NIPPON KANZAI HOLDINGS

NIPPON KANZAI Holdings Co., Ltd.
(Securities Code: 9347/TSE Prime)

Financial Results for the Fiscal Year Ended March 31, 2023

May 30, 2023





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NIPPON KANZAI HOLDINGS

Consolidated Financial Results for FY3/23

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Consolidated Financial Results Highlights

Record highs for net sales, operating profit, and ordinary profit
Both net sales and profits exceeded the full-year forecasts

（Rounded down to the nearest ¥ million）

Net Sales ¥113,045 million （ +9.0% YoY)

- Steady consignments of new management projects and renewal of existing contracts
- Orders for construction-related work also increased

Operating Profit ¥8,341 million (+11.2% YoY)

- Increase in profits due to net sales growth
- Profits increased as a result of revised rates, scope of work and efforts to control SG&A expenses

Ordinary Profit ¥8,662 million (+4.7% YoY)

- Foreign exchange gains increased due to the weak yen
- Recognition of investment losses based on the equity method

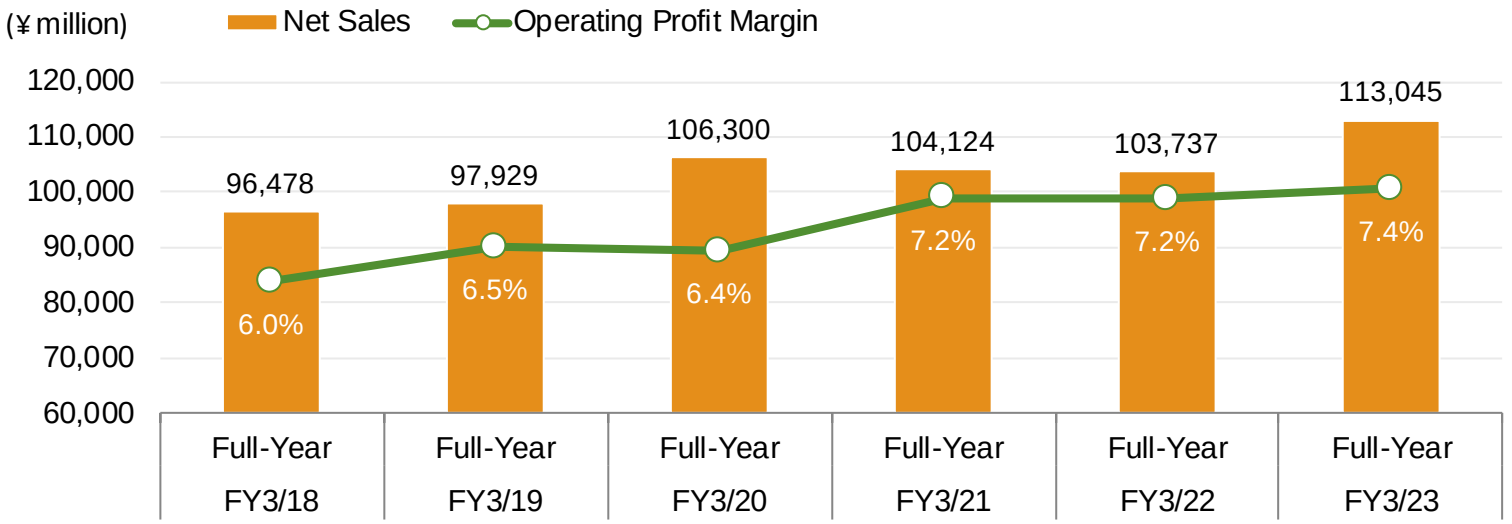
Profit Attributable to Owners of Parent ¥5,658 million （ -8.4% YoY)

- Despite a decline in profit due to increase in tax expenses, the result exceeded financial forecast

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Consolidated Financial Results Summary

Consolidated (¥ million)	FY3/22 Actual	FY3/22 Ratio	FY3/23 Actual	FY3/23 Ratio	YoY Changes Amount	YoY Changes Ratio
Net Sales	103,737	100.0%	113,045	100.0%	9,308	9.0%
Gross Profit	23,201	22.4%	24,776	21.9%	1,574	6.8%
SG&A Expenses	15,701	15.1%	16,435	14.5%	734	4.7%
Operating Profit	7,500	7.2%	8,341	7.4%	840	11.2%
Ordinary Profit	8,276	8.0%	8,662	7.7%	386	4.7%
Profit Attributable to Owners of Parent	6,177	6.0%	5,658	5.0%	(518)	-8.4%

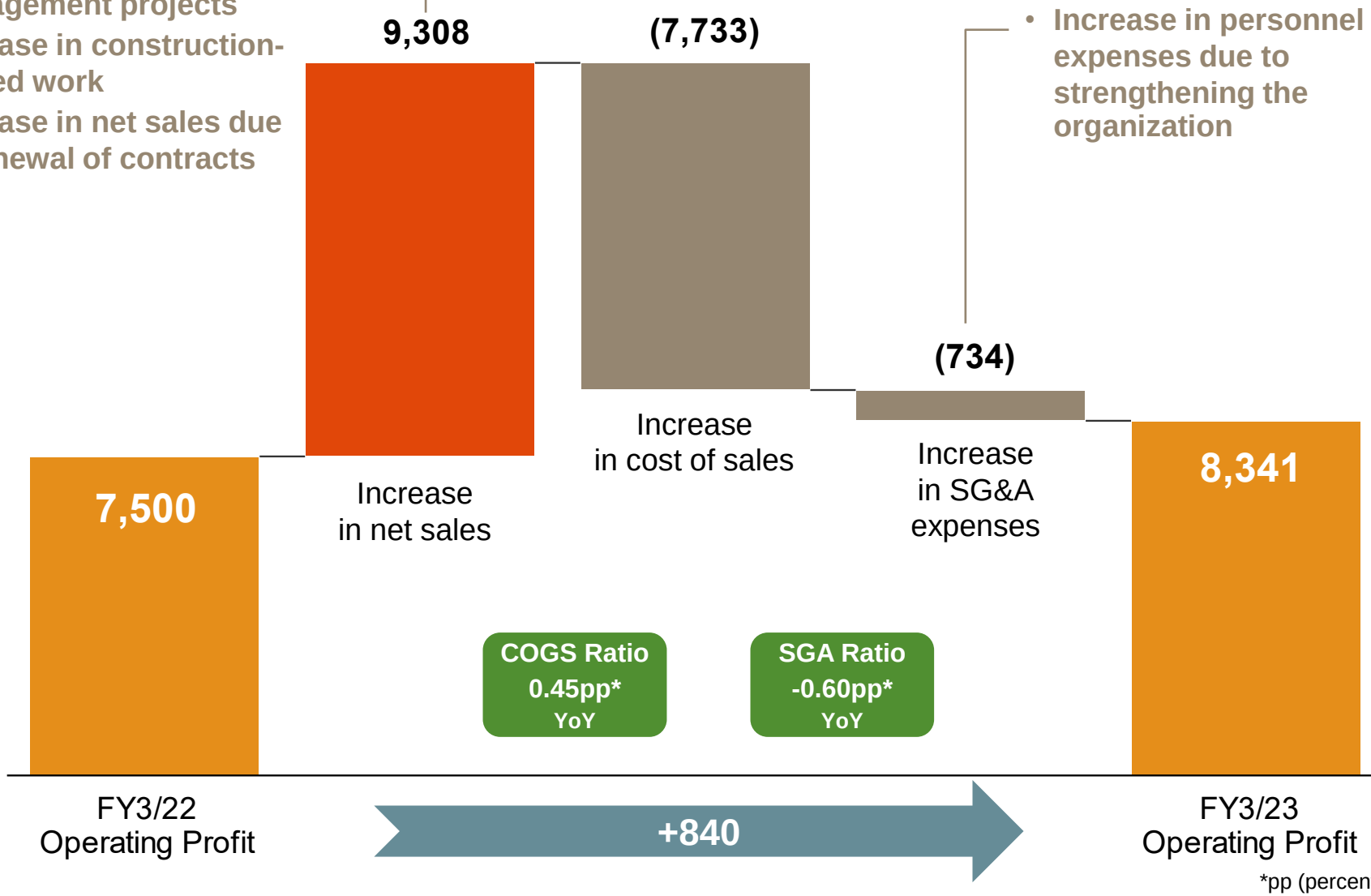


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Analysis of Increases/Decreases in Consolidated Operating Profit

(¥ million)

- Increase in new management projects
- Increase in construction-related work
- Increase in net sales due to renewal of contracts



- Increase in personnel expenses due to strengthening the organization

*pp (percentage point)

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Overview of Consolidated Balance Sheets

Consolidated (¥ million)	FY3/22 End Actual	FY3/22 End Ratio	FY3/23 End Actual	FY3/23 End Ratio	YoY Changes Amount	YoY Changes Ratio
Current assets	51,849	63.1%	52,779	60.5%	929	1.8%
Cash and deposits	32,789	39.9%	32,386	37.2%	(402)	-1.2%
Notes and accounts receivable - trade, and contract assets	14,296	17.4%	15,925	18.3%	1,628	11.4%
Real estate for sale	2,907	3.5%	2,128	2.4%	(778)	-26.8%
Non-current assets	30,291	36.9%	34,396	39.5%	4,104	13.6%
Property, plant and equipment	5,988	7.3%	6,385	7.3%	397	6.6%
Intangible assets	2,357	2.9%	2,400	2.8%	43	1.8%
Investments and other assets	21,946	26.7%	25,610	29.4%	3,663	16.7%
Total Assets	82,141	100.0%	87,175	100.0%	5,033	6.1%
Current liabilities	13,626	16.6%	16,691	19.1%	3,064	22.5%
Notes and accounts payable - trade	6,143	7.5%	7,146	8.2%	1,002	16.3%
Income taxes payable	561	0.7%	1,726	2.0%	1,165	207.6%
Non-current liabilities	6,862	8.4%	5,004	5.7%	(1,857)	-27.1%
Long-term borrowings	375	0.5%	-	-	(375)	-100.0%
Long-term non-recourse loans payable	1,871	2.3%	291	0.3%	(1,580)	-84.4%
Total Liabilities	20,489	24.9%	21,695	24.9%	1,206	5.9%
Shareholders' equity	59,092	71.9%	62,732	72.0%	3,639	6.2%
Share capital	3,000	3.7%	3,000	3.4%	-	-
Capital surplus	3,785	4.6%	3,785	4.3%	-	-
Retained earnings	55,080	67.1%	58,720	67.4%	3,639	6.6%
Accumulated other comprehensive income	1,280	1.6%	1,608	1.8%	328	25.7%
Non-controlling interests	1,279	1.6%	1,138	1.3%	(140)	-11.0%
Total Net Assets	61,652	75.1%	65,479	75.1%	3,827	6.2%
Total Liabilities and Net Assets	82,141	100.0%	87,175	100.0%	5,033	6.1%

Main Factors for Increase/Decrease

(¥ million)

Assets 5,033

- Increase in notes and accounts receivable - trade, and contract assets 1,628
- Increase in investment securities due to purchase of shares of affiliates, etc. 3,831

Liabilities 1,206

- Increase in income taxes payable 1,165

Net Assets 3,827

- Increase in retained earnings 3,639

Equity Ratio 73.8%

(+0.3pp YoY)

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Overview of Consolidated Statement of Cash Flows

Consolidated (¥ million)	FY3/22 Actual	FY3/23 Actual	YoY Changes Amount
Profit before income taxes	8,376	8,662	286
Depreciation	620	695	75
Decrease (increase) in retirement benefit (asset) liability	7	(65)	(73)
Decrease (increase) in trade receivables	979	(1,686)	(2,665)
Increase (decrease) in trade payables	(1,584)	713	2,297
Decrease (increase) in inventories	575	744	168
Income taxes paid	(3,278)	(1,487)	1,790
Other, net	(1,241)	186	1,427
Cash Flows from Operating Activities	4,456	7,763	3,307
Purchase of property, plant and equipment, and intangible assets	(984)	(755)	228
Purchase of investment securities	(757)	(4,306)	(3,548)
Proceeds from sale of investment securities	105	370	264
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(511)	(27)	483
Other, net	307	208	(99)
Cash Flows from Investing Activities	(1,840)	(4,511)	(2,671)
Increase (decrease) in borrowings (incl. non-recourse loans)	(843)	(1,293)	(449)
Dividends paid (incl. dividends paid to non-controlling interests)	(2,117)	(2,114)	3
Other, net	(112)	(310)	(198)
Cash Flows from Financing Activities	(3,074)	(3,717)	(643)
Net increase (decrease) in cash and cash equivalents	(386)	(402)	(16)
Cash and cash equivalents at beginning of period	32,830	32,444	(386)
Cash and cash equivalents at end of period	32,444	32,041	(402)
Free Cash Flows	2,616	3,251	635

Main Factors for Increase/Decrease

(¥ million)

CF from Operating Activities 3,307

- Increase in trade payables 2,297
- Decrease in income taxes paid 1,790

CF from Investing Activities (2,671)

- Increase in purchase of investment securities (3,548)

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Business Segments and Main Group Companies

Facilities Management and Operations ¥77,691 mil.

Building Maintenance and Property Management (excl. Security Service) ¥54,565 mil.

NS Corporation Co., Ltd.
Japan Environmental Solutions Co., Ltd.
Okinawa Nippon Kanzai Co., Ltd.

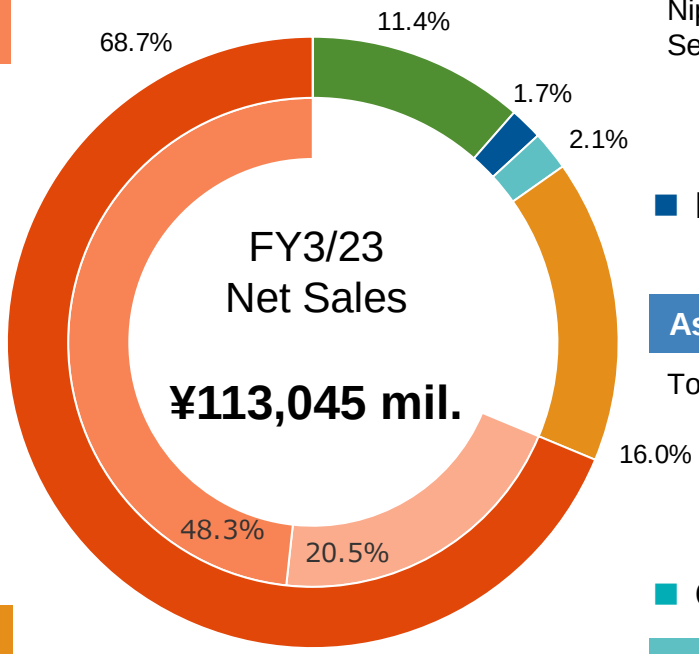
Security Services ¥23,126 mil.

Three-S Co., Ltd.

Residential Management and Operations ¥18,130 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 ¥12,936 mil.

Environmental Facility Management

Nippon Kanzai Environment Service Co., Ltd.
Seiryu Maintenance Inc.

Real Estate Fund Management ¥1,950 mil.

Asset Management

Tokyo Capital Management Co., Ltd.

Other ¥2,337 mil.

Other Businesses

NS Corporation Co., Ltd.
(Advertisement and Event Planning)
Neotrust Co., Ltd. (Payroll and social insurance BPO)

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Financial Results by Business Segment

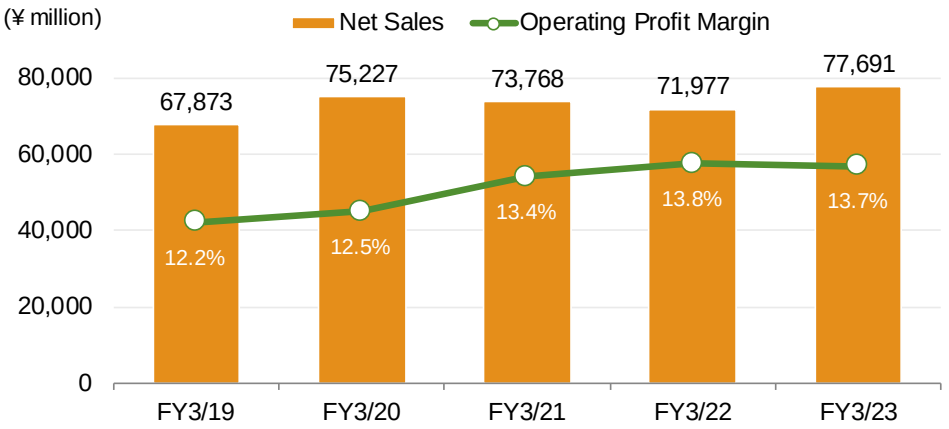
Consolidated (¥ million)	FY3/22		FY3/23		YoY Changes	
	Actual	Ratio/Margin	Actual	Ratio/Margin	Amount	Ratio
Net Sales	103,737	100.0%	113,045	100.0%	9,308	9.0%
Facilities Management and Operation Business	71,977	69.4%	77,691	68.7%	5,713	7.9%
Building Maintenance and Property Management	49,563	47.8%	54,565	48.3%	5,001	10.1%
Security Service	22,413	21.6%	23,126	20.5%	712	3.2%
Residential Management and Operation Business	16,980	16.4%	18,130	16.0%	1,149	6.8%
Environmental Facility Management Business	11,554	11.1%	12,936	11.4%	1,381	12.0%
Real Estate Fund Management Business	1,530	1.5%	1,950	1.7%	420	27.5%
Other Businesses	1,694	1.6%	2,337	2.1%	642	37.9%
Segment Profit	7,500	7.2%	8,341	7.4%	840	11.2%
Facilities Management and Operation Business	9,912	13.8%	10,649	13.7%	737	7.4%
Building Maintenance and Property Management	6,926	14.0%	7,597	13.9%	670	9.7%
Security Service	2,985	13.3%	3,051	13.2%	66	2.2%
Residential Management and Operation Business	1,693	10.0%	1,825	10.1%	132	7.8%
Environmental Facility Management Business	1,580	13.7%	1,697	13.1%	116	7.4%
Real Estate Fund Management Business	43	2.9%	60	3.1%	17	39.6%
Other Businesses	314	18.6%	369	15.8%	54	17.4%
Adjustments*	(6,044)	-	(6,261)	-	(217)	-

*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.

