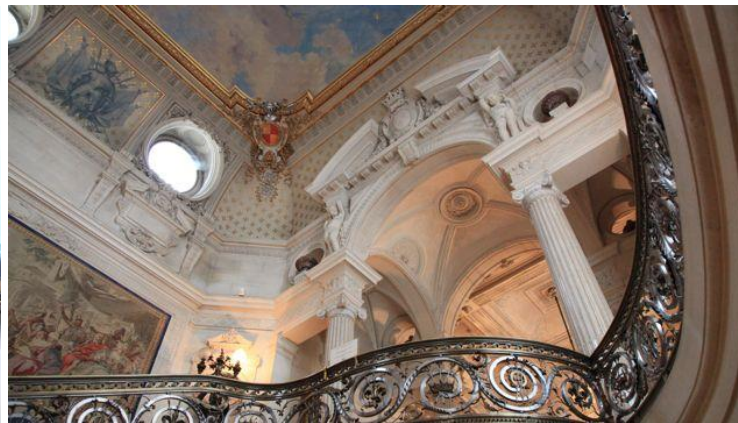


# Financial Results for the Fiscal Year Ended March 31, 2019

May 2019



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# Consolidated Financial Results for FY3/19



# Consolidated Financial Results Highlights

## Net Sales

**¥97,929 million (+ 1.5% YoY)**

- Renewal of existing contracts was firm, and fixed term contracts increased through expansion of the scope of business
- Sale of assets under management in Real Estate Fund Management Business

## Operating Profit

**¥6,363 million (+ 10.2% YoY)**

- Improved profitability on change of specification details and review of work efficiency in addition to price revisions

## Ordinary Profit

**¥6,760 million (+ 6.0% YoY)**

- Share of profit of entities accounted for using equity method decreased
- Booked foreign exchange losses on the weak yen reversing to a strong yen

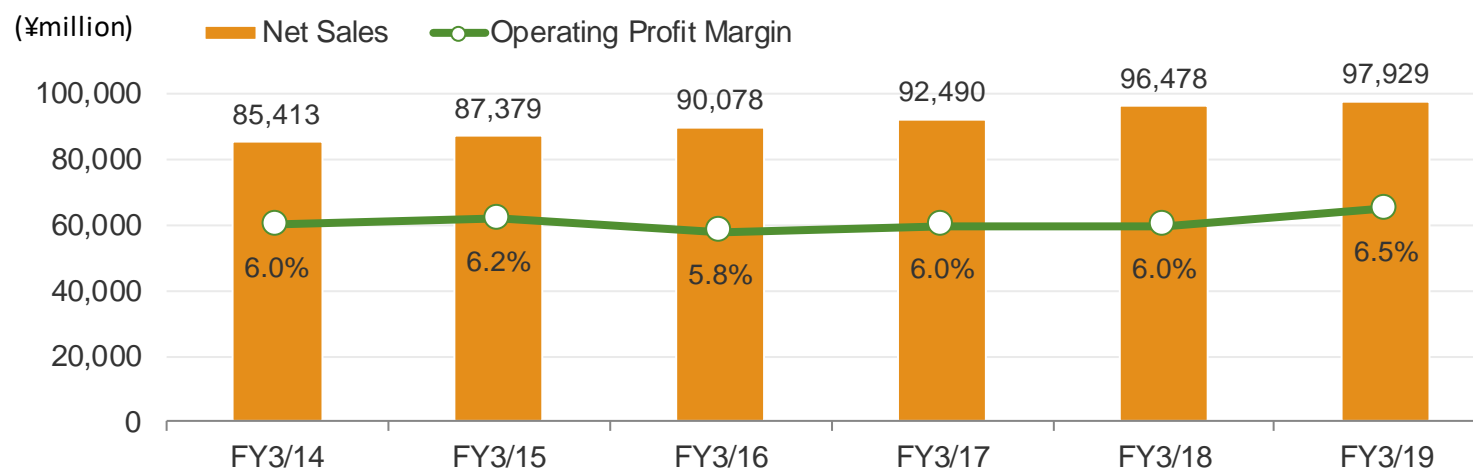
## Profit Attributable to Owners of Parent

**¥4,313 million (– 3.0% YoY)**

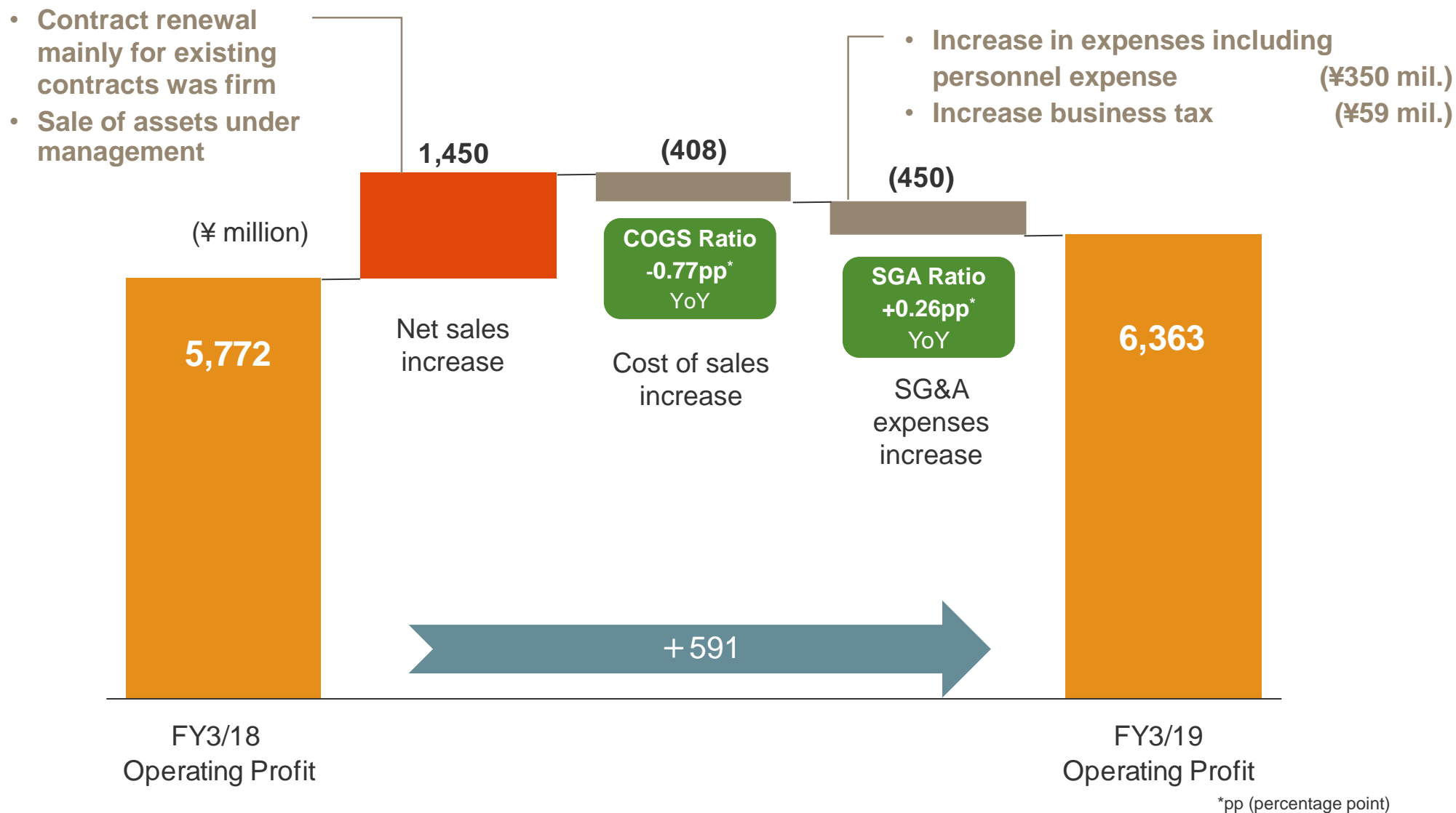
- Booked an extraordinary loss following the transfer of a portion of retirement benefit plans
- Increased tax expense

# Consolidated Financial Results Summary

Consolidated (¥ million)	FY3/18		FY3/19		YoY Changes	
	Actual	Ratio	Actual	Ratio	Amount	Ratio
Net Sales	96,478	100.0%	97,929	100.0%	1,450	1.5%
Gross Profit	18,833	19.5%	19,874	20.3%	1,041	5.5%
SG&A Expenses	13,061	13.5%	13,511	13.8%	450	3.4%
Operating Profit	5,772	6.0%	6,363	6.5%	591	10.2%
Ordinary Profit	6,379	6.6%	6,760	6.9%	381	6.0%
Profit Attributable to Owners of Parent	4,446	4.6%	4,313	4.4%	(133)	-3.0%



