

Financial Results for the Fiscal Year Ended March 31, 2021

May 26, 2021



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Consolidated Financial Results for FY3/21



Consolidated Financial Results Highlights

Net Sales

¥104,124 million (-2.0% YoY)

- Net sales declined due to partial or temporary closure of facilities caused by the impact of COVID-19 infections
- Sluggish orders procured for construction-related work and ad-hoc business, including large-scale projects
- Steady renewal of existing contracts

Operating Profit

¥7,546 million (+10.1% YoY)

- Despite an increase in personnel expenses etc. as a result of strengthening the organizational structure, in addition to the decrease in net sales, profits increased due to higher profitability as a result of revised rates and scope of work.

Ordinary Profit

¥8,127 million (+12.4% YoY)

- Increase in investment gains based on the equity method
- Recognition of foreign exchange gains due to the weak yen

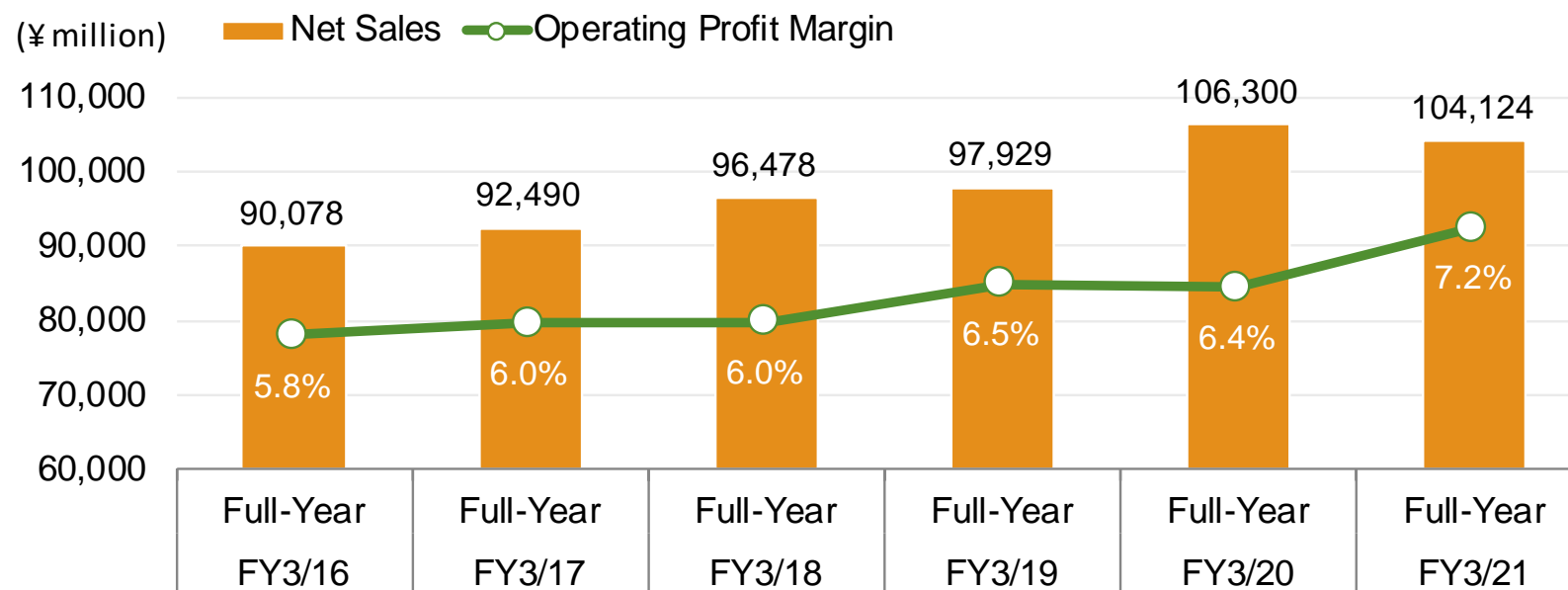
Profit Attributable to Owners of Parent

¥5,284 million (+21.6% YoY)

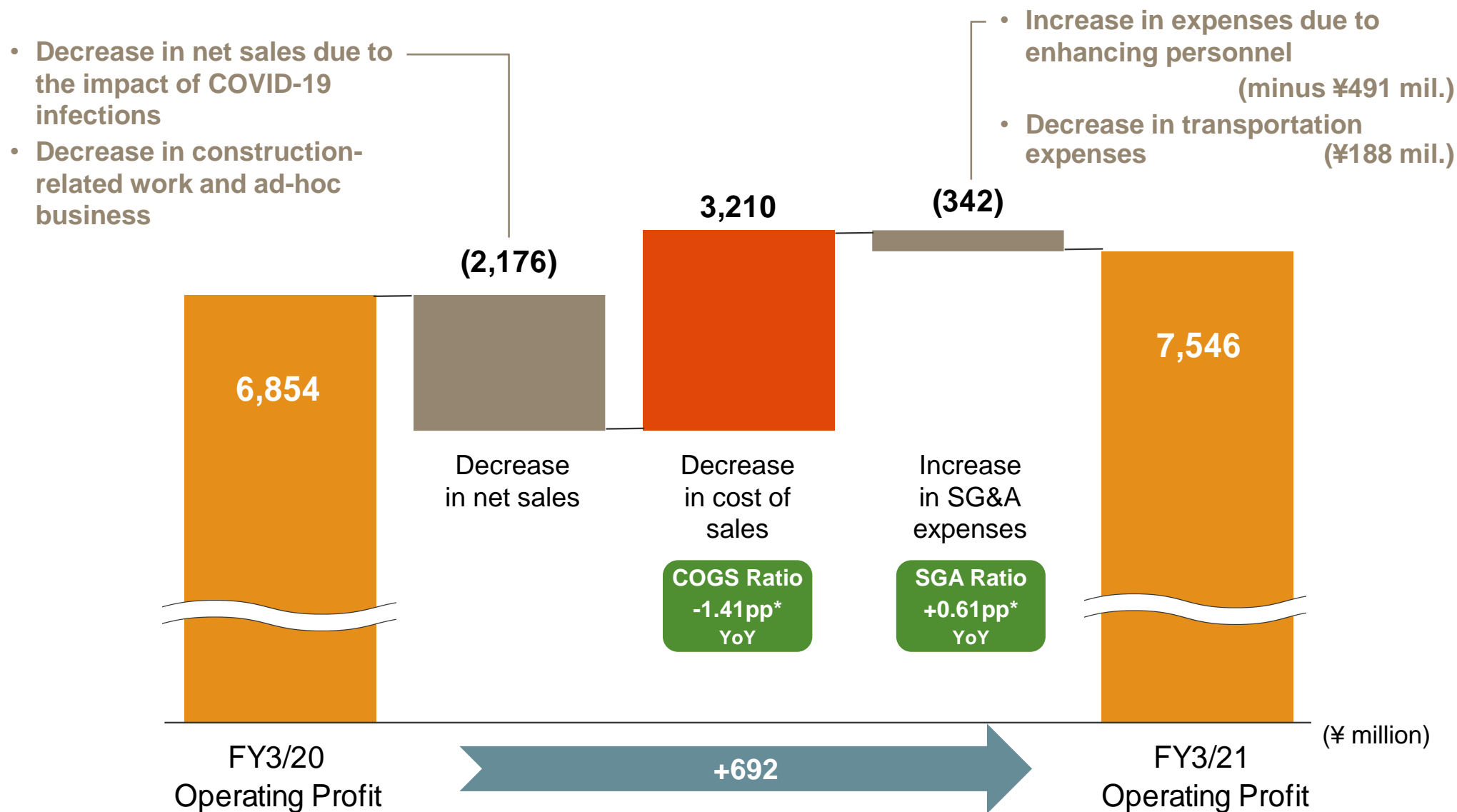
- Recognition of extraordinary income from sales of investment securities.

