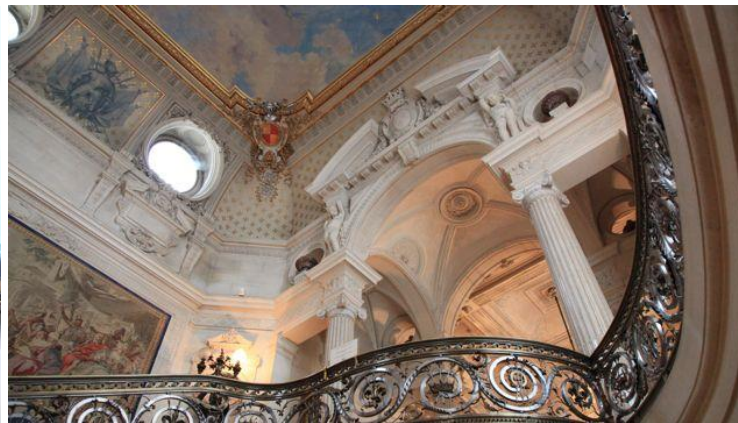


Financial Results for the 2nd Quarter of Fiscal Year Ending March 31, 2019

November 2018



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 18 Medium-Term Growth Strategies

Consolidated Financial Results for 1H FY3/19



Consolidated Financial Results Highlights

Net Sales

¥46,256 million (+ 2.3% YoY)

- Growth in fixed term contracts due to revised fees on existing contracts, review of scope of work and expanded scope of business
- Increased orders for construction-related work including large-scale projects

Operating Profit

¥2,884 million (+ 13.7% YoY)

- Profitability improved through price revisions

Ordinary Profit

¥3,042 million (+ 6.1% YoY)

- Despite the double-digit increase YoY of operating profit, the decline in the share of profit of equity method entities and the decline of foreign exchange gains due to yen appreciation resulted in the YoY gain being only :6.1% YoY

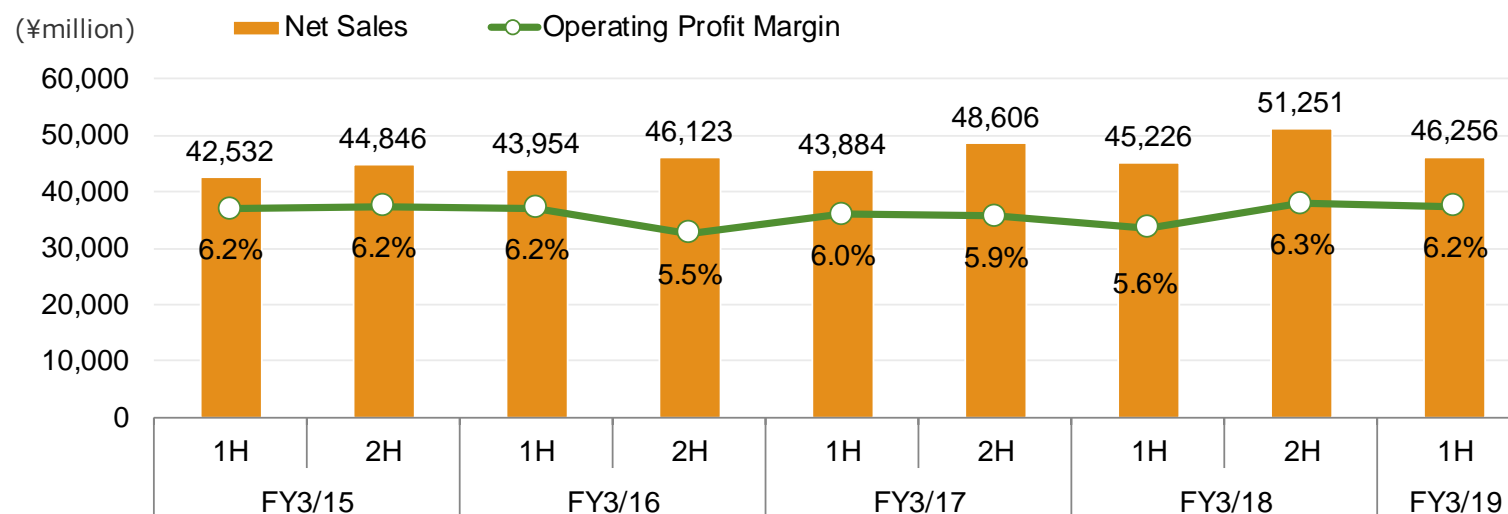
Profit Attributable to Owners of Parent

¥1,894 million (– 11.0% YoY)