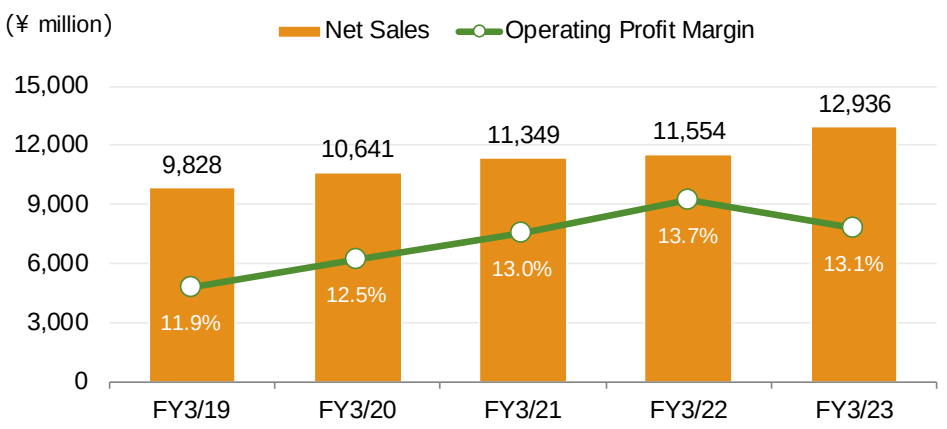
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Performance of Main Business Segments

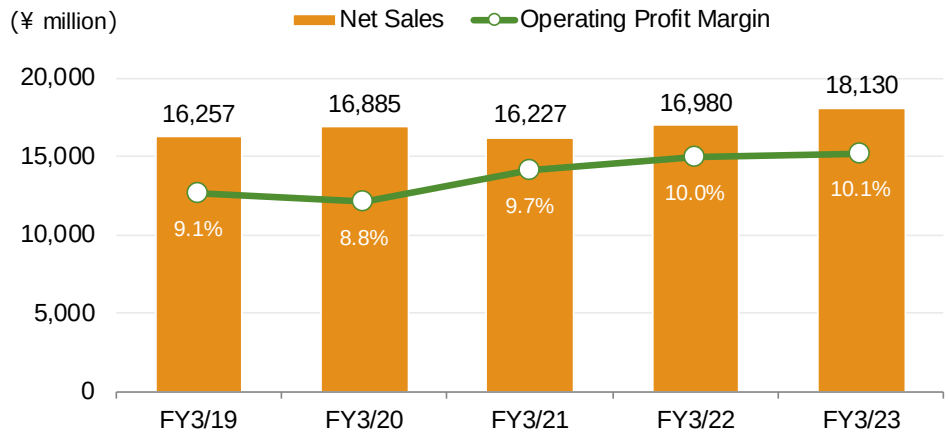
Facilities Management and Operations



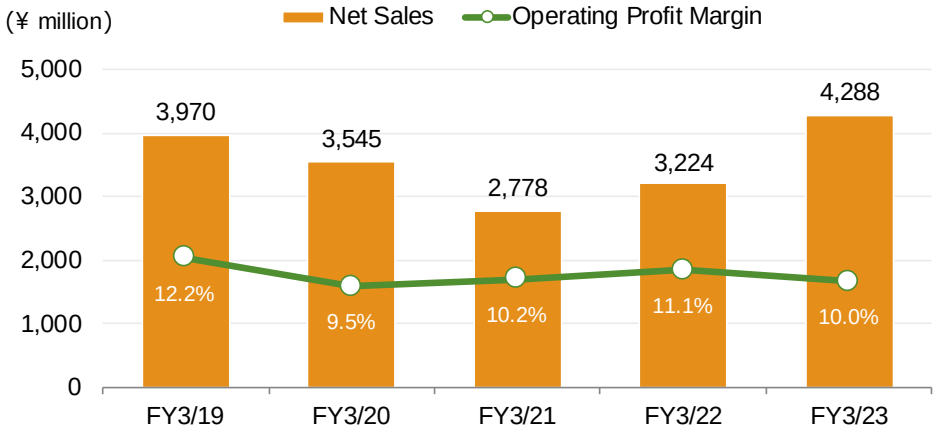
Environmental Facilities Management



Residential Management and Operations



Real Estate Fund Management and Other



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NIPPON KANZAI HOLDINGS

Consolidated Financial Forecasts for FY3/24

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Consolidated Financial Forecasts Summary

Market Background and Risks

- 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 remains high.
- Delay in construction due to soaring raw material prices and a shortage of semiconductor supply.
- Risk of exchange rate fluctuations due to soaring energy prices and the rapid depreciation of the yen as a result of the prolonged situation in Ukraine.
- Concerns over securing staff and rising labor costs.

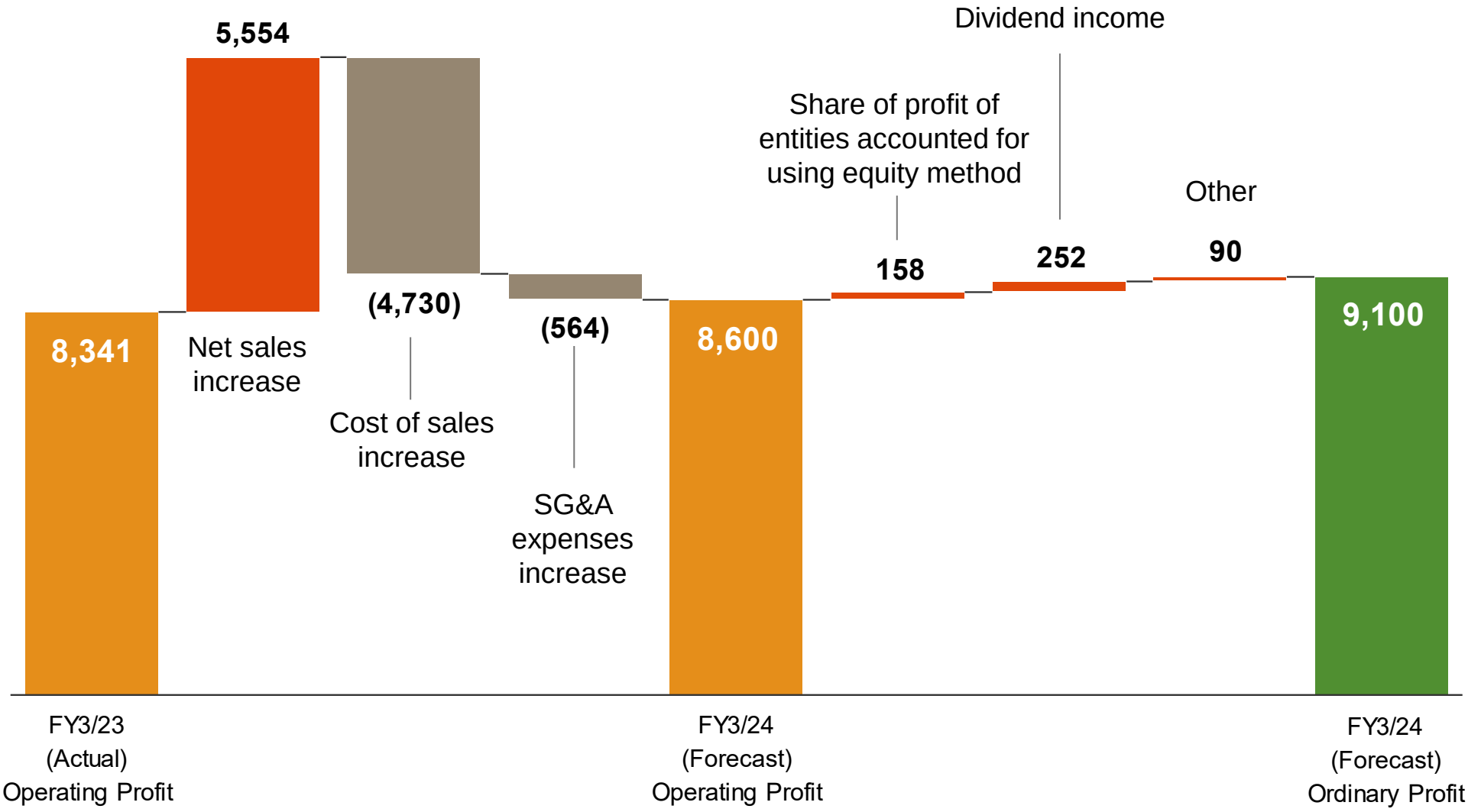
Consolidated (¥ million)	Full-Year FY3/23		1H FY3/24		2H FY3/24		Full-Year FY3/24		YoY Changes	
	Actual	Ratio	Forecast	Ratio	Forecast	Ratio	Forecast	Ratio	Amount	Ratio
Net Sales	113,045	100.0%	55,800	100.0%	62,800	100.0%	118,600	100.0%	5,554	4.9%
Gross Profit	24,776	21.9%	12,400	22.2%	13,200	21.0%	25,600	21.6%	823	3.3%
SG&A Expenses	16,435	14.5%	8,500	15.2%	8,500	13.5%	17,000	14.3%	564	3.4%
Operating Profit	8,341	7.4%	3,900	7.0%	4,700	7.5%	8,600	7.3%	258	3.1%
Ordinary Profit	8,662	7.7%	4,200	7.5%	4,900	7.8%	9,100	7.7%	437	5.0%
Profit Attributable to Owners of Parent	5,658	5.0%	2,750	4.9%	3,250	5.2%	6,000	5.1%	341	6.0%

- 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.

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Increases/Decreases in Consolidated Ordinary Income Forecast

(¥ million)



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Financial Forecasts by Business Segment

Consolidated (¥ million)	Full-Year FY3/23		1H FY3/24		2H FY3/24		Full-Year FY3/24		YoY Changes	
	Actual	Composition Ratio/Margin	Forecast	Composition Ratio/Margin	Forecast	Composition Ratio/Margin	Forecast	Composition Ratio/Margin	Amount	Ratio
Net Sales	113,045	100.0%	55,800	100.0%	62,800	100.0%	118,600	100.0%	5,554	4.9%
Facilities Management and Operation Business	77,691	68.7%	38,190	68.4%	44,120	70.3%	82,310	69.4%	4,618	5.9%
Building Maintenance and Property Management	54,565	48.3%	26,700	47.9%	31,990	50.9%	58,690	49.5%	4,124	7.6%
Security Service	23,126	20.5%	11,490	20.6%	12,130	19.3%	23,620	19.9%	493	2.1%
Residential Management and Operation Business	18,130	16.0%	9,140	16.4%	9,460	15.1%	18,600	15.7%	469	2.6%
Environmental Facility Management Business	12,936	11.4%	6,830	12.2%	7,620	12.1%	14,450	12.2%	1,513	11.7%
Real Estate Fund Management Business	1,950	1.7%	450	0.8%	440	0.7%	890	0.8%	(1,060)	-54.4%
Other Businesses	2,337	2.1%	1,190	2.1%	1,160	1.9%	2,350	2.0%	12	0.6%
Segment Profit	8,341	7.4%	3,900	7.0%	4,700	7.5%	8,600	7.3%	258	3.1%
Facilities Management and Operation Business	10,649	13.7%	5,293	13.9%	6,327	14.3%	11,620	14.1%	970	9.1%
Building Maintenance and Property Management	7,597	13.9%	3,750	14.0%	4,720	14.8%	8,470	14.4%	872	11.5%
Security Service	3,051	13.2%	1,543	13.4%	1,607	13.3%	3,150	13.3%	98	3.2%
Residential Management and Operation Business	1,825	10.1%	1,010	11.1%	900	9.5%	1,910	10.3%	84	4.6%
Environmental Facility Management Business	1,697	13.1%	840	12.3%	940	12.3%	1,780	12.3%	82	4.9%
Real Estate Fund Management Business	60	3.1%	10	2.2%	10	2.3%	20	2.3%	(40)	-67.2%
Other Businesses	369	15.8%	280	23.5%	100	8.6%	380	16.2%	10	2.9%
Adjustments	(6,261)	-	(3,533)	-	(3,577)	-	(7,110)	-	(848)	-

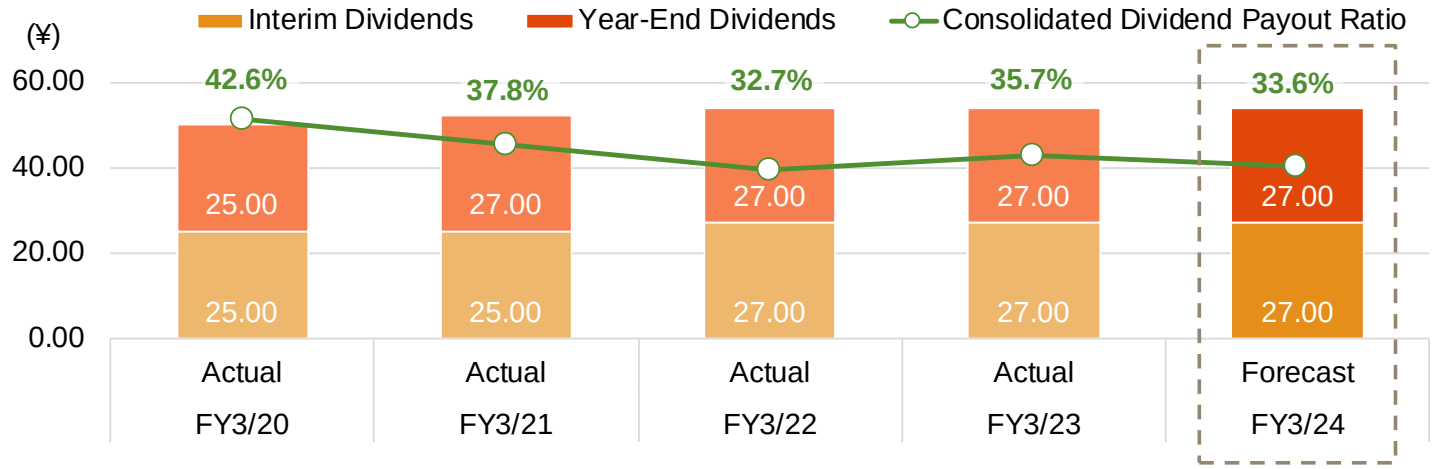
*The adjusted amount of segment profit includes the elimination of intersegment transactions as well as SG&A expenses which are not attributable to any particular segment.

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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 FY3/23, year-end dividends will be set at ¥27 per share based on full-year financial results.
- For FY3/24, interim and year-end dividends will be set at ¥27 each, with plans for total dividends of ¥54 per share.

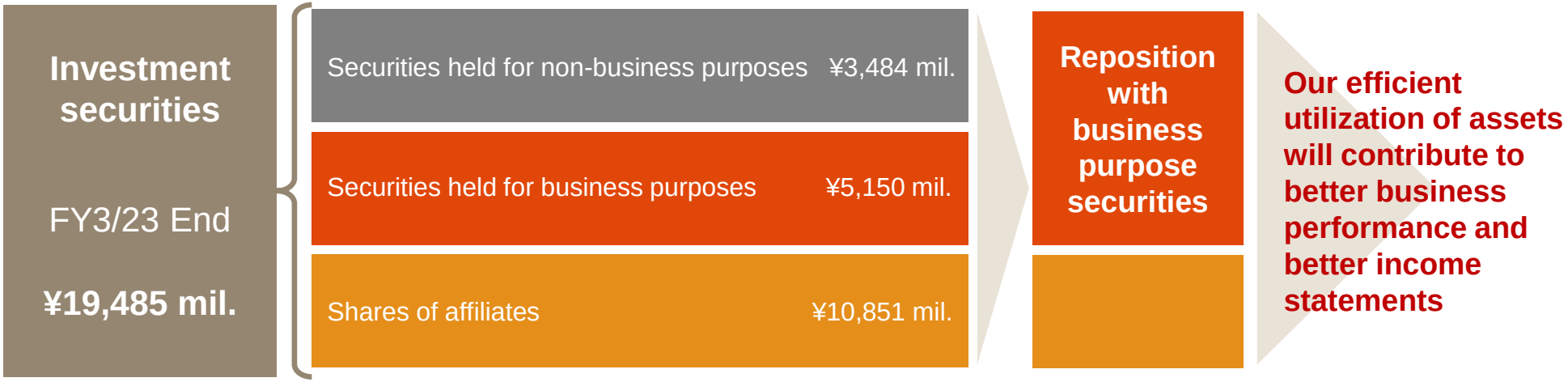
	FY3/20 Actual	FY3/21 Actual	FY3/22 Actual	FY3/23 Actual	FY3/24 Forecast
Interim Dividends	25.00	25.00	27.00	27.00	27.00
Year-End Dividends	25.00	27.00	27.00	27.00	27.00
Consolidated Dividend Payout Ratio	42.6%	37.8%	32.7%	35.7%	33.6%
Dividend on Equity Ratio (DOE)	3.7%	3.6%	3.5%	3.2%	–



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Promotion of Effective Asset Utilization in Accordance with the Corporate Governance Code

- 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

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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 for all stakeholders including all employees and subcontractors to realize a society that allows for 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.



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NIPPON KANZAI HOLDINGS

NIPPON KANZAI Group's Medium-Term Growth Strategies

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Growth Strategies

1 **Sales promotion to the public sector**

2 Overseas expansion of domestic expertise

3 Promotion of DX

4 Promotion of M&A and investment

Business Actions

(1) ●Create business opportunities by strengthening PPP / PFI and designated manager systems
（P.21-P.26）

(2) ●Invest in overseas companies
●Reinforce our residential management business through cooperation with overseas group companies
（P.28-P.31）

(3) ●IT approaches, visualization of facility status, sharing and streamlining of facilities management data, utilization of robotics, standardization of system platforms, and DX of condominium management
（P.33-P.41）

(4) ●Promote proactive M&A and investment both domestically and abroad
（P.43）

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Growth Strategies (1):
Sales Promotion to the Public Sector

Background of PPP/PFI promotion

Current situation in Japan

- Severe financial circumstances
- Aging of public facilities
- Population decline (aging society with low birthrate)

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

PPP

(general term for public-private partnership)

- PFI
- Systems such as designated managers, etc.
- Comprehensive privatization
- Lending public land to private enterprises, etc.