Consolidated Financial Results Summary

Consolidated (¥ million)	FY3/20		FY3/21		YoY Changes	
	Actual	Ratio	Actual	Ratio	Amount	Ratio
Net Sales	106,300	100.0%	104,124	100.0%	(2,176)	-2.0%
Gross Profit	21,319	20.1%	22,354	21.5%	1,034	4.9%
SG&A Expenses	14,465	13.6%	14,807	14.2%	342	2.4%
Operating Profit	6,854	6.4%	7,546	7.2%	692	10.1%
Ordinary Profit	7,232	6.8%	8,127	7.8%	894	12.4%
Profit Attributable to Owners of Parent	4,346	4.1%	5,284	5.1%	937	21.6%



Analysis of Increases/Decreases in Consolidated Operating Profit



*pp (percentage point)

Overview of Consolidated Balance Sheets

Consolidated (¥ million)	FY3/20 End		FY3/21 End		YoY Changes	
	Actual	Ratio	Actual	Ratio	Amount	Ratio
Current assets	48,797	63.4%	53,483	65.4%	4,685	9.6%
Cash and deposits	28,588	37.1%	33,075	40.5%	4,487	15.7%
Notes and accounts receivable - trade	13,989	18.2%	14,836	18.1%	846	6.1%
Real estate for sale	4,302	5.6%	3,519	4.3%	(783)	-18.2%
Non-current assets	28,226	36.6%	28,276	34.6%	50	0.2%
Property, plant and equipment	5,254	6.8%	5,411	6.6%	157	3.0%
Intangible assets	2,239	2.9%	2,024	2.5%	(215)	-9.6%
Investments and other assets	20,732	26.9%	20,840	25.5%	107	0.5%
Total Assets	77,024	100.0%	81,759	100.0%	4,735	6.1%
Current liabilities	15,019	19.5%	16,868	20.6%	1,848	12.3%
Notes and accounts payable - trade	8,587	11.1%	9,091	11.1%	503	5.9%
Income taxes payable	1,070	1.4%	1,850	2.3%	780	72.9%
Non-current liabilities	8,974	11.7%	7,747	9.5%	(1,226)	-13.7%
Long-term non-recourse loans payable	2,953	3.8%	2,336	2.9%	(617)	-20.9%
Retirement benefit liability	548	0.7%	169	0.2%	(378)	-69.0%
Total Liabilities	23,994	31.2%	24,616	30.1%	621	2.6%
Shareholders' equity	51,845	67.3%	55,260	67.6%	3,414	6.6%
Share capital	3,000	3.9%	3,000	3.7%	-	-
Capital surplus	3,785	4.9%	3,785	4.6%	-	-
Retained earnings	47,833	62.1%	51,248	62.7%	3,415	7.1%
Accumulated other comprehensive income	(65)	-0.1%	601	0.7%	667	-
Non-controlling interests	1,249	1.6%	1,281	1.6%	31	2.5%
Total Net Assets	53,029	68.8%	57,143	69.9%	4,113	7.8%
Total Liabilities and Net Assets	77,024	100.0%	81,759	100.0%	4,735	6.1%

Main Factors for Increase/Decrease

(¥ million)

Assets

4,735

- Increase in cash and deposits 4,487
- Increase in notes and accounts receivable - trade 846

Liabilities

621

- Increase in notes and accounts payable - trade 503
- Increase in income taxes payable 780
- Decrease in long-term non-recourse loans payable (617)

Net Assets

4,113

- Increase in retained earnings 3,415

Equity Ratio

68.3%

(+1.1pp YoY)

Overview of Consolidated Statement of Cash Flows

Consolidated (¥ million)	FY3/20 Actual	FY3/21 Actual	YoY Changes Amount
Profit before income taxes	6,929	8,528	1,599
Depreciation	594	601	7
Decrease (increase) in retirement benefit asset	(593)	(325)	267
Decrease (increase) in trade receivables	(1,023)	(860)	163
Increase (decrease) in trade payables	898	541	(357)
Decrease (increase) in inventories	63	774	710
Other, net	(2,605)	(1,779)	825
Cash Flows from Operating Activities	4,264	7,481	3,217
Purchase of property, plant and equipment, and intangible assets	(721)	(616)	104
Purchase of investment securities	(2,438)	(479)	1,959
Proceeds from sale of investment securities	67	1,088	1,020
Other, net	41	(10)	(52)
Cash Flows from Investing Activities	(3,050)	(17)	3,032
Increase (decrease) in borrowings (incl. non-recourse loans)	(400)	(997)	(597)
Dividends paid (incl. dividends paid to non-controlling interests)	(1,947)	(1,953)	(5)
Proceeds from disposal of treasury shares through exercise of share acquisition rights	3,996	-	(3,996)
Other, net	(75)	(102)	(27)
Cash Flows from Financing Activities	1,573	(3,053)	(4,627)
Net increase (decrease) in cash and cash equivalents	2,770	4,487	1,716
Cash and cash equivalents at beginning of period	25,572	28,343	2,770
Cash and cash equivalents at end of period	28,343	32,830	4,487
Free Cash Flows	1,213	7,463	6,250

Main Factors for Increase/Decrease

(¥ million)

CF from Operating Activities 3,217

- Increase in profit before income taxes 1,599
- Decrease in inventories 710

CF from Investing Activities 3,032

- Decrease in purchase of investment securities 1,959
- Increase in proceeds from sale of investment securities 1,020

CF from Financing Activities (4,627)

- Decrease in proceeds from disposal of treasury shares through exercise of share acquisition rights (3,996)

Business Segments and Main Group Companies

Facilities Management and Operations ¥73,768 mil.

Building Maintenance and Property Management (excl. Security Service) ¥51,921 mil.

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

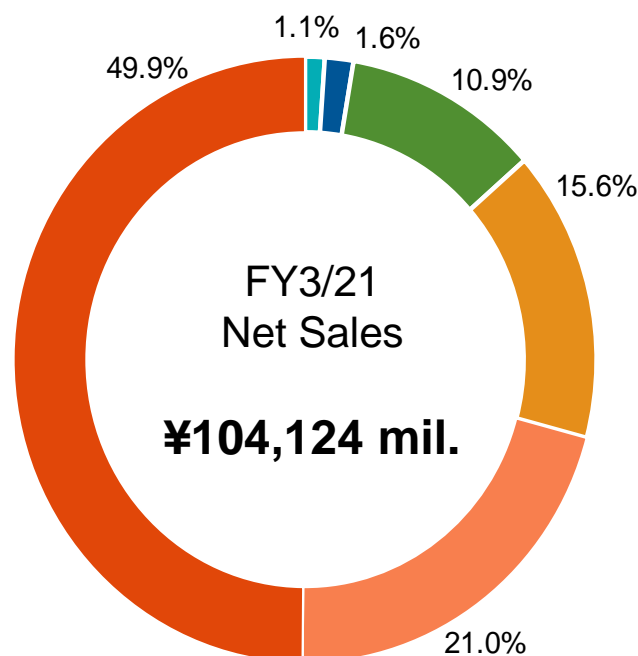
Security Services ¥21,847 mil.

Three-S Co., Ltd.

Residential Management and Operations ¥16,227 mil.

Condominium Management

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



Environmental Facilities Management ¥11,349 mil.

Environmental Facility Management

Nippon Kanzai Environment Service Co., Ltd.

Real Estate Fund Management ¥1,651 mil.

Asset Management

Tokyo Capital Management Co., Ltd.

Other ¥1,127 mil.

Other Businesses

NS Corporation Co., Ltd.
(Advertisement and Event Planning)

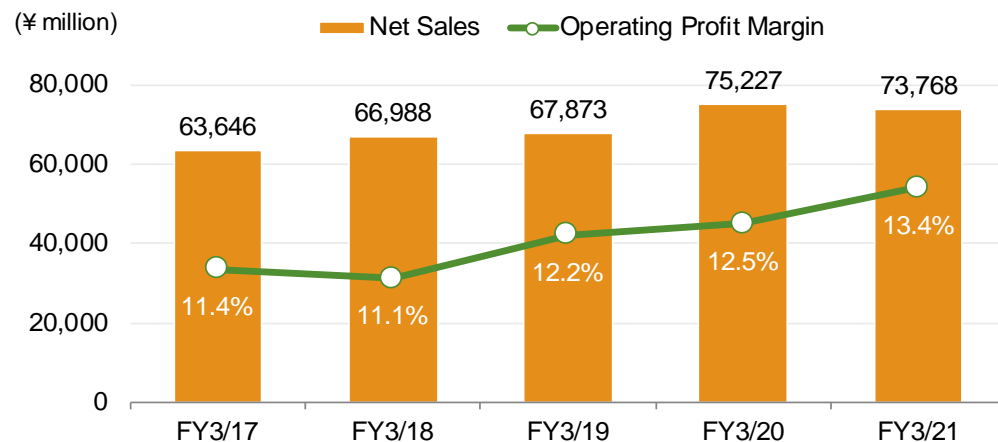
Financial Results by Business Segment

Consolidated (¥ million)	FY3/20		FY3/21		YoY Changes	
	Actual	Ratio/Margin	Actual	Ratio/Margin	Amount	Ratio
Net Sales	106,300	100.0%	104,124	100.0%	(2,176)	-2.0%
Facilities Management and Operation Business	75,227	70.8%	73,768	70.8%	(1,458)	-1.9%
Building Maintenance and Property Management	53,326	50.2%	51,921	49.9%	(1,405)	-2.6%
Security Service	21,900	20.6%	21,847	21.0%	(53)	-0.2%
Residential Management and Operation Business	16,885	15.9%	16,227	15.6%	(658)	-3.9%
Environmental Facility Management Business	10,641	10.0%	11,349	10.9%	707	6.7%
Real Estate Fund Management Business	1,533	1.4%	1,651	1.6%	117	7.7%
Other Businesses	2,012	1.9%	1,127	1.1%	(884)	-44.0%
Segment Profit	6,854	6.4%	7,546	7.2%	692	10.1%
Facilities Management and Operation Business	9,409	12.5%	9,891	13.4%	481	5.1%
Building Maintenance and Property Management	6,712	12.6%	6,884	13.3%	171	2.6%
Security Service	2,697	12.3%	3,007	13.8%	309	11.5%
Residential Management and Operation Business	1,491	8.8%	1,566	9.7%	74	5.0%
Environmental Facility Management Business	1,327	12.5%	1,476	13.0%	148	11.2%
Real Estate Fund Management Business	96	6.3%	45	2.8%	(51)	-52.9%
Other Businesses	240	12.0%	238	21.1%	(2)	-1.2%
Adjustments*	(5,712)	-	(5,670)	-	41	-

