

# Relo Group, Inc.

August 2018

**Company Overview Presentation Material**



## Company Overview

The Relo Group is a group company that has a mission of supporting the non-core operations of client companies so that they can concentrate on their core operations and perform to their full potential and the global expansion of client companies in an environment where global competition among companies is becoming fiercer.

With this mission, in the housing field in Japan, we mainly provide services related to the leased corporate housing managed by client companies and services that solve problems associated with the transfer and moving of employees. In addition, in the life support field, we provide corporate fringe benefit-related services with the aim of improving the vitality of client companies and their employees.

In the global business, we provide a wide range of outsourcing services that support client companies and their employees, including a range of one-stop outsourcing services required when employees are relocated overseas and a range of onsite life support services during overseas postings.

### Our Mission

**We act as a solutions provider in the field of corporate fringe benefit, providing client companies with support in their non-core operations.**  
**We support the global expansion of companies so that they can perform to their full potential.**

## Our Vision

In a situation where the global expansion of companies is increasingly accelerating and their businesses are becoming borderless, the Relo Group is working toward the establishment of a system that supports the relocation of client companies and their employees around the world and all the related operations under the Relo Group's mission and its vision of being a "world-class relocation company."

### Our Vision

**Creating an industry of comprehensive lifestyle support services that we provide globally**  
 Our aim is to "become a world-class relocation company."

## Corporate History

Mar. 1967	Nihonkensou, Inc. established
May. 1984	Company's name changed to Nihon Relocation Center, Inc. Japan's first empty home management service launched
Sep. 1993	Japan's first fringe benefit program outsourcing service launched
Sep. 1999	Listed on the JASDAQ Securities Exchange
May. 2000	On-line relocation support service for transferees launched
Apr. 2002	Japan's first outsourcing service using a subletting scheme for leased corporate housing management launched
Feb. 2004	Japan's first support service for overseas transfer operations launched
Oct. 2004	Japan's first point-based timeshare resorts launched
Jun. 2005	Redac, Inc., which provides support services for Japanese employees residing overseas in North America, acquired and made a group company
Dec. 2008	Capital alliance with Nihon Housing Co., Ltd.
Sep. 2009	Hotel operation launched as a business related to the fringe benefit business
Jan. 2010	TOHTO Co., Ltd. acquired and made a group company Property management service launched
Jun. 2010	Listed on the Second Section of the Tokyo Stock Exchange
Nov. 2011	Listed on the First Section of the Tokyo Stock Exchange
Oct. 2012	Relo TransEuro Ltd., which provides a moving service for Japanese companies' employees residing overseas in the U.K., acquired and made a group company
- 2013	Two property management companies acquired and made group companies Our business area expanded to Miyagi and Kanagawa
Oct. 2014	Panasonic Excel International Co., Ltd., which was a competitor in the overseas transfer service field, acquired and made a group company
- 2015	Three property management companies acquired and made group companies Our business expanded to Chiba, Saitama, and Fukuoka
- 2016	Two property management companies acquired and made group companies
Sep. 2016	Associates for International Research, Inc. acquired and made a group company
- 2017	Seven property management companies acquired and made group companies Our business expanded to Osaka
Aug. 2017	JAC Strattons Ltd. (now Relo Redac Strattons Ltd.), which runs real estate business in the U.K., acquired and made a group company
Nov. 2017	Capital alliance with Hot House Co., Ltd.

### Our Business Expanded as a Solution Provider for Client Companies

Thirty-four years ago, when the Relo Group was founded, transferees had a problem.

At that time, the overseas expansion of Japanese companies was becoming active and a lot of transferees had a problem associated with their own houses. Most of their own houses were purchased with a large loan and the largest fortune in their lives. Accordingly, an increasing number of companies established an in-house lease system for employees' own houses, which leased the transferees' own houses to other employees.

However, there was no end to the number of complaints, such as, "My boss moved into my house and made it dirty, but I cannot complain strongly and have no choice but to accept it." and "The rent is too low to pay my housing loan."

At that time, many of those who owned a house and had to transfer had similar problems. "Somebody needs to solve this empty home problem for transferees. Otherwise, Japanese employees will not be able to relocate in peace," thought Masanori Sasada, the founder of the company, and he launched Japan's first empty home management service.

In 1993, with the passion of "we want to eliminate the difference in the fringe benefit between large-sized companies, which have a wealth of fringe benefit programs, and small- and medium-sized companies," we launched a fringe benefit outsourcing service. In addition, with an eye on the corporate personnel who agonized over the troublesome corporate housing management operations that occurred extensively, we launched Japan's first full outsourcing service of them.

In 2004, we launched a support service for overseas transfer operations in response to a request from companies to support their complicated operations involved with the overseas transfer of employees. In this way, the Relo Group has developed a unique position by creating Japan's first services that solve the problems of client companies.

## ■ Characteristics of Our Business

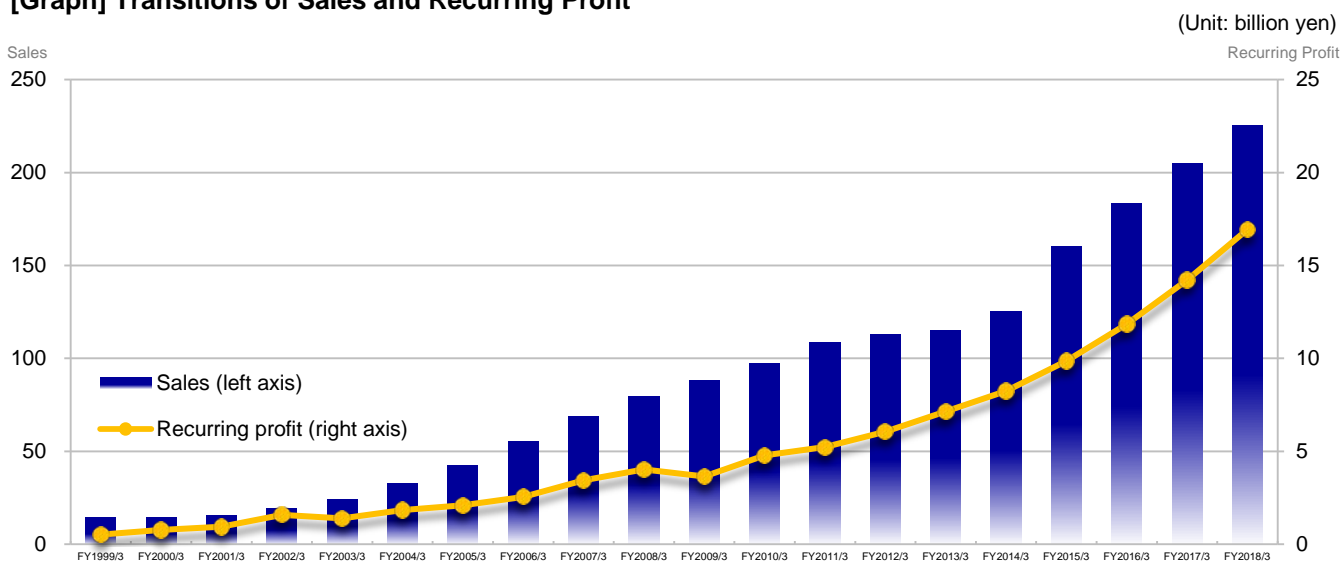
### Maintain the high growth rate on the base of the stock business

The Relo Group's main business is the BtoB stock business, whose major characteristic is the fact that the revenue we can obtain stably every year accounts for approximately 80% of our recurring profit. In each business in which our Group is involved, we mainly run a stock business in which we receive certain fees every year from business foundations (stocks) such as the number of members, managed houses, and companies that have introduced our services. By accumulating the revenues obtained from those stable stocks, we achieve continuous growth.

In recent years, in addition to the revenues obtained from the stocks, we have maintained income growth that exceeds the pace of stock accumulation by expanding into related businesses by using the business foundations in the main business.

Based on this stable earnings structure, we recorded an increase in revenues for 18 consecutive years and the highest profits for nine consecutive years as of the fiscal year ending March 2018.

### [Graph] Transitions of Sales and Recurring Profit



## ■ Characteristics of the Company

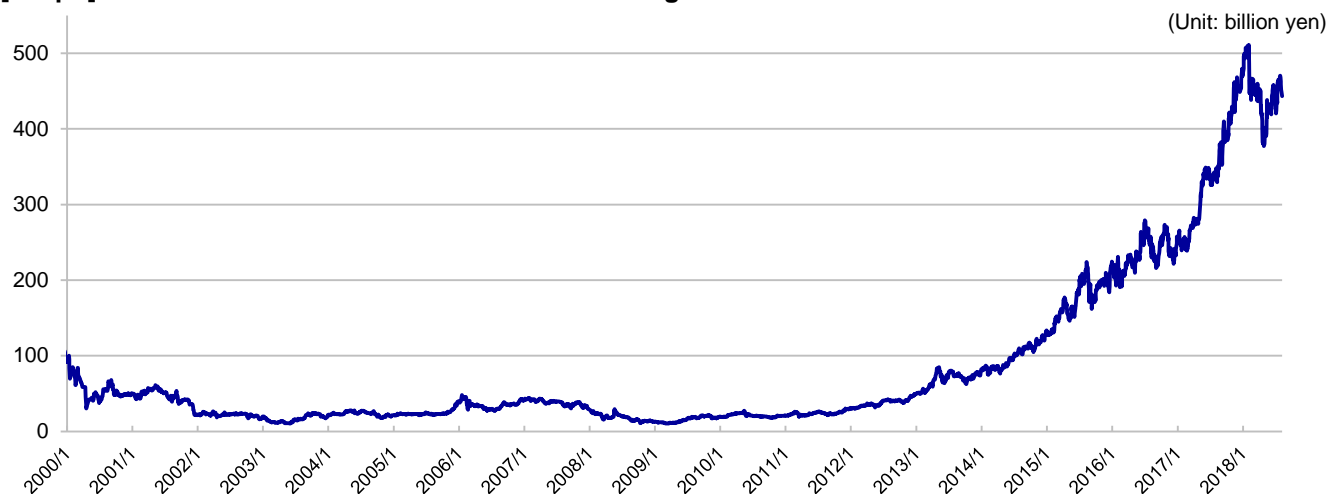
### Promoting Partnership Management with the aim of continually improving corporate value

The total market value of the Relo Group has been on a long-term upward trend along with its continual income growth, mainly in the stock businesses.