Business model in the public sector undertaken by NIPPON KANZAI

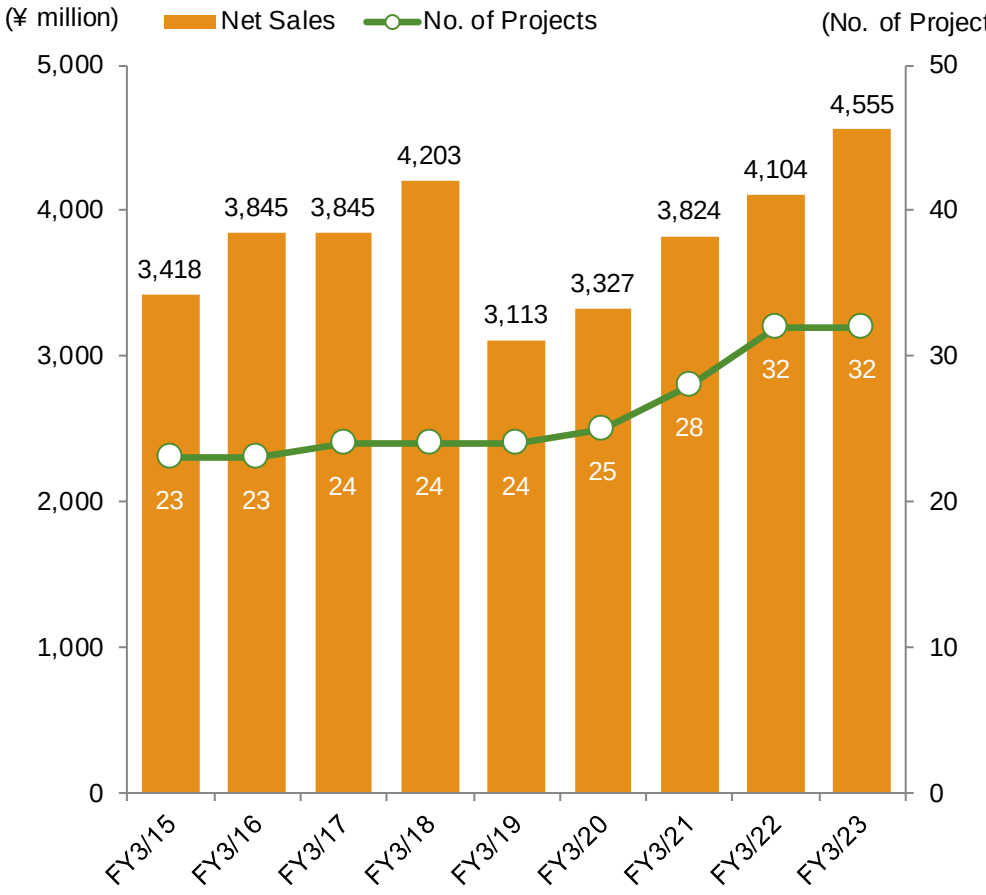
- **PFI**
- **Designated Manager**
- **Comprehensive Management**
- **Public Facilities Management Support**

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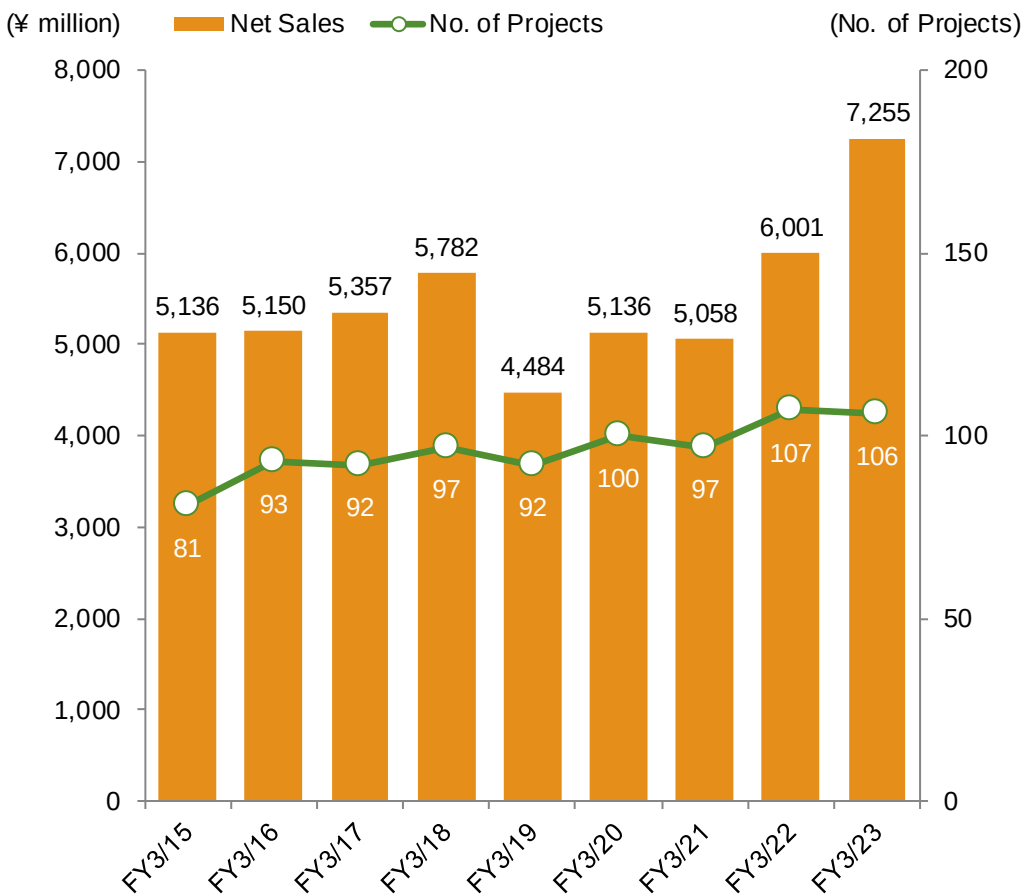
Growth Strategies (1):
Track Record for Public Sector Businesses (excluding conventional general bidding)

Continuous Efforts toward Expansion of Ancillary Businesses

PFI



Designated Manager



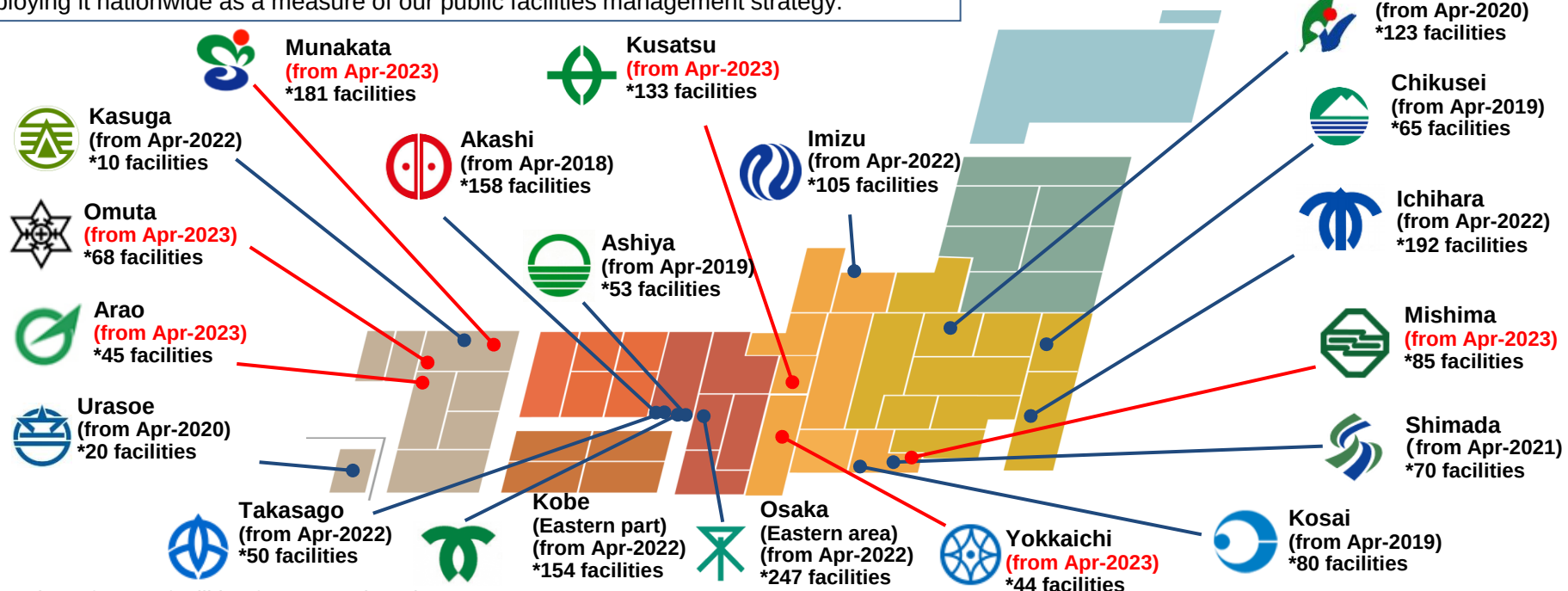
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Growth Strategies (1):
Track Record in Comprehensive Management of Public Facilities

Comprehensive Management of Public Facilities

NIPPON KANZAI's track record in comprehensive management of public facilities is expanding from the current 19 projects nationwide, and our market share ratio is the industry-leading. In FY3/23, we started operations at 6 local governments (Mishima, Yokkaichi , Kusatsu, Munakata, Omuta, and Arao). 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.

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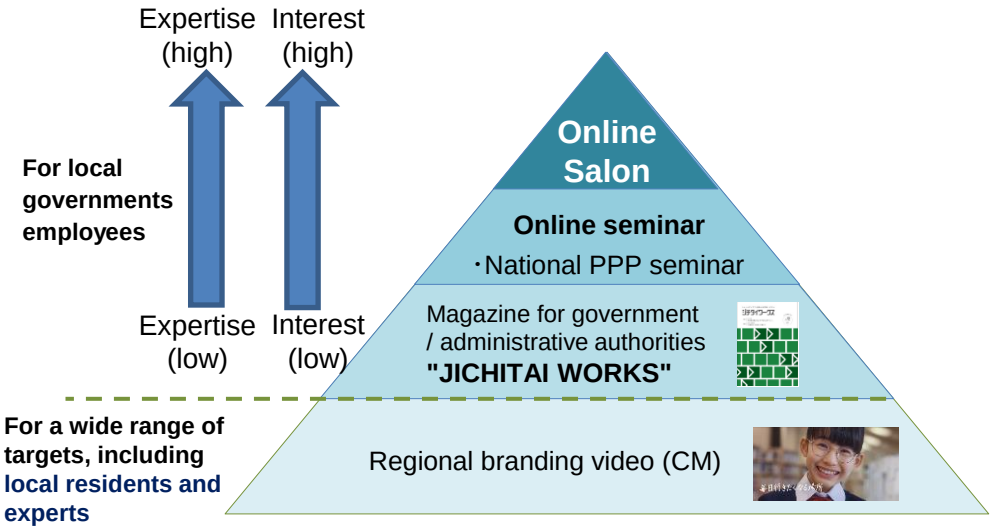
Growth Strategies (1):
Public Facilities Management Support Business

Publicity Strategy in Public Facilities Management

We aim to increase the awareness of NIPPON KANZAI through information dissemination via commercials, social media, and seminars.

■ 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.



Operating online salons

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 March 31, 2023, 152 people and 121 local governments have been registered). *Increased 29 people and 21 local governments from January 15, 2022.



facebook screen

Holding PPP seminars online

Since being certified as an MLIT PPP Agreement Partner company in FY2018, we have held annual PPP seminars.



Held in July | Held in February | Held in February

PPP seminars in FY2022 (held simultaneously on-site and online)

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Growth Strategies (1):
Collaborative Development by Acquiring Shares of JTB Asset Management

Concluded a Business Alliance Agreement with JTB Corporation

On July 1, 2022, NIPPON KANZAI invested 40% in JTB Asset Management Co., Ltd, a JTB subsidiary that provides space solutions, and on December 28, JTB and NIPPON KANZAI concluded a business alliance agreement for collaboration. By investing in JTB Asset Management (40%), NIPPON KANZAI will not only share know-how and skills of the company and add them to NIPPON KANZAI's service menu but also enhance alliances with JTB group companies. This will lead to the further expansion of the "Area Solutions Business", which is one of the 3 pillars in the JTB Group's medium-term management plan the "Pioneering Ways to bring people, places and possibilities together in a New Era," also help two companies achieve further development though the leveraging of their strengths.

■ Purpose of the business alliance

JTB and NIPPON KANZAI have entered into a business alliance with the aim of expanding and developing the business of JTB Asset Management and strengthening stronger cooperation between the two companies, including their group companies.

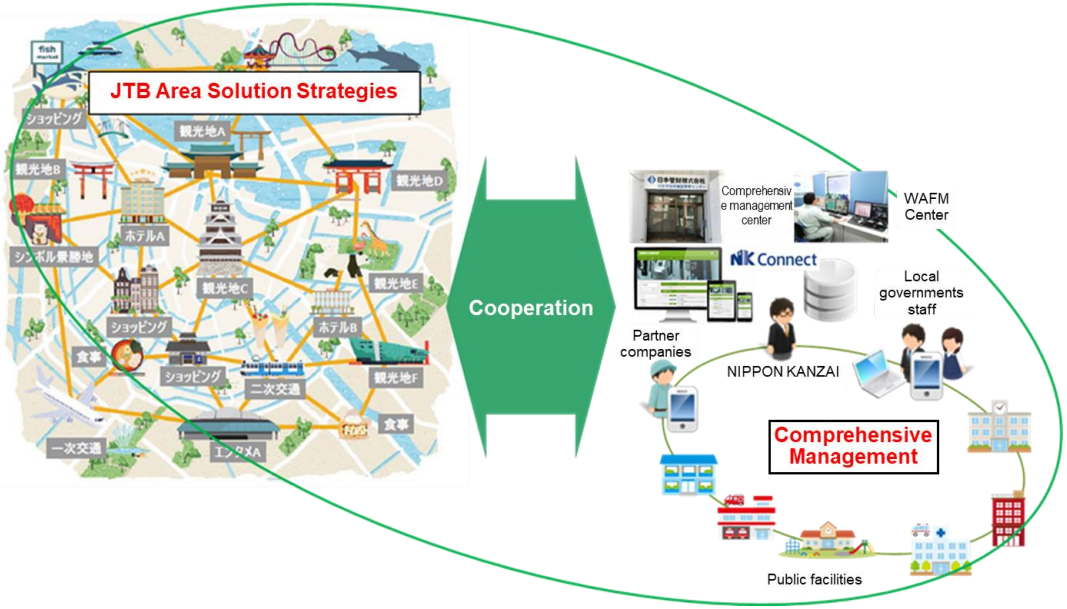
■ Field of the business alliance

1. Designated administrator systems and PPP businesses
2. Comprehensive management businesses aimed at regional revitalization, etc.
3. Businesses related to the development of tourist attractions and regional exchange centers, etc.
4. Expansion of sales channels through joint businesses
5. Other initiatives considered beneficial by both companies





Solutions that leads to regional revitalization, including not only tourism but also the creation of new businesses.



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Growth Strategies<track record> (1):
PFI Business's First Concessions-Type Contract

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 ㎡
Total floor space	Approx. 47,200 ㎡
Structure	Steel reinforced concrete, partial steel-frame steel reinforced concrete / steel-frame
Height / no. of floors	Approx. 37 meters, 5 floors above ground


*Artist rendering at the time of the convention in January 2019

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Growth Strategies

1 Sales promotion to the public sector

2 **Overseas expansion of domestic expertise**

3 Promotion of DX

4 Promotion of M&A and investment

Business Actions

(1) ●Create business opportunities by strengthening PPP / PFI and designated manager systems
（P.21-P.26）

(2) ●Invest in overseas companies
●Reinforce our residential management business through cooperation with overseas group companies
（P.28-P.31）

(3) ●IT approaches, visualization of facility status, sharing and streamlining of facilities management data, utilization of robotics, standardization of system platforms, and DX of condominium management
（P.33-P.41）

(4) ●Promote proactive M&A and investment both domestically and abroad
（P.43）

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Growth Strategies (2):
Overseas Development (Overview of PICA Pty Ltd.)



Company Overview

PICA is the largest “Strata Management Company” in Australia and acts as an agent for Owners Corporations. Using multiple brand names, such as “BCS” (Body Corporate Services), PICA mainly provides services to support Owners Corporations 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. Currently NIPPON KANZAI and Fexco send directors to PICA and manage it jointly. 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/

Business Environment after the Pandemic

The business continued operation throughout the pandemic. Now that the economy re-opened and Australian labour market being highly competitive with a record low unemployment rate of 3.5% in December 2022, staff shortage, especially experienced strata manager shortage, is an urgent issue. PICA is providing in-house training for people without industry experience, utilizing remote capability and online functionalities, as well as reviewing overall process and procedures for efficiency, to adjust post-pandemic work environment.

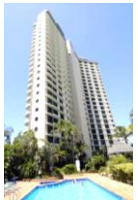
Reception



Properties under Management







Company Name	Prudential Investment Company of Australia Pty Ltd.
Establishment	October 4, 1948
Capital	AUD28 million (JPY2,500 million) *AUD1=JPY89.62 (as of December 31, 2022)
Main Business	Strata management, debt collection
Head Office	Sydney
Major Branches	Major cities of East Coast, include Sydney, Melbourne, Brisbane, Cairns etc.
Employees	Approx. 750 as of December 31, 2022
No. of Lots under Management	Approx. 194,000 lots, 11,000 Plans (Owners Corporations) as of December 31, 2020

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Growth Strategies (2):
Overseas Development (Overview of Keystone, LLC)



Company Overview

Keystone Pacific 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

In January 2017, NIPPON KANZAI’s subsidiary, NIPPON KANZAI USA, Inc. acquired an ownership interest from Keystone which is currently a non-consolidated equity-method affiliate of NIPPON KANZAI.
NIPPON KANZAI will work to raise operational efficiencies 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. In addition, Keystone acquired the business rights of multiple companies within the same industry while expanding into new markets. The company plans to further grow the business in the future.

Head Office



Properties under Management







Business Environment after the Pandemic

The pandemic led to substantial increases in government spending and supply chain interruptions, which has resulted in record levels of inflation. Inflation has led to reduced home sales, increases in costs, including employee costs, and increased customer turnover. Businesses must use technology to increase efficiency and reduce staffing costs to maintain profitability.

Company Name	Keystone Pacific Property Management, LLC
Establishment	September 15, 2016
Main Business	Residential community management
Corporate Office	Irvine, California
Major Branches	Southern California, Denver, Colorado and Boise, Idaho
Employees	Approx. 316 as of December 31, 2022 (including Keystone Progressive)
No. of Units under Management	Approx. 104,307 units, approx. 525 associations as of December 31, 2022 (including the Company’s subsidiary, Keystone Progressive)

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Growth Strategies (2): Overseas Development (Overview of Hawaiiana)



Properties under Management





Company Overview

Hawaiiana Holdings Incorporated (hereinafter “Hawaiiana”) is the largest AOAO (“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 after the Pandemic

The outflow of labor to the mainland due to the Pandemic and rising real estate prices due to inflation have caused the number of transactions, which had temporarily recovered, to slump again from 2022, and sales related to real estate transactions have declined. Management services are stable, but competition is intense.

Company Name	Hawaiiana Holdings Incorporated
Establishment	September 24, 2008
Capital	USD4.27 million (JPY570 million) *USD1=JPY132.71 (as of December 31, 2022)
Main Business	AOAO management
Head Office	Honolulu, Hawaii
Branches	Maui, West Maui, Kona, Kauai
Employees	Approx. 240 as of December 31, 2022
No. of Units under Management	Approx. 110,000 units, 670 associations as of December 31, 2022

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Growth Strategies (2):
Overseas Development (Overview of PPG, Inc.)



Company Overview

Located in Honolulu, Hawaii, Pacific Property Group (hereinafter “PPG”) provides property management, leasing and sales brokerage services to over 20 commercial properties including a shopping center in Waikiki that has well-known shops and restaurants as tenants. PPG is a small-sized yet excellent local company that provides quality services. PPG values personal relationship in marketing and due to this philosophy, PPG has many long-time and repeat clients.

Background

Our resident officer in Hawaii was introduced to PPG and after due consideration, NIPPON KANZAI’s subsidiary, NIPPON KANZAI USA, Inc., acquired 90% of shares from founder/president in March 2022. PPG is an equity-method non-consolidated subsidiary of NIPPON KANZAI.

Business Environment after the Pandemic

Due to the slow real estate market, the revenue from this sector has dropped down. But the profit amount was not effected so much due to the cost system. Management sector is stable because of the stable staff retention. But the market is more competitive.