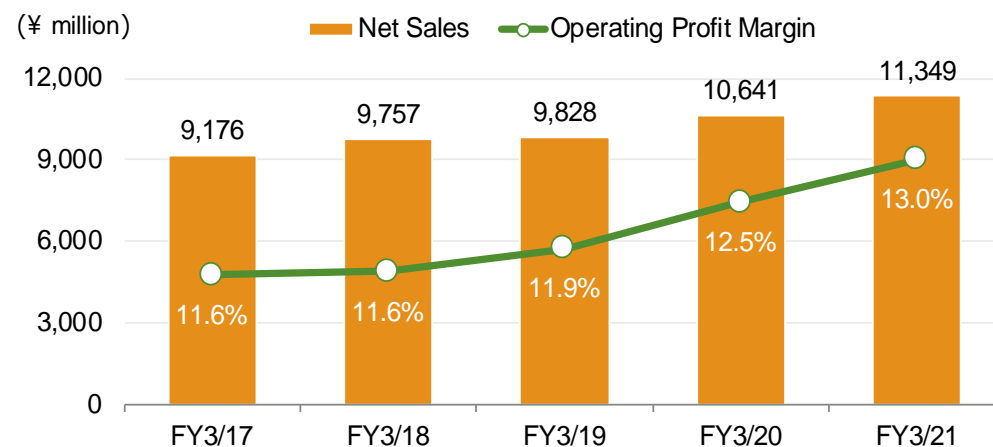
*The adjusted amount of segment profit includes the elimination of intersegment transactions as well as SG&A expenses which are not attributable to any particular segment.

Performance of Main Business Segments

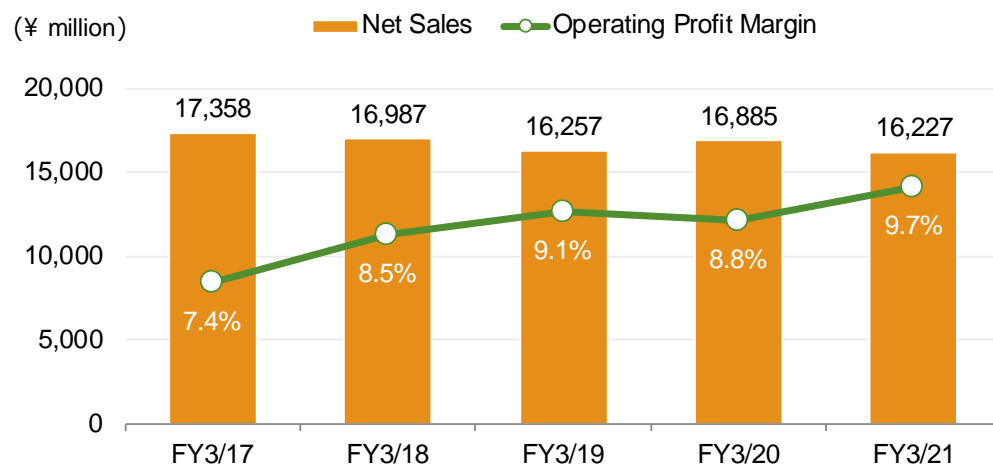
Facilities Management and Operations



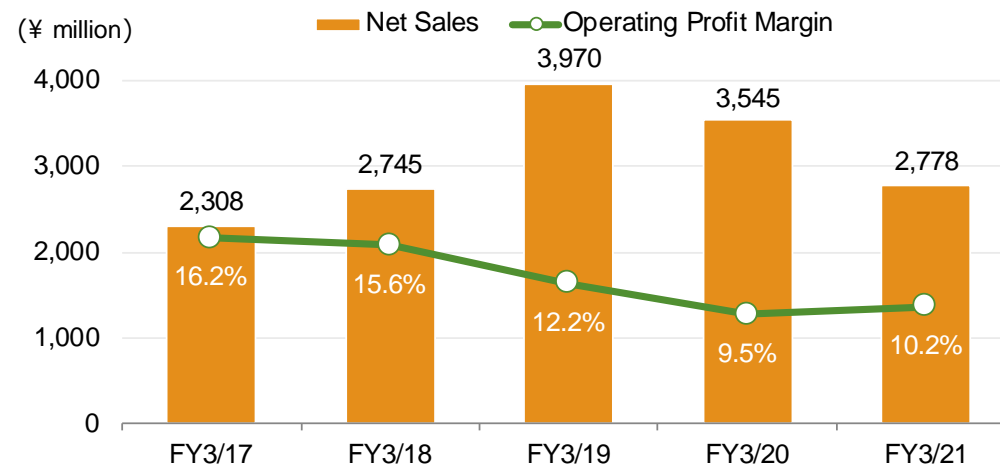
Environmental Facilities Management



Residential Management and Operations



Real Estate Fund Management and Other



Consolidated Financial Forecasts for FY3/22



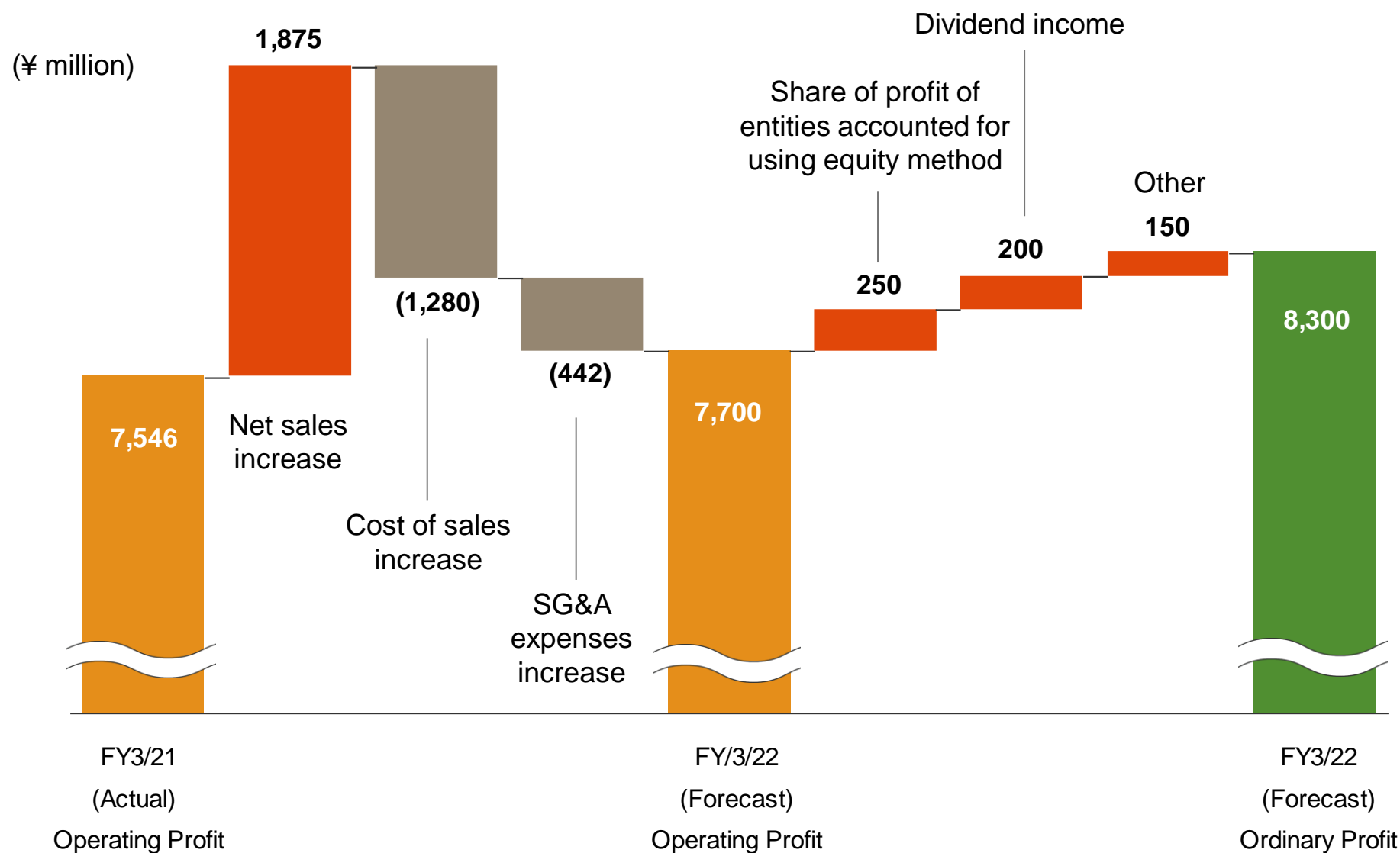
Consolidated Financial Forecasts Summary

