

[Translation for Reference and Convenience Only]

Please note that the following is an unofficial English translation of the Japanese Notice of Convocation of the 100th Ordinary General Meeting of Shareholders of HASEKO Corporation (the “Company”). The Company provides this translation for reference and convenience only and without any warranty as to its accuracy or otherwise. In the case of any discrepancies between the translation and the Japanese original, the latter shall prevail.

Securities Code 1808

June 6, 2017

To Our Shareholders:

HASEKO Corporation
2-32-1 Shiba, Minato-ku, Tokyo
Noriaki Tsuji
Representative Director and President

**NOTICE OF CONVOCAION OF THE 100th ORDINARY GENERAL
MEETING OF SHAREHOLDERS**

I extend my warmest gratitude to all of you for the good offices that you have always graciously bestowed upon us.

You are hereby invited to attend the 100th Ordinary General Meeting of Shareholders of HASEKO Corporation (the “Company”), which will be held as indicated below:

If you are unable to attend the meeting, after reviewing the “Reference Materials Documents for the General Meeting of Shareholders” attached hereto, please exercise your voting rights at your earliest possible convenience on the proposals listed below by using the Voting Rights Exercise Form or via electronic means (via the Internet).

- 1. Date and Time:** Thursday, June 29, 2017, at 10:00 a.m.
(Doors open at 9:00 a.m.)
- 2. Place:** Head Office Hall of HASEKO Corporation
2-32-1 Shiba, Minato-ku, Tokyo, Japan
- 3. Agenda:**
 - Matters to be Reported:** Reports on the Business Report, Non-consolidated Financial Statements, and Consolidated Financial Statements for the 100th Fiscal Year (from April 1, 2016 to March 31, 2017) and the Audit Results by the Accounting Auditor and the Board of Corporate Auditors for the Consolidated Statutory Reports
 - Matters to be Resolved:**
 - Proposal No. 1** Distribution of Surplus
 - Proposal No. 2** Election of Seven (7) Directors
 - Proposal No. 3** Election of One (1) Corporate Auditor
 - Proposal No. 4** Adoption of Performance-Based Stock Compensation Scheme for Directors
- 4. Decision Items Pertaining to Convocation:**
(See the “Guide to the Exercise of Voting Rights” on page 2.)

If attending the meeting, we kindly ask that you submit the enclosed Voting Rights Exercise Form at the reception desk of the meeting hall.

Should any circumstances arise that require revisions of the Reference Materials for the General Meeting of Shareholders, the Business Report, the Non-consolidated Financial Statements, and the Consolidate Financial Statements in addition to what has been announced in this convocation, revised items will be posted on the Company’s website (<http://www.haseko.co.jp/>).

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[Guide to the Exercise of Voting Rights]

(1) Exercise of Voting Rights by Proxy

If you are unable to attend the General Meeting of Shareholders in person, you may assign **one (1) other shareholder** with voting rights as your representative to attend the meeting in your place. Please have your representative submit the document certifying power of proxy at the reception desk.

(2) Guide to Deadlines for Exercise of Voting Rights

1. In the event that you are exercising your voting rights by mail, the voting deadline in all circumstances is 5:00 p.m. Japan time on the day preceding the General Meeting of Shareholders (Wednesday, June 28, 2017), so please indicate your acceptance or rejection of the proposals mentioned on the enclosed Voting Rights Exercise Form and be sure to return the form to us by the voting cutoff date mentioned above.
2. In the event that you are exercising your voting rights via the Internet, the deadline for submission is 6:00 p.m. on the day preceding the General Meeting of Shareholders (Wednesday, June 28, 2017). See the “(5) Guide to Exercise of Voting Rights via the Internet” below.

(3) Handling of Duplicate Votes Occurring by Mail and via the Internet

If voting rights have been exercised in duplicate, both via postal mail and via the Internet, the vote submitted via the Internet shall be considered valid.