# Increases/Decreases in Consolidated Operating Profit



# Overview of Consolidated Balance Sheets

Consolidated (¥ million)	FY3/18 End		FY3/19 End		YoY Changes	
	Actual	Ratio	Actual	Ratio	Amount	Ratio
Current assets	38,863	56.7%	45,508	62.6%	6,645	17.1%
Cash and deposits	22,002	32.1%	25,817	35.5%	3,815	17.3%
Notes and accounts receivable - trade	14,097	20.6%	13,461	18.5%	(635)	-4.5%
Real estate for sale	1,476	2.2%	4,372	6.0%	2,896	196.2%
Non-current assets	29,724	43.3%	27,161	37.4%	(2,562)	-8.6%
Property, plant and equipment	5,251	7.7%	5,191	7.1%	(59)	-1.1%
Intangible assets	2,425	3.5%	2,263	3.1%	(161)	-6.7%
Investments and other assets	22,047	32.1%	19,705	27.1%	(2,341)	-10.6%
<b>Total Assets</b>	<b>68,588</b>	<b>100.0%</b>	<b>72,670</b>	<b>100.0%</b>	<b>4,082</b>	<b>6.0%</b>
Current liabilities	16,925	24.7%	15,209	20.9%	(1,715)	-10.1%
Notes and accounts payable - trade	8,607	12.5%	7,594	10.5%	(1,012)	-11.8%
Current portion of long-term loans payable	2,350	3.4%	375	0.5%	(1,975)	-84.0%
Non-current liabilities	6,459	9.4%	9,973	13.7%	3,513	54.4%
Long-term loans payable	-	-	1,500	2.1%	1,500	-
Long-term non-recourse loans payable	1,051	1.5%	2,979	4.1%	1,928	183.4%
Long-term guarantee deposited	2,517	3.7%	2,739	3.8%	222	8.8%
<b>Total Liabilities</b>	<b>23,384</b>	<b>34.1%</b>	<b>25,182</b>	<b>34.7%</b>	<b>1,798</b>	<b>7.7%</b>
Shareholders' equity	41,251	60.1%	45,292	62.3%	4,040	9.8%
Capital stock	3,000	4.4%	3,000	4.1%	0	0.0%
Capital surplus	646	0.9%	1,415	1.9%	768	118.9%
Retained earnings	42,567	62.1%	45,298	62.3%	2,731	6.4%
Accumulated other comprehensive income	2,933	4.3%	901	1.2%	(2,031)	-69.3%
Share acquisition rights	-	-	22	0.0%	22	-
Non-controlling interests	1,018	1.5%	1,271	1.7%	252	24.8%
<b>Total Net Assets</b>	<b>45,203</b>	<b>65.9%</b>	<b>47,487</b>	<b>65.3%</b>	<b>2,284</b>	<b>5.1%</b>
<b>Total Liabilities and Net Assets</b>	<b>68,588</b>	<b>100.0%</b>	<b>72,670</b>	<b>100.0%</b>	<b>4,082</b>	<b>6.0%</b>

## Main Factors for Increase/Decrease

(¥ million)

### Assets

- Increase in cash and deposits 3,815
- Increase in real estate for sale 2,896

### Liabilities

- Decrease in notes and accounts payable - trade (1,012)
- Decrease in current portion of long-term loans payable (1,975)
- Increase in long-term loans payable 1,500
- Increase in long-term non-recourse loans payable 1,928

### Equity Ratio

63.6%

(-0.8pp YoY)

# Overview of Consolidated Statement of Cash Flows

Consolidated (¥ million)	FY3/18 Actual	FY3/19 Actual	YoY Changes Amount
Profit before income taxes	6,575	6,694	119
Depreciation	604	572	(32)
Decrease (increase) in notes and accounts receivable - trade	(2,355)	1,361	3,716
Increase (decrease) in notes and accounts payable - trade	1,411	(1,001)	(2,413)
Decrease (increase) in inventories	(1,004)	(2,907)	(1,902)
Other, net	(2,196)	(2,691)	(495)
<b>Cash Flows from Operating Activities</b>	<b>3,034</b>	<b>2,027</b>	<b>(1,007)</b>
Purchase of property, plant and equipment, and intangible assets	(409)	(493)	(83)
Purchase of investment securities	(1,061)	(157)	904
Proceeds from sales of investment securities	369	1,150	781
Other, net	397	(35)	(433)
<b>Cash Flows from Investing Activities</b>	<b>(703)</b>	<b>464</b>	<b>1,168</b>
Increase (decrease) in loans payable (incl. non-recourse loans)	115	1,464	1,349
Cash dividends paid (incl. dividends paid to non-controlling interests)	(1,742)	(1,715)	26
Proceeds from disposal of treasury shares through exercise of share acquisition rights	-	1,301	1,301
Other, net	(242)	281	523
<b>Cash Flows from Financing Activities</b>	<b>(1,870)</b>	<b>1,331</b>	<b>3,201</b>
Net increase (decrease) in cash and cash equivalents	493	3,815	3,321
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	21,757	25,572	3,815
<b>Free Cash Flows</b>	<b>2,330</b>	<b>2,492</b>	<b>161</b>

## Main Factors for Increase/Decrease

(¥ million)

### CF from Operating Activities (1,007)

- Decrease in notes and accounts receivable - trade 3,716
- Decrease in notes and accounts payable - trade (2,413)

### CF from Investing Activities (1,168)

- Decrease in purchase of investment securities 904

### CF from Financing Activities (3,201)

- Increase in loans payable 1,349
- Proceeds from disposal of treasury shares through exercise of share acquisition rights 1,301



# Business Segments and Major Group Companies

## Facilities Management and Operation

¥67,873 mil

**Building Maintenance and Property Management (excl. Security Service)**  
¥46,713 mil

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

**Security Service** ¥21,160 mil

Three-S Co., Ltd.

## Residential Management and Operation\*

¥16,257 mil

**Condominium Management**

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

## Environmental Facility Management

¥9,828 mil

**Environmental Facility Management**

Nippon Kanzen Environment Service Co., Ltd.

## Real Estate Fund Management

¥1,514 mil

**Asset Management**

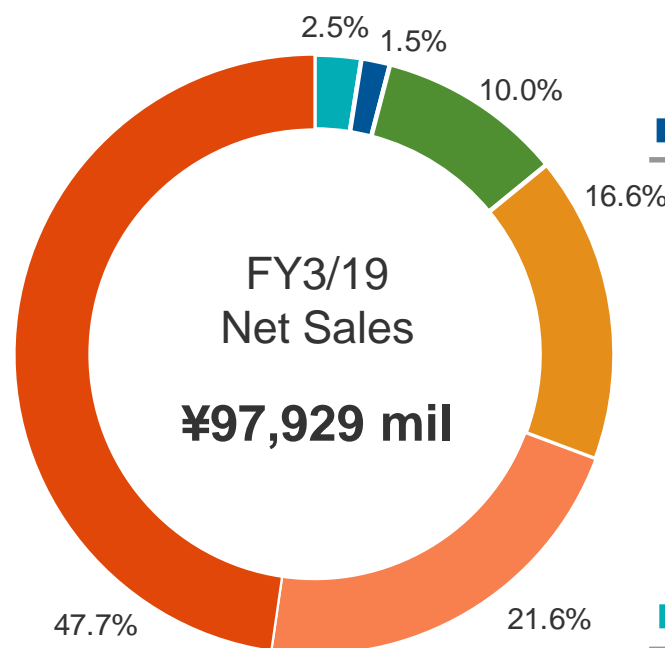
Tokyo Capital Management Co., Ltd.

## Other

¥2,456 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.

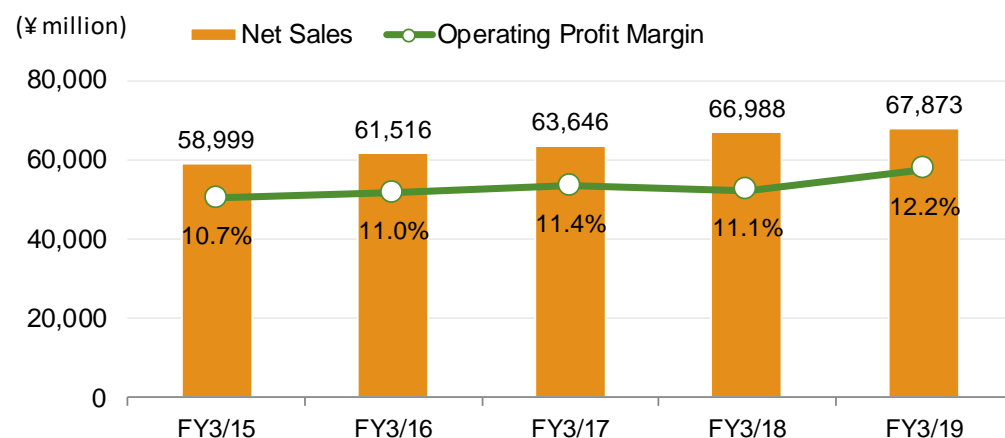
# Financial Results by Business Segment

Consolidated (¥ million)	FY3/18		FY3/19		YoY Changes	
	Actual	Ratio/Margin	Actual	Ratio/Margin	Amount	Ratio
Net Sales	96,478	100.0%	97,929	100.0%	1,450	1.5%
Facilities Management and Operation Business	66,988	69.4%	67,873	69.3%	885	1.3%
Building Maintenance and Property Management	47,384	49.1%	46,713	47.7%	(670)	-1.4%
Security Service	19,604	20.3%	21,160	21.6%	1,556	7.9%
Residential Management and Operation Business	16,987	17.6%	16,257	16.6%	(729)	-4.3%
Environmental Facility Management Business	9,757	10.1%	9,828	10.0%	70	0.7%
Real Estate Fund Management Business	463	0.5%	1,514	1.5%	1,051	227.0%
Other Businesses	2,282	2.4%	2,456	2.5%	174	7.6%
Operating Profit	5,772	6.0%	6,363	6.5%	591	10.2%
Facilities Management and Operation Business	7,457	11.1%	8,296	12.2%	839	11.3%
Building Maintenance and Property Management	5,304	11.2%	5,622	12.0%	318	6.0%
Security Service	2,153	11.0%	2,674	12.6%	521	24.2%
Residential Management and Operation Business	1,445	8.5%	1,472	9.1%	27	1.9%
Environmental Facility Management Business	1,134	11.6%	1,170	11.9%	36	3.2%
Real Estate Fund Management Business	84	18.3%	82	5.4%	(2)	-2.5%
Other Businesses	343	15.0%	403	16.4%	59	17.4%
Adjustments	(4,692)	-	(5,061)	-	(368)	7.9%

