“newborn HASEKO”

— Rebirth of the Company as “new born Haseko” (Plan NB) —

Period Covered by the Plan: Six fiscal years (from April 1, 2014 to March 31, 2020)

Positioning of the Plan

The Plan 4N is positioned as the period to “Hop,” while the first three years of the Plan NB as the period to “Step Up” and the latter three years to “Jump Up,” so that the Company aims to recreate itself as the “newborn Haseko” that has completed its rehabilitation and make a leap forward.

newborn HASEKO “Jump Up” Plan (Plan NBj)

Period to jump up to the newborn HASEKO (from April 1, 2017 to March 31, 2020)

– Aiming to become a corporate group for housing to create great living –

Numerical Targets: 240 billion yen in consolidated ordinary income in aggregate for the three fiscal years (FY 2017 through FY 2019)
At least 20 billion yen in ordinary income of consolidated subsidiaries for FY 2019 ending March 2020

Basic Policies

1. Establish 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 to realize a corporate entity that proves to be worthy of the trust received from urban dwellers
3. Provide safe, reliable and comfortable condominiums
4. Establish a stable financial foundation for a leap forward
5. Challenge new endeavors from a medium- to long-term perspective
6. Establish highly effective governance and internal control

What the Company aims to be

- Design • Construction
- Condominium management • Rental management • Renovation • Brokering • Sale, etc.
- Commercial facility
- Education
- Healthcare

Aiming to become a corporate group for housing to create great living
Perception of Business Environment and Measures

Businesses Conducted by the Haseko Group
The Haseko Group engages in “Construction-Related Business,” which primarily targets the market for new housing supply, etc., and “Service-Related Business,” which primarily deals with existing residences, etc. These two business groups share information and know-how utilized in order reception, design, technological development, product planning and provision of new services, among other activities.

Business Model Diagram

Perception and Measures

<table>
<thead>
<tr>
<th>Perception of business environment</th>
<th>Present status and period covered by the plan</th>
<th>Medium- to long-term perspective</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Average price of condominium units rising</td>
<td>• Society will become more aged with increasingly fewer children</td>
<td></td>
</tr>
<tr>
<td>• The number of newly supplied units falling to a low level</td>
<td>• The number of greatly-aged condominiums will increase</td>
<td></td>
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<tr>
<td>• The number of for-sale units being marketed increasing</td>
<td>• Skilled construction workers will decrease</td>
<td></td>
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<tr>
<td>• Concerns about slowdown of housing starts arising</td>
<td>• Environmental and energy issues, etc.</td>
<td></td>
</tr>
<tr>
<td>• Concerns about reduction of project size arising</td>
<td>Must securely respond to changes in social conditions</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Measures</th>
<th>Maintain the current profit level achieved mainly by the Construction-Related Business</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Conduct investments in growth strategies designed to make Haseko a “corporate group for housing to create great living”</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Measures</th>
<th>Maintain and enhance the profit level on a consolidated basis by expanding the Service-Related Business</th>
</tr>
</thead>
</table>
Business Strategies

Construction-Related Business

“Establish superiority to be free from fluctuations in market conditions”

• Secure appropriate construction work volume and reasonable profits, while maintaining high quality, by continuously enhancing the building production system
• Create and realize the concept of how new condominiums should be, with deep insight on the lifestyle of urban dwellers in the future
• Enhance the business planning ability for replacement and redevelopment projects, and thoroughly implement risk management
• Proactively work to construct buildings other than residential properties or for-sale condominiums to accumulate a track record of construction, and reinforce competitiveness by enhancing the ability to control costs

