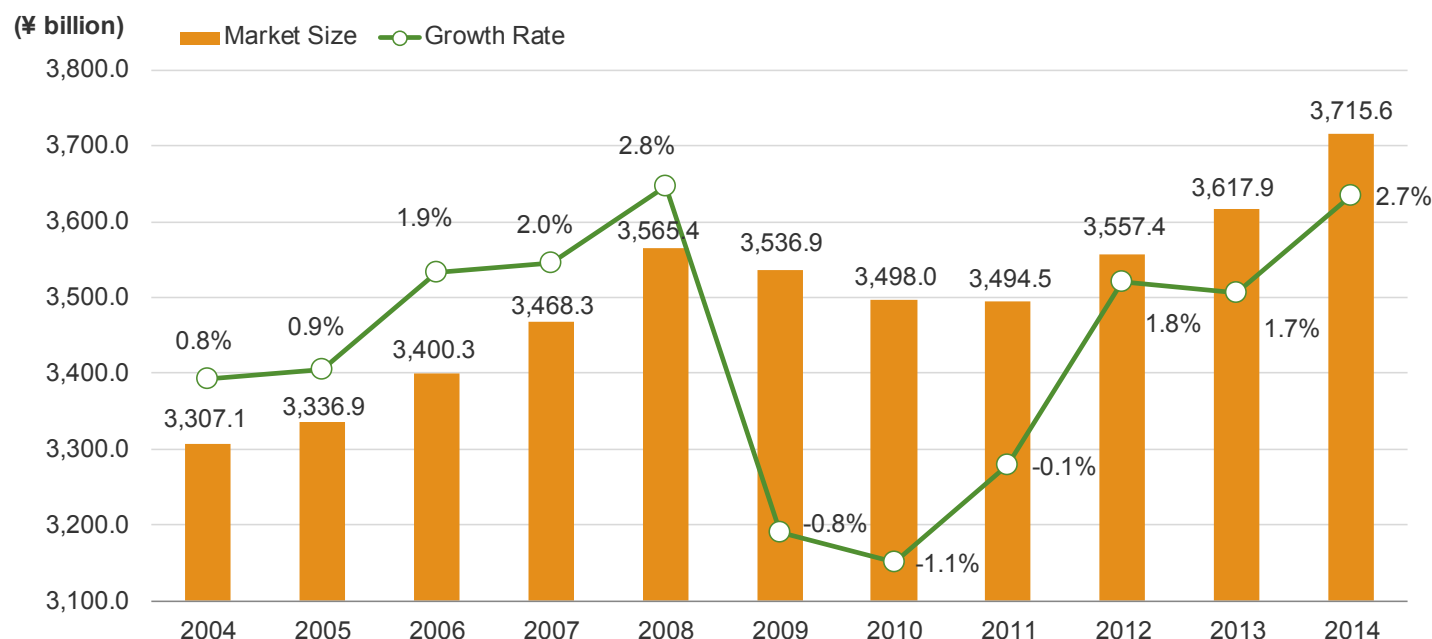
Growth Strategies

Promotion of CRE strategy through proposal for optimization of building lifecycle costs
(P.19~P.23)

Promotion of PRE strategy through strengthening PFI/PPP and designated administrator system
(P.24~P.27)

Strengthen the relationship with PICA Pty Ltd. to reinforce the base for global condominium management business
(P.28)

Business Opportunities (1): Market Trend of Building Management



Other Industries with Similar Market Size in Japan

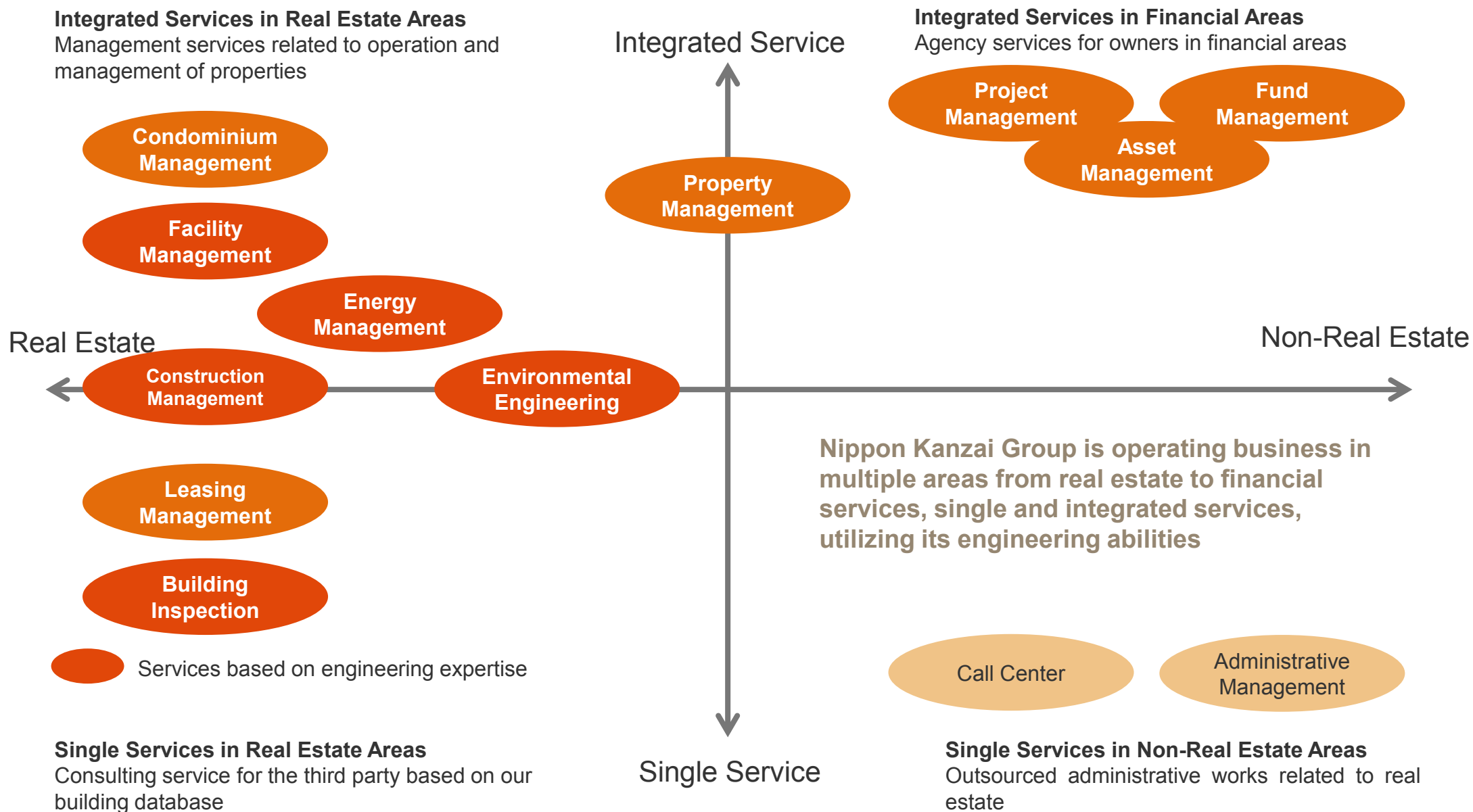
Broadcasting	¥3.9 trillion
Pachinko (Japanese pin-ball gamble)	¥3.6 trillion
Temp staff	¥3.3 trillion
Security service	¥3.3 trillion