Market Background

- Due to the spread of COVID-19 infections, changes in workstyle and lifestyle patterns occurred (the new normal).
 - As a result of the pandemic, offices are shifting from centralized to decentralized based on promotion of teleworking etc. Vacancy rates are also rising.
 - Due to accelerated growth of online shopping and e-commerce, development of logistics centers is increasing, while the development of retail facilities is declining.
 - Concerns about the availability of staff and rising labor costs.
-
- 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 FY3/21		1H FY3/22		2H FY3/22		Full-Year FY3/22		YoY Changes	
	Actual	Ratio	Forecast	Ratio	Forecast	Ratio	Forecast	Ratio	Amount	Ratio
Net Sales	104,124	100.0%	51,000	100.0%	55,000	100.0%	106,000	100.0%	1,875	1.8%
Gross Profit	22,354	21.5%	11,100	21.8%	11,850	21.5%	22,950	21.7%	595	2.7%
SG&A Expenses	14,807	14.2%	7,600	14.9%	7,650	13.9%	15,250	14.4%	442	3.0%
Operating Profit	7,546	7.2%	3,500	6.9%	4,200	7.6%	7,700	7.3%	153	2.0%
Ordinary Profit	8,127	7.8%	3,700	7.3%	4,600	8.4%	8,300	7.8%	172	2.1%
Profit Attributable to Owners of Parent	5,284	5.1%	2,500	4.9%	3,100	5.6%	5,600	5.3%	315	6.0%

Increases/Decreases in Consolidated Ordinary Income Forecast



Financial Forecasts by Business Segment

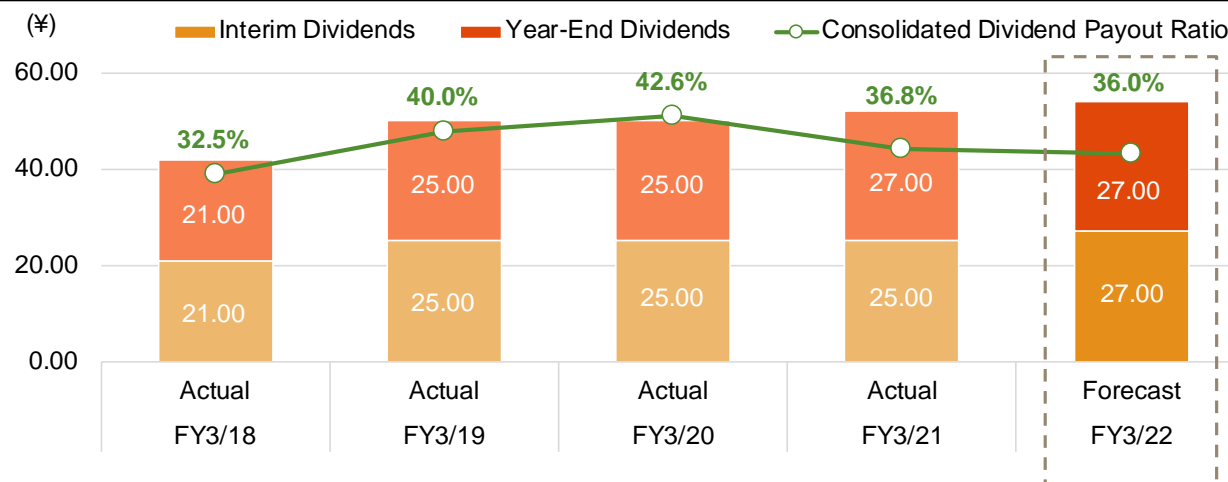
Consolidated (¥ million)	Full-Year FY3/21		1H FY3/22		2H FY3/22		Full-Year FY3/22		YoY Changes	
	Actual	Composition Ratio/Margin	Forecast	Composition Ratio/Margin	Forecast	Composition Ratio/Margin	Forecast	Composition Ratio/Margin	Amount	Ratio
Net Sales	104,124	100.0%	51,000	100.0%	55,000	100.0%	106,000	100.0%	1,876	1.8%
Facilities Management and Operation Business	73,768	70.8%	34,960	68.6%	39,370	71.6%	74,330	70.1%	562	0.8%
Building Maintenance and Property Management	51,921	49.9%	23,980	47.0%	28,090	51.1%	52,070	49.1%	149	0.3%
Security Service	21,847	21.0%	10,980	21.5%	11,280	20.5%	22,260	21.0%	413	1.9%
Residential Management and Operation Business	16,227	15.6%	8,060	15.8%	8,480	15.4%	16,540	15.6%	313	1.9%
Environmental Facility Management Business	11,349	10.9%	5,640	11.1%	6,260	11.4%	11,900	11.2%	551	4.9%
Real Estate Fund Management Business	1,651	1.6%	1,720	3.4%	230	0.4%	1,950	1.8%	299	18.1%
Other Businesses	1,127	1.1%	620	1.2%	660	1.2%	1,280	1.2%	153	13.6%
Segment Profit	7,546	7.2%	3,500	6.9%	4,200	7.6%	7,700	7.3%	154	2.0%
Facilities Management and Operation Business	9,891	13.4%	4,730	13.5%	5,260	13.4%	9,990	13.4%	99	1.0%
Building Maintenance and Property Management	6,884	13.3%	3,290	13.7%	3,650	13.0%	6,940	13.3%	56	0.8%
Security Service	3,007	13.8%	1,440	13.1%	1,610	14.3%	3,050	13.7%	43	1.4%
Residential Management and Operation Business	1,566	9.7%	740	9.2%	870	10.3%	1,610	9.7%	44	2.8%
Environmental Facility Management Business	1,476	13.0%	740	13.1%	790	12.6%	1,530	12.9%	54	3.7%
Real Estate Fund Management Business	45	2.8%	40	2.3%	20	8.7%	60	3.1%	15	33.3%
Other Businesses	238	21.1%	130	21.0%	150	22.7%	280	21.9%	42	17.7%
Adjustments	(5,670)	-	(2,880)	-	(2,890)	-	(5,770)	-	(100)	-

*The adjusted amount of segment 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 Nippon Kanzai's most important tasks and we return profit by appropriate distribution of results according to performance.
- For FY3/21, comprehensive consideration including the return of profits to shareholders, the year-end dividend has been decided at initial guidance for a ¥2 hike to ¥27 per share, based on full-year consolidated financial results. (subject to approval at the annual general meeting)
- For FY3/22, interim and year-end dividends will be set at ¥27 each, with plans for total dividends of ¥54 per share.

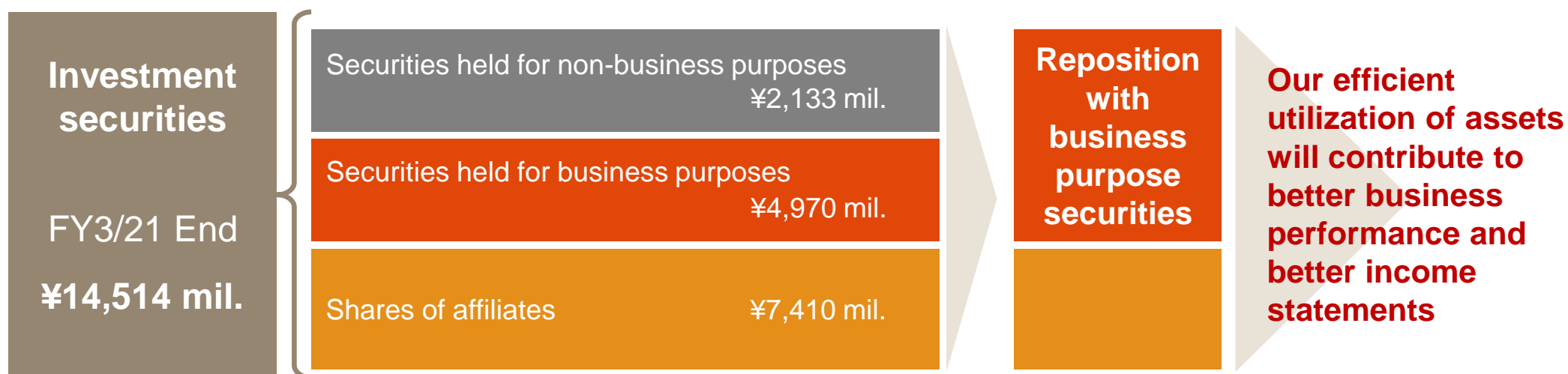
	FY3/18	FY3/19	FY3/20	FY3/21	FY3/22
	Actual	Actual	Actual	Actual	Forecast
Interim Dividends	21.00	25.00	25.00	25.00	27.00
Year-End Dividends	21.00	25.00	25.00	27.00	27.00
Consolidated Dividend Payout Ratio	32.5%	40.0%	42.6%	36.8%	36.0%
Dividend on Equity Ratio (DOE)	3.4%	3.8%	3.7%	3.6%	—



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 “best suited management for your building” with our advanced technology and capability.

