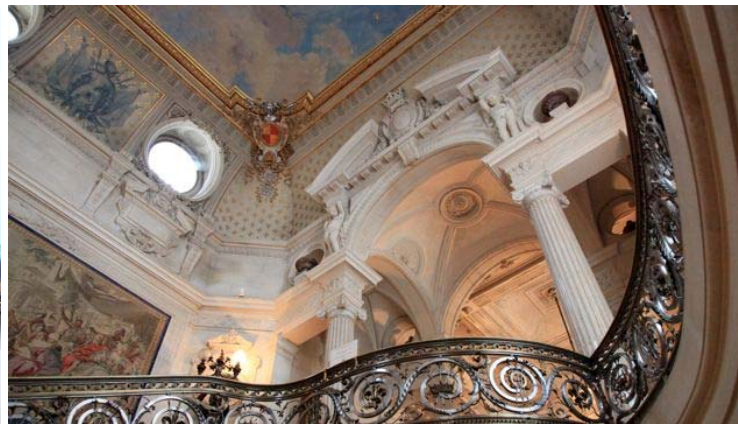


Financial Results for the 2nd Quarter of Fiscal Year Ending March 31, 2018

November 2017



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 17 Medium-Term Growth Strategies

Consolidated Financial Results for 1H FY3/18



Consolidated Financial Results Highlights

Net Sales

¥45,226 million (+3.1% YoY)

- Smooth roll-over of existing service agreements and steady winning of new contracts
- Increase in orders for repair work including large-scale projects
- Uplift contribution by newly consolidated companies

Operating Profit

¥2,536 million (−3.8% YoY)

- Increase in SG&A expenses due to increase in general overhead including personnel expenses and higher liability insurance premiums
- Cost increase from new consolidations and group reorganization

Ordinary Profit

¥2,868 million (+4.7% YoY)

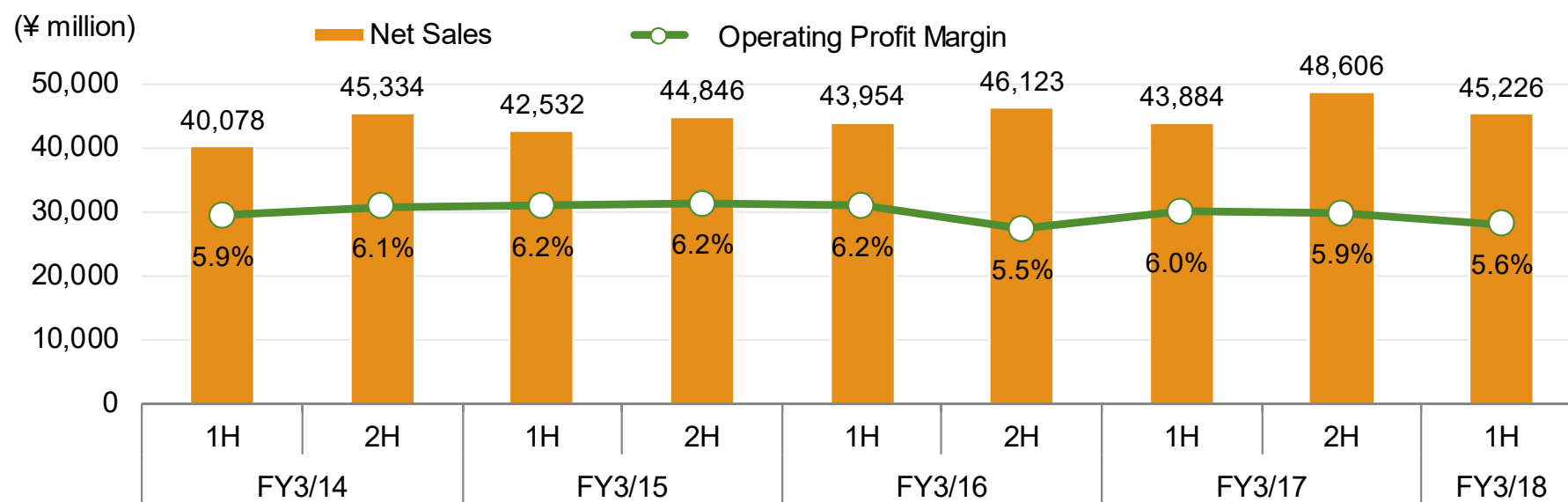
- Improved currency environment from the yen's depreciation etc.
- Increase share of profit of entities accounted for using equity method

Profit Attributable to Owners of Parent

¥2,128 million (+6.5% YoY)

Consolidated Financial Results Summary

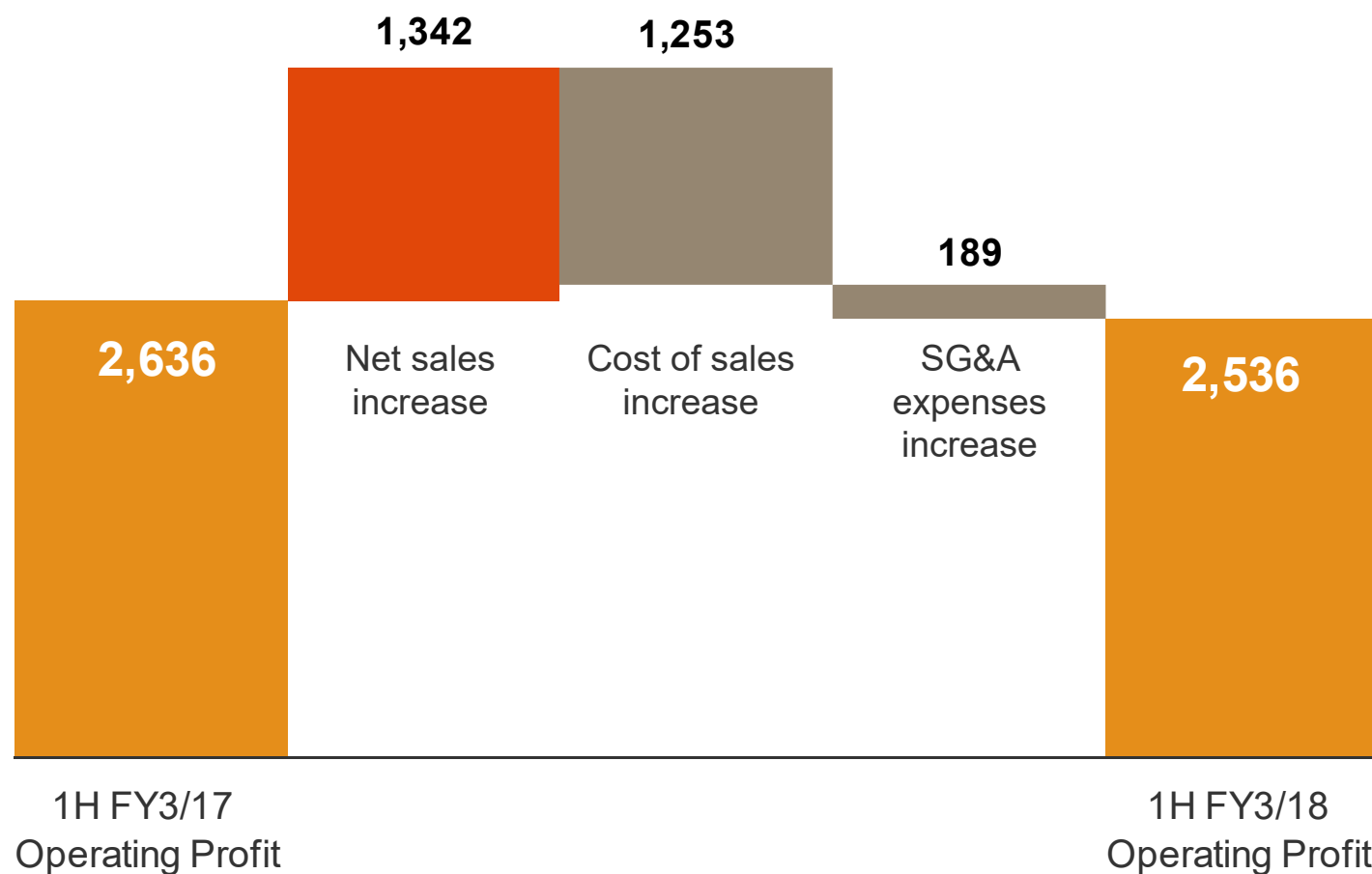
Consolidated (¥ million)	1H FY3/17		1H FY3/18		YoY Changes	
	Actual	Composition Ratio	Actual	Composition Ratio	Amount	Ratio
Net Sales	43,884	100.0%	45,226	100.0%	1,342	3.1%
Gross Profit	8,965	20.4%	9,054	20.0%	89	1.0%
SG&A Expenses	6,329	14.4%	6,518	14.4%	189	3.0%
Operating Profit	2,636	6.0%	2,536	5.6%	(100)	-3.8%
Ordinary Profit	2,741	6.2%	2,868	6.3%	127	4.7%
Profit Attributable to Owners of Parent	1,998	4.6%	2,128	4.7%	129	6.5%



