

November 12, 2018

To our stakeholders:

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Announcement Regarding Formulation of the New Medium-Term Business Plan “JPMC2022 —Beyond The 100,000 units!—”

This is to announce that, upon revision of the current medium-term business plan (FY2017 to FY2019) at the meeting of the board of directors held today, Japan Property Management Center Co., Ltd. (the “Company”) has formulated a new medium-term business plan “JPMC2022 —Beyond The 100,000 units!—” (FY2019 to FY2022).

1. Background to Formulating the New Medium-Term Business Plan

At the meeting of the board of directors held on February 13, 2017, the Company formulated a 3-year medium-term business plan “JPMC2019” for the period from FY2017 to FY2019. In working toward achieving this medium-term business plan in accordance with the JPMC Group’s management principles, we have been building a business base to facilitate growth and leaps forward. Our concerted efforts have enabled us to expand our delinquency guarantee business and enter the insurance business.

However, the rapid expansion of our businesses has also made it difficult to secure sufficient personnel to support this growth. Consequently, we have not been able to increase the number of units under management to the level we initially forecast, and subsequently net sales are below the plan’s figures. Due to a deviation from the initial forecast figures for the number of units under management as the premise for the earnings forecast, the Company has formulated the following new medium-term business plan, in accordance with the current management environment.

2. Outline of the New Medium-Term Business Plan “JPMC2022 —Beyond The 100,000 units!—”

(1) Increasing the number of units under management by expanding our platform

- Strengthening the sales structure by hiring more sales personnel
- Upgrading core systems using an AI technology base, and introducing systems for customer management, etc.
- M&A of property management companies

(2) Improving our earning capacity by expanding, developing and launching products and services to boost added value

- M&A to expand our range of related businesses
- Building customer relations using AI

(English translation of the original Japanese document)

3. Numerical Targets

We are committed to achieving sustainable growth by FY2022.

	FY2022 targets
Number of units under management	Over 100,000 units
Net sales	63,000 million yen
Ordinary income	4,100 million yen
Dividend payout ratio	40% or above

Note: The management policies and plan figures listed in this document are based on the information available at the time of preparation, and on certain assumptions the Company considers to be reasonable. The actual results may differ from the forecasted figures, due to various factors from hereon.



JPMC2022

~Beyond The 100,000 units!~



Progress of the Current Medium-Term Business Plan “JPMC2019 (FY2017 to FY2019)”

	FY2017		FY2018		FY2019
	Plan	Results	Plan	Results (forecast)	Plan
Net sales	43,400 million yen	40,500 million yen	48,000 million yen	42,500 million yen	53,000 million yen
Ordinary profit	2,400 million yen	2,400 million yen	2,800 million yen	2,800 million yen	3,200 million yen
Profit attributable to owners of parent	1,600 million yen	1,600 million yen	1,800 million yen	1,900 million yen	2,100 million yen

- Growth in subleasing of rental housing for the elderly and in the peripheral businesses of property management such as delinquency guarantee business and insurance business has improved the operating margin. Subsequently, following on from FY2017, we are on track to achieve our profit target for FY2018.
- We were not able to hire enough personnel to keep pace with the expansion of our businesses, and consequently we did not have sufficient sales resources. This resulted in sluggish growth in the number of units under management than we initially forecast, and we were unable to achieve the net sales targets for FY2017 and FY2018.

(Note) The results (forecast) for FY2018 use figures from the earnings forecast.

