

## **Notification of the Overview of Haseko Group Long-Term Vision and Medium-Term Business Plan**

In May 2014, Haseko Corporation (the “Company”) announced its medium-term business plan, called the “newborn HASEKO (for the six years from the fiscal year ending March 2015 through the fiscal year ending March 2020)” (hereinafter, the Plan NB), which has the implication of rebirth and advancement of the Company as “new born Haseko.” The Company positioned the first three years of the business plan as the period to “Step Up” (hereinafter, the “Plan NBs”) and the latter three years as the period to “Jump Up” (hereinafter, the “Plan NBj”), and is striving to achieve the targets. As the new medium-term business plan starts in the next fiscal year ending March 2021, the Company announces its overview.

Looking back on the six years of the Plan NB, in the Construction-Related Business, orders received have been secured at a high level and profit ratio on construction works improved more than expected, as customers and project owners have high regard for the Company’s ability to gather land information and product planning ability, its attitude regarding construction quality and keeping construction schedules, among other strengths against the backdrop of the ease of competitive environment and stable condominium markets trends supported by low interest rate. In the Service-Related Business, the Company conducted M&As in an aim to increase its earning capacity, and its existing subsidiaries steadily accumulated profits and steadily increased in group profit. Consequently, the Company expects to achieve results that significantly surpass the consolidated ordinary income target of Plan NBj.

During the period of the medium-term business plan, “Haseko Next Stage Plan “(hereinafter the Plan NS), the condominium market is expected to undergo major changes in a rapidly changing era, such as a decrease in the number of households, changes in consumer behavior, diverse needs, and evolving IT technologies. In order to respond to these changes, the Company will rebuild the business model centered on the construction-related business and the real estate-related business, which are the source of the Group's profits, and invest in growth strategies centered on investments to strengthen our earnings base, such as expanding the product lineup in the core business including the service-related business, improving our products, further strengthening cost competitiveness, and introducing advanced technologies.

In addition, the Company has been working to increase our equity capital in order to strengthen our financial base to support strategic growth investments. However, in the future the Company will expand our shareholder returns while maintaining our strong financial base and strive for more conscious management to improve capital efficiency.

The Company Group aims to establish CSR management to address social issues through its business, while also concentrating human assets and group power, pursuing flexible and resilient management, and continuing to develop as a sustainable corporate group.

Disclaimer: This is an English translation of the original announcement made by the Company in Japanese at the Tokyo Stock Exchange on February 28, 2020. The translation is for reference purposes only. If and when there are any discrepancies between the original announcement and the English translation, the original announcement shall prevail.

## Details

### ◇Haseko Group Long-Term Vision ~ What the Company Aims to Be for the fiscal year ending March 2030 ~

Properly responding to changes in social conditions and aiming for sustainable growth, the Company will aim to make a further leap forward in a “corporate group for housing to create great living,” both in terms of physical products and services and know-how. The Company has set the time to achieve our goal in the fiscal year ending March 2030, ten years from now.

#### ■What the Company Aims to Be

The Company will endeavor to specifically realize its social mission of “contributing to society by creating a living environment that is optimal for cities and people” by responding to changes in social conditions, including the aging society with fewer children, decreasing population, trends for “compact cities,” disasters, aging buildings, environmental awareness and energy saving and community formation. For this purpose, the Company will aim to make a further leap forward in a “corporate group for housing to create great living,” both in terms of physical products and services and know-how by combining its initiatives on rental housing, housing for the elderly, commerce, nursing care, childcare, healthcare, medical care and education, etc., with a focus on for-sale condominiums.

#### ■Business Strategy for realizing what the Company Aims to Be

1. Expanding for business domain (Business area, Building menu)
2. Balanced strategic investments in stable earnings and growth fields
3. Actively utilize advanced technologies such as digital technology to expand service-related business, and strengthen competitiveness of products and services with new business models and improve labor productivity
4. Challenge for new business fields

#### ■ Profit Level that the Company Aims to Achieve

Consolidated Ordinary Income: 150 Billion yen

### ◇Overview of the Medium-Term Business Plan

The Company sets the Medium-Term Business Plan for five years until the fiscal year ending March 2025 as a path leading to the Long-Term Vision.

- **Name of the Plan:** Haseko Next Stage Plan (Plan NS)  
- Aiming for growth to the Next Stage -
- **Period Covered by the Plan NS:** The fiscal year ending March 2021 – The fiscal year ending March 2025
- **Numerical Targets:** 100 billion yen in consolidated ordinary income for the fiscal year ending March 2025  
At least 30 billion yen in ordinary income of consolidated subsidiaries for the fiscal year ending March 2025  
400 billion yen in consolidated ordinary income in aggregate for the five fiscal years from the fiscal year ending March 2021 to the fiscal year ending March 2025

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• **Basic Policies**

1. Strengthen corporate management that builds on both the Construction-Related Business, which primarily targets the market for new housing supply, and the Service-Related Business, which is centered on the market related to existing residences, etc.
2. Deepen coordination among the Group companies and realize a corporate entity that proves to be worthy of the trust received from urban dwellers
3. Provide safe, reliable and comfortable housing and urban environment
4. Establish a stable profit base through growth strategy investment
5. Maintain a strong financial base and enhance shareholder returns
6. Challenge for new endeavors from a medium- to long-term perspective
7. Focus on establishing CSR management

• **Focused Strategies**

(1) Strengthen competitiveness of core businesses

1. Expansion of construction-related business domain
  - ① Maintaining and strengthening superiority in condominium construction due to the expansion of construction of high-rise condominiums etc.
  - ② Expansion of construction orders other than condominiums such as rental condominiums, condominiums for students and seniors, dormitories and company housing, hotels, offices, logistics facilities, etc.
  - ③ Shortening construction time and enhancing cost competitiveness through utilizing BIM and other ICT-related technologies
  - ④ Product development utilizing eco-friendly technology and IoT
2. Expansion of redevelopment and reconstruction business / response to compact city
3. Continuation and strengthening of service-related business
  - ① Expand business area to major regional cities, not only metropolitan areas
  - ② Restructure business model by introducing advanced technology

(2) Expansion of investment in real estate related business

1. Expansion of business area for condominium sales business
2. Rental properties holding and development business
  - ① Holding rental properties to raise stable revenue sources
  - ② Diversification of development projects by establishing private placement REIT, securing new revenue sources