Company Name	Pacific Property Group, Inc.
Establishment	February 27, 2007
Capital	USD1,000 (JPY130,000) *USD1=JPY132.71 (as of December 31, 2022)
Main Business	Commercial Property Management
Head Office	Honolulu, Hawaii
Employees	11 as of December 31, 2022
No. of properties under Management	Approx. 17 as of December 31, 2022

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Growth Strategies

1 Sales promotion to the public sector

2 Overseas expansion of domestic expertise

3 **Promotion of DX**

4 Promotion of M&A and investment

Business Actions

(1) ●Create business opportunities by strengthening PPP / PFI and designated manager systems
（P.21-P.26）

(2) ●Invest in overseas companies
●Reinforce our residential management business through cooperation with overseas group companies
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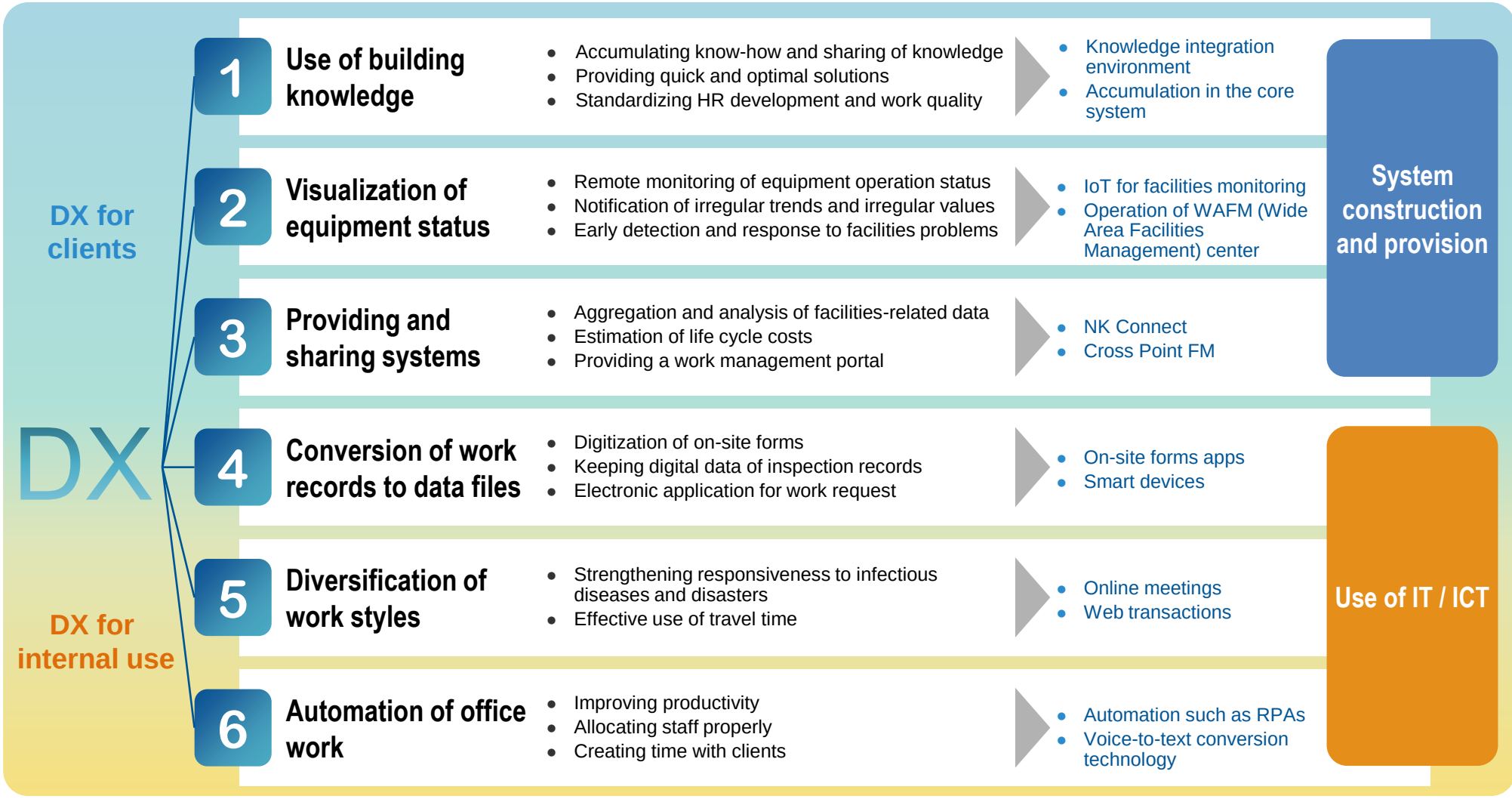
(3) ●IT approaches, visualization of facility status, sharing and streamlining of facilities management data, utilization of robotics, standardization of system platforms, and DX of condominium management
（P.33-P.41）

(4) ●Promote proactive M&A and investment both domestically and abroad
（P.43）

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Growth Strategies (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.



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Growth Strategies (3):
Visualization of Facility Status -Operation of Wide-Area Facilities Management Center-

Fully redesigned Wide-Area FM Center (WAFM Center) in April 2023

*Design and construction cooperation: JTB Asset Management, Supervision: NIPPON KANZAI



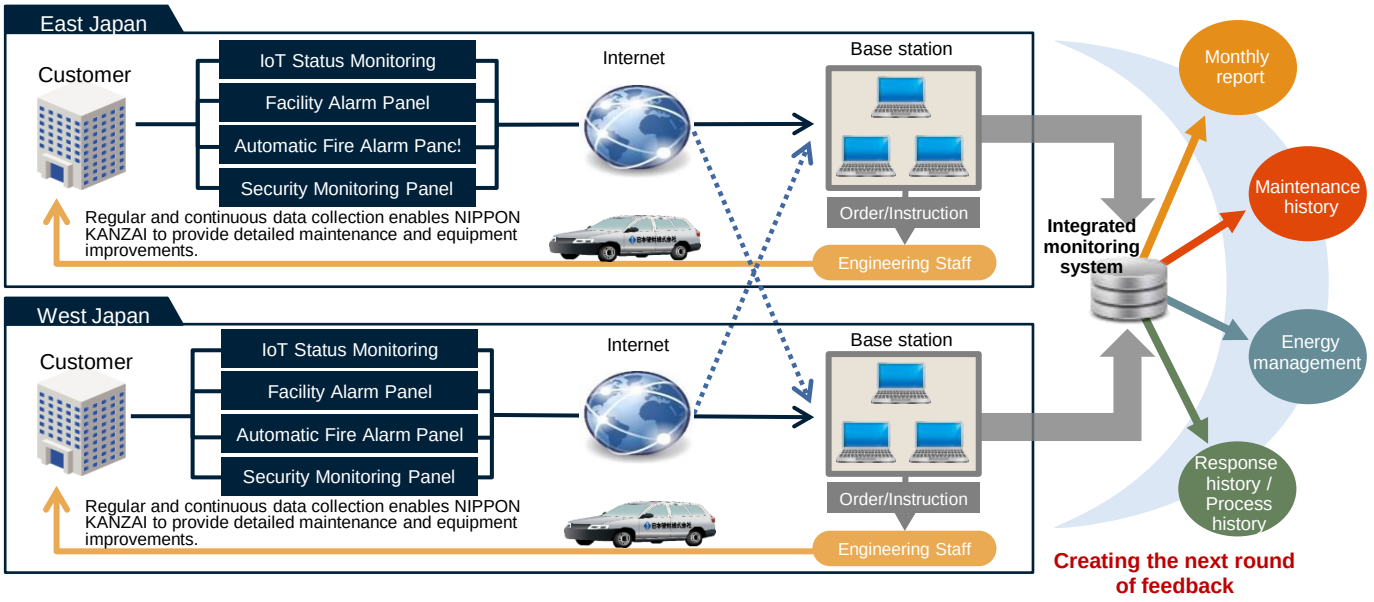




WAFM — **Wide Area Facilities Management System**

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



WAFM function enhancement project in progress

NIPPON KANZAI will continue to integrate people and IT technology to further enhance its functions and emergency response capabilities, with the aim of improving safety and streamlining building management functions.

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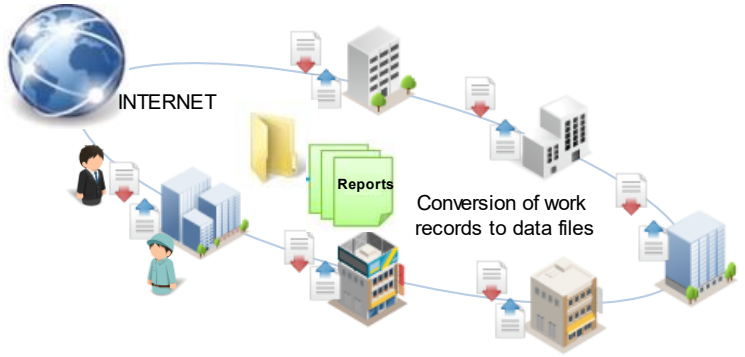
Growth Strategies (3):
Provision and Sharing of Systems -Update of Facilities Information Sharing System and Application-

We provide the app that allows you to check the facility inspection information and maintenance/management status on PCs and smartphones.

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



Input
at Web browser

Confirmation of work execution



Input
by Smartphone
Use of Application

Detailed work report



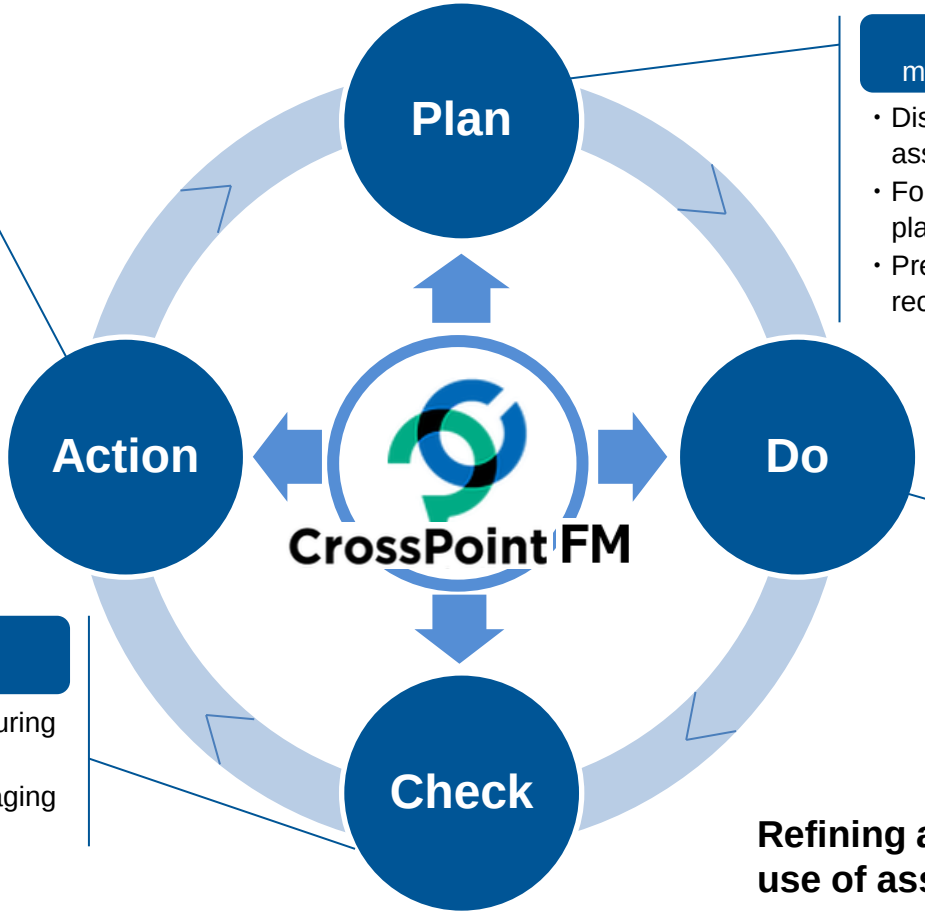
Input
by Smartphone
Use of Application

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

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Growth Strategies (3):
Provision and Sharing of 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.



Formulating comprehensive management plans for public facilities

- Discovery and taking inventory of public assets
- Formulation of operations management plans
- Preparation and creation of facility records

Decision-making of facility operation policy

- Facilities maintenance and repairs implementation
- Decision-making of facilities restructure policy
- Problem solving etc. such as facilities malfunctions

Preparation and recording of stock information

- Recording stock information and cost information
- Inspections and management in accordance with the law
- Conducting daily inspections and recording results
- Implementation plan support for restructuring relocations, etc.

Portfolio evaluation of each facility

- Follow-up on each restructuring and operations case
- Simulations on degree of aging and life cycle cost

Refining and supporting the effective use of assets in the PDCA cycle

*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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Growth Strategies (3):
Provision and Sharing of Systems -DX of Housing Management-

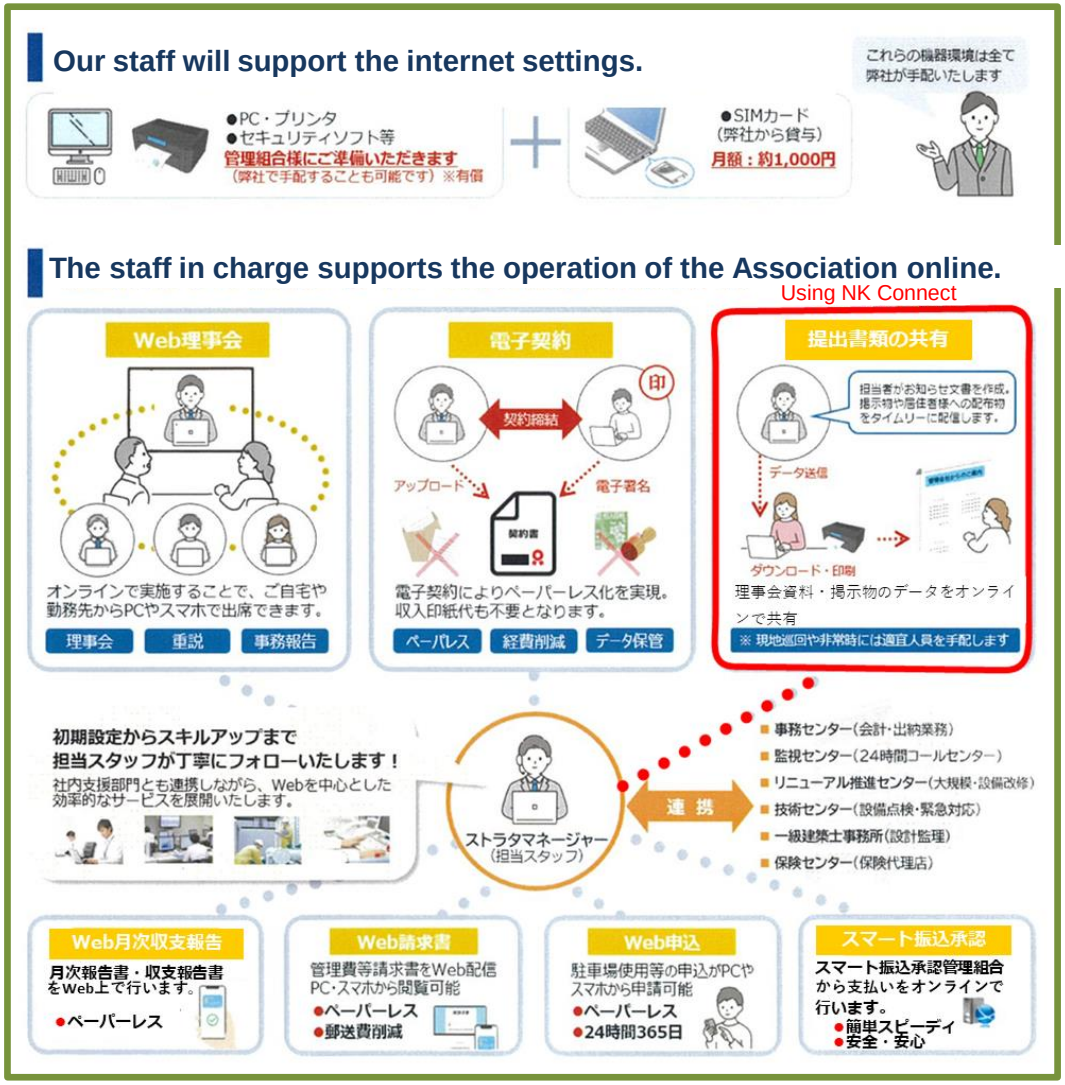
Provision of new homeowner association services using IT tools

Overview

In the past, management of homeowner associations was conducted by the association's board members and the property manager who met in person on site.
Each of the Group's homeowner association management companies have launched strata management services called NRemotE for homeowner associations in order to facilitate smooth operations for situations where interpersonal contact has become difficult due to the outbreak of the Covid 19. The introduction of this service makes it possible to hold board meetings and manage various tasks such as contractual relations online.

Main functions

- Holding of online board meetings
- Executing management contract electronically
- Providing monthly financial reports online
- Digitalization of invoice, reports, etc.
- Online-based application service for owner/resident information updates.



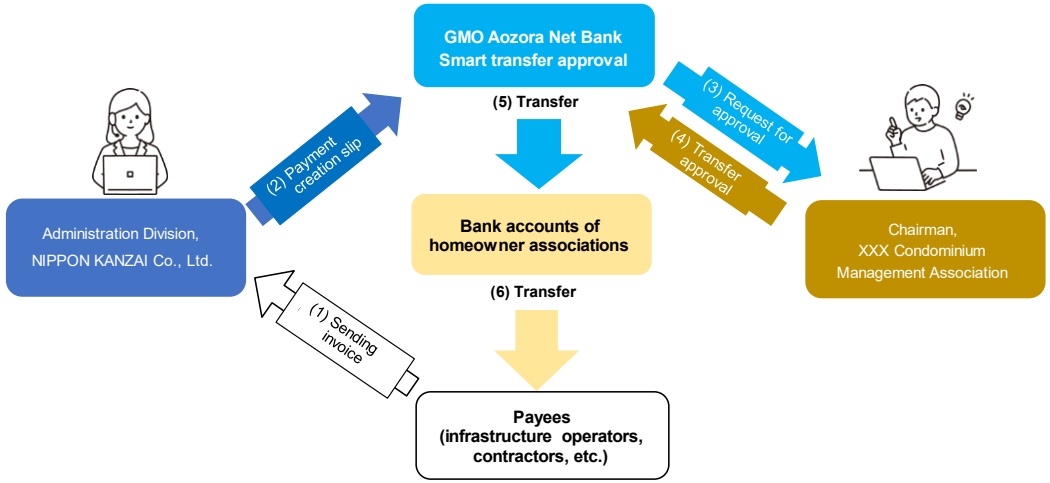
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Growth Strategies (3):
Provision and Sharing of Systems -DX of Housing Management-

Completing payment of administrative overhead, etc. of homeowner associations online

Overview

"Smart Payment Approval," which combines the system integration function of GMO Aozora Net Bank with the property management expertise of the NIPPON KANZAI Group, is an online payment service that enables payments from homeowner association corporate accounts. Previously, various expenses were paid through a bank by the property managers on behalf of the homeowner association. This method was inefficient and there were cases where the payment approval process was inadequate. However, by introducing this service, it is possible to efficiently carry out various tasks such as approvals and payments.



