

Financial Results for the Fiscal Year Ended March 31, 2020

May 20, 2020



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Consolidated Financial Results for FY3/20



Consolidated Financial Results Highlights

Net Sales

¥106,300 million (+8.5% YoY)

- Steady performance of the renewal of existing contracts and the growth of fixed contracts due to the expansion of business scope
- Increase in sales for repair works including those from large-scale projects

Operating Profit

¥6,854 million (+7.7% YoY)

- Secured by changing specification details and reviewing work efficiency in addition to price revisions

Ordinary Profit

¥7,232 million (+7.0% YoY)

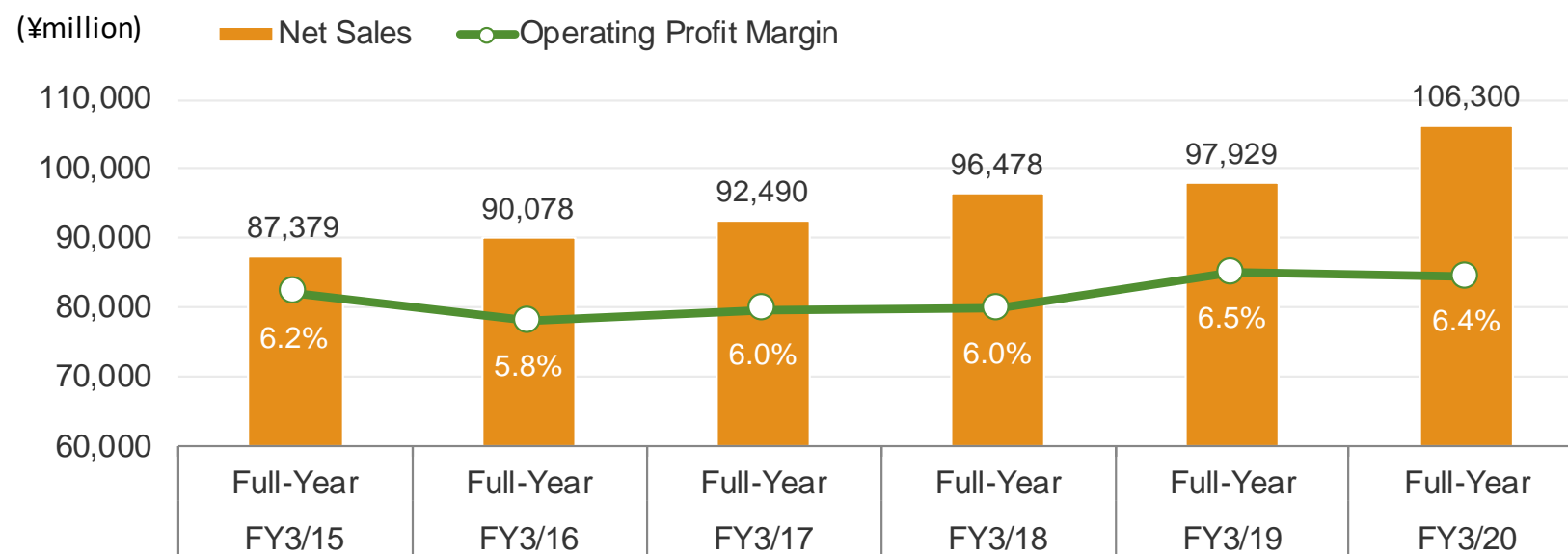
- Decrease in share of profit of entities accounted for using equity method
- Recognition of foreign exchange losses due to the strengthening of the weak yen

Profit Attributable to Owners of Parent

¥4,346 million (+0.8% YoY)

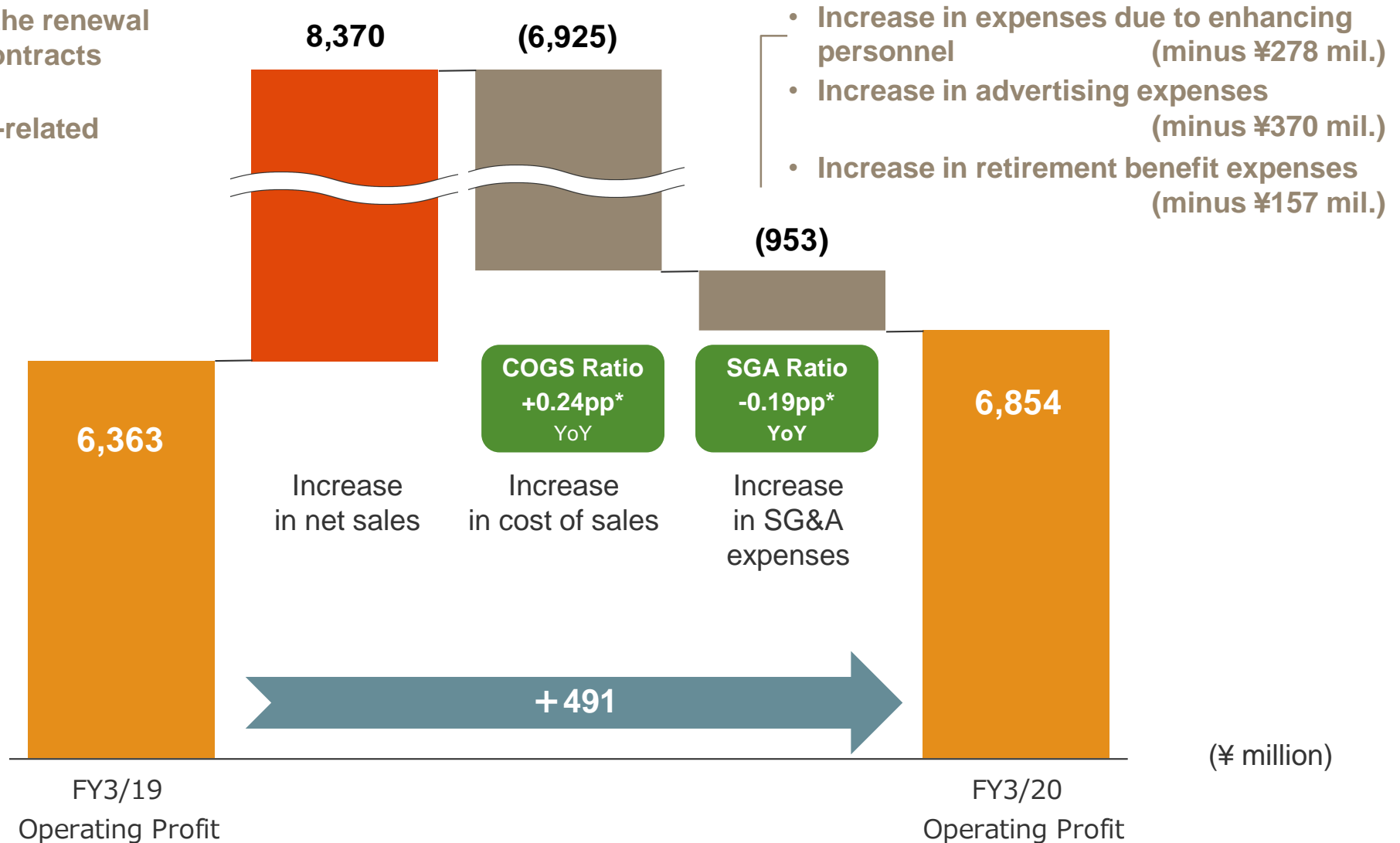
Consolidated Financial Results Summary

Consolidated (¥ million)	FY3/19		FY3/20		YoY Changes	
	Actual	Ratio	Actual	Ratio	Amount	Ratio
Net Sales	97,929	100.0%	106,300	100.0%	8,370	8.5%
Gross Profit	19,874	20.3%	21,319	20.1%	1,444	7.3%
SG&A Expenses	13,511	13.8%	14,465	13.6%	953	7.1%
Operating Profit	6,363	6.5%	6,854	6.4%	491	7.7%
Ordinary Profit	6,760	6.9%	7,232	6.8%	471	7.0%
Profit Attributable to Owners of Parent	4,313	4.4%	4,346	4.1%	33	0.8%



Analysis of Increases/Decreases in Consolidated Operating Profit

- Steady performance of focusing on the renewal of existing contracts
- Increase in construction-related works



*pp (percentage point)