(3) Initiative for future growth

1. Investment for realizing digital transformation (DX)
  - ① Utilize the latest IT-related technologies such as AI, sensors, communications, robots, etc., cooperate with various manufacturers, venture companies, universities, research institutions, etc., and realize digital transformation
2. Investment for introducing advanced technologies by value, technology and innovation division
  - ① Fundamental innovation of existing business productivity, mainly in service-related businesses
  - ② Creation of new business models that actively utilize advanced technologies

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3. Investment in overseas business

- ① Re-establish profit base in the United States (Hawaii)
- ② Establish a design and construction production system in Southeast Asia
- ③ Participation in real estate development projects

4. New investment

- ① Proposal of living style according to the needs of the times and development of new products and new services
- ② Conduct M & A focusing on improving services of existing businesses and expanding business areas with growth potential

5. Investment in human assets

- ① Creating autonomous human resources and organizations that form the basis of growth strategies
- ② Creating an environment that brings out the diversity of human resources and the job satisfaction of each and every employee
- ③ Nurturing innovative human resources and globally active human resources who create new value
- ④ Transparent treatment that encourages employees to take on challenges

(4) Investment plan

Five-year total investment amount:	240 billion yen
1. Condominium sales business:	50 billion yen
2. Rental properties holding / development business:	70 billion yen
3. Overseas business:	60 billion yen
4. Advanced technology investment:	20 billion yen
5. New businesses, M & A, etc.:	40 billion yen

(5) Financial strategy and shareholder returns

- 1. Accelerate growth strategy investment and enhance shareholder returns while maintaining a strong financial base
- 2. Continue to pay stable dividends. In addition, share buyback is flexible, taking into account the business environment, growth investment opportunities, the Company's stock price level, and improving capital efficiency.

<Dividend policy>

- ① Set the minimum annual dividend per share at 70 yen
- ② Set the total return ratio calculated from the sum of net income attributable to owners of parent for 5 fiscal years at about 40%

(6) Initiatives of CSR management

- 1. Enhance corporate value by implementing both "creating social value" and "growing the group" through solving problems regarding business
- 2. Incorporating important ESG factors to pursue for long-term growth, and the strengths of the Company group into CSR themes, and promoting CSR target

Note: All future contents in this document are based on information available as of the date of this announcement and may differ from actual measures and results due to various factors in the future.

End

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# Haseko Group Long-term Vision

## Medium-term Business Plan

### “HASEKO Next Stage Plan”

~ Aiming for growth to the Next Stage~

February 28, 2020

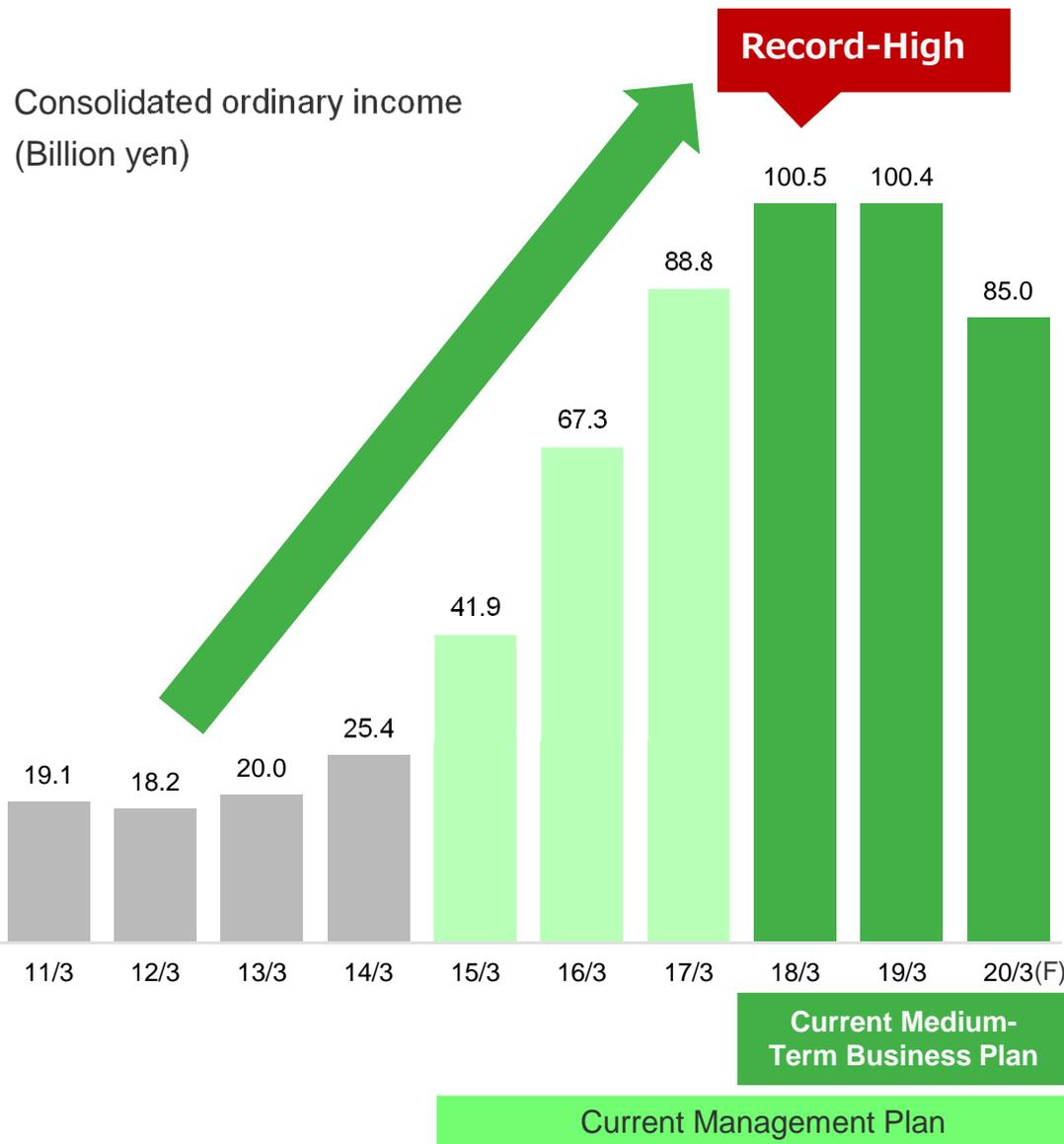


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# Current Medium-term Business Plan (Plan NBj)

Profitability improved significantly, and ordinary income achieved record-high. Numerical targets in the current medium-term business plan are also expected to achieve significantly.