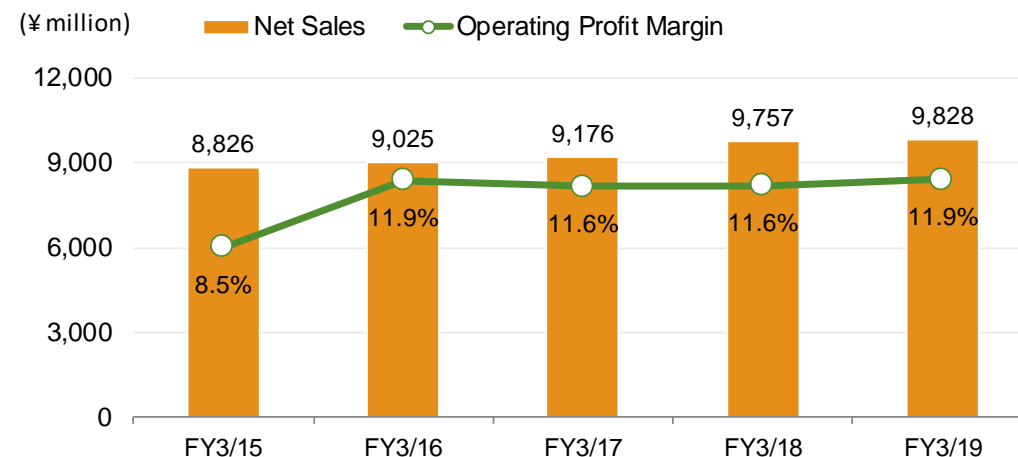
\*The adjustment amount of operating profit (segment profit or loss) is SG&A expenses which are not attributable to any segment.

# Performance of Major Segments

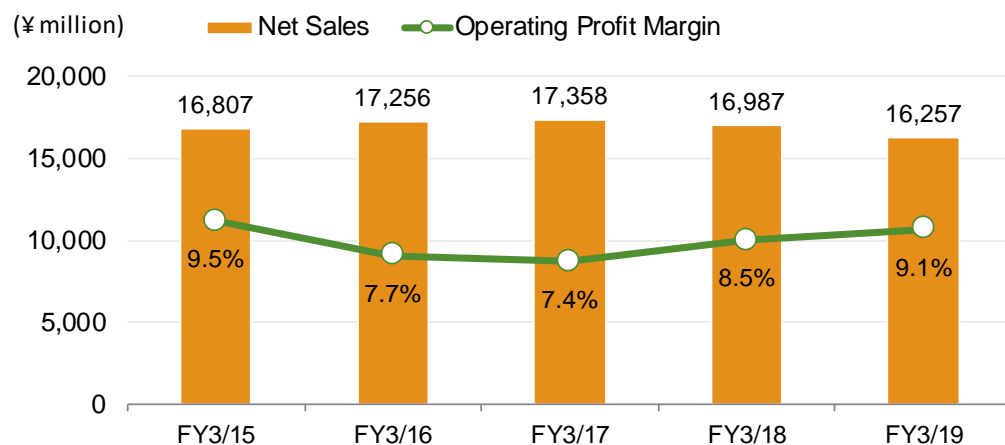
## Facilities Management and Operation Business



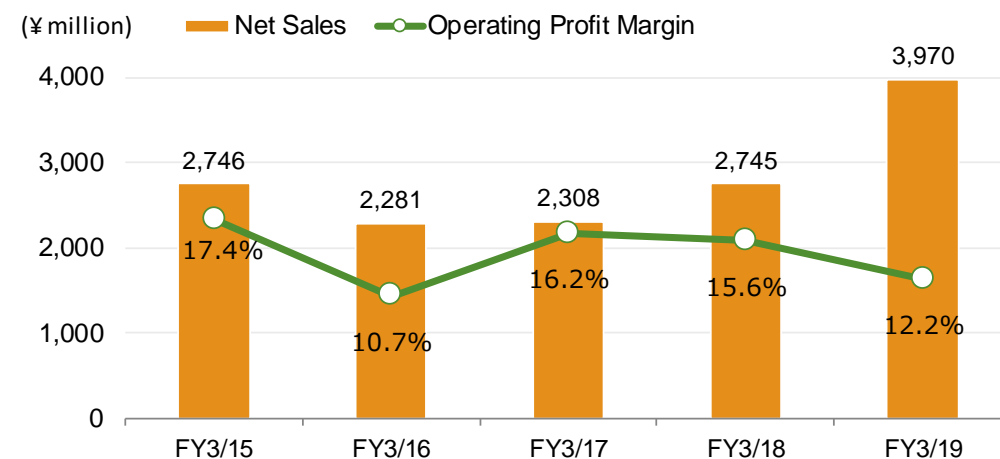
## Environmental Facility Management Business



## 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 FY3/20



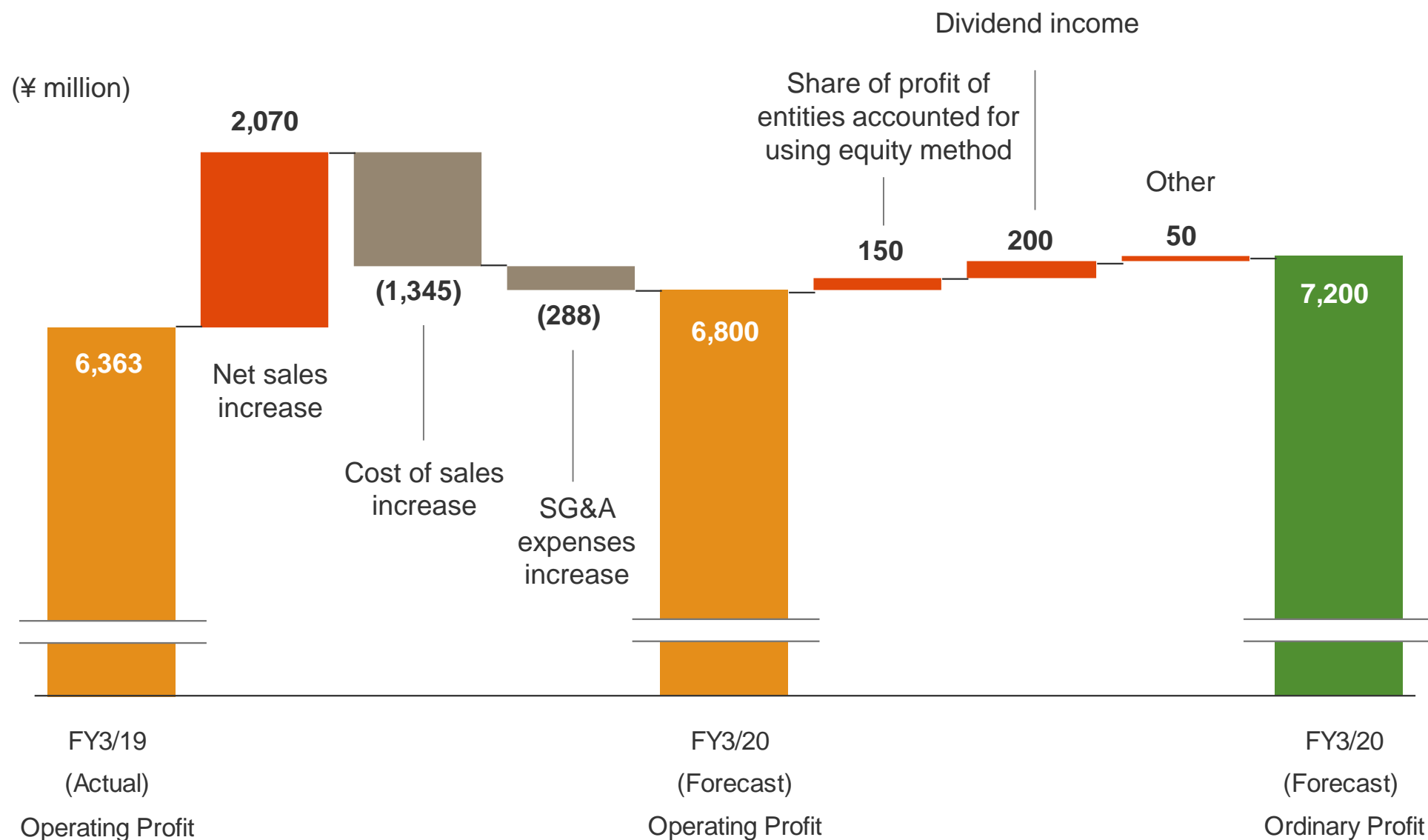
# Consolidated Financial Forecasts Summary

## 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 entities accounted for using equity method is expected to increase and non-operating expenses are expected to be controlled.