Increases/Decreases in Consolidated Operating Profit

(¥ million)

- Increase in general overhead including personnel expenses (¥60 million)
- Liability insurance premiums raise (¥40 million)
- Expenses stemmed from newly consolidated companies (¥60 million)
- Expenses due to group reorganization (¥30 million)



Overview of Consolidated Balance Sheet

Consolidated (¥ million)	FY3/17 End		1H FY3/18 End		YoY Changes	
	Actual	Composition Ratio	Actual	Composition Ratio	Amount	%
Total Assets	62,279	100.0%	62,389	100.0%	110	0.2%
Current assets	35,858	57.6%	34,722	55.7%	(1,135)	-3.2%
Cash and deposits	21,583	34.7%	20,698	33.2%	(884)	-4.1%
Notes and accounts receivable – trade	11,721	18.8%	11,228	18.0%	(492)	-4.2%
Non-current assets	26,421	42.4%	27,667	44.3%	1,246	4.7%
Property, plant and equipment	5,211	8.4%	5,246	8.4%	35	0.7%
Intangible assets	2,593	4.2%	2,501	4.0%	(92)	-3.6%
Investments and other assets	18,616	29.9%	19,919	31.9%	1,303	7.0%
Total Liabilities	20,815	33.4%	19,261	30.9%	(1,553)	-7.5%
Current liabilities	13,648	21.9%	11,904	19.1%	(1,743)	-12.8%
Notes and accounts payable – trade	7,200	11.6%	5,788	9.3%	(1,412)	-19.6%
Income taxes payable	1,134	1.8%	702	1.1%	(432)	-38.1%
Non-current liabilities	7,167	11.5%	7,357	11.8%	189	2.6%
Long-term loans payable	2,350	3.8%	2,062	3.3%	(287)	-12.2%
Long-term guarantee deposited	1,690	2.7%	1,848	3.0%	158	9.4%
Total Net Assets	41,464	66.6%	43,128	69.1%	1,663	4.0%
Shareholders' equity	38,221	61.4%	39,655	63.6%	1,434	3.8%
Capital stock	3,000	4.8%	3,000	4.8%	0	0.0%
Capital surplus	39,564	63.5%	40,971	65.7%	1,406	3.6%
Accumulated other comprehensive income	1,874	3.0%	2,554	4.1%	680	36.3%
Non-controlling interests	1,368	2.2%	918	1.5%	(450)	-32.9%
Total Liabilities and Net Assets	62,279	100.0%	62,389	100.0%	110	0.2%

Main Factors for Increase/Decrease

(¥ million)

Assets

- Decrease in cash and deposits (884)
- Increase in investments and other assets 1,303
(increase in investment securities 1,113)

Liabilities

- Decrease in notes and accounts payable - trade (1,412)
- Decrease in long-term loans payable due to repayments (287)

Equity Ratio

67.7%

(+3.3pp YoY)

Overview of Consolidated Statement of Cash Flows

Consolidated (¥ million)	1H FY3/17 Actual	1H FY3/18 Actual	YoY Changes Amount
Profit before income taxes	3,130	3,073	(57)
Depreciation	298	301	2
Decrease (increase) in notes and accounts receivable – trade	837	543	(293)
Increase (decrease) in notes and accounts payable – trade	(1,800)	(2,208)	(408)
Income taxes paid	(1,017)	(1,298)	(280)
Other, net	(502)	68	570
Cash Flows from Operating Activities	946	479	(466)
Purchase of property, plant and equipment, and intangible assets	(540)	(232)	307
Purchase of investment securities	(796)	(100)	696
Proceeds from sales of investment securities	693	347	(345)
Other, net	275	203	(72)
Cash Flows from Investing Activities	(368)	218	587
Increase (decrease) in loans payable (incl. non-recourse loans)	(375)	(292)	83
Cash dividends paid (incl. dividends paid to non-controlling interests)	(811)	(1,020)	(209)
Other, net	(26)	(237)	(211)
Cash Flows from Financing Activities	(1,212)	(1,549)	(336)
Net increase (decrease) in cash and cash equivalents	(776)	(810)	(33)
Cash and cash equivalents at the beginning of current period	19,801	21,188	1,386
Cash and cash equivalents at the end of current period	19,024	20,453	1,428
Free Cash Flows	577	697	120

Main Factors for Increase/Decrease

(¥ million)

CF from Operating Activities (466)

- Decrease in notes and accounts payable - trade (408)

CF from Investing Activities 587

- Decrease in purchase of property, plant and equipment and intangible assets 307
- Decrease in purchase of investment securities (696)

CF from Financing Activities (336)

- Increase in dividends paid to non-controlling interests (230)

Business Segments and Major Group Companies

■ Building Management and Operation

¥39,311 mil.

Building Maintenance and Property Management ¥21,757 mil.

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

Security Service ¥9,291 mil.

Three-S Co., Ltd.

Condominium Management ¥8,262 mil.

NKJ Holding Co., Ltd.
(Commercially registered name changed from NJK Holding Co., Ltd. On April 1, 2017)

■ Environmental Facility Management

¥4,567 mil.

Environmental Facility Management

Nippon Kanzai Environment Service Co., Ltd.

■ Real Estate Fund Management

¥325 mil.

Asset Management

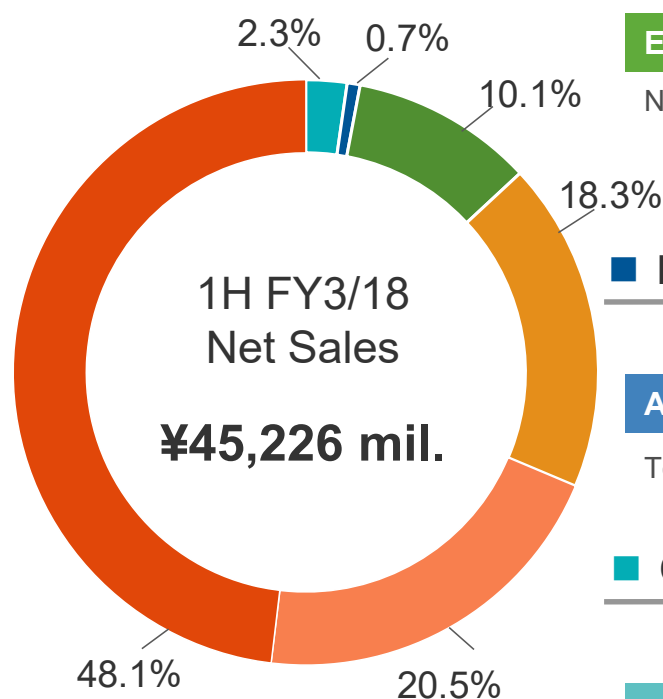
Tokyo Capital Management Co., Ltd.

■ Other

¥1,022 mil.