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 Contribution to Local Communities

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



Impact on NIPPON KANZAI and Future Strategies Based on Changes in Society under the Pandemic

Impact on NIPPON KANZAI from the Tide of the Pandemic

Three Global Trends Created by the Pandemic

1) Acceleration of trends already appeared

Growing interest in Sustainable Development Goals (SDGs)
⇒ Acceleration of corporate and economic activities targeting sustainability

2) Appearance of new trends

Concentrating on the emphasis on efficiency until now
⇒ Toward decentralization and multi-polarization with an emphasis on safety and security

3) Renewed recognition of values taken for granted

Renewed recognition of the importance of digitalization
⇒ Acceleration of digitalization and merging with the real world

Changes in Japan from the Impact of the Pandemic

- Drastic decrease in administrative tax revenue
⇒ Needed: size reduction and per capita enhancement^{*1}, comprehensive inclusion
- Uncertainty about corporate earnings going forward, an acceleration of digital transformation
⇒ Needed: review of cost structure, outsourcing, restructuring, optimization of management resources
- Vacancy rate of 5.6% in central Tokyo, rents headed for decline.
- Changing workstyles
Teleworking, off-peak commuting, online meetings, office floor space reduction
- Decline in the active job openings-to-applicants ratio. 1.5% → 1.1%
⇒ Needed: digitalization, improved productivity, WELLNESS office^{*2}

Promotion of Digitalization through IT plus Low Cost Operations

Main Targets

Public
Facilities Management
(FM)

Private
Facilities Management
(FM)

(*1) Size reduction and per capita enhancement: making enhancements while shrinking size. Meanwhile, government authorities carry out enhanced urban development despite shrinking of the population and tax revenue.

(*2) WELLNESS office: office which achieves intelligent productivity gains by ensuring the healthy condition of people working in the building

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.22 - p.26)

- Invest in overseas companies
- Reinforce our residential management business through cooperation with overseas group companies (p.28 - p.30)

- Introduce IT into work management know-how and construction of facilities management database
- Standardize service quality and increase work efficiency (p.32 - p.35)

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

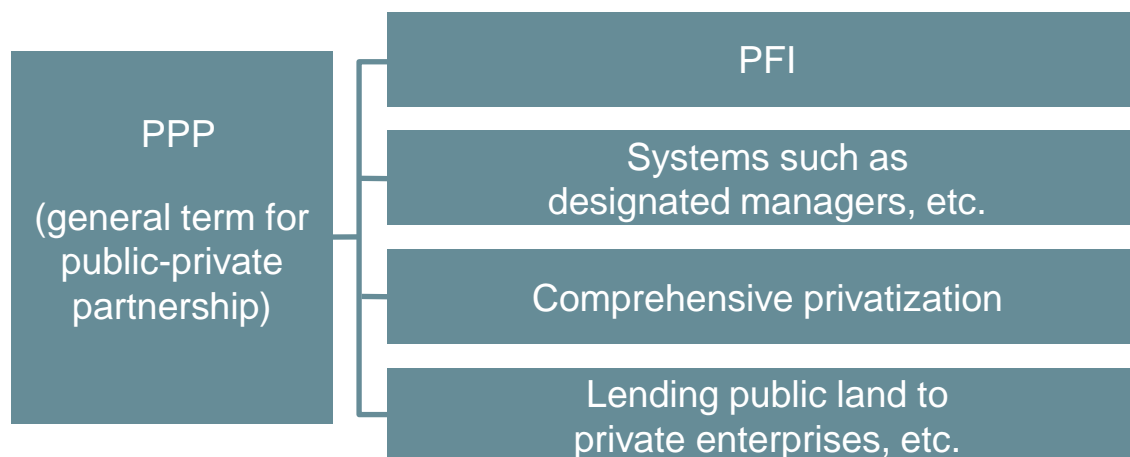
Severe financial circumstances

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



Business model in the public sector undertaken by Nippon Kanzai

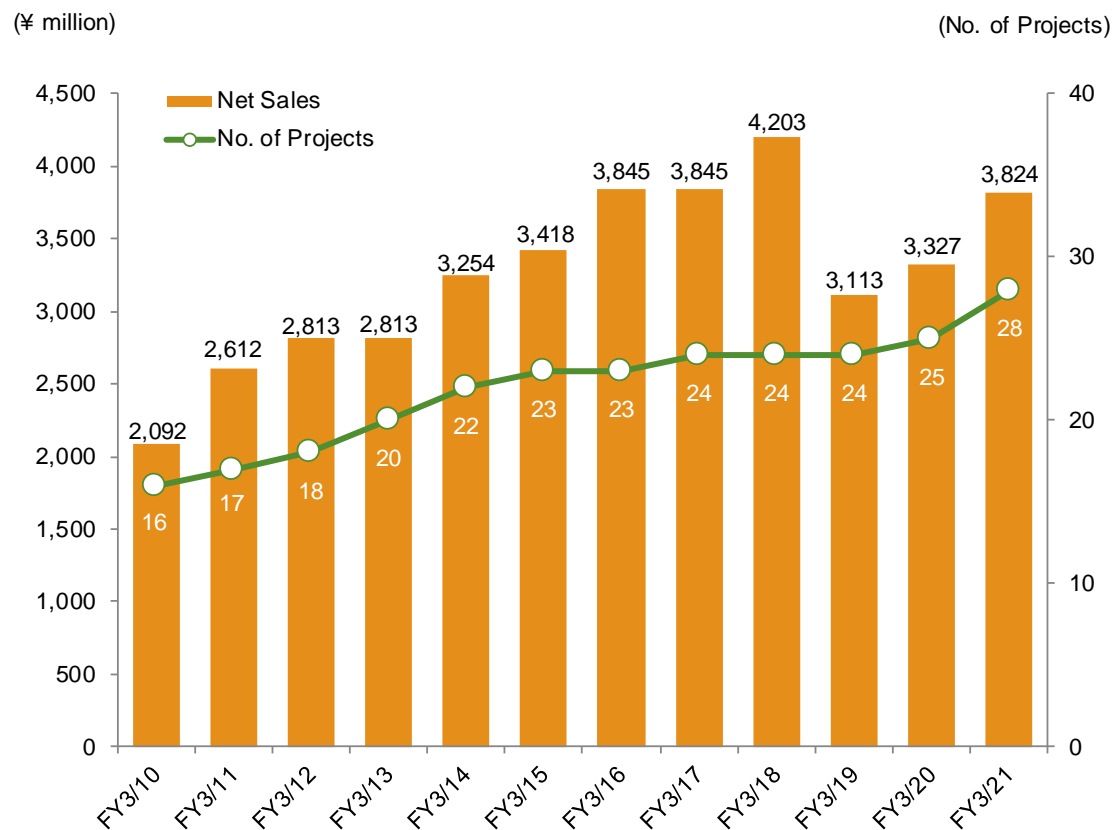
- PFI
- Designated Manager
- Comprehensive Management
- Public Facilities Management Support