Consolidated (¥ million)	Full-Year FY3/19		1H FY3/20		2H FY3/20		Full-Year FY3/20		YoY Changes	
	Actual	Ratio	Forecast	Ratio	Forecast	Ratio	Forecast	Ratio	Amount	Ratio
Net Sales	97,929	100.0%	49,100	100.0%	50,900	100.0%	100,000	100.0%	2,070	2.1%
Gross Profit	19,874	20.3%	10,000	20.4%	10,600	20.8%	20,600	20.6%	725	3.6%
SG&A Expenses	13,511	13.8%	6,900	14.1%	6,900	13.6%	13,800	13.8%	288	2.1%
Operating Profit	6,363	6.5%	3,100	6.3%	3,700	7.3%	6,800	6.8%	436	6.9%
Ordinary Profit	6,760	6.9%	3,200	6.5%	4,000	7.9%	7,200	7.2%	439	6.5%
Profit Attributable to Owners of Parent	4,313	4.4%	2,000	4.1%	2,600	5.1%	4,600	4.6%	286	6.7%

# Increases/Decreases in Consolidated Ordinary Income Forecast



# Financial Forecasts by Business Segment

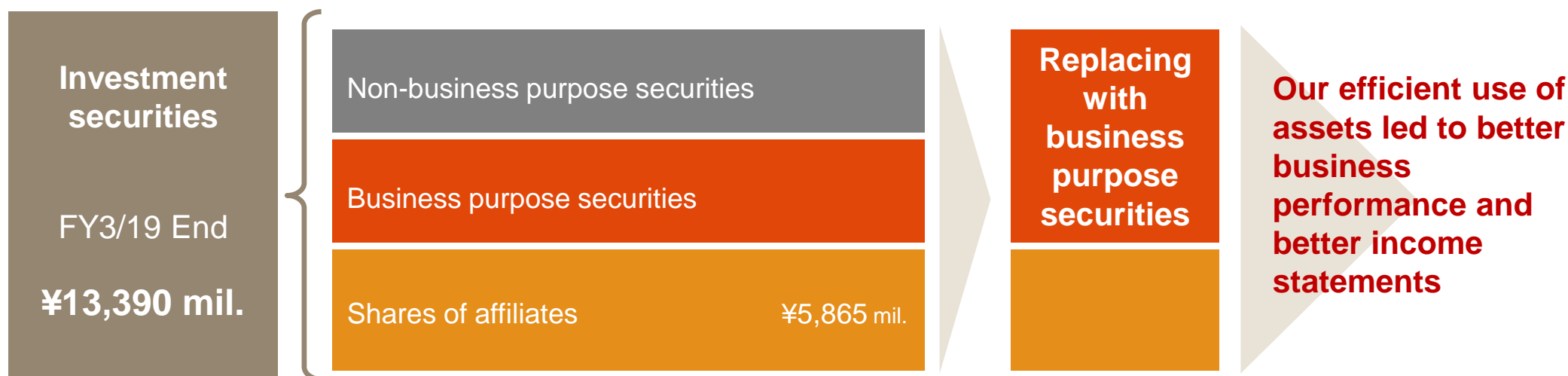
Consolidated (¥ million)	Full-Year FY3/19		1H FY3/20		2H FY3/20		Full-Year FY3/20		YoY Changes	
	Actual	Composition Ratio/Margin	Actual	Composition Ratio/Margin	Forecast	Composition Ratio/Margin	Forecast	Composition Ratio/Margin	Amount	Ratio
Net Sales	97,929	100.0%	49,100	100.0%	50,900	100.0%	100,000	100.0%	2,070	2.1%
Facilities Management and Operation Business	67,873	69.3%	34,000	69.2%	35,500	69.7%	69,500	69.5%	1,626	2.4%
Building Maintenance and Property Management	46,713	47.7%	23,600	48.1%	24,200	47.5%	47,800	47.8%	1,086	2.3%
Security Service	21,160	21.6%	10,400	21.2%	11,300	22.2%	21,700	21.7%	539	2.6%
Residential Management and Operation Business	16,257	16.6%	8,200	16.7%	8,400	16.5%	16,600	16.6%	342	2.1%
Environmental Facility Management Business	9,828	10.0%	5,100	10.4%	5,200	10.2%	10,300	10.3%	471	4.8%
Real Estate Fund Management Business	1,514	1.5%	700	1.4%	500	1.0%	1,200	1.2%	(314)	-20.7%
Other Businesses	2,456	2.5%	1,100	2.2%	1,300	2.6%	2,400	2.4%	(56)	-2.3%
Operating Profit	6,363	6.5%	3,100	6.3%	3,700	7.3%	6,800	6.8%	436	6.9%
Facilities Management and Operation Business	8,296	12.2%	4,273	12.6%	4,727	13.3%	9,000	12.9%	703	8.5%
Building Maintenance and Property Management	5,622	12.0%	3,003	12.7%	3,297	13.6%	6,300	13.2%	677	12.1%
Security Service	2,674	12.6%	1,270	12.2%	1,430	12.7%	2,700	12.4%	25	1.0%
Residential Management and Operation Business	1,472	9.1%	737	9.0%	823	9.8%	1,560	9.4%	87	6.0%
Environmental Facility Management Business	1,170	11.9%	620	12.2%	620	11.9%	1,240	12.0%	69	5.9%
Real Estate Fund Management Business	82	5.4%	40	5.7%	30	6.0%	70	5.8%	(12)	-15.1%
Other Businesses	403	16.4%	120	10.9%	160	12.3%	280	11.7%	(123)	-30.5%
Adjustments	(5,061)	-	(2,690)	-	(2,660)	-	(5,350)	-	(288)	5.7%

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

## 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

- During FY3/19, Nippon Kanmai also sold non-business purpose investment securities of 6 companies for ¥378 million.
- Nippon Kanmai 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

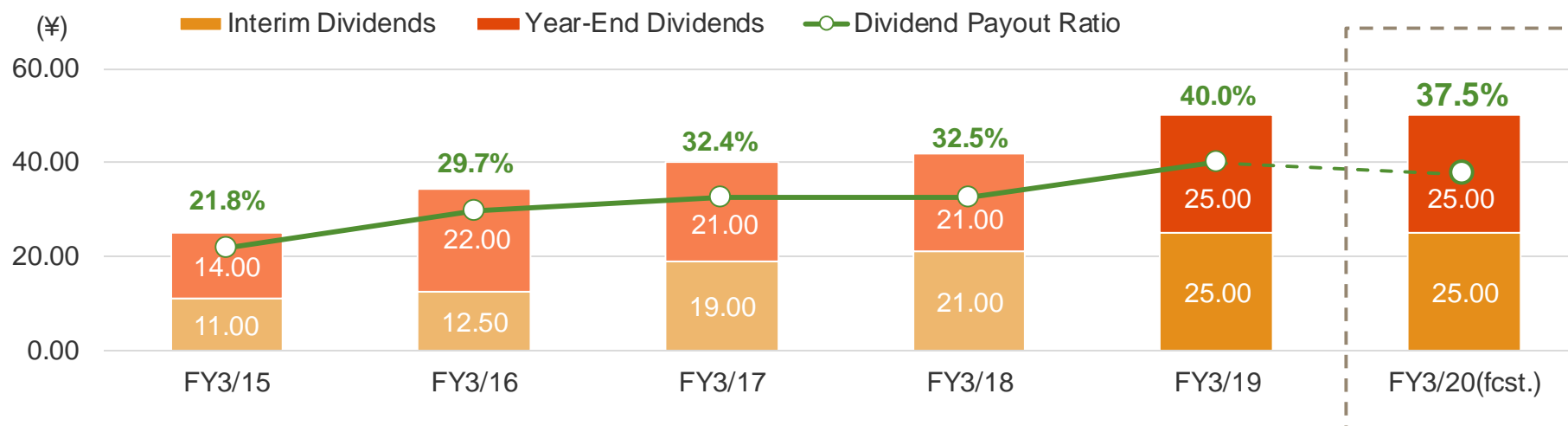
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The Company issued No.1 new share subscription rights by third-party allocation with exercise price adjustment provision (with exercise designation / suspension designation provisions)

- |  |  |
|--|--|
| ■ Allocation date                              | November 21, 2018                          |
| ■ Total Number of the Stock Acquisition Rights | 30,000 units                               |
| ■ Exercise status as of March 31, 2019         | 7,400 units (24.67% of total units issued) |

## Topics (2): Shareholder Return 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 FY3/19, based on comprehensive consideration including the return of profits to shareholders, taking into account full-year consolidated financial results, the year-end dividend has been decided at initial guidance for a ¥4 hike to ¥25 per share.
- For FY3/20, the interim and year-end dividends will be set at ¥25 each, planning for total dividends of ¥50 per share.
- Going forward, we will strive to be able to maintain a consolidated payout ratio of 35% or more.