Other Business

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

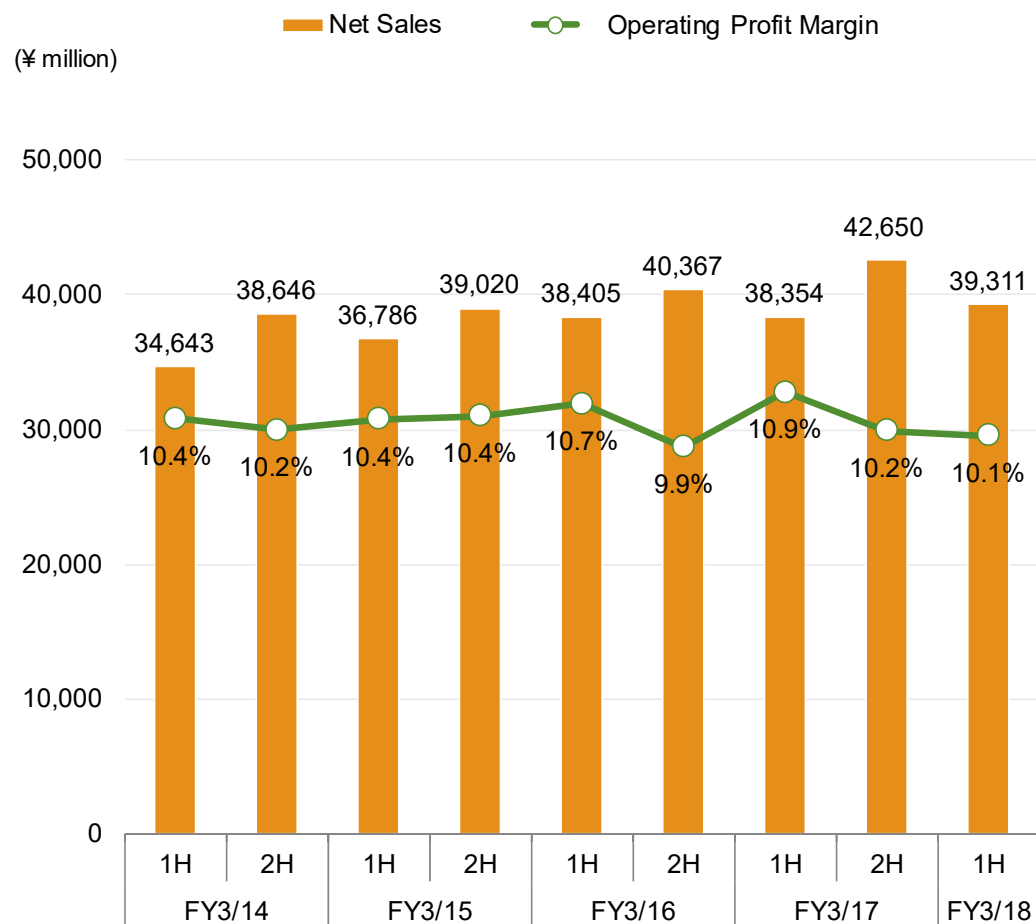


Financial Results by Business Segment

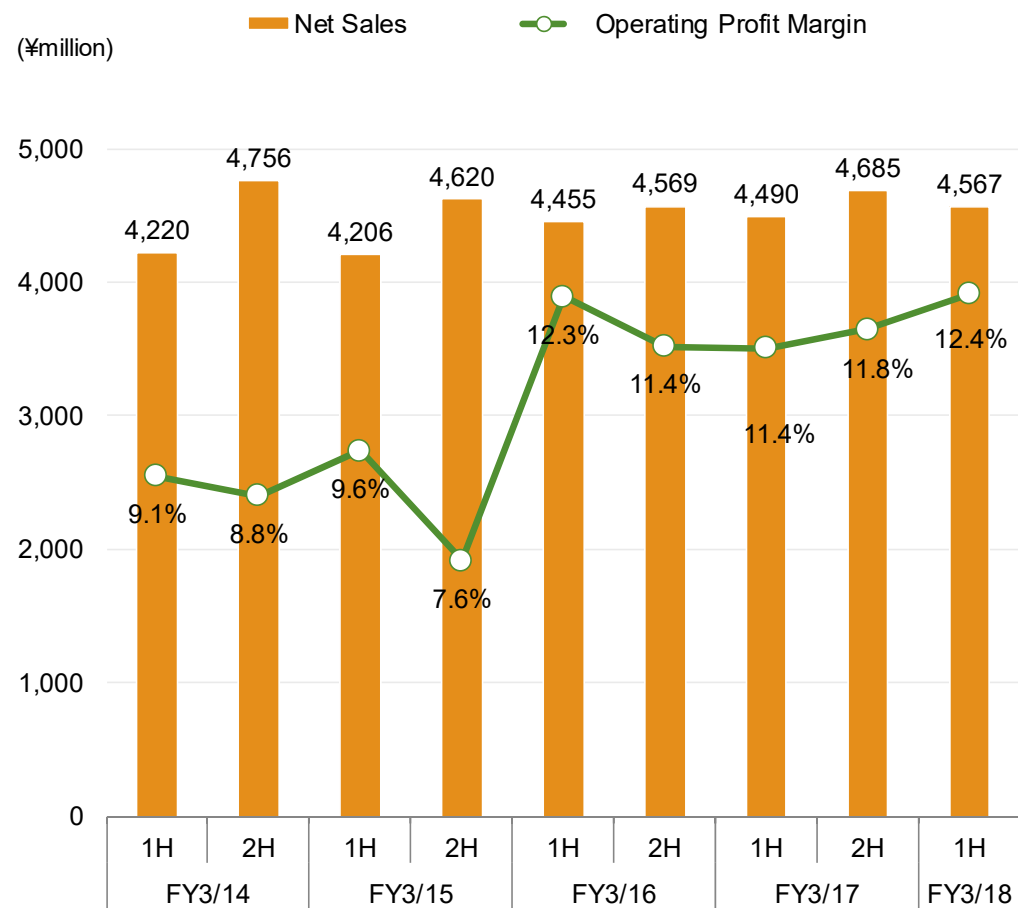
Consolidated (¥ million)	1H FY3/17		1H FY3/18		YoY Changes	
	Actual	Composition Ratio/Margin	Actual	Composition Ratio/Margin	Amount	Ratio
Net Sales	43,884	100.0%	45,226	100.0%	1,342	3.1%
Building Management and Operation Business	38,354	87.4%	39,311	86.9%	957	2.5%
Building Maintenance and Property Management	20,989	47.8%	21,757	48.1%	767	3.7%
Security Service	8,936	20.4%	9,291	20.5%	355	4.0%
Condominium Management	8,428	19.2%	8,262	18.3%	(165)	-2.0%
Environmental Facility Management Business	4,490	10.2%	4,567	10.1%	76	1.7%
Real Estate Fund Management Business	283	0.6%	325	0.7%	41	14.5%
Other Businesses	754	1.7%	1,022	2.3%	268	35.6%
Operating Profit	2,636	6.0%	2,536	5.6%	(100)	-3.8%
Building Management and Operation Business	4,170	10.9%	3,966	10.1%	(203)	-4.9%
Building Maintenance and Property Management	2,484	11.8%	2,339	10.8%	(145)	-5.8%
Security Service	1,013	11.3%	903	9.7%	(110)	-10.9%
Condominium Management	672	8.0%	723	8.8%	51	7.6%
Environmental Facility Management Business	512	11.4%	565	12.4%	53	10.4%
Real Estate Fund Management Business	61	21.7%	152	47.0%	91	147.5%
Other Businesses	119	15.9%	179	17.5%	59	49.5%
Adjustments	(2,227)	—	(2,327)	—	(99)	4.5%

Performance of Major Segments

Building Management & Operation Business



Environmental Facility Management Business



Consolidated Financial Forecasts for FY3/18



Consolidated Financial Forecasts Summary

Market Background

- Large-scale developments are actively in progress mostly in central Tokyo.
- Developments of logistics for online shopping as well as retail facilities for international tourists visiting Japan continue in suburbs and regional areas.
- Our targets, medium- to large-size facilities, are expected to increase.
- Difficulties in securing on-site staff and rise in wages may cause concerns.

- Operating profit is expected to increase from business line expansion including price revisions and cost restraints.
- Ordinary profit is expected to increase with less foreign exchange fluctuation and growth in equity method investment.
- No revision has been made on financial forecasts published on April 28, 2017.