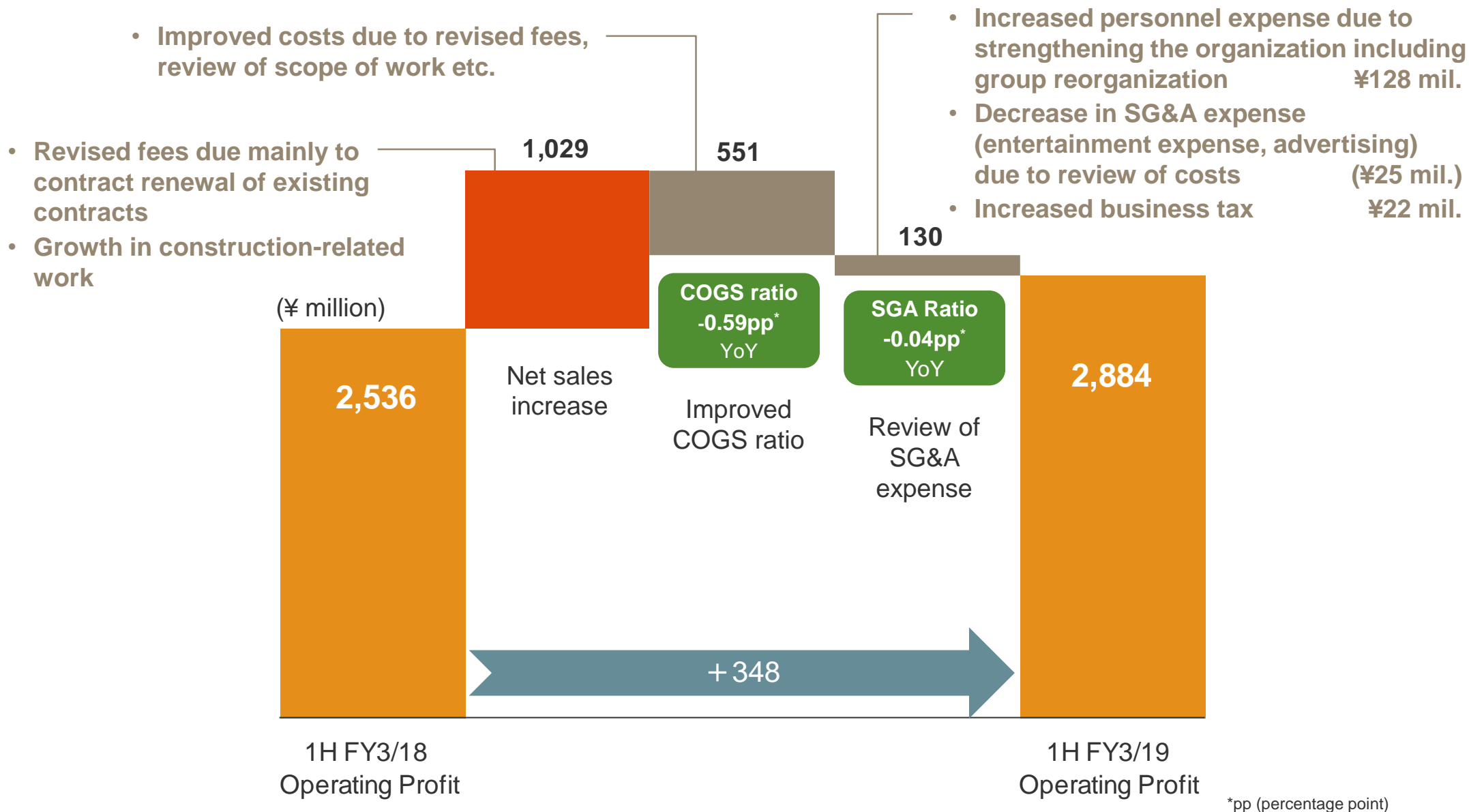
- Increased tax expense

Consolidated Financial Results Summary

Consolidated (¥ million)	1H FY3/18		1H FY3/19		YoY Changes	
	Actual	Composition Ratio	Actual	Composition Ratio	Amount	Ratio
Net Sales	45,226	100.0%	46,256	100.0%	1,029	2.3%
Gross Profit	9,054	20.0%	9,532	20.6%	478	5.3%
SG&A Expenses	6,518	14.4%	6,648	14.4%	130	2.0%
Operating Profit	2,536	5.6%	2,884	6.2%	348	13.7%
Ordinary Profit	2,868	6.3%	3,042	6.6%	173	6.1%
Profit Attributable to Owners of Parent	2,128	4.7%	1,894	4.1%	(233)	-11.0%



Increases/Decreases in Consolidated Operating Profit



Overview of Consolidated Balance Sheets

Consolidated (¥ million)	FY3/18 End		1H FY3/19 End		YoY Changes	
	Actual	Composition Ratio	Actual	Composition Ratio	Amount	Ratio
Current assets	38,863	56.7%	40,022	57.1%	1,158	3.0%
Cash and deposits	22,002	32.1%	23,137	33.0%	1,135	5.2%
Notes and accounts receivable - trade	14,097	20.6%	11,804	16.8%	(2,292)	-16.3%
Real estate for sale	1,476	2.2%	3,420	4.9%	1,944	131.7%
Non-current assets	29,724	43.3%	30,076	42.9%	352	1.2%
Property, plant and equipment	5,251	7.7%	5,234	7.5%	(17)	-0.3%
Intangible assets	2,425	3.5%	2,386	3.4%	(39)	-1.6%
Investments and other assets	22,047	32.1%	22,456	32.0%	409	1.9%
Total Assets	68,588	100.0%	70,099	100.0%	1,511	2.2%
Current liabilities	16,925	24.7%	15,564	22.2%	(1,360)	-8.0%
Notes and accounts payable - trade	8,607	12.5%	6,702	9.6%	(1,904)	-22.1%
Short-term loans payable	-	-	1,000	1.4%	1,000	-
Non-current liabilities	6,459	9.4%	8,297	11.8%	1,838	28.5%
Long-term non-recourse loans	1,051	1.5%	2,361	3.4%	1,310	124.7%
Long-term guarantee deposited	2,517	3.7%	3,027	4.3%	509	20.3%
Total Liabilities	23,384	34.1%	23,862	34.0%	477	2.0%
Shareholders' equity	41,251	60.1%	42,424	60.5%	1,172	2.8%
Capital stock	3,000	4.4%	3,000	4.3%	0	0.0%
Retained earnings	42,567	62.1%	43,740	62.4%	1,172	2.8%
Accumulated other comprehensive income	2,933	4.3%	2,684	3.8%	(248)	-8.5%
Non-controlling interests	1,018	1.5%	1,128	1.6%	109	10.8%
Total Net Assets	45,203	65.9%	46,237	66.0%	1,033	2.3%
Total Liabilities and Net Assets	68,588	100.0%	70,099	100.0%	1,511	2.2%

Main Factors for Increase/Decrease

(¥ million)

Assets

- Increase in cash and deposits 1,135
- Decrease in notes and accounts receivable - trade (2,292)
- Increase in real estate for sale 1,944

Liabilities

- Decrease in notes and accounts payable - trade (1,904)
- Increase in short-term loans payable 1,000
- Increase in long-term non-recourse loans 1,310

Equity Ratio

64.3%

(-0.1pp YoY)

Overview of Consolidated Statement of Cash Flows

Consolidated (¥ million)	1H FY3/18 Actual	1H FY3/19 Actual	YoY Changes Amount
Profit before income taxes	3,073	3,042	(30)
Loss (gain) on sales of investment securities	(204)	0	204
Decrease (increase) in notes and accounts receivable - trade	543	2,564	2,020
Decrease (increase) in inventories	2	(1,966)	(1,968)
Increase (decrease) in notes and accounts payable - trade	(2,208)	(2,323)	(115)
Increase (decrease) in other liabilities	273	(259)	(532)
Other, net	(999)	(989)	9
Cash Flows from Operating Activities	479	66	(412)
Proceeds from withdrawal of time deposits	280	130	(150)
Proceeds from sales of investment securities	347	0	(347)
Other, net	(409)	(389)	20
Cash Flows from Investing Activities	218	(259)	(477)
Increase (decrease) in loans payable (incl. non-recourse loans)	(292)	2,033	2,326
Cash dividends paid (incl. dividends paid to non-controlling interests)	(1,020)	(856)	164
Other, net	(236)	142	378
Cash Flows from Financing Activities	(1,549)	1,319	2,868
Net increase (decrease) in cash and cash equivalents	(810)	1,135	1,945
Cash and cash equivalents at the beginning of current period	21,188	21,757	569
Cash and cash equivalents at the end of current period	20,453	22,892	2,439
Free Cash Flows	697	(192)	(889)

Main Factors for Increase/Decrease

Main Factors for Increase/Decrease		(¥ million)
CF from Operating Activities		(412)
● Decrease in gain on sales of investment securities		204
● Decrease in notes and accounts receivable - trade		2,020
● Increase in inventories		(1,968)

CF from Investing Activities		(477)
● Decrease in proceeds from sales of investment securities		(347)

CF from Financing Activities		2,868
● Increase in loans payable		2,326

Business Segments and Major Group Companies

Facilities Management and Operation

¥32,518 mil

Building Maintenance and Property Management (excl. Security Service)
¥22,153 mil

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

Security Service ¥10,365 mil

Three-S Co., Ltd.

Residential Management and Operation*

¥7,379 mil

Condominium Management

NKJ Holdings Co., Ltd.
Japan Housing Management Co.
NJK Staff Service Co., Ltd.
Nippon Kanzai Housing Management Co., Ltd.
(including Nippon Kanzai Residential Management Administrative Department and Public Housing Management Division)

Environmental Facility Management

¥4,783 mil

Environmental Facility Management

Nippon Kanzai Environment Service Co., Ltd.

Real Estate Fund Management

¥213 mil

Asset Management

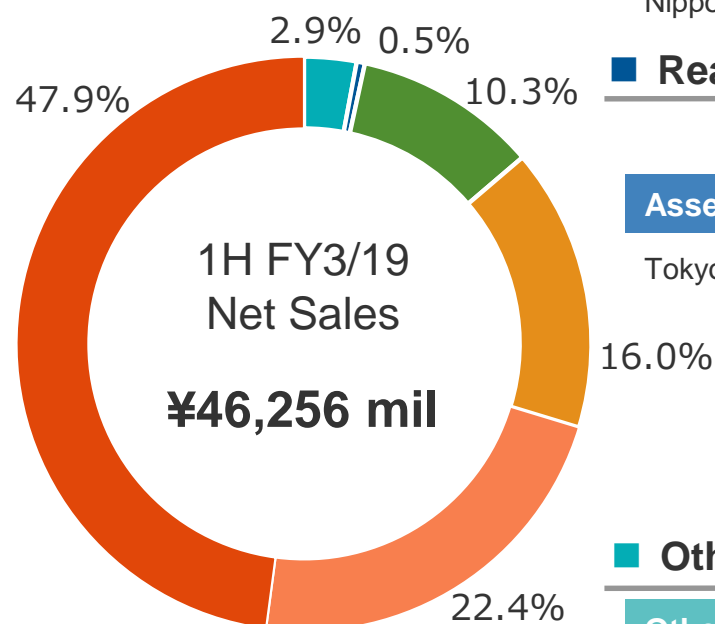
Tokyo Capital Management Co., Ltd.