# 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** Approach based on IT technologies etc.

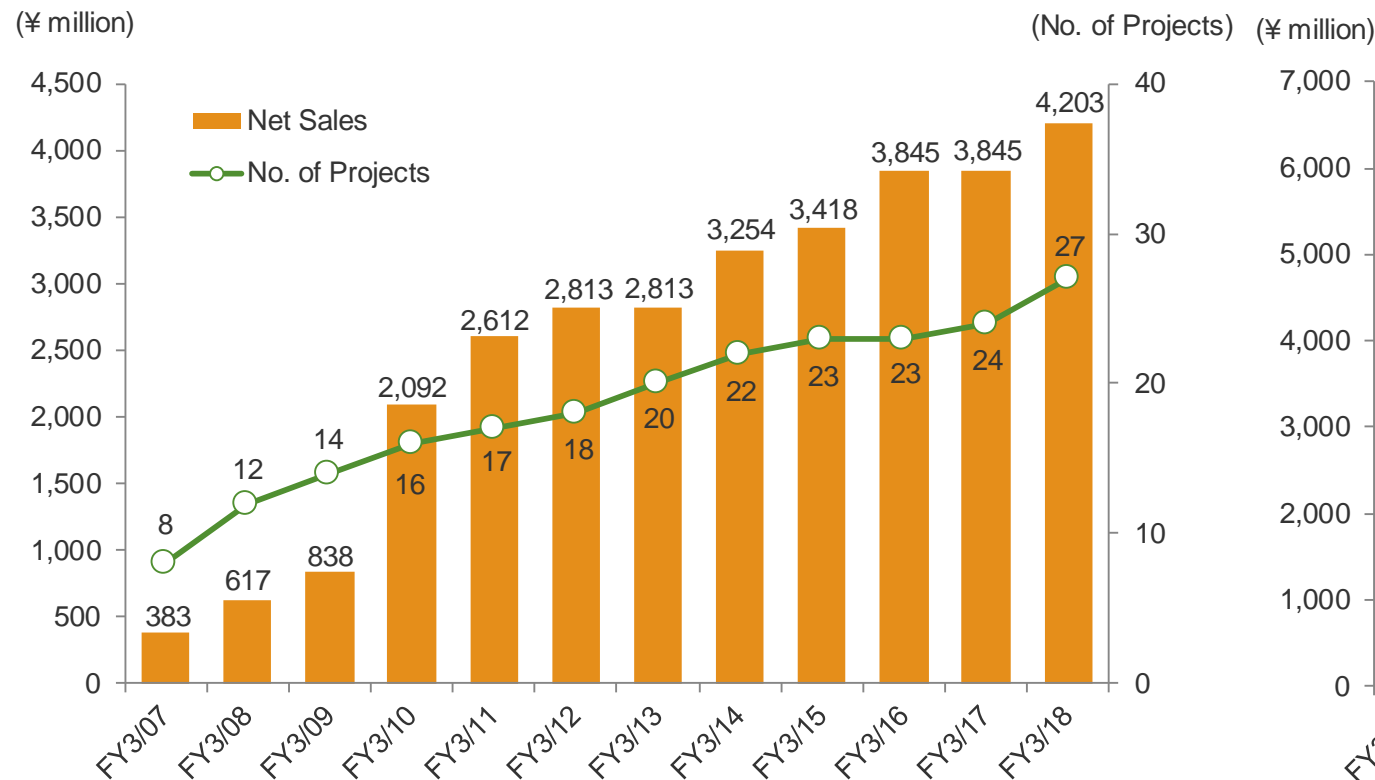
## Growth Strategies

- Create business opportunities by strengthening PPP / PFI and public facilities comprehensive management (P.21~P.25)
- Invest in overseas companies
- Reinforce our residential management business through cooperation with overseas group companies (P.26~P.27)
- Create new partners through introducing IT into work management
- Standardize service quality and increase work efficiency (P.28~P.32)

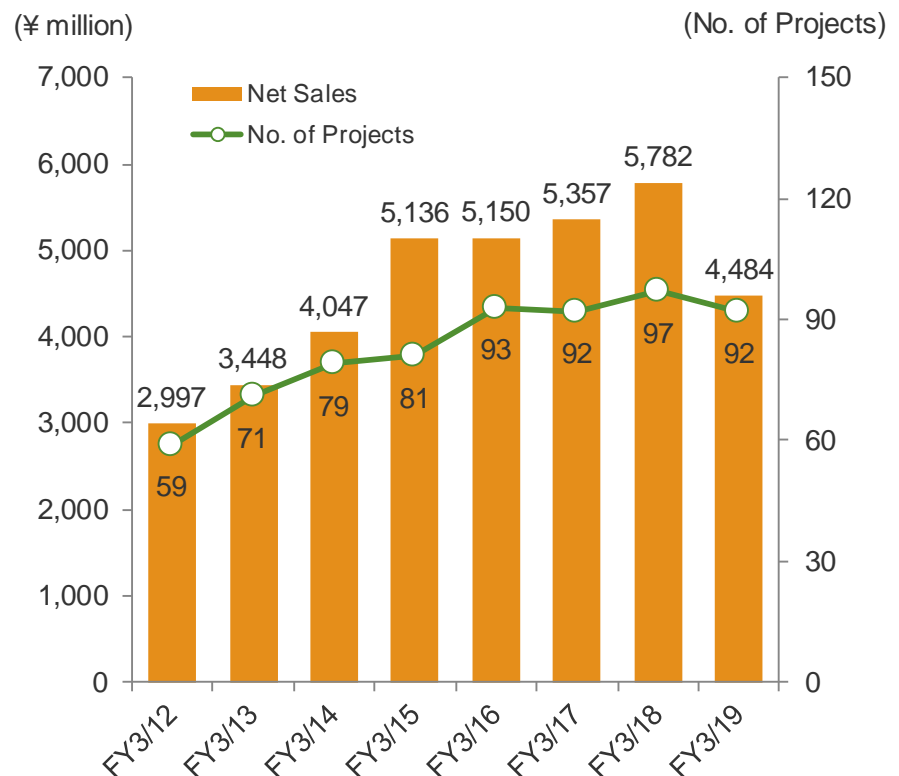
# Business Opportunities (1): Track Records for Public Sector Business (excluding conventional general bidding)

## Continuous Efforts toward Expansion of Ancillary Business

### PFI



### Designated Administrator



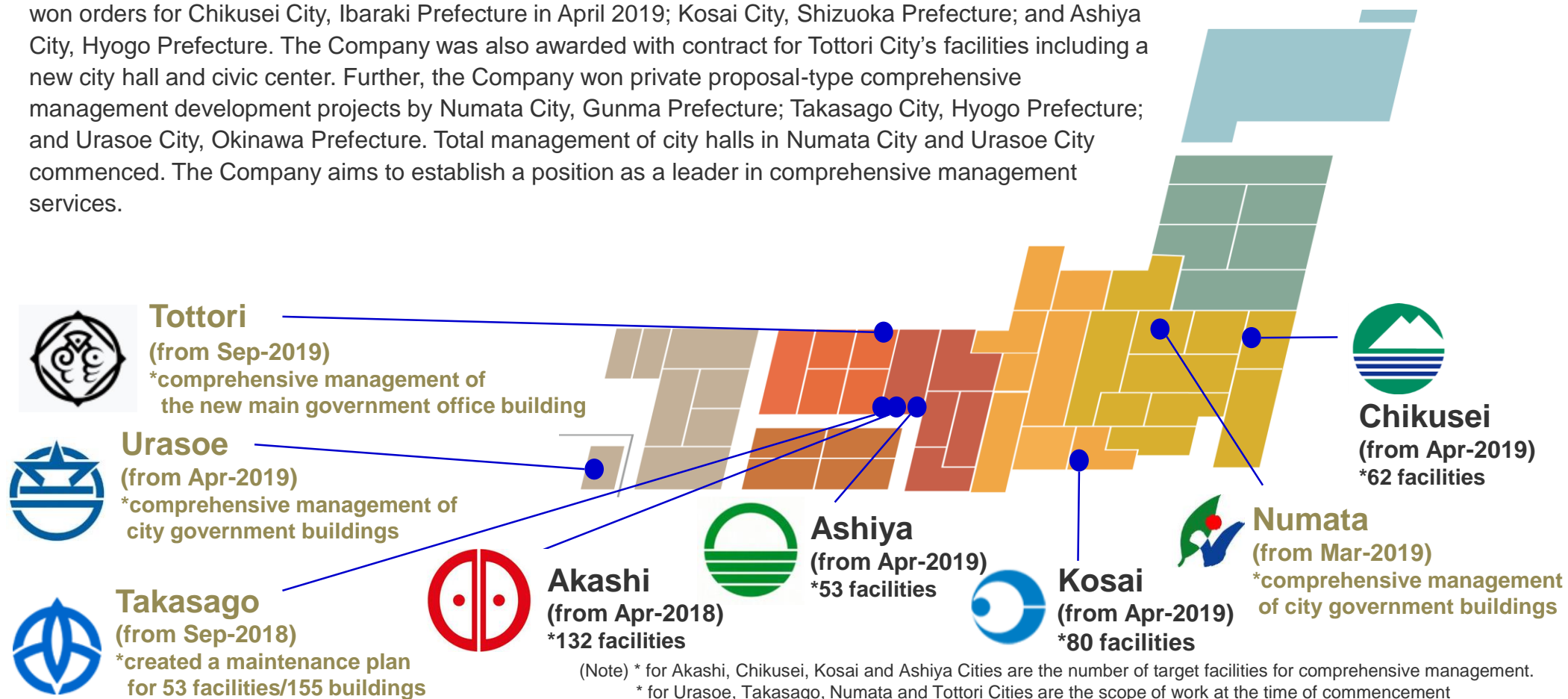
\*Results for FY3/19 will be updated at the next results briefing due to closing date of SPC's financial year.