"Smart transfer approval," streamlining of approvals, and transfer works

First to introduce the service: NIPPON KANZAI Group



GMO Aozora Net Bank,
News release November 1, 2022 issue

Effects of introduction

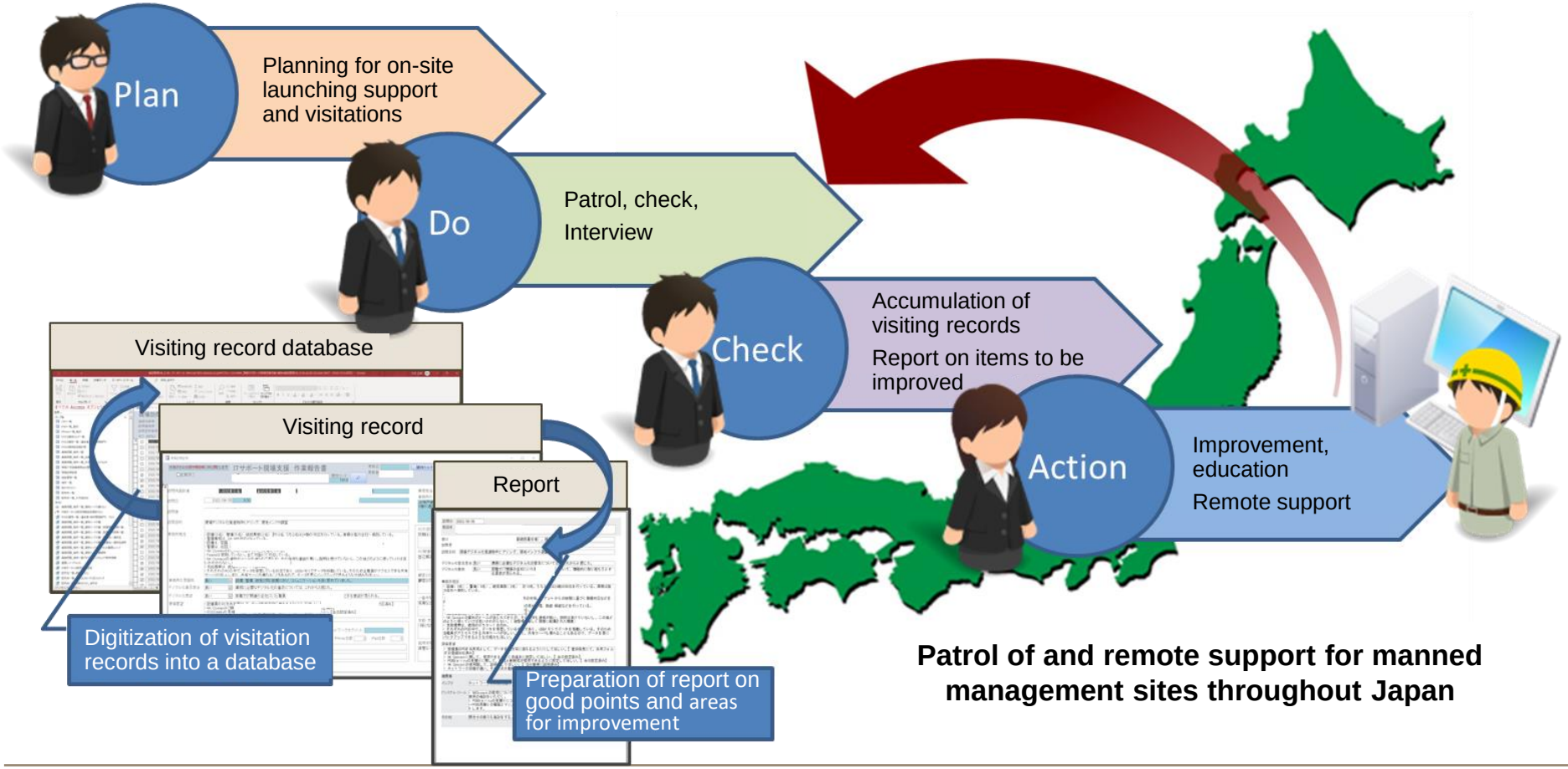
- Efficient payment approval procedures between the homeowner associations and property managers
- Thorough management of the evidence detailed setting of approval routes between homeowner associations and management companies
- Reduction in the number of procedures, etc. at a bank

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Growth Strategies (3):
Digitization of Work Records - Supported by the On-Site IT Support Team

Promotion of operational efficiency through improvement of IT skills of on-site staff

Due to the decline in the working-age population, streamlining and digitizing on-site management have become urgent topics. To enhance the IT environment and improve productivity, we aim to improve the IT skills of on-site staff and implement support activities such as on-site visits and remote support by the IT support team. This is to achieve efficient business operations.



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Growth Strategies (3): Introduction and Utilization of Robots

Challenging the integration of robot capabilities and human capabilities for building management

NIPPON KANZAI has introduced robots into building management services in a proactive manner because of recent serious manpower shortage. We continue to monitor facilities that have introduced the robots to verify the effects and proactively propose the introduction to building owners in order to increase the number of buildings in operation.

Overview

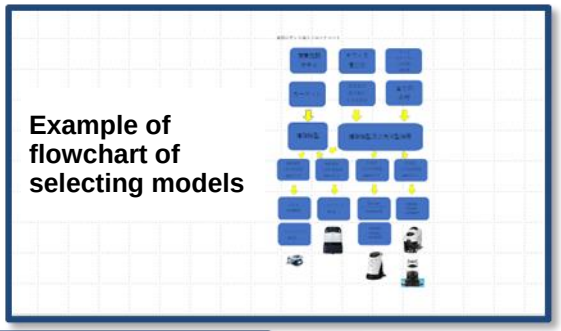
We will select various conditions such as the purpose, scale, characteristics, working hours, and quality of the facility, and conduct trial introductions and verification of robot work specifications that match the facility conditions. Based on the verification results, we will select robots that match the facility's purpose and introduce the actual machines.

Benefits of introduction

- Reduction of burden on staff through reducing workload
- Reduction of human error and accident occurrence rate
- Standardization of work quality
- Appealing to our tenants through the introduction of the latest technology

Track record

- Cleaning robot: 22 units in 16 buildings in operation (including outsourcing operation)
- Security robot: 2 units in 2 buildings in operation (as of April 30, 2023)





<Example of introducing cleaning robots>

Office buildings, public facilities, hospitals, schools, etc.

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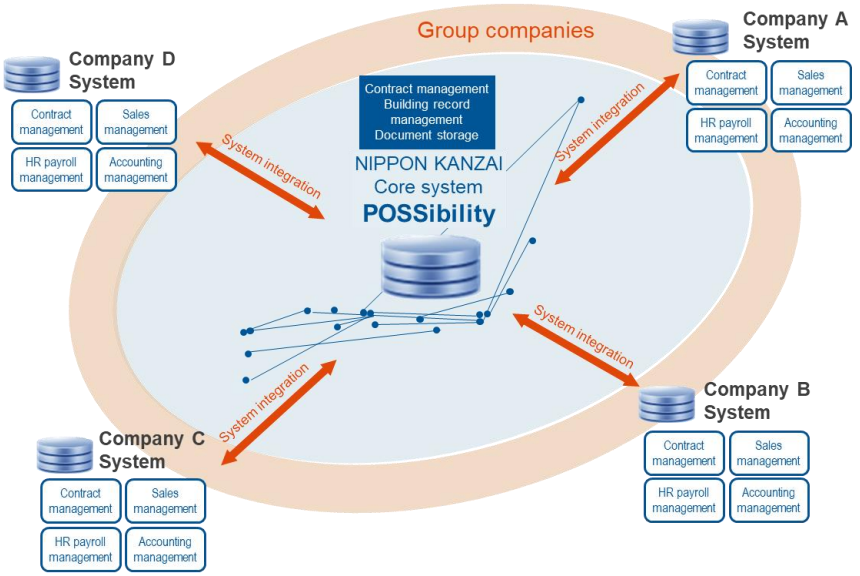
Standardization of the system platform across the entire group

NIPPON KANZAI Group is advancing the integration of the system platforms of each group company that had been fragmented. By standardizing security and control levels and implementing efficient system operations, we will strengthen the governance of the entire group.

Core system

● POSSibility

Our core system POSSibility is a web system unique to the Group that enables management of contract and operation status, preparation of invoice, ordering procedures between the company and subcontractors, etc.
We are currently integrating various IT systems related to management of accounting, personnel salary, attendance management, etc. as well.



Introduction of other systems

● Response to invoice and Electronic Record Retention Law

New system will be introduced in response to the Invoicing System and Electronic Record Retention Law that is to be enforced from October 1, 2023. We will increase work efficiency through operating the system in full scale from the second half of FY2023, in combination with digitalization of the invoice information and unification of the management.

● Standardization of purchasing system

We are digitalizing the procedures for purchasing goods through applying the centralized purchasing to promote e-commerce. Although NIPPON KANZAI introduced the system in advance, we encourage the Group companies to introduce it and aim for reducing the cost of the entire Group in the future through increasing work efficiency with e-commerce and collecting and analyzing the purchasing data.

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Growth Strategies

1 Sales promotion to the public sector

2 Overseas expansion of domestic expertise

3 Promotion of DX

4 **Promotion of M&A and investment**

Business Actions

(1) ●Create business opportunities by strengthening PPP / PFI and designated manager systems
（P.21-P.26）

(2) ●Invest in overseas companies
●Reinforce our residential management business through cooperation with overseas group companies
（P.28-P.31）

(3) ●IT approaches, visualization of facility status, sharing and streamlining of facilities management data, utilization of robotics, standardization of system platforms, and DX of condominium management
（P.33-P.41）

(4) ●**Promote proactive M&A and investment both domestically and abroad**
（P.43）

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Growth Strategies (3): Promotion of M&A and Investment

Promote M&A and investment by companies related to our group both domestically and abroad

The Group positions M&A and investment as important factors for expanding and growing our business. We will proactively promote M&A related business both domestically and abroad that have synergies with our group based on the following fundamental policies.

Fundamental policies

1. M&A of and investment in blue-chip companies within strategic regions (expansion of domestic market and regional development)
2. M&A of and investment in residential management and relevant businesses in Western European countries (expansion into the overseas market)

Recent track record (from 2020)

1. Mar. 2020 Acquired 50% share of Hawaiiana Holdings Incorporated, a residential management company in Hawaii, the United States.
2. Dec. 2020 Increased the ratio of investment in Keystone Pacific Property Management LCC., a gated communities management company on the west coast of the United States, to 50%.
3. Aug. 2021 Acquired 100% share of Neotrust Co., Ltd., an outsourcing company that undertakes payroll and various clerical works.
4. **Mar. 2022 Acquired 90% share of PPG, a property management company in Hawaii, U.S.A.**
5. **Jul. 2022 Acquired 40% share of JTB Asset Management Corp., a group company of JTB Corp.[*1]**
6. **Dec. 2022 Acquired 100% share of Seiryu Maintenance Inc. from SEKISUI CHEMICAL CO., LTD. [*2]**

<Supplementary note> *1 Business alliance with JTB Corp.
*2 NIPPON KANZAI Kankyo Service Co., Ltd., a subsidiary of NIPPON KANZAI, acquired the share. Strengths outside the company's sales area are expected.

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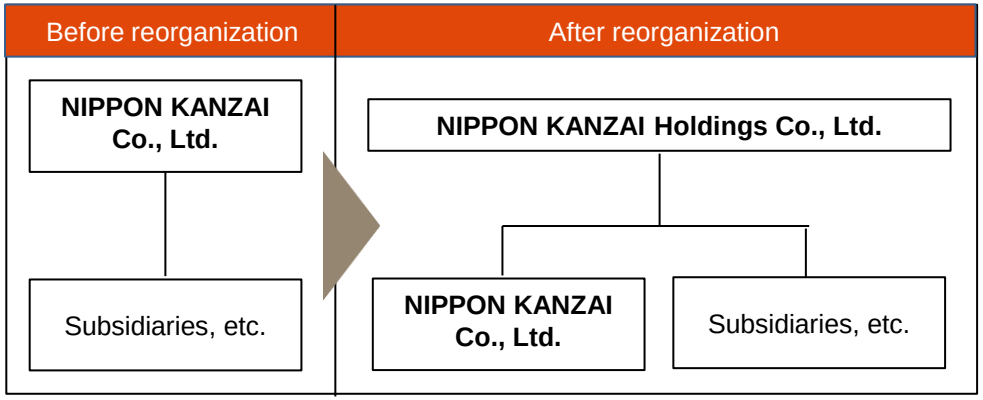
Overview of the transition to a holding company structure

Purpose of the transition

- The purpose of transitioning to a holding company structure is to separate the group management function from the business execution function and strengthen its functionality by focusing on the former.
- By giving responsibility and authority to the operating companies, we endeavor to achieve business operations with greater speed, aiming for more rapid responses to customer needs and operations that are more closely rooted in the operational frontlines.
- Such operating companies under the holding company will be trained to accumulate management experiences, which will lead to the nurturing of human resources.

The method and summary of the transition

- A holding company, which will become a wholly owning parent company, will be established through the transferring of all the shares by a single stockholder.
- The holding company's shares will be listed on the prime market by a technical listing.
- NIPPON KANZAI Co., Ltd. will be delisted on March 30, 2023 and become a subsidiary of NIPPON KANZAI Holdings Co., Ltd.
- The date for the registration and listing of NIPPON KANZAI Holdings Co., Ltd. is April 3, 2023 (Monday).



Company Name	NIPPON KANZAI Holdings Co., Ltd.
Address	(Headquarters) 2-1-10 Nihombashi, Chuo-ku, Tokyo, Japan (Registered office) 9-16 Rokutanji-cho, Nishinomiya City, Hyogo Pref., Japan
Title and Name of Representative	Shintaro Fukuda, President and Representative Director
Business Descriptions	The business management of the group companies that operate office buildings, housing complexes, environmental facilities and real estate fund management business, and business incidental or related to this
Share Capital	¥3,000 million
Number of Shares Issued	41,180,306 shares
Fiscal Year End	March 31

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Reference (1)

Company Information

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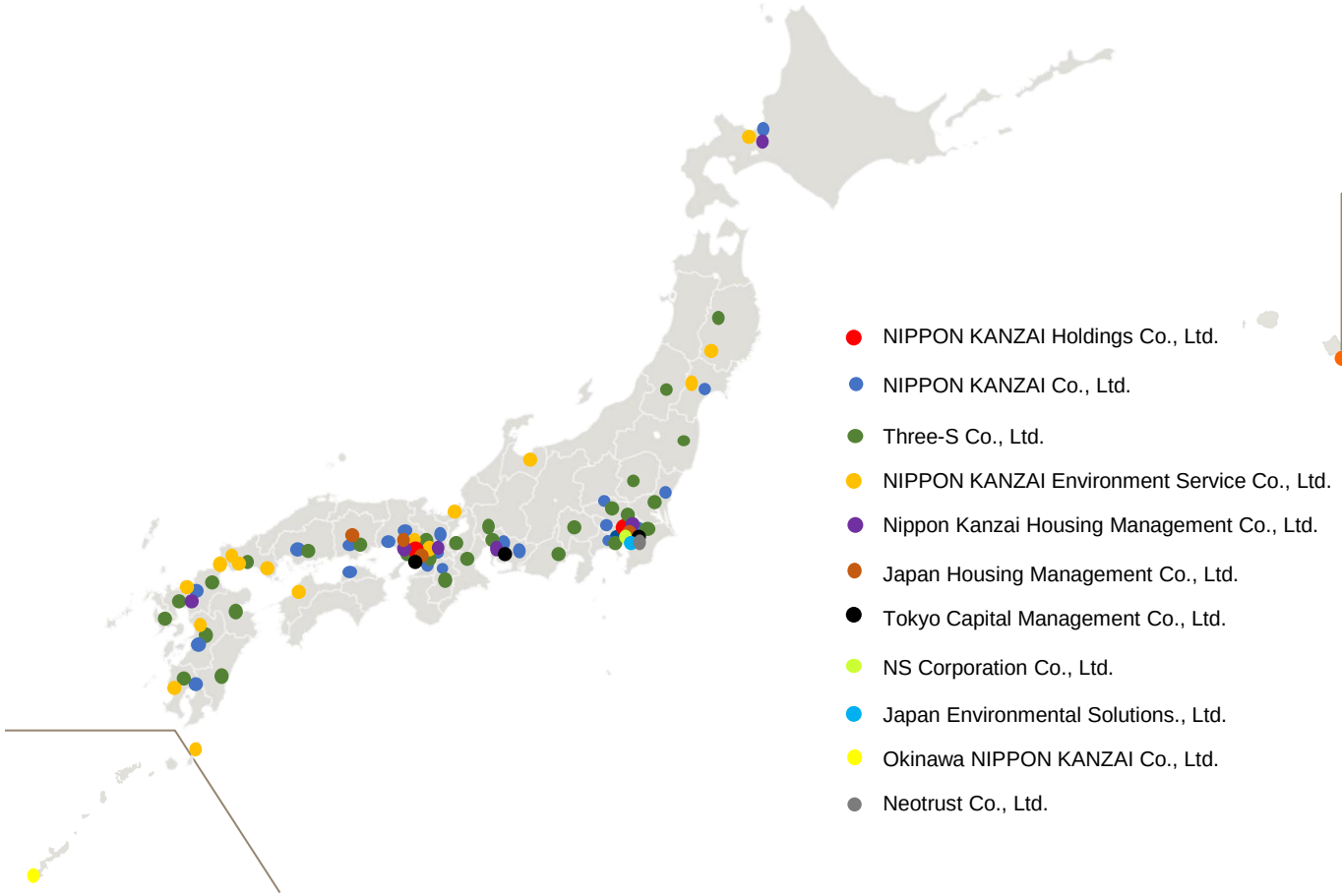
NIPPON KANZAI Group respects each building and keeps maintaining the value.

Business name	NIPPON KANZAI Holdings Co., Ltd.
Establishment	April 3, 2023
Share capital	¥3,000 million
Representative	Shintaro Fukuda, President and Representative Director
Address of headquarters	2-1-10 Nihombashi, Chuo-ku, Tokyo, Japan
Address of registered office	9-16 Rokutanji-cho, Nishinomiya City, Hyogo Pref., Japan
Business Descriptions	The business management of the Group companies that operate office buildings, housing complexes, environmental facilities and real estate fund management business, and business incidental or related to this
Number of employees	Consolidated: 10,381 (as of March 31, 2023)

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Business Site

Since establishment, we have offered one-stop solution for the optimum operation management, taking advantage of the five-decade experience, knowledge, nationwide network, wide business area, and the latest building engineering.



- NIPPON KANZAI Holdings Co., Ltd.
- NIPPON KANZAI Co., Ltd.
- Three-S Co., Ltd.
- NIPPON KANZAI Environment Service Co., Ltd.
- Nippon Kanzai Housing Management Co., Ltd.
- Japan Housing Management Co., Ltd.
- Tokyo Capital Management Co., Ltd.
- NS Corporation Co., Ltd.
- Japan Environmental Solutions., Ltd.
- Okinawa NIPPON KANZAI Co., Ltd.
- Neotrust Co., Ltd.

Gated communities management company in California, the United States

Keystone Pacific Property Management, LLC



The largest AOAO (“Association of Apartment Owners”) management company in the State of Hawaii

Hawaiiana Holdings Incorporated

Property management company in Hawaii

Pacific Property Group, Inc.