Other

¥1,361 mil

Other Business

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



*From FY3/19, "Residential Management and Operations Business" which had previously been included in "Building Management and Operations Business" was classified as a new reporting segment.

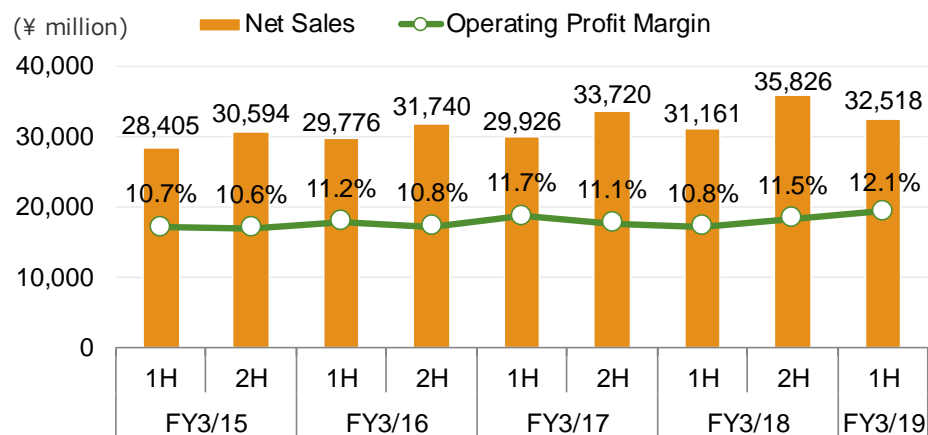
Financial Results by Business Segment

Consolidated (¥ million)	1H FY3/18		1H FY3/19		YoY Changes	
	Actual	Composition Ratio/Margin	Actual	Composition Ratio/Margin	Amount	Ratio
Net Sales	45,226	100.0%	46,256	100.0%	1,029	2.3%
Facilities Management and Operation Business	31,161	68.9%	32,518	70.3%	1,357	4.4%
Building Maintenance and Property Management	21,869	48.4%	22,153	47.9%	283	1.3%
Security Service	9,291	20.5%	10,365	22.4%	1,073	11.6%
Residential Management and Operation Business	8,150	18.0%	7,379	16.0%	(771)	-9.5%
Environmental Facility Management Business	4,567	10.1%	4,783	10.3%	216	4.7%
Real Estate Fund Management Business	325	0.7%	213	0.5%	(112)	-34.5%
Other Businesses	1,022	2.3%	1,361	2.9%	339	33.2%
Operating Profit	2,536	5.6%	2,884	6.2%	348	13.7%
Facilities Management and Operation Business	3,354	10.8%	3,935	12.1%	580	17.3%
Building Maintenance and Property Management	2,451	11.2%	2,667	12.0%	216	8.8%
Security Service	903	9.7%	1,267	12.2%	364	40.3%
Residential Management & Operation Business	611	7.5%	639	8.7%	28	4.6%
Environmental Facility Management Business	565	12.4%	603	12.6%	38	6.8%
Real Estate Fund Management Business	152	47.0%	(19)	-9.3%	(172)	-113.0%
Other Businesses	179	17.5%	218	16.0%	39	21.9%
Adjustments*	(2,327)	-	(2,492)	-	(165)	7.1%

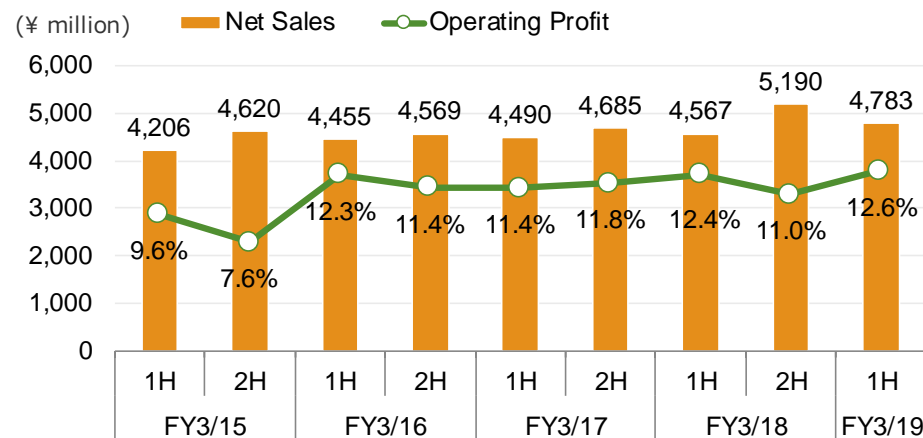
*The adjustment amount of operating profit (segment profit or loss) is SG&A expense not attributable to any segment.

Performance of Major Segments

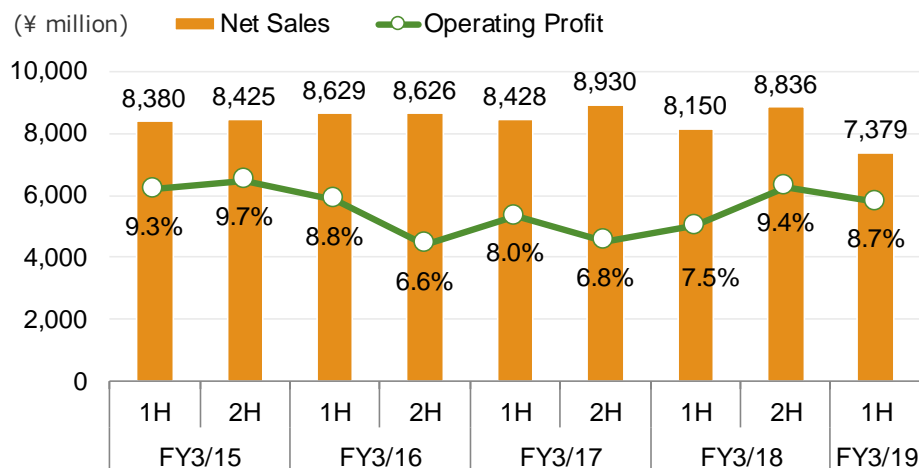
Facilities Management and Operation Business



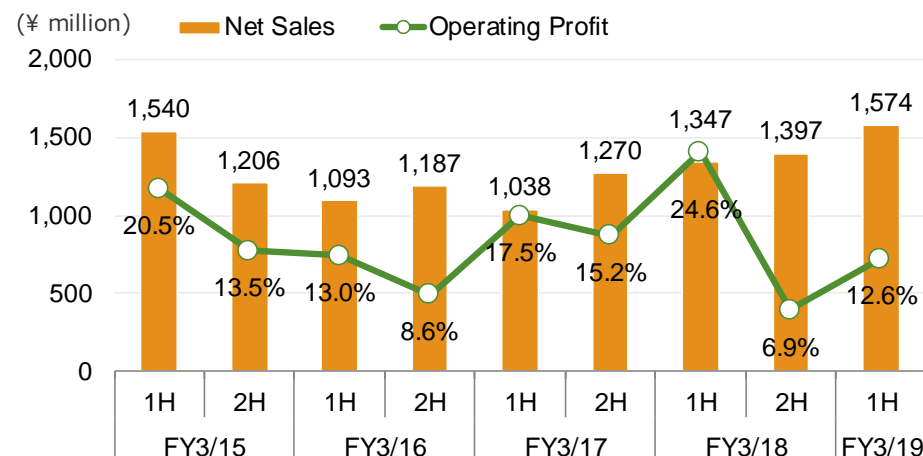
Environmental Facility Management Business



Residential Management and Operation Business*



Real Estate Fund Management and Other



*From FY3/19, "Residential Management and Operations Business" which had previously been included in "Building Management and Operations Business" was classified as a new reporting segment.