(4) Handling of Duplicate Votes Occurring via the Internet

If voting rights have been exercised multiple times via the Internet, the vote submitted last shall be considered valid.

(5) Guide to Exercise of Voting Rights via the Internet

1. Website for Exercise of Voting Rights
 - a. Exercise of voting rights via the Internet is only possible by accessing and using the Company’s designated voting website (<http://www.evotep.jp/>) from a personal computer, smartphone or mobile phone (i-mode, EZ Web, Yahoo!; please note that this service is unavailable from 2:00 a.m. to 5:00 a.m. every day). (“i-mode” is a registered trademark of NTT DoCoMo Corporation, “EZ Web” is a registered trademark of KDDI Corporation, and “Yahoo!” is a registered trademark of Yahoo! Inc. [US].)
 - b. In the event of exercising voting rights via personal computer or smartphone, please be aware that, depending on the environment the shareholders use the Internet, it may not be possible to vote via the Internet on the Company’s voting website if the Internet connection is using, for example, firewall, antivirus software, or proxy server.
 - c. Exercise of voting rights that use a mobile phone requires access to services such as i-mode, EZ Web, or Yahoo! Mobile. Please be aware that the Company’s voting website, for security reasons, only supports mobile devices that are capable of encrypted (TLS) communication and mobile phone data transmissions, so you may not be able to exercise your voting rights via the Internet, even if you have access to one of these services.

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2. How to Exercise Voting Rights via the Internet

- a. Use the login ID and temporary password enclosed in the Voting Rights Exercise Form on the Company’s voting website (<http://www.evotep.jp/>), and follow the website’s onscreen instructions to accept or reject proposals.
- b. Please be aware that shareholders that use the Company’s voting website may be asked to change their temporary password in order to prevent unauthorized access by non-shareholders (identity fraud) and alteration of voting contents.
- c. You will be provided with a new login ID and temporary password for each Convocation of the General Meeting of Shareholders. Furthermore, shareholders who agree to have the Notice of Convocation of the General Meeting of Shareholders sent to their personal computer or smartphone via e-mail will continue to use their password until they change it themselves, so please take proper care in managing this password.

3. Costs Incurred by Accessing the Company’s Voting Website

The shareholder shall be responsible for any costs (internet connection charges, telephone charges, and so forth) incurred by accessing the Company’s voting website. Furthermore, although packet communication and other charges are required for use of mobile phone, these shall also be the shareholder’s responsibilities.

4. Means of Receiving the Notice of Convocation

Shareholders may receive the Notice of Convocation via e-mail, if they like, from the next General Meeting of Shareholders onward by completing the procedure on the Company’s voting website via personal computer or smartphone. (The procedure cannot be completed via mobile phone. Please also be aware that a mobile phone cannot be specified as an e-mail address.)

Direct all inquiries related to the voting system to:
Corporate Agency Division Help Desk
Mitsubishi UFJ Trust and Banking Corporation
Telephone: +81-120-173-027 (toll free in Japan, 9:00 a.m. to 9:00 p.m.)

Management trust banks and other nominee shareholders (including standing proxies) who send in applications in advance to use the Electronic Voting Platform managed by ICJ, Inc. (established as a joint venture company by the Tokyo Stock Exchange, Inc.) can use this platform as an alternative method of electronic voting at the Company’s General Meeting of Shareholders instead of the method of voting via the Internet described above.

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Reference Materials for the General Meeting of Shareholders

Proposals and Reference Matters

Proposal No. 1 Distribution of Surplus

HASEKO CORPORATION (“HASEKO” or “the Company”) makes it a basic policy to return profits to shareholders by implementing stable dividend payments and performance-oriented dividend payments, while maintaining internal reserves to strengthen its financial position and invest in growth strategy looking into the future.

Accordingly, with respect to the year-end dividend for the fiscal year ended March 31, 2017, the Company has decided to distribute ¥30.00 per share, consisting of ¥20.00 of ordinary dividend, ¥5.00 of special dividend and ¥5.00 of 80th anniversary commemorative dividend, considering the future business environment and performance forecast.