Overview of Consolidated Balance Sheets

Consolidated (¥ million)	FY3/19 End		FY3/20 End		YoY Changes	
	Actual	Ratio	Actual	Ratio	Amount	Ratio
Current assets	45,508	62.6%	48,797	63.4%	3,289	7.2%
Cash and deposits	25,817	35.5%	28,588	37.1%	2,770	10.7%
Notes and accounts receivable - trade	13,461	18.5%	13,989	18.2%	528	3.9%
Real estate for sale	4,372	6.0%	4,302	5.6%	(70)	-1.6%
Non-current assets	27,161	37.4%	28,226	36.6%	1,064	3.9%
Property, plant and equipment	5,191	7.1%	5,254	6.8%	62	1.2%
Intangible assets	2,263	3.1%	2,239	2.9%	(24)	-1.1%
Investments and other assets	19,705	27.1%	20,732	26.9%	1,026	5.2%
Total Assets	72,670	100.0%	77,024	100.0%	4,353	6.0%
Current liabilities	15,209	20.9%	15,019	19.5%	(190)	-1.2%
Notes and accounts payable - trade	7,594	10.5%	8,587	11.1%	993	13.1%
Income taxes payable	1,621	2.2%	1,070	1.4%	(551)	-34.0%
Advances received	893	1.2%	337	0.4%	(555)	-62.2%
Non-current liabilities	9,973	13.7%	8,974	11.7%	(998)	-10.0%
Long-term borrowings	1,500	2.1%	1,125	1.5%	(375)	-25.0%
Retirement benefit liability	1,102	1.5%	548	0.7%	(554)	-50.3%
Total Liabilities	25,182	34.7%	23,994	31.2%	(1,188)	-4.7%
Shareholders' equity	45,292	62.3%	51,845	67.3%	6,553	14.5%
Share capital	3,000	4.1%	3,000	3.9%	0	0.0%
Capital surplus	1,415	1.9%	3,785	4.9%	2,369	167.4%
Retained earnings	45,298	62.3%	47,833	62.1%	2,534	5.6%
Accumulated other comprehensive income	901	1.2%	(65)	-0.1%	(967)	-107.3%
Share acquisition rights	22	0.0%	-	-	(22)	-
Non-controlling interests	1,271	1.7%	1,249	1.6%	(21)	-1.7%
Total Net Assets	47,487	65.3%	53,029	68.8%	5,542	11.7%
Total Liabilities and Net Assets	72,670	100.0%	77,024	100.0%	4,353	6.0%

Main Factors for Increase/Decrease

(¥ million)

Assets

- Increase in cash and deposits 2,770
- Increase in notes and accounts receivable - trade 528
- Increase in investments and other assets 1,026

Liabilities

- Decrease in advances received (555)
- Decrease in retirement benefit liabilities (554)

Net Assets

- Increase in capital surplus 2,369
- Increase in retained earnings 2,534

Equity Ratio

67.2%

(+3.6pp YoY)

Overview of Consolidated Statement of Cash Flows

Consolidated (¥ million)	FY3/19 Actual	FY3/20 Actual	YoY Changes Amount
Profit before income taxes	6,694	6,929	234
Depreciation	572	594	21
Decrease (increase) in retirement benefit asset	636	(593)	(1,229)
Decrease (increase) in trade receivables	1,361	(1,023)	(2,384)
Increase (decrease) in trade payables	(1,001)	898	1,900
Decrease (increase) in inventories	(2,907)	63	2,971
Other, net	(3,327)	(2,605)	722
Cash Flows from Operating Activities	2,027	4,264	2,236
Purchase of property, plant and equipment, and intangible assets	(493)	(721)	(227)
Purchase of investment securities	(157)	(2,438)	(2,281)
Proceeds from sales of investment securities	1,150	67	(1,083)
Other, net	(35)	41	76
Cash Flows from Investing Activities	464	(3,050)	(3,515)
Increase (decrease) in loans payable (incl. non-recourse loans)	1,464	(400)	(1,864)
Dividends paid (incl. dividends paid to non-controlling interests)	(1,715)	(1,947)	(232)
Proceeds from disposal of treasury shares through exercise of share acquisition rights	1,301	3,996	2,694
Other, net	281	(75)	(355)
Cash Flows from Financing Activities	1,331	1,573	242
Net increase (decrease) in cash and cash equivalents	3,815	2,770	(1,044)
Cash and cash equivalents at beginning of period	21,757	25,572	3,815
Cash and cash equivalents at end of period	25,572	28,343	2,770
Free Cash Flows	2,492	1,213	(1,278)

Main Factors for Increase/Decrease

(¥ million)

CF from Operating Activities 2,236

- Increase/Decrease in retirement benefit asset/liability (1,229)
- Decrease in inventories 2,971

CF from Investing Activities (3,515)

- Increase in purchase of investment securities (2,281)
- Decrease in proceeds from sales of investment securities (1,083)

CF from Financing Activities 242

- Decrease in borrowings & repayments of borrowings (1,864)
- Increase in proceeds from disposal of treasury shares through exercise of share acquisition rights 2,694

Business Segments and Main Group Companies

Facilities Management and Operations ¥75,227 mil

Building Maintenance and Property Management (excl. Security Service) ¥53,326 mil

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

Security Services ¥21,900 mil

Three-S Co., Ltd.

Residential Management and Operations ¥16,885 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 Facilities Management ¥10,641 mil

Environmental Facility Management

Nippon Kanzai Environment Service Co., Ltd.

Real Estate Fund Management ¥1,533 mil

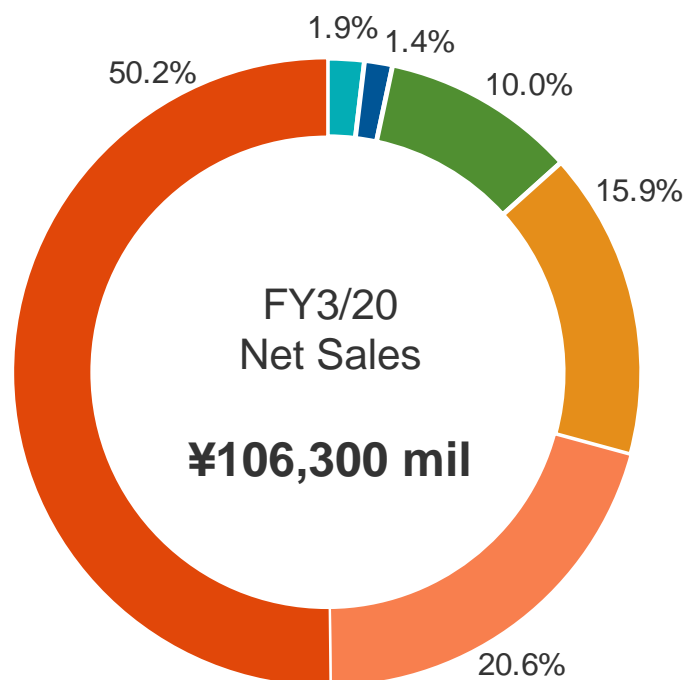
Asset Management

Tokyo Capital Management Co., Ltd.

Other ¥2,012 mil

Other Businesses

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



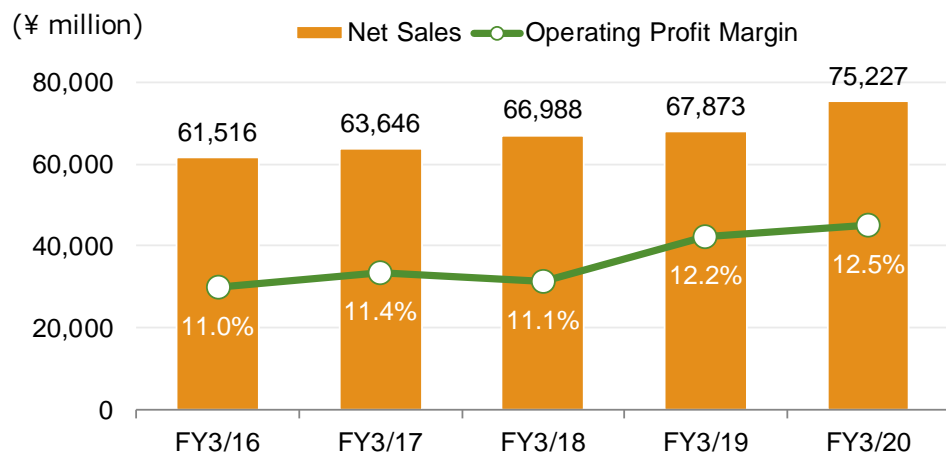
Financial Results by Business Segment

Consolidated (¥ million)	FY3/19		FY3/20		YoY Changes	
	Actual	Ratio/Margin	Actual	Ratio/Margin	Amount	Ratio
Net Sales	97,929	100.0%	106,300	100.0%	8,370	8.5%
Facilities Management and Operation Business	67,873	69.3%	75,227	70.8%	7,354	10.8%
Building Maintenance and Property Management	46,713	47.7%	53,326	50.2%	6,613	14.2%
Security Service	21,160	21.6%	21,900	20.6%	740	3.5%
Residential Management and Operation Business	16,257	16.6%	16,885	15.9%	628	3.9%
Environmental Facility Management Business	9,828	10.0%	10,641	10.0%	813	8.3%
Real Estate Fund Management Business	1,514	1.5%	1,533	1.4%	19	1.3%
Other Businesses	2,456	2.5%	2,012	1.9%	(444)	-18.1%
Operating Profit	6,363	6.5%	6,854	6.4%	491	7.7%
Facilities Management and Operation Business	8,296	12.2%	9,409	12.5%	1,113	13.4%
Building Maintenance and Property Management	5,622	12.0%	6,712	12.6%	1,090	19.4%
Security Service	2,674	12.6%	2,697	12.3%	23	0.9%
Residential Management and Operation Business	1,472	9.1%	1,491	8.8%	19	1.3%
Environmental Facility Management Business	1,170	11.9%	1,327	12.5%	156	13.4%
Real Estate Fund Management Business	82	5.4%	96	6.3%	14	17.5%
Other Businesses	403	16.4%	240	12.0%	(162)	-40.3%
Adjustments	(5,061)	-	(5,712)	-	(650)	-