Consolidated Financial Forecasts for FY3/19



Consolidated Financial Forecasts Summary

Market Background

- Large-scale building developments continue mainly in central Tokyo.
 - Developments of commercial facilities to meet inbound tourist demand continue in both suburban 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 and cost restraints.
 - For ordinary profit, share of profit of equity method entities is expected to increase and non-operating expenses are expected to be controlled.
 - No revision has been made on financial forecasts published on May 7, 2018.

Consolidated (¥ million)	Full-Year FY3/18		1H FY3/19		2H FY3/19		Full-Year FY3/19		YoY Changes	
	Actual	Composition Ratio	Actual	Composition Ratio	Forecast	Composition Ratio	Forecast	Composition Ratio	Amount	Ratio
Net Sales	96,478	100.0%	46,256	100.0%	52,243	100.0%	98,500	100.0%	2,021	2.1%
Gross Profit	18,833	19.5%	9,532	20.6%	9,767	18.7%	19,300	19.6%	466	2.5%
SG&A Expenses	13,061	13.5%	6,648	14.4%	6,651	12.7%	13,300	13.5%	238	1.8%
Operating Profit	5,772	6.0%	2,884	6.2%	3,115	6.0%	6,000	6.1%	227	3.9%
Ordinary Profit	6,379	6.6%	3,042	6.6%	3,657	7.0%	6,700	6.8%	320	5.0%
Profit Attributable to Owners of Parent	4,446	4.6%	1,894	4.1%	2,705	5.2%	4,600	4.7%	153	3.4%

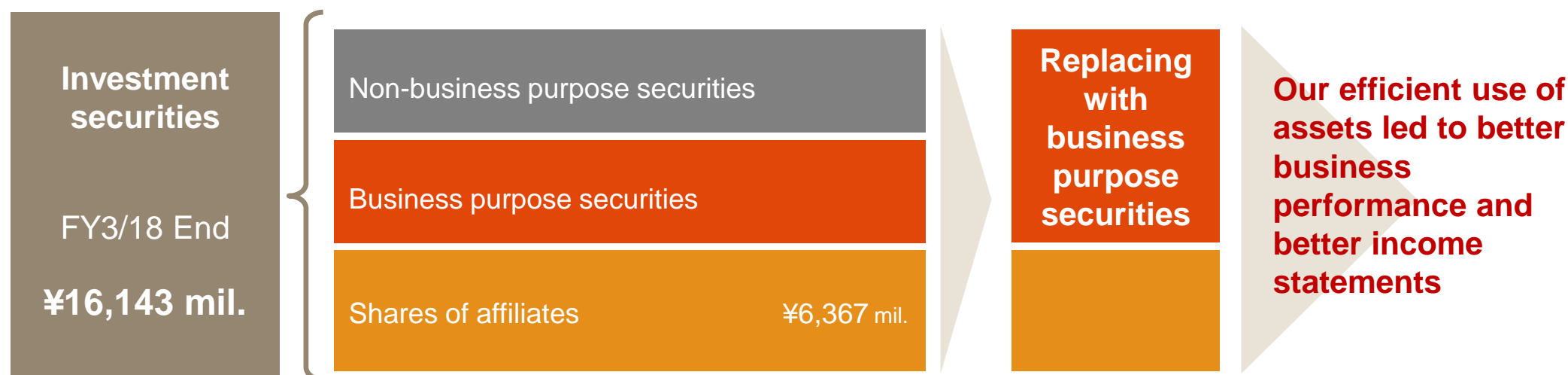
Financial Forecasts by Business Segment

Consolidated (¥ million)	Full-Year FY3/18		1H FY3/19		2H FY3/19		Full-Year FY3/19		YoY Changes	
	Actual	Composition Ratio/Margin	Actual	Composition Ratio/Margin	Forecast	Composition Ratio/Margin	Forecast	Composition Ratio/Margin	Amount	Ratio
Net Sales	96,478	100.0%	46,256	100.0%	52,243	100.0%	98,500	100.0%	2,021	2.1%
Facilities Management and Operation Business	66,988	69.4%	32,518	70.3%	37,201	71.2%	69,720	70.8%	2,732	4.1%
Building Maintenance and Property Management	47,384	49.1%	22,153	47.9%	27,566	52.8%	49,720	50.5%	2,336	4.9%
Security Service	19,604	20.3%	10,365	22.4%	9,634	18.4%	20,000	20.3%	396	2.0%
Residential Management and Operation Business	16,987	17.6%	7,379	16.0%	9,120	17.5%	16,500	16.8%	(487)	-2.9%
Environmental Facility Management Business	9,757	10.1%	4,783	10.3%	5,116	9.8%	9,900	10.1%	142	1.5%
Real Estate Fund Management Business	463	0.5%	213	0.5%	316	0.6%	530	0.5%	66	14.5%
Other Businesses	2,282	2.4%	1,361	2.9%	488	0.9%	1,850	1.9%	(432)	-18.9%
Operating Profit	5,772	6.0%	2,884	6.2%	3,115	6.0%	6,000	6.1%	227	3.9%
Facilities Management and Operation Business	7,457	11.1%	3,935	12.1%	4,004	10.8%	7,940	11.4%	483	6.5%
Building Maintenance and Property Management	5,304	11.2%	2,667	12.0%	3,102	11.3%	5,770	11.6%	482	8.8%
Security Service	2,153	11.0%	1,267	12.2%	902	9.4%	2,170	10.9%	17	0.8%
Residential Management and Operation Business	1,445	8.5%	639	8.7%	820	9.0%	1,460	8.8%	15	1.0%
Environmental Facility Management Business	1,134	11.6%	603	12.6%	566	11.1%	1,170	11.8%	35	3.1%
Real Estate Fund Management Business	84	18.3%	(19)	-9.3%	99	31.5%	80	15.1%	(4)	-5.4%
Other Businesses	343	15.0%	218	16.0%	31	6.5%	250	13.5%	(93)	-27.2%
Adjustments	(4,692)	-	(2,492)	-	(2,407)	-	(4,900)	-	(207)	4.4%

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 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 sale of non-business purpose securities.

Topics (1): Regarding the Issue No.1 of New Share Subscription Rights

The Company issued No.1 new share subscription rights by third-party allocation with exercise price adjustment provision (with exercise designation / suspension designation provisions)

Summary of Issue Terms

- | | |
|--------------------------|--|
| ■ Allocation date | November 21, 2018 |
| ■ Payment date | November 21, 2018 |
| ■ Application period | November 21, 2018 |
| ■ Issue price | ¥1,010 per unit of new share subscription rights (total amount: ¥30.3 million) |
| ■ Amount of funds raised | ¥6,212,300,000 |
| ■ Exercise price | Initial exercise price ¥2,064 |

Use of Funds

- The Company plans to Invest in expansion of the real estate business and future M&A.

Expansion of the real estate business

- Investment in a special purpose corporation (SPC) and subordinated loan
- Funds for Real Estate Fund Management Business

¥2,000 mil.