# 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 multiple 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 in April 2019; Kosai City, Shizuoka Prefecture; and Ashiya City, Hyogo Prefecture. The Company was also awarded with contract for Tottori City's facilities including a new city hall and civic center. 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. Total management of city halls in Numata City and Urasoe City commenced. The Company aims to establish a position as a leader in comprehensive management services.



# Business Opportunities (1): PFI Business

## First arena for concessions in Japan

NIPPON KANZAI participates in the consortium that was selected as the operating rights (concessions) holder candidate for the “Ariake Arena Management Operations Project” announced by the Tokyo Metropolitan Government on July 11, 2018.

This is the first attempt at arena management under a concessions-type contract in Japan. The objectives are to create a sports trend for Tokyo residents, to make the best use of private company know-how, as well as starting a new culture by holding events like concerts.

Working toward improving service for Tokyo residents, we aim to make the Ariake Arena a new sports and culture hub for Tokyo.

As a member of the proposing group, the Company is involved in the entire project. We will play a role in achieving stable business execution during the period of the project. To be more specific, we are responsible for management and maintenance work.

### Consortium companies

<b>Representative company</b>	<b>DENTSU INC.</b>
<b>Members</b>	NTT DOCOMO, INC.
	NIPPON KANZAI Co., Ltd.
	AMUSE INC.
	LIVE NATION JAPAN
	DENTSU LIVE INC.
	ASICS Japan Corp.
<b>Partner companies</b>	NTT FACILITIES, INC.
	Xross Sports Marketing Co., Ltd.
	Mitsubishi Research Institute, Inc.

### Facilities overview

<b>Name</b>	<b>Ariake Arena</b>
<b>Owner</b>	Tokyo
<b>Site area</b>	Approx. 36,576 m <sup>2</sup>
<b>Total floor space</b>	Approx. 47,200 m <sup>2</sup>
<b>Structure</b>	Steel reinforced concrete, partial steel-frame steel reinforced concrete / steel-frame
<b>Height / no. of floors</b>	Approx. 37 meters, 5 floors above ground

### Facility image



※平成 31 年 1 月時点の大会時イメージ図



# Business Opportunities (1): Public Facilities Management Support Business

## Public Facilities Management Support Services and Publicity Strategy

### ■ PPP Agreement Partner with Ministry of Land, Infrastructure, Transport and Tourism (MLIT)

A PPP agreement is a partnership agreement between MLIT 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 promote seminars and consulting by partner companies. The Company was certified as a PPP Agreement Partner in FY2018, and we conducted seminars in 6 locations nationwide. The Company is certified as an Agreement Partner for both seminar-type and consulting-type for FY2019. Going forward, we plan to actively conduct enlightenment activities aimed at local governments.

### Seminars conducted in FY2018

Event location	Event date	No. of participating municipalities
Nagoya	25-Jun	26 municipalities: 33 persons
Osaka	19-Jul	21 municipalities: 29 persons
Oita	9-Aug	12 municipalities: 27 persons
Tsukuba	9-Nov	25 municipalities: 47 persons
Sapporo	27-Nov	19 municipalities: 36 persons
Tokyo	12-Feb	34 municipalities: 53 persons

PPP: Public-Private-Partnership



Seminar held in Tokyo

### ■ Public Facilities Management Support Services

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. Associate Professor Hiroki Tsutsumi from Maebashi Institute of Technology and Visiting Professor Manabu Minami from Toyo University were invited as advisers, and they are promoting the collaboration between industry and academia as well as business expansion.

Also, in order to strengthen sales development to government offices, we continue to publish articles introducing the Company's support work for local governments in each issue of "JICHITAI TSUSHIN"\* since Apr-2018.

### JICHITAI TSUSHIN (local government communications) articles introducing Nippon Kanzai

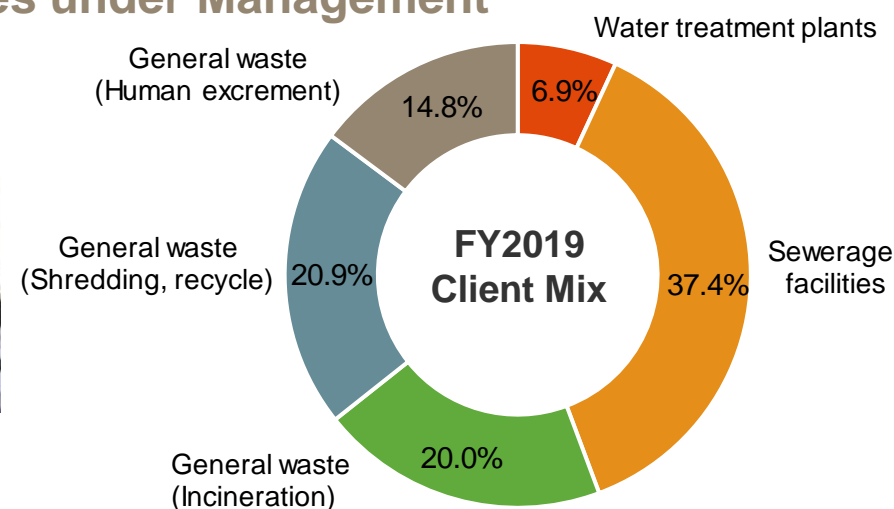


\*JICHITAI TSUSHIN (local government communications) is an information magazine that introduces local governments solutions for issues and private companies that support them, and it has free distribution of approximately 28,000 copies in 1,700 municipalities in 47 prefectures.

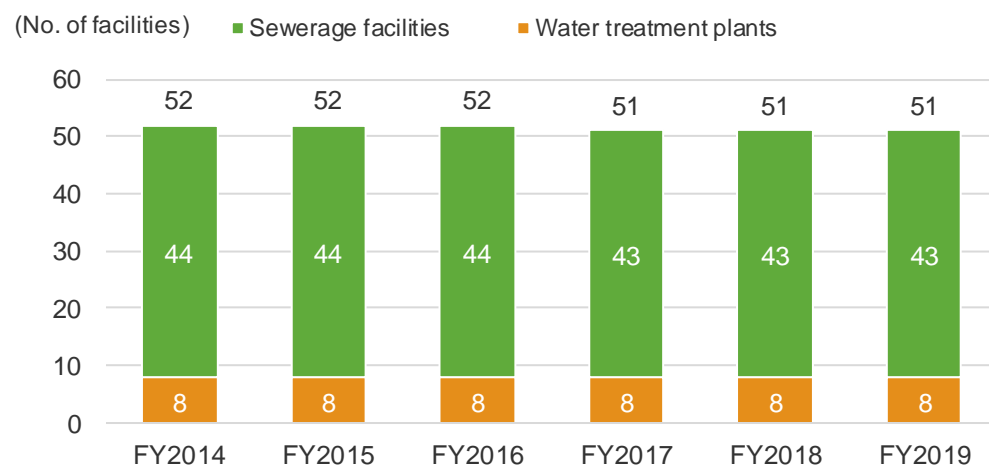


# Business Opportunities (1): Track Records in Environmental Facilities

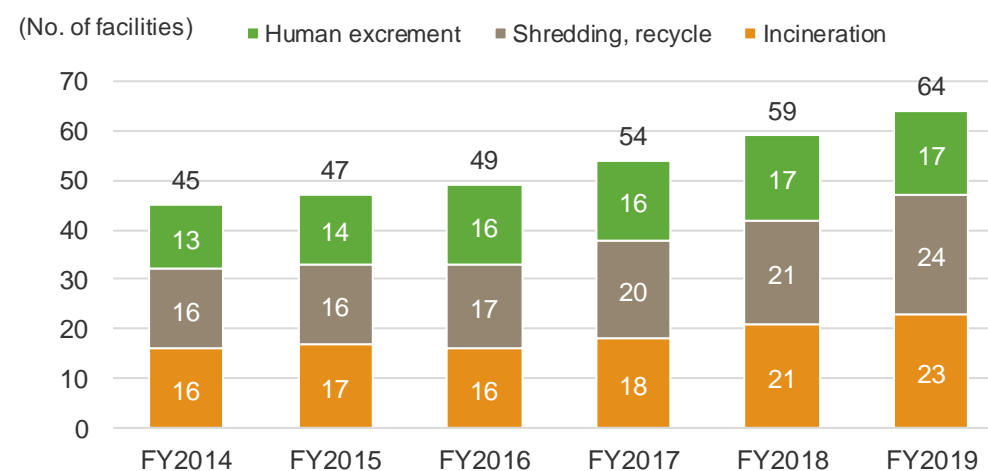
## Overview and Historical Number of Major Facilities under Management



### Number of water and sewerage facilities



### Number of general waste treatment facilities



\*No. of contracts as of Mar 31

# 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 Kanzen’s engineering abilities, PICA has introduced services related to physical aspects of buildings.