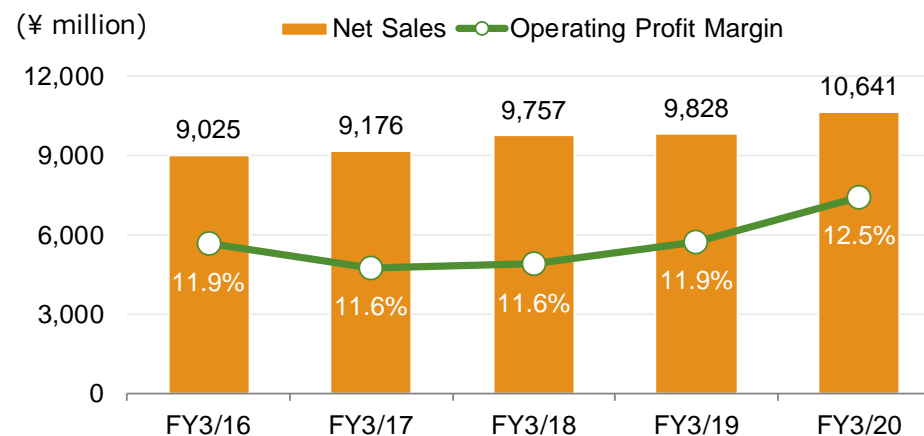
*The adjusted amount of operating profit includes the elimination of intersegment transactions as well as SG&A expenses which are not attributable to any particular segment.

Performance of Main Business Segments

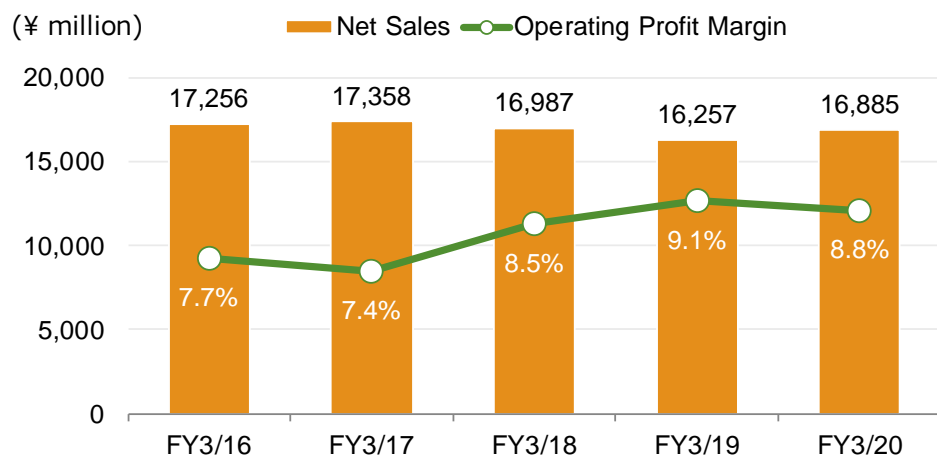
Facilities Management and Operations



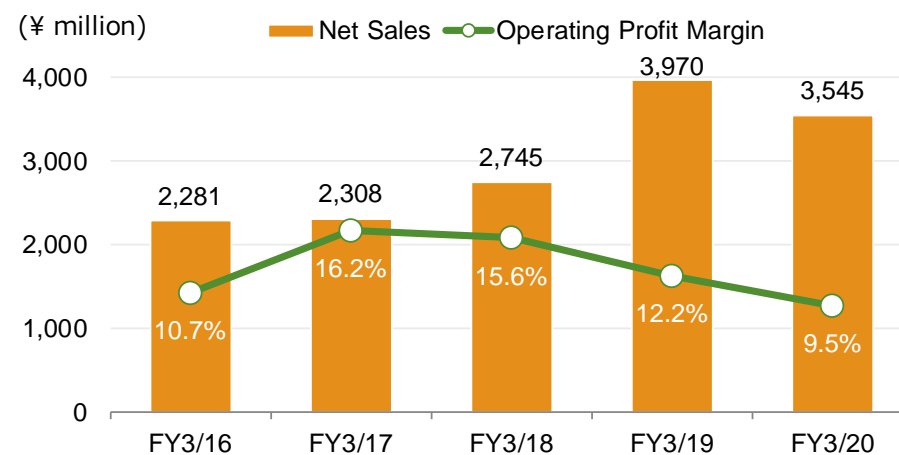
Environmental Facilities Management



Residential Management and Operations



Real Estate Fund Management and Other



Consolidated Financial Forecasts for FY3/21



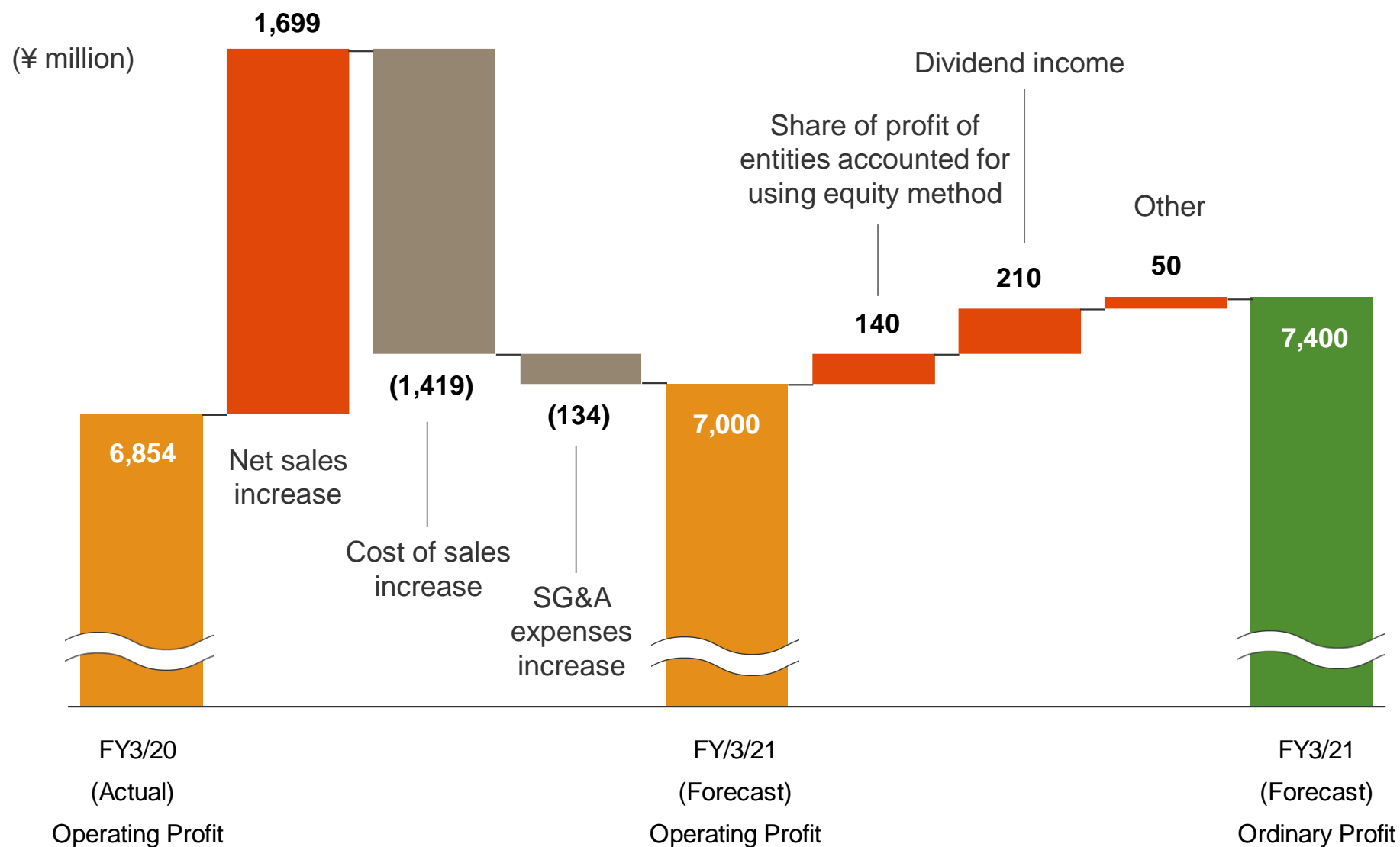
Consolidated Financial Forecasts Summary

Market Background

- Vacancy rates mainly in major urban areas are low, and the number of mixed-use property redevelopment projects is increasing.
 - Mid-to-large size facilities, which are our main targets, are expected to increase.
 - Difficulties in securing on-site staff and increases in wages may cause concerns.
 - The impact on the global economy caused by the spread of COVID-19 is becoming more severe.
-
- Operating profit is expected to increase from business line expansion and cost control.
 - Due to the deterioration of the market caused by COVID-19, followed by the postponement of construction works and ad-hoc business, revenue for 2Q FY3/21 is forecast to decrease. Despite the uncertain timing of recovery from this impact, the forecasts for 3Q and onward are based on the assumption that business operations will return to normal.