Investment funds for future M&A

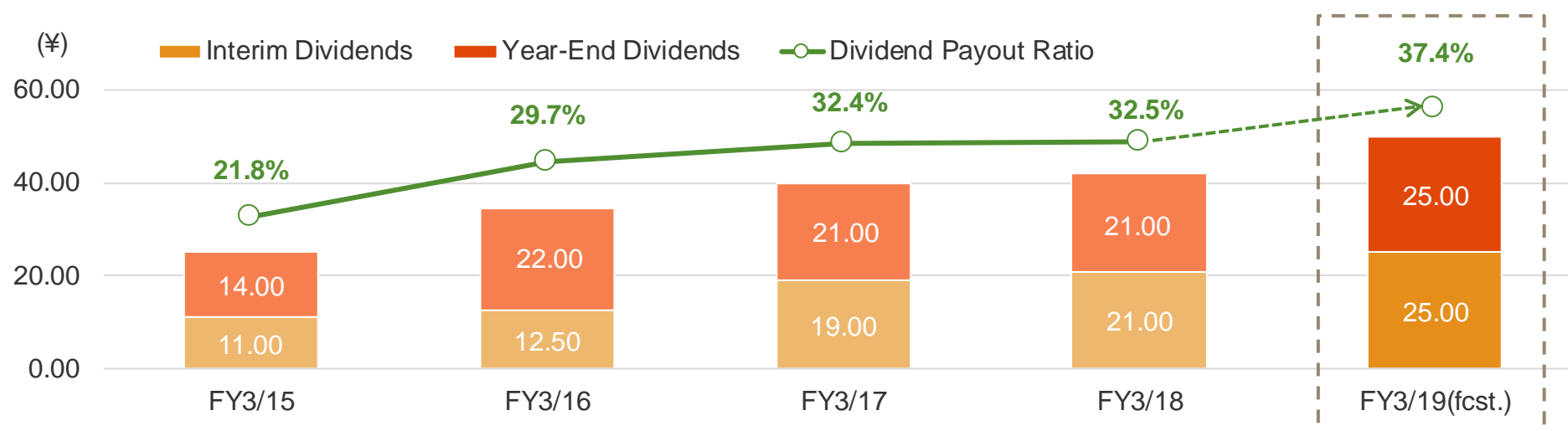
- Diversified business development in Japan
- Investment in real estate management companies in mainly Australia, the US, Europe and Asia

¥4,212 mil.

Planned expenditures period (November 2018 - November 2021) total **¥6,212 mil.**

Topics (2): Shareholder Rebate Policy (Dividend Increase)

- Dividend policy is one of the Company's most important tasks and we return profit by appropriate distribution of results according to performance.
- For FY3/18, in comprehensive consideration of full-term consolidated financial results and profit return to shareholders, the dividend was initially planned at ¥21.
- For FY3/19, the Company has decided to raise the mid-term and FY-end dividends by ¥4 each from ¥21 to ¥25. As a result, the Company is planning to increase the annual dividend by ¥8 to ¥50.
- Going forward, the Company aims to continuously raise the consolidated dividend payout ratio.



Medium-Term Growth Strategies



Medium-Term Growth Strategies of Our Group

Business Opportunities

- 1** Increase in demand for private sector's expertise in public sector
- 2** Global development of know-how accumulated through domestic businesses
- 3** Measures for AI and RPA* technologies

Growth Strategies

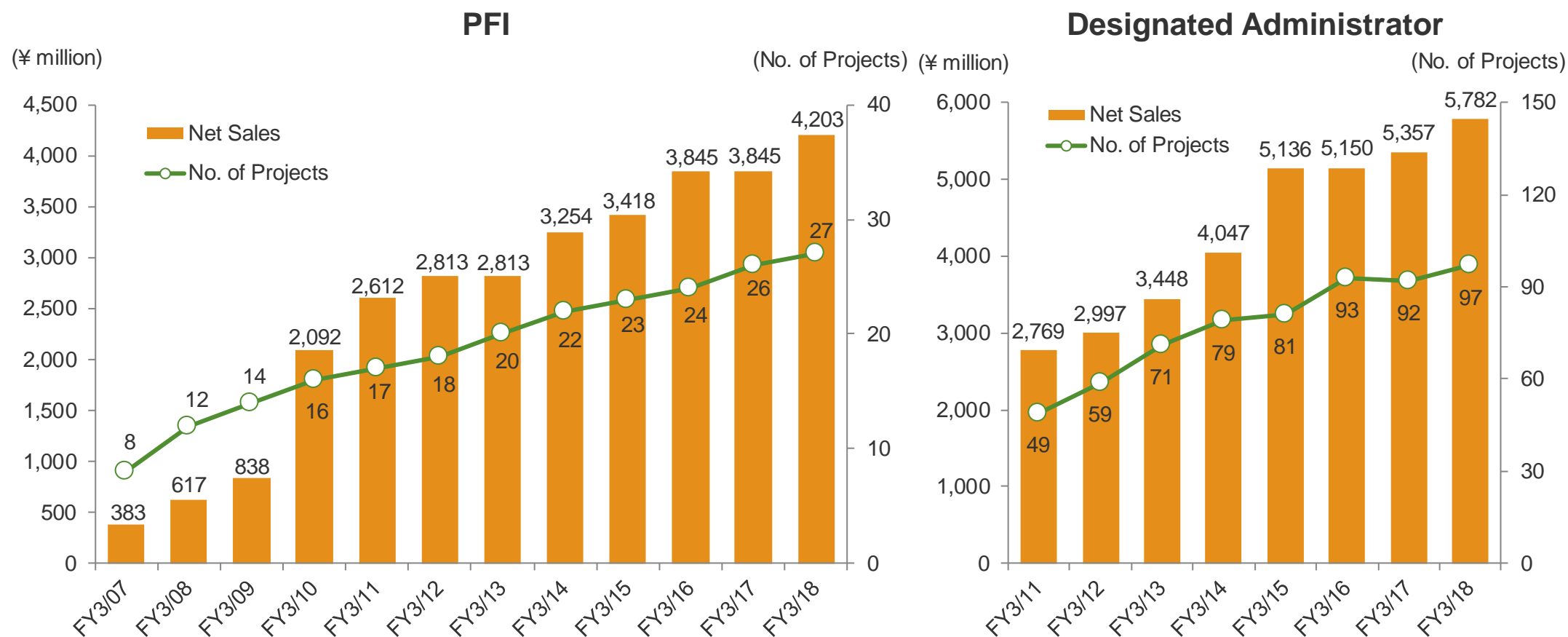
- Create business opportunities through strengthening PPP/PFI and designated administrator projects (P.20~P.23)
- Invest in overseas companies
- Reinforce our residential management business through cooperation with overseas group companies (P.24~P.25)
- Standardize service quality and improve ability to make proposals
- Reduce work load for better human resource allocation (P.26-P.30)

*RPA (robotic process automation: automating work processes through software robots)

Business Opportunities (1): Track Records for Public Sector Business

(excluding conventional general bidding)

Continuous Efforts toward Expansion of Peripheral Business



Business Opportunities (1): Comprehensive Management of Public Facilities

Comprehensive Management of Public Facilities

Comprehensive management is a form of contract for facilities management work for numerous public facilities of local governments.

Starting with comprehensive management services for Akashi City, Hyogo Prefecture, the Company has won orders for Chikusei City, Ibaraki Prefecture; Kosai City, Shizuoka Prefecture; and Ashiya City, Hyogo Prefecture. Further, the Company won private proposal-type comprehensive management development projects by Numata City, Gunma Prefecture; Takasago City, Hyogo Prefecture; and Urasoe City, Okinawa Prefecture, and the Company aims to establish a position as a leader in comprehensive management services.