The largest strata management company in Australia

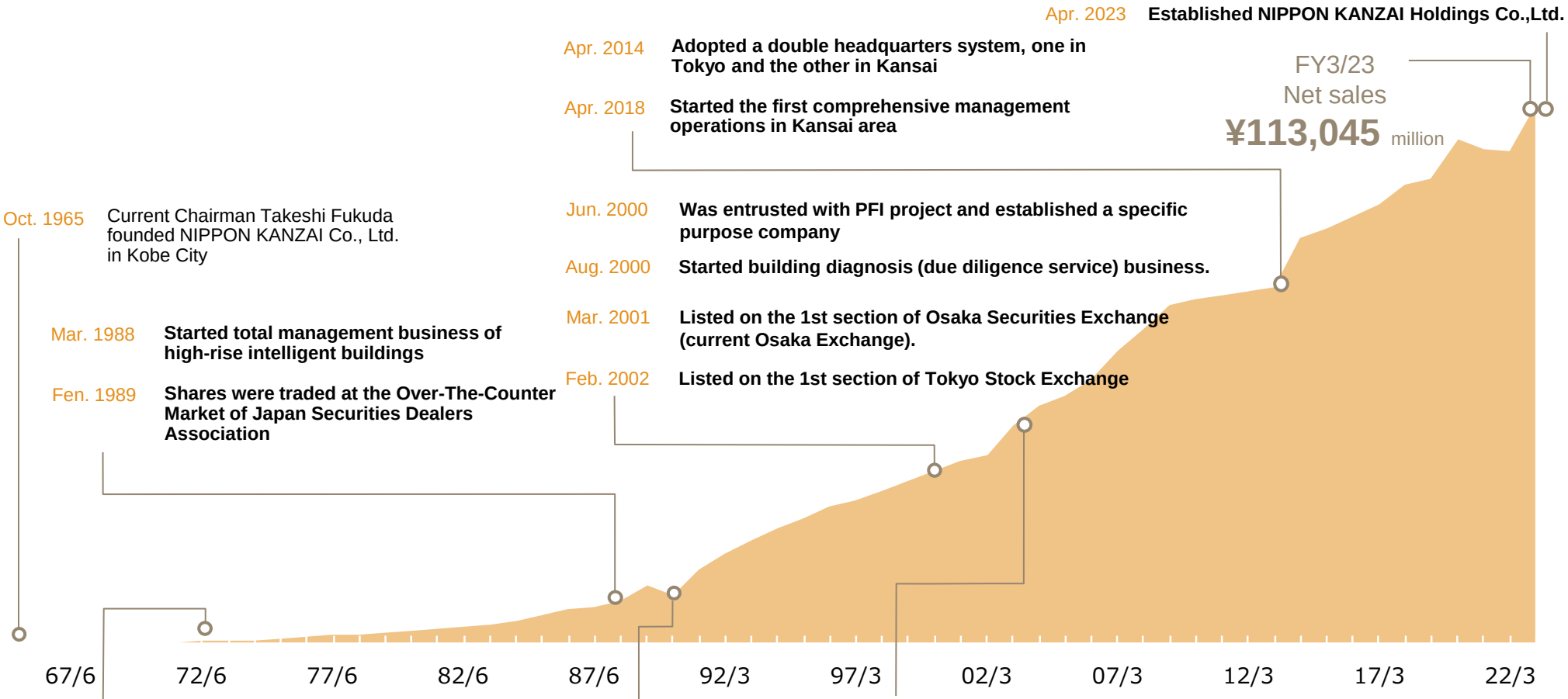
Prudential Investment Company of Australia Pty Ltd (PICA)



(as of March 31. 2023)

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History of NIPPON KANZAI



Apr. 2023 **Established NIPPON KANZAI Holdings Co.,Ltd.**

Apr. 2014 **Adopted a double headquarters system, one in Tokyo and the other in Kansai**

Apr. 2018 **Started the first comprehensive management operations in Kansai area**

Oct. 1965 Current Chairman Takeshi Fukuda founded NIPPON KANZAI Co., Ltd. in Kobe City

Jun. 2000 **Was entrusted with PFI project and established a specific purpose company**

Aug. 2000 **Started building diagnosis (due diligence service) business.**

Mar. 1988 **Started total management business of high-rise intelligent buildings**

Mar. 2001 **Listed on the 1st section of Osaka Securities Exchange (current Osaka Exchange).**

Fen. 1989 **Shares were traded at the Over-The-Counter Market of Japan Securities Dealers Association**

Feb. 2002 **Listed on the 1st section of Tokyo Stock Exchange**

May 2003 **Started asset management Business**

Jul. 2004 Started establishing funds for institutional investors

Dec. 2006 **Agreed with Galileo, an investor in Australia to establish A-REIT**

Aug. 1973 **Started total management business for condominiums**

Apr. 1976 **Started operation and maintenance business for public sewerage plants**

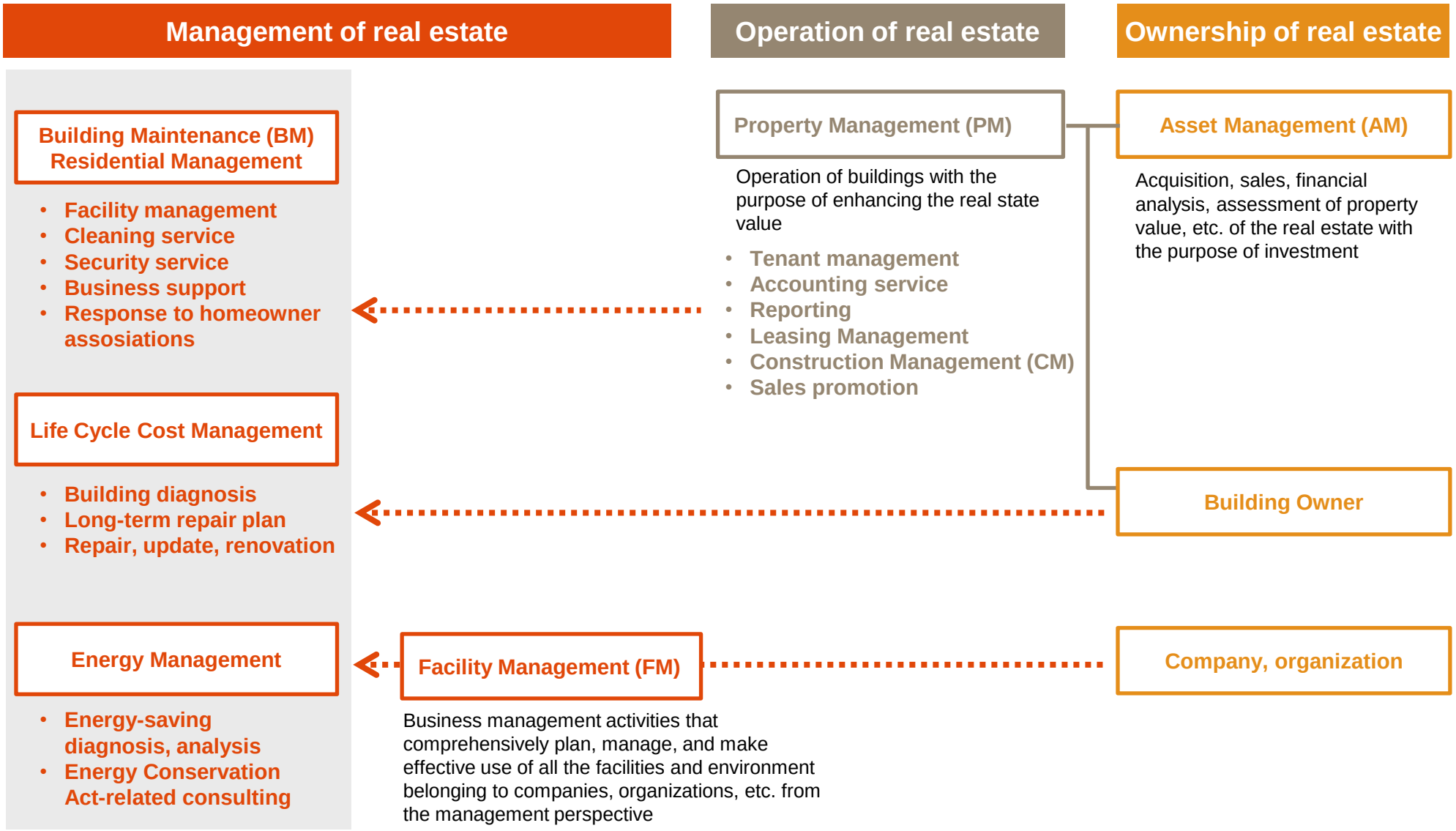
Jul. 1990 Was entrusted with **management of a land trust building** through a proposal-based competition

Nov. 1993 Listed on the 2nd section of Osaka Securities Exchange (current Osaka Exchange)

Aug. 1996 **BEST System, a life-long building management system to enhance property values, was introduced to the market**

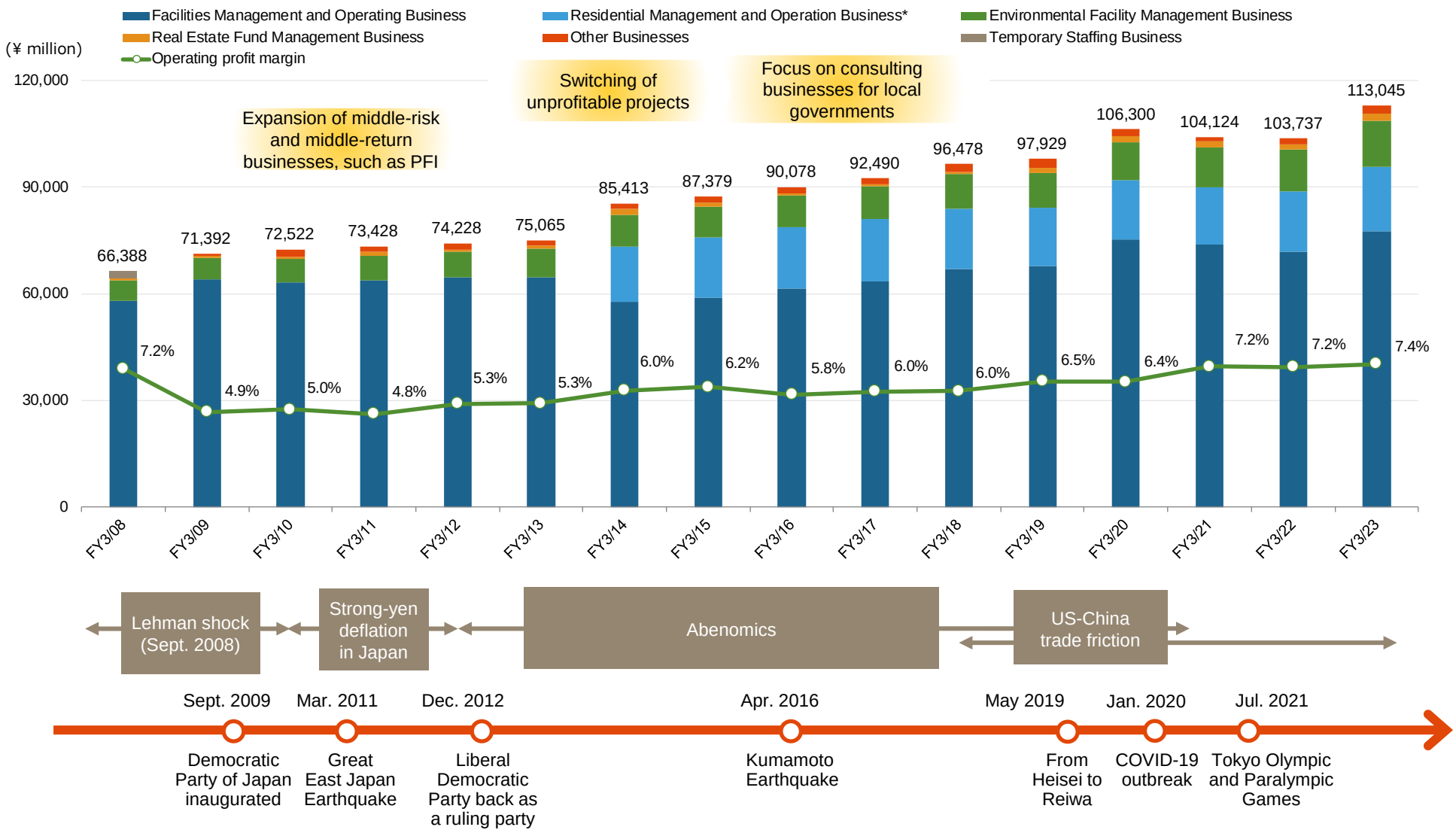
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Wide Business Field Related to Real Estate



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Mid-Term Business Performance



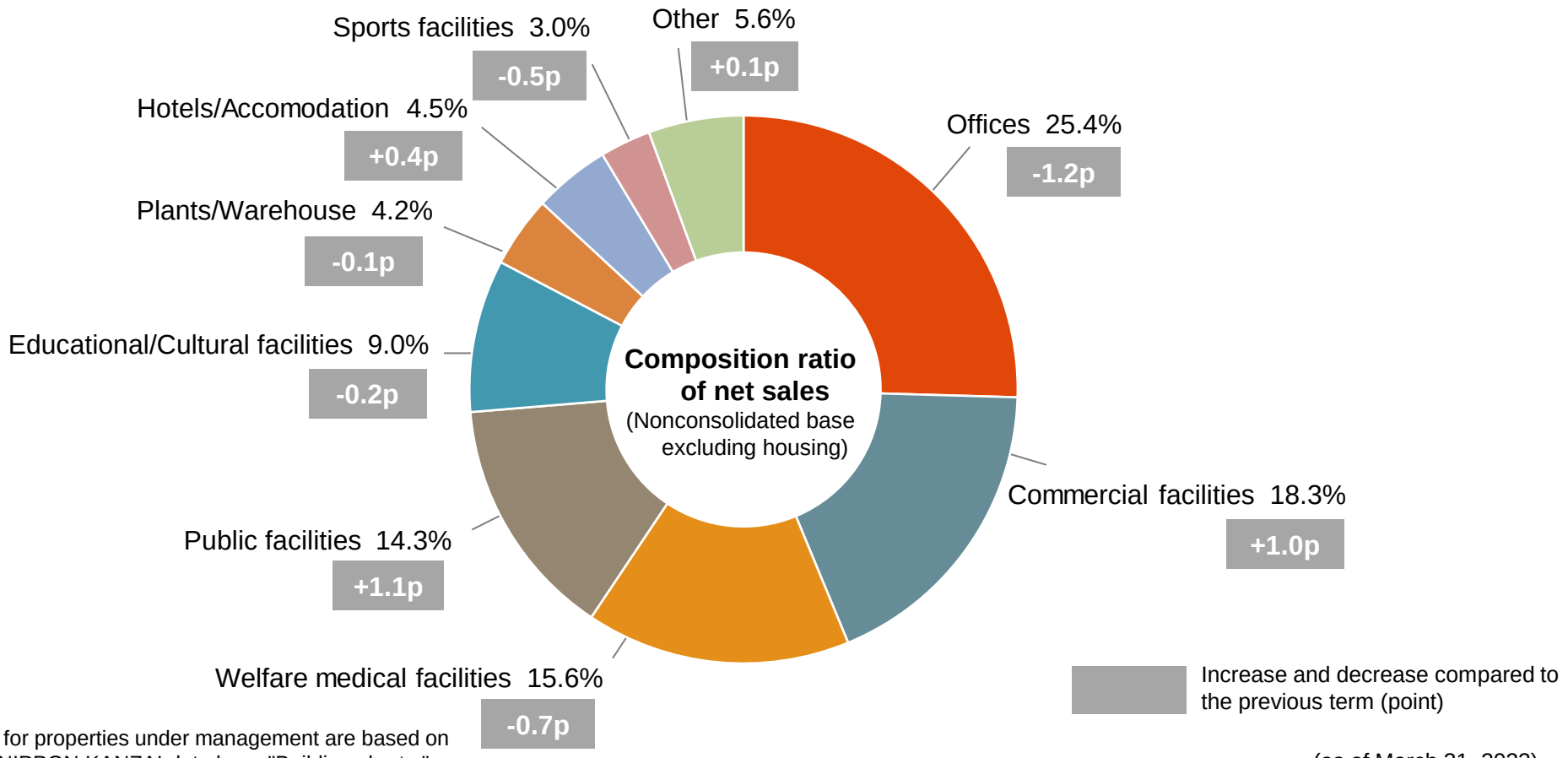
*Residential Management and Operation Business before FY3/14 is included in Facilities Management and Operation Business.

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Diversity of Operation Management Facilities (Building Operation Management Business)

Portfolio of operation management building

- **Covering a wide range of applications, such as offices, large-scale commercial facilities, and public facilities**
- **Recently, showing a tendency to increase large-scale facilities such as commercial facilities and public facilities**



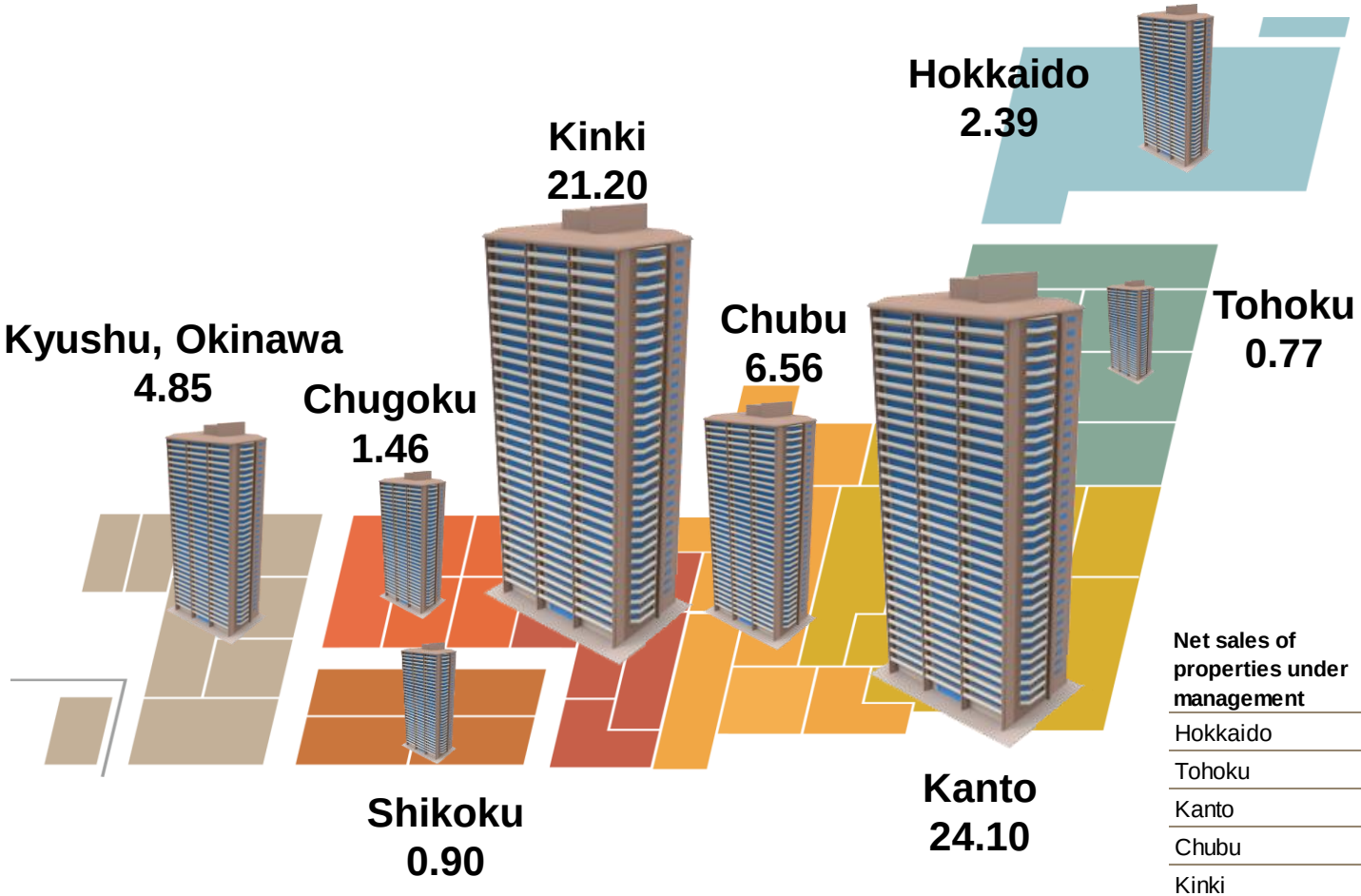
*Figures for properties under management are based on data in NIPPON KANZAI data base "Building charts."