History of condominium units supplied

<table>
<thead>
<tr>
<th>Year</th>
<th>Tokyo metropolitan area</th>
<th>Kinki area</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Units which Haseko built</td>
<td>Share</td>
</tr>
<tr>
<td>2018</td>
<td>14,825 (39.9%)</td>
<td>37,132</td>
</tr>
<tr>
<td>2017</td>
<td>12,391 (34.5%)</td>
<td>35,898</td>
</tr>
<tr>
<td>2016</td>
<td>12,735 (35.6%)</td>
<td>35,772</td>
</tr>
<tr>
<td>2015</td>
<td>12,731 (31.5%)</td>
<td>40,449</td>
</tr>
<tr>
<td>2014</td>
<td>12,317 (27.4%)</td>
<td>44,913</td>
</tr>
<tr>
<td>2013</td>
<td>13,235 (23.4%)</td>
<td>56,478</td>
</tr>
<tr>
<td>2012</td>
<td>12,444 (27.3%)</td>
<td>45,602</td>
</tr>
<tr>
<td>2011</td>
<td>10,804 (24.3%)</td>
<td>44,499</td>
</tr>
<tr>
<td>2010</td>
<td>10,634 (23.9%)</td>
<td>44,535</td>
</tr>
<tr>
<td>2009</td>
<td>7,087 (19.5%)</td>
<td>36,376</td>
</tr>
<tr>
<td>2008</td>
<td>9,061 (20.7%)</td>
<td>43,733</td>
</tr>
<tr>
<td>2007</td>
<td>11,955 (19.6%)</td>
<td>61,021</td>
</tr>
</tbody>
</table>

Source: HASEKO Research Institute

Service-Related Business

“Reinforce the revenue base for the Service-Related Business and enhance services for urban dwellers”

• Ensure that the mindset of “hospitality” is shared by everyone in the Company, and provide diverse services to customers through coordination among the Group companies
• Implement measures for developing and strengthening a relationship of mutual trust with customers
• Attempt to materialize the concept of multi-purpose stores aimed at promoting expansion of operating areas and stores as well as providing services from the viewpoint of customers
• Develop repair and renovation technologies for maintaining asset value and extending the life of housing, and reinforce the ability to make proposals
• Secure stable revenues by enhancing the for-sale condominium business and making investments in blue-chip real estate properties
New Initiatives

“Accelerate promotion of endeavors to expand the geographical business areas and business fields”
- Work to expand the Group’s businesses to major cities in Japan and the markets in the U.S. (Hawaii) and Southeast Asia, with an aim to establish a revenue source of the future
- Accelerate promotion of endeavors on such measures as business and capital tie-ups and M&As in the businesses the Company requires to become a “corporate group for housing to create great living”

“Build a corporate culture that encourages people to challenge new things”
- Develop new products and new services speedily
- Seek new business opportunities through coordination among companies
- Foster human resources with future-oriented thinking who can bear the future of the Group

Financial Strategy and Returning of Profits to Shareholders

“Establish a stable financial foundation while returning profits to shareholders in a stable manner”
- In distributing profits, take a balanced approach to investments in growth strategies for the future and returning of profits to shareholders, while securing internal reserve for reinforcing the financial standing
- Aim to achieve a consolidated dividend payout ratio of 20%, while working to stably distribute dividends of ¥20 per share to shareholders

Initiatives to perform corporate social responsibilities

“Establish highly effective governance and internal control, and lay foundation of Haseko-style social contributions”
- Maintain and enhance a management system that secures transparency and objectivity
- Make further improvements for realizing a workplace environment that facilitates working, and establish a support system for individual employees to play an active role and grow themselves
- Establish a business management and risk management system that features effectiveness as well as efficiency
- Promote activities for law abidance, quality control, environmental burden reduction and environmental preservation throughout the Company’s business activities
- Continuously implement social contribution activities that take advantage of business characteristics

Trends in consolidated net sales and ordinary income
Newly Establishing Value, technology and innovation division

Value, technology and innovation division was established in October 2018 as a section to create and verify new business models utilizing digital and advanced technologies with an aim to secure competitiveness for the Company’s products and services as well as enhance labor productivity. The section is comprised of four departments: CR Department*1, IT Promotion Department, ICT Utilization Department and FIT Department*2. The new office of the section, relocated and integrated in November 2018, has adopted the full-on “free address” system for all desks and seats including executives, the first such attempt among the Haseko Group. At the same time, the office itself is set as the venue for achieving work-style innovation, where efforts are made to go paperless and enhance work efficiency.