Business services briefing for Akashi City Cooperative Company



Akashi
(from Apr-2018)
*132 facilities



Numata
(from Mar-2019)
*comprehensive management
of city government buildings



Ashiya
(from Apr-2019)
*53 facilities



Chikusei
(from Apr-2019)
*62 facilities



Urasoe
(from Apr-2019)
*comprehensive management of
city government buildings



Takasago
(from Sep-2018)
*created a maintenance plan for
53 facilities/155 buildings



Kosai
(from Apr-2019)
*80 facilities

(Note) * for Akashi, Chikusei, Kosai and Ashiya Cities are the number of target facilities for comprehensive management. * for Urasoe, Takasago and Numata Cities are the scope of work at the time of commencement

Business Opportunities (1): Public Facilities Management Business -1

Ministry of Land, Infrastructure, Transport and Tourism "PPP (Public-Private-Partnership) Agreement Partner" Projects

A PPP agreement is a partnership agreement between the Ministry of Land, Infrastructure, Transport and Tourism and private enterprises to promote partnership agreements with local governments in order to increase the opportunities for local government officials and local companies to obtain knowledge and know-how on PPP / PFI, and to promote seminars and consulting by partner companies. the Company was certified as a PPP agreement partner in FY2018 and is holding seminars in 6 locations nationwide (4 locations completed as of 11/16)

Event location	Event date	No. of participating municipalities	No. of participants	Co-host
Nagoya	25-Jun	26 municipalities	33 persons	-
Osaka	19-Jul	21 municipalities	34 persons	-
Oita	9-Aug	18 municipalities	37 persons	-
Tsukuba	9-Nov	25 municipalities	47 persons	The Joyo Bank
Sapporo	27-Nov			North Pacific Bank
Tokyo	12-Feb (plan)			-



View of the Nagoya seminar



View of the Tsukuba seminar and exhibition booth

日本管財株式会社

自治体のお客様向け：参加費無料

全国PPPセミナー（東京会場）

～PPPと戦略的な公共施設マネジメントの推進に向けて～

※国土交通省「PPP（Public-Private-Partnership）協定パートナー」事業

- PPPの実践者が具体的な推進のヒントを語るセミナーです！
- 現在のお悩みを講師へ相談できるプログラムも実施！
- 本セミナーは事業者提案制度や包括施設管理業務委託等、PPPの実践者による具体事例の紹介とともに、戦略的な公共施設マネジメントの推進に向けて、皆さまの次の一歩を踏み出すきっかけを提供いたします。

プログラムの概要
お申し込みの詳細は裏面へ→

日時：平成31年2月12日（火）13:00～17:00

※プログラムは予告なく変更になる場合があります。予めご了承ください。

時間	テーマ	講演者
13:00～13:05	開会のご挨拶	日本管財（株）
13:05～13:50	PPP/PFI推進施策	国土交通省 総合政策局 社会資本整備政策課
13:50～14:50	公共施設等を取り巻く環境と生きる手段としてのPPP/PFI 国や自治体の厳しい財政状況が続く中、官と民がそれぞれの役割分担を持ちながら、地域社会や経済を活性化していく、PPPの考え方が広まっている。本講では、講師のこれまでの経験や全国の具体的事例の紹介を通じて、PPPと公共施設を取り巻く環境と実態をご説明します。	【国交省PPP/PFIサポーター】 （特非）日本PFI・PPP協会 業務部長 寺沢 弘樹 氏
14:50～15:00	休憩	
15:00～15:45	包括施設管理業務の現状と今後	東村山市 経営政策部資産マネジメント課 杉山 健一 氏
15:45～16:30	明石市の市有施設包括管理業務の取組み	明石市 総務局財務室 財政健全化担当課長 松永 聡平 氏
16:30～17:00	ディスカッションプログラム 講演者をお迎え、ご来場頂いた各自治体機関での意見交換を通して、ご来場自治体様の課題共有及び、その解決策となる情報（ノウハウ）の共有を目的としたプログラムです。	

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Business Opportunities (1): Public Facilities Management Business -2

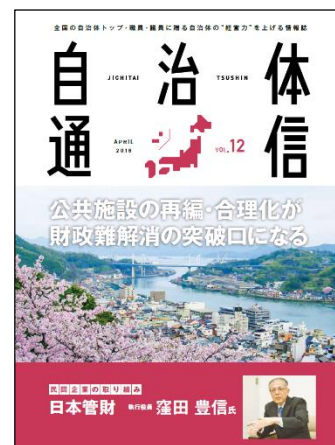
Public Facilities Management Support Services and Publicity Strategy

Leveraging its know-how and experience of life cycle cost management cultivated through building management over many years, Nippon Kanzai supports public facilities management of local governments.

In order to further strengthen business development with government agencies, leveraging these various measures, the Company is placing a series of PR articles and advertisements in “JICHITAI TSUSHIN* (local government communications)” from this April.”

*JICHITAI TSUSHIN (local government communications) is an information magazine that introduces local governments tackling solutions for issues and private companies that support them, and it has free distribution of roughly 28,000 copies in 1,700 municipalities in 47 prefectures.

JICHITAI TSUSHIN (local government communications) articles introducing Nippon Kanzai



Vol. 12 (Apr-2018) Introduction of the Company's initiatives



Vol. 13 (Jun-2018) Nagano introduction



Vol. 14 (Aug-2018) Akashi introduction



Vol. 15 (Oct-2018) Takasago / Urasoe introductions

Business Opportunities (2): Overseas Development (Overview of PICA Pty Ltd.)

Company Overview

PICA is the largest “Strata Manager” in Australia that acts as an agent for owners’ associations. Using multiple brand names, such as “BCS” (Body Corporate Services), PICA mainly provides services to support owners’ associations as well as debt collection for delinquent levies.

With Nippon Kanzai’s engineering abilities, PICA has introduced 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 more than 2,300 employees worldwide and operates in Ireland, UK, USA, Asia-Pacific area, Middle East and Australia.

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



Reception



Properties under Management



Company Name

Prudential Investment Company of Australia Pty Ltd.

Establishment

October 4, 1948

Capital

AUD28 million as of December 31, 2017

Main Business

Strata management, Debt collection

HQ

Sydney

Major Branches

Major cities of East Coast, include Sydney, Melbourne, Brisbane, Cairns etc.

Employees

Approx. 740 as of December 31, 2017

No. of Lots under Management

Approx. 201,000 lots, 11,000 associations as of December 31, 2017

Business Opportunities (2): Overseas Development (Overview of KPPM, 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.

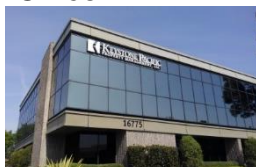
Keystone Pacific LLC became an equity-method affiliate of the Nippon Kanzai.

We will work to raise operations efficiency and expand services through renovation of the IT system, and target future growth through incorporating the Company’s know-how and expanding properties under management to include high-rise condominiums etc.

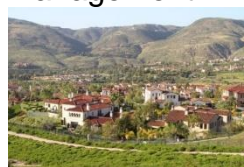


Irvine, California

Office



Properties under Management



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. 210 as of December 31, 2017

No. of Lots under Management

Approx. 70,000 lots, over 300 associations as of December 31, 2017

Business Opportunities (3): Initiatives for AI and RPA Technologies

The Company is promoting internal projects across the entire company which transcend company experience, age and position toward use of the latest technologies in AI and RPA. While confronting daily work and searching for solutions, the Company is engaged in activities promoting the following initiatives.

AI Technology

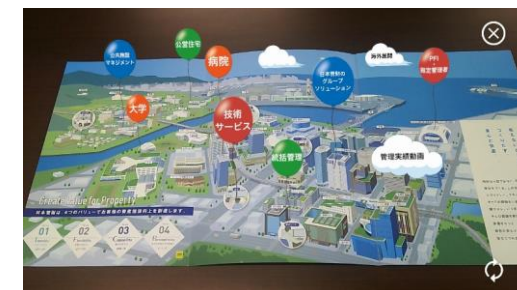
The Company is currently considering how to best make uniform service quality by facing customers where all customer representatives enjoy the benefit of know-how cultivated over 50 years since founding (tacit knowledge), and at the same time to introduce AI for the purpose of being able to make optimal proposals quickly. AI technology collects know-how, presenting candidates for optimization, aiming at a work style where people and AI technology support each other.