## Background

Nippon Kanzen acquired 50% shares of PICA from Fexco, a global fintech organization in March 2013. Founded in 1981, Fexco employs over 2,300 people and now has operations in 29 countries across Europe, the Middle East, Asia-Pacific, North America and Latin America.

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, 2018

**Main Business**

Strata management, Debt collection

**HQ**

Sydney

**Major Branches**

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

**Employees**

Approx. 680 as of December 31, 2018

**No. of Lots under Management**

Approx. 198,000 lots, 12,000 associations as of December 31, 2018

# 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 is 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. as well as by way of M&A.



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, 2018

**No. of Lots under Management**

Approx. 72,000 lots, approx. 320 associations as of December 31, 2018

## Business Opportunities (3): Approach Based on IT

**We aim to create new partners by introducing IT to work management and sharing information, and further utilization of IT to standardize service quality and to improve efficiency, and to achieve reformation through IT approach both externally and internally.**

### External approach

We aim to systematize our work management and commercialize work management including agency work as package products. By providing our package products to local governments, building owners who manage buildings on their own, and small and medium-size building management companies, we aim to reinforce relationships with them and increase the number of our loyal customers without providing excessive services.

Public facilities management system : Cross Point FM  
Building information sharing system : LEAD-Web  
Work management support application : NK Application



LEAD-Web



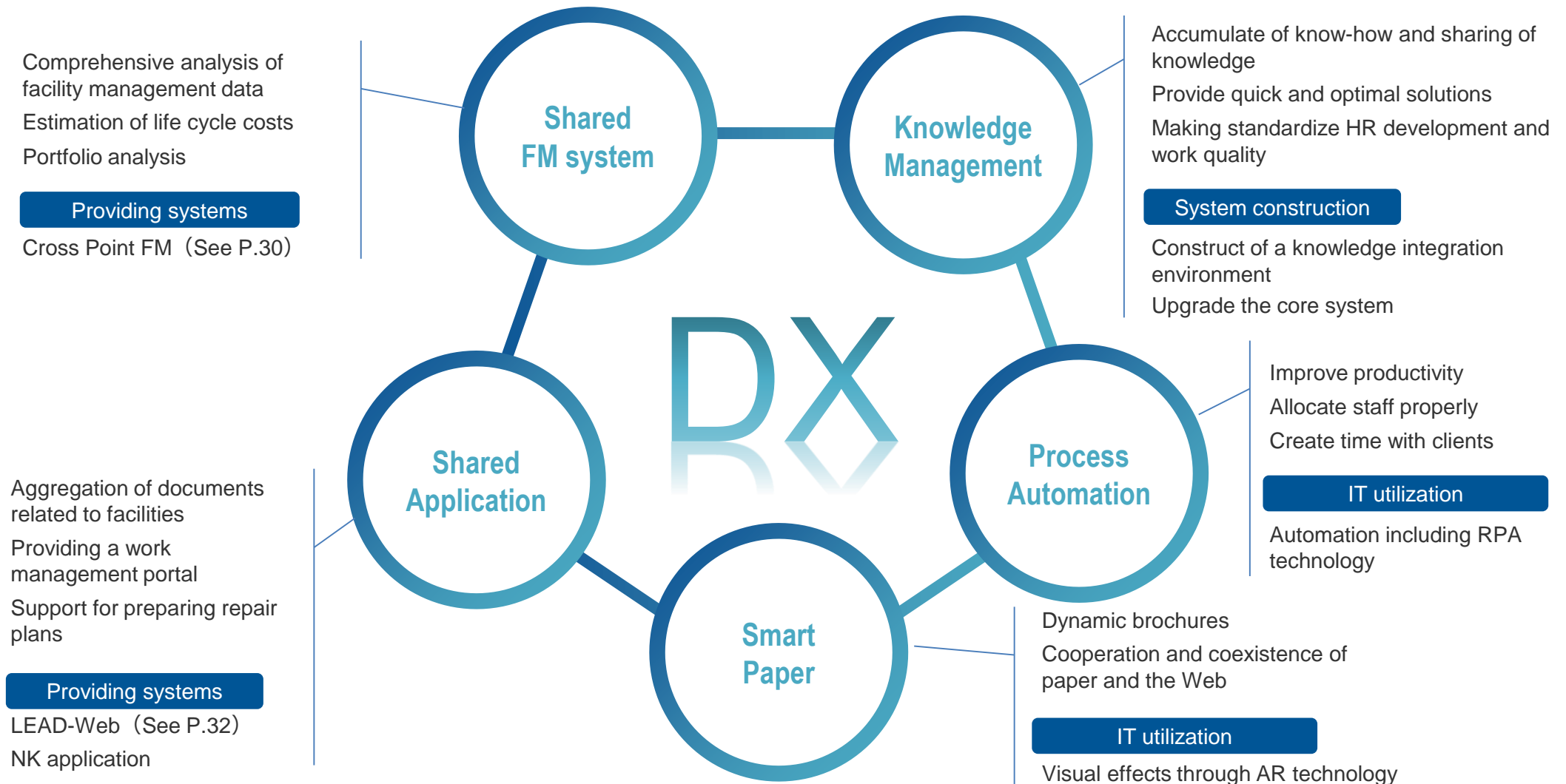
### Internal approach

Construction of knowledge integration environment is in process with an objective of turning collective tacit knowledge into explicit knowledge. Our tacit knowledge has been accumulated over 50 years of experience since foundation. By turning it into explicit knowledge with AI-supported system that allows us to retrieve appropriate information easily in a timely manner, we aim to promptly develop effective human resource, as well as achieving standardization of service quality.

RPA is known for great potential to improve productivity. Using IT including RPA, we aim to enhance work efficiency and automation in every detail of work at customer service, engineering and back office. Furthermore, our staff will spend more time for customer relations once we reduce back office staff and place them at front office.

## Business Opportunities (3): Approach Based on IT -Digital Transformation-

**With IT approaches both externally and internally, and fusion of digital and analog, we provide optimal services to customers. -NIPPON KANZAI's "Digital Transformation" Strategy-**

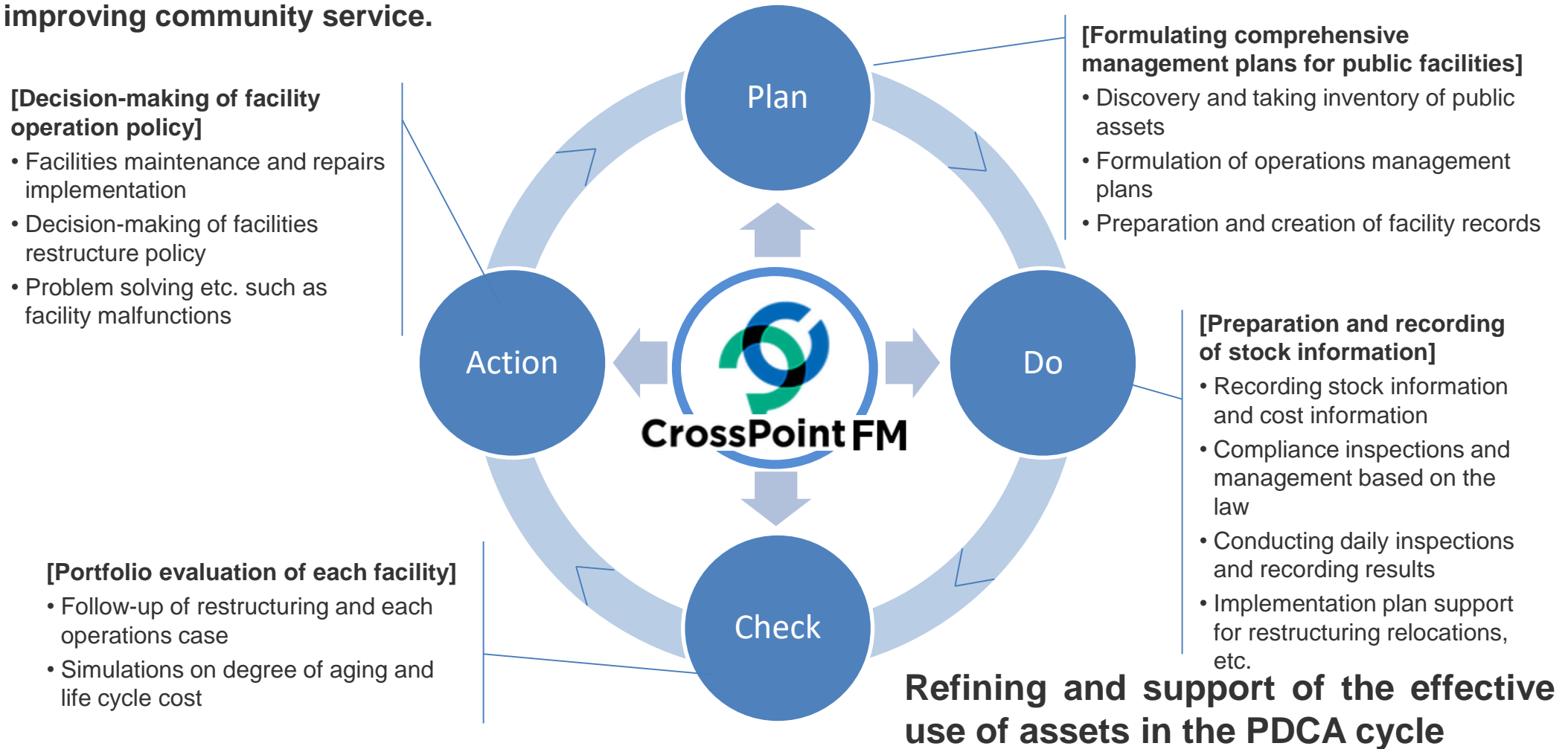




## Business Opportunities (3): Providing Systems

### -Public Facilities Management Systems Cross Point FM-

**Cross Point FM supports automatic evaluation of public facilities, optimal placement planning, operations management, and supports the reduction of the duties of staff in charge as well as maintaining and improving community service.**



Note: Cross Point FM is a system developed by Cross Point Consulting Co., Ltd., in which the Company has a stake, under a consigned R&D project of the Japan Science and Technology Agency (JST).