Source: Based on "Survey Report" by Japan Building Maintenance Association

- After the market shrank since 2009 due to the Global Financial Crisis, its growth rate improved in 2012 and the growing trend continues after that.
- Growth rate in 10 years (2005 to 2014) was 11.3%.
- Continuous reconstruction of large-scale buildings in central Tokyo through 2020, with the market scale reaching a record level.

Market size is ¥3.7 trillion.
Growing trend continues.

Business Opportunities (1): Business Portfolio



Business Opportunities (1): Combining Digital and Analog Resources of Building Management

Digital business base

1. Building management database enhanced with local data via local offices
2. Independently developed lifecycle management system utilizing the database

BEST system

- Building Diagnosis
- Construction work
- Energy-saving diagnosis
- WAFM® system
- Long-term repair plan
- Design and supervision of facilities management
- LEAD-Web system

- Building data
- Repair data
- Electric Power data
- Estimated data

Collation of local data through the human and office network, and utilization of operations management business

Headquarters

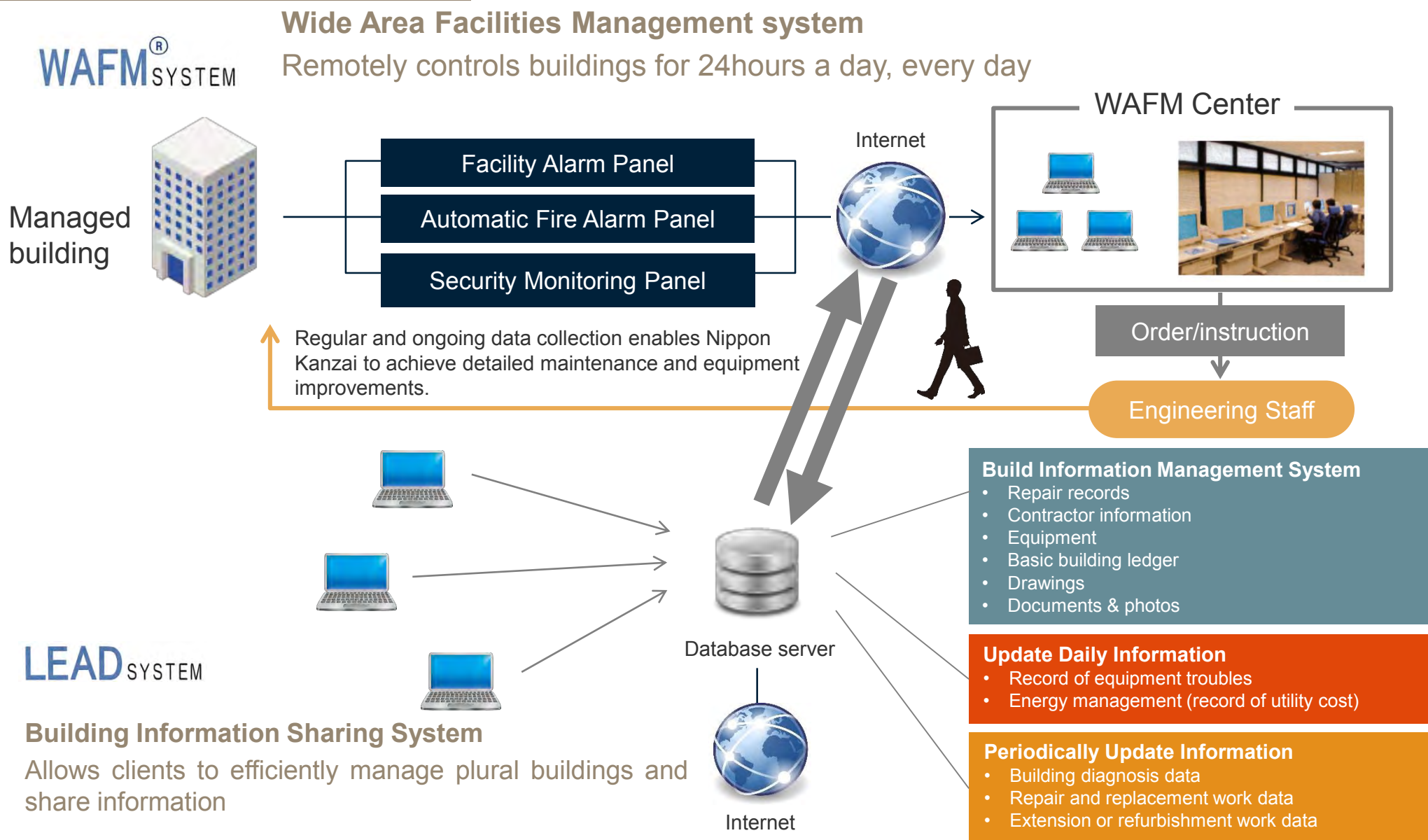
Registered office

Analog business base

Specialized expertise and operational capability to handle use of the independently developed database and systems



Business Opportunities (1): Example of Combining Digital and Analog Resources of Building Management



Business Opportunities (1): Application Example of Combining Digital and Analog Resources for Individual Projects

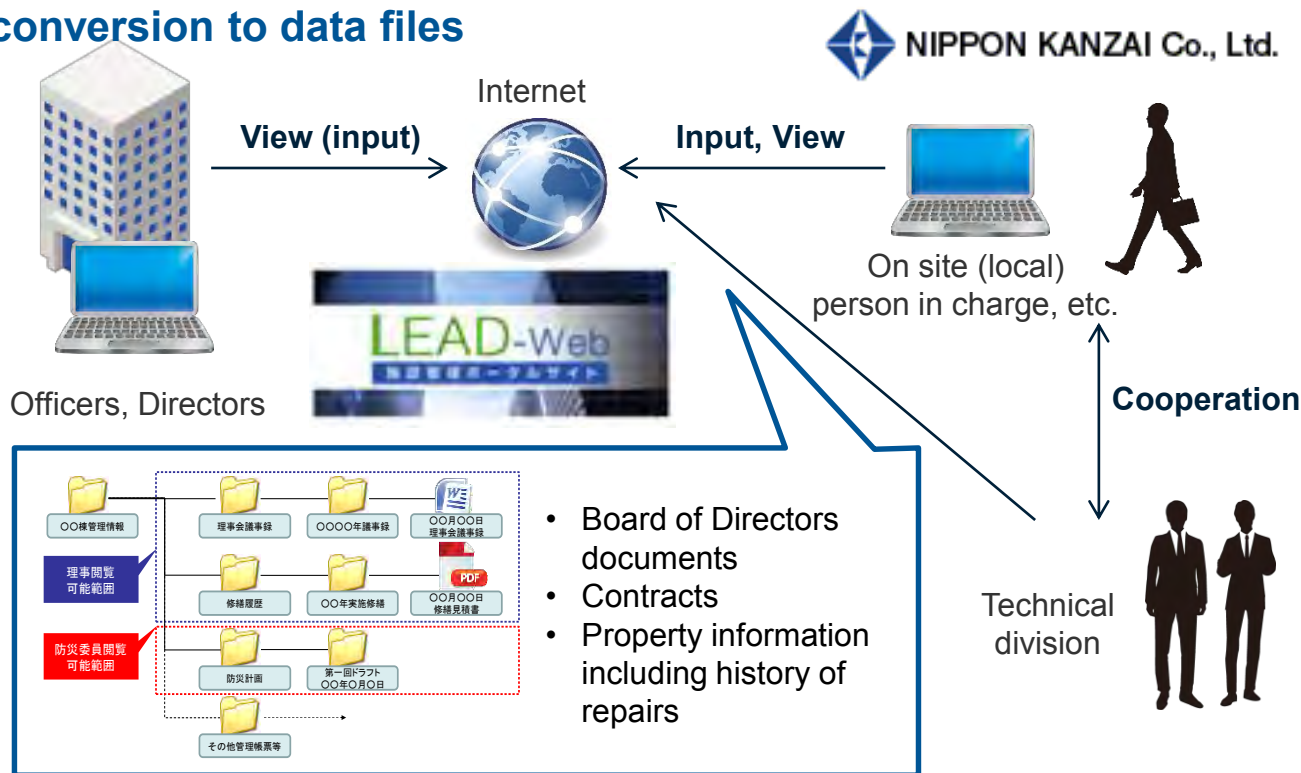
“New City Higashi Totsuka” 8 block condominium management business

Property Features

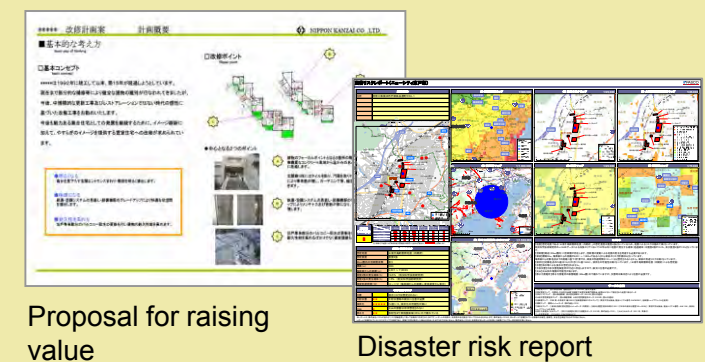
Commenced condominium management business in July 2015 for “New City Higashi Totsuka” in Yokohama which has a total of 9 blocks (2,352 units) supporting the roughly 10,000 residents. **Starting with introduction of its independently developed LEAD-web system, Nippon Kanzai is providing to the fullest its specialized and value-added services, aiming to contribute to raising the quality of life for residents in the area.**