Matters Regarding the Year-end Distribution

(1) Type of Dividend Property:

Cash

(2) Matters Concerning Distribution of Dividend Property and Total Amounts:

¥30 per share for Common Shares

Total dividends of ¥9,018,073,530

(3) Effective Date for Distribution of Surplus:

June 30, 2017

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Proposal No. 2 Election of Seven (7) Directors

Since the terms of office of seven (7) Directors—Ikuo Oguri, Noriaki Tsuji, Shosuke Muratsuka, Yuhei Imanaka, Kazuo Ikegami, Masataka Yamamoto, Kohei Amano—will expire at the conclusion of this General Meeting of Shareholders, the Company proposes the election of seven (7) Directors including two (2) Outside Directors.

The candidates for Director are as follows:

| No. | Name (Date of Birth) | Personal History, Positions, and Responsibilities in the Company (Significant Positions Concurrently Held) | Number of Company Shares Owned |
|--|------------------------------|--|--------------------------------------|
| 1 | Ikuo Oguri (May 11, 1950) | <p>March 1974 Joined HASEKO Corporation</p> <p>October 1989 General Manager of Urban Environmental Designing Dept. of Architecture & Engineering Div.</p> <p>July 1998 Deputy General Manager of Architecture & Engineering Div.</p> <p>April 2001 General Manager of Architecture & Engineering Div.</p> <p>June 2001 Director, General Manager of Architecture & Engineering Div.</p> <p>June 2004 Managing Director, General Manager of Architecture & Engineering Div.</p> <p>April 2005 Director, Executive Operating Officer, In Charge of Architecture & Engineering Div. and Kansai Architecture & Engineering Div.</p> <p>July 2006 Representative Director, Executive Operating Officer, In Charge of Technological Div.</p> <p>April 2010 Representative Director and President</p> <p>April 2014 Representative Director and Chairman (to the present)</p> | 56,320 |
| <p>[Reasons for nomination as a candidate for Director]</p> <p>Ikuo Oguri has been mainly responsible for architecture and engineering since he joined the Company, and has abundant business experience. He has been in charge of management of the Company as Representative Director and President since 2010 and as Representative Director and Chairman since 2014, and at the same time he has been making great efforts on the strengthening of the Group, accumulating extensive knowledge about management. By leveraging his experience and knowledge into the Company’s management as a Director, he is expected to contribute to the improvement of the Company’s business performance and corporate value. For such reasons, the Company has continuously chosen him as a candidate for Director.</p> | | | |

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|---|--------------------------------------|--|--------------------------------------|
| 2 | Noriaki Tsuji (December 10, 1952) | <p>April 1975 Joined HASEKO Corporation</p> <p>December 1987 Kita-Osaka Branch Manager of Osaka Contractor Business Div.</p> <p>November 1995 General Manager of Land Use Consulting I of Business Promotion Div.</p> <p>July 1998 Deputy General Manager of Business Promotion Div. I</p> <p>June 1999 Director, General Manager of Business Promotion Div. I</p> <p>April 2003 Managing Director, Responsible for Kansai Business Promotion Div., Life Support Project Div. and Shirokane Project</p> <p>April 2005 Representative Director, Executive Operating Officer, Chief Officer of Kansai Region and In Charge of Kansai Urban Revitalization Project Div.</p> <p>April 2007 Representative Director, Executive Operating Officer, In Charge of Business Div.</p> <p>April 2010 Representative Director, Executive Vice President, Assistant to the President and In Charge of Business Promotion Div.</p> <p>April 2012 Representative Director, Executive Vice President, Assistant to the President</p> <p>April 2014 Representative Director and President (to the present)</p> | 70,244 |
| <p>[Reasons for nomination as a candidate for Director]</p> <p>Noriaki Tsuji has been mainly responsible for construction orders and sales and real estate businesses since he joined the Company, and has abundant business experience. He has been in charge of management of the Company as Representative Director and President since his assumption of office in 2014, and at the same time he has been making great efforts on the strengthening of the Group through his concurrent position of Representative Director and President of Haseko Anesis Corporation among others, accumulating extensive knowledge about management. By leveraging his experience and knowledge into the Company's management as a Director, he is expected to contribute to the improvement of the Company's business performance and corporate value. For such reasons, the Company has continuously chosen him as a candidate for Director.</p> | | | |

