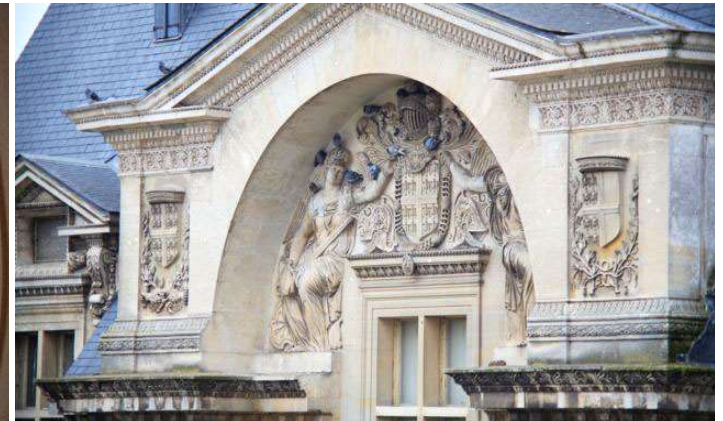





Financial Results for the 2nd Quarter of Fiscal Year Ending March 31, 2022

November 24, 2021



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	3	Consolidated Financial Results for 1H FY3/22
	12	Consolidated Financial Forecasts for FY3/22
	19	Medium-Term Growth Strategies

Consolidated Financial Results for 1H FY3/22



Consolidated Financial Results Highlights

(Rounded down to the nearest ¥million)

Net Sales

¥49,883 million (+0.9% YoY)

- Existing contracts grew due to expansion of the scope of business and specification changes
- Net sales for construction work including large-scale projects decreased

Operating Profit

¥3,651 million (+22.5% YoY)

- Profits increased due to higher profitability as a result of revised rates and scope of work

Ordinary Profit

¥4,054 million (+35.4% YoY)

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

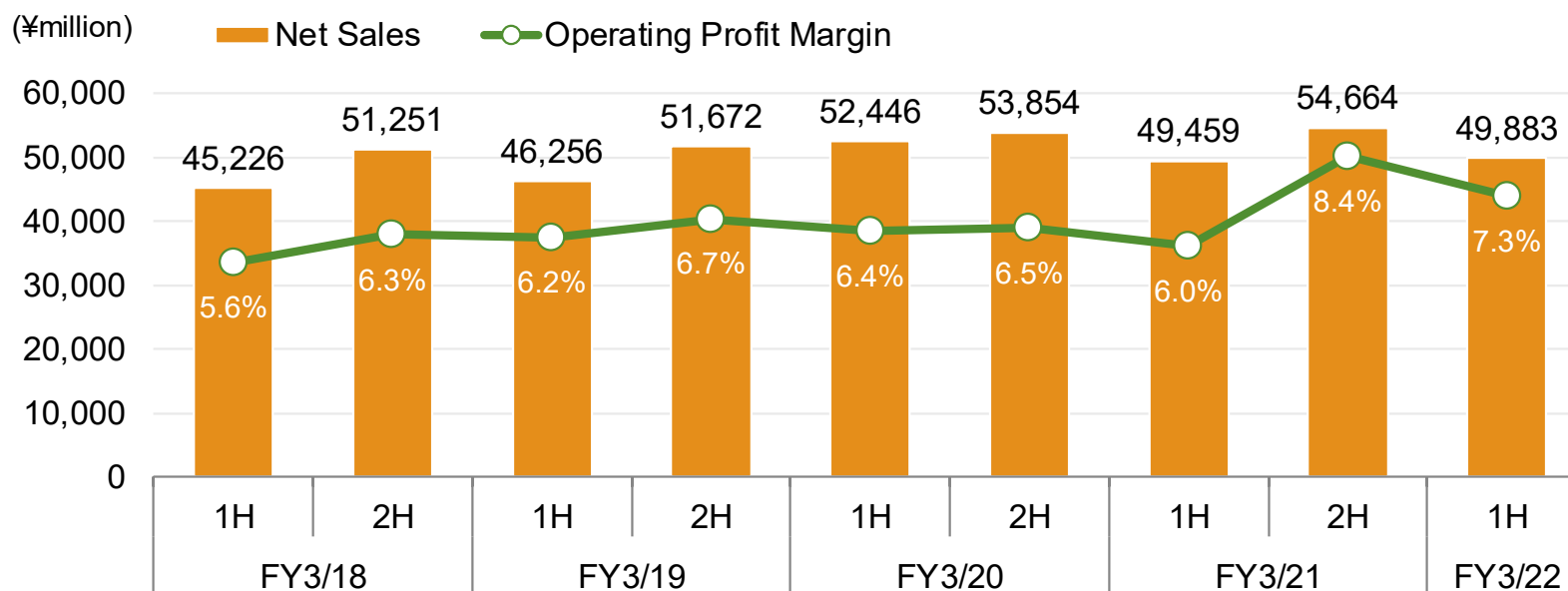
Profit Attributable to Owners of Parent

¥3,433 million (+73.4% YoY)

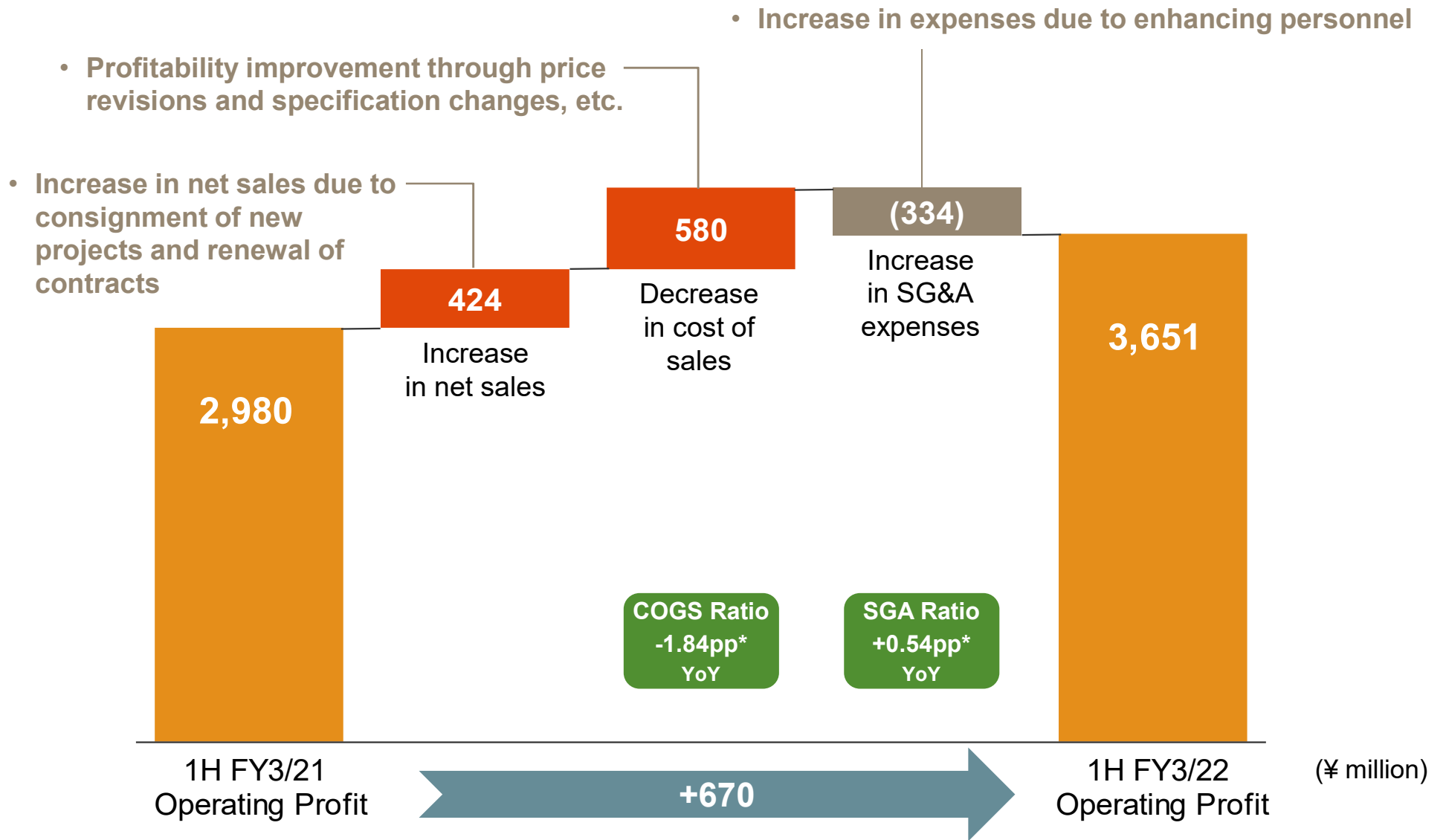
- Decrease in tax expenses

Consolidated Financial Results Summary

Consolidated (¥ million)	1H FY3/21		1H FY3/22		YoY Changes	
	Actual	Ratio	Actual	Ratio	Amount	Ratio
Net Sales	49,459	100.0%	49,883	100.0%	424	0.9%
Gross Profit	10,283	20.8%	11,288	22.6%	1,005	9.8%
SG&A Expenses	7,302	14.8%	7,637	15.3%	334	4.6%
Operating Profit	2,980	6.0%	3,651	7.3%	670	22.5%
Ordinary Profit	2,994	6.1%	4,054	8.1%	1,060	35.4%
Profit Attributable to Owners of Parent	1,980	4.0%	3,433	6.9%	1,453	73.4%