Visualization of management status, conversion to data files



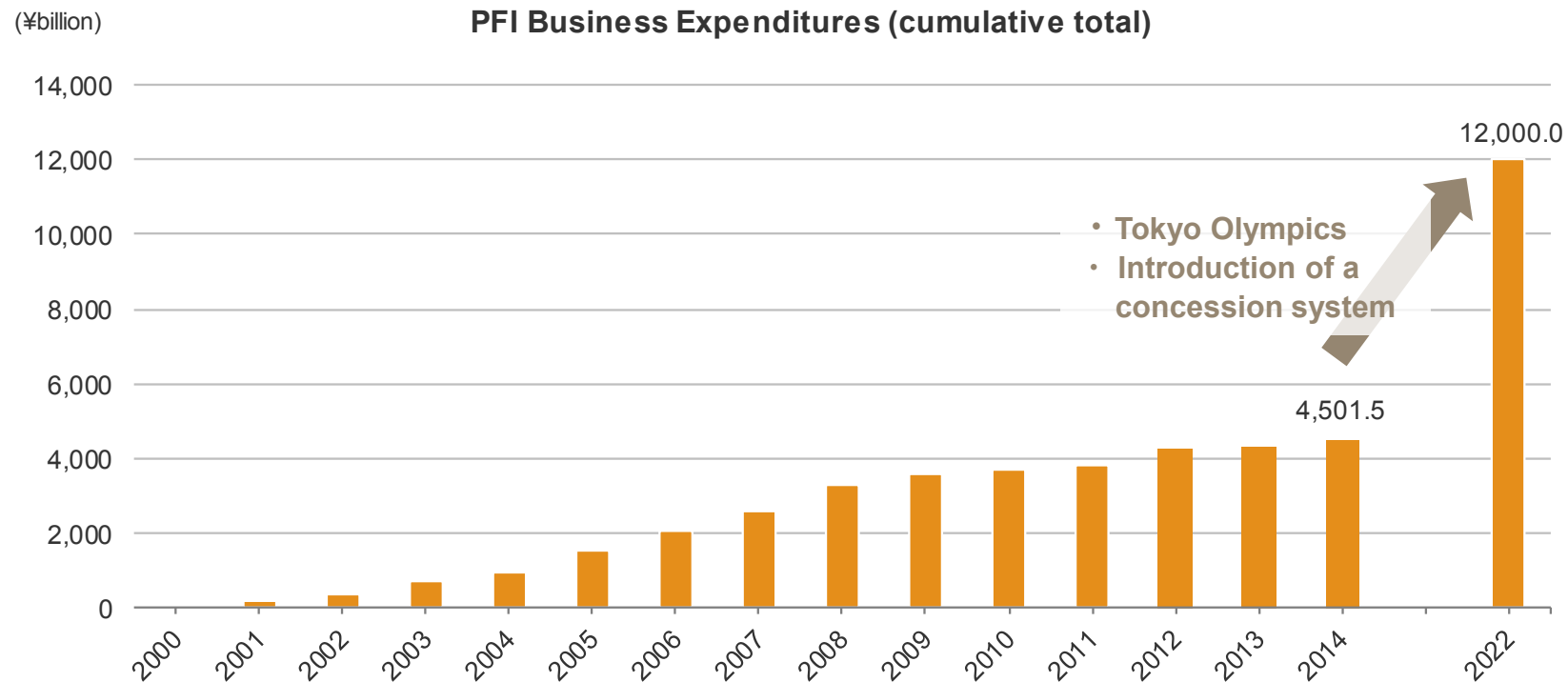
All types of building diagnosis



Business Opportunities (2): Private Finance Initiative (PFI) for funding public works with private capital

- PFI business expenditures are estimated to grow from ¥4,501.5 billion in 2014 to as much as ¥12,000.0 billion in 2022.

(“Action Plan for Fundamental Reform of PFI/PPP” meeting resolution by the Cabinet Office PFI Promotion Council)



Source: Actual results through 2014 from “Trend of Business and Business Expenditures (cumulative total)” by the Ministry of Land, Infrastructure, Transport and Tourism, estimated budget through 2022 from “Action Plan for Fundamental Reform of PFI/PPP” meeting resolution by the Cabinet Office PFI Promotion Council