Consolidated (¥ million)	Full-Year FY3/20		1H FY3/21		2H FY3/21		Full-Year FY3/21		YoY Changes	
	Actual	Ratio	Forecast	Ratio	Forecast	Ratio	Forecast	Ratio	Amount	Ratio
Net Sales	106,300	100.0%	50,000	100.0%	58,000	100.0%	108,000	100.0%	1,699	1.6%
Gross Profit	21,319	20.1%	10,200	20.4%	11,400	19.7%	21,600	20.0%	280	1.3%
SG&A Expenses	14,465	13.6%	7,200	14.4%	7,400	12.8%	14,600	13.5%	134	0.9%
Operating Profit	6,854	6.4%	3,000	6.0%	4,000	6.9%	7,000	6.5%	145	2.1%
Ordinary Profit	7,232	6.8%	3,100	6.2%	4,300	7.4%	7,400	6.9%	167	2.3%
Profit Attributable to Owners of Parent	4,346	4.1%	1,900	3.8%	2,700	4.7%	4,600	4.3%	253	5.8%

Increases/Decreases in Consolidated Ordinary Income Forecast



Financial Forecasts by Business Segment

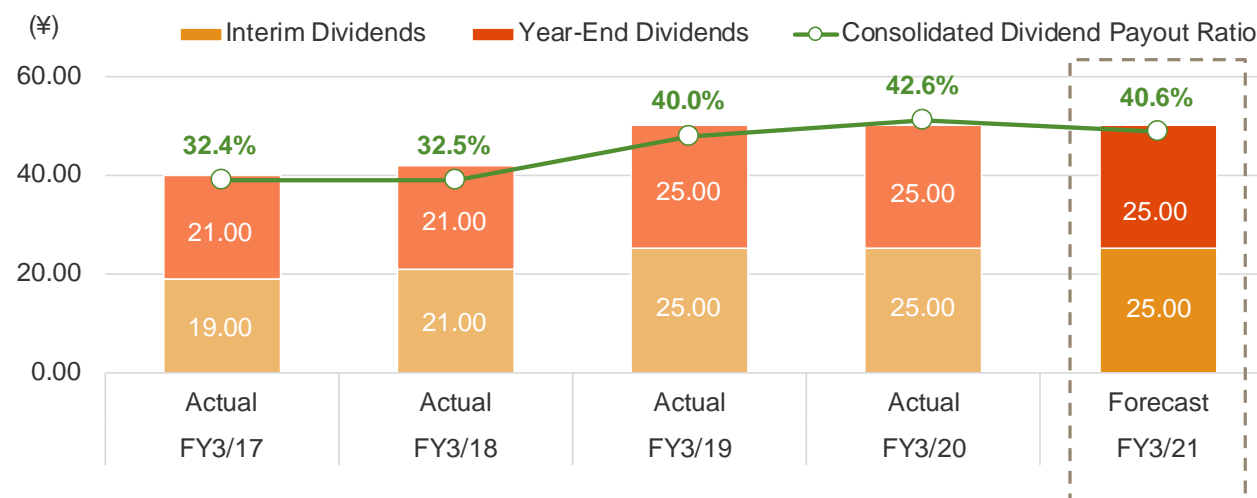
Consolidated (¥ million)	Full-Year FY3/20		1H FY3/21		2H FY3/21		Full-Year FY3/21		YoY Changes	
	Actual	Composition Ratio/Margin	Forecast	Composition Ratio/Margin	Forecast	Composition Ratio/Margin	Forecast	Composition Ratio/Margin	Amount	Ratio
Net Sales	106,300	100.0%	50,000	100.0%	58,000	100.0%	108,000	100.0%	1,699	1.6%
Facilities Management and Operation Business	75,227	70.8%	35,130	70.3%	39,180	67.6%	74,310	68.8%	(917)	-1.2%
Building Maintenance and Property Management	53,326	50.2%	24,630	49.3%	27,910	48.1%	52,540	48.6%	(786)	-1.5%
Security Service	21,900	20.6%	10,500	21.0%	11,270	19.4%	21,770	20.2%	(130)	-0.6%
Residential Management and Operation Business	16,885	15.9%	7,960	15.9%	8,920	15.4%	16,880	15.6%	(5)	0.0%
Environmental Facility Management Business	10,641	10.0%	5,540	11.1%	5,840	10.1%	11,380	10.5%	738	6.9%
Real Estate Fund Management Business	1,533	1.4%	420	0.8%	2,800	4.8%	3,220	3.0%	1,686	110.0%
Other Businesses	2,012	1.9%	950	1.9%	1,260	2.2%	2,210	2.0%	197	9.8%
Operating Profit	6,854	6.4%	3,000	6.0%	4,000	6.9%	7,000	6.5%	145	2.1%
Facilities Management and Operation Business	9,409	12.5%	4,360	12.4%	4,970	12.7%	9,330	12.6%	(79)	-0.8%
Building Maintenance and Property Management	6,712	12.6%	3,140	12.7%	3,520	12.6%	6,660	12.7%	(52)	-0.8%
Security Service	2,697	12.3%	1,220	11.6%	1,450	12.9%	2,670	12.3%	(27)	-1.0%
Residential Management and Operation Business	1,491	8.8%	660	8.3%	890	10.0%	1,550	9.2%	58	3.9%
Environmental Facility Management Business	1,327	12.5%	690	12.5%	710	12.2%	1,400	12.3%	72	5.4%
Real Estate Fund Management Business	96	6.3%	(30)	-7.1%	90	3.2%	60	1.9%	(36)	-38.1%
Other Businesses	240	12.0%	130	13.7%	170	13.5%	300	13.6%	59	24.6%
Adjustments	(5,712)	-	(2,810)	-	(2,830)	-	(5,640)	-	72	-1.3%

*The adjusted amount of operating profit includes the elimination of intersegment transactions as well as SG&A expenses which are not attributable to any particular segment.

Topics: Shareholder Return Policy

- Dividend policy is one of the Company's most important tasks and we return profit by appropriate distribution of results according to performance.
- For FY3/20, year-end dividends will be set at ¥25 per share based on full-year financial results.
- For FY3/21, interim and year-end dividends will be set at ¥25 each, with plans for total dividends of ¥50 per share

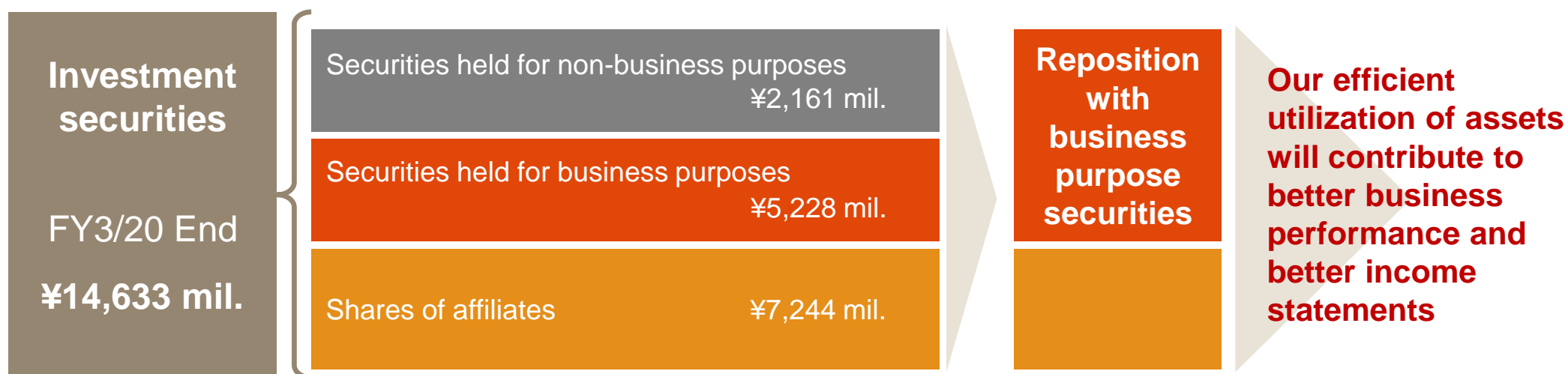
	FY3/17	FY3/18	FY3/19	FY3/20	FY3/21
	Actual	Actual	Actual	Actual	Forecast
Interim Dividends	19.00	21.00	25.00	25.00	25.00
Year-End Dividends	21.00	21.00	25.00	25.00	25.00
Consolidated Dividend Payout Ratio	32.4%	32.5%	40.0%	42.6%	40.6%
Dividend on Equity Ratio (DOE)	3.5%	3.4%	3.8%	3.7%	—



Corporate Governance Measures

Promotion of Effective Asset Utilization in Accordance with the Corporate Governance Code (since April 2015)

- Repositioning our portfolio of investment securities to enhance business development



Current initiatives

- Ongoing negotiations with multiple companies to dispose of securities held for non-business purposes.