Analysis of Increases/Decreases in Consolidated Operating Profit



*pp (percentage point)

Overview of Consolidated Balance Sheets

Consolidated (¥ million)	FY3/21 End		1H FY3/22 End		YoY Changes	
	Actual	Ratio	Actual	Ratio	Amount	Ratio
Current assets	53,483	65.4%	49,086	61.5%	(4,397)	-8.2%
Cash and deposits	33,075	40.5%	30,965	38.8%	(2,109)	-6.4%
Notes and accounts receivable - trade, and contract assets	14,836	18.1%	13,659	17.1%	(1,177)	-7.9%
Real estate for sale	3,519	4.3%	2,920	3.7%	(599)	-17.0%
Non-current assets	28,276	34.6%	30,664	38.5%	2,387	8.4%
Property, plant and equipment	5,411	6.6%	5,847	7.3%	435	8.1%
Intangible assets	2,024	2.5%	2,427	3.0%	402	19.9%
Investments and other assets	20,840	25.5%	22,388	28.1%	1,548	7.4%
Total Assets	81,759	100.0%	79,750	100.0%	(2,009)	-2.5%
Current liabilities	16,868	20.6%	12,336	15.5%	(4,531)	-26.9%
Notes and accounts payable - trade	9,091	11.1%	4,274	5.4%	(4,816)	-53.0%
Income taxes payable	1,850	2.3%	834	1.0%	(1,016)	-54.9%
Non-current liabilities	7,747	9.5%	7,214	9.0%	(533)	-6.9%
Long-term borrowings	750	0.9%	562	0.7%	(187)	-25.0%
Deferred tax liabilities	524	0.6%	279	0.4%	(245)	-46.7%
Total Liabilities	24,616	30.1%	19,550	24.5%	(5,065)	-20.6%
Shareholders' equity	55,260	67.6%	57,797	72.5%	2,537	4.6%
Share capital	3,000	3.7%	3,000	3.8%	-	-
Capital surplus	3,785	4.6%	3,785	4.7%	-	-
Retained earnings	51,248	62.7%	53,785	67.4%	2,537	5.0%
Accumulated other comprehensive income	601	0.7%	1,177	1.5%	576	95.8%
Non-controlling interests	1,281	1.6%	1,223	1.5%	(57)	-4.5%
Total Net Assets	57,143	69.9%	60,199	75.5%	3,055	5.3%
Total Liabilities and Net Assets	81,759	100.0%	79,750	100.0%	(2,009)	-2.5%

Main Factors for Increase/Decrease

(¥ million)

Assets

(2,009)

- Decrease in cash and deposits (2,109)
- Decrease in notes and accounts receivable - trade, and contract assets (1,177)
- Increase due to purchase of investment securities 1,268

Liabilities

(5,065)

- Decrease in notes and accounts payable - trade (4,816)
- Decrease in income taxes payable (1,016)

Net Assets

3,055

- Increase in retained earnings 2,537
- Increase in foreign currency translation adjustment 380

Equity Ratio

74.0%

(+5.7pp YoY)

Overview of Consolidated Statement of Cash Flows

Consolidated (¥ million)	1H FY3/21 Actual	1H FY3/22 Actual	YoY Changes Amount
Profit before income taxes	3,212	4,154	942
Depreciation	291	285	(5)
Decrease (increase) in trade receivables	1,039	1,910	871
Increase (decrease) in trade payables	(2,566)	(3,500)	(934)
Decrease (increase) in inventories	733	588	(144)
Increase (decrease) in accrued consumption taxes	(247)	(570)	(323)
Income taxes paid	(1,374)	(1,930)	(556)
Other, net	441	(359)	(801)
Cash Flows from Operating Activities	1,530	578	(952)
Purchase of property, plant and equipment, and intangible assets	(270)	(672)	(402)
Purchase of investment securities	(226)	(589)	(363)
Proceeds from redemption of investment securities	-	412	412
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(511)	(511)
Other, net	360	130	(229)
Cash Flows from Investing Activities	(136)	(1,230)	(1,094)
Increase (decrease) in borrowings (incl. non-recourse loans)	(200)	(197)	2
Dividends paid (incl. dividends paid to non-controlling interests)	(1,018)	(1,108)	(90)
Other, net	(51)	(57)	(5)
Cash Flows from Financing Activities	(1,270)	(1,364)	(93)
Net increase (decrease) in cash and cash equivalents	134	(2,009)	(2,144)
Cash and cash equivalents at the beginning of current period	28,343	32,830	4,487
Cash and cash equivalents at the end of current period	28,477	30,820	2,342
Free Cash Flows	1,394	(652)	(2,046)

Main Factors for Increase/Decrease

(¥ million)

CF from Operating Activities (952)

- Increase in net profit before income taxes 942
- Decrease in trade payables (934)
- Decrease in accrued consumption taxes (323)
- Increase in Income taxes paid (556)

CF from Investing Activities (1,094)

- Increase in purchase of plant and equipment, and intangible assets (402)
- Increase in purchase of shares of subsidiaries resulting in change in scope of consolidation (511)

CF from Financing Activities (93)

- Increase in dividends paid (90)

Business Segments and Main Group Companies

■ Facilities Management and Operations ¥34,483 mil.

Building Maintenance and Property Management (excl. Security Service)
¥23,368 mil.

Tokyo Capital Management Co., Ltd.*
NS Corporation Co., Ltd.
Japan Environmental Solutions Co., Ltd.
Okinawa Nippon Kanzai Co., Ltd.

Security Services ¥11,115 mil.

Three-S Co., Ltd.

■ Residential Management and Operations ¥8,209 mil.

Condominium Management

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 ¥5,568 mil.

Environmental Facility Management

Nippon Kanzai Environment Service Co., Ltd.

■ Real Estate Fund Management ¥1,044 mil.

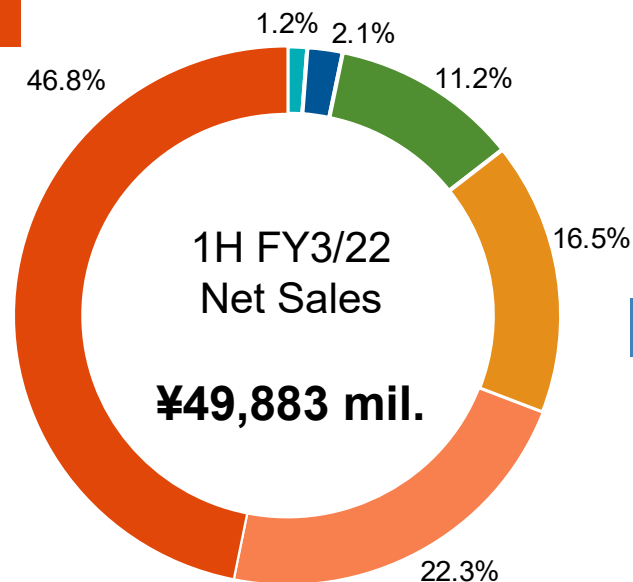
Asset Management

Tokyo Capital Management Co., Ltd.

■ Other ¥577 mil.

Other Businesses

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



*NIPPON KANZAI took over PM Business, etc. through an absorption-type merger of its subsidiary Japan Property Solutions Co., Ltd. on July 1, 2021.