## Progress of targets in the current medium-term business plan

(Billion yen)

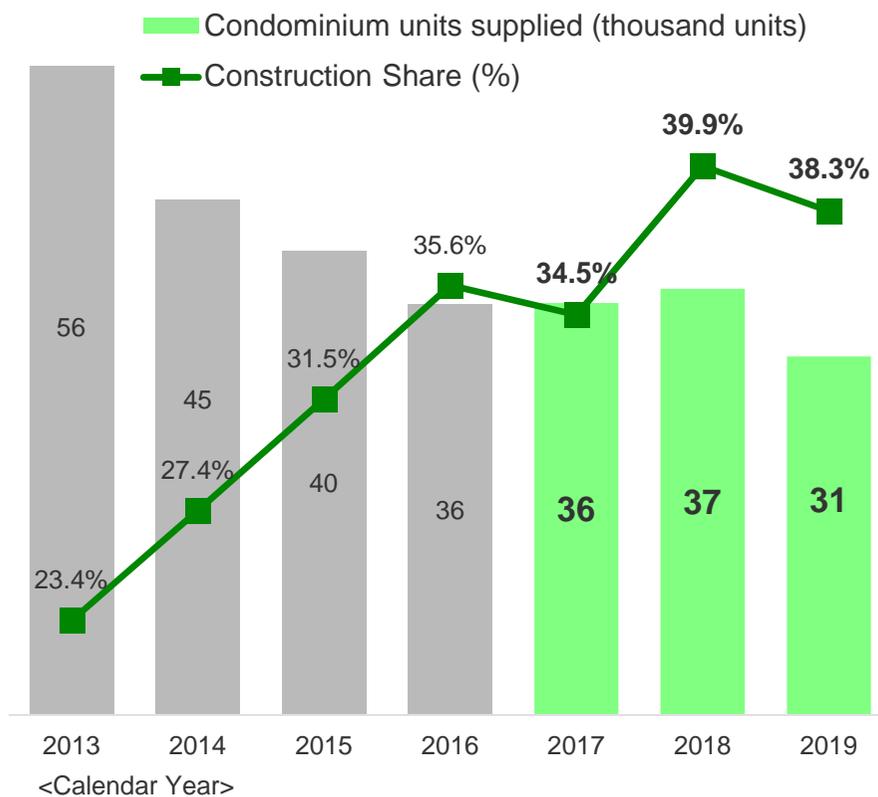
	Target	Actual (Forecast)	Progress
3 Fiscal Year Total Consolidated Ordinary Income	240.0	285.9	119%
Ordinary Income of Consolidated Subsidiaries for FY ending March 2020*	At least 20.0	20.8	104%

\* As of the date at this announcement (February 28, 2020)

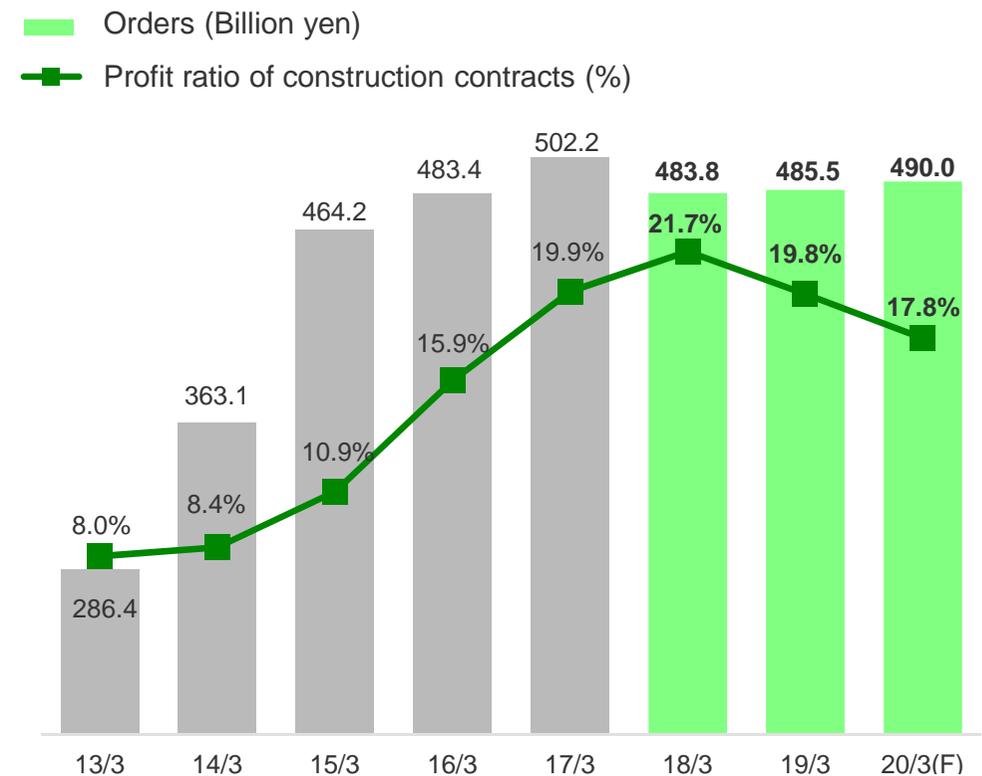
# Plan NBj ~ Construction-Related Business

In the Tokyo metropolitan area, while the supply of newly built condominiums is declining, the construction share has been expanded. Orders received achieved about 500 billion yen per year, and profit ratio of construction contracts got over 15%.

<History of condominium units supplied and Construction Share>  
(Tokyo metropolitan are)



<Orders received and Profit ratio of construction contracts>  
(Non-consolidated)

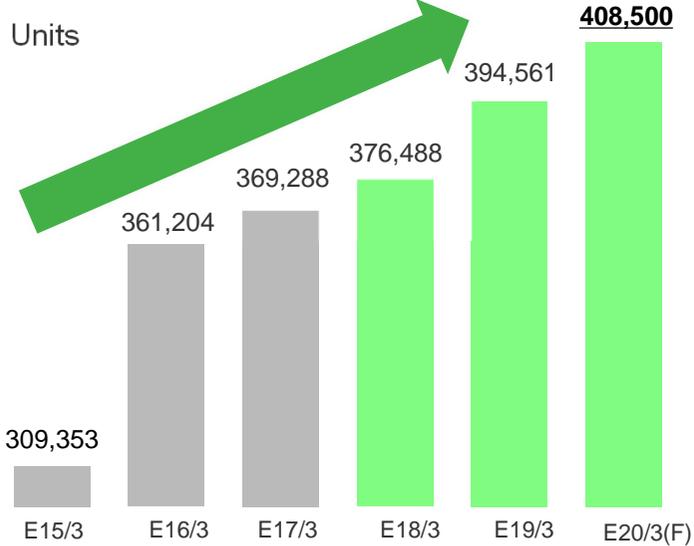


\* Commissioned contracts are including in profit ratio of construction contracts