Notes: 1. As of March 31, 2015

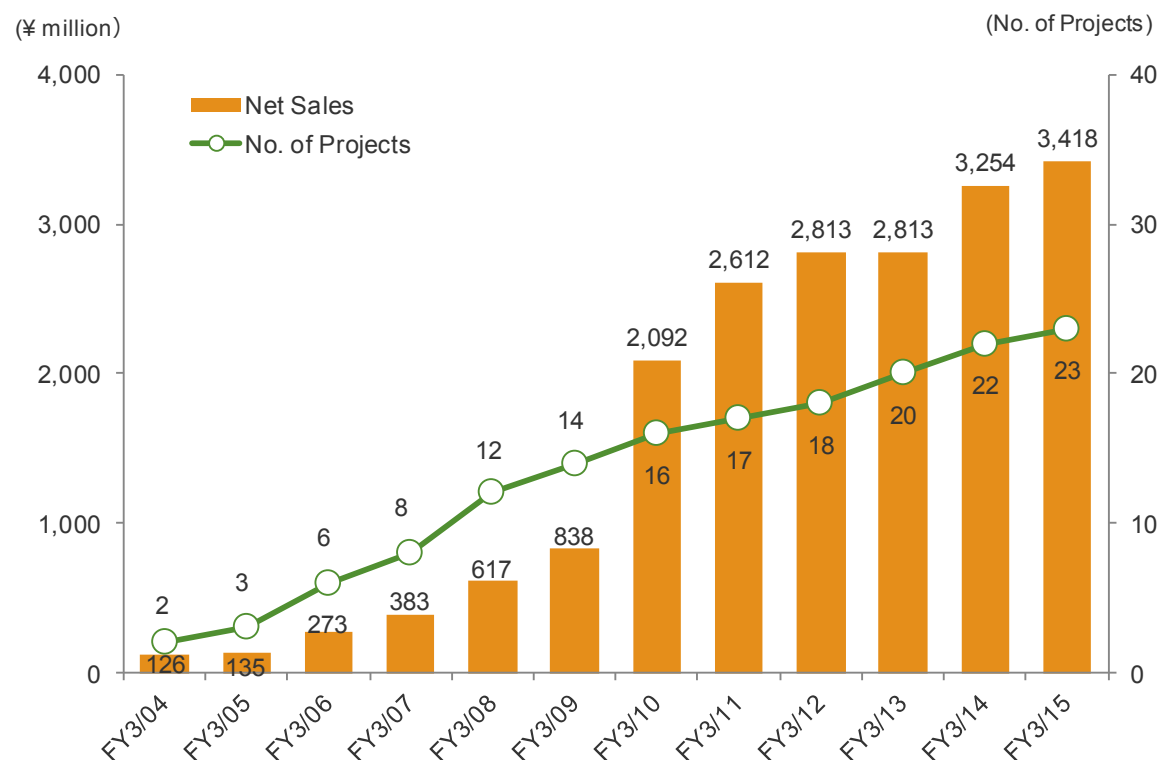
2. Business expenditures are the original contract amounts for projects where the amount of public expense was determined through selection of contractors out of projects announced to be carried out, the total amount as ascertained by the Cabinet Office, figures rounded off to the nearest hundred million yen.

Business Opportunities (2): Track Records for Public Sector Business

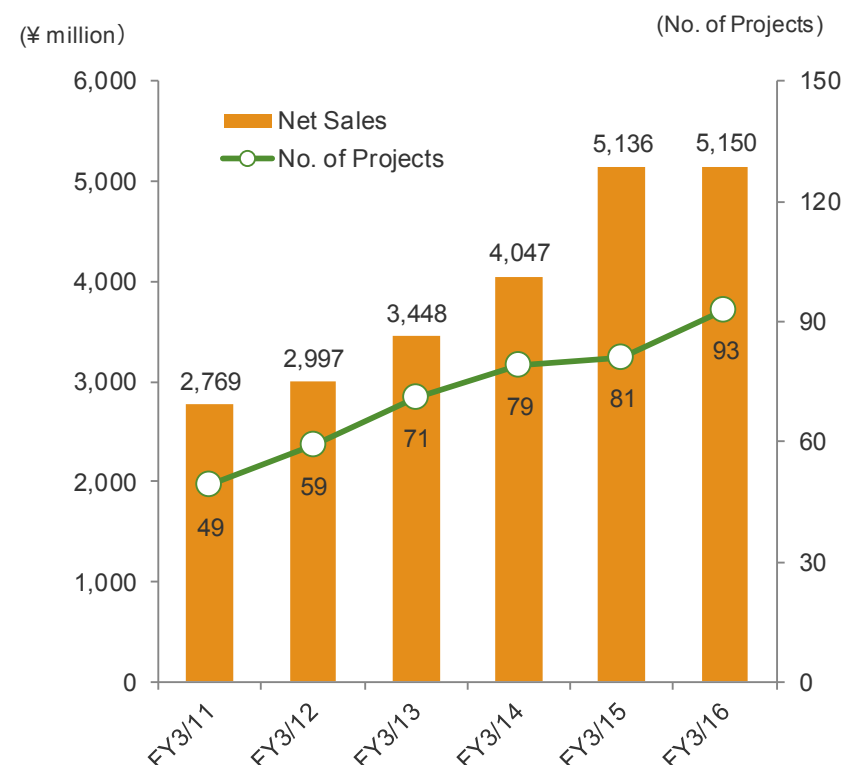
(excluding conventional general bidding)