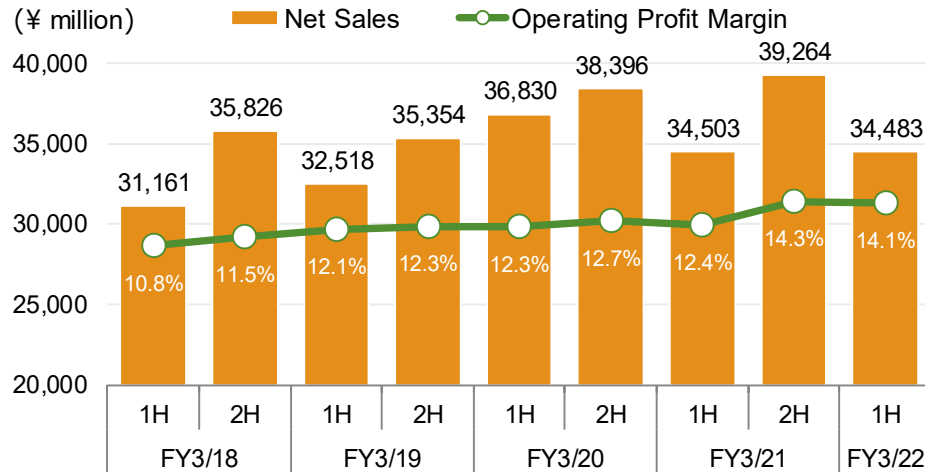
Financial Results by Business Segment

Consolidated (¥ million)	1H FY3/21		1H FY3/22		YoY Changes	
	Actual	Ratio/Margin	Actual	Ratio/Margin	Amount	Ratio
Net Sales	49,459	100.0%	49,883	100.0%	424	0.9%
Facilities Management and Operation Business	34,503	69.8%	34,483	69.1%	(19)	-0.1%
Building Maintenance and Property Management	23,714	47.9%	23,368	46.8%	(345)	-1.5%
Security Service	10,789	21.8%	11,115	22.3%	326	3.0%
Residential Management and Operation Business	7,791	15.8%	8,209	16.5%	417	5.4%
Environmental Facility Management Business	5,495	11.1%	5,568	11.2%	72	1.3%
Real Estate Fund Management Business	1,199	2.4%	1,044	2.1%	(154)	-12.9%
Other Businesses	469	0.9%	577	1.2%	108	23.1%
Segment Profit	2,980	6.0%	3,651	7.3%	670	22.5%
Facilities Management and Operation Business	4,293	12.4%	4,866	14.1%	572	13.3%
Building Maintenance and Property Management	2,880	12.1%	3,440	14.7%	560	19.5%
Security Service	1,413	13.1%	1,426	12.8%	12	0.9%
Residential Management & Operation Business	673	8.6%	848	10.3%	175	26.0%
Environmental Facility Management Business	731	13.3%	832	15.0%	101	13.9%
Real Estate Fund Management Business	37	3.2%	57	5.5%	19	51.7%
Other Businesses	54	11.7%	160	27.8%	105	192.8%
Adjustments*	(2,810)	-	(3,114)	-	(303)	-

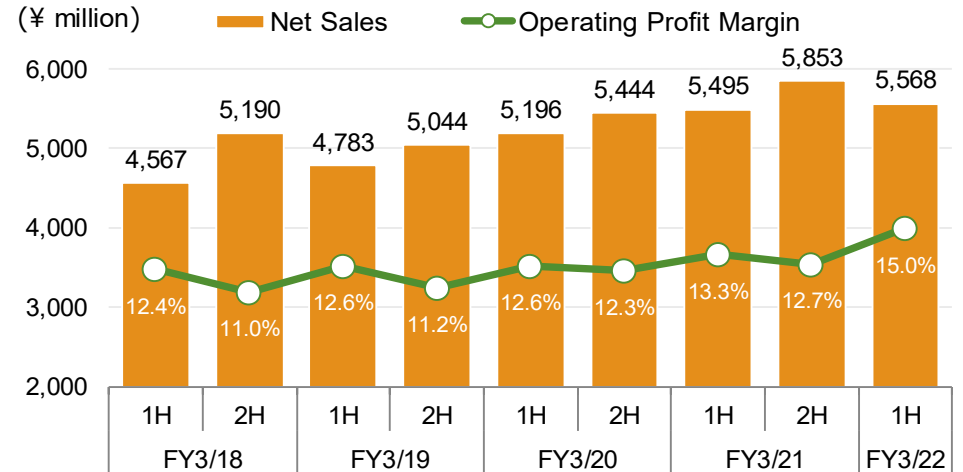
*The adjusted amount of segment profit includes the elimination of intersegment transactions as well as SG&A expenses which are not attributable to any particular segment.