Consolidated (¥ million)	Full-Year FY3/17		1H FY3/18		2H FY3/18		Full-Year FY3/18		YoY Changes	
	Actual	Composition Ratio	Actual	Composition Ratio	Forecast	Composition Ratio	Forecast	Composition Ratio	Amount	Ratio
Net Sales	92,490	100.0%	45,226	100.0%	51,073	100.0%	96,300	100.0%	3,809	4.1%
Gross Profit	18,469	20.0%	9,054	20.0%	9,745	19.1%	18,800	19.5%	330	1.8%
SG&A Expenses	12,946	14.0%	6,518	14.4%	6,481	12.7%	13,000	13.5%	53	0.4%
Operating Profit	5,522	6.0%	2,536	5.6%	3,263	6.4%	5,800	6.0%	277	5.0%
Ordinary Profit	5,963	6.4%	2,868	6.3%	3,531	6.9%	6,400	6.6%	436	7.3%
Profit Attributable to Owners of Parent	4,227	4.6%	2,128	4.7%	2,171	4.3%	4,300	4.5%	72	1.7%

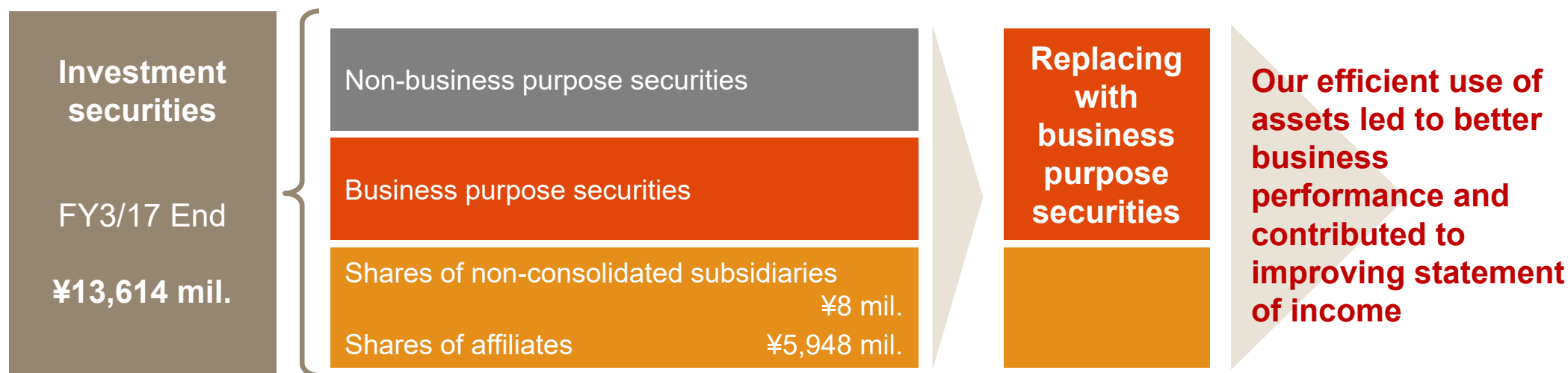
Financial Forecasts by Business Segment

Consolidated (¥ million)	Full-Year FY3/17		1H FY3/18		2H FY3/18		Full-Year FY3/18		YoY Changes	
	Actual	Composition Ratio/Margin	Actual	Composition Ratio/Margin	Forecast	Composition Ratio/Margin	Forecast	Composition Ratio/Margin	Amount	Ratio
Net Sales	92,490	100.0%	45,226	100.0%	51,073	100.0%	96,300	100.0%	3,809	4.1%
Building Management and Operation Business	81,005	87.6%	39,311	86.9%	45,358	88.8%	84,670	87.9%	3,664	4.5%
Building Maintenance and Property Management	45,334	49.0%	21,757	48.1%	27,062	53.0%	48,820	50.7%	3,485	7.7%
Condominium Management	17,358	18.8%	8,262	18.3%	8,637	16.9%	16,900	17.5%	(458)	-2.6%
Security Service	18,312	19.8%	9,291	20.5%	9,658	18.9%	18,950	19.7%	637	3.5%
Environmental Facility Management Business	9,176	9.9%	4,567	10.1%	4,982	9.8%	9,550	9.9%	373	4.1%
Real Estate Fund Management Business	577	0.6%	325	0.7%	104	0.2%	430	0.4%	(147)	-25.5%
Other Businesses	1,731	1.9%	1,022	2.3%	627	1.2%	1,650	1.7%	(81)	-4.7%
Operating Profit	5,522	6.0%	2,536	5.6%	3,263	6.4%	5,800	6.0%	277	5.0%
Building Management and Operation Business	8,512	10.5%	3,966	10.1%	5,233	11.5%	9,200	10.9%	687	8.1%
Building Maintenance and Property Management	5,168	11.4%	2,339	10.8%	3,313	12.2%	5,653	11.6%	484	9.4%
Condominium Management	1,280	7.4%	723	8.8%	696	8.1%	1,420	8.4%	139	10.9%
Security Service	2,061	11.3%	903	9.7%	1,223	12.7%	2,127	11.2%	65	3.2%
Environmental Facility Management Business	1,062	11.6%	565	12.4%	524	10.5%	1,090	11.4%	27	2.6%
Real Estate Fund Management Business	174	30.2%	152	47.0%	(72)	-69.3%	80	18.6%	(94)	-54.0%
Other Businesses	201	11.6%	179	17.5%	(59)	-9.4%	120	7.3%	(81)	-40.3%
Adjustments	(4,427)	—	(2,327)	—	(2,362)	—	(4,690)	—	(262)	5.9%

Corporate Governance Measures

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

- Improving the portfolio of investment securities to enhance business development

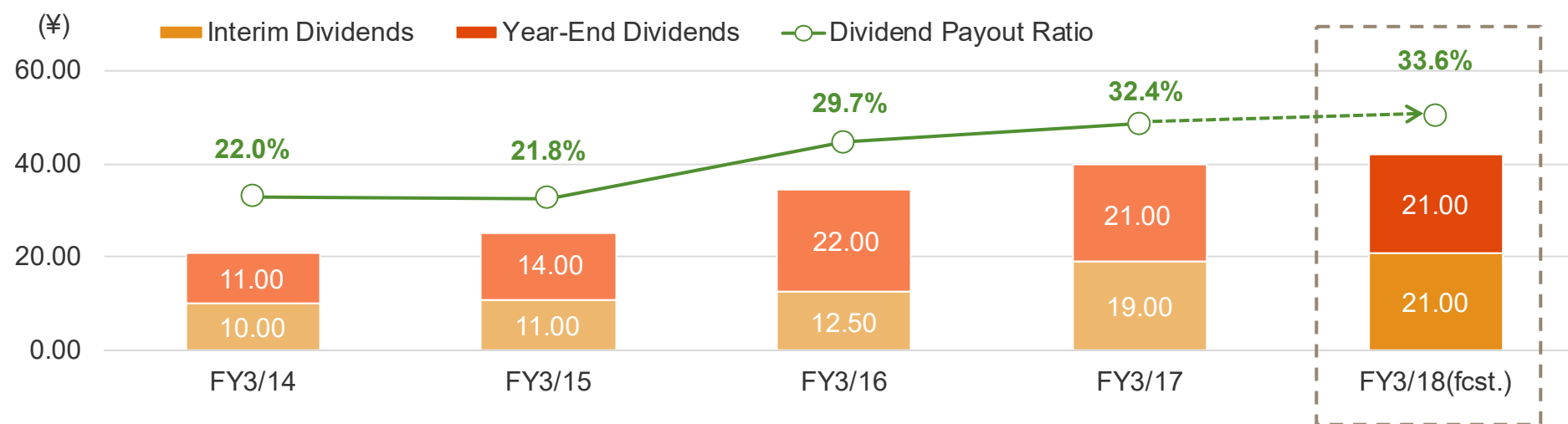


Track record of sales

- In FY3/17, Nippon Kanzai sold non-business purpose investment securities of 6 companies worth roughly ¥660 million.
- During 1H FY3/18, Nippon Kanzai also sold non-business purpose investment securities of 1 company for ¥143 million.
- Nippon Kanzai is discussing with several additional companies for further selling non-business purpose securities.

Shareholder Return Policy

- Nippon Kanzai implemented a 2-for-1 stock split (1:2 common shares) in October 2015.
- Shareholder return for FY3/17 has been comprehensively considered and the year-end dividends were decided to add ¥2 from the initial amount to ¥21 based on consolidated financial results.
- The interim dividends for FY3/18 were decided at ¥21. Nippon Kanzai is also planning year-end dividends of ¥21 which make a total annual dividends of ¥42.
- We are continuously targeting at consolidated dividend payout ratio of 35% for the future.



*The figures from FY3/14 onward indicate equivalent amounts which would have been paid if 2-for-1 stock split had been implemented.