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

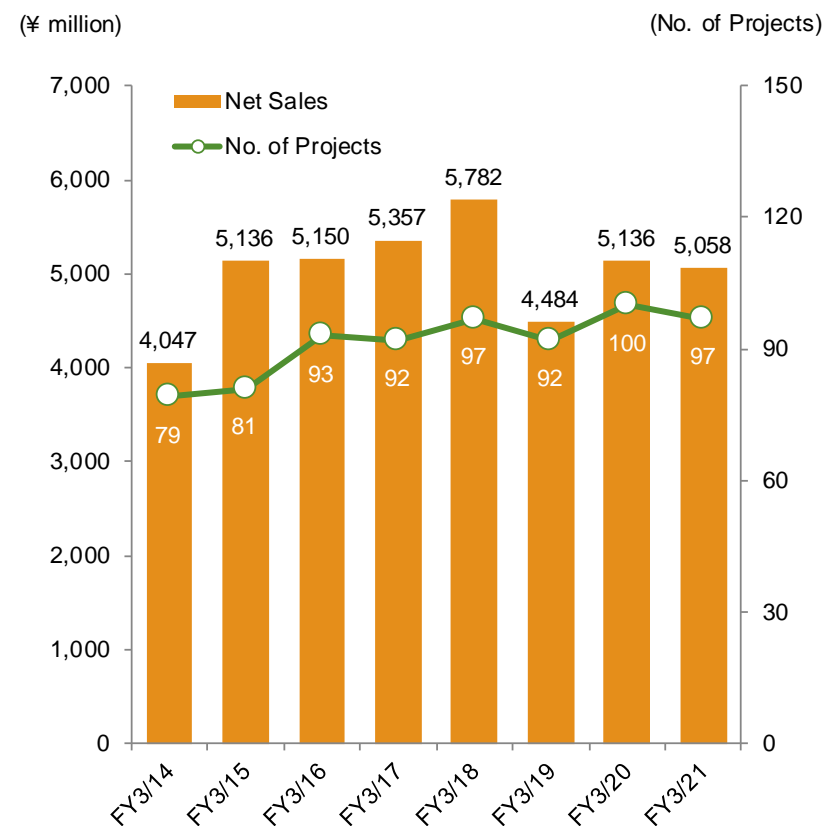
Business Opportunities (1): Track Record for Public Sector Businesses (excluding conventional general bidding)

Continuous Efforts toward Expansion of Ancillary Businesses

PFI



Designated Administrator

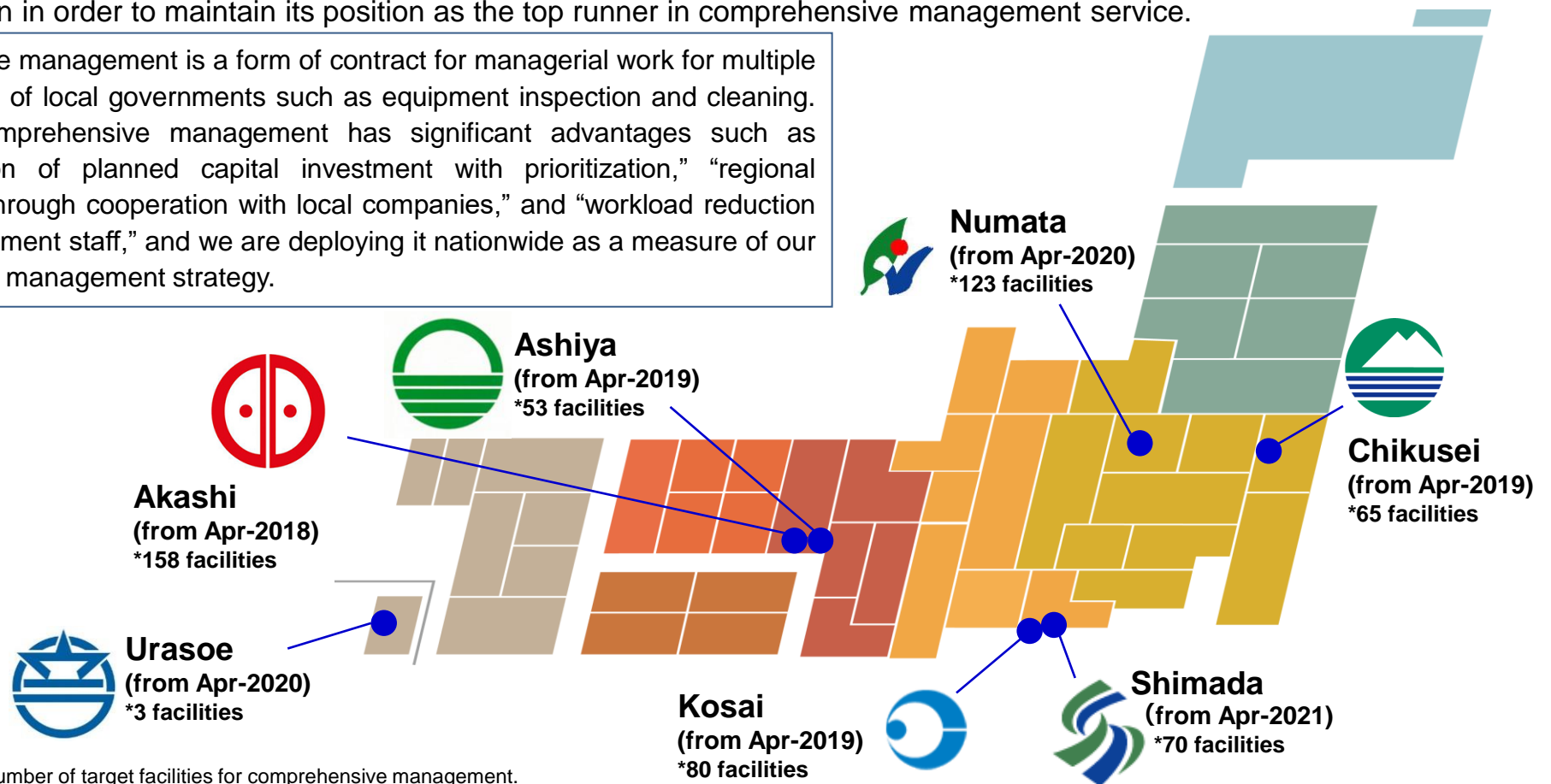


Business Opportunities (1): Comprehensive Management of Public Facilities

Comprehensive Management of Public Facilities

Results of Nippon Kanzai's comprehensive management service include the start of newly added Shimada City in Shizuoka Prefecture from April 2021, bringing the current nationwide total to 7 projects started. The number of local governments considering the introduction of comprehensive management is growing nationwide, and Nippon Kanzai is working on further share expansion in order to maintain its position as the top runner in comprehensive management service.

* 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.



(Note) * are the number of target facilities for comprehensive management.

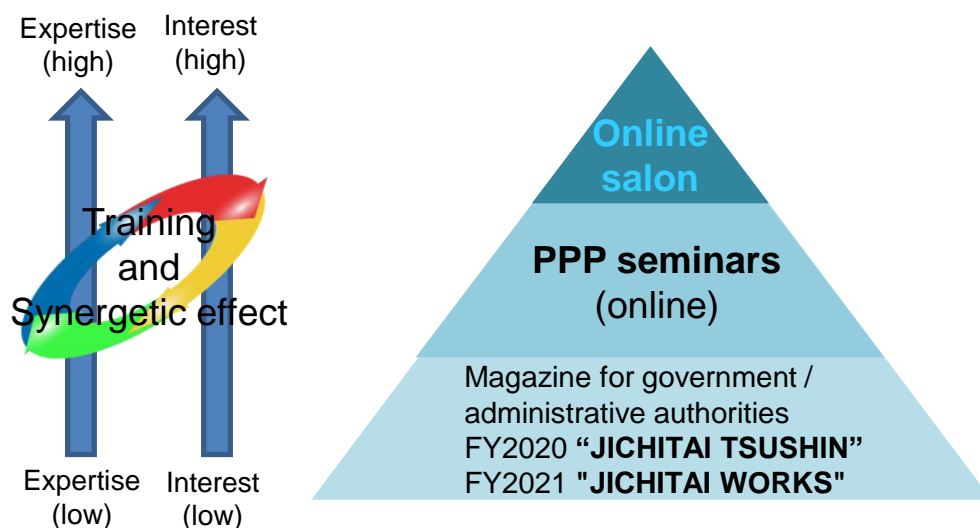
Business Opportunities (1): Public Facilities Management Support Business

Publicity Strategy in Public Facilities Management

Implementing new initiatives using digital tools as publicity strategy under the COVID-19 pandemic.

■ Training & rotation & media mix

- **Training** : By disseminating information through online salons and PPP seminars, NIPPON KANZAI will support “Public FM interested groups” to become “pioneers = practitioners.”
- **Synergy** : Aiming to boost the comprehensive management market, Nippon Kanzai will create medium to long term value, rather than ad-hoc measures.
- **Media mix**: By combining several media, Nippon Kanzai aims to create complementary and synergistic effects between them.



Established an online salon

Opened February 5, 2021 as a closed community that uses a web-based platform. This salon uses Facebook, providing a venue for “collecting information,” “mutual study” and “making friends” toward practical application of Public FM.



Salon Features

1. Understand the real points of practical application of Public FM
2. Operated by Public FM practitioners
3. Make Public FM friends

PPP seminars are conducted online

As an MLIT PPP Agreement Partner company, we conducted a PPP seminar on February 10, 2021, the same time we opened the online salon.