Performance of Main Business Segments

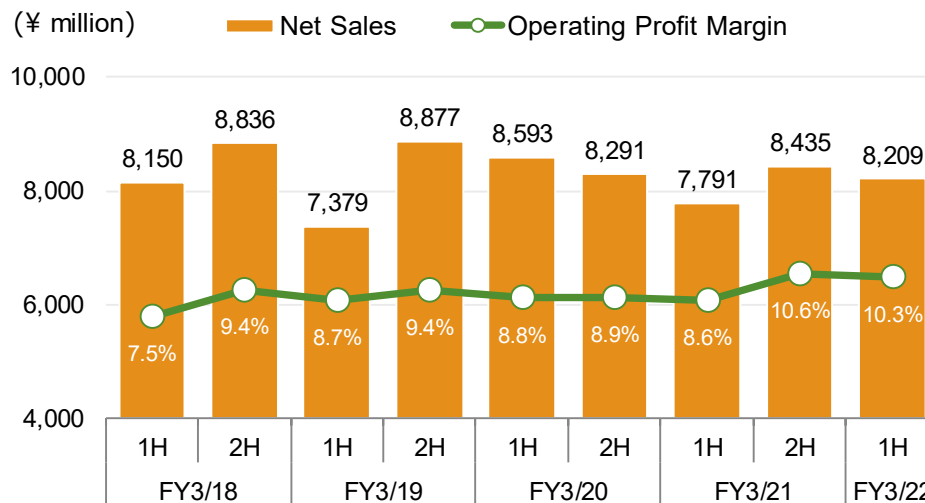
Facilities Management and Operations



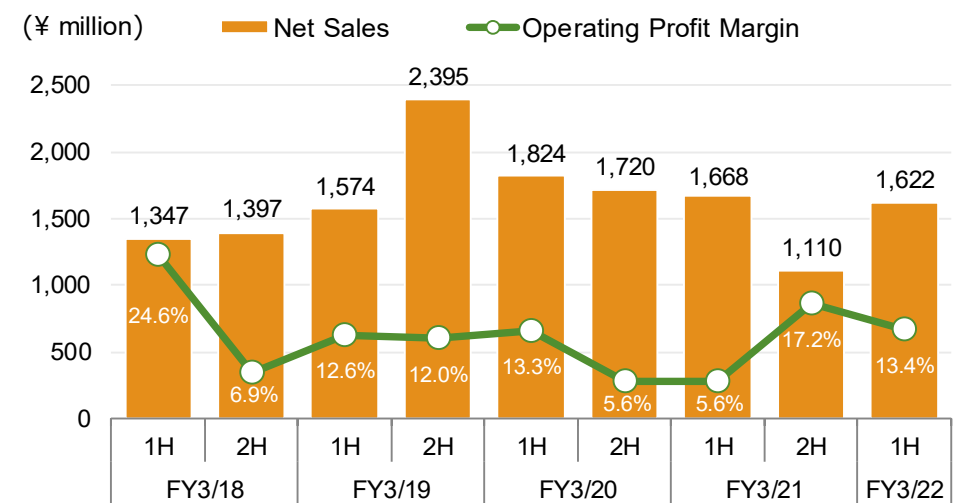
Environmental Facilities Management



Residential Management and Operations



Real Estate Fund Management and Other



Consolidated Financial Forecasts for FY3/22



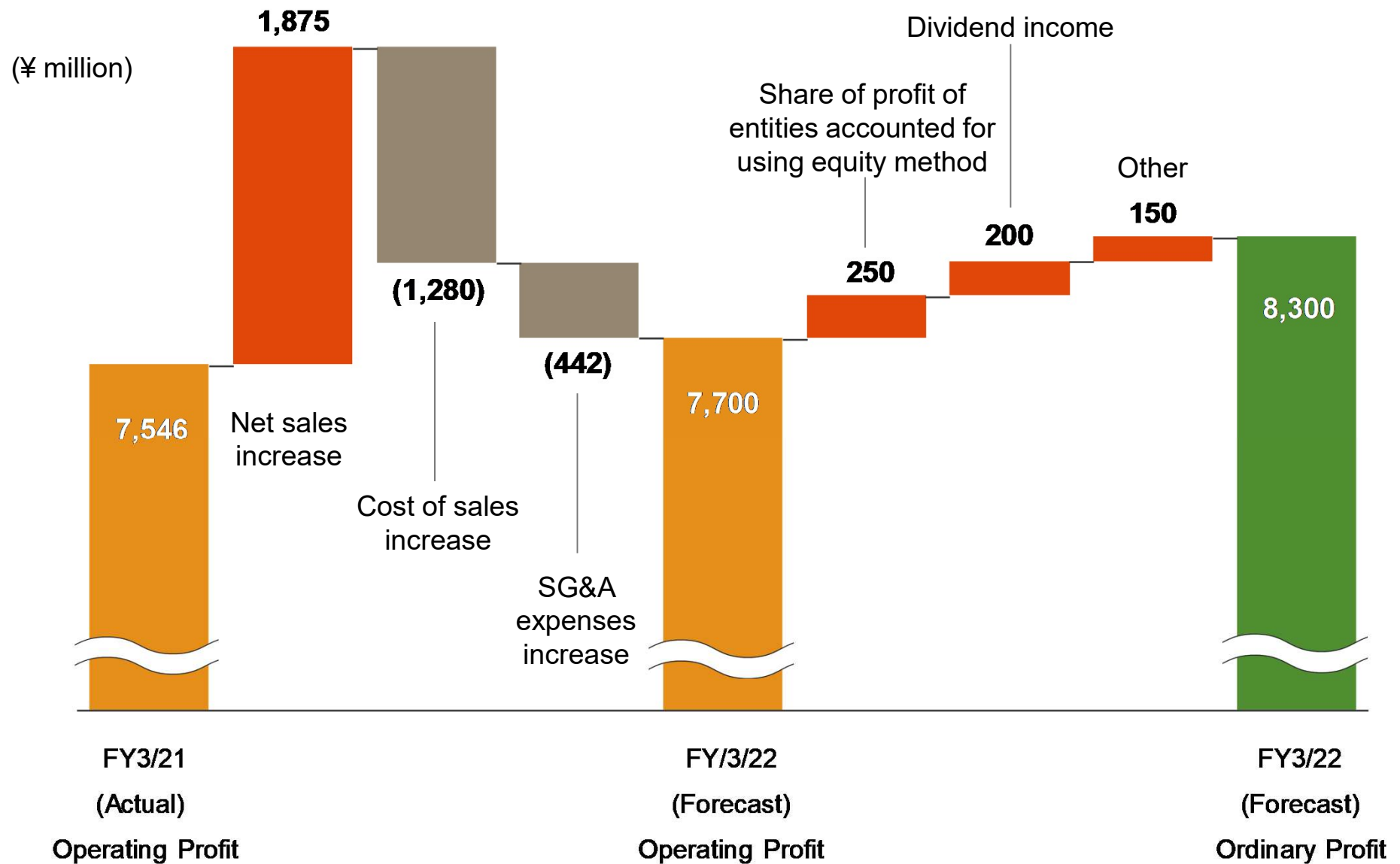
Consolidated Financial Forecasts Summary

Market Background

- As a result of the pandemic, offices are shifting from centralization to decentralization based on the promotion of working from home and the like. Vacancy rates are also rising.
 - Concerns over soaring raw material prices and a shortage of semiconductor supply.
 - Expectation for moves toward normalization of economic activities due to promotion of COVID-19 vaccinations.
 - Concerns over securing staff and rising labor costs.
-
- Relative to initial forecasts, 1H results came in behind on net sales but profit attributable to owners of parent exceeded the plan.
 - There is no change to the outlook for consolidated financial results from initial forecasts announced on May 10, 2021.

Consolidated (¥ million)	Full-Year FY3/21		1H FY3/22		2H FY3/22		Full-Year FY3/22		YoY Changes	
	Actual	Ratio	Actual	Ratio	Forecast	Ratio	Forecast	Ratio	Amount	Ratio
Net Sales	104,124	100.0%	49,883	100.0%	56,116	100.0%	106,000	100.0%	1,875	1.8%
Gross Profit	22,354	21.5%	11,288	22.6%	11,661	20.8%	22,950	21.7%	595	2.7%
SG&A Expenses	14,807	14.2%	7,637	15.3%	7,612	13.6%	15,250	14.4%	442	3.0%
Operating Profit	7,546	7.2%	3,651	7.3%	4,048	7.2%	7,700	7.3%	153	2.0%
Ordinary Profit	8,127	7.8%	4,054	8.1%	4,245	7.6%	8,300	7.8%	172	2.1%
Profit Attributable to Owners of Parent	5,284	5.1%	3,433	6.9%	2,166	3.9%	5,600	5.3%	315	6.0%

Increases/Decreases in Consolidated Ordinary Income Forecast



Financial Forecasts by Business Segment

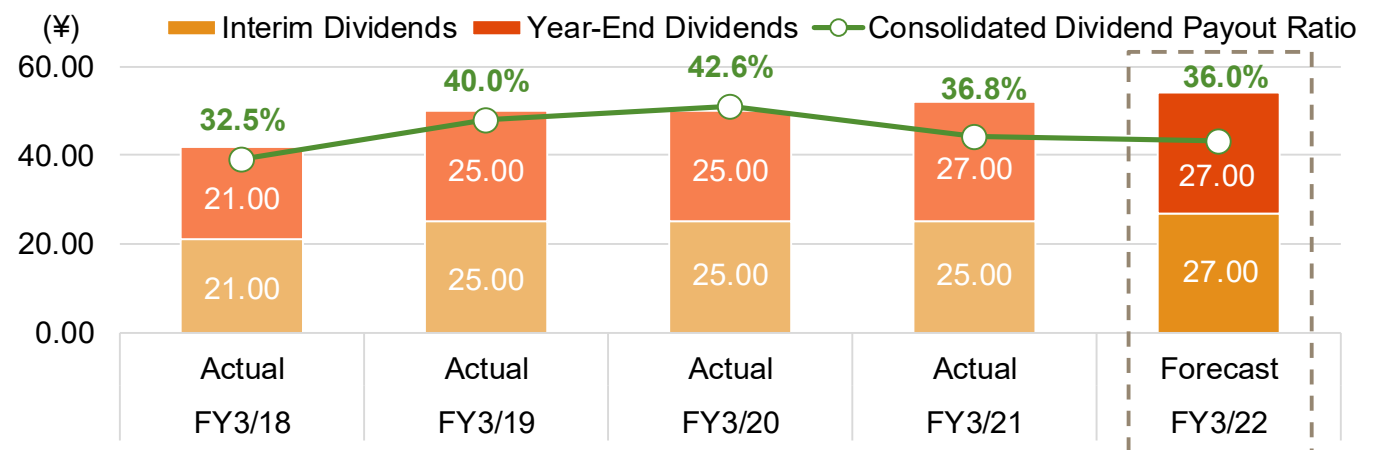
Consolidated (¥ million)	Full-Year FY3/21		1H FY3/22		2H FY3/22		Full-Year FY3/22		YoY Changes	
	Actual	Composition Ratio/Margin	Actual	Composition Ratio/Margin	Forecast	Composition Ratio/Margin	Forecast	Composition Ratio/Margin	Amount	Ratio
Net Sales	104,124	100.0%	49,883	100.0%	56,116	100.0%	106,000	100.0%	1,876	1.8%
Facilities Management and Operation Business	73,768	70.8%	34,483	69.1%	39,846	71.0%	74,330	70.1%	562	0.8%
Building Maintenance and Property Management	51,921	49.9%	23,368	46.8%	28,701	51.1%	52,070	49.1%	149	0.3%
Security Service	21,847	21.0%	11,115	22.3%	11,144	19.9%	22,260	21.0%	413	1.9%
Residential Management and Operation Business	16,227	15.6%	8,209	16.5%	8,330	14.8%	16,540	15.6%	313	1.9%
Environmental Facility Management Business	11,349	10.9%	5,568	11.2%	6,331	11.3%	11,900	11.2%	551	4.9%
Real Estate Fund Management Business	1,651	1.6%	1,044	2.1%	905	1.6%	1,950	1.8%	299	18.1%
Other Businesses	1,127	1.1%	577	1.2%	702	1.3%	1,280	1.2%	153	13.6%
Segment Profit	7,546	7.2%	3,651	7.3%	4,048	7.2%	7,700	7.3%	154	2.0%
Facilities Management and Operation Business	9,891	13.4%	4,866	14.1%	5,123	12.9%	9,990	13.4%	99	1.0%
Building Maintenance and Property Management	6,884	13.3%	3,440	14.7%	3,499	12.2%	6,940	13.3%	56	0.8%
Security Service	3,007	13.8%	1,426	12.8%	1,623	14.6%	3,050	13.7%	43	1.4%
Residential Management and Operation Business	1,566	9.7%	848	10.3%	761	9.1%	1,610	9.7%	44	2.8%
Environmental Facility Management Business	1,476	13.0%	832	15.0%	697	11.0%	1,530	12.9%	54	3.7%
Real Estate Fund Management Business	45	2.8%	57	5.5%	2	0.3%	60	3.1%	15	33.3%
Other Businesses	238	21.1%	160	27.8%	119	17.0%	280	21.9%	42	17.7%
Adjustments*	(5,670)	-	(3,114)	-	(2,655)	-	(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