Our Group has set Partnership Management as its core business since its foundation. It recommends that all employees own its stocks as business partners of the Relo Group, and the membership rate of the stock ownership group by the employees of our Group exceeds 90%.

Having the employees own their own company's stocks not only fosters a corporate culture in which all the employees perform their work from the same viewpoint as its management and investors, but also acts as a strong incentive for the employees because their outcomes cause a rise in its total market value, which is returned to them as a reward. We are continuously promoting partnership management by taking a range of measures, aiming for the continual improvement of our corporate value.

### [Graph] Transition of Total Market Value Since Listing

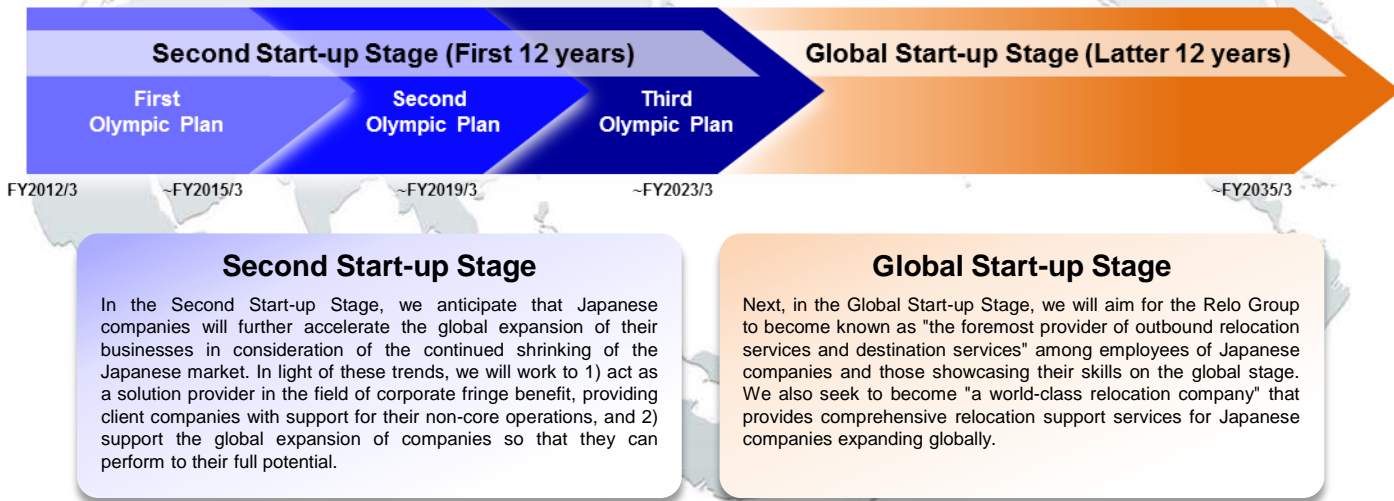


## 24-year Long-term Plan: Second Start-up

The Relo Group has labeled the 24-year period that began with the fiscal year ended March 2012 as the Second "Start-up" Period. During this period we will continue working towards achieving our vision based on a medium- and long-term business framework. We designate the first half of the Second "Start-up" Period as the Second Start-up Stage, and the latter half as the Global Start-up Stage. Over the course of this period, we will formulate a medium-term business plan, known as the Olympic Plan, once every four years.

Currently, the entire group is working together to achieve the goals of the First Olympic Plan, which will come to a close in the fiscal year ending March 2015.

[Figure] Image of Second Start-up



## Medium-term Management Plan: Second Olympic Plan

### Working to strengthen the foundations of our domestic business and expand global business

For our domestic business, we will continue to work to increase the number of leased corporate houses we manage and the number of members of our fringe benefit outsourcing service, which are our business foundations, and enhance our core business in the future with the aim of obtaining the absolute number-one market share. For the property management business, we will promote its nationwide expansion so that we can provide full support for all the operations associated with the movement of people such as company relocation and employee transfer and movement, with the aim of enhancing our functions as a relocation company.

For the global business, with the empty home management service, which is a service we have offered since our foundation, as the key content, we will increase the number of households we support in global relocation by enhancing our corporate sales activities and improving service quality. In addition, to become a global relocation company, we will promote the further increase of service contents and overseas sites. Through these overseas sites, we will work to build a system for undertaking the relocation of global companies.

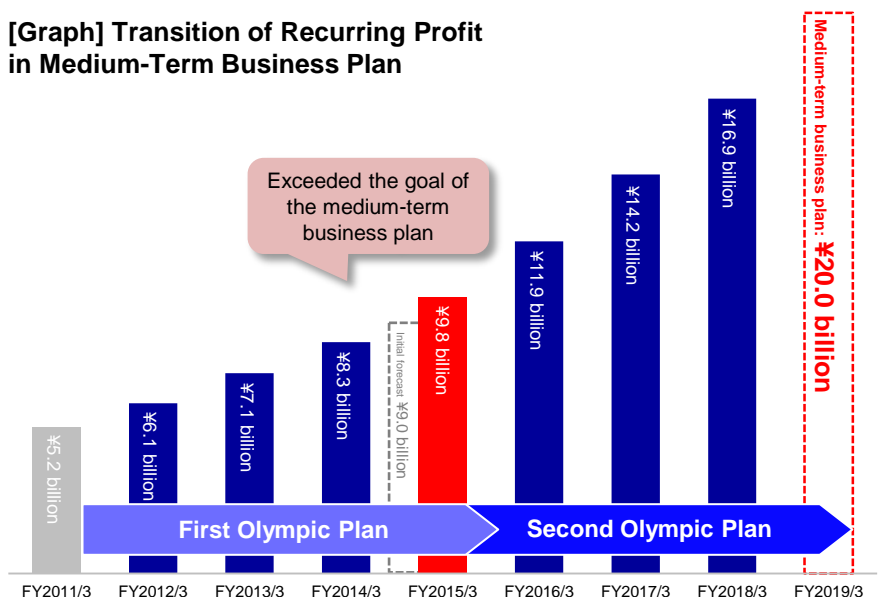
### The last year of the medium-term business plan is going smoothly

In the First Olympic Plan, which commenced in the fiscal year ending March 2012, we planned to increase recurring profit of ¥5.2 billion in the fiscal year ending March 2011 to ¥9 billion in four years. In the last fiscal year, which ended in March 2015, it reached ¥9.8 billion, a substantial excess.

In the Second Olympic Plan, which commenced in the fiscal year ending March 2016, we set a goal of doubling recurring profit to ¥20 billion in four years in the medium-term business plan.

This year is the last year of the Second Olympic Plan. The recurring profit in the fiscal year ending March 2018 was ¥16.9 billion, which means that this medium-term business plan is also progressing smoothly.

[Graph] Transition of Recurring Profit in Medium-Term Business Plan



## Business Fields

The core business of the Relo Group is broad, and is divided into the domestic business and the global business.

The domestic business consists of the leased corporate housing management business and the property management business, where we support operations associated with the corporate housing field, and the fringe benefit business, where we provide services in the corporate life support field.

The global business is divided into the global relocation support business, where we support overseas relocations, and the overseas onsite support business, where we provide onsite life support in foreign countries.

In addition to these, although we do not position them as core businesses, we also offer a resort business and a finance and insurance business as the businesses that are expected to grow.

Since the fiscal year ending March 2012, when we launched the medium-term business plan, the Relo Group has achieved a high growth rate thanks to its continual income growth of nearly 20% on average in each business.

[Figure] Business Fields of the Relo Group



## Overview of Each Business

### Domestic Relocation Business

#### Leased Corporate Housing Management Business

We provide a full-outsourcing service for leased corporate management operations of client companies. We also provide related services including housing mediation when transferring, moving arrangements, and dispatching managers to company-owned dormitories and housing.

#### Property Management Business

We are increasing our group companies in the areas where there is high demand for corporate housing to expand our property management services. In addition, we provide a rental housing mediation service in over 60 shops nationwide.

#### Fringe Benefit Business

In addition to the fringe benefit outsourcing service that reduces the workloads and costs of client companies and provides a range of content to their employees, we provide hotel operation and housing call services as related businesses.