NIPPON KANZAI's Thoughts on SDGs

Corporate Vision: We continue to pursue “the best suited management for your building” with our advanced technology and capabilities.

We promote work-life balance of all stakeholders including all employees and subcontractors, and thus, achieve work-life balance in the society.

1 Safe & Secure Urban Development

We support safe, secure and sustainable urban development with our building management expertise based on our advanced technologies and various certifications.



2 Environmental Activities

We realize a safe, secure, and pleasant society taking global environment into consideration.



3 Regional Revitalization

We improve community well-being through our building management operations.



4 Work-Life Balance

We achieve a social work-life balance.



5 Enhancement of Compliance and Risk Management

We establish a governance structure that is sound and highly transparent.



Medium-Term Growth Strategies



Medium-Term Growth Strategies of Our Group

Business Opportunities

- 1** Increase in demand for private sector expertise in the 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 designated manager systems (p.21 - p.25)
- Invest in overseas companies
- Reinforce our residential management business through cooperation with overseas group companies (p.27 - p.29)
- Introduce IT into work management know-how and create new partners
- Standardize service quality and increase work efficiency (p.31 - p.34)

Business Opportunities (1): Overview of PPP/PFI Utilization in Japan for Public Sector Business

■ Background of PPP/PFI promotion

Current situation in Japan

Aging of public facilities

Severe financial circumstances

Population decline

Cost efficiency of reconstruction, renovation, repair and operation of public facilities works, wide-area management, and facilities consolidation, etc. are necessary for maintaining proper public services. Utilizing **PPP/PFI** is effective as a means for realizing these.

PPP : Public Private Partnership
PFI : Private Finance Initiative

■ Overview of type of Business Models

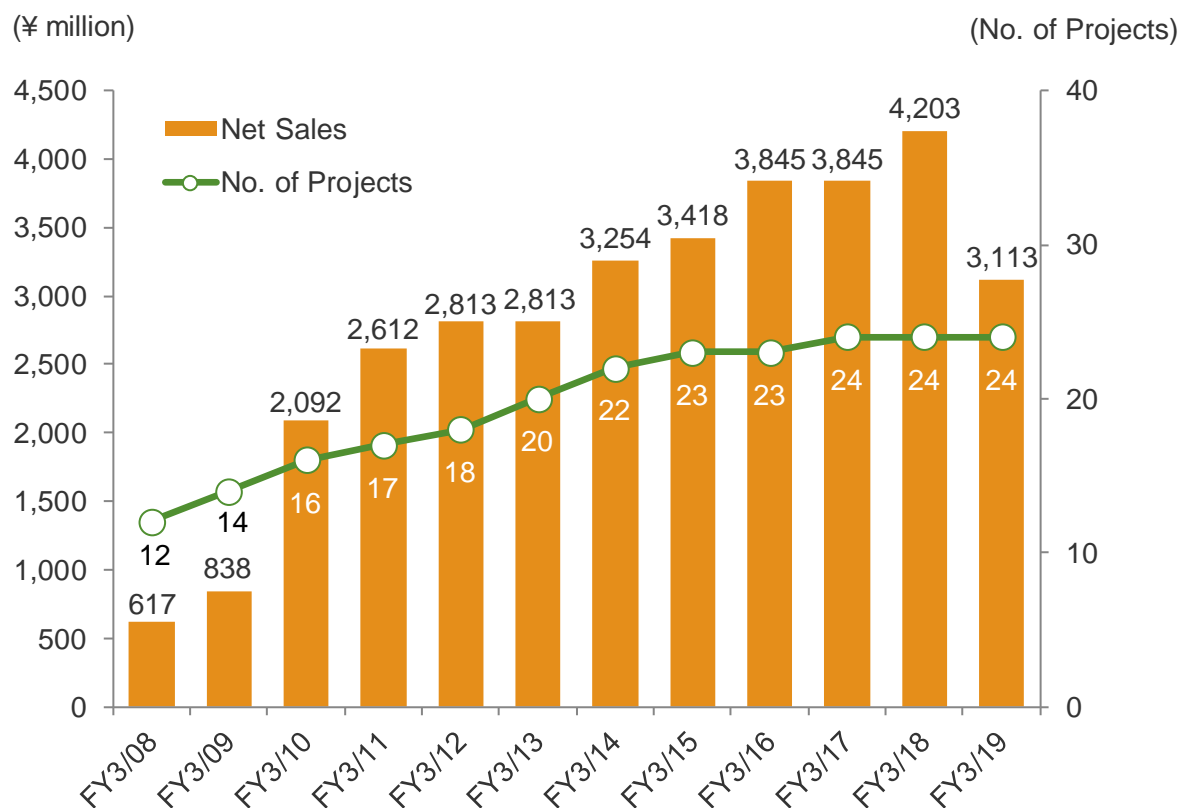


Source: Compiled by the Company based on "Overview of PPP/PFI" from PPP/PFI Promotion Office at the Cabinet.

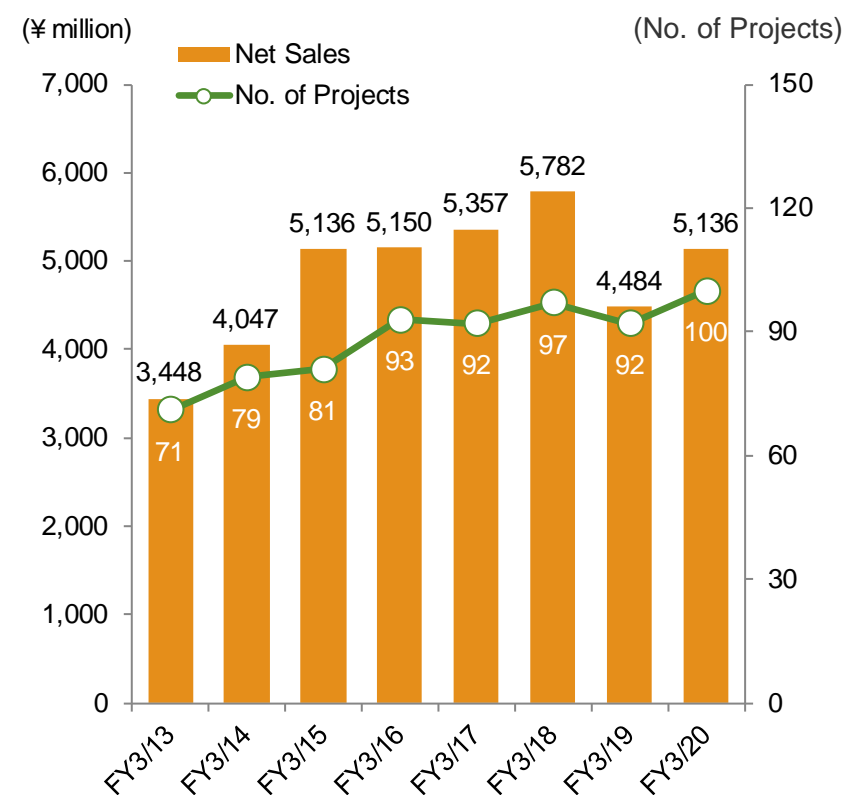
Business Opportunities (1): Track Record for Public Sector Businesses (excluding conventional general bidding)