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| No. | Name (Date of Birth) | Personal History, Positions, and Responsibilities in the Company (Significant Positions Concurrently Held) | Number of Company Shares Owned |
|---|--|---|--------------------------------------|
| 3 | Shosuke Muratsuka (September 8, 1953) | <p>April 1977 Joined HASEKO Corporation</p> <p>September 1994 General Manager of Condominium Project Dept. III of Kansai Branch</p> <p>April 2001 General Manager of Kansai Condominium Project Div. I</p> <p>April 2005 Operating Officer, Responsible for Kansai Business Promotion Div.</p> <p>June 2005 Director, Operating Officer, Responsible for Kansai Business Promotion Div.</p> <p>April 2008 Director, Senior Operating Officer, In Charge of Kansai Business Promotion Div., Kansai Project Promotion Div. and Kansai Urban Development Div.</p> <p>April 2010 Director, Senior Operating Officer, In Charge of Business Promotion Div. and Project Promotion Div.</p> <p>April 2013 Director, Executive Operating Officer, In Charge of Business Promotion Div., Project Promotion Div. and Kansai Business Div.</p> <p>April 2014 Director, Executive Operating Officer, In Charge of Business Div.</p> <p>April 2015 Representative Director, Executive Operating Officer, In Charge of Business Div.</p> <p>April 2017 Representative Director, Executive Vice President, In Charge of Business Div., In Charge of Group Real Estate Business and Group Management Business (to the present)</p> | 28,720 |
| <p>[Reasons for nomination as a candidate for Director]</p> <p>Shosuke Muratsuka has been mainly responsible for construction orders and sales and real estate businesses since he joined the Company. He has abundant business experience and extensive knowledge about management. Since his assumption of office of Director, he has greatly contributed to the improvement of the Company's performance. For such reasons, the Company has continuously chosen him as a candidate for Director.</p> | | | |

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| No. | Name (Date of Birth) | Personal History, Positions, and Responsibilities in the Company (Significant Positions Concurrently Held) | Number of Company Shares Owned |
|---|---------------------------------|--|--------------------------------------|
| 4 | Yuhei Imanaka (July 9, 1952) | <p>April 1976 Joined HASEKO Corporation</p> <p>July 1995 General Manager of Finance and Accounting Dept.</p> <p>June 1999 General Manager of Finance Dept.</p> <p>April 2005 Operating Officer, Responsible for Finance Dept.</p> <p>June 2007 Director, Operating Officer, Responsible for Accounting Dept. and Finance Dept.</p> <p>April 2008 Director, Senior Operating Officer, Responsible for Finance and Accounting Dept. and Osaka Accounting Dept.</p> <p>April 2010 Director, Senior Operating Officer, Responsible for Accounting Dept., Budget Dept., Osaka Accounting Dept., Finance Dept. and Fund Administration Dept.</p> <p>April 2011 Director, Senior Operating Officer, Responsible for Accounting Dept., Budget Dept. and Osaka Accounting Dept., In Charge of Finance Dept. and Fund Administration Dept.</p> <p>April 2014 Director, Senior Operating Officer, In Charge of Finance and Accounting for Corporate Management Div.</p> <p>April 2017 Director, Executive Operating Officer, In Charge of Finance and Accounting for Corporate Management Div. (to the present)</p> | 17,500 |
| <p>[Reasons for nomination as a candidate for Director]</p> <p>Yuhei Imanaka has been mainly responsible for finance and accounting since he joined the Company. He has abundant business experience and extensive knowledge about management. Since his assumption of office of Director, he has greatly contributed to the improvement of the Company's performance. For such reasons, the Company has continuously chosen him as a candidate for Director.</p> | | | |