Going forward, the section will proactively utilize advanced technologies while responding to changes in ICT, IoT, AI and other technological fields. By doing so, the section will work to create and verify new business models, secure competitiveness of existing services and enhance productivity in an effort to contribute to the future business reform of the Haseko Group.

Business Description of Value, technology and innovation division

- **CR Department***: reinforce relationships with end users, implement sales promotion measures, utilize internet media and conduct customer management
- **IT Promotion Department**: plan, evaluate, promote and support operations in adopting information technology and systematization throughout the Haseko Group
- **ICT Utilization Department**: plan, propose and coordinate utilization of ICT (establish BIM and LIM, develop IoT-based condominiums and build a supply chain for construction materials)
- **FIT Department**: plan and implement group-wide IT investment strategies

The Company has started a joint verification experiment with NTT WEST to realize an “IoT Condominium,” a next-generation apartment complex aimed at enhancing the convenience of condominiums by linking NTT West’s information and communication technology (ICT) with facilities used in common areas of condominiums (like electronic locks at common entrance doors and home delivery boxes) offered by the Haseko Group.

<table>
<thead>
<tr>
<th>Roles of Haseko</th>
<th>Roles of NTT West</th>
</tr>
</thead>
<tbody>
<tr>
<td>● Provide facilities for verification</td>
<td>● Establish such ICT systems as face authentication</td>
</tr>
<tr>
<td>● Conduct interviews and resident questionnaires and analyze the verification results</td>
<td>to be used in the verification environment</td>
</tr>
<tr>
<td>● Conduct functional verification in terms of design, construction and management of condominiums, and conduct business feasibility verification</td>
<td>● Conduct functional verification and business feasibility verification in terms of the ICT systems</td>
</tr>
</tbody>
</table>

Looking ahead, the Company will promote its endeavors with an aim to complete the first “IoT Condominium” to be built utilizing the results obtained through the joint verification experiment by the end of fiscal 2019. Moreover, the Company will work to connect various types of information held in a variety of housing equipment and information equipment with the information on condominium residents. By doing so, it will not only provide the residents with safe and reliable housing they can live in comfortably, but also provide condominium management companies with useful information.
Initiatives toward Expansion of Business Areas

Domestic Market
With an aim to create new regional strategies, the Kyushu Operations Division was established in 2017 in Fukuoka in the Kyushu area where the businesses of the Haseko Group are concentrated for the purpose of cultivating the market toward expanded business operations of the Group. The division conducts business in the Kyushu and Okinawa region as an advanced base for coordination within the Group in charge of marketing, integrating all functions including condominium management, rental management, for-sale condominium business and facility renovation.

In 2018, the Company newly established the Chugoku & Shikoku Business Promotion Department in an effort to establish new regional strategies. With full-time real estate staff currently working at the operating offices in Okayama, Hiroshima and Matsuyama, the Company has successfully established a business base in the Chugoku and Shikoku areas where the Company had not entered before by means of M&As of management companies operating in the Kansai and further western regions. With this development, the Company intends to operate as a developer as well in these areas going forward. Moreover, the Company has expanded the activity areas of its business promotion department by opening operating offices in the Northern Kanto region in locations such as Mito, Utsunomiya and Takasaki, and in Shizuoka, deploying real estate staff. Through these measures, the Company has reinforced its efforts to establish a system that allows itself to construct condominiums on its own in cities of the regions where a certain volume of condominium demand is available.

The Haseko Group as a whole is strategically engaging in such businesses as marketing, management and development at its bases that stretch broadly from Hokkaido to Okinawa. Looking ahead, the Company aims to expand the business areas in regional cities by reinforcing coordination within the Group.

Overseas Market
Starting with a project in Hanoi, Vietnam, Haseko Group plans to build a track record going forward in Southeast Asia, such as in places as Ho Chi Minh City, Vietnam and Indonesia, to establish a future revenue source in Southeast Asian countries.

In Hawaii of the United States, the Company will work to establish a revenue base by taking advantage of its over 40 years of experience in Hawaii.