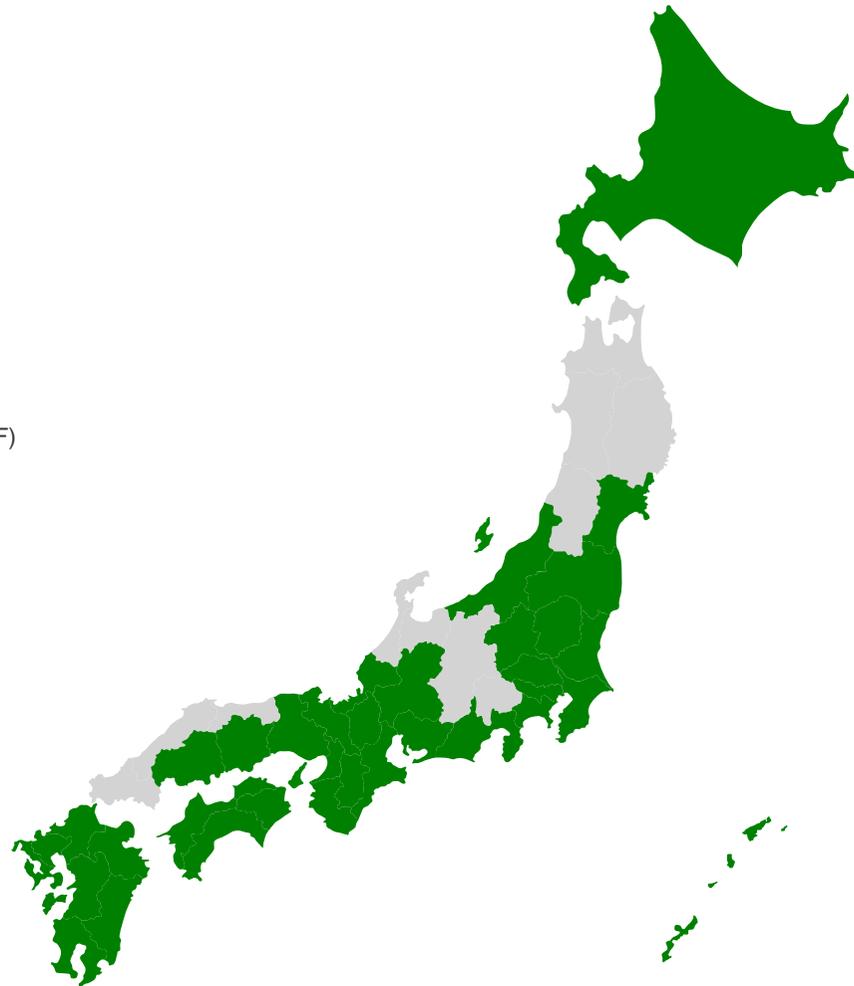
# Plan NBj ~ Service-Related Business

Service-Related Business has expanded steadily by expanding to regional areas and utilizing M&A etc.

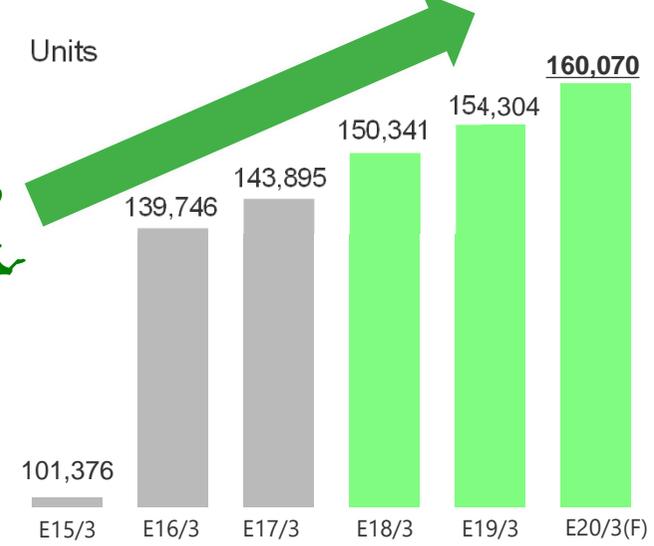
## Condominium Building Management



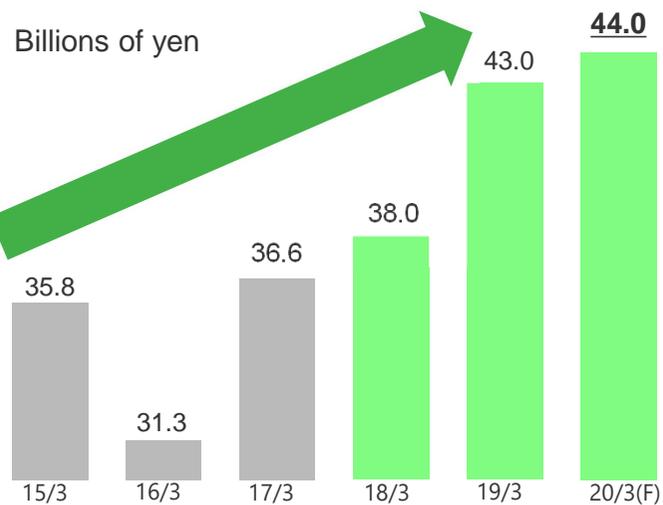
## Haseko Group business area



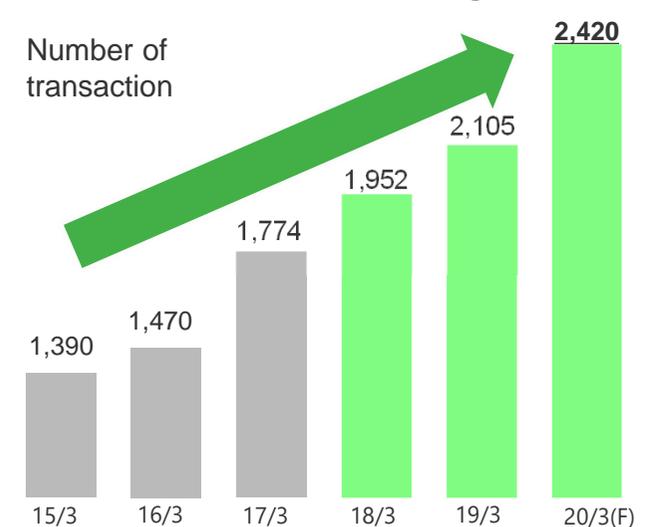
## Rental Apartment Management and Operation