### Global Business

#### Global Relocation Support Business

We provide a one-stop support service of a range of operations involved with overseas transfer, including working visa applications, moving house overseas, and freight arrangements. In addition, we provide an empty home management service that manages the transferees' own houses.

#### Overseas Onsite Support Business

In the areas including North America, Mexico, London, Shanghai, Beijing, Thailand and India, we provide a life support service for employees residing overseas, including managing serviced apartments and onsite house mediation.

#### Others (Resort Business and Finance and Insurance Business)

In addition to point-based timeshare resorts with the concept of irreplaceable time spent with families and friends, we offer insurance products related to each service provided by the Relo Group.

[Table] Transition of Performance By Segment

(Unit: million yen)	FY2011/3	FY2012/3	FY2013/3	FY2014/3	FY2015/3	FY2016/3	FY2017/3	FY2018/3	FY2019/3
<b>Sales</b>	<b>108,410</b>	<b>112,978</b>	<b>115,059</b>	<b>125,332</b>	<b>160,050</b>	<b>183,280</b>	<b>205,117</b>	<b>225,437</b>	<b>250,000</b>
Domestic Relocation Business	77,212	81,192	81,680	87,902	113,706	129,764	148,398	163,686	182,000
Fringe Benefit Business	8,847	9,277	10,006	11,898	17,586	17,914	19,116	22,118	26,800
Global Business	17,915	18,730	20,198	22,773	25,736	32,146	33,668	34,373	36,000
Resort Business	2,540	2,418	2,501	2,265	2,499	2,910	3,346	4,625	4,600
Finance and Insurance Business	1,894	1,359	673	492	522	544	586	632	600
<b>Operating Profit</b>	<b>4,902</b>	<b>5,584</b>	<b>6,291</b>	<b>7,212</b>	<b>8,746</b>	<b>10,840</b>	<b>13,264</b>	<b>15,359</b>	<b>18,400</b>
<i>Year-on-year</i>	-	+13.9%	+12.6%	+14.6%	+21.3%	+23.9%	+22.4%	+15.8%	+19.8%
Domestic Relocation Business	2,154	2,448	3,383	3,805	4,611	5,208	6,358	6,521	7,500
<i>Year-on-year</i>	-	+13.6%	+38.2%	+12.5%	+21.2%	+12.9%	+22.1%	+2.6%	+15.0%
Fringe Benefit Business	2,136	2,492	2,759	3,236	3,952	4,645	5,618	6,796	8,700
<i>Year-on-year</i>	-	+16.7%	+10.7%	+17.3%	+22.1%	+17.5%	+20.9%	+21.0%	+28.0%
Global Business	950	1,157	1,144	1,425	1,458	2,087	2,516	2,990	3,300
<i>Year-on-year</i>	-	+21.8%	-1.1%	+24.6%	+2.3%	+43.1%	+20.6%	+18.8%	+10.4%
Resort Business	335	288	249	-12	340	560	745	1,173	1,250
Finance and Insurance Business	454	430	129	146	12	37	-66	-39	-50

## Leased Corporate Housing Management Business

### Business Overview

The core of this business is an outsourcing service of the operations related to leased corporate housing managed by the client company. As the main operations of the leased corporate housing management, we cover rent transfer to the owner, contract management, negotiations at the time of exit, payment of lease deposits on behalf, and problem handling, etc. and receive a fixed charge per unit in exchange for those services from the client company every month based on the number of units.

For large companies that have over 1,000 leased corporate houses to be managed, this leased corporate housing management is performed by a dedicated department or staff. By outsourcing them, it is possible to reduce the costs of the operations performed internally. In addition, even for small- and medium-sized companies that manage fewer units, there has been a strong tendency to outsource the operations of their back-office departments in recent years to streamline operations, which is a tailwind for our business.

In addition, as related services for leased corporate housing management, we support housing mediation during transfer or relocation, moving arrangements (Relo Net), and the dispatch of managers to company-owned housing, among other services.

### Strength of the Business

#### Differentiation through our unique subletting scheme

Relo Group was late to enter the leased corporate housing management service business. However, the services provided by the other companies involved only outsourcing the services of rent transfer on behalf and contract management, and there were still a lot of operations that client companies had to perform themselves.

To solve this problem at client companies, we launched the industry's first service by employing the scheme using a sublease contract. We conclude a lease contract with a tenant as an interested party and sublease the property to a company. By doing so, we can bear the brunt of the work on behalf of the client companies, which enables a drastic reduction of operations at the client companies.

By differentiating from the other companies through the use of this high value-added service, we have established the leading position in the industry.

#### What is leased corporate housing?

The properties provided by a company as one of its fringe benefits are called leased corporate housing.

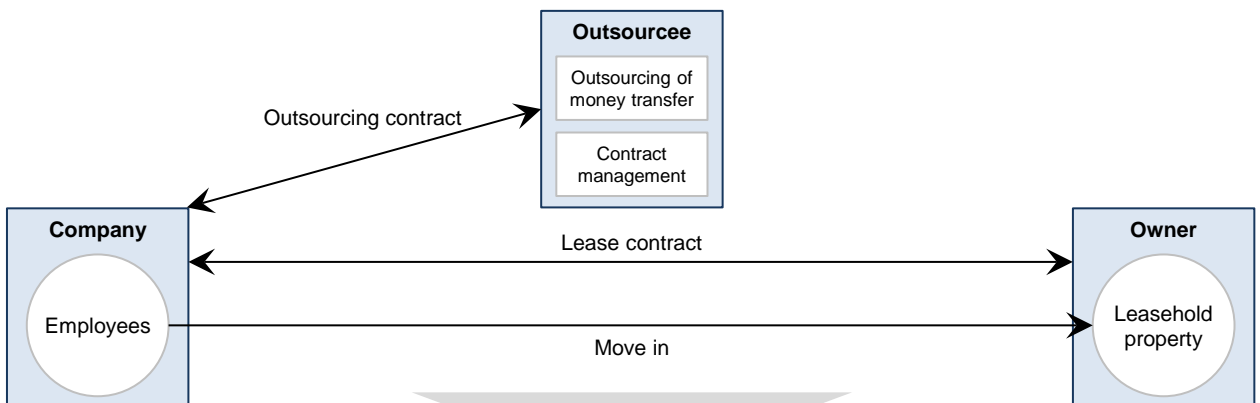
In Japan, there was a common belief in the past that people working for the same company were family. Although this belief has gradually been lost nowadays, the culture whereby companies provide housing to their employees still remains ingrained in the fringe benefit systems of Japanese companies.

There are two types of corporate housing: company-owned housing and leased corporate housing. For company-owned housing, a company has its employees living in its owned dormitory. For leased corporate housing, on the other hand, a company leases a general leasehold property from a real-estate agent so that its employees can live in that leased property.

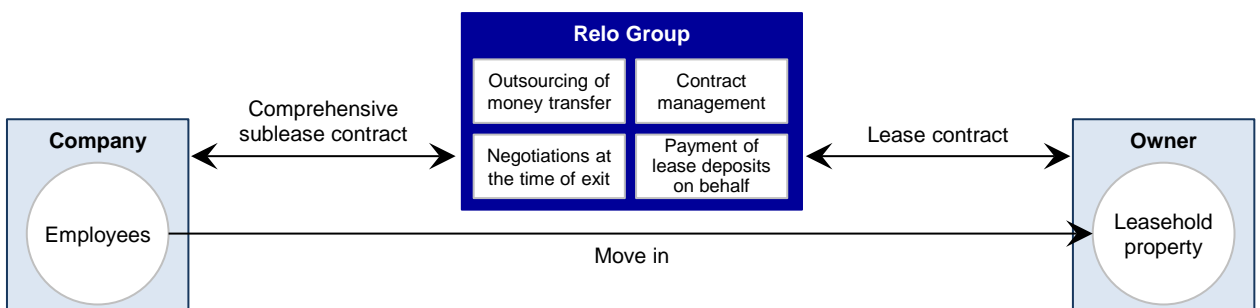
Before the bubble economy burst, a lot of companies, mainly large-sized companies, owned company-owned housing in Japan. Since then, however, companies have proceeded to streamline their management in the weak economy, and that company-owned housing has been sold and switched to leased corporate housing.