Continuous Efforts toward Expansion of Ancillary Businesses

PFI



Designated Administrator

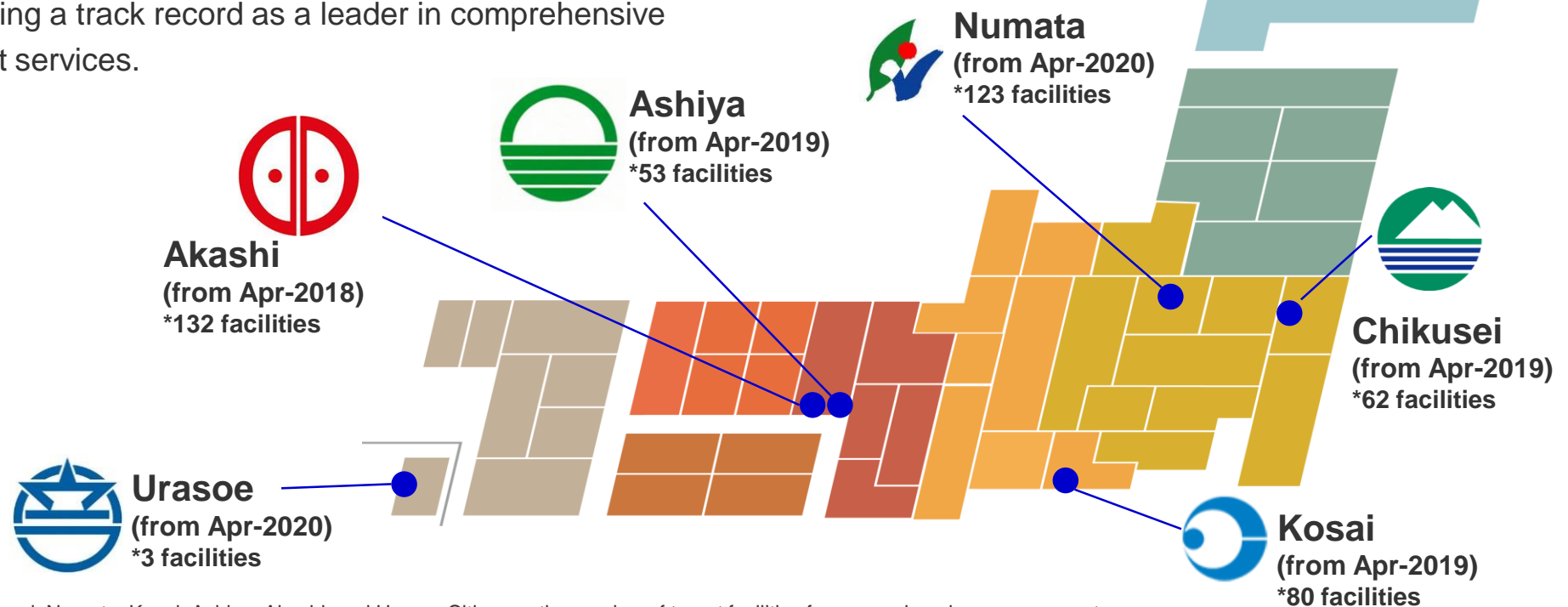


* Data for FY3/20 will be updated at 2Q FY3/21 financial results due to closing date of SPC's financial year.

Business Opportunities (1): Comprehensive Management of Public Facilities

Comprehensive Management of Public Facilities

Comprehensive management is a form of contract for managerial work for multiple public facilities of local governments such as equipment inspection and cleaning. Promoting comprehensive management has significant advantages such as “implementation of planned capital investment with prioritization,” “regional revitalization through cooperation with local companies,” and “workload reduction of local government staff,” and we are deploying it nationwide as a measure of our public facilities management strategy. We are building a track record as a leader in comprehensive management services.



(Note) * for Chikusei, Numata, Kosai, Ashiya, Akashi, and Urasoe Cities are the number of target facilities for comprehensive management.

Business Opportunities (1): PFI Business

First Arena for Concessions in Japan

NIPPON KANZAI participated in the consortium that was selected as a candidate for the operating rights (concessions) holder for the “Ariake Arena Management Operations Project” announced by the Tokyo Metropolitan Government on July 11, 2018. We are responsible for management and maintenance work.

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

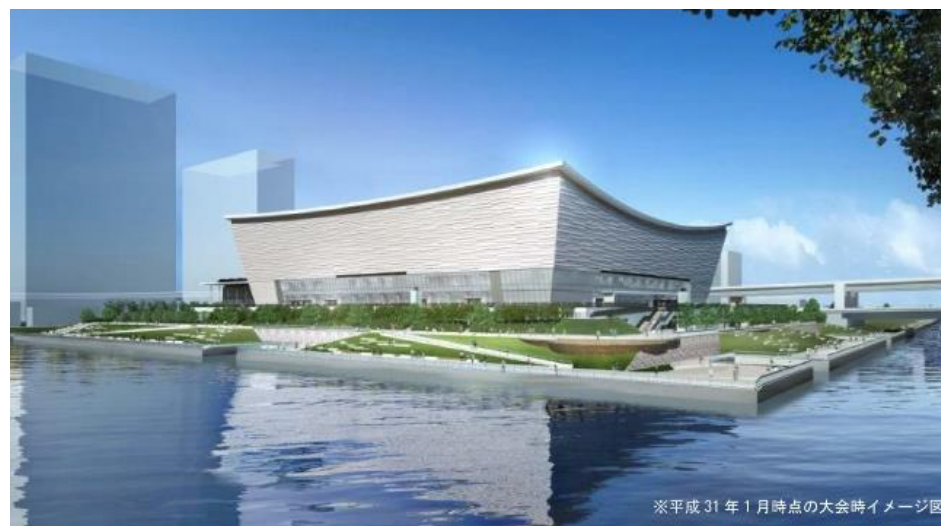
Consortium companies

Representative company	DENTSU INC.
Members	NTT DOCOMO, INC. Nippon Kanzai Co., Ltd. AMUSE INC. LIVE NATION JAPAN DENTSU LIVE INC. ASICS Japan Corp.
Partner companies	NTT FACILITIES, INC. Xross Sports Marketing Co., Ltd. Mitsubishi Research Institute, Inc.

Facilities overview

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

Facility image



Business Opportunities (1): Public Facilities Management Support Business

Publicity Strategy in Public Facilities Management

Leveraging its know-how and experience of life cycle management cultivated through building management over many years, Nippon Kanzai supports public facilities management of local governments. We are rolling out various publicity strategies for further business expansion.

■ 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. NIPPON KANZAI has been certified as a PPP Agreement partner since FY2018, and has held a total of 12 seminars in two years, involving a total of 343 local governments and 660 participants.

Seminars conducted in FY2019

Event location	Event date	No. of participating municipalities
Osaka	26-Jun	49 municipalities: 84 persons
Nagoya	10-Jul	36 municipalities: 71 persons
Fukuoka	12-Jul	28 municipalities: 84 persons
Naha	17-Jan	10 municipalities: 45 persons
Tsukuba	24-Jan	31 municipalities: 61 persons
Tokyo	6-Feb	52 municipalities: 89 persons



Seminar held in Tokyo

PPP: Public-Private-Partnership

■ Public Facilities Management Support Services



In order to strengthen sales development to government offices, we continue to publish articles introducing NIPPON KANZAI's support work for local governments in each issue of "JICHITAI TSUSHIN"* since Apr-2018. In addition, NIPPON KANZAI promotes collaboration between industry and academia as well as the consultancy services, appointing well-known academics as advisors.

JICHITAI TSUSHIN (local government communications) articles introducing NIPPON KANZAI(FY2019)

Month of issue	Articles related to Nippon Kanzai
Apr-2019	A facility management system across all government agencies forms the basis of sustainable operation -Urasoe City, Okinawa Prefecture-
Jun-2019	In order to run public facilities sustainably, it is important, first and foremost, to possess a management perspective -Initiatives of the Ministry of Land, Infrastructure, Transport and Tourism (MLIT)-
Aug-2019	The first thing that should be done is to unify management work in view of the consolidation of facilities -Chikusei City, Ibaraki Prefecture-
Oct-2019	Broadened the activities of the redevelopment area through 'offensive maintenance and operation' in which the public and private sectors cooperate -Oita City, Oita Prefecture-
Dec-2019	The first step to realistic comprehensive management is consigned management of the main city government building -Numata City, Gunma Prefecture-
Feb-2020	Started 'centralization of maintenance information,' then the 'optimal layout' of facilities, which is the most important issue -Ashiya City, Hyogo Prefecture-

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

Medium-Term Growth Strategies of Our Group

Business Opportunities

- 1** Increase in demand for private sector expertise in the 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 designated manager system (p.21 - p.25)
- Invest in overseas companies
- Reinforce our residential management business through cooperation with overseas group companies (p.27 - p.29)
- Introduce IT into work management know-how and create new partners
- Standardize service quality and increase work efficiency (p.31 - p.34)

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

Company Overview

PICA is the largest “Strata Manager” in Australia and acts as an agent for owners’ associations. Using multiple brand names, such as “BCS” (Body Corporate Services), PICA mainly provides services to support homeowner associations which includes collecting delinquent management fees. Leveraging off NIPPON KANZAI’s engineering capabilities, PICA has introduced services related to physical aspects of buildings.

Background

NIPPON KANZAI acquired 50% of PICA shares 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

Main Business

Strata management, debt collection

Head Office

Sydney

Major Branches

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

Employees

Approx. 720 as of December 31, 2019

No. of Lots under Management

Approx. 204,000 lots, 11,500 associations as of December 31, 2019

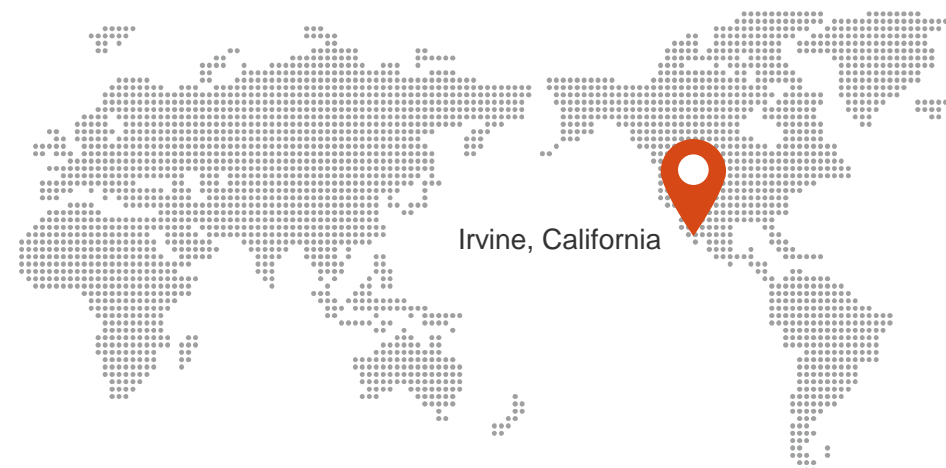
Business Opportunities (2): Overseas Development (Overview of KPPM, LLC)

Company Overview

Keystone Pacific Property Management, LLC (hereinafter “KPPM”) is a gated communities management company. Gated communities are developments consisting of detached housing and high-end multi-unit homes in estates surrounded by walls. KPPM provides homeowner associations with support services including holding annual general meeting, accounting and financial reporting and on-site management. It has a reputation for offering high-quality and detailed services. Other than subsidiaries and affiliates of major nationwide companies, KPPM is ranked within the top ten companies in Southern California. Going forward the company is also considering growth through acquisitions, and in April 2019, made the first acquisition of business rights of a local competitor, Keystone Progressive, LLC.