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| No. | Name (Date of Birth) | Personal History, Positions, and Responsibilities in the Company (Significant Positions Concurrently Held) | Number of Company Shares Owned |
|--|----------------------------------|---|--------------------------------------|
| 5 | Kazuo Ikegami (July 21, 1957) | <p>March 1980 Joined HASEKO Corporation</p> <p>April 1999 General Manager of Design Dept., Design Office I, Architecture & Engineering Div.</p> <p>April 2001 General Manager of Design Office III, Architecture & Engineering Div.</p> <p>April 2005 Deputy General Manager of Architecture & Engineering Div.</p> <p>April 2008 Operating Officer and Deputy General Manager of Architecture & Engineering Div.</p> <p>April 2009 Operating Officer and General Manager of Architecture & Engineering Div.</p> <p>June 2011 Director, Operating Officer and General Manager of Architecture & Engineering Div.</p> <p>April 2014 Director, Senior Operating Officer, In Charge of Architecture & Engineering Div. and Kansai Architecture & Engineering Div.</p> <p>April 2017 Director, Executive Operating Officer, In Charge of Architecture & Engineering Div., Kansai Architecture & Engineering Div. and Technology Promotion Div. (to the present)</p> <p>[Significant Positions Concurrently Held] Director, Foris Corporation Director, Haseko Sekkei, Inc.</p> | 15,400 |
| <p>[Reasons for nomination as a candidate for Director]</p> <p>Kazuo Ikegami has been mainly responsible for architecture and engineering division since he joined the Company. He has abundant business experience and extensive knowledge about management. Since his assumption of office of Director, he has greatly contributed to the improvement of the Company's performance. For such reasons, the Company has continuously chosen him as a candidate for Director.</p> | | | |

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| No. | Name (Date of Birth) | Personal History, Positions, and Responsibilities in the Company (Significant Positions Concurrently Held) | Number of Company Shares Owned |
|---|--|--|--------------------------------------|
| 6 | Candidate for Outside Director Kohei Amano (September 17, 1948) | <p>March 1972 Joined Mitsukoshi, Ltd.</p> <p>March 1998 General Manager responsible for administration, Accounting Dept., Headquarters</p> <p>February 2000 General Manager responsible for administration, Accounting Dept., Headquarters, Director of Mitsukoshi Sogo Building Management Ltd. Director of Mitsukoshi Fudosan Ltd.</p> <p>September 2002 General Manager of Real Estate Management Div.</p> <p>March 2004 Executive Officer, General Manager of Administration Department</p> <p>May 2005 Director, Senior Executive Officer, General Manager of Corporate Planning Division</p> <p>February 2007 Director, Senior Managing Executive Officer, General Manager of Department Store Business Headquarters</p> <p>June 2007 Representative Director, Senior Managing Executive Officer, General Manager of Department Store Business Headquarters</p> <p>March 2008 Chairman, Representative Director</p> <p>April 2008 Chairman, Representative Director of Mitsukoshi Holdings Ltd.</p> <p>March 2010 Adviser of Mitsukoshi, Ltd.</p> <p>June 2010 Retired from Isetan Mitsukoshi Holdings Ltd.</p> <p>March 2011 Retired from Mitsukoshi Ltd.</p> <p>June 2013 Director, HASEKO Corporation (current position) (to the present)</p> | 1,300 |
| <p>[Reasons for nomination as a candidate for Outside Director]</p> <p>Kohei Amano served as a Director at Mitsukoshi Ltd. and Isetan Mitsukoshi Holdings Ltd. And has abundant experience and excellent track record in the management of a consumer business. For such reason, the Company believes that he will make a great contribution to the Company’s management policy to strengthen its stock business and therefore has chosen him as a candidate for Outside Director. Since the amount of the Company’s transactions with Mitsukoshi Ltd. and Isetan Mitsukoshi Holdings Ltd. is 1% or less of the consolidated net sales, the Company believes that he is independent with no conflict of interest with general shareholders as he meets the Company’s independence criteria.</p> | | | |