[Figure] Difference of Contract Scheme Between the Relo Group and Other Companies

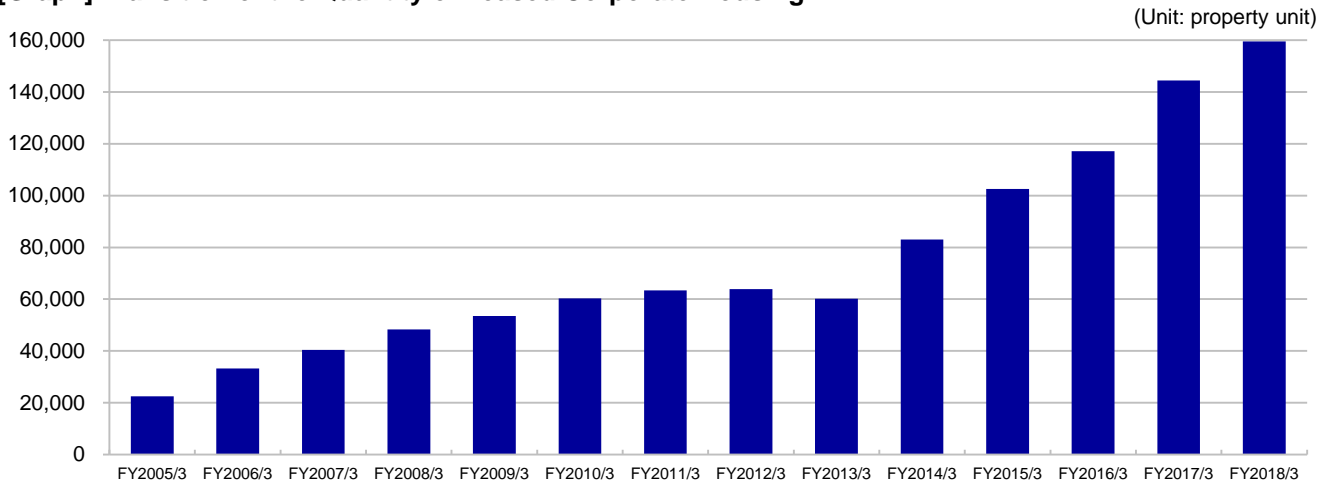
#### Contract scheme of other companies (outsourcing scheme)



#### Contract scheme of Relo Group (subletting scheme)



**[Graph] Transition of the Quantity of Leased Corporate Housing**



## Market Environment

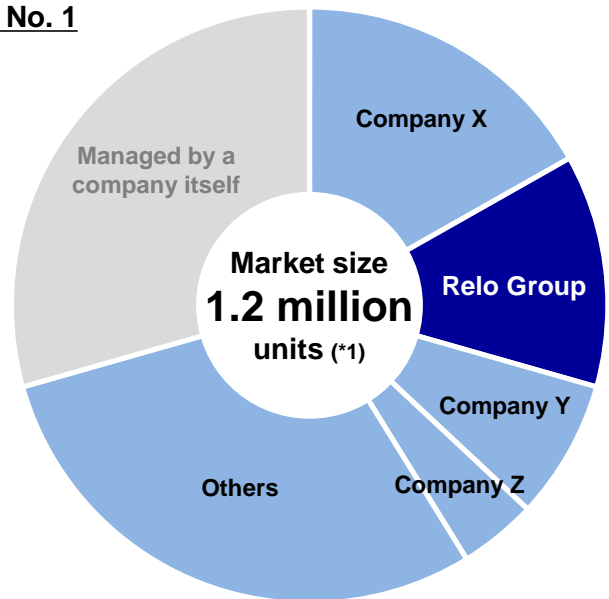
### Holding the 2<sup>nd</sup> market share, rapidly approaching No. 1

Since the start of the service in 2002, the Relo Group has increased the number of managed units based on the strength of its high value-added service using the subletting scheme. In addition, in 2013, with the high value-added subletting scheme remaining, the company commenced the provision of customized services at inexpensive prices and achieved the highest growth rate in the industry.

Relo Group manages 160,000 leased corporate housing units as of the end of March 2018 and has the second highest market share. The company with the top market share currently manages approximately 200,000 units, and the difference has been shrinking year by year.

The majority of the companies with the third and subsequent market shares are companies whose core business is real estate. They manage leased corporate housing as a sub-business. We have also increased order receipts caused by switching from those companies steadily year by year and are working to increase our market share by meeting new outsourcing demand as well as demand from clients switching from other companies.

**[Graph] Quantity of Leased Corporate Housing Managed**



\*1 Estimated by our company

## Market Growth

### Demand for outsourcing is experiencing an expansion trend

When the Social Security and Tax Number System was implemented in 2017, companies' workloads related to leased corporate housing increased. In addition, along with the promotion of Work Style Reform led by the government, people are discussing the improvement of companies' work environments, and the outsourcing demands from companies are increasing. This trend is a tailwind for us.

In addition, in a situation where the shortage of manpower in Japan is assuming significant proportions, the outsourcing of the operations of back-office departments is anticipated to expand on a long-term basis. Accordingly, we expect this market to keep expanding for the next several years.

## Related Services

In addition to the above, as related services in this business, we provide Relo Net, a system that satisfies needs of transfer and relocation, which occurs every year, and that allows housing mediation and moving arrangements online, and other services including dispatching managers to company-owned housing, construction and reform arrangements, and corporate housing mediation based on requests from companies.

### - Main Related Services -

Housing mediation during relocation, relocation support (Relo Net)	Dispatching managers to company-owned housing
Construction and reform of corporate housing	Mediation of individual properties and single buildings, etc. for corporate bodies

## Property Management Business

### Business Overview

We are deploying this business mainly in major cities in Japan. We provide an outsourcing service of the property management operations to be performed by the owners of the properties as a core service in each area. The property management operations include the collection and management of rents to be paid by tenants every month, contract management, resident mediation, and handling of inquiries and problems. In compensation for these, we receive management charges, which are calculated by multiplying the rent of each property by a fixed rate, according to the number of units outsourced from the property owners every month. Furthermore, we have expanded over 60 rental agents nationwide, where we provide services including housing mediation in the respective areas, trade the intermediation of prosperities, and construct arrangements for managed properties.

### Expansion of the Business

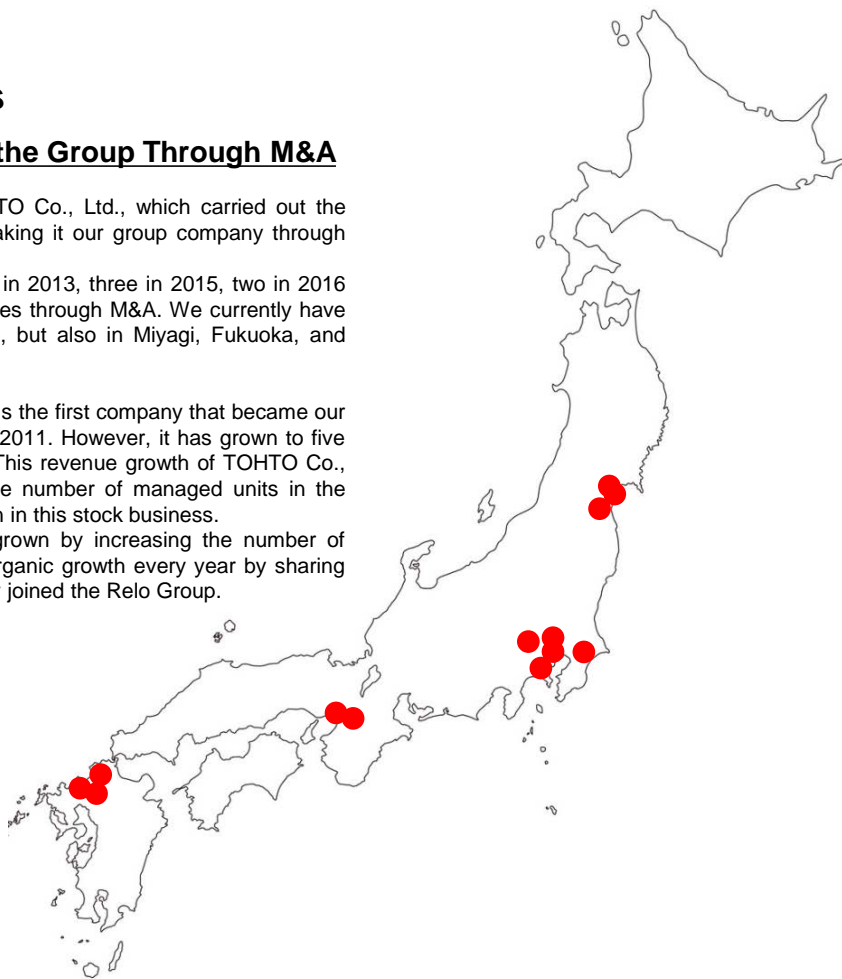
#### Expansion and Organic Growth of the Group Through M&A

We commenced this business by acquiring TOHTO Co., Ltd., which carried out the property management business in Tokyo, and making it our group company through M&A in 2011.

Since then, two property management companies in 2013, three in 2015, two in 2016 and seven in 2017 were made our group companies through M&A. We currently have business areas not only in the metropolitan area, but also in Miyagi, Fukuoka, and Osaka.

The operating revenue of TOHTO Co., Ltd., which is the first company that became our group company, was approximately ¥0.4 billion in 2011. However, it has grown to five times this size, approximately ¥2 billion, in 2018. This revenue growth of TOHTO Co., Ltd. has been achieved by steadily increasing the number of managed units in the property business, which is our business foundation in this stock business.

With this business model, where revenues are grown by increasing the number of managed units, as a success case, we achieve organic growth every year by sharing our expertise with the companies that subsequently joined the Relo Group.



### Strength of the Business

#### Sharing of Expertise and Brand Strategies

Since we have acquired property management companies and made them group companies in each area for this business, the strengths, success cases, and expertise that have been accumulated at each company are completely different. It is therefore a major strength in this business that we can share such knowledge and expertise that are unique to the respective companies in our group.