(as of March 31, 2023)

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Geographical Distribution (Building Operation Management Business)

(Unit: ¥ billion)



Net sales of properties under management	(¥ billion)	Composition ratio (%)	YoY Changes (%)
Hokkaido	2.39	3.8%	6.8%
Tohoku	0.77	1.2%	6.5%
Kanto	24.10	38.8%	9.3%
Chubu	6.56	10.5%	11.5%
Kinki	21.20	34.1%	6.9%
Chugoku	1.46	2.4%	6.8%
Shikoku	0.90	1.4%	-2.5%
Kyushu	4.85	7.8%	5.9%
Total	62.42	100.0%	8.0%

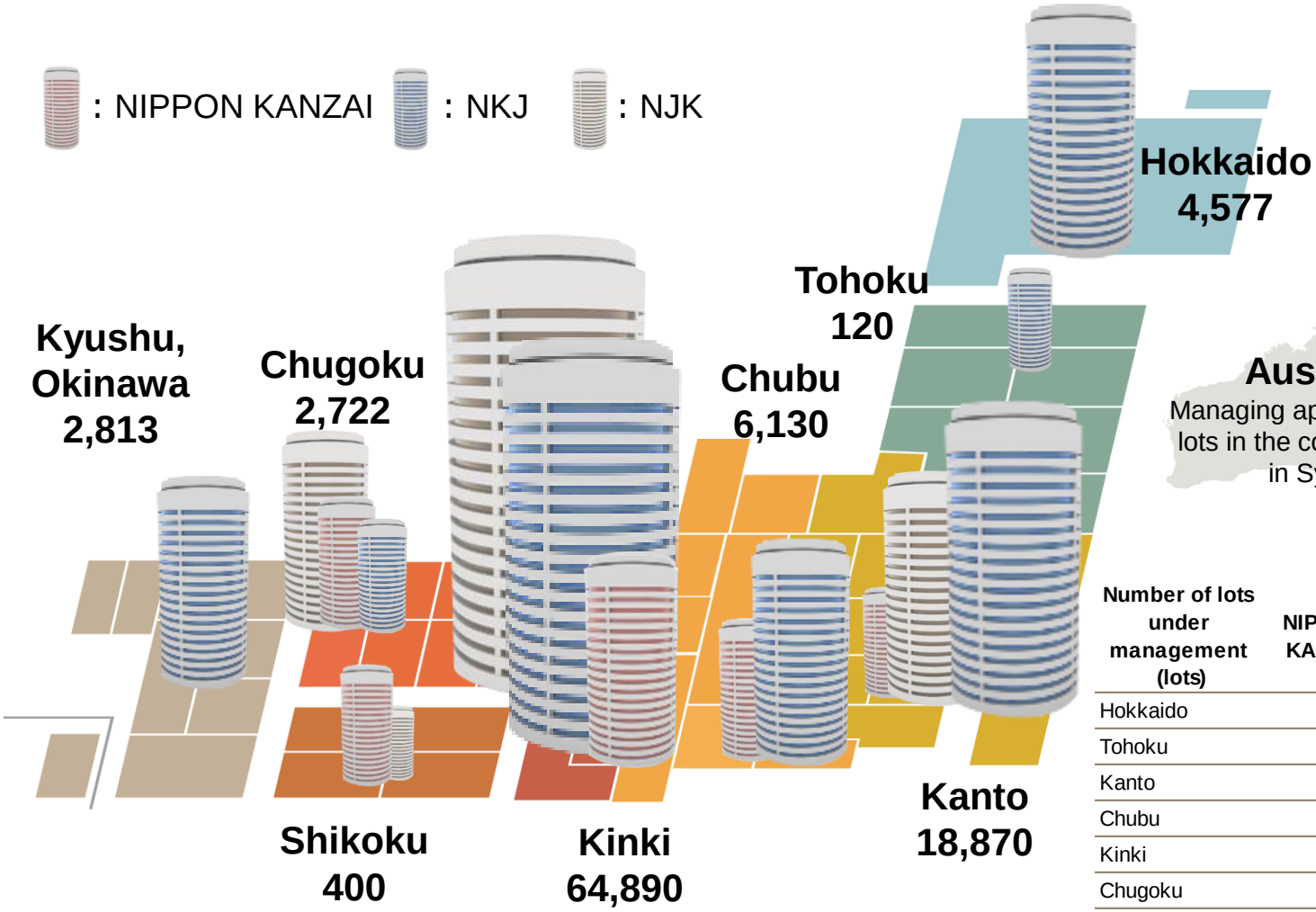
(as of March 31, 2023)

*Figures for properties under management are based on data in NIPPON KANZAI data base "Building charts."

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Geographical Distribution (Residential Management and Operation Business)

(Unit: lots)



U.S.A
Managing approx. 100,000 lots in the south part of California

Australia
Managing approx. 195,000 lots in the country, mainly in Sydney

Hawaii
Managing approx. 110,000 lots in 6 islands including Oahu where Honolulu is located

Number of lots under management (lots)	NIPPON KANZAI	NKJ	NJK	YoY Changes (%)
Hokkaido	-	4,577	-	0.0%
Tohoku	-	120	-	0.0%
Kanto	356	14,555	3,959	-1.7%
Chubu	874	5,256	-	21.3%
Kinki	2,937	23,297	38,656	1.7%
Chugoku	266	195	2,261	-8.8%
Shikoku	361	-	39	0.0%
Kyushu	-	2,813	-	-0.1%
Total	4,794	50,813	44,915	1.6%

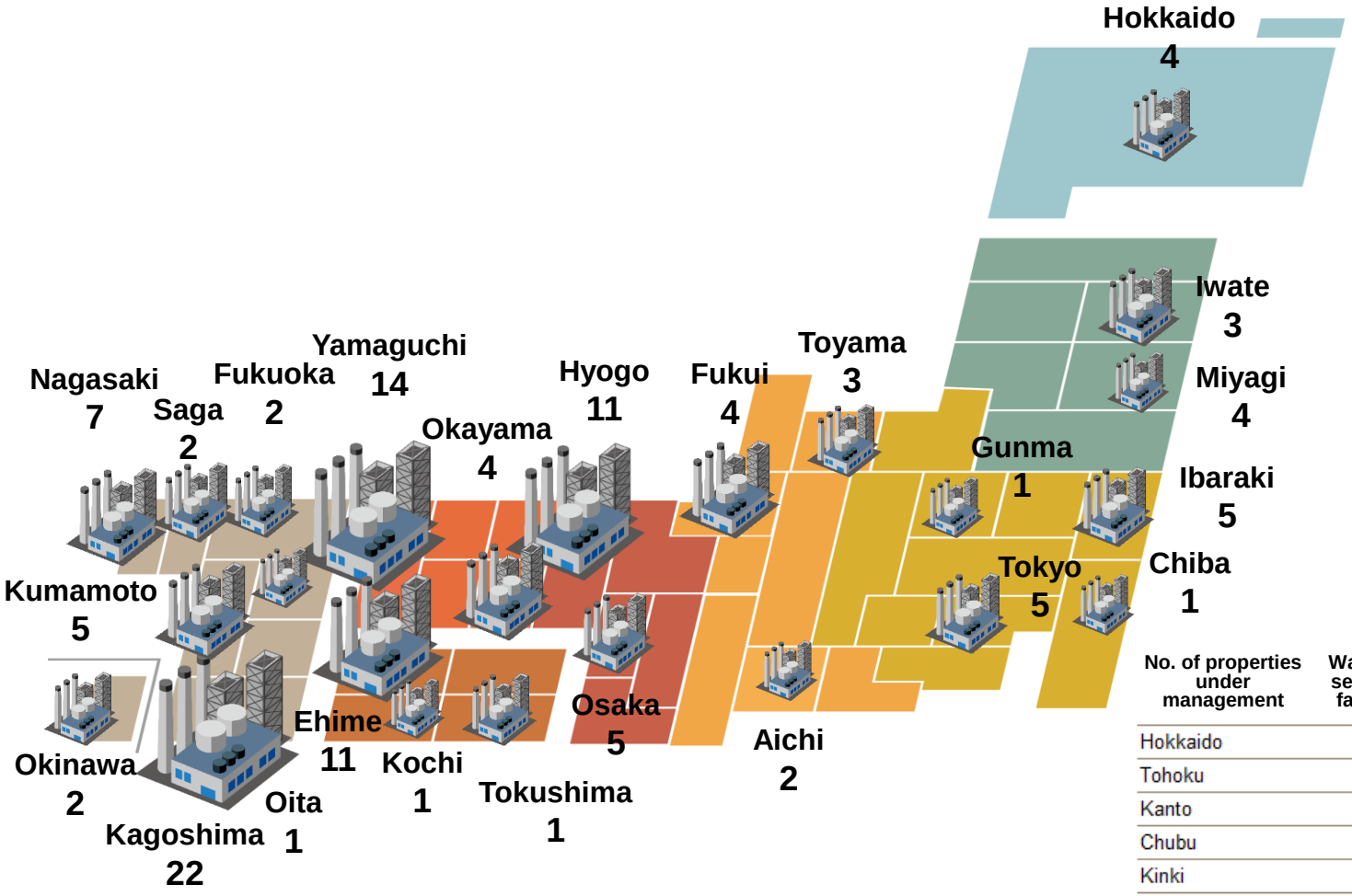
3 companies total: 100,522 (As of March 31, 2023)

*NJK: NIPPON KANZAI HOUSING MANAGEMENT Co., Ltd.
NJK: JAPAN HOUSING MANAGEMENT CO.
*Numerical value based on the data reported to “entrusted business records by prefecture” investigated by Condominium Management Companies Association.

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Geographical Distribution (Environmental Facilities Management Business)

(Unit: cases)

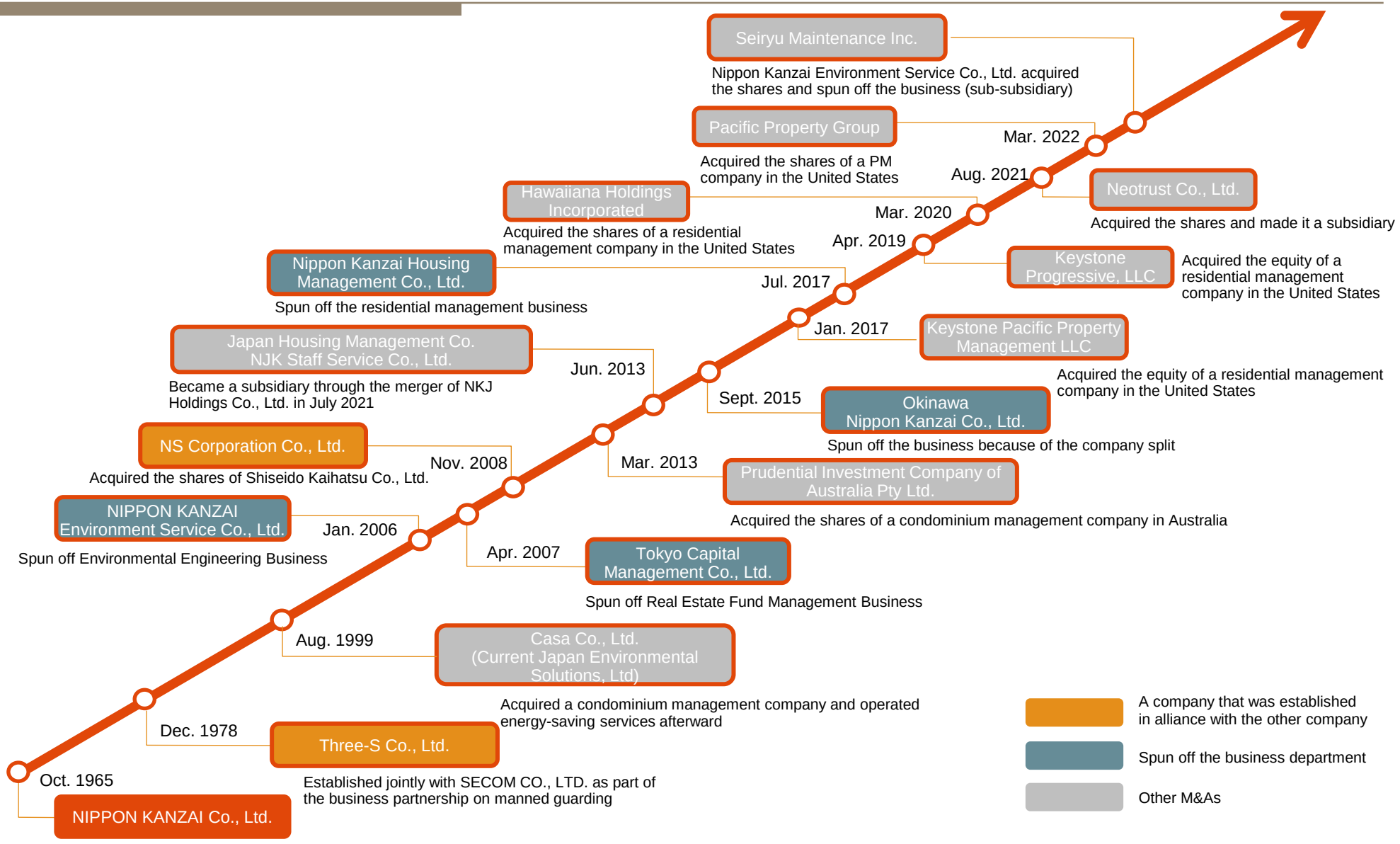


No. of properties under management	Water and sewerage facilities	General waste treatment facilities	Biomass power generation facilities	Total	Composition ratio(%)
Hokkaido	1	3	-	**4**	3.3%
Tohoku	-	7	-	**7**	5.8%
Kanto	2	9	1	**12**	9.9%
Chubu	2	7	-	**9**	7.4%
Kinki	10	6	-	**16**	13.2%
Chugoku	8	10	-	**18**	14.9%
Shikoku	11	2	-	**13**	10.7%
Kyushu	16	25	1	**42**	34.7%
Total	50	69	2	**121**	100.0%

(as of April 1, 2023)

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Group Company Restructuring



(as of March 31, 2023)

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Alliance Strategy Taking Advantage of Independent Type (1)



Oct. 1965 Current Chairman Takeshi Fukuda founded NIPPON KANZAI Co., Ltd. in Kobe City

Aug. 1972 Separated the equipment maintenance work business and established **NIPPON KANZAI Service Co., Ltd**.

Dec. 1978 Concluded a business partnership on manned guarding with Nihon Keibi Hosho Co., Ltd. (current SECOM CO., LTD.) and jointly established **Three-S Co., Ltd.**

Jul. 1999 Established **KN Facilities Co., Ltd.**, a total building management company jointly funded with Kumagai Gumi Co., Ltd.

Aug. 2002 Established **Japan Property Solutions Co., Ltd.**, a property management company jointly funded by with Mitsubishi Trust and Banking Corporation (current Mitsubishi UFJ Trust and Banking Corporation)

Jan. 2006 Spun off Environment Environmental Engineering Business due to company split. **Nippon Kanzai Environment Service Co., Ltd.** started operations.

Sept. 2006 Acquired Lion Building Maintenance Co., Ltd/, a group company of Lion Corporation and changed the business name to **Kanzai Facility Co., Ltd**.

Apr. 2007 Spun off Real Estate Fund Management Business due to company split. **Tokyo Capital Management Co., Ltd.** started operations.

Jan. 2008 Changed the business name of Casa Co., Ltd., a consolidated subsidiary, to **Japan Environmental Solutions, Ltd** and started the water filtration business.

Nov. 2008 Acquired the shares of Shiseido Kaihatsu Co., Ltd., a group company of Shiseido Company, Limited, and changed the business name to **NS Corporation Co., Ltd.**

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Alliance Strategy Taking Advantage of Independent Type (2)

Apr. 2012 **Kanzai Facility Co., Ltd.**, a consolidated subsidiary absorbed KN Facilities Co., Ltd.

Mar. 2013 Acquired 50% share of **Prudential Investment Company of Australia Pty Ltd.**, a strata management company in Australia, and formed a capital alliance.

Jun. 2013 Acquired shares of **NJK Holding Co., Ltd.** and made it a wholly owned subsidiary.

Apr. 2014 NKS Co., Ltd. absorbed Kanzai Facility Co., Ltd. and changed the business name to **NIPPON KANZAI service Co., Ltd.**

Jan. 2017 Acquired 40% equity of **Keystone Pacific Property Management LCC.**, a gated communities management company in the United States.

Jul. 2017 Spun off the condominium management business due to company split. **Nippon Kanzai Housing Management Co., Ltd.** started operations.

Oct. 2017 Transferred the property management business to Japan Property Solutions Co., Ltd.

Dec. 2017 Absorbed NIPPON KANZAI Service Co., Ltd.
Parking lot operation business of NIPPON KANZAI Service Co., Ltd. was split and taken over by Japan Property Solutions Co., Ltd..

Apr. 2019 Keystone Pacific Property Management LCC., an affiliated company in the United States, acquired the business right of **Keystone Progressive, LLC**, a residential management company.

Sept. 2019 Acquired 100% share of **SANEI WORK Co., Ltd.**, a company newly established by a subsidiary of Nippon Television Work 24 Corporation.

2010 **2020** **2022**

Mar. 2020 Acquired 50% share of **Hawaiiana Holdings Incorporated**, a residential management company in Hawaii.

Apr. 2020 Absorbed SANEI WORK Co., Ltd.

Dec. 2020 Increased investment ratio to 50% after additionally acquiring the equity of **Keystone Pacific Property Management LCC.**

Jul. 2021 Tokyo Capital Management Co., Ltd., a consolidated subsidiary, merged with Japan Property Solutions Co., Ltd.

Following the merger of NKJ Holdings Co., Ltd., acquired 100% share of Japan Housing Management Co., Ltd., Nippon Kanzai Housing Management Co., Ltd., and NJK Staff Service Co., Ltd. respectively to wholly own the companies.

Aug. 2021 Acquired 100% share of **Neotrust Co., Ltd.**, and made it a wholly subsidiary

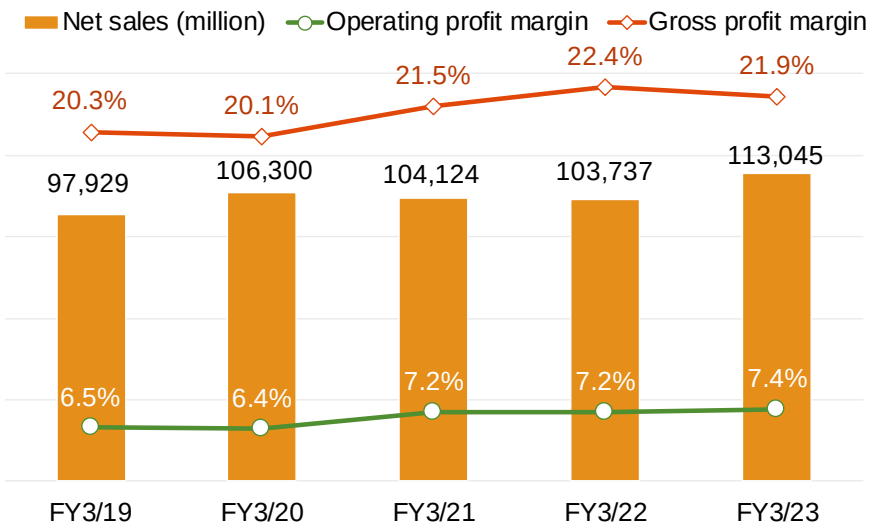
Mar. 2022 Acquired 90% share of **Pacific Property Group**, a PM company in Hawaii.