Net Sales and number of projects are steadily increasing

PFI



Designated Administrator

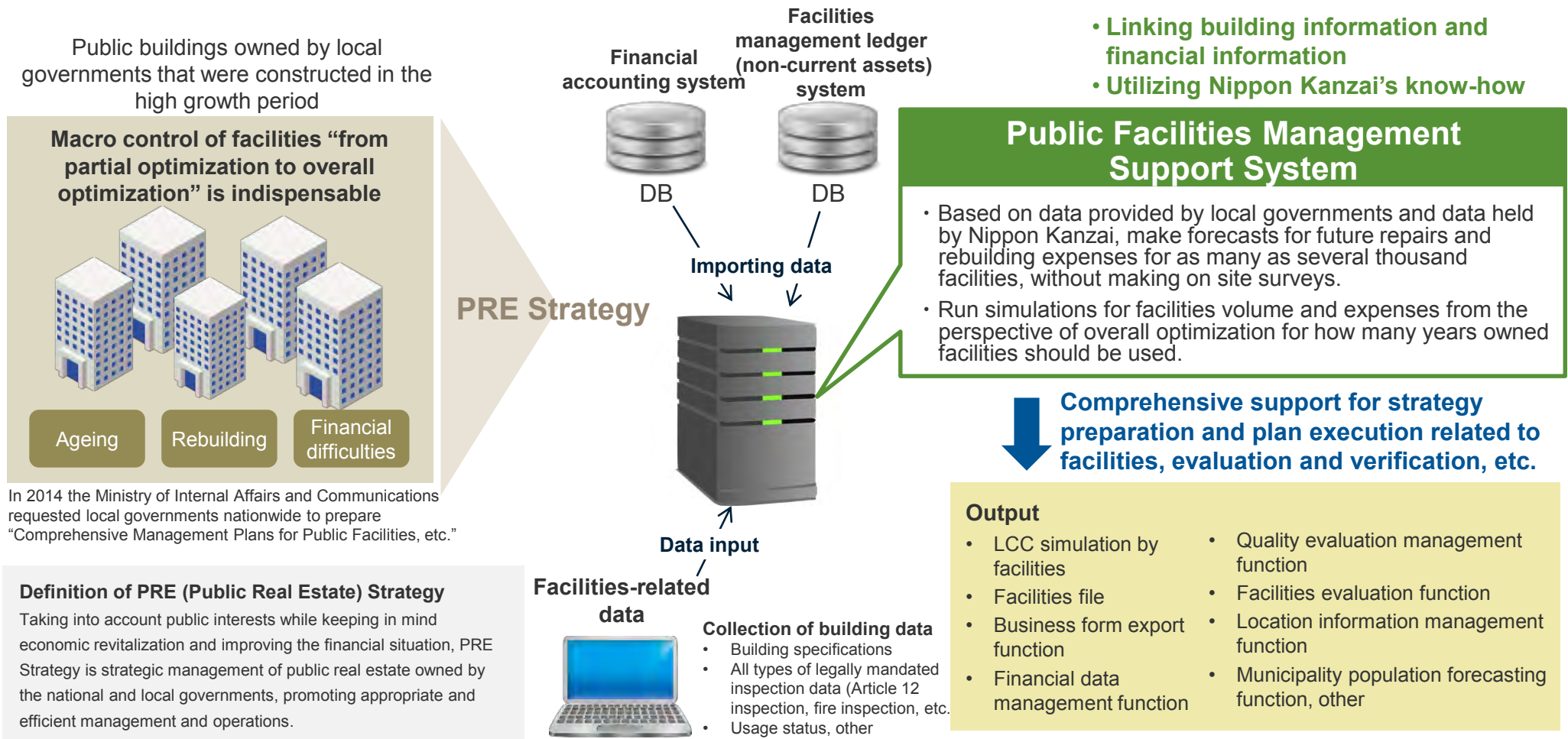


*As a function of the FY for the SPC, results for FY3/16 will be updated at the next results briefing.

Business Opportunities (2): Public Facilities Management Business

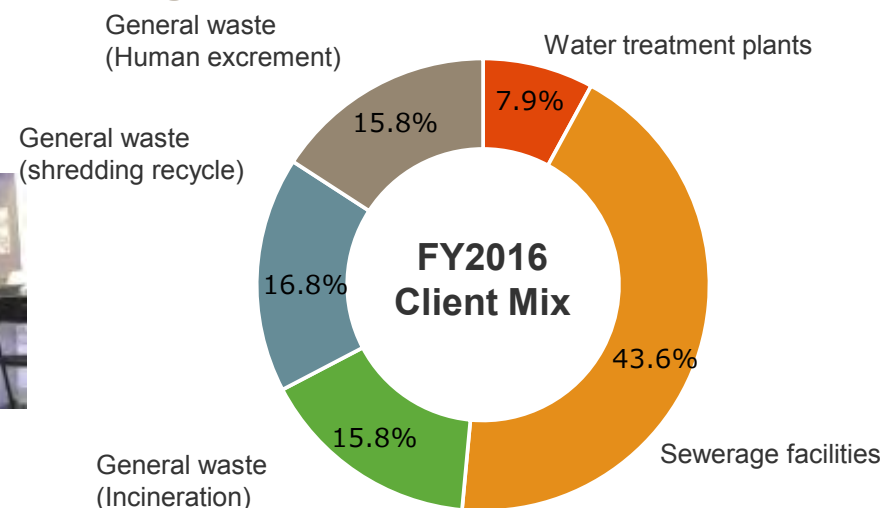
Began systems development related to public facilities management business

- In the field of public facilities management as well, targeting further differentiation through adding the unique perspective possible from a maintenance specialist firm