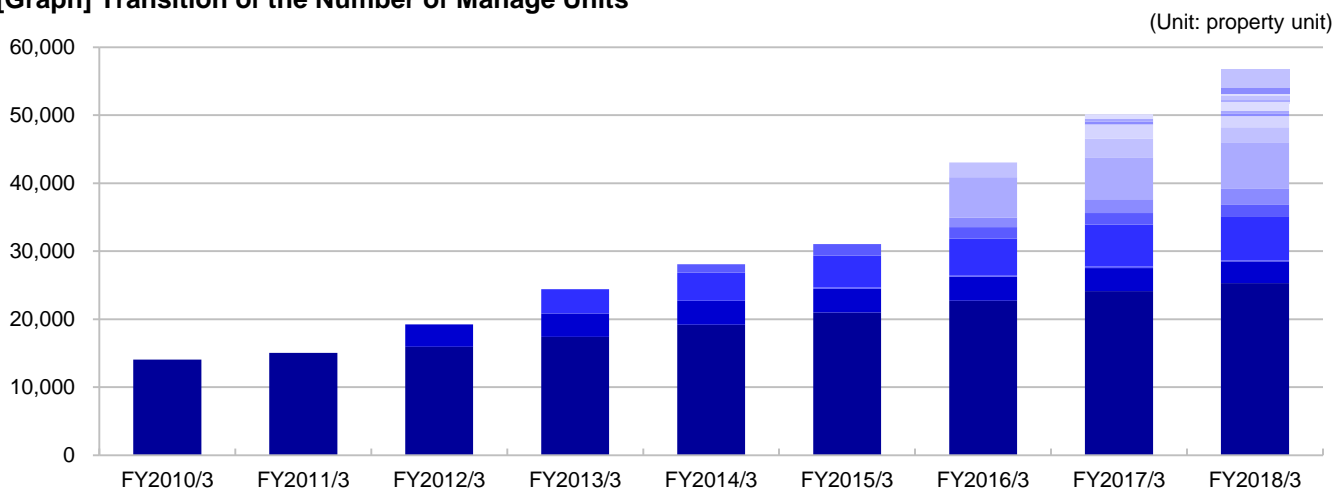
In 2014, we established Relo Partners, Ltd., an intermediate holding company that supervises the property management business of the Relo Group, to accelerate the sharing of such knowledge and expertise. We also consolidate duplicate operations performed by the respective companies, including back-yard operations, with the aim of achieving a further efficient operating system.

In addition, we launched the common brand “Relo no Chintai” of the Relo Group’s property management business in 2017 and posted the unified brand on the name boards in over 60 stores nationwide. We are currently working to achieve the further penetration of the brand nationwide and improve the brand loyalty.





[Graph] Transition of the Number of Manage Units



## Market Environment

[Table] Top Companies with High Number of Managed Units

1 <sup>st</sup>	Daito Trust Construction Group	1030
2 <sup>nd</sup>	Sekisui House Group	600
3 <sup>rd</sup>	Leopalace 21	570
4 <sup>th</sup>	Daiwa Living	530
5 <sup>th</sup>	Starts Group	520
6 <sup>th</sup>	Token Corporation	220
7 <sup>th</sup>	House Mate Group	210
8 <sup>th</sup>	Minitech	180
9 <sup>th</sup>	Village House Management	90
10 <sup>th</sup>	Asahi Kasei Realty & Residence	80
⋮		
20 <sup>th</sup>	Relo Group	60

(Unit: thousand properties)

Source: "National Rent House News – Ranking of No. of Managed Properties 2018"

### Markets Segmented by Region

Currently, there are 1,450 rental units (\*2) to be managed in Japan, and approximately 50% (\*3) of the units are outsourced. On the other hand, there are approximately 850 property management companies (\*4) that manage 500 units or more. In this segmented market, multiple companies exist in each region. In the property management business, because the ability to collect property information in each region and the relationship of trust with the property owners can be factors for differentiation, there are a lot of small- and medium-sized property management companies that are deeply rooted in the community.

Many of the top companies with a high number of managed units are developers, and their business style is to obtain sublease contracts of their developed properties. Accordingly, their business model is different from that of the Relo Group.

The Relo Group currently manages approximately 60 thousand units by making the property management companies that are rooted in each community nationwide our group companies, and we are ranked around 20<sup>th</sup> in the ranking of the number of units managed.

\*2 Source: "Housing and Land Survey 2013"

\*3 Estimated by our company

\*4 Source: "National Rent House News – Ranking of No. of Managed Properties 2018"

### The M&A environment is favorable. Companies that have problems with business succession are increasing in number.

Speaking of M&A, which is one of the growth drivers in the property management business, the market environment is favorable. Many business operators in the property management market are currently entering the era of the retirement of owners, and half of them have a problem with business succession because there are no successors. In this environment, the Relo Group is promoting "coexistent and co-prosperity type M&A" and building a business model in which business operators that have problems with business succession can grow together with us because we inherit their business even after we make them our group companies.

The M&A projects through business succession are currently increasing, and we expect them to become a tailwind for our future group expansion through M&A.

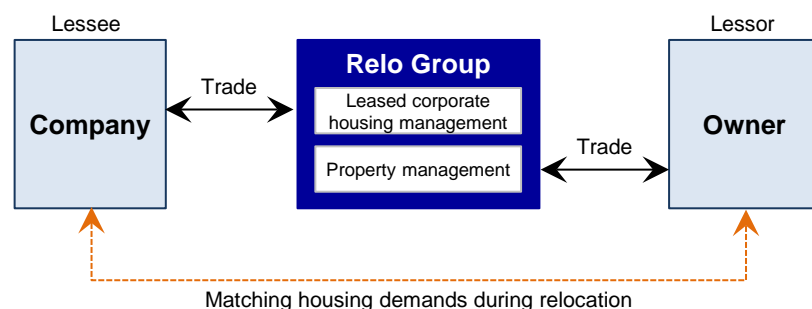
## Synergy with Leased Corporate Property Management

### Aiming for a one-stop support service of housing-related operations

Every year, approximately 30% of the residents of leased corporate housing move out due to job transfers, etc. In the leased corporate management business as described above, we support housing mediation needs during such relocations by introducing real-estate agents that have an alliance with us nationwide.

In the future, by increasing the property management companies of the Relo Group in the regions where companies and employees relocate frequently, we will build a system that can provide a one-stop housing mediation service during relocation to comprehensively support the operations in the corporate housing field.

[Figure] Synergy Between Leased Corporate Housing Management and Property Management



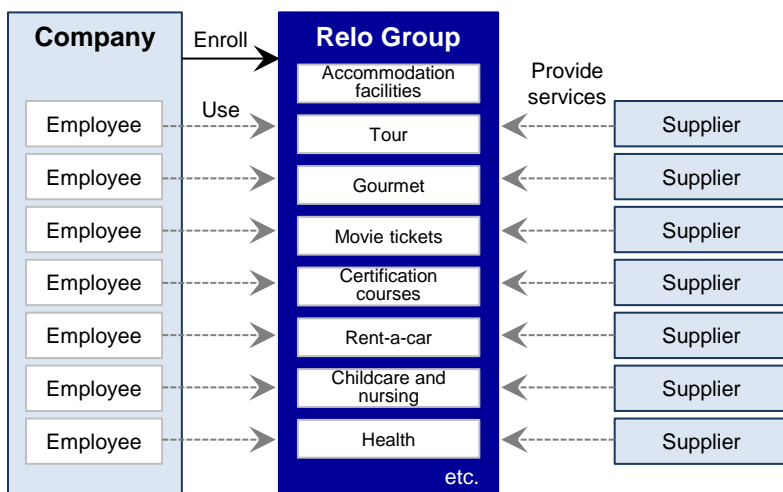
## Fringe Benefit Business

### Business Overview

In this business, we provide a platform that allows employees working for client companies to use a variety of menus that support their lives and work styles, including leisure and accommodation menus that help enrich their leisure hours, upskilling, medical examination, childcare and nursing menus as outsourcing services of corporate fringe benefits. A lot of companies introduce this platform with the aim of improving the satisfaction of their employees and enhancing the recruitment of human resources, and we receive a fixed charge according to the number of employees who use this platform every month.

In addition, by using the fringe benefit service menu platform, we provide courtesy services for the customers of client companies. We also manage hotels, provide a living needs call service, and operate rental meeting rooms, among others as the businesses that make use of the membership foundation of the fringe benefits.

[Figure] Outline of Fringe Benefit Outsourcing Service



### Strength of the Business

[Photo] Local Versions of Newsletter



#### Fine-tuned services for small- and medium-sized companies and respective local regions

We launched this business in 1993 with the desire “We want to fill the gap in fringe benefits between large-sized companies and small- and medium-sized companies.” Under this mission, we have developed a follow-up system that is satisfactory for a lot of companies and footwork that can meet demands, and our service has now been introduced by approximately 10 thousand companies, which is the industry’s largest membership.

In addition, we have opened offices in 11 locations across Japan to expand our proposal sales activities that meet the needs of each local company. We are also working to increase menus that are available in local regions by procuring service menus for which there are many needs in the local regions.

Furthermore, in 2016 we divided the nation into eight regions and began publishing local versions of our newsletter, summarizing the services available in each region for the first time in the industry. These unique, fine-tuned services of the Relo Group have become our strengths and major elements that differentiate us from other companies.