Medium-Term Growth Strategies



Medium-Term Growth Strategies of Our Group

Business Opportunities

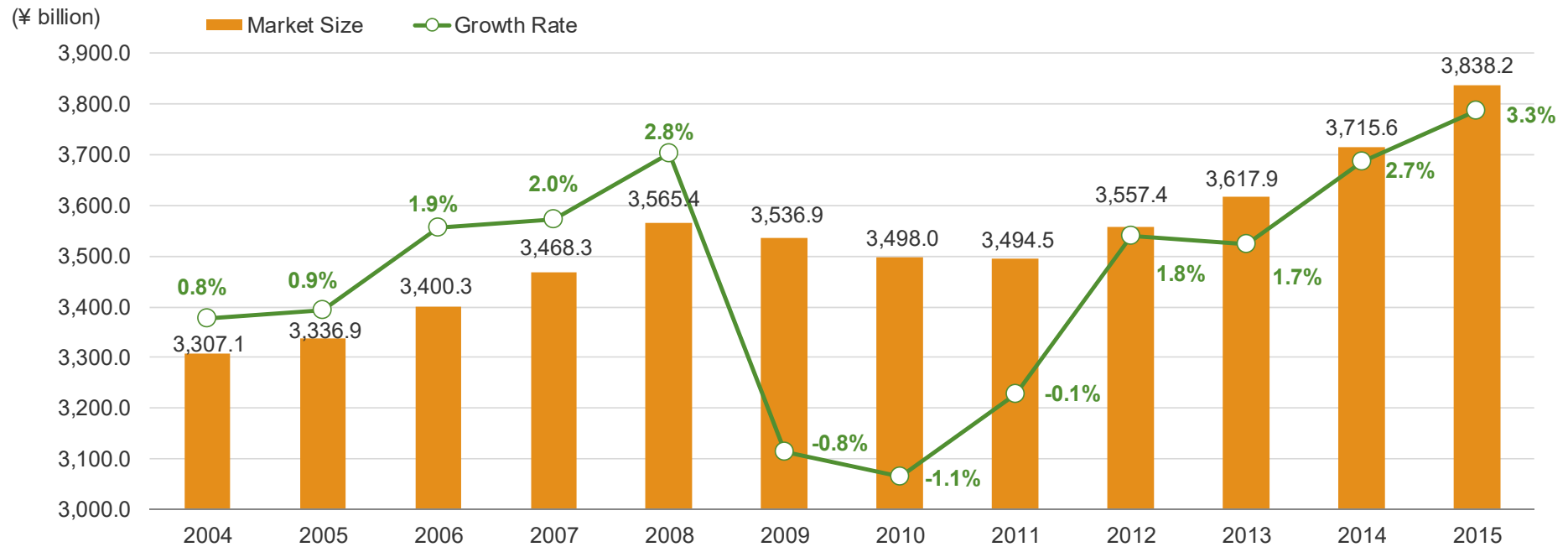
- 1 Increase in demand for vitalizing existing market**
- 2 Increase in demand for private sector's expertise in public sector**
- 3 Global development of know-how accumulated through domestic businesses**

Growth Strategies

- Promote CRE related business through proposal for optimization of building lifecycle costs (P.19~P.22)
- Enhance PRE* related business such as PFI/PPP and designated administrator projects (P.23~P.26)
- Invest in overseas companies
- Reinforce our condominium management business through cooperation with overseas group companies (P.27~P.28)

* PRE is strategic management of public properties owned by national and local governments that enables economic revitalization and less financial burden. This promotes effective management and operations while sustaining the public interests.

Business Opportunities (1): Market Trend of Building Management



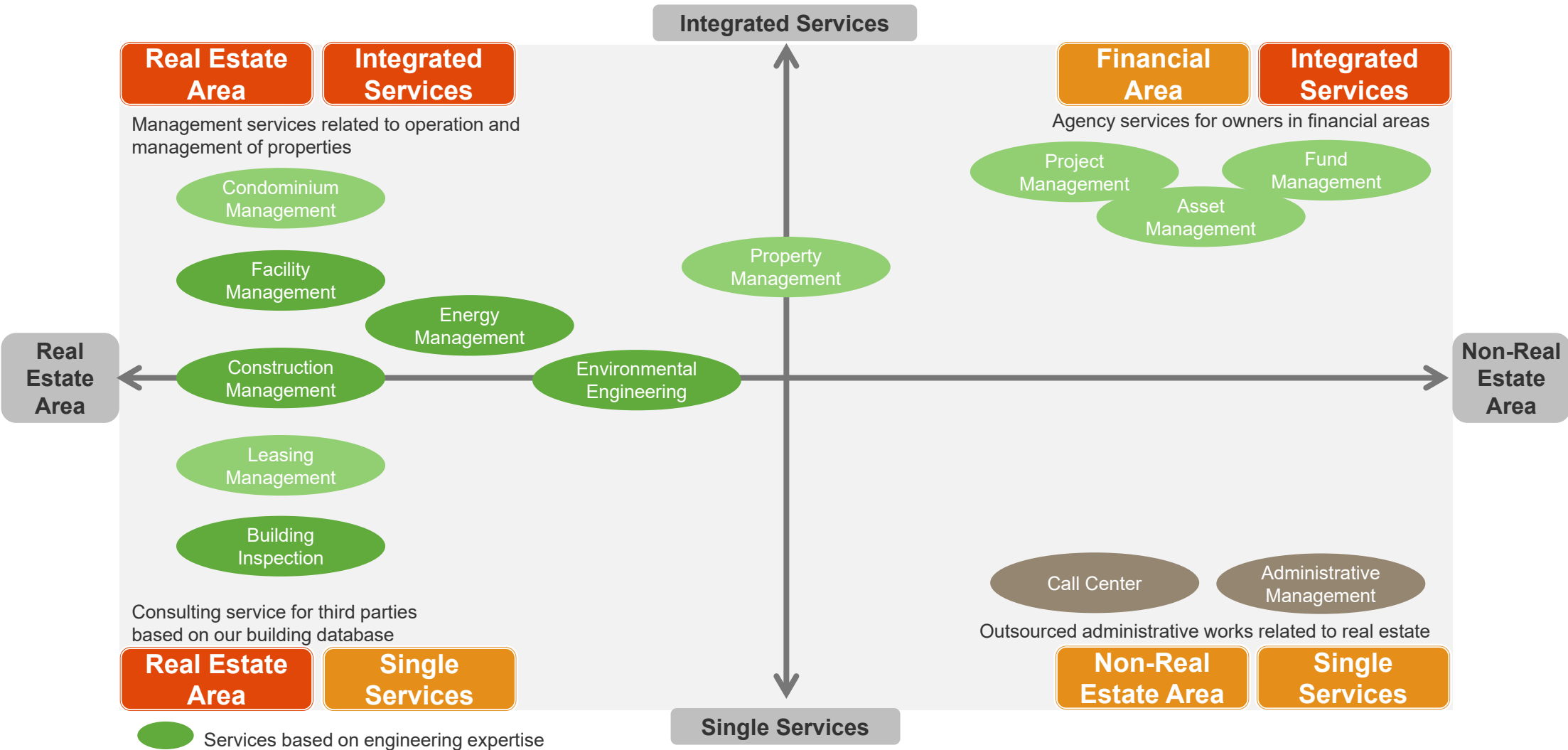
- The market kept shrinking since 2009 due to the Global Financial Crisis, but its growth rate improved in 2012 and the growing trend is continuing.
- Growth rate in 10 years (2005 to 2014) was 11.3%.
- Large-scale rebuilding in central Tokyo is expected to continue until 2020 and the market size reaches a record level.

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

Market size is ¥3.8 trillion.
Growing trend continues.

Business Opportunities (1): Business Portfolio

Nippon Kanzai Group operates businesses in multiple areas from real estate to financial services, single and integrated services, utilizing its engineering abilities.