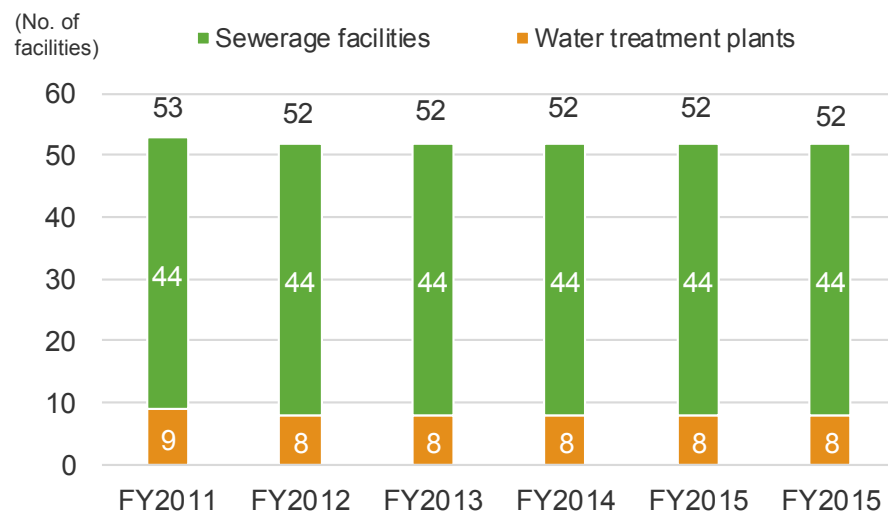


Business Opportunities (2): Track Records in Environmental Facilities

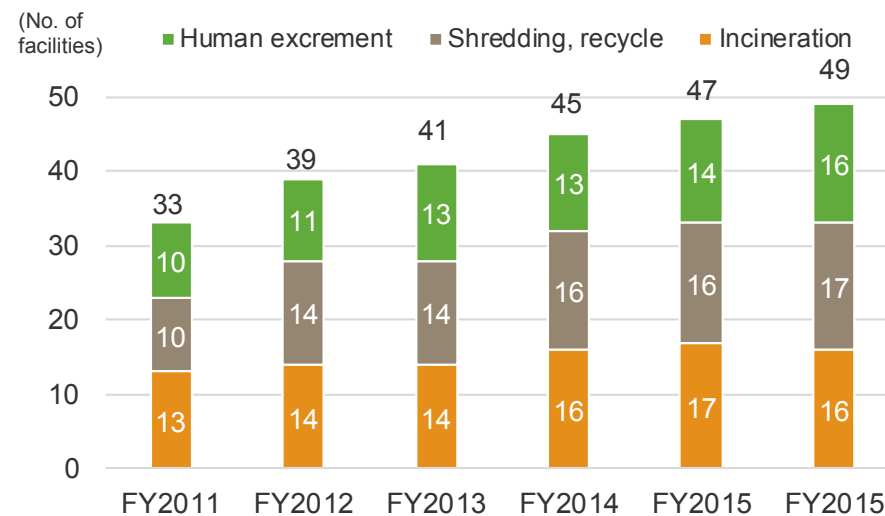
Overview and Historical Number of Facilities under Management



Number of water and sewerage facilities



Number of general waste treatment facilities



*No. of contracts as of Apr 1

Business Opportunities (3): Overseas Development (Overview of PICA Pty Ltd.)

Company Overview

PICA is the largest “Strata Manager” in Australia that acts as an agent for residents’ associations.

Using the brand name “BCS” (Body Corporate Services), PICA mainly provides services to support residents’ associations as well as debt collection for delinquent levies.

With Nippon Kanzai’s engineering abilities, PICA has introduced and has been expanding its services related to physical aspects of buildings.

Background

Nippon Kanzai acquired 50% shares of PICA from FEXCO, an Irish financial service company, in March 2013.

Now Nippon Kanzai and FEXCO send directors to PICA and manage it jointly.

FEXCO is a global company with 1,800 employees worldwide and operates in Ireland, UK, USA, Asia-Pacific area, Middle East and Australia.

FEXCO website <http://www.fexco.com/>

Company Name	Prudential Investment Company of Australia Pty Ltd.
Establishment	October 4, 1948
Capital	AUD28 million as of December 31, 2015 (approx.JPY2.46 billion) *AUD1=JPY87.91
Main Business	Strata management (agent for residents’ associations), debt collection
HQ	Sydney
Major Branches	Greater Sydney, Melbourne, Brisbane, Cairns, Newcastle, Southport, Hawthorne
Employees	Approx. 620 as of December 31, 2015
No. of Lots under Management	Approx. 203,000 lots, 11,000 associations as of December 31, 2015

Reception



Properties Managed



Focused Strategies This Term and Directions Ahead

Building Management and Operation Business

- Building Management and Operations - office buildings, commercial facilities, public facilities, etc.
 - Boosting marketing for total management needs based on our databases of lifecycle costs, etc.
 - Reinforcing marketing for public facilities under PFIs and designated administrator system
 - Developing WAFM* for suburban large-scale facilities including college campuses, large-scale shopping centers, logistics distribution facilities, factories, etc.
*WAFM: Wide Area Facilities Management remote monitoring center
 - Promoting labor-saving measures such as employing maintenance-light materials and cleaning robots in such a labor shortage period
- Condominium Management
 - Raising ratio for total management contracts through undertaking more accounting and cashier works now done by condominium associations
 - Enhancing resident service menus: fulfilling fringe services including shopping for residents and keeping eyes on seniors

Environmental Facility Management Business

- Water and Sewerage Facilities
 - Enhancing marketing in Hokuriku and Tohoku areas where more privatization is likely
 - Strength penetration of service contracts with existing clients.
- Waste Incineration Facilities
 - Gaining orders for large-scale repair projects of incineration facilities
 - Exploiting new areas including incineration/ final processing of radioactive pollutants (examples: National Institute of Radiological Sciences, etc.)

Principal New Projects

Total management business for “Hyogo Prefectural Amagasaki General Medical Center”

Address	Amagasaki City, Hyogo Prefecture
Business started	July 2015
Facilities' size	Total floor space 77,792.36㎡
Facilities' use	Hospital
Property features	The Hyogo Prefectural Amagasaki Medical Center was established in July 2015 through the integration of the Amagasaki Hospital opened in 1936 as a core general hospital in the Hanshin area, and Tsukaguchi Hospital opened in 1953. The 11-floor hospital boasts 730 beds, and is a top three large-scale property among hospitals consigned by Nippon Kanzai . Nippon Kanzai commenced operations prior to opening after the integration, and it has taken on consignment total management business including total management, facility management and security .