#### Continual system investments improve usability

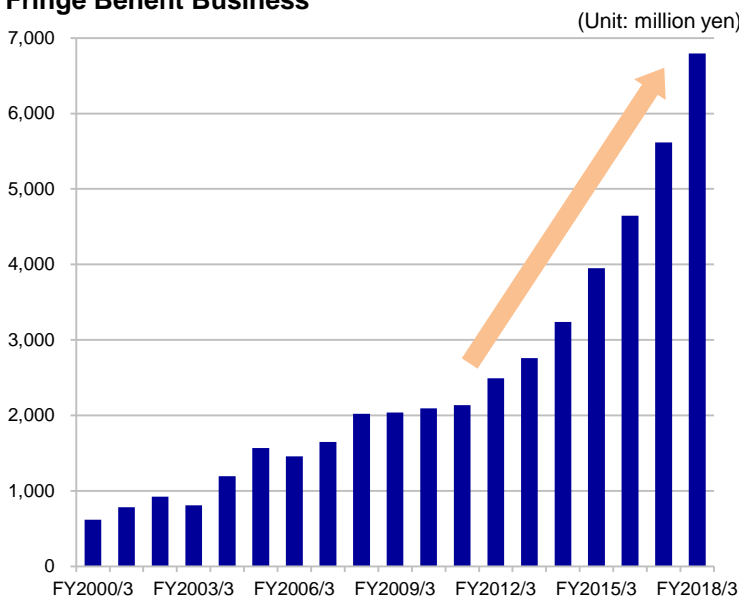
Another of our strengths in this business is improved usability and streamlined operations through continual system investments.

The performance of the fringe benefit business was stagnant from the fiscal year ending March 2009, which was immediately after the start of the global financial crisis, to the fiscal year ending March 2011. However, because we made a large-scale system investment to build a mission-critical system and then improved it continually every year, we have achieved the streamlining of backyard operations and improved usability thanks to improved interfaces.

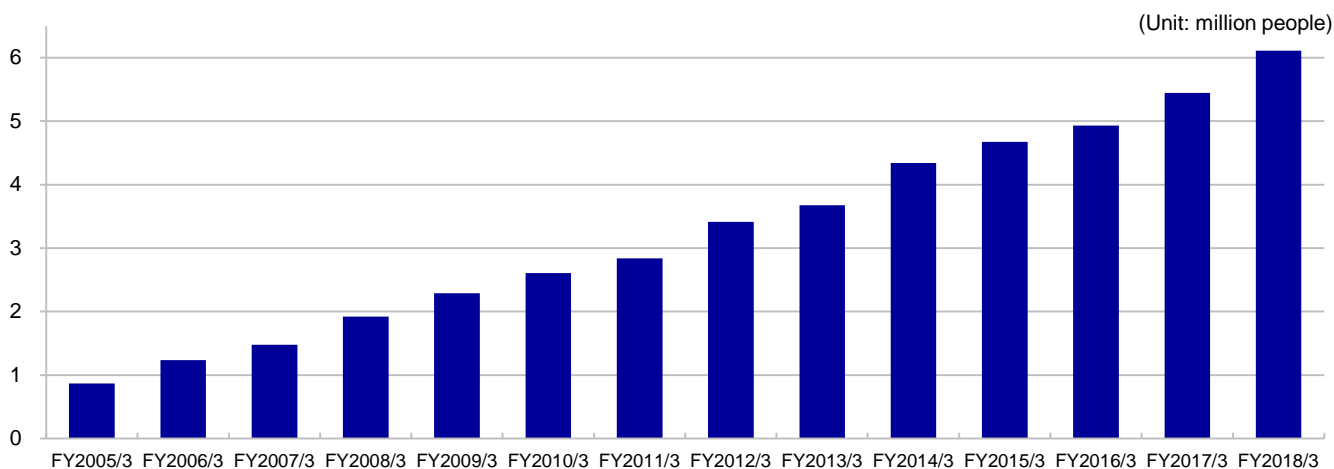
As a result, while the number of members has increased, the costs of call centers, etc. have gradually decreased year by year. In addition, the improved utilization rate has led to a decrease in the withdrawal rate, contributing to high profit growth.

To expand this success case to other fields, we have just commenced system investments in the leased corporate housing management business.

[Graph] Transition of Operating Profit in the Fringe Benefit Business



[Graph] Transition of Number of Members for Fringe Benefit Outsourcing Services



## Market Environment

### Small- and medium-sized companies and local regions have strong potential

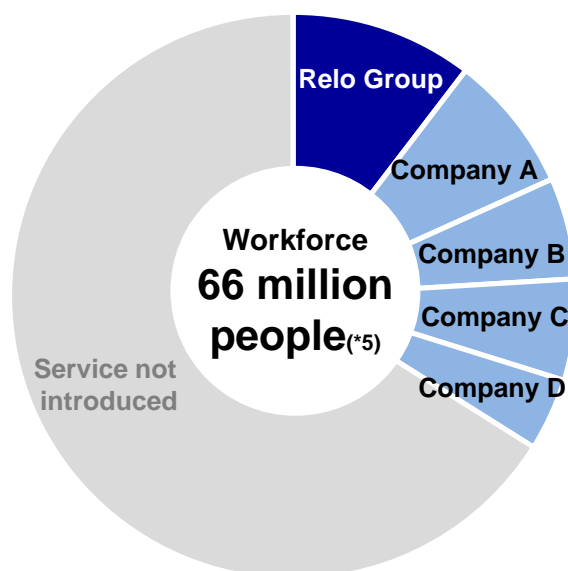
There are four other companies who are our main competitors in the fringe benefit outsourcing service market. When viewed based on the number of members released, we have 6.11 million members as of the end of March 2018, which indicates the No. 1 market share.

Japan's current workforce is approximately 66 million people. Considering the number of members of the five major fringe benefit outsourcing service companies including us, approximately one third of the workforce have already enrolled in any of the fringe benefit outsourcing services.

However, while the introduction rate of large-sized companies that are headquartered in Tokyo, Osaka or other large cities is nearly 90%, that of small- and medium-sized companies with fewer than 1,000 employees is still less than 10%, which is a significant difference. Among them, local companies constitute an untapped market, and their introduction rate is far lower.

We have treated small- and medium-sized companies as our main clients since the launch of the business, and with the local offices that we are actively expanding as a base, we will strive to obtain new clients in the markets of small- and medium-companies and local regions, which will continue to have strong potential. In addition, we will actively enter the large-sized company market, where our competitors are superior, to further increase our member numbers.

[Graph] Number of Members for Fringe Benefit Outsourcing Services



\*5 Source: "Labor Force Survey, June 2018"

## Market Growth

### The external environment is positive. Business inquiries about fringe benefit services have increased.

The fringe benefit market is also affected by the shortage of manpower and work style reform in recent years, and business inquiries about our service have never been boosted before. The shortage of manpower in companies has worsened because of the factors such as the start of the decreasing labor population in Japan, and an increasing number of companies are introducing our service as a measure for reinforcing the recruitment of excellent human resources and improving employee satisfaction to retain existing human resources.

In addition, as the work style reform-related bills have been passed and the trend of "equal pay for equal work" has become popular, it can be expected that companies that have introduced our service for regular employees so far will expand its coverage to non-regular employees, so the market is expected to expand in the future.

## Related Services

### - Main Related Services -

Customer relationship management outsourcing (CRM)	Hotel operation
Living needs call service	Rental meeting room operation

## Global Relocation Support Business

### Business Overview

In this business, we provide a one-stop service of complicated procedures involved in overseas transfers, starting from before a transfer and continuing all the way until the individual returns home, including in relation to working visa applications, medical examinations, vaccinations and moving house overseas. We conclude contracts with client companies and receive payments according to the details of each service every time an employee is assigned to overseas.

In addition, we also jointly provide a diverse range of related services, such as arranging air tickets for business trips, the creation of overseas transfer regulations, the provision of training before a transfer, and home management during a transfer.

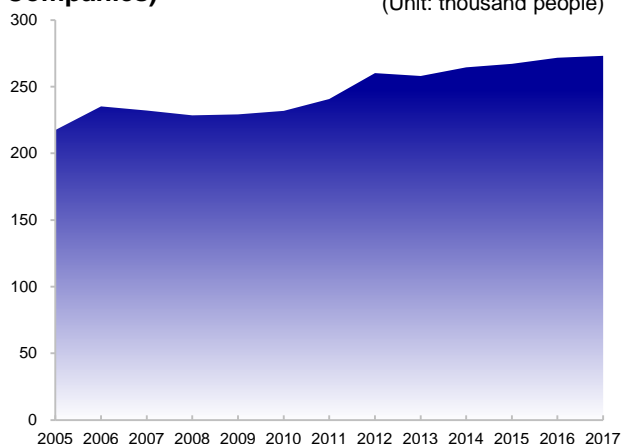
One-stop support		
Visa application	Air ticket arrangement	Arrangements for moving house overseas
Overseas transfer progress management	Creation of overseas transfer regulations	Indexes for overseas payroll accounting
Training before transfer	Trunk room arrangements	Vaccination arrangements
Empty home management	Japanese food and magazines arrangements	Foreigner acceptance support

etc.