Background

NIPPON KANZAI's subsidiary, Nippon Kanzai USA, Inc. acquired a minority interest from Keystone Pacific Property Management Inc., the owner of the interest and KPPM became an equity-method affiliate of NIPPON KANZAI. NIPPON KANZAI will work to raise efficiency of operations and expand services through renovation of the IT system, and target future growth through incorporating the company's know-how, while expanding properties under management to include high-rise condominiums etc.



Head Office



Properties under Management



Company Name

Keystone Pacific Property Management, LLC

Establishment

September 15, 2016

Main Business

Residential management

Corporate Office

Irvine, California

Major Branches

Southern California, with a focus on Orange County

Employees

Approx. 230 as of December 31, 2019 (including Keystone Progressive)

No. of Lots under Management

Approx. 84,000 lots, approx. 340 associations as of December 31, 2019 (including Keystone Progressive)

Business Opportunities (2): Overseas Development (Overview of Hawaiiana)

Company Overview

Hawaiiana Holdings Incorporated (hereinafter “Hawaiiana”) is the largest AOA (“Association of Apartment Owners”) management company in the State of Hawaii. Hawaiiana provides apartment owner’ associations with support services including holding board meetings and annual general meetings, as well as providing accounting and financial reporting. Hawaiiana is a highly reputable yet locally operated company with a long history in the industry. It operates on six islands including Oahu (home to Honolulu), Maui, Hawaii and Kawai.

Background

NIPPON KANZAI acquired shares of Hawaiiana from Swell International Inc., a locally operated real estate company, in March 2020 and through which became an equity-method affiliate of NIPPON KANZAI. Hawaiiana and NIPPON KANZAI will work together to further improve the business with global expertise cultivated and accumulated through NIPPON KANZAI’s overseas expansion.



Properties under Management



Company Name

Hawaiiana Holdings Incorporated

Establishment

September 24, 2008

Capital

USD4.27 million (JPY470 million) *USD1=JPY109.54 (as of December 31, 2019)

Main Business

AOAO management

Head Office

Honolulu, Hawaii

Branches

Maui, West Maui, Kona, Kauai

Employees

Approx. 240 as of December 31, 2019

No. of Lots under Management

Approx. 107,000 lots, 770 associations as of December 31, 2019

Medium-Term Growth Strategies of Our Group

Business Opportunities

- 1** Increase in demand for private sector expertise in the public sector
- 2** Global development of know-how accumulated through domestic businesses
- 3** Approach based on IT technologies, etc.

Growth Strategies

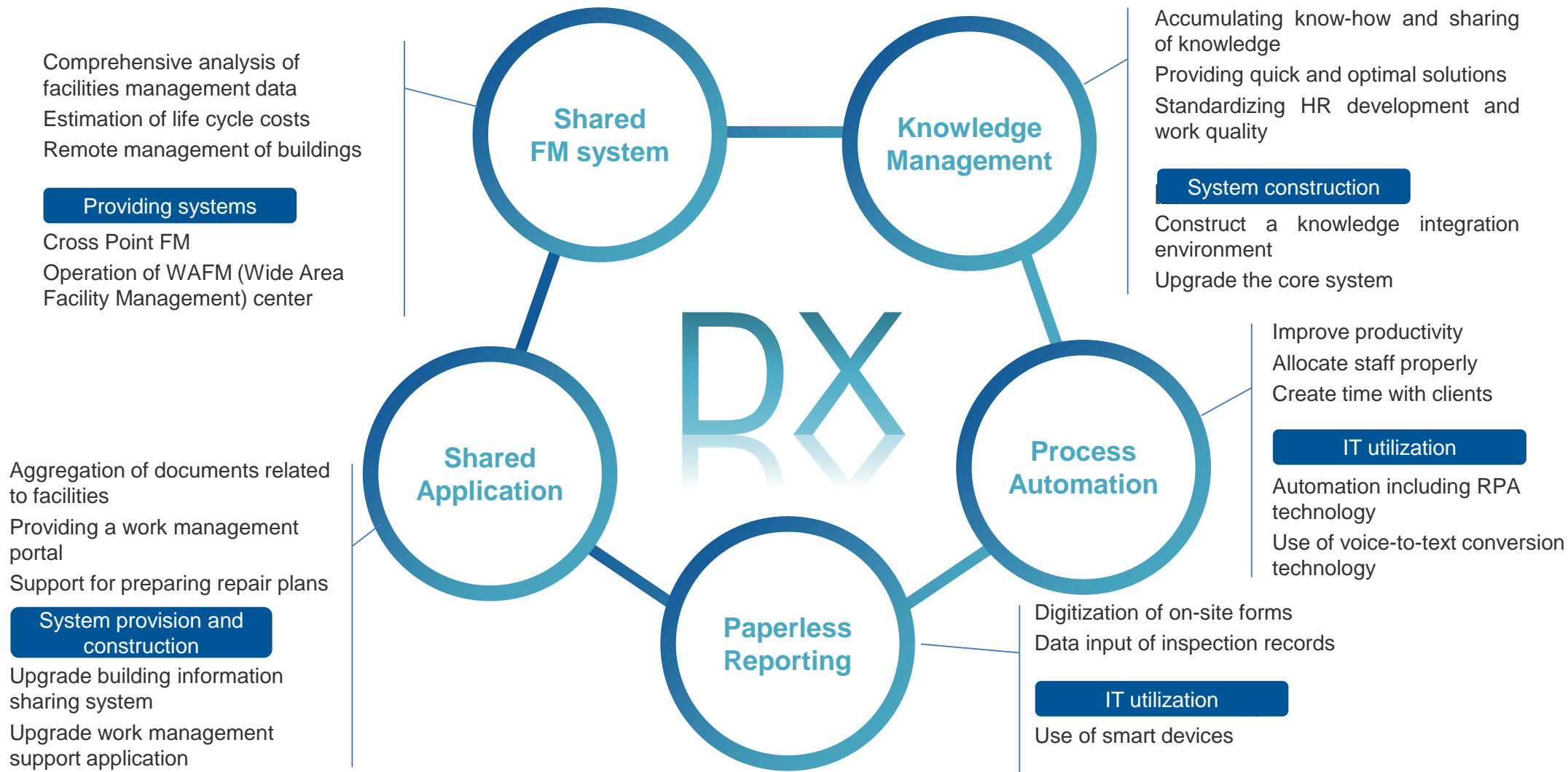
- Create business opportunities by strengthening PPP / PFI and designated administrator projects (p.21 - p.25)

- Invest in overseas companies
- Reinforce our residential management business through cooperation with overseas group companies (p.27 - p.29)

- Introduce IT into work management know-how and create new partners
- Standardize service quality and increase work efficiency (p.31 - p.34)