Security business for “Kobe Luminarie” light festival

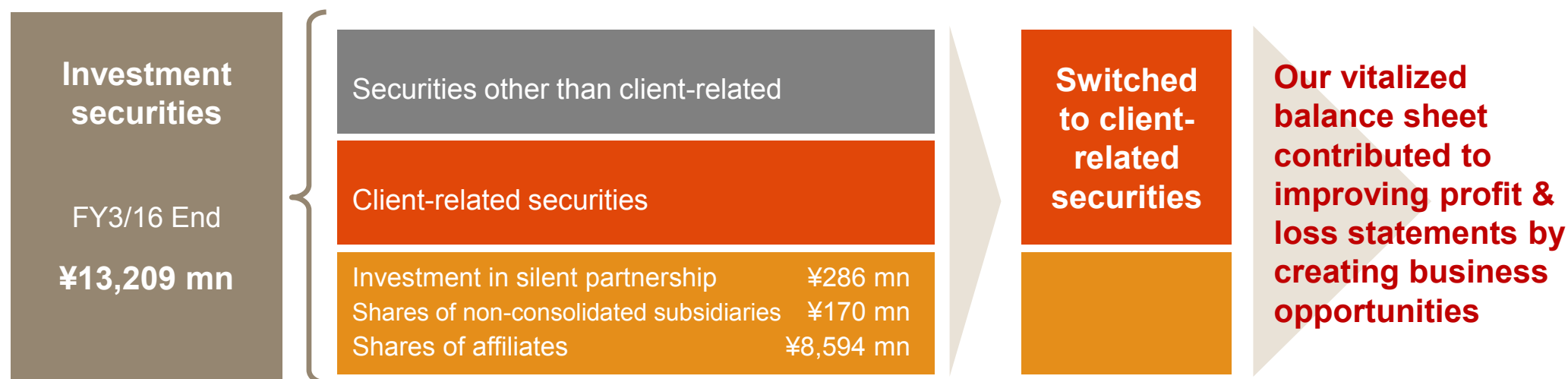
Address	Kobe City, Hyogo Prefecture
Business started	December 2015 (only during the event)
Scale	Visitors: over 3.2 million
Use	Event (crowd security)
Project features	Kobe Luminarie is an illumination festival held every year in December since 1995, attracting over 3.2 million visitors in the 10 days in December 2015. This time as lead manager, Nippon Kanzai took control of a total 5,532 security guards from 44 participating subcontractors. With a view toward the Tokyo Olympics, Nippon Kanzai plans to actively target this type of security business.



Corporate Governance Measures

Promotion of effective asset utilization in accordance with the Corporate Governance Code (since April 2015)

- Vitalize by switching the portfolio of investment securities

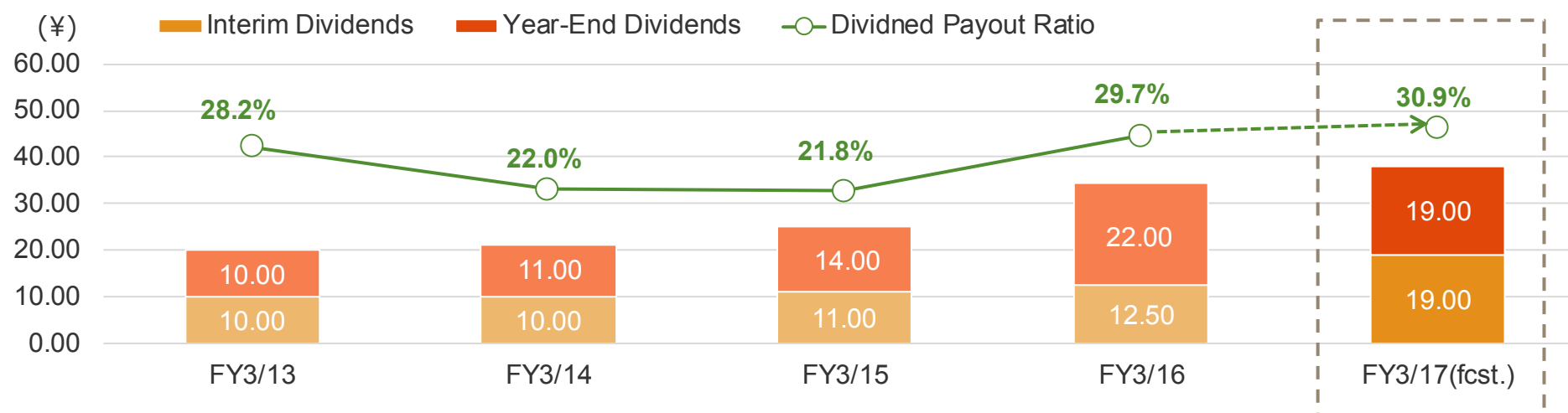


Track record of sales

- For FY3/16, Nippon Kanzai achieved sale of non-business purpose investment securities for 6 companies worth roughly ¥1,000 million
- Nippon Kanzai has reached agreement of unwinding non-business purpose holdings for several additional companies (over ¥600 million)

Strengthening the Shareholder Return Policy

- Nippon Kanzai implemented a 2-for-1 stock split (1:2 common shares) in October 2015.
- Shareholder return for FY3/16 has been comprehensively considered and the year-end dividends were decided at ¥22.00 based on consolidated financial. (subject to approval at the Shareholders' Meeting).
- For FY3/17, Nippon Kanzai is planning 1H and year-end dividends of ¥19 each, for a total annual dividends of ¥38.
- We are targeting at consolidated dividends payout ratio of 35% for the future.



*The figures from FY3/13 onward indicate equivalent amounts which would have been paid if 2-for-1 stock split had been implemented.

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