❖Theme❖

“Public FM in post-COVID society”
that cannot be handled just through restructuring
—Government buildings, schools, libraries, community centers, and evacuation shelters will change

It was a great success with record participation of a total 306 public and private individuals, 277 of them were from 215 local governments.



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, Nippon Kanzai 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



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.22 - p.26)
- Invest in overseas companies
- Reinforce our residential management business through cooperation with overseas group companies (p.28 - p.30)
- Introduce IT into work management know-how and construction of facilities management database
- Standardize service quality and increase work efficiency (p.32 - p.35)

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. Now NIPPON KANZAI and Fexco send directors to PICA and manage it jointly. Founded in 1981, Fexco employs over 2,500 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



Business Environment under the Pandemic

Due to government restrictions on the number of persons at gatherings, postponement of general meetings and boards of directors meetings of homeowners’ associations as well as the shift to online meetings resulted in a decline in net sales, however the impact on profits was relatively limited due to successful cost cutting.

Company Name

Prudential Investment Company of Australia Pty Ltd.

Establishment

October 4, 1948

Capital

AUD28 million (JPY2,208 million) *AUD1=JPY78.85 (as of December 31, 2020)

Main Business

Strata management, debt collection

Head Office

Sydney

Major Branches

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

Employees

Approx. 682 as of December 31, 2020

No. of Lots under Management

Approx. 206,000 lots, 11,400 associations as of December 31, 2020

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



Head Office



Properties under Management



Company Overview

Keystone Property Management, LLC (hereinafter “Keystone”) 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. Keystone 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, Keystone is ranked within the top ten companies in Southern California. Since 2019 onward, Keystone has made progress in expanding service area coverage through M&A.

Background

NIPPON KANZAI's subsidiary, Nippon Kanzai USA, Inc. acquired an interest from Keystone Pacific Property Management Inc., the owner of the interest and Keystone 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.

Business Environment under the Pandemic

Despite the impact from COVID-19, business performance has been steady due to a recovering economy and increased opportunities within the detached housing market, one that has been robust during the pandemic.

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. 255 as of December 31, 2020 (including Keystone Progressive)

No. of Units under Management

Approx. 82,850 units, approx. 375 associations as of December 31, 2020
(including Keystone Progressive)

*Abbreviation unified as “Keystone” from March 2019

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



Properties under Management



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 owners’ 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 Kauai.

Background

NIPPON KANZAI acquired shares of Hawaiiana from Swell International Inc., a locally operated real estate company, in March 2020 and through which Hawaiiana 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.

Business Environment under the Pandemic

While the direct impact on earnings is limited as residential management is classified as an essential business, Hawaiiana faces challenges in staff recruitment and business development due to uncertainty and instability in the future from the COVID-19 pandemic.

Company Name	Hawaiiana Holdings Incorporated
Establishment	September 24, 2008
Capital	USD4.27 million (JPY440 million) *USD1=JPY103.50 (as of December 31, 2020)
Main Business	AOAO management
Head Office	Honolulu, Hawaii
Branches	Maui, West Maui, Kona, Kauai
Employees	Approx. 240 as of December 31, 2020
No. of Units under Management	Approx. 106,000 units, 660 associations as of December 31, 2020

Medium-Term Growth Strategies of Our Group

Business Opportunities

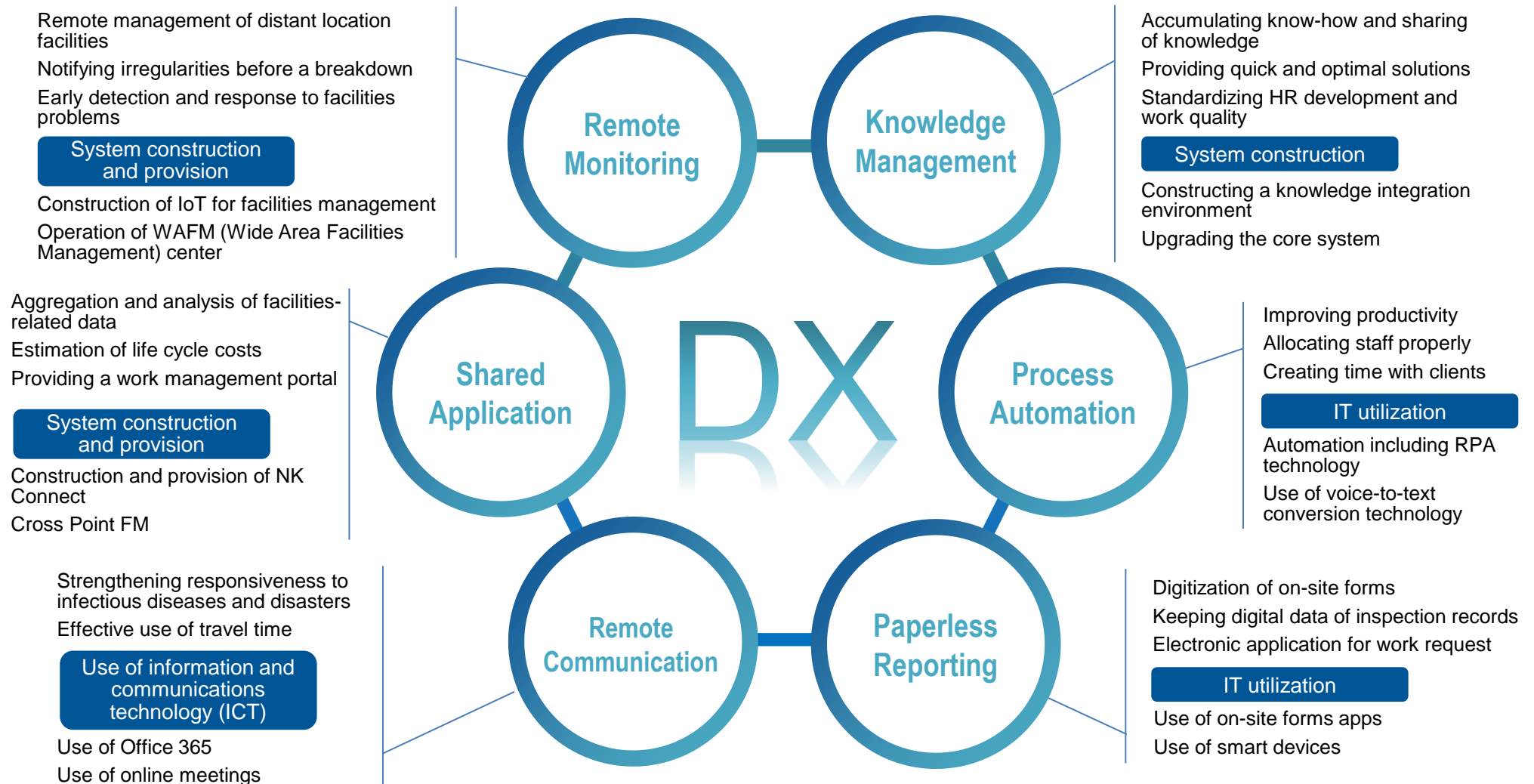
- 1** Increase in demand for private sector expertise in the public sector
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- 3** Approach based on IT technologies, etc.

Growth Strategies

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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): Remote Monitoring -Operation of Wide Area Facilities Management System-

WAFM[®]

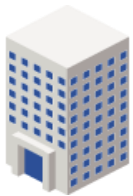
Wide Area Facilities Management System

Manage buildings 24/7 remotely

- 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

East Japan

Customer



IoT Status Monitoring

Facility Alarm Panel

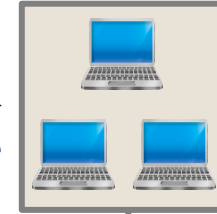
Automatic Fire Alarm Panel

Security Monitoring Panel

Internet



Base station



Order/Instruction

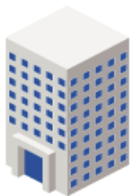
Engineering Staff

Regular and continuous data collection enables NIPPON KANZAI to provide detailed maintenance and equipment improvements.