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

Digital Business Base

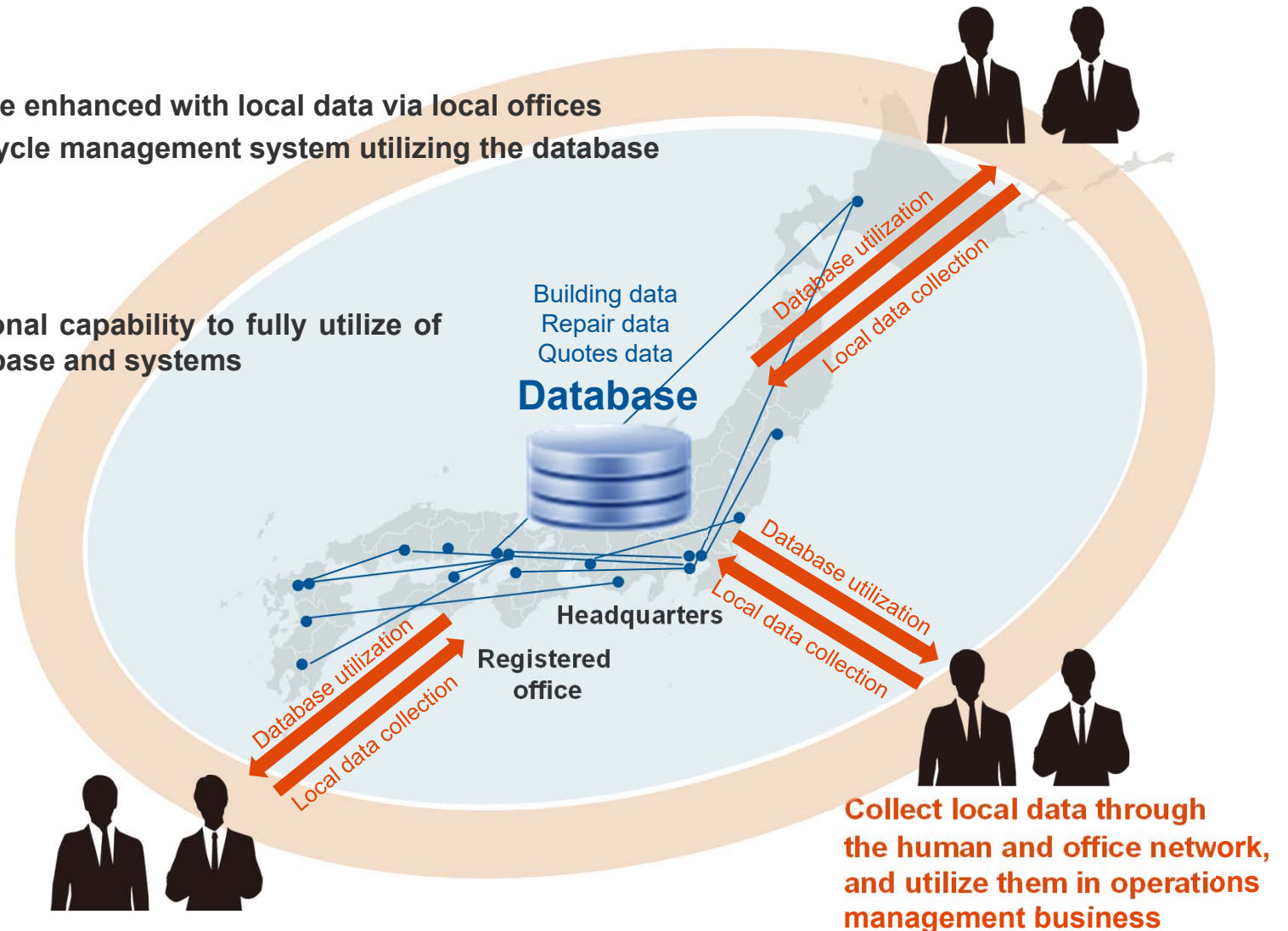
1. Building management database enhanced with local data via local offices
2. Independently developed lifecycle management system utilizing the database

Analog Business Base

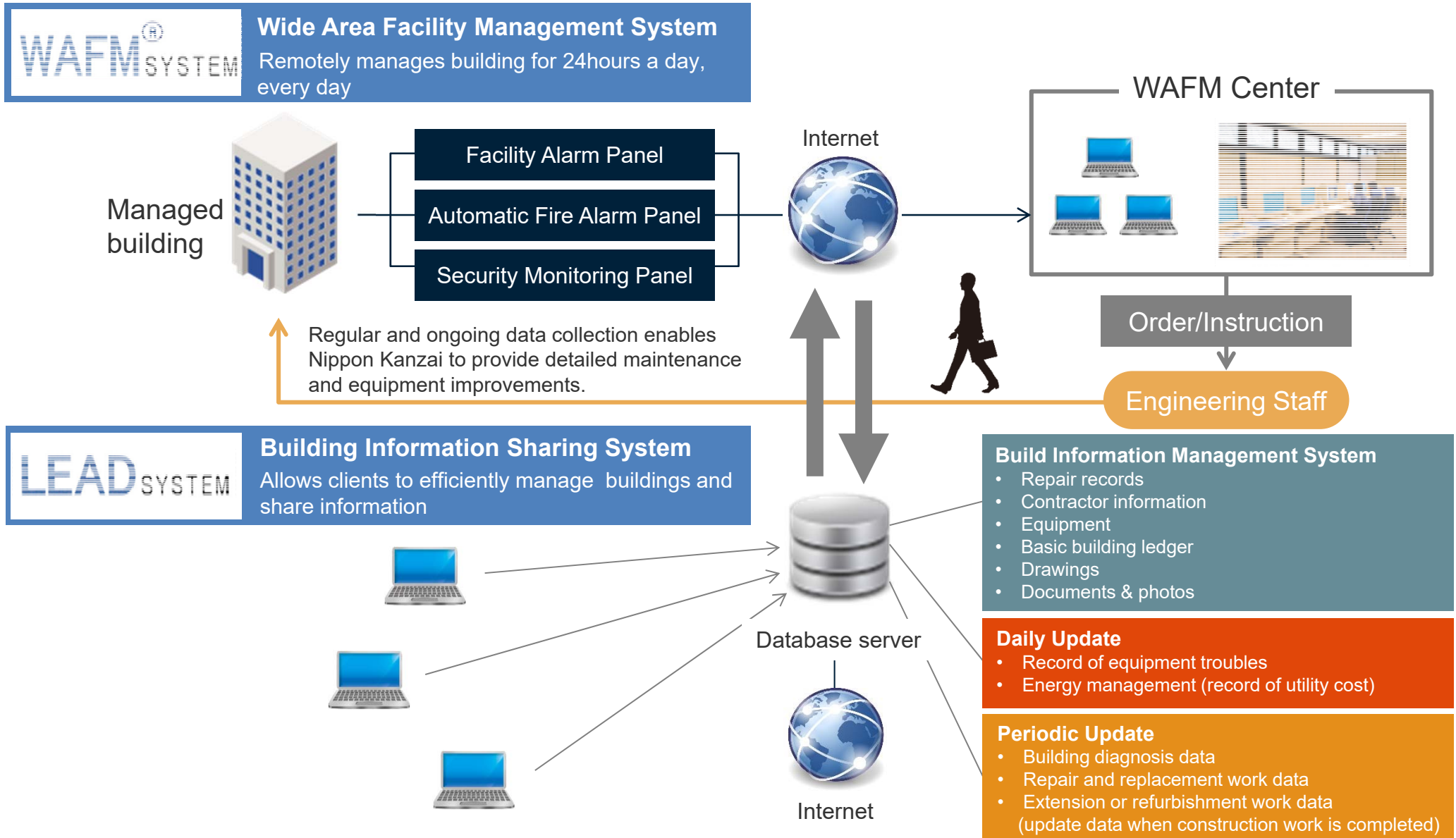
Specialized expertise and operational capability to fully utilize of the independently developed database and systems

BEST system

- Building diagnosis
- Long-term repair plan
- Construction design/supervision
- Construction work
- Energy-saving diagnosis
- Design and supervision of facilities management
- Wide-area facility management system (WAFM® system)
- Cloud service for building information (LEAD-Web system)