JPMC2022 —Beyond The 100,000 units! —

Background to Formulating the New Medium-Term Business Plan

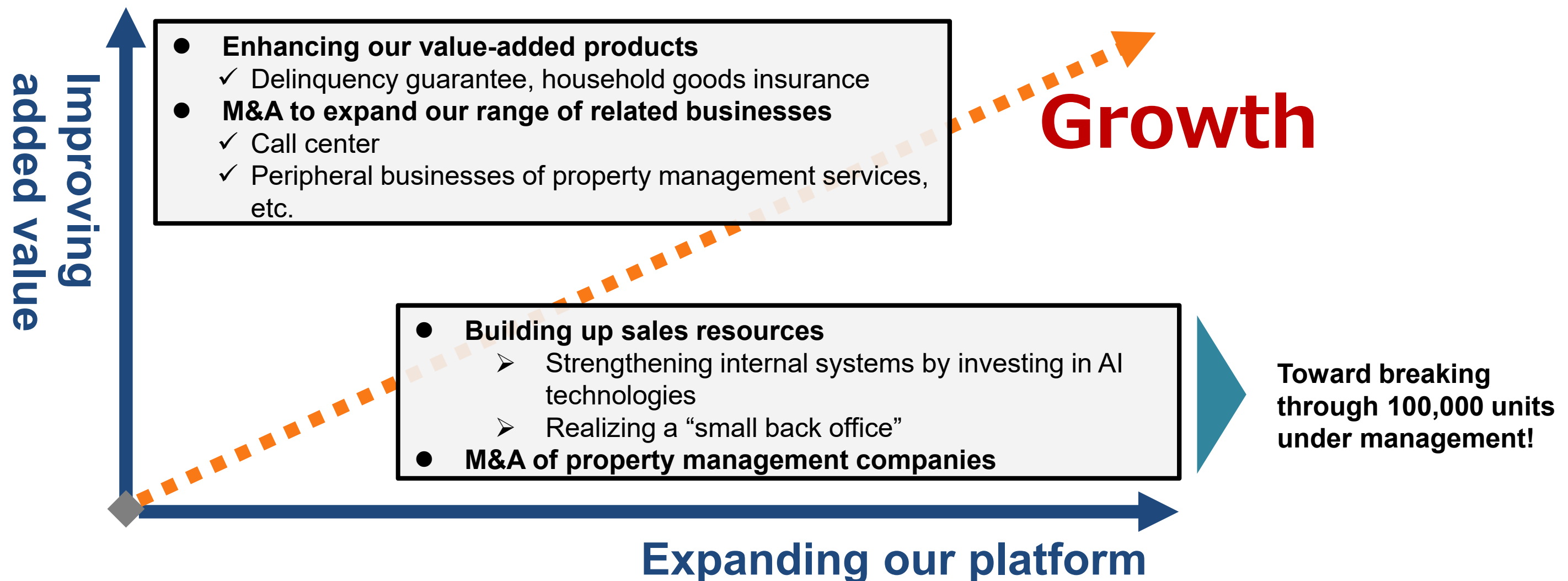
- Due to a deviation in the growth of the number of units under management as the premise for the earnings forecast from the initial forecast figures

Our Aims

- Breaking through 100,000 units under management
- Establishing our position as a market leader in the rental housing industry

Basic Strategy to Achieve These Aims

- Expanding our platform × Improving added value



JPMC2022 —Beyond The 100,000 units! —

KPI

- Working toward promptly reaching 100,000 units under management
- Strengthening our stock business to facilitate sustainable and significant business growth

	FY2018 (forecast)	FY2022 (target)
Number of units under management	75,000 units	Over 100,000 units
Net sales	42,500 million yen	63,000 million yen
Ordinary profit	2,800 million yen	4,100 million yen

Shareholder Returns

- We are committed to ensuring stable dividends while taking into account our previous payments, and we are aiming for a 40% dividend payout ratio in FY2022

(Note) The results (forecast) for FY2018 use figures from the earnings forecast.

Disclaimer

This presentation contains forward-looking statements regarding future outlook, plans and targets. Such statements are determined by the Company based on information available at the time of preparation, and on certain subjective assumptions in regard to uncertain factors. Hence, the information is subject to latent risks and uncertainties, and the presentation of such information does not constitute a guarantee of future results.

Please note there is the possibility that the actual results may differ from the forecasts listed in this presentation due to changes in the economic climate, market trends and management environment, etc.

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