West Japan

Customer



IoT Status Monitoring

Facility Alarm Panel

Automatic Fire Alarm Panel

Security Monitoring Panel

Internet



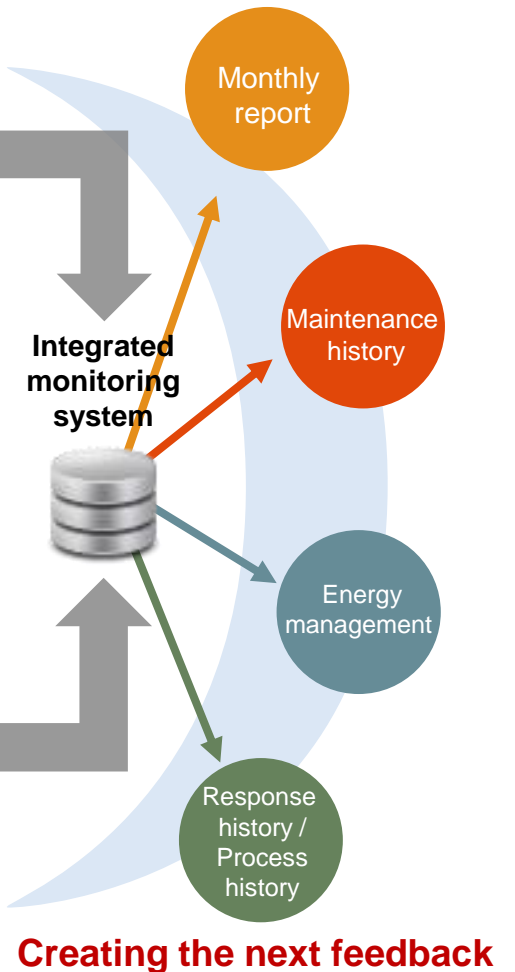
Base station



Order/Instruction

Engineering Staff

Regular and continuous data collection enables NIPPON KANZAI to provide detailed maintenance and equipment improvements.

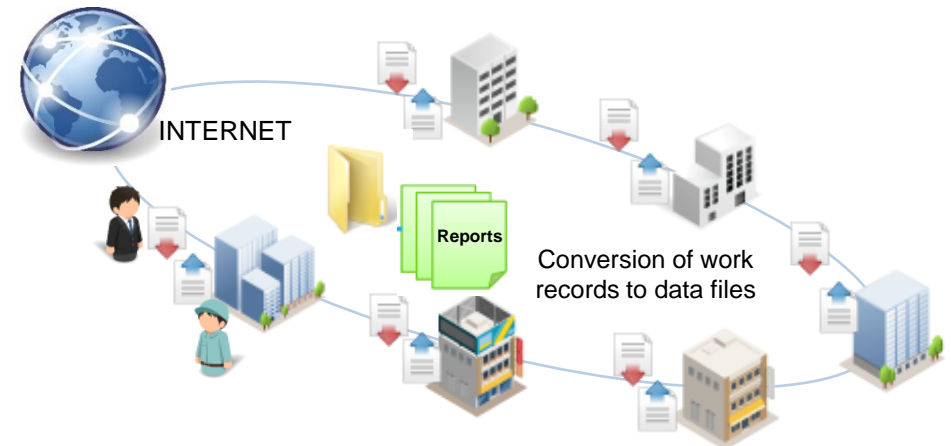


Business Opportunities (3): Shared Application -Update of Facilities Information Sharing System and Application-

NK Connect

Facilities information sharing system Work fulfillment confirmation & report application

- Sharing of information with customers and partner companies 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 malfunctions report and forms in the field, conversion of inspection records to data files



Work plan & repair plan management

Confirmation of work fulfillment

Detailed work report

**Input
at Web browser**

**Input
by Smartphone
Use of Application**

**Input
by Smartphone
Use of Application**

2019年度

建物名	区分	契約内容	作業名	業者名	8月	9月	10月	11月	12月	1月	2月	3月
Aビル建物名	年間	総合管理業務	常駐管理業務	業者名	04/11							
Aビル	臨時	総合管理業務	巡回点検	〇〇数回	04/29	05/11						
Aビル	臨時	総合管理業務	空調設備点検									
Aビル	臨時	総合管理業務	巡回点検									
Bビル	臨時	日常清掃業務	日常清掃									
Bビル	臨時	グリストラ...	グリストラ...									
Bビル	年間	-	消防訓練									
Bビル	臨時	-	定期点検									
Bビル	臨時	-	巡回点検									

CSVファイル取込 ファイルを選択 ファイル名が入る

2019年 12月

日	月	作業内容	担当者
1	月	Aビル / 電話設備保守点検業務	16
2	火	Aビル / 電話設備保守点検業務	17
3	水		18
4	木	Aビル / 電話設備保守点検業務	19
5	金		20
6	土	Aビル / 電話設備保守点検業務	21
7	日	Aビル / 電話設備保守点検業務	22
8	月		23
9	火	Aビル / 電話設備保守点検業務	24

未調整の作業

作業一覧

- Aビル
- 電話設備保守点検業務
- 常駐管理業務
- 巡回点検
- 消防設備点検
- 空調設備点検
- 日常清掃
- グリストラップ清掃
- 消防訓練
- 定期点検
- Bビル

作業完了報告書

報告者: Sakuma330073

報告日: 2020/02/05

作業日時: 2020年02月05日13:59~2020年02月05日14:44

作業場所: 西園ライオンビル

作業内容: 巡回点検業務

状況確認: 無

作業開始

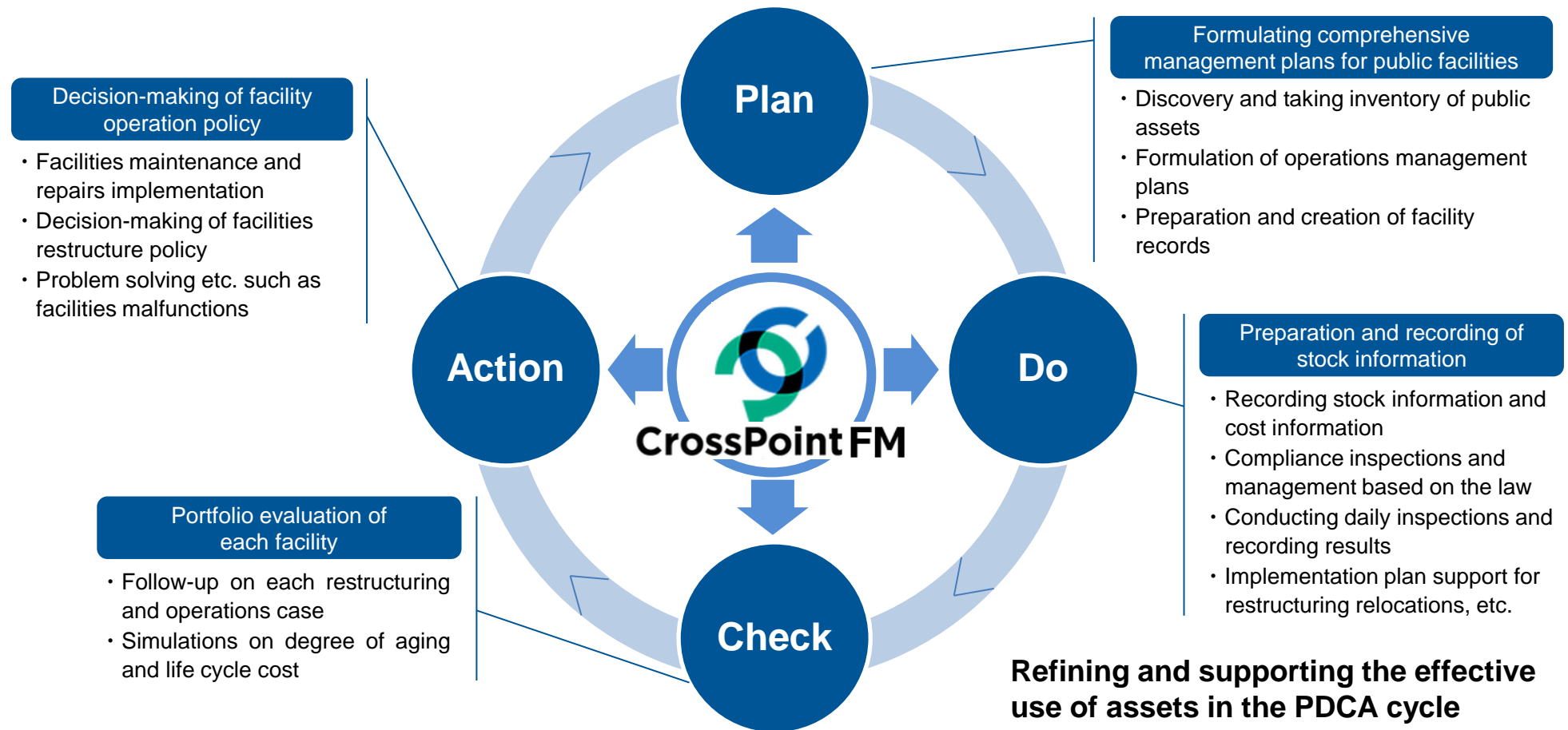
上記通り、作業を行いましたので終了

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

Business Opportunities (3):

Shared Application -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 NIPPON KANZAI has a stake, under a consigned R&D project of the Japan Science and Technology Agency (JST).

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