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

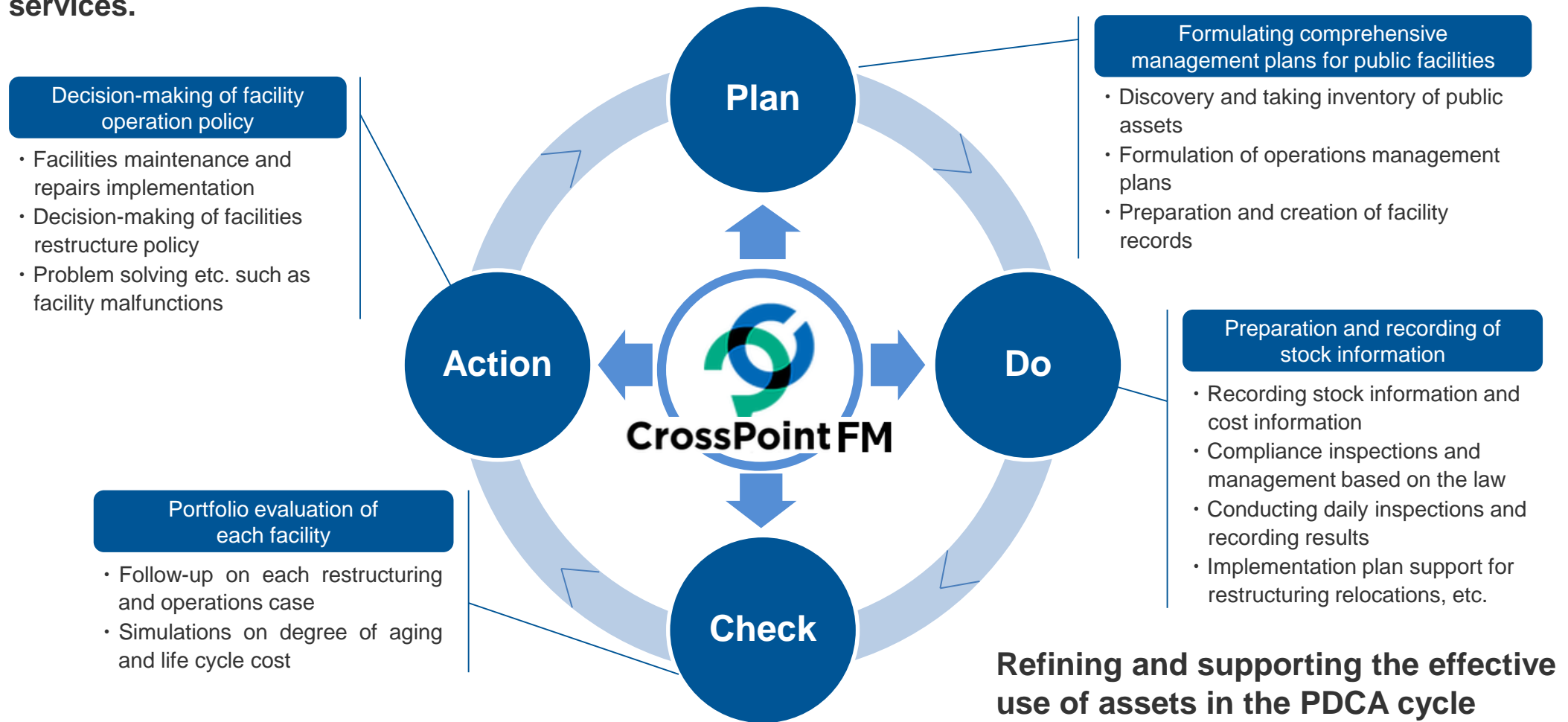
With IT approaches both externally and internally, and fusion of digital and analog, we provide optimal services to customers. -NIPPON KANZAI's "Digital Transformation" Strategy-



Business Opportunities (3): Shared FM Systems

-Public Facilities Management Systems Cross Point FM-

Cross Point FM supports automatic evaluation of public facilities, optimal placement planning, operations management, the reduction of duties of staff in charge as well as maintains and improves community services.



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): Shared FM Systems

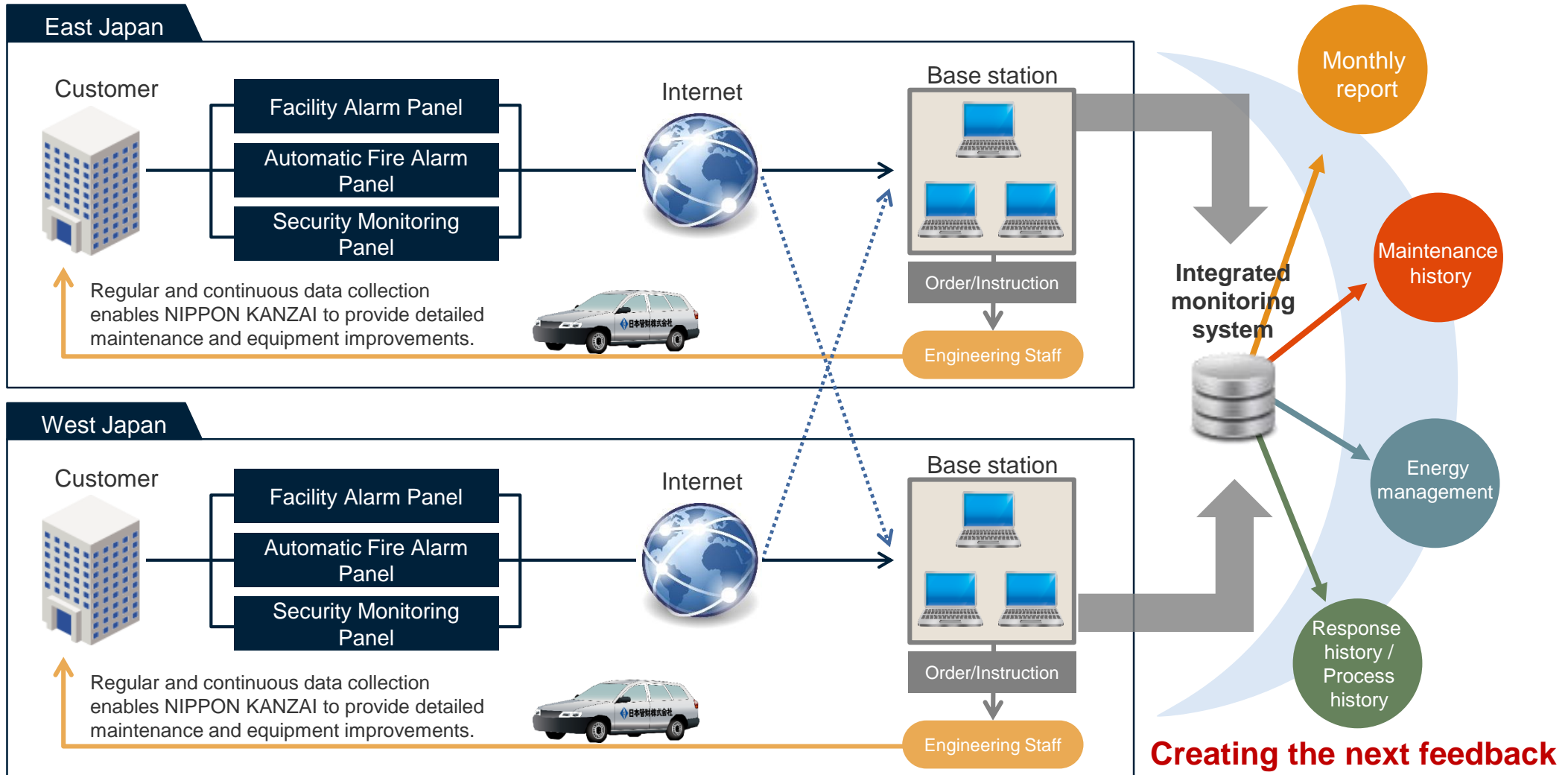
-Operation of Wide Area Facilities Management System-

WAFM[®]

Wide Area Facilities Management System

Remotely manages buildings 24/7

- Remote management, machine security, and call center services complement each other throughout Japan.
- Accumulation of data collected on a daily basis such as response history, and provision of feedback.



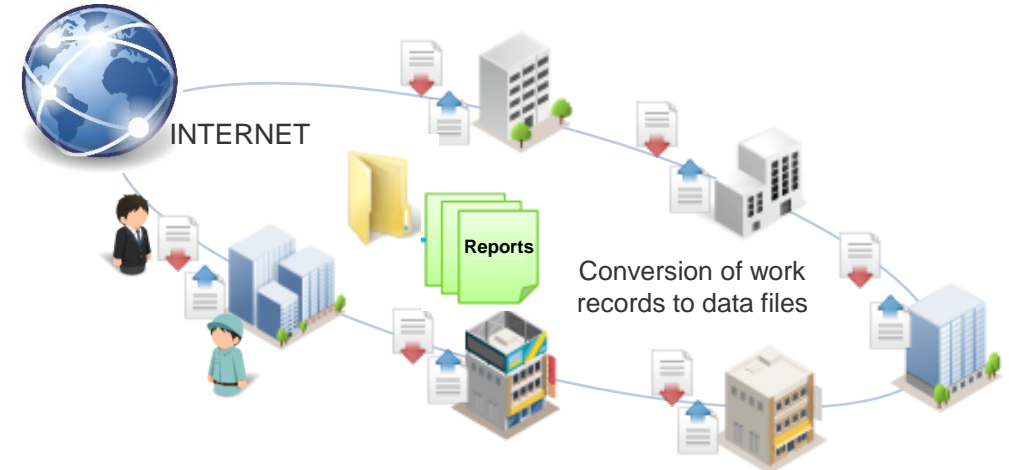
Business Opportunities (3): Shared FM System

-Upgrade building information sharing system & application-

NK Connect

Building information sharing system
Work fulfillment confirmation & report application

- Sharing of information by customers, partner companies, and us on the Cloud
- Centralized management of various building information, work plans, and repair plans
- Use of work management application with smart devices
- Promoting computerization of forms in the field and conversion of inspection records to data files



Work plan & repair plan management

Input
Web browser input
Core system linkage

Confirmation of work fulfillment

Input
Smartphone input
Use of Application

Detailed work report

Input
Smartphone input
Use of Application

Note: Details will be reported by linking the application created by NIPPON KANZAI and ConMas i-Reporter of Cimtops Corporation.

Legal Disclaimer

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