## Extensive Refurbishment and Interior improvement Orders



## Real Estate Brokerage



## Outlook of Business Environment

- Low supply of newly built condominium units
- Progress of compact city in regional core cities
- Increasing awareness of disaster prevention for natural disasters
- Increase in condominium stock, expanding needs for renovation, rebuilding and redevelopment
- Responding to labor shortages and work style reforms
- Accelerated evolution of technology

## Competitive edge of Haseko Group

### No1. condominium construction results in Japan\*

- Producing condominium business totally
- Accumulation of technical know-how by condominium construction specialization
- Quality management system created by strong trust with partner companies

### Land information gathering ability

- Haseko's unique "special order system by bringing in land"
- Satisfies land needs other than condominium land

### Group's comprehensive strength

- Providing a wide range of services in the real estate stock business
- feedback end user information from group companies

\* condominium construction results: 651,719units (as of end of December 2019)

**Condominium market is expected to undergo major changes**

**Business model needs restructuring**

**Aiming to make a further leap forward in a "corporate group for housing to create great living," both in terms of physical products and services and know-how, responding to changes in social conditions and aiming for sustainable growth**

# Long-term Vision and What the Company Aims to Be

## What the Company aims to be for the fiscal year ending March 2030

Making a further leap forward in a “corporate group for housing to create great living”

Long-term Vision

FY  
ending  
March  
2030

Target Profit Level: Consolidated ordinary income: 150 billion yen

## Provide safe, reliable and comfortable housing

Rental condominium	Environmental friendly housing	Redevelopment / rebuilding
Commercial facility	Housing for the elderly	Detached house

New Medium-term  
Business Plan

Challenge for new  
business fields / M&A

FY  
ending  
March  
2025

Design / Construction

Brokerage

Management

High quality / High value added  
Condominium

Major renovation

Sales

## Providing services to support lives of residents

Nursing care   Childcare   Healthcare   Medical treatment   Education

Establishment of sustainable  
growth through CSR Management

## Name of the Plan

H A S E K O   N e x t   S t a g e   P l a n (Plan NS) ~ Aiming for growth to the Next Stage~

## Period Covered by the Plan NS

The fiscal year ending March 2021 – The fiscal year ending March 2025 (5 years)

## Basic Policies

1. Strengthen corporate management that builds on both the Construction-Related Business, which primarily targets the market for new housing supply, and the Service-Related Business, which is centered on the market related to existing residences, etc.
2. Deepen coordination among the Group companies and realize a corporate entity that proves to be worthy of the trust received from urban dwellers
3. Provide safe, reliable and comfortable housing and urban environment
4. Establish a stable profit base through growth strategy investment
5. Maintain a strong financial base and enhance shareholder returns
6. Challenge for new endeavors from a medium- to long-term perspective
7. Focus on establishing CSR management

## Focused Strategies

1. Strengthen competitiveness of core businesses
  - Expansion of construction-related business domain, ■ Expansion of redevelopment and reconstruction business / response to compact city,
  - Continuation and strengthening of service-related business
2. Expansion of investment in real estate related business
  - Expansion of business area for condominium sales business, ■ Rental properties holding and development business
3. Initiative for future growth
  - Investment for realizing digital transformation (DX), ■ Investment for introducing advanced technologies by value, technology and innovation division,
  - Investment in overseas business, ■ New investment, ■ Investment in human assets
4. Investment plan
5. Financial strategy and shareholder returns
6. Initiatives of CSR management

## The fiscal year ending March 2025

- Consolidated ordinary income **100 billion yen**
- Ordinary income of consolidated subsidiaries **30 billion yen or more**

## The fiscal year ending March 2021 ~ ending March 2025

- Consolidated ordinary income in aggregate for the five fiscal years **400 billion yen**

# Investment Plan

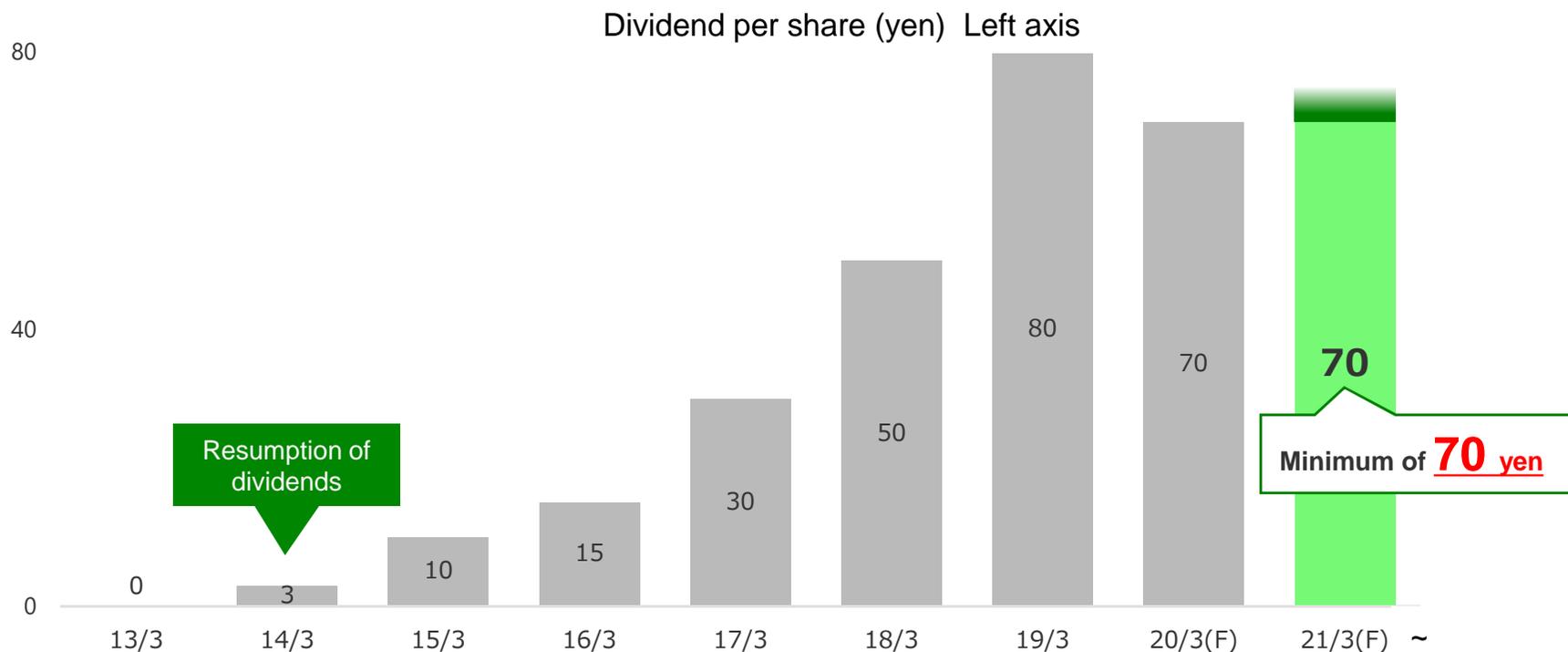
Plan to invest **240 billion yen** in **5 years** to build stable profit base