- Determining dividend policy is one of NIPPON KANZAI's most important tasks and we return profit by appropriate distribution of results according to performance.
- For FY3/22, the interim dividend was decided at ¥27. The year-end dividend will be set at ¥27, planning for total dividends of ¥54 per share.

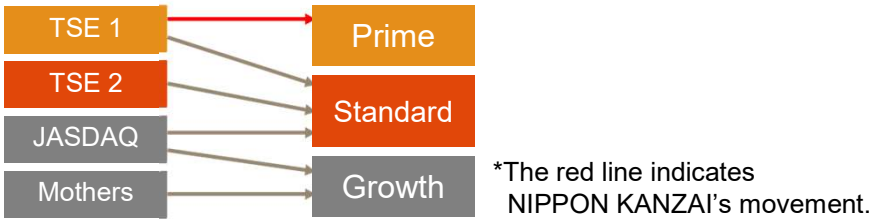
	FY3/18	FY3/19	FY3/20	FY3/21	FY3/22
	Actual	Actual	Actual	Actual	Forecast
Interim Dividends	21.00	25.00	25.00	25.00	27.00
Year-End Dividends	21.00	25.00	25.00	27.00	27.00
Consolidated Dividend Payout Ratio	32.5%	40.0%	42.6%	36.8%	36.0%
Dividend on Equity Ratio (DOE)	3.4%	3.8%	3.7%	3.6%	—



Selection for New Market Segments of the Tokyo Stock Exchange / Corporate Governance Measures

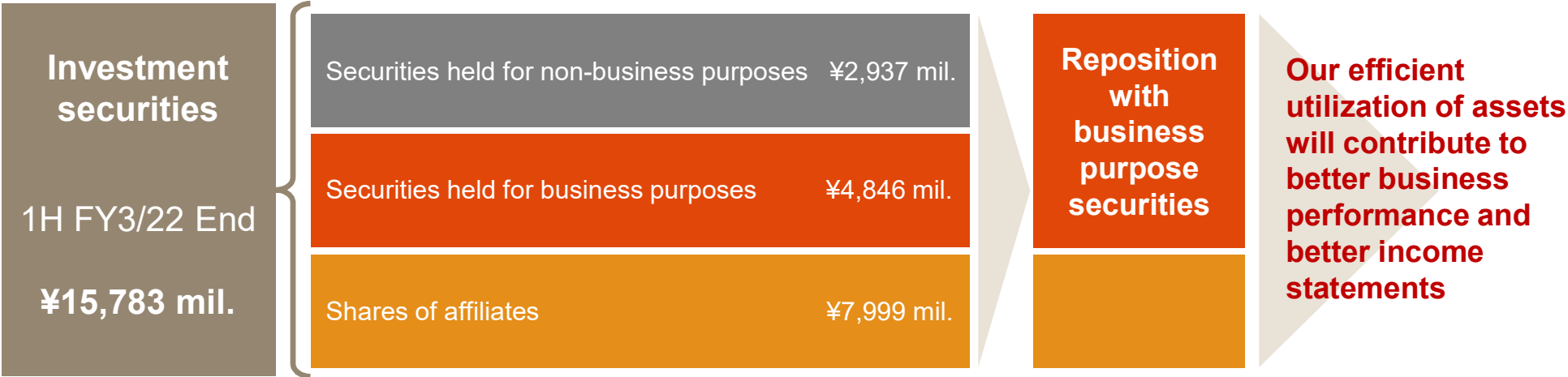
Market Selection for New Market Segments of the Tokyo Stock Exchange

- NIPPON KANZAI selected and applied for the “Prime Market”



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 capability.

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

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 Contributions to Local Communities

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



4 Work-Life Balance

We realize 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 its 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 emphasizing efficiency until now

- Toward decentralization and multi-polarization with an emphasis on safety and security

3) Renewed recognition of values previously taken for granted

Renewed recognition of the importance of digitalization

- Acceleration of digitalization and merging with the analog world

Changes in Japan from the Impact of the Pandemic

- While corporate earnings are recovering, economic conditions are uncertain given the weak yen, high crude oil prices, etc.

- Needs: Improved productivity through business reorganization, optimization of management resources, review of cost structures, digitalization, etc.

- Changing workstyles environment

- Needs: Acceptance of teleworking and review of the value of offices, heightened interest in Wellness offices¹

- Required climate change measures

- Needs: Carbon neutrality initiatives and strengthening measures against all kinds of disasters

- Decrease in government tax revenue due to the pandemic, declining birthrate, and aging population, etc.

- Needs: Relocation, size reduction and per capita enhancement² of public facilities and efficient maintenance and management of social infrastructure

Promotion of Digitalization through IT and Low-Cost Operations

Main Targets

Public
Facilities Management

Private
Facilities Management

¹ Wellness office: offices which achieve intelligent productivity gains by ensuring the healthy condition of people working in the building

² 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.

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 (pp. 22-26)