### Market Environment

[Graph] Transition of the Number of Employees Residing Overseas (Related to Private Sector Companies)

(Unit: thousand people)



\*6 Source: "Statistics of Survey on the Number of Japanese Residing Overseas"

### The outsourcing rate is approximately 10%. The market is expected to expand.

The number of households of private sector company-related employees residing overseas is approximately 270 thousand as of 2017 (\*6) and is increasing year by year. Among them, approximately 30% finish their term and move every year. Accordingly, we estimate that the number of households transferring from Japan to overseas will be about 70 to 90 thousand annually. The number of households that the Relo Group supports is 7,200 as of the fiscal year ending March 2018, which is approximately 10% of the annual number of households that transfer overseas.

Our Group acquired 66% of the stocks of Panasonic Excel International Co., Ltd., which was the biggest competitor at that time, and made it a group company in 2014. Through this, we have obtained an overwhelming market share as an outsourcing company. On the other hand, approximately 90% of companies in the market still perform overseas transfer-related operations internally in Japan.

In a situation where the shortage of manpower in Japan is progressing, our Group anticipates that the outsourcing of overseas transfer-related operations, which are currently performed internally by companies, will be accelerated and become a driver in this business in the future.

### Growth Strategies

#### Explore new clients by using door knock tools

In a situation where the outsourcing of operations from companies is not yet progressing in Japan, we provide easy-to-introduce services such as one-shot visa arrangement, training before transfer, and the arrangement of air tickets for business trips as door knock tools to build relationships with large-sized and other companies on which overseas transfer-related operations are considered to impose a heavy burden.

#### Upgrade of existing clients

In this business, there are still a lot of client companies that have introduced our one-shot services only. We will proceed with highly potential upgrades by jointly proposing other services that achieve the streamlining of their operations to such client companies.

### Related Services

#### Stable cash cow: Empty Home Management Service

As a related service of the global relocation support business, we have provided an empty home management service since the foundation of the Relo Group.

In the empty home management service, we look after the properties of employees who have been transferred overseas and own their own houses, and look for tenants by offering them as rental properties in the general market and perform complicated operations including rent collection management and contract management on behalf of the employees, for which we receive certain monthly management charges from the owners of the properties.

The Relo Group currently manages approximately 8,600 empty houses, which is now a stable source of revenue in our global relocation support business. In addition, by providing the most troublesome service of property management, we have turned it into killer content in this business.

[Figure] Logo Mark of Our Empty Home Management Service



## Overseas Onsite Support Business

### Business Overview

We have expanded this business to countries and areas into which Japanese companies are advancing, including North America, Mexico, London, Shanghai, Beijing, Thailand and India. As well as managing serviced apartments and providing onsite house mediation, we provide a total service for employees residing overseas who support Japanese companies onsite in the corresponding country, including residence management, setting up daily life, an international house-moving service, and multilingual problem handling.

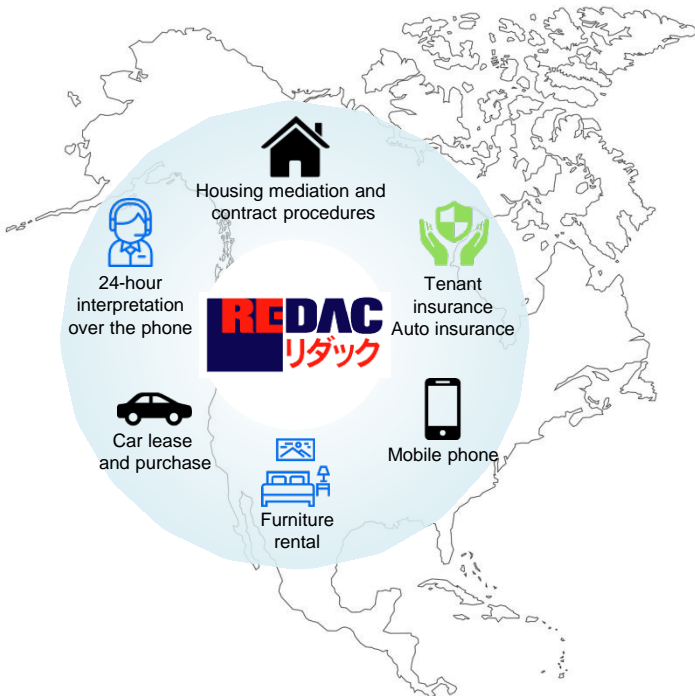
### Expansion of the Business

#### Establishment of total support for employees residing in North America

In the North America region, which is the core of our overseas onsite support business, we have a total of 12 offices including our subsidiary, Relo Redac, Inc., throughout North America. As a result, we have an overwhelming support system and market share as a service for Japanese employees residing overseas.

In the house mediation and serviced apartments services, we are expanding the territory of our services by opening new offices in the areas where there is high demand from Japanese employees residing there every year. We are also adding new services needed for onsite life as required.

In 2017, we started a new service called the Global Mobility Management Service, which packages services such as housing management, 24-hour interpretation over the phone, insurances that are hard to obtain in overseas countries, and car leases. We have established a total support system for the expansion of Japanese companies and the lives of their employees residing overseas.



#### Full-scale business expansion commences in the U.K.

In October 2017, the Relo Group acquired JAC Strattons Ltd. (now Relo Redac Strattons Ltd.), which provides housing mediation and other services for Japanese employees in London, and made it our group company. In the future, we will enhance our support system in London in cooperation with Relo TransEuro Ltd., a moving company for Japanese companies that joined our group in 2012. In addition, by expanding serviced apartments and other businesses, which are successful in North America, from London to Europe, we will aim to build the No. 1 support system in Europe as well.



### Global Expansion in the Future

#### Relo Group's first global M&A: AIRINC was made a group company

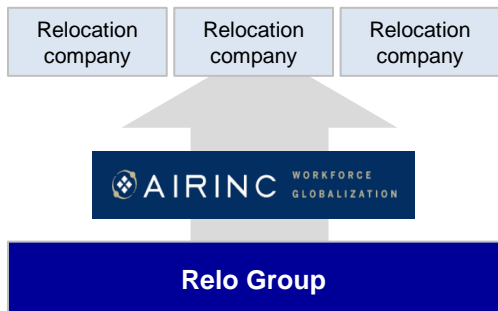
In September 2016, we caused AIRINC (Associates for International Research, Inc.) to join our group through our first global M&A. This company is an American company headquartered in Boston that investigates and sells various types of data related to overseas transfers, including living indexes used for the payroll accounting of employees residing overseas, and also provides overseas transfer-related consulting and other services.

The Relo Group concluded an exclusive distributor agreement of data in Japan with it in 2012. In the future, we will organize a further cooperative system with it to enhance domestic sales as well as make new growth investments with the aim of enhancing sales and expanding market shares in Europe and Asia.

#### Launch toward becoming a Global Relocation Company

AIRINC has a customer base that mainly consists of global companies including the top 100 companies in the U.S. in terms of total revenue and a pipeline with relocation companies that are expanding globally.

The Relo Group will use AIRINC's trading platform to take an active approach to relocation companies around the world and make full-scale efforts to become the Top Global Relocation Company, which the Relo Group is aiming to achieve.

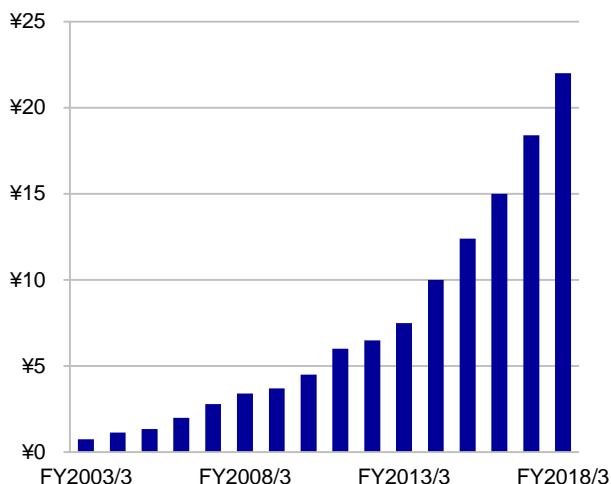


	FY2011/3	FY2012/3	FY2013/3	FY2014/3	FY2015/3	FY2016/3	FY2017/3	FY2018/3
<b>Consolidated Statements of Income</b> (Unit: million yen)								
Sales	108,410	112,978	115,059	125,332	160,050	183,280	205,117	225,437
<i>Year-on-year</i>	11.6%	4.2%	1.8%	8.9%	27.7%	14.5%	11.9%	9.9%
Cost of Sales	94,584	98,612	99,421	106,902	137,313	155,656	172,435	186,437
Gross operating profit	13,825	14,365	15,638	18,430	22,736	27,623	32,681	38,999
Selling, general and administrative expenses	8,922	8,780	9,347	11,217	13,990	16,783	19,417	23,640
Operating profit	4,902	5,584	6,291	7,212	8,746	10,840	13,264	15,359
<i>Year-on-year</i>	10.9%	13.9%	12.6%	14.6%	21.3%	23.9%	22.4%	15.8%
EBITDA	5,696	6,373	7,068	8,105	9,844	12,190	14,812	17,155
Non-operating income	580	659	913	1,164	1,218	1,211	1,244	1,834
Non-operating expenses	247	172	59	124	101	197	269	250
Recurring profit	5,235	6,072	7,144	8,252	9,863	11,854	14,238	16,943
<i>Year-on-year</i>	9.2%	16.0%	17.7%	15.5%	19.5%	20.2%	20.1%	19.0%
Extraordinary income	61	17	148	53	48	46	0	94
Extraordinary loss	362	59	229	763	574	728	650	955
Profit before income taxes	4,934	6,030	7,063	7,542	9,338	11,172	13,587	16,081
income taxes, etc	2,051	2,617	2,704	2,717	3,250	3,958	4,363	5,214
Net income attributable to noncontrolling interests	1	3	2	4	1	55	73	84
Net income attributable to owners of parent	2,882	3,410	4,356	4,819	6,085	7,158	9,151	10,782
<i>Year-on-year</i>	6.7%	18.3%	27.8%	10.6%	26.3%	17.6%	27.8%	17.8%