Categories	Investment Amount (5 years)	
Condominium Sales business	50 billion yen	<ul style="list-style-type: none"> <li>■ Expanding business area</li> </ul>
Rental properties holding / development business:	70 billion yen	<ul style="list-style-type: none"> <li>■ Holding rental properties to raise stable revenue sources</li> <li>■ Establishing private placement REIT</li> </ul>
Overseas business	60 billion yen	<ul style="list-style-type: none"> <li>■ Re-establish profit base in the United States (Hawaii)</li> <li>■ Establish a design and construction production system in Southeast Asia</li> <li>■ Participation in real estate development projects</li> </ul>
Advanced technology investment	20 billion yen	<ul style="list-style-type: none"> <li>■ Fundamental innovation of existing business productivity</li> <li>■ Creation of new business models</li> </ul>
New businesses, M & A, etc.	40 billion yen	<ul style="list-style-type: none"> <li>■ Development of new products and new services</li> <li>■ Conduct M &amp; A focusing on improving services of existing businesses and expanding business areas with growth potential</li> </ul>
Five-year total investment amount	240 billion yen	

- Accelerate growth strategy investment and enhance shareholder returns while maintaining a strong financial base
- Continue to pay stable dividends. In addition, share buyback is flexible, taking into account the business environment, growth investment opportunities, the Company's stock price level, and improving capital efficiency.

## <Dividend policy>

- Minimum annual dividend per share: **70yen**
- Total return ratio calculated from the sum of net income for 5 fiscal years : **about 40%**



Tower Condominium



**Expansion of construction orders from tower condominium and other than condominiums**

Hotel



Haseko is good at  
Large plate type condominium

Rental Condominium



Logistics



Increasing needs for complex development of commercial facilities, elderly housing, rental condominium, etc., instead of condominium-only

Construction divisions

Design divisions

Technological promotion divisions

“Ken-ei-kai”  
(an organization of cooperating companies)

Supporting high quality and productivity improvement in manufacturing of Haseko

**“ Integrated four bodies” System**

# Focused Strategies : Construction-related Business 2

A system to introduce 100% of BIM (Building Information Modeling) to new design properties will be established by the fiscal year ending March 2020. In the future, by further utilizing BIM integrated design and construction and Digital Transformation (DX), the Company will aim to further improve competitiveness

**BIM × DX = Manufacturing innovation**

Production technology innovation utilizing BIM and Digital transformation

Construction period reduction

Labor reduction · Labor saving

Cost reduction

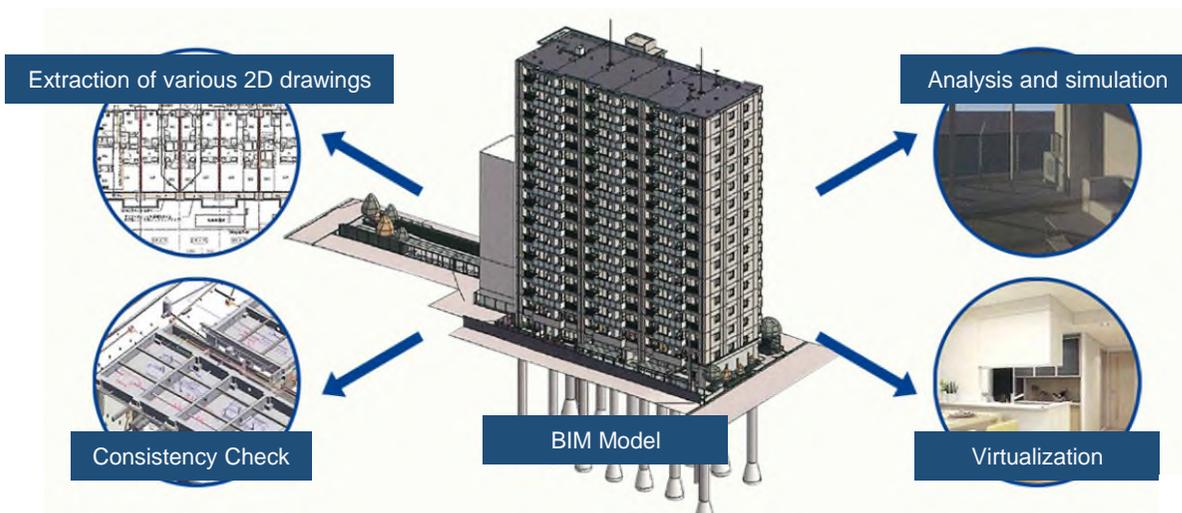
Innovation of design method

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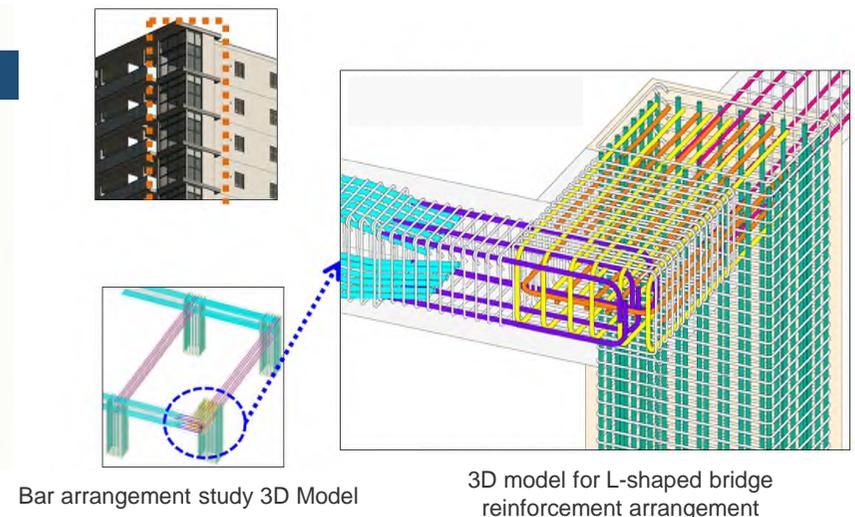
Innovation of building production