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

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

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

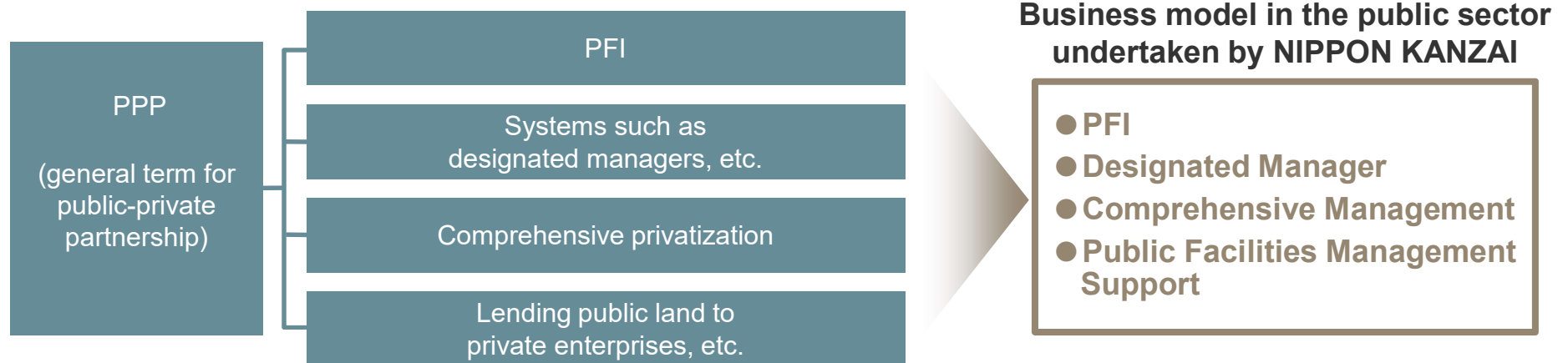
Severe financial circumstances

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

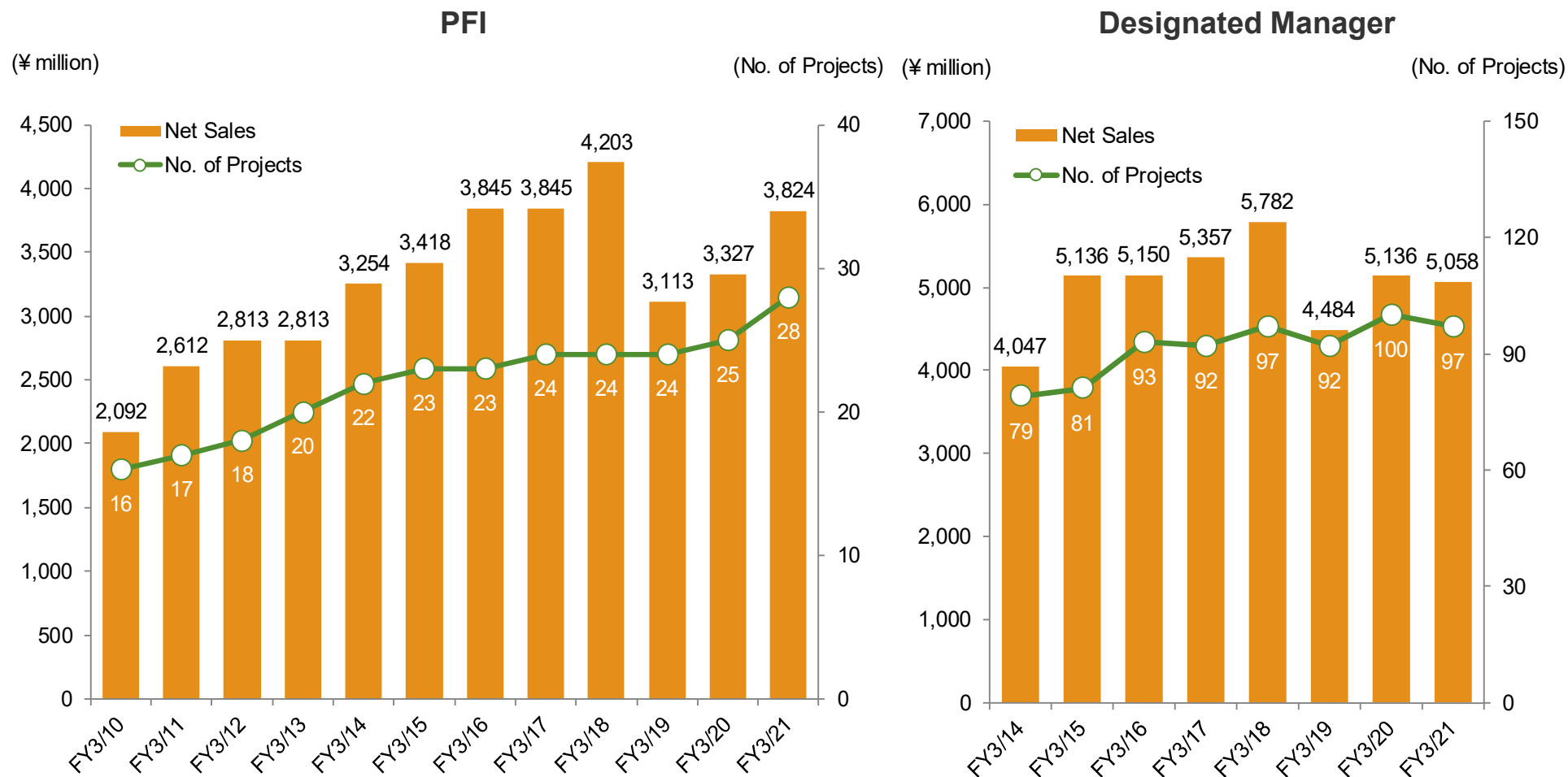
■ Overview of type of Business Models



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

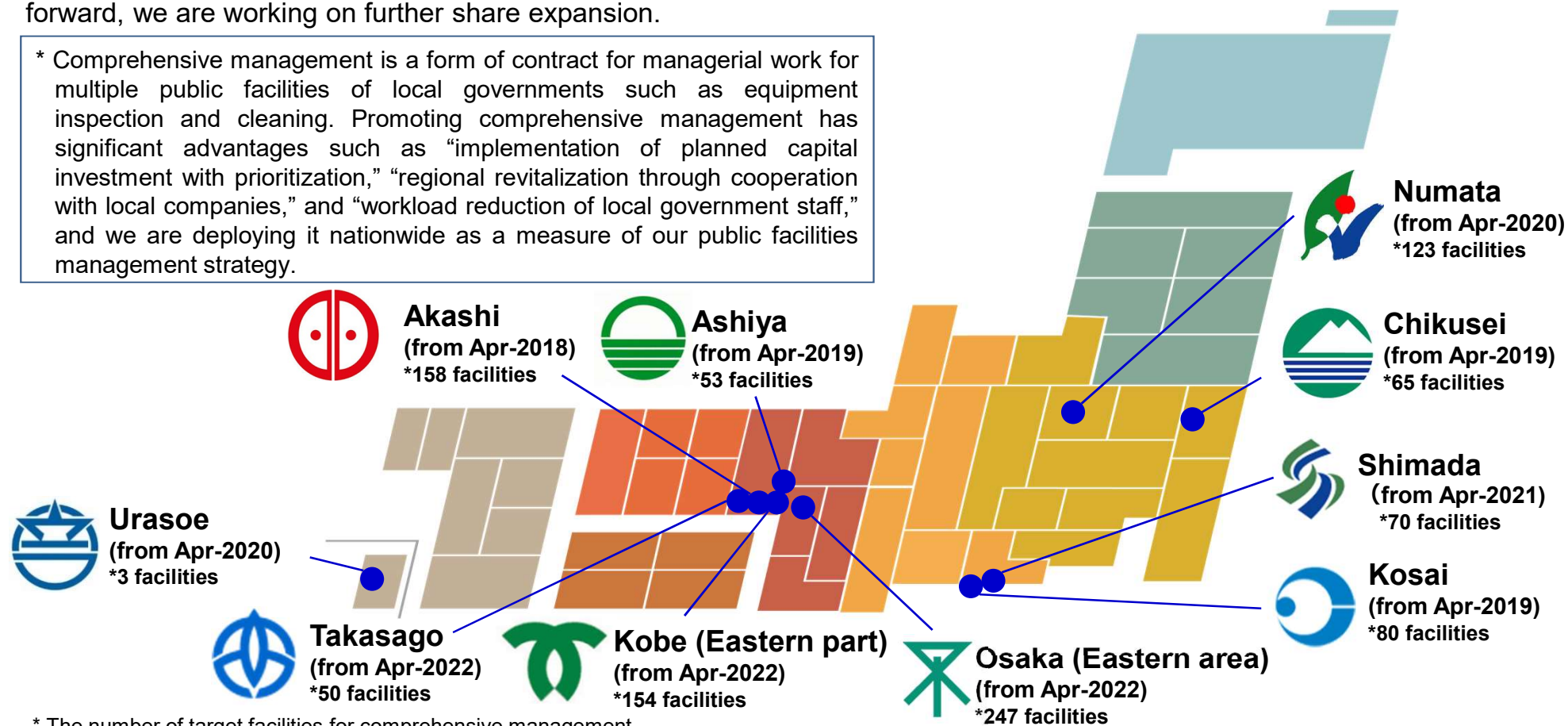


Business Opportunities (1): Comprehensive Management of Public Facilities

Comprehensive Management of Public Facilities

NIPPON KANZAI's track record in comprehensive management of public facilities is expanding from the current 7 projects nationwide with an additional 5 new projects from next fiscal year (Osaka, Kobe, Takasago, and two others) for a total of 12 projects. Since local governments introducing comprehensive management are expected to increase nationwide going forward, we are working on further share expansion.

* 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.



* The number of target facilities for comprehensive management.