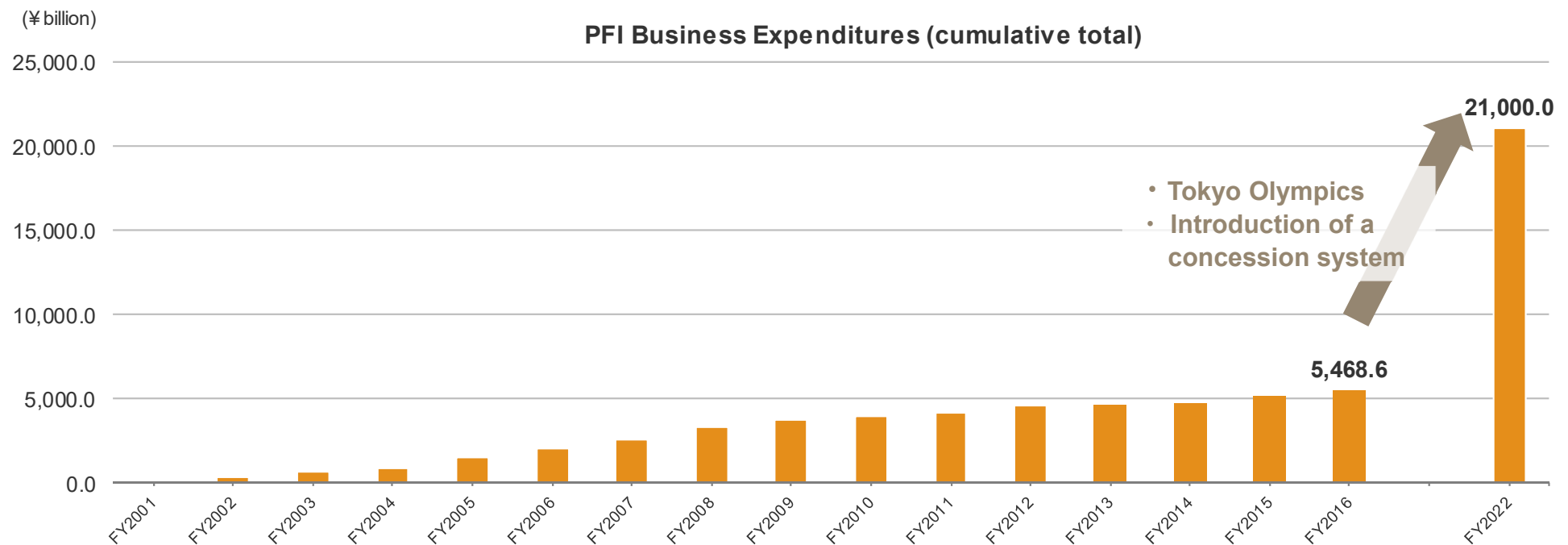
Business Opportunities (1): Example of Combining Digital and Analog Resources of Building Management



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

- PFI business expenditures are estimated to grow from ¥5,468.6 billion in 2016 to as much as ¥21,000.0 billion in 2022.

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



Source: The Cabinet Office PFI Promotion Council “Regarding the Current Situation of PFI”

Notes: 1. As of March 31, 2017

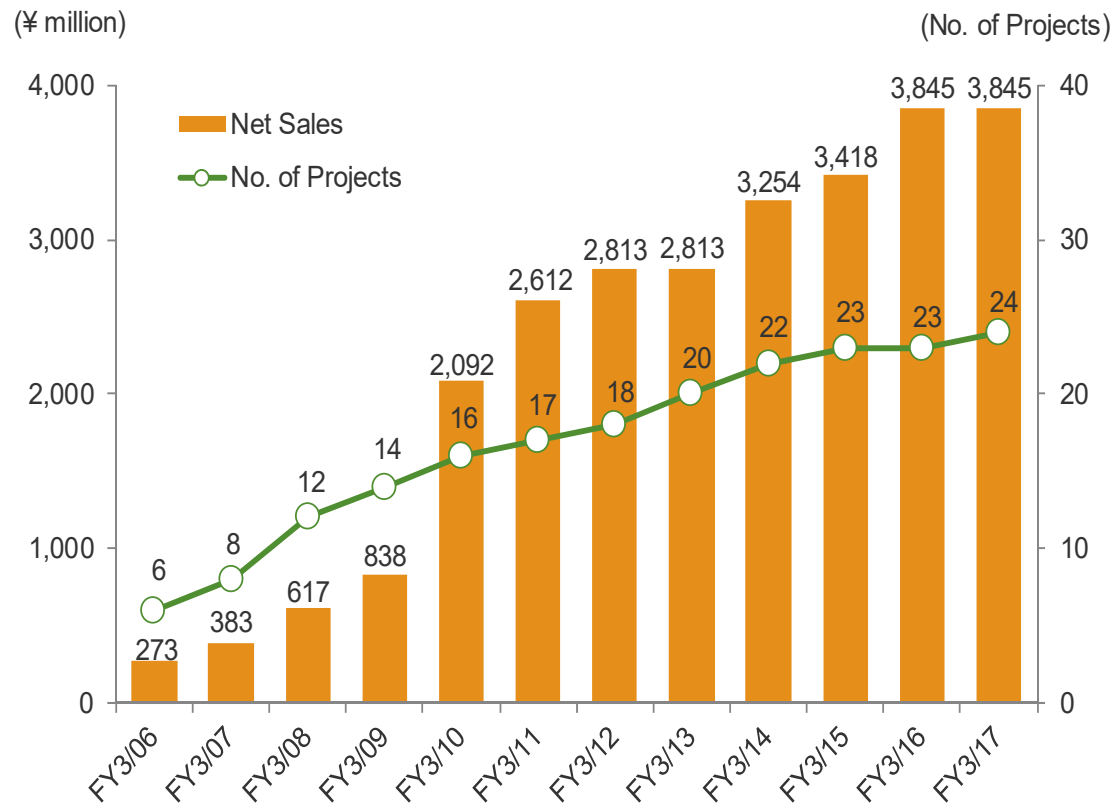
2. Business expenditures are the original contract amounts for projects where the amount of public expenses were determined through selection of contractors out of projects announced to be carried out, the total amount as ascertained by the Cabinet Office, figures rounded off to the nearest hundred million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

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

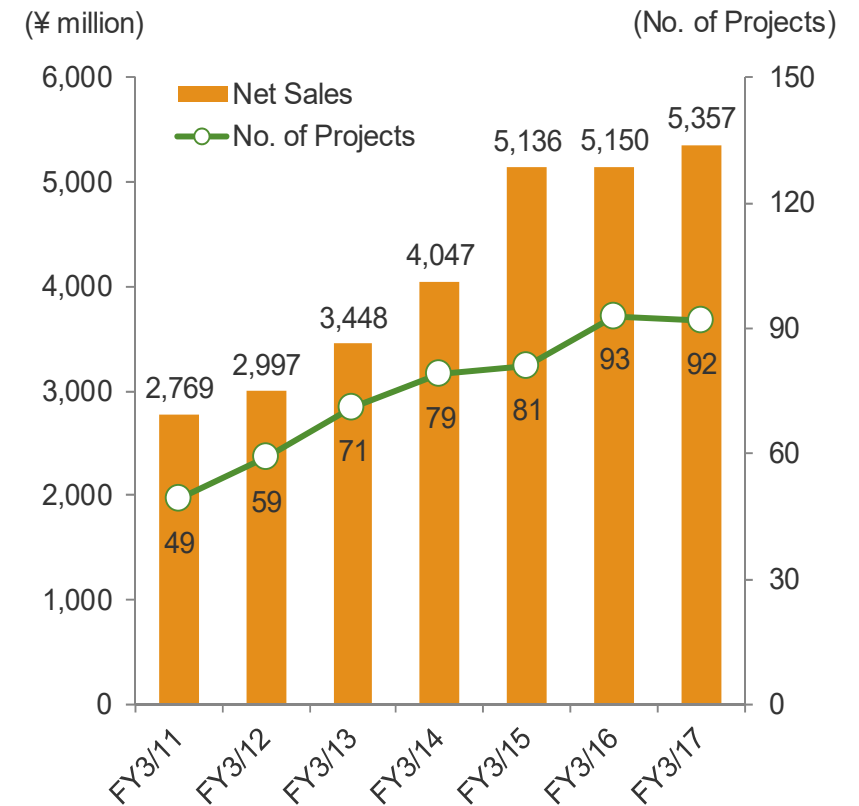
(excluding conventional general bidding)

Continuous efforts toward expansion of peripheral business

PFI



Designated Administrator



*As a function of the FY for the SPC, results for FY3/17 will be updated at the next results briefing.

Business Opportunities (2): Public Facilities Management Business

Systems Related to Public Facilities Management Business

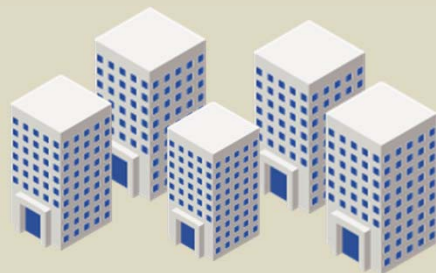
- Aiming to further differentiate in the field of public facilities management through adding a unique perspective as a maintenance specialist.