- Work efficiency (Constructed by robot automatically)
- Rebuilding of organization and production system
- Information organization and utilization of Design & Construction
- Database of Design & Construction information
- Establishment of informatization production system
- Business support tool development of Design & Construction

## 【Haseko version BIM】

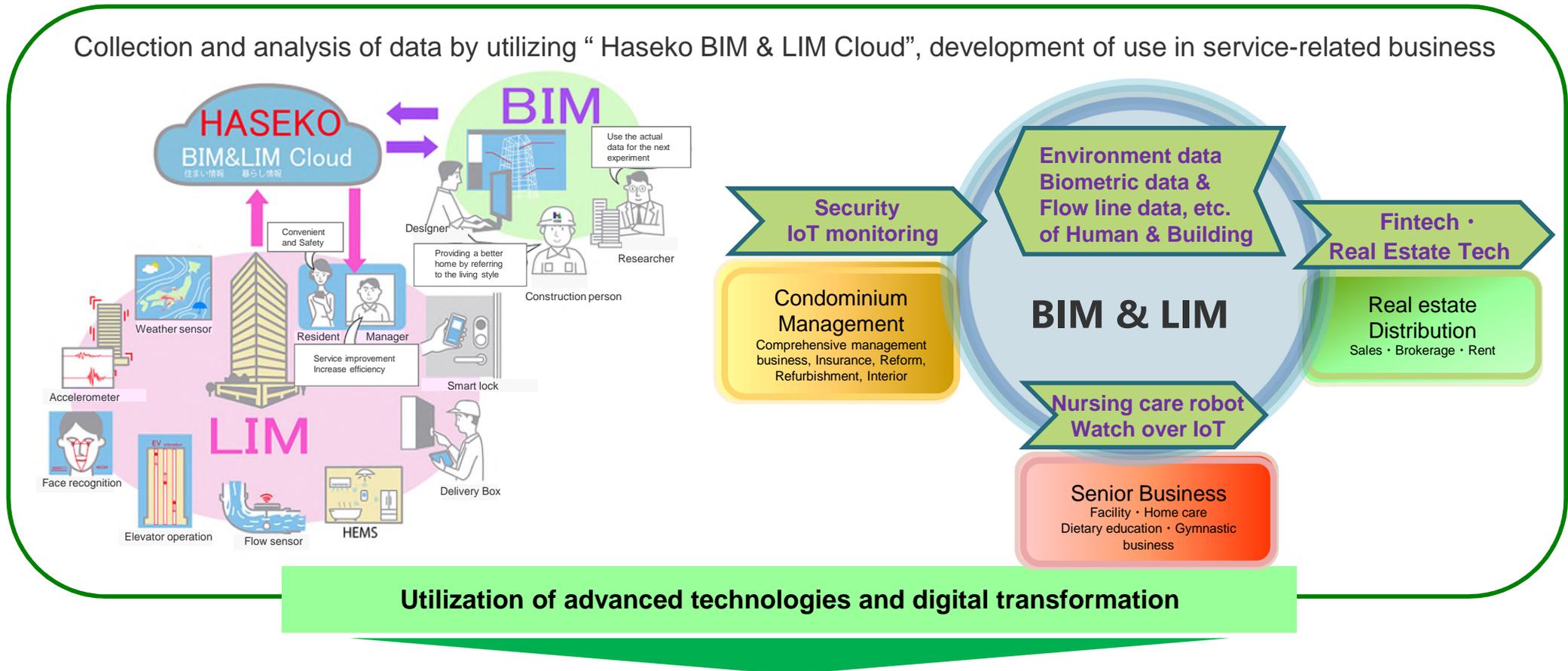


## 【Utilization of BIM Construction Phase】



# Focused Strategies : Service-related Business

Focusing on the “Value Creation Division” with the goal of creating new business models and significantly improving productivity, Using LIM (Living Information Modeling) data that "visualized" information on living in apartments and Working on radical productivity reforms of service-related businesses by utilizing advanced technology and DX



To provide new services such as condominium management, sales, used brokerage, large-scale repair, senior, and etc.

Next-generation condominium management

ICT for real estate distribution

Construction of group information linkage platform

## Expansion of business area of condominium sales business

Entering Kyushu, Okinawa, Hiroshima and Matsuyama.  
Started business in Hokkaido.



Branchera Naha Kohagura  
(Naha city, Okinawa prefecture)



Branchera Saiwaimachi Riverside  
(Nagasaki city, Nagasaki prefecture)



Branchera Akasaka Hanamizuki Street  
(Fukuoka city, Fukuoka prefecture)

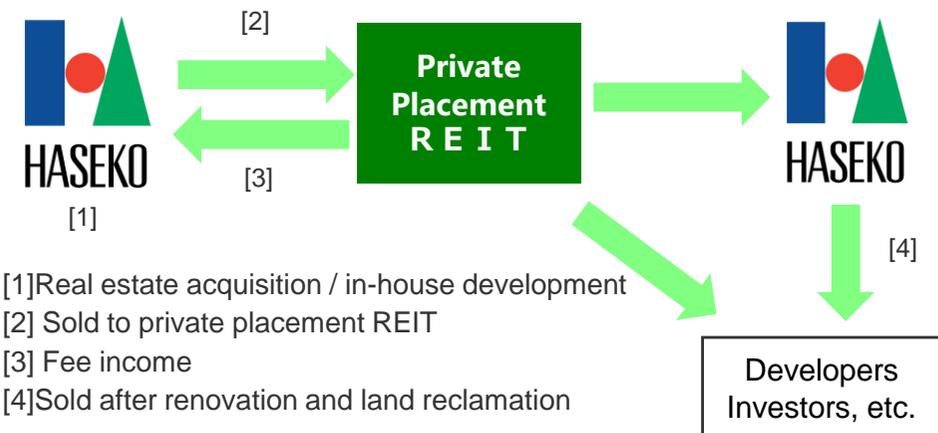
## Increase in holding rental properties / Establishment of private placement REIT

Trying to further raise the source of stable earnings by expanding the ownership of rental properties

In the future, aiming to establish and utilize the private placement REIT

### Aim of utilizing private placement REIT

- Diversification of development projects
- Acquisition of steady fee business contract opportunities
- Acquisition of business opportunities by reacquiring from REITs