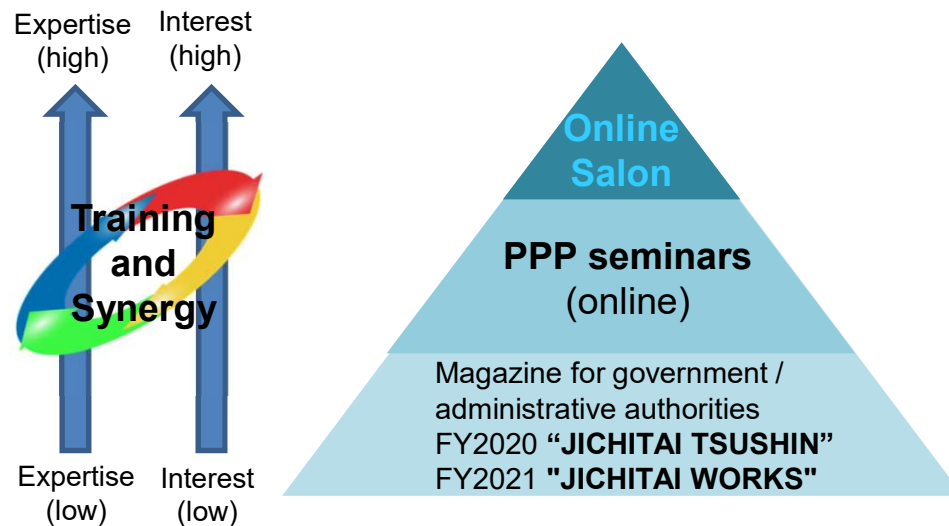
Business Opportunities (1): Public Facilities Management Support Business

Publicity Strategy in Public Facilities Management

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

■ Training, Synergy and 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

Public FM Online Salon was opened on February 5, 2021. We have prepared various contents and features and are using it as a place for the community of local government employees working on public facilities management. As of November 1, 2021, 113 people and 93 local governments have been registered.



facebook screen

PPP seminars are conducted online

As an MLIT PPP Agreement Partner company for the 4th year this fiscal year, we conducted a PPP seminar.



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.

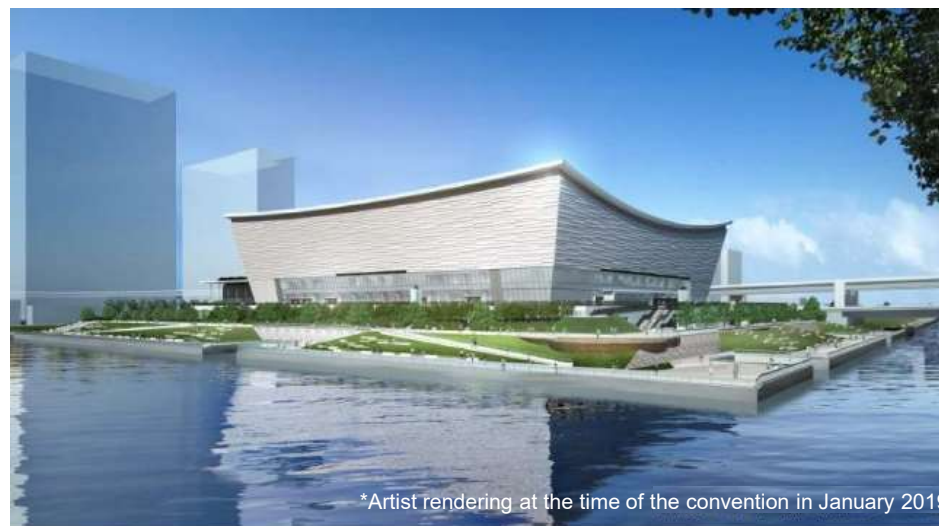
This facility was used as a competition venue at the 2020 Tokyo Olympic and Paralympic Games.

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



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 (pp. 22-26)

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

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

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/>

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.

Reception



Properties under Management



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)



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.

Head Office



Properties under Management



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 the Company’s subsidiary, Keystone Progressive)

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 development sales 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

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

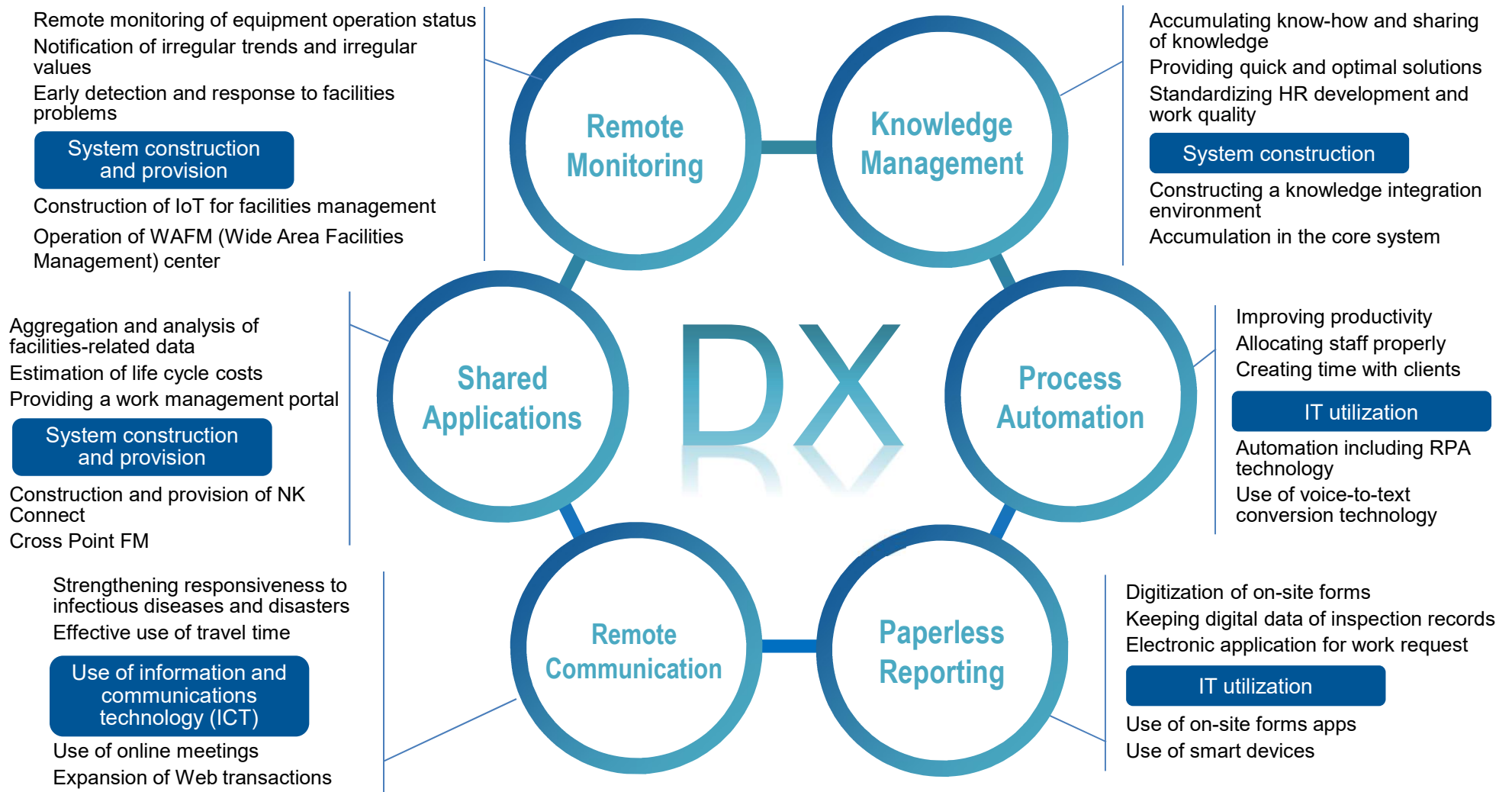
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Business Opportunities (3): Approach Based on IT -Digital Transformation-