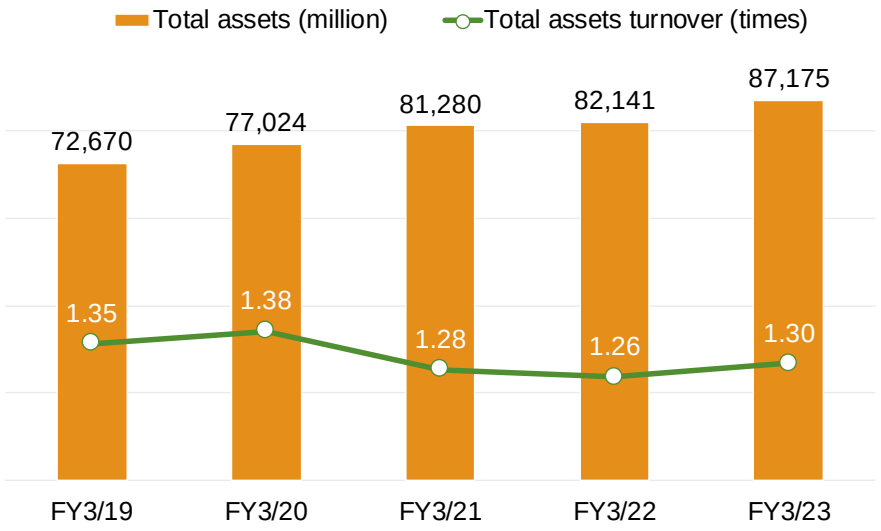
Jul. 2022 Acquired 40% share of JTB Asset Management Co., Ltd., a group company of JTB Corp.

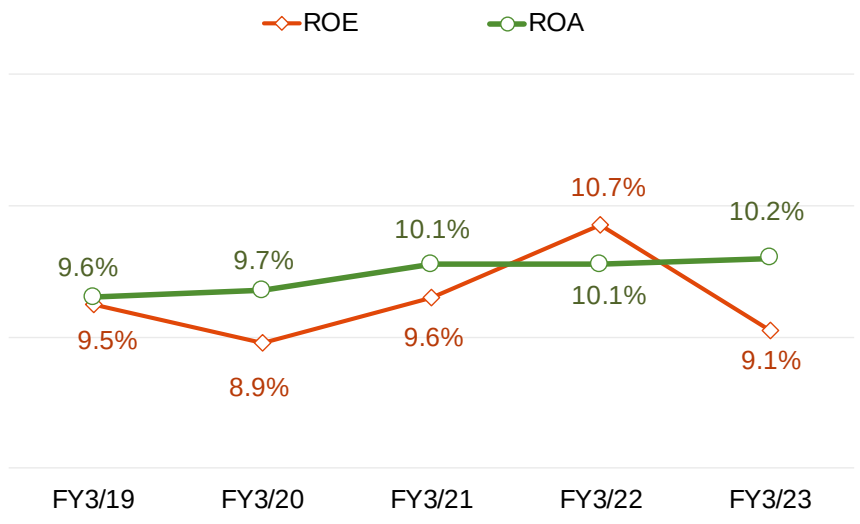
Dec. 2022 NIPPON KANZAI Environment Service Co., Ltd., a consolidated subsidiary, acquired 100% of Seiryu Maintenance Inc. from **Sekisui Chemical Co., Ltd.** (made it a sub-subsidiary)

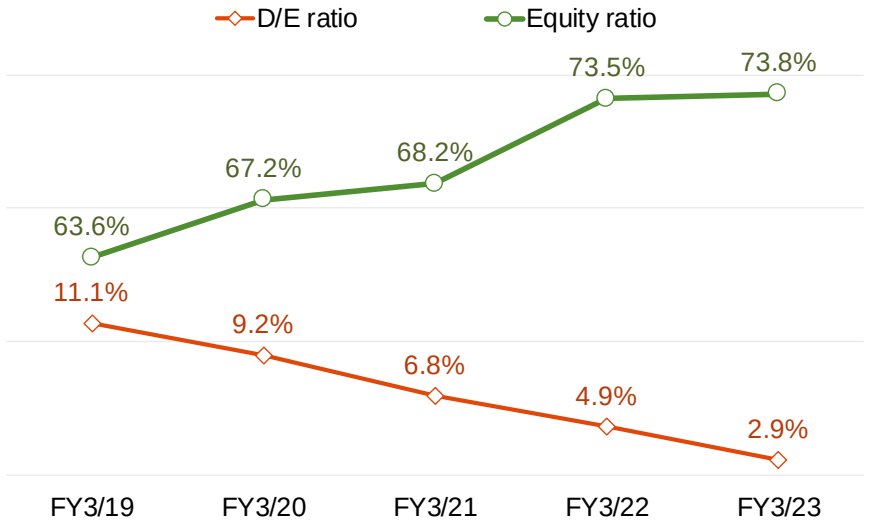
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Major Consolidated Index









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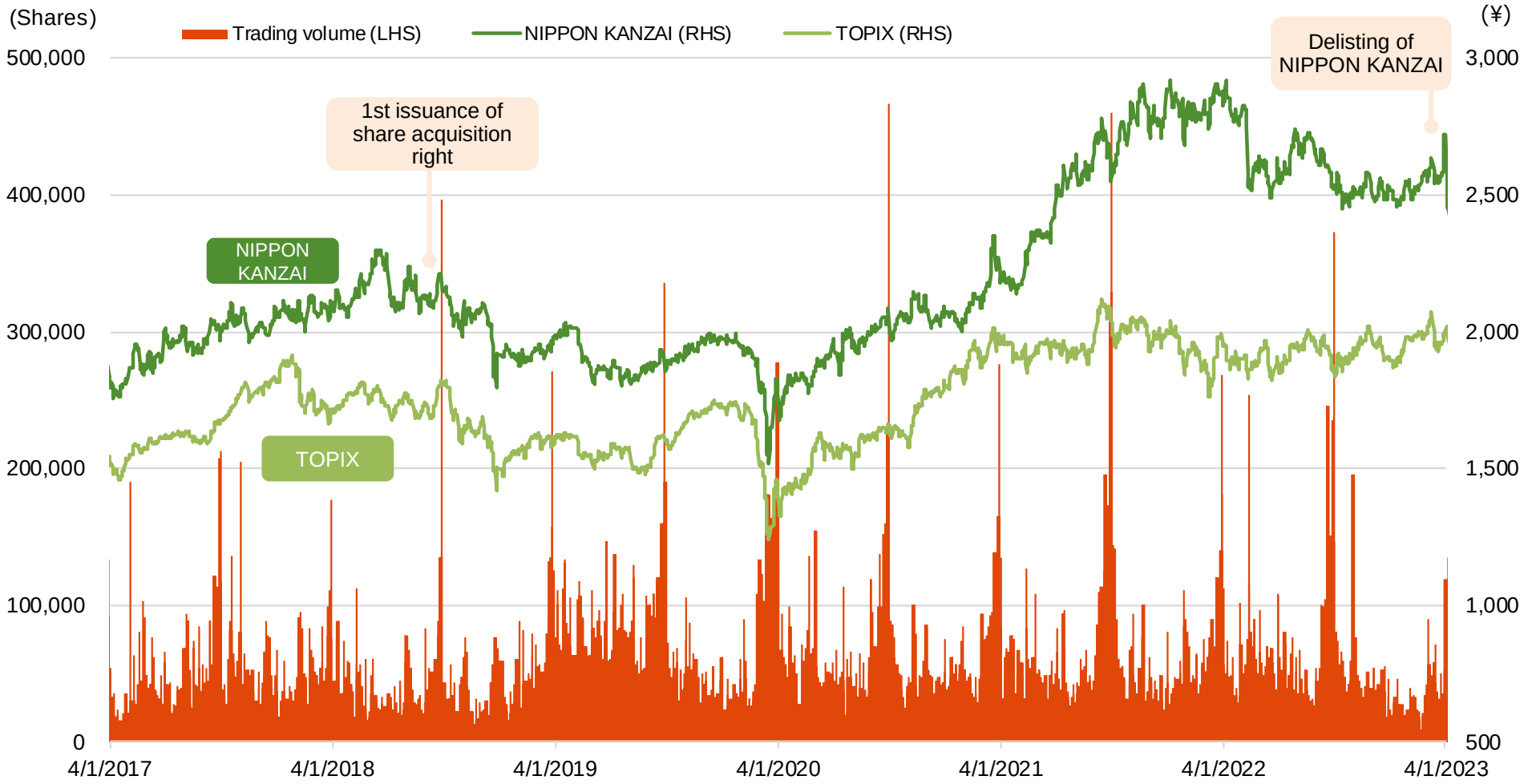
Share Price Trends

July 2017
Heavy rain in north part of Kyushu

June 2018
Earthquake in north part of Osaka, heavy rain in western Japan

January 2020
COVID-19 infections

February 2022
Russian invasion of Ukraine



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Reference (2)

Positioning in the Industry

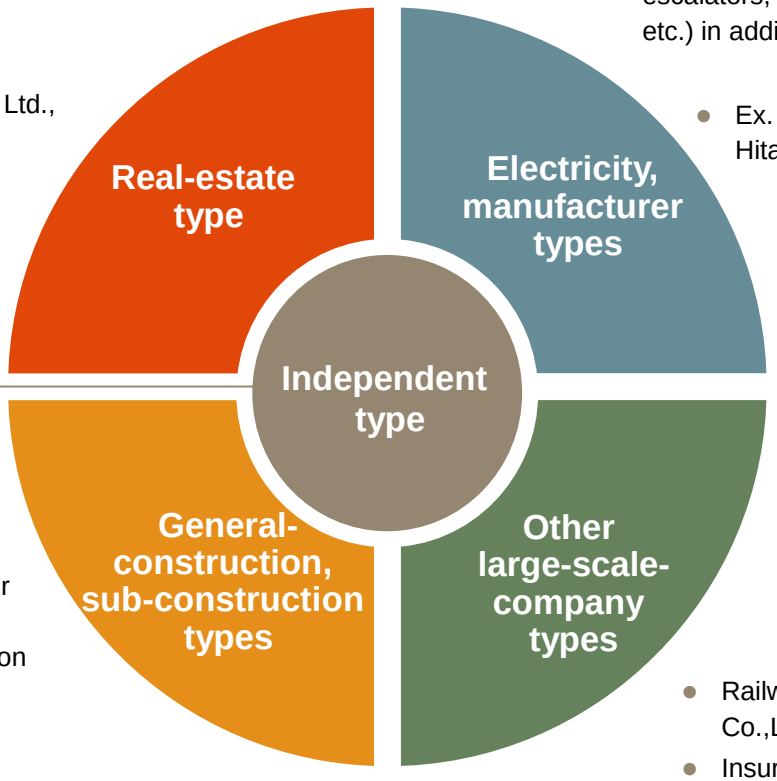
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Industry Structure of Building Maintenance

- Main clients are the buildings owned/developed by their parent company. Advantage in building management businesses such as sales, accounting, clerical work, negotiations with other companies, and securing of profitability in cooperation with their parent company, in addition to general building management works.
- Ex. Mitsubishi Jisho Property Management Co., Ltd., MITSUI FUDOSAN BUILDING MANAGEMENT CO.,LTD., TOKYU COMMUNITY CORP.

- Organizer-like company that integrates functions of companies of each business type
- **NIPPON KANZAI is an independent-type top-level company that is able to deal with total management.**

- Main clients are the buildings constructed by their parent company. Advantage in renovation, reconstruction, and extension works in cooperation with their parent company, in addition to general building management works.
- Ex. Kajima Tatemono Sogo Kanri Co.,Ltd., Taisei-Yuraku Real Estate Co.,Ltd., OBAYASHI FACILITIES CORPORATION, etc.



- Advantage in maintenance and repair, being familiar with products of their parent company (elevators, escalators, electric devices, air-conditioning equipment, etc.) in addition to general building management works.
- Ex. Mitsubishi Electric Building Solutions Corporation, Hitachi Building Systems Co., Ltd., etc.

- Main clients are the buildings owned/developed by their parent company. Many companies were management departments spun off from their parent company. Recently, however, there are cases in which such departments are sold as non-core businesses.
- Railway type: Ex. JR East Facility Management Co.,Ltd., Tobu Building Management Co., Ltd.
- Insurance type: Taisay Building Management Co.,Ltd., Meiji Yasuda Real Estate Management Company Limited
- Commerce type: AEON DELIGHT CO., LTD., etc.

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Transition of Building Maintenance (1)

Transition of building management business and move of NIPPON KANZAI (1965-1990)



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Transition of Building Maintenance (2)

Transition of building management business and move of NIPPON KANZAI (1990-present)

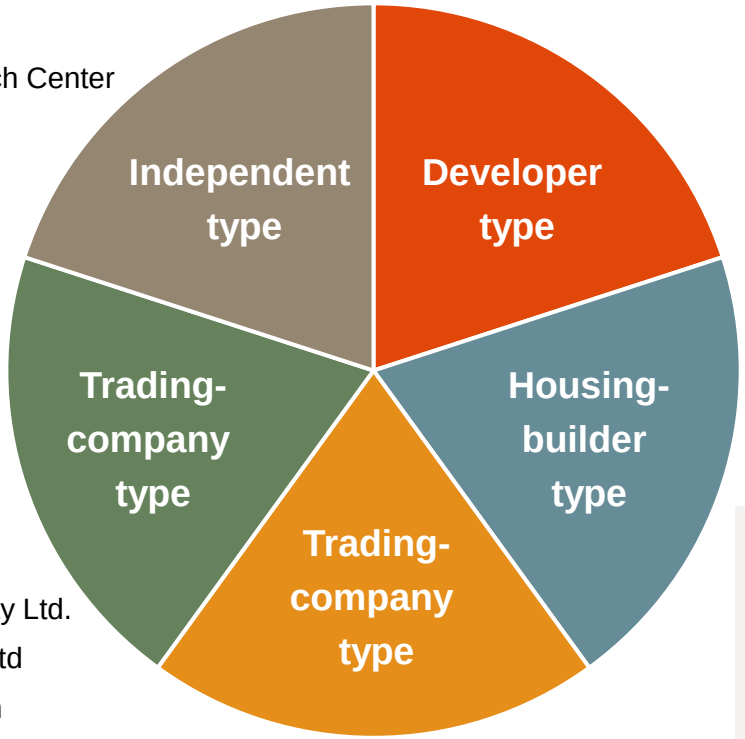
	1990	2000	2010
Society situation	Bubble burst 1995 The Great Hanshin-Awaji Earthquake	2001 The World Trade Center attack (9-11) 2008 Lehman shock	2011 Great East Japan Earthquake 2016 Kumamoto Earthquake 2021 Tokyo Olympic and Paralympic Games 2022 Russian invasion of Ukraine
Laws and technologies related to maintenance security	Around 1990 OA floor method 1997 Implementation of FMer qualification test	1998 Act on Securitization of Special Asset by Special Purpose Companies 1999 Act on Promotion of Development of Public Facilities, etc. by Utilizing Private Funds, etc. 2003 Revision of the Act on Rational Use of Energy	2009 Act on Securing Financial Soundness of Local Governments
Roles and functions of the maintenance management company	● Response to land trust and redevelopment business	● Response to PFI and designated maangers ● Response to ownership of real estate and separation of management (AM, PM)	● Response to CRE and PRE ● Energy/power saving ● Digitalization of management ● SDGs, decarbonation
Major move of NIPPON KANZAI	1990 Entrusted with the management work of large-scale land trust building 1995 Entrusted with the redeveloped building management work in urban area 1996 Commercialized BEST, a production management system	2000 Commercialized WAFM system. Started remote monitoring of facilities Entrusted with PFI business. Started building due diligence service business 2002 Established OS Department 2003 Entrusted with asset management work of real estate after setting up securitization of office buildings 2007 Entrusted with the management works of designated manager systems	2012 Joined FM expo held in Dubai, as a starting point of entering the overseas market 2014 To double-headquarters system 2017 Entrusted with facilities management during the construction period of Toyosu Fish Market 2018 Started comprehensive management operations of Akashi City 2023 Establishment of NIPPON KANZAI Holdings

Building services that are becoming higher level and more complicated

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Mechanism of Condominium Management Industry

- NIPPON KANZAI Co., Ltd.
- Nihon Housing Co., Ltd.
- Gojinsha Planning Research Center



- DAIKYO ASTAGE INCORPORATED
- TOKYU COMMUNITY CORP.
- Mitsui Fudosan Residential Service Co., Ltd.
- Mitsubishi Jisho Community Co., Ltd.
- Sumitomo Fudosan Tatemono Service Co., Ltd

- DAIWA LIFENEXT CO., LTD.
- Anabuki Housing Service Co., Ltd.
- Global Community Co., Ltd.

- ITOCHU Urban Community Ltd.
- Sumisho Tatemono Co., Ltd
- Sojitz LifeOne Corporation

- Haseko Community, Inc.
- Taisei-Yuraku Real Estate Co.,Ltd.
- Nippon Steel Community Service Co.Ltd

Condominium management company in Japan	Approx. **2,659** companies
Member company of Condominium Management Companies Association	**355** companies
No. of lots under management of the member companies (per company)	Approx. **17,940** lots

(Source: Condominium Management Companies Association, 2022 Survey on condominium management commission)

NIPPON KANZAI Group

Only independent-type building management company dealing with condominium management that is listed on the Tokyo Stock Exchange Prime section

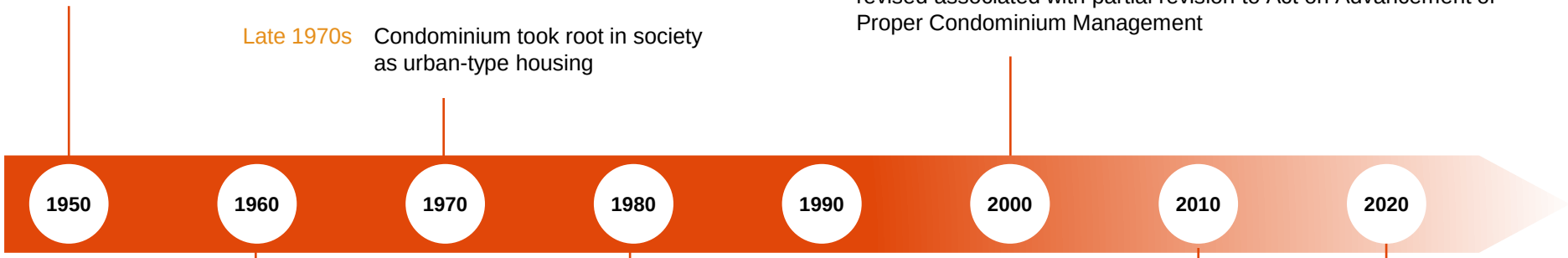
No. **16** in the industry (**100,522** lots) total lots of 3 Group companies

(Source: Mansionkanri Shimbun, calculated by NIPPON KANZAI by group company)

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Transition of Condominium Management Industry

Transition of laws and forms related to condominium management



Late1950s Started offering high-end condominium for high-income people

The main way of management was that a condominium company concludes a management contract individually with a unit owner.

Late 1970s Condominium took root in society as urban-type housing

1962 Establishment of laws concerning unit ownership of buildings, etc.

Late 1960s Increase of popular-type condominium for moderate-income people

Management company affiliated with a condominium company emerged and building maintenance companies entered the market.

Start of a management method: Unit owners establish a homeowner association; and the homeowner association and a management company conclude the management contract. Focus was placed on maintenance and inspections.

1982 Formulation of the Condominium Standard Management Consignment Contract for Mid- to High-rise condominiums (Template of the contract in the case of outsourcing a business to a management company)

2000 Establishment of Act on Advancement of Proper Condominium Management

2003 Revision to Condominium Standard Management Consignment Contract

2009 Condominium Standard Management Consignment Contract was revised associated with partial revision to Act on Advancement of Proper Condominium Management

2014 Establishment of Revised Act on Facilitation of Reconstruction of Condominiums

2021 Establishment of the regulations on explaining important matters via IT devices, associated with partial revision to Act on Advancement of Proper Condominium Management

Establishment of the system in which local governments approve condominium with a proper management plan

Revision to Condominium Standard Management Consignment Contract

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

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

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NIPPON KANZAI Holdings Co., Ltd.
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