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| No. | Name (Date of Birth) | Personal History, Positions, and Responsibilities in the Company (Significant Positions Concurrently Held) | Number of Company Shares Owned |
|---|---|--|--------------------------------------|
| 7 | New candidate Candidate for Outside Director Tadashi Kogami (July 23, 1949) | <p>April 1973 Joined Ministry of Construction April 1987 Deputy Director, Personnel Division, Minister's Secretariat, Ministry of Construction November 1991 Director, Public Relations Office, General Affairs Division, Director-General's Secretariat, National Land Agency January 2001 Vice-Director-General, Kinki Regional Development Bureau, Ministry of Land, Infrastructure, Transport and Tourism July 2002 Assistant Vice-Minister (Housing Bureau), Minister's Secretariat, Ministry of Land, Infrastructure, Transport and Tourism August 2005 Director-General, National and Regional Planning Bureau, Ministry of Land, Infrastructure, Transport and Tourism July 2006 Retired from Ministry of Land, Infrastructure, Transport and Tourism August 2006 Chairman, Housing Finance Promotion Association July 2007 Retired from Housing Finance Promotion Association July 2007 Senior Executive Director, Japan Housing Finance Agency March 2011 Retired from Japan Housing Finance Agency June 2011 Representative Director and President, West Japan Construction Surety Co., Ltd. (current position) (to the present)</p> <p>[Significant Position Concurrently Held] Representative Director and President, West Japan Construction Surety Co., Ltd. (Scheduled to retire on June 22, 2017)</p> | — |
| <p>[Reasons for nomination as a candidate for Outside Director] Tadashi Kogami is from the Ministry of Land, Infrastructure, Transport and Tourism, having served as Assistant Vice-Minister (Housing Bureau), Minister's Secretariat and Director-General, National and Regional Planning Bureau, and possesses highly professional knowledge about construction and real estate industry. As Representative Director and President of West Japan Construction Surety Co., Ltd., he has also been engaged in business management of a guarantee company, accumulating abundant experience and track record as a manager. For such reasons, the Company believes that he will make a positive contribution to the Company's management and therefore has chosen him as a candidate for Outside Director. Since the amount of the Company's transactions with West Japan Construction Surety Co., Ltd. is 1% or less of the consolidated net sales, the Company believes that he is independent with no conflict of interest with general shareholders as he meets the Company's independence criteria.</p> | | | |

Notes:

1. Each candidate has no special interest in the Company.
2. Kohei Amano (Candidate No. 6) and Tadashi Kogami (Candidate No. 7) are the candidates for Outside Directors stipulated in Article 2, Paragraph 3, Item 7, of the Ordinance for Enforcement of the Companies Act.

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3. The Company has notified the Tokyo Stock Exchange of the proposal to elect Kohei Amano as an independent director in accordance with the listing rules of the Exchange. The Company will notify the Exchange of the proposal to elect Tadashi Kogami as an independent director as well.
4. Kohei Amano will have served as a Director of the Company for four (4) years (at the conclusion of this General Meeting of Shareholders).
5. Tadashi Kogami is scheduled to retire from the position of Representative Director and President of West Japan Construction Surety Co., Ltd. on June 22, 2017.
6. The Company has been entering into a limited liability agreement with Kohei Amano in accordance with the Articles of Incorporation. Brief details are presented as follows. In the event that he is reelected and assume the office of Outside Director, the Company will continue the said agreement with him. In the event that Tadashi Kogami is elected as Outside Director, the Company will enter into a limited liability agreement with him in accordance with the Articles of Incorporation as well. Brief details of the limited liability agreement are presented as follows.