Definition of PRE (Public Real Estate) Strategy

PRE Strategy is strategic management of public properties owned by national and local governments that enables economic revitalization and less financial burden. This promotes effective management and operations while sustaining the public interests.

Public buildings owned by local governments that were constructed in the high economic growth period

Macro control of facilities “from partial optimization to overall optimization” is indispensable



Aging

Rebuilding

Financial difficulties

Financial accounting system Property ledger (non-current assets) system Facilities-related data



- Building specifications
- All types statutory inspection data (Article 12 inspection, fire inspection, etc.)
- Usage status, other

Public Facilities Management Support System

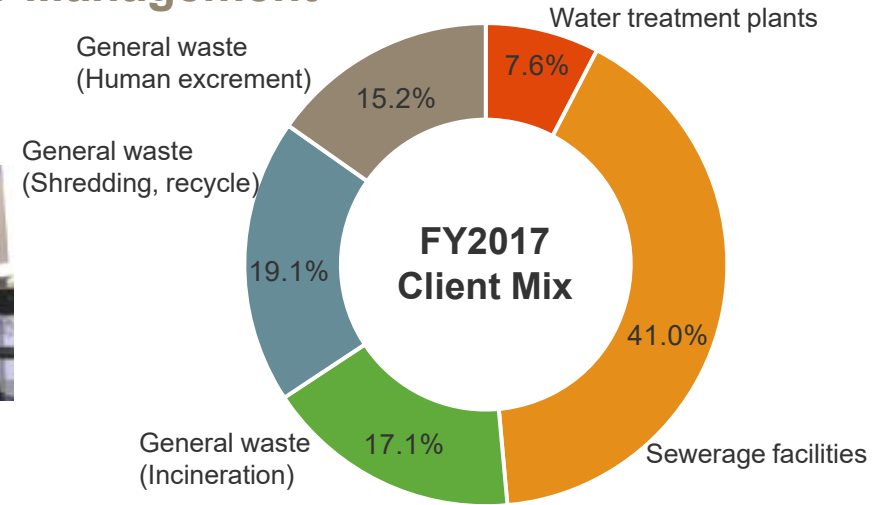
- Linking building information and financial information
- Utilizing Nippon Kanzai's know-how

Make forecasts for future repairs and rebuilding expenses

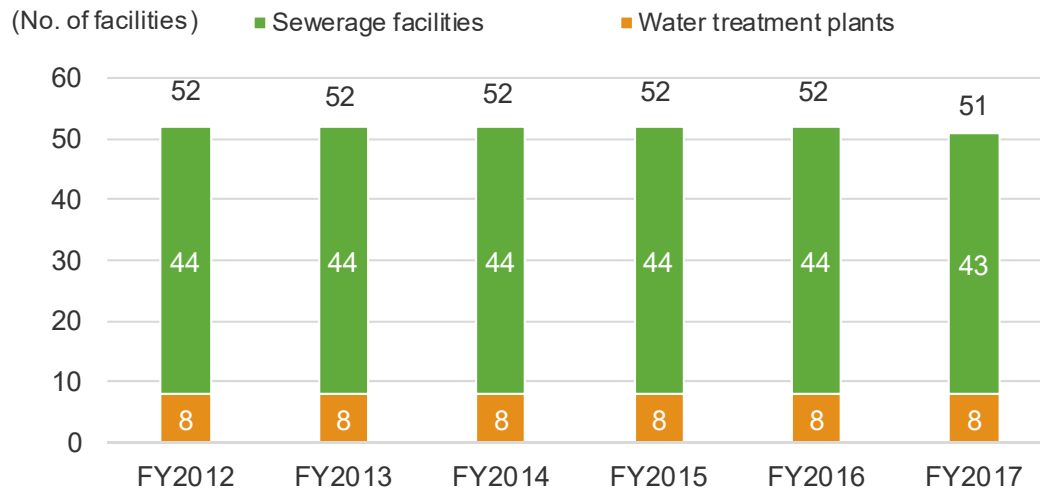
Simulate how many years more facilities should be used

Business Opportunities (2): Track Records in Environmental Facilities

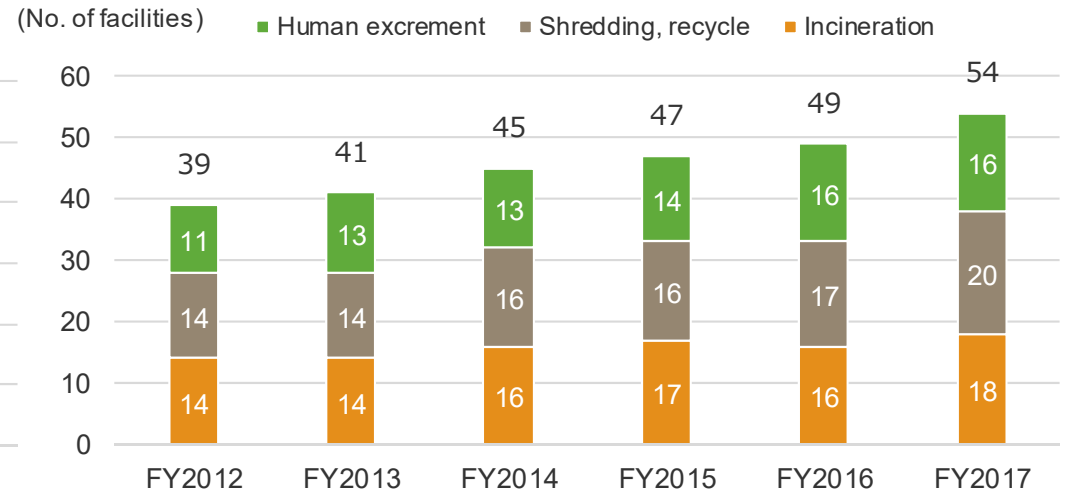
Overview and Historical Number of Facilities under Management



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 2,200 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, 2016 (approx.JPY2.36 billion) *AUD1=JPY84.35
Main Business	Strata management (agent for residents’ associations), debt collection
HQ	Sydney
Major Branches	Greater Sydney, Melbourne, Brisbane, Cairns, Newcastle, Southport, Hawthorne
Employees	Approx. 680 as of December 31, 2016
No. of Lots under Management	Approx. 201,000 lots, 11,000 associations as of December 31, 2016

Reception



Properties Managed



Business Opportunities (3): Overseas Development (Overview of Keystone Pacific Property Management, LLC)

Company Overview

Keystone Pacific Property Management, LLC (hereinafter “Keystone Pacific LLC”) is a management company of gated communities which are developments consisting detached houses and high-end multi-unit housings in estates surrounded by walls.

Keystone Pacific provides home owners’ associations with supporting services including holding annual general meeting, accounting and financial reporting and stationing on-site manager and has a reputation for offering high-quality and detailed services.

Other than subsidiaries and affiliates of major nationwide companies, Keystone Pacific ranked within the top ten companies in Southern California.

Background

Nippon Kanzai's subsidiary, Nippon Kanzai USA, Inc. acquired minority interests from Keystone Pacific Property Management Inc., the owner of the interests.

Keystone Pacific LLC became an equity-method affiliate of the Nippon Kanzai.

By sharing expertise and experience of Nippon Kanzai with high-rise condominiums, etc., and improving efficiency and service quality by renewing IT system, Keystone Pacific aims at further growth.

Company Name	Keystone Pacific Property Management, LLC
Establishment	September 15, 2016
Main Business	Residential management
HQ	Irvine, California
Major Branches	Southern California, and especially in Orange County
Employees	Approx. 200 as of December 31, 2016
No. of Lots under Management	Approx. 59,000 lots, over 270 associations as of December 31, 2016

Office



Properties Managed



Priority Strategies of This Fiscal Year and Directions Ahead

Building Management and Operation Business

- Building Management and Operations (office buildings, retail 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® (Wide Area Facility Management System) for suburban large-scale facilities including college campuses, large-scale shopping centers, logistics distribution facilities, factories, etc.
 - Promoting labor-saving measures such as adopting maintenance-light materials and cleaning robots to adjust to a labor shortage period
- Condominium Management
 - Raising ratio for total management contracts through undertaking more accounting and cashier works
 - 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 to happen
 - Increasing new contracts for total service
- Waste Incineration Facilities
 - Gaining orders for large-scale repair projects of incineration facilities
 - Entering to new areas including incineration/final processing of radioactive pollutants (examples: National Institute of Radiological Sciences, etc.)

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