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-

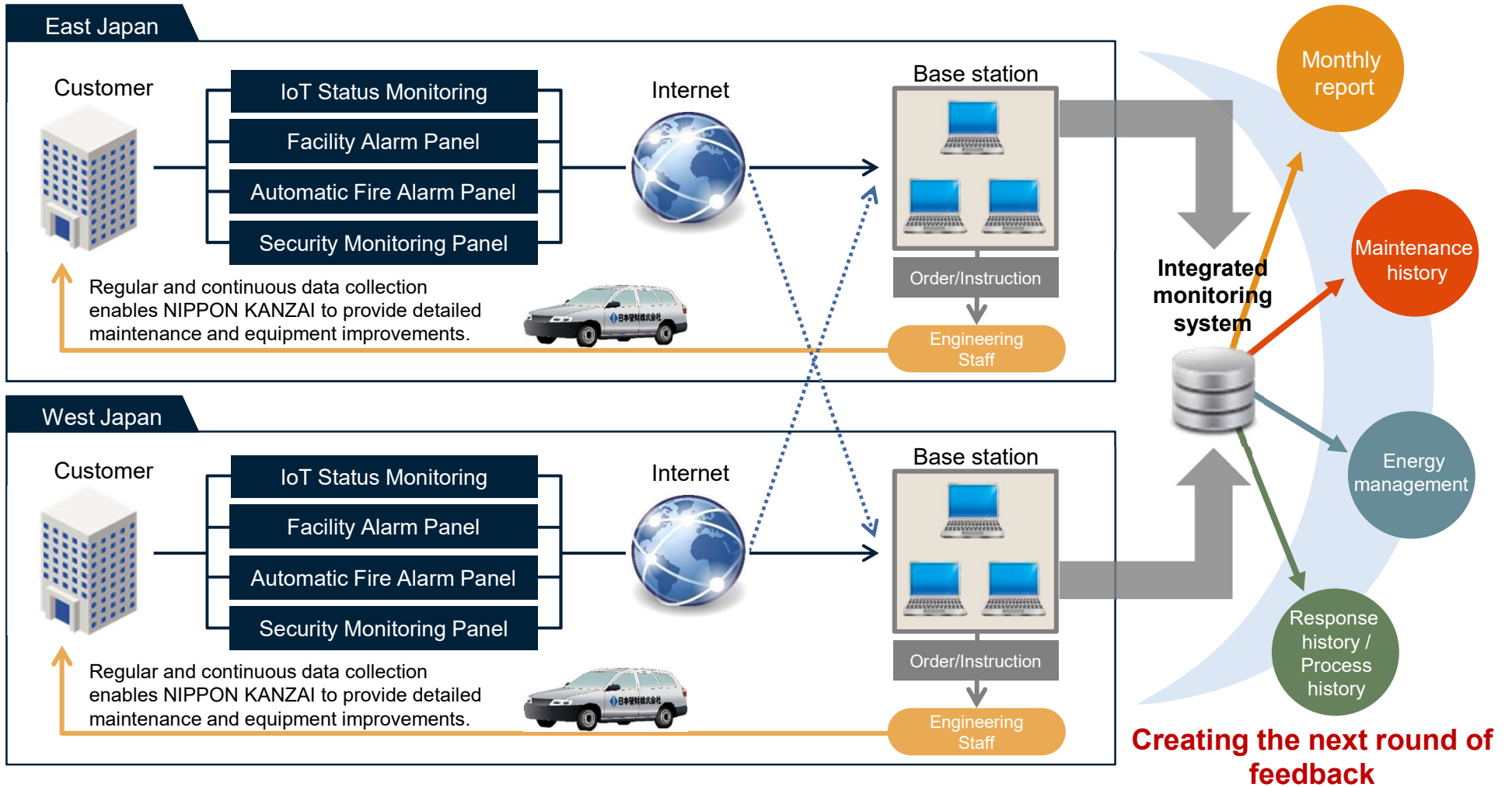


Business Opportunities (3): Remote Monitoring -Operation of Wide Area Facilities Management System-



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



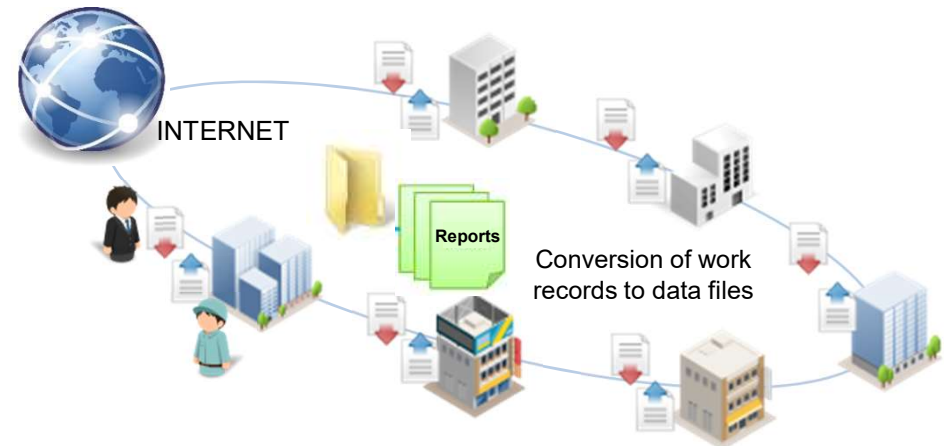
Business Opportunities (3): Shared Application -Update of Facilities Information Sharing System and Application-

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 execution

Detailed work report

Input at Web browser

Input by Smartphone Use of Application

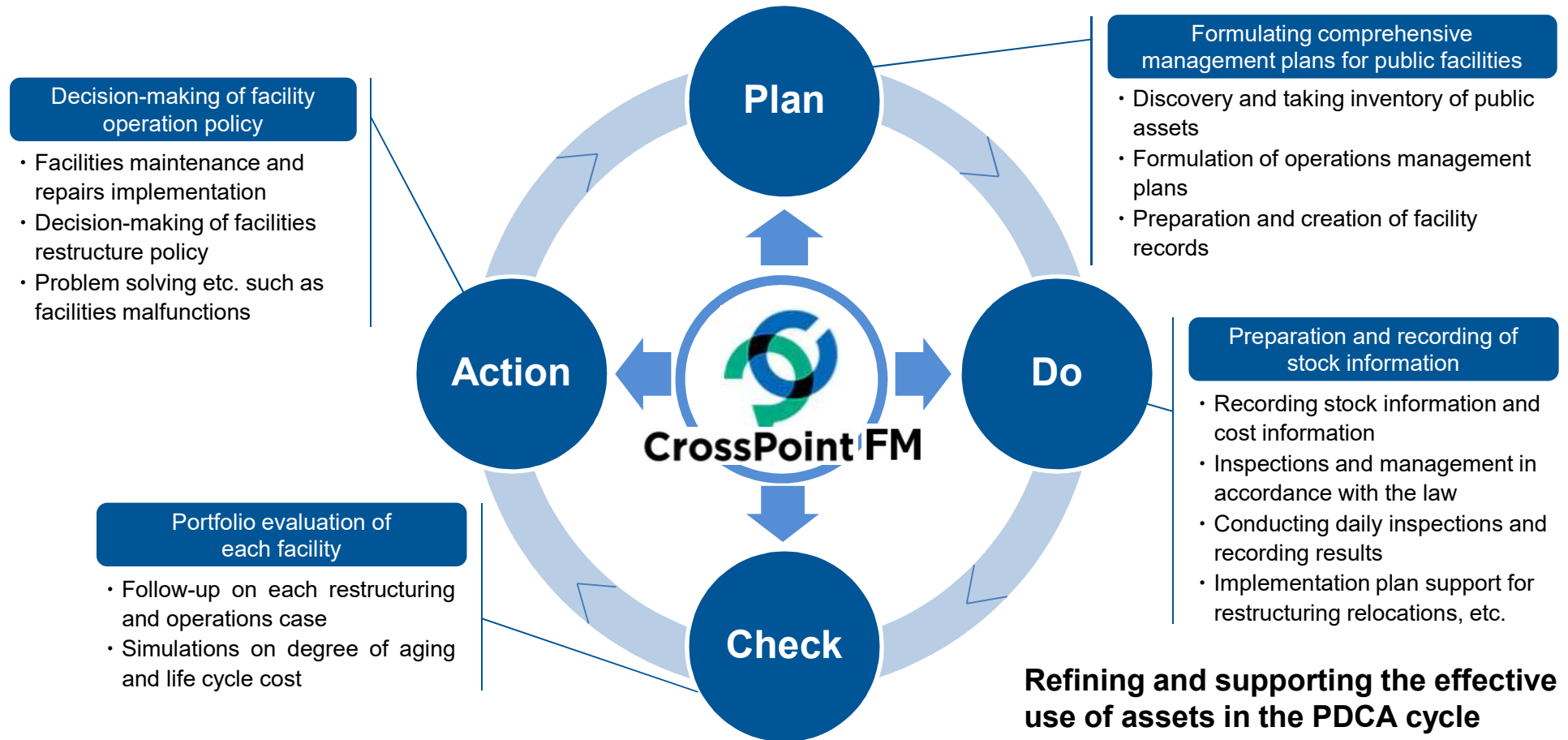
Input by Smartphone Use of Application

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 FM¹-

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.



¹ 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).

Legal Disclaimer

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

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