RPA Technology

Raising productivity within limited time and labor force is an essential challenge for businesses. Because RPA technology has great potential to raise productivity, we will target detailed labor saving and automation in customer contact, technology and back office sections. Raising productivity enables back office personnel to be placed frontline of customer contact, creating more time to interact with customers.

AR Technology

This October we simultaneously updated our company guide and corporate website. We introduced AR (augmented reality) in our new company guide in order to link it with the corporate website. AR allows for a “virtual expansion of the real world in front of us” by displaying virtual visual information on the real world landscape, a representative example being the smartphone game “Pokemon GO”. When you pass a smartphone or tablet which has downloaded and installed the AR app over the Company Guide, it leads you to contents published on the corporate website, and allows you to watch videos limited to the app.



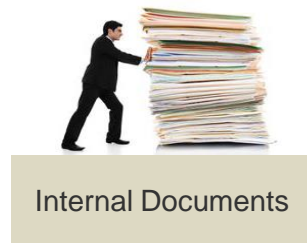
Screen using AR on the Company Guide

Business Opportunities (3): Initiatives for AI Technology

The Company aims to offer optimal solutions to customers and to provide high quality service through merging the database based on know-how cultivated over 50 years and various actual examples of building management with AI technology

Merging Customer Representatives with AI Technology

Making service quality uniform and presenting optimal solution candidates



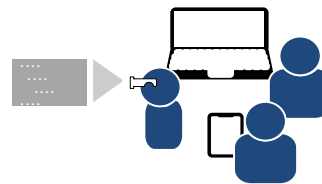
Internal Documents



Actual Examples of Building Management

Merging Field Workers with AI Technology

Shortening training time and resolving worker concerns



Searching Knowledge on site



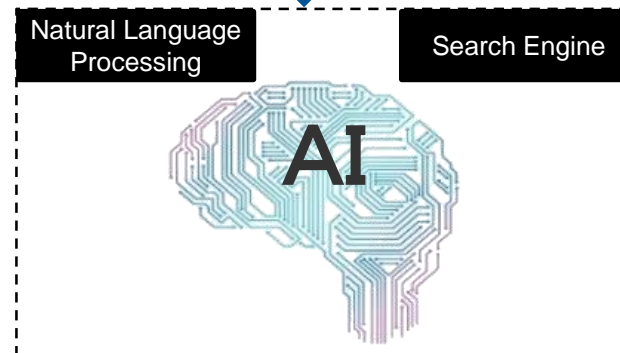
Knowledge Database

Merging the Planning and Purchasing Departments with AI Technology

Using AI technology for price verification and cost estimation



Price Verification and Cost Estimation



- Sharing and utilizing know-how
- Making uniform service quality and optimal solutions
- Utilizing the wide variety of building management results
- Price verification and cost estimation

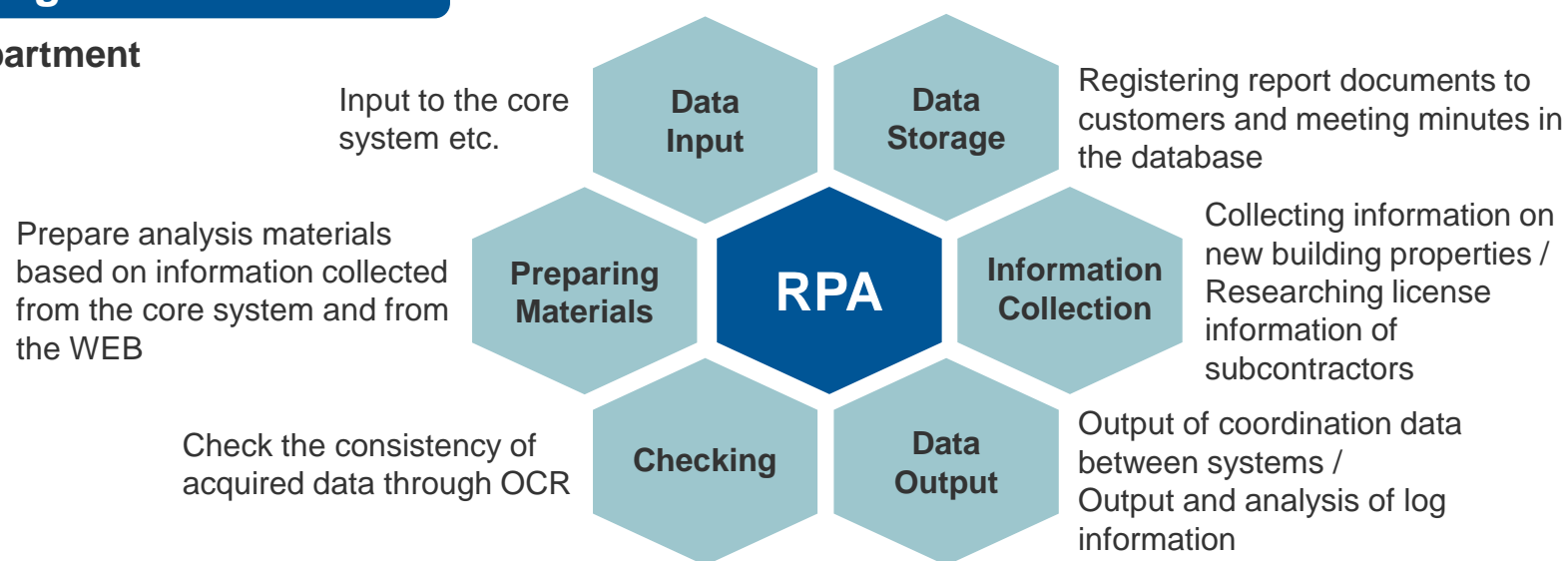
Optimal proposals for customers

Business Opportunities (3): Initiatives for RPA Technology

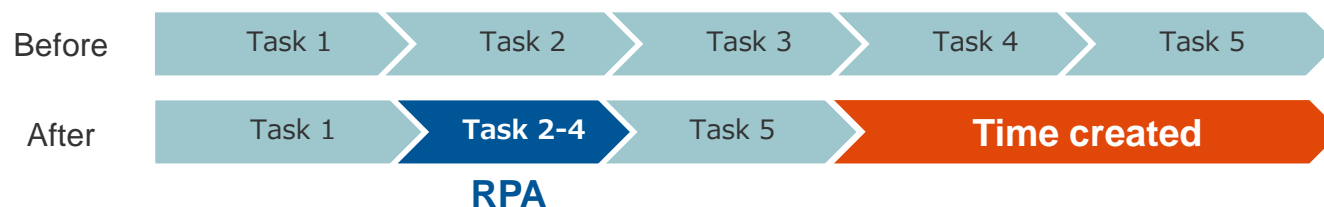
We are promoting labor-saving and automation using RPA technology for the purpose of increasing face time with customers

Targeted Labor-saving and Automation

- Customer relations department
- Technical department
- Back office department



Create Time with Customers



Labor-saving and automation
⇒ Productivity improvement
⇒ Increasing customer relations staff

↓
Creating time with customers

Business Opportunities (3): Combining Digital and Analog Resources of Building Management