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

## Digital Business Base

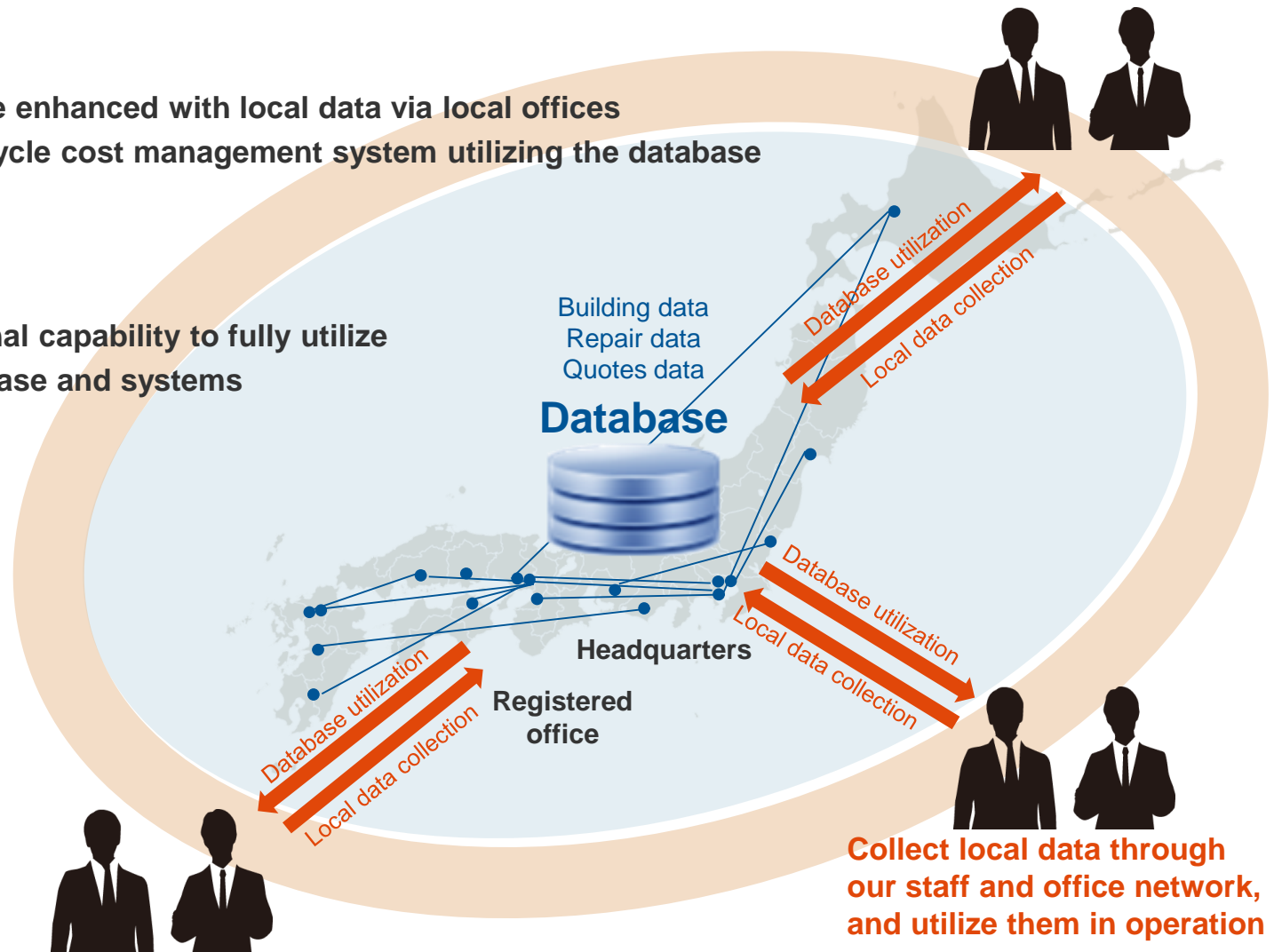
1. Building management database enhanced with local data via local offices
2. Independently developed life cycle cost management system utilizing the database

## Analog Business Base

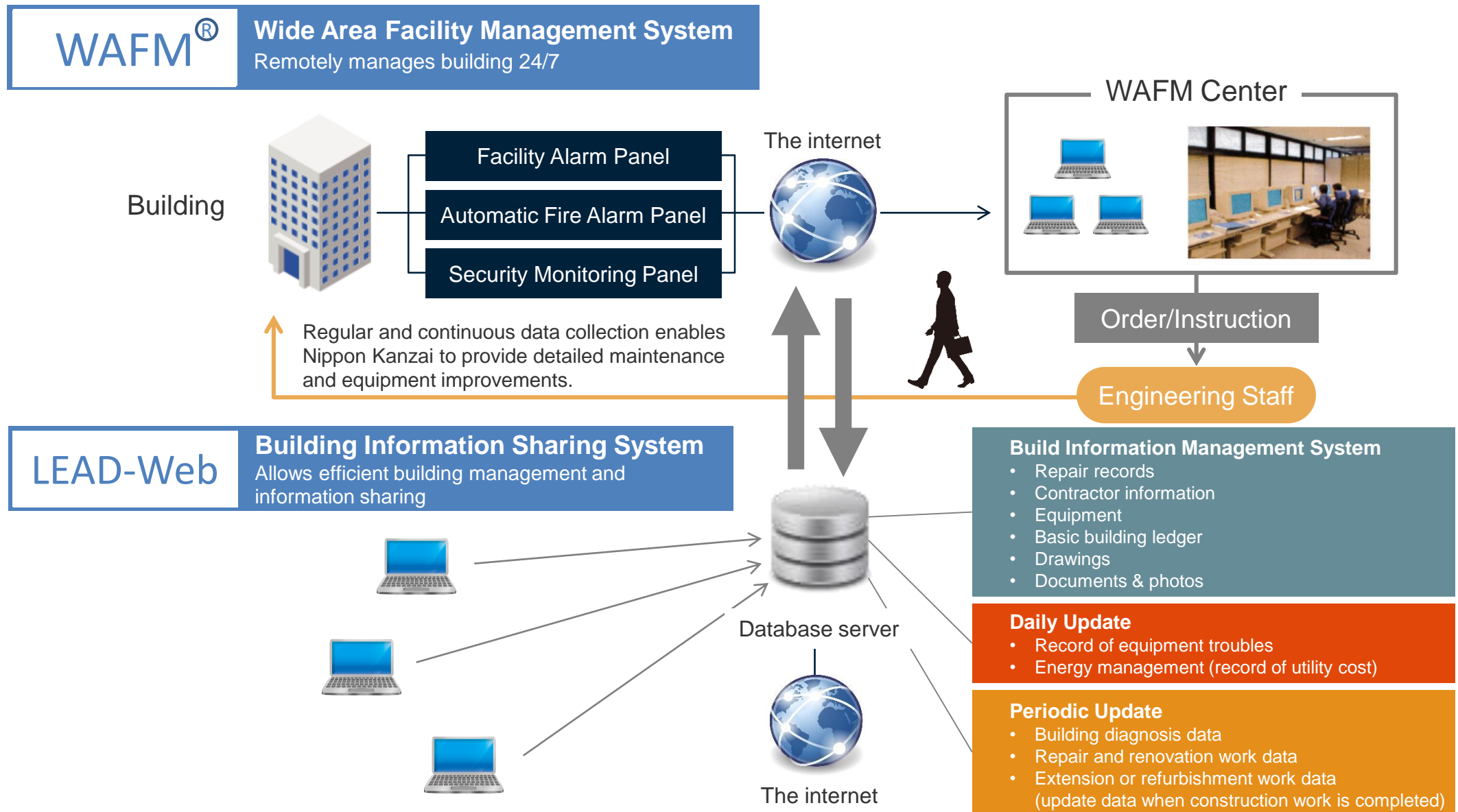
Specialized expertise and operational capability to fully utilize the independently developed database and systems

### 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

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

Forward-looking statements contained in this material such as results forecasts and future prospects are forecasts and estimates made by NIPPON KANZAI based on information available at the time of the preparation of the material, and are subject to potential risks and uncertainties.

Please note that actual results may differ from the statements contained in this material due to various factors.

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