Aiming to establish a profit base for the future while conducting risk management

## Southeast Asia

Aiming to establish a design / construction production system base, centered on development as a general contractor

Consider new projects and business development in Vietnam and Indonesia



THE AUTHENTIC  
(Hanoi Vietnam)

## United States Hawaii

Prioritize early completion of projects in Ewa, Oahu

Exploring development of detached house development, brokerage and renovation business



Ewa Project

## Participation in real estate development project



Duarte Station Apartments  
(California State, United States)

### 【Plan Overview of this plan】

Location: Duarte City, Los Angeles County, CA  
Site area: Approximately 4.34 acres (17,563m<sup>2</sup>)  
Structure scale: Residential / wooden 5 stories,  
Parking lot / RC 5.5 stories  
Total number of rooms: 344 rooms  
Floor area: 24,068m<sup>2</sup>  
Scheduled completion: 2023

※Above is completion image, subject to change

# Initiative of CSR Management

We established “CSR Vision” and “CSR Policy” in 2018 and set up management system to promote CSR in 2019.

And we improved a system to address CSR throughout the Company group.

We’ll promote activities according to the CSR action plan in line with the four CSR initiatives, with the goal of realizing “What the Company want to be in 2037 (100th anniversary)”.

## CSR Vision

## Better living now and for the future

We will stand with each and every one of our lives and create better lives. We will work together with people to create a city that reflects on the future.

CSR Themes	Significant Sub-themes	SDGs and Themes of Interest	E S G
Creative attractive living spaces	<ul style="list-style-type: none"> <li>● Safety, security and comfort</li> <li>● Enabling diverse lifestyles</li> <li>● Environmental consideration in daily life</li> <li>● Community</li> </ul>		E / S
Building a company worth working at	<ul style="list-style-type: none"> <li>● Enabling the flourishing of diverse talent</li> <li>● Personnel development and technology succession</li> <li>● A safe and healthy working environment</li> <li>● Supply chain</li> </ul>		S
Protecting the precious environment	<ul style="list-style-type: none"> <li>● Cyclical resource use</li> <li>● Pollution prevention and consideration for the local environment</li> <li>● Supply chain</li> <li>● Energy &amp; CO2</li> </ul>		E
Nurturing a culture of trust	<ul style="list-style-type: none"> <li>● Corporate ethics and compliance with the law</li> <li>● CSR education and training</li> <li>● Information disclosure and stakeholder engagement</li> <li>● Promotion of philanthropic activities</li> <li>● Strengthening of collective capabilities of the Group</li> </ul>		G

# Main Activities Based on CSR Initiative Theme 1

**Creative attractive living spaces**

**Creating a space where various people can live with peace of mind, grow and enjoy an active life in their own style**

## Proposal of Hazard-resistant Condominium

~Considering disaster prevention and disaster mitigation, and increasing the value of homes~

### 3 Basic Policies

When a disaster occurs  
**Able to protect safety**

By the time infrastructure is restored  
**Able to maintain living environment**

In preparation for disaster  
**Able to help together with each resident**

## Creating new value by rebuilding



Rendering (Computer Graphic Perspective)

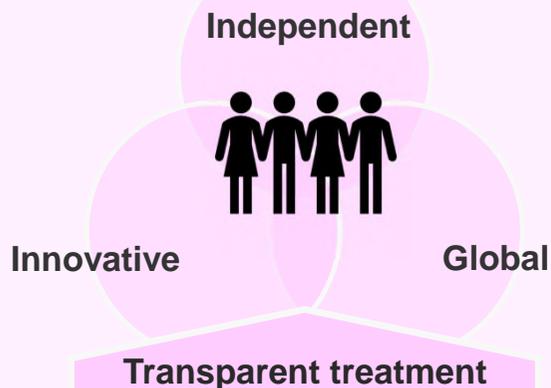
**Building a company worth working at**

**Create a safe and productive workplace where diverse people can play an active role, and work with partner companies to develop the city now and in the future**

## Cultivating human resources to support growth and creativity

## Promotion of diversity

## Creating a comfortable working environment



Promote all employees activities

- Work style reform initiatives:  
The initiative to realize two days off a week at construction work sites aims to realize eight closed rooms in four weeks for FY ending March 2022  
Realization of business efficiency by utilizing RPA
- Promote the introduction of telework

## Protecting the precious environment

Create houses that are ecologically friendly and pursue improved resource and energy efficiency. Promote environmental considerations in the process of providing living services

### Technology to reduce environmental impact

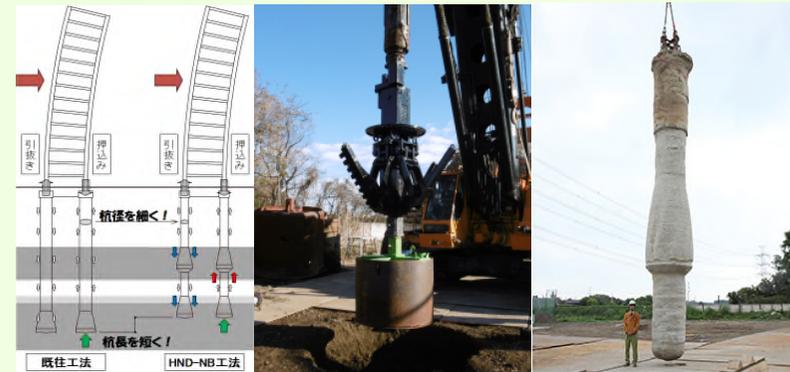
#### Heat pump floor heating with air conditioner



“Corona Eco Warm Cool Air Conditioner”

Won Energy Saving Award 2019 and Global Warming Prevention Activity Environment Award 2019

#### Cast-in-place concrete method ”HND – NB Method”



Economic and environmental considerations by reducing the amount of concrete and excavate soil

## Nurturing a culture of trust

Practice initiatives to be trusted by society and continue to create value, and cultivate areas of social contribution through business

### Further strengthening corporate governance

Effort to strengthen up to now

- Promotion and deeply recognition of compliance
- Appointment of more than one-third of outside directors and appointment of female director
- Term of director: 2year → 1 year
- Effectiveness analysis and evaluation of the Board of Directors and utilization for improvement
- Introduce Nominating Compensation Committee and strengthen performance-linked remuneration



The forward-looking statements described in this document are estimates based on information available to management as of the date of announcement. Actual measures and performance may differ from the descriptions due to a variety of factors that may arise in the future.