Digital Business Base

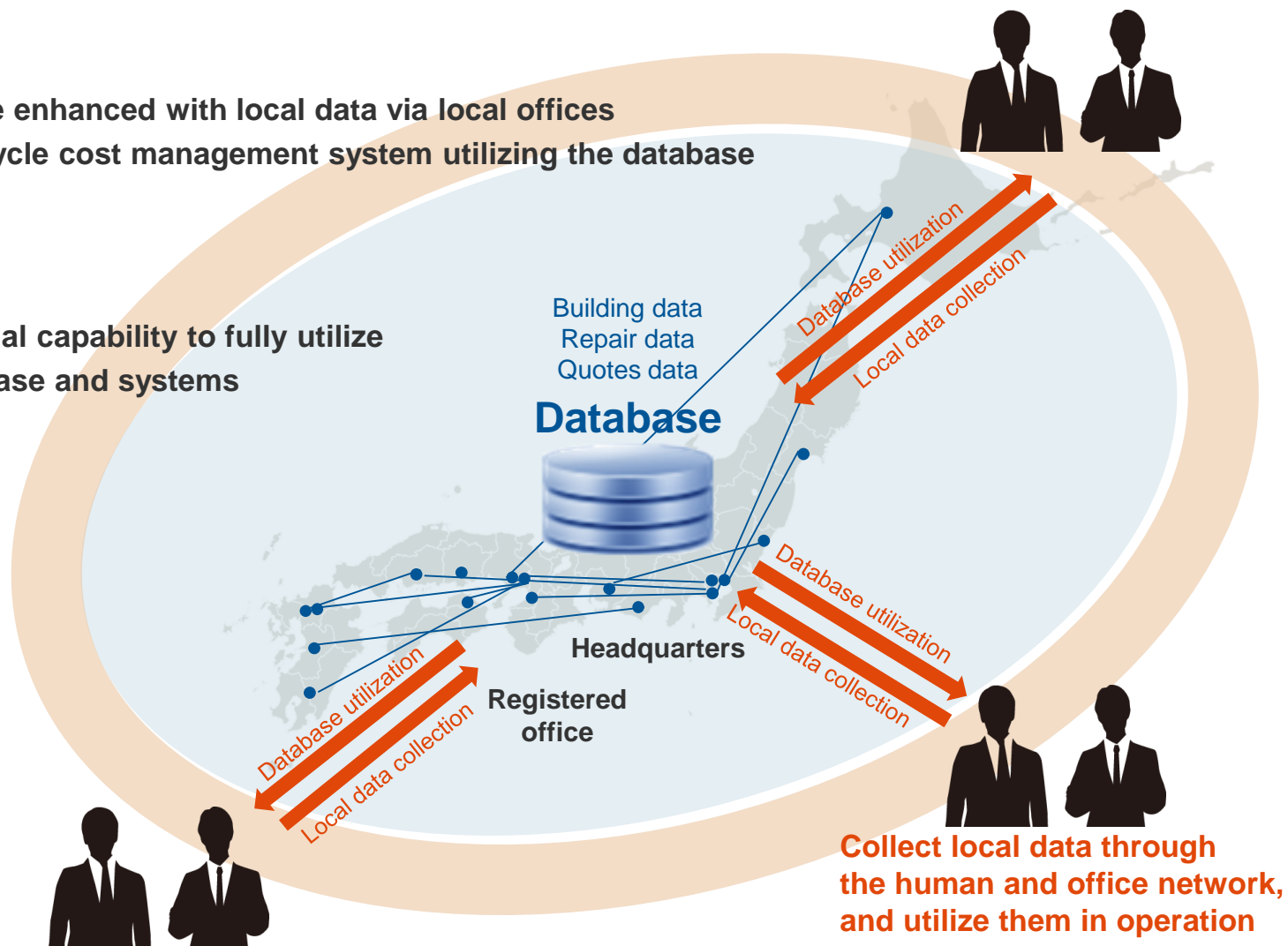
1. Building management database enhanced with local data via local offices
2. Independently developed life cycle cost management system utilizing the database

Analog Business Base

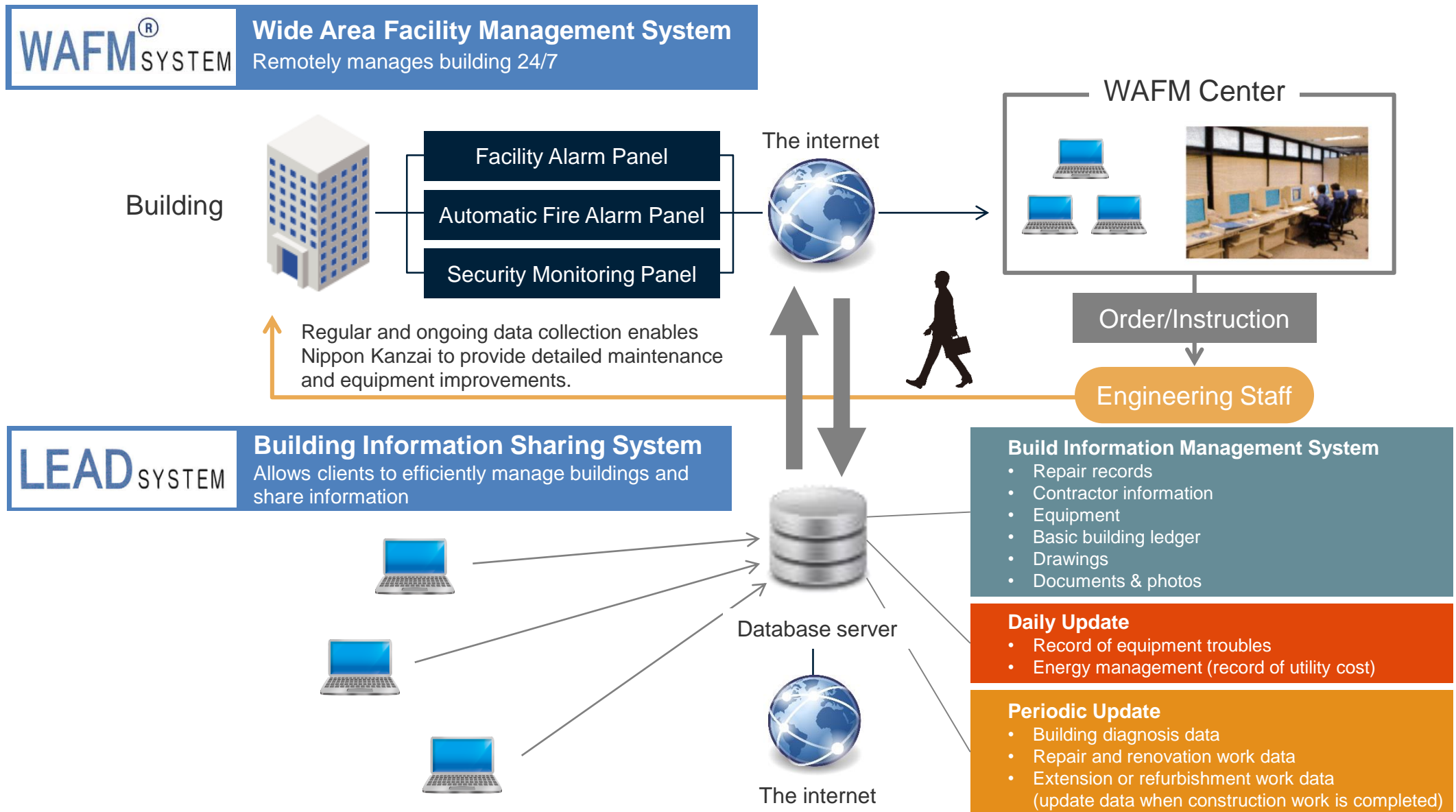
Specialized expertise and operational capability to fully utilize the independently developed database and systems

BEST system

- Building diagnosis
- Long-term repair plan
- Construction design/management
- Construction work
- Energy-saving diagnosis
- Total facilities management proposals
- Remote facility management system (WAFM® system)
- Cloud service for building information (LEAD-Web system)



Business Opportunities (3): Example of Combining Digital and Analog Resources of Building Management



Legal Disclaimer

No information in this material is intended to solicit the purchase or sale of shares in NIPPON KANZAI.

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