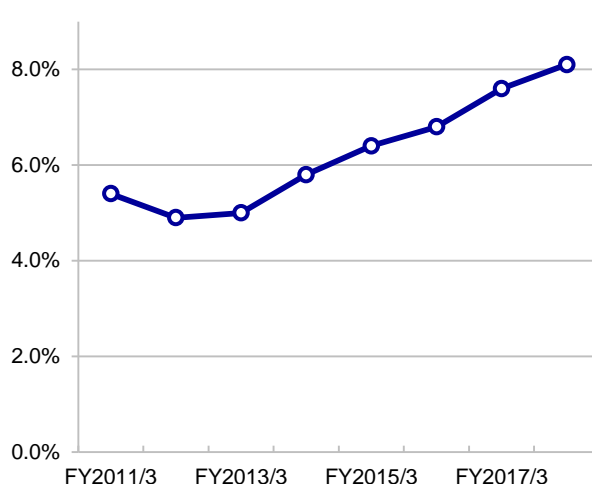
	(Unit: yen)							
EPS	19.26	23.31	29.78	32.96	41.32	49.26	61.47	71.91
Diluted EPS	19.24	23.16	29.25	32.35	39.97	47.82	60.65	71.16
DPS	6.00	6.50	7.50	10.00	12.40	15.00	18.40	22.00
BPS	121.12	137.76	161.59	180.51	210.54	225.33	262.22	283.54

ROE	17.3%	17.7%	19.8%	19.1%	21.2%	22.4%	25.3%	26.4%
ROA	12.2%	13.8%	15.3%	15.7%	15.5%	15.4%	15.6%	15.0%
Equity Ratio	42.4%	45.1%	49.1%	46.8%	43.9%	39.6%	39.6%	33.5%
Dividend Payout Ratio	31.2%	27.9%	25.2%	30.3%	30.0%	30.4%	29.9%	30.6%
DOE	5.4%	4.9%	5.0%	5.8%	6.4%	6.8%	7.6%	8.1%
Operating Profit Margin	4.5%	4.9%	5.5%	5.8%	5.5%	5.9%	6.5%	6.8%

[Graph] Transition of DPS



[Graph] Transition of DOE



# Financial Information

	FY2011/3	FY2012/3	FY2013/3	FY2014/3	FY2015/3	FY2016/3	FY2017/3	FY2018/3
<b>Consolidated Balance Sheets</b> (Unit: million yen)								
Cash and deposits	3,450	4,774	6,610	9,276	11,001	12,928	13,309	27,933
Notes and accounts receivable-trade	4,818	5,609	6,170	7,602	9,388	10,479	12,094	14,892
Real estate for sale	594	541	865	1,471	1,860	5,321	6,729	9,894
Advance payments	6,275	6,111	5,529	7,373	8,532	10,647	13,291	14,372
Other	3,619	3,408	3,894	3,505	5,638	7,067	11,157	10,375
<b>Total current assets</b>	<b>18,756</b>	<b>20,443</b>	<b>23,068</b>	<b>29,227</b>	<b>36,419</b>	<b>46,442</b>	<b>56,580</b>	<b>77,466</b>
Property, buildings and equipment	3,819	3,612	3,526	3,983	6,158	6,183	7,486	8,254
Intangible assets	3,278	3,319	4,513	4,673	7,063	8,468	10,524	10,960
Software	805	961	1,181	1,275	1,284	1,173	1,485	2,255
Goodwill	2,445	2,309	3,282	3,344	5,720	7,070	8,862	8,521
Other	28	49	50	54	59	225	177	184
Investments and other assets	17,408	17,450	17,536	18,837	20,878	22,301	24,744	29,493
Investment securities	6,804	7,201	7,996	7,946	8,946	9,644	10,585	14,148
Lease and guarantee deposits	8,301	8,236	7,230	8,732	9,760	10,543	11,627	12,545
Other	2,303	2,013	2,310	2,159	2,172	2,114	2,532	2,800
<b>Total noncurrent assets</b>	<b>24,506</b>	<b>24,382</b>	<b>25,575</b>	<b>27,495</b>	<b>34,100</b>	<b>36,953</b>	<b>42,754</b>	<b>48,708</b>
Deferred assets	-	-	-	-	-	15	12	52
<b>Total assets</b>	<b>43,263</b>	<b>44,826</b>	<b>48,644</b>	<b>56,723</b>	<b>70,520</b>	<b>83,410</b>	<b>99,347</b>	<b>126,228</b>
Accounts payable-trade	1,715	2,005	1,951	2,604	3,256	3,295	3,425	3,866
Advances received	8,562	9,210	8,247	10,616	11,479	13,808	16,067	17,370
Short-term loans payable	2,480	1,363	2,122	3,344	5,706	9,052	14,358	8,751
Other	2,953	4,041	5,204	5,264	8,299	9,752	11,870	13,223
<b>Total current liabilities</b>	<b>15,710</b>	<b>16,619</b>	<b>17,524</b>	<b>21,828</b>	<b>28,740</b>	<b>35,907</b>	<b>45,720</b>	<b>43,210</b>
Long-term loans payable	4,631	3,493	2,210	3,127	4,623	5,472	5,440	5,384
Corporate bond	-	-	-	-	-	2,400	1,800	1,200
Bonds with stock acquisition rights	-	-	-	-	-	-	-	26,822
Long-term lease deposits	4,061	3,855	4,246	4,549	5,222	5,608	5,867	6,071
Other	390	523	636	557	579	548	776	732
<b>Total noncurrent liabilities</b>	<b>9,082</b>	<b>7,871</b>	<b>7,092</b>	<b>8,233</b>	<b>10,424</b>	<b>14,028</b>	<b>13,883</b>	<b>40,209</b>
<b>Total liabilities</b>	<b>24,793</b>	<b>24,490</b>	<b>24,617</b>	<b>30,061</b>	<b>39,164</b>	<b>49,935</b>	<b>59,604</b>	<b>83,419</b>
Shareholders' equity	18,681	20,444	23,881	26,430	30,437	32,682	38,634	41,852
Accumulated other comprehensive income	-321	-236	22	91	495	387	677	425
Subscription rights to shares	71	85	74	93	127	71	39	22
Non controlling interests	38	41	48	46	294	334	390	508
<b>Total net assets</b>	<b>18,469</b>	<b>20,444</b>	<b>24,027</b>	<b>26,661</b>	<b>31,355</b>	<b>33,475</b>	<b>39,742</b>	<b>42,808</b>

	FY2011/3	FY2012/3	FY2013/3	FY2014/3	FY2015/3	FY2016/3	FY2017/3	FY2018/3
<b>Consolidated Statement of Cash Flows</b> (Unit: million yen)								
Profit before income taxes	4,934	6,030	7,063	7,542	9,338	11,172	13,587	16,081
Depreciation	651	645	624	667	742	813	908	1,092
Amortization of goodwill	143	144	153	226	356	537	640	704
Other	-3,993	-962	-2,210	-4,512	-3,860	-8,529	-14,112	-9,021
<b>Cash flows from operating activities</b>	<b>1,735</b>	<b>5,857</b>	<b>5,630</b>	<b>3,923</b>	<b>6,576</b>	<b>3,993</b>	<b>1,023</b>	<b>8,856</b>
Purchase of property, plant and equipment	-253	-133	-571	-844	-1,488	-2,620	-1,614	-2,821
Purchase of software	-390	-469	-453	-554	-318	-298	-591	-1,930
Other	-124	19	-1,274	486	-2,844	-1,463	-1,953	-2,707
<b>Cash flows from investing activities</b>	<b>-767</b>	<b>-583</b>	<b>-2,298</b>	<b>-912</b>	<b>-4,650</b>	<b>-4,381</b>	<b>-4,158</b>	<b>-7,458</b>
<b>Free cash flows</b>	<b>968</b>	<b>5,274</b>	<b>3,332</b>	<b>3,011</b>	<b>1,926</b>	<b>-388</b>	<b>-3,135</b>	<b>1,398</b>
<b>Cash flows from financing activities</b>	<b>-844</b>	<b>-3,940</b>	<b>-1,535</b>	<b>-466</b>	<b>-178</b>	<b>2,634</b>	<b>3,613</b>	<b>13,042</b>
<b>Net increase in cash and cash equivalents</b>	<b>3,328</b>	<b>4,701</b>	<b>6,525</b>	<b>9,160</b>	<b>11,041</b>	<b>12,828</b>	<b>13,309</b>	<b>27,933</b>

# **Relo Group, Inc**

4-3-23 Shinjuku, Shinjuku-ku, Tokyo, JAPAN

URL : <https://www.relo.jp/>

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