Contracts for Limitation of Liability with Outside Officers

Effective after entering into an agreement for limiting liability, should an Outside Director bear any liability with respect to his or her responsibilities prescribed under Article 423, Paragraph 1, of the Companies Act, where such Outside Director performed his or her duties in good faith and without gross negligence, his or her liabilities shall be limited to the amount stipulated under Article 425, Paragraph 1, of the Companies Act.

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Proposal No. 3 Election of One (1) Corporate Auditor

Since the term of office of Katsuhiko Kamijo will expire at the conclusion of this General Meeting of Shareholders, the Company proposes the election of one (1) Corporate Auditor.

The candidate for the position of Corporate Auditor is as follows. The Board of Corporate Auditors has approved this proposal.

| Name (Date of Birth) | Personal History and Positions (Significant Positions Concurrently Held) | Number of Company Shares Owned |
|---|--|--------------------------------------|
| <p>New candidate</p> <p>Candidate for Outside Corporate Auditor</p> <p>Takeshi Ikegami (July 6, 1955)</p> | <p>April 1979 Joined National Tax Agency</p> <p>July 1986 District Director, Yokote Tax Office, Sendai Regional Taxation Bureau</p> <p>June 1989 Commissioner’s Secretariat (Harvard Law School International Tax Program), National Tax Agency</p> <p>July 1990 Deputy Director, Research and Planning Division, Minister’s Secretariat, Ministry of Finance</p> <p>June 1996 Advisor for Directorate General of Taxes, Ministry of Finance, Republic of Indonesia</p> <p>July 1999 Assistant Regional Commissioner (Examination and Criminal Investigation Department), Takamatsu Regional Taxation Bureau</p> <p>July 2002 Assistant Regional Commissioner (Second Taxation Department), Tokyo Regional Taxation Bureau</p> <p>July 2006 Director General for Budget and Accounts, Japan External Trade Organization (JETRO)</p> <p>July 2009 Director (Appeals Judge), National Tax Tribunal</p> <p>July 2011 Director-General, Sendai National Tax Tribunal</p> <p>March 2012 Retired from National Tax Agency</p> <p>April 2012 Professor, Graduate School of Professional Accountancy, Meiji University (current position)</p> <p>April 2016 Committee Member, Professional Graduate School Committee, Meiji University (current position) (to the present)</p> <p>[Significant Positions Concurrently Held] Professor, Graduate School of Professional Accountancy, Meiji University Committee Member, Professional Graduate School Committee, Meiji University</p> | — |

[Reasons for nomination as a candidate for Outside Corporate Auditor]

Takeshi Ikegami is a certified tax accountant and has abundant knowledge about finance and accounting. The Company believes that he will be able to play a role as Corporate Auditor from the perspective of an expert and therefore has chosen him as a candidate for Outside Corporate Auditor. He has not been directly engaged in corporate management; however, based on the above reasons, the Company has determined that he will appropriately fulfill duties as Outside Corporate Auditor.

Notes:

1. The candidate has no special interest in the Company.

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2. Takeshi Ikegami is the candidate for Outside Corporate Auditor stipulated in Article 2, Paragraph 3, Item 8, of the Ordinance for Enforcement of the Companies Act.
3. The Company will notify the Tokyo Stock Exchange of the proposal to elect Takeshi Ikegami as an independent director in accordance with the listing rules of the Exchange.
4. In the event that Takeshi Ikegami is elected as an Outside Director, the Company will enter into a limited liability agreement with them in accordance with the Articles of Incorporation. Brief details are presented as follows.

Contracts for Limitation of Liability with Outside Officers

Effective after entering into an agreement for limiting liability, should an Outside Director bear any liability with respect to his or her responsibilities prescribed under Article 423, Paragraph 1, of the Companies Act, where such Outside Director performed his or her duties in good faith and without gross negligence, his or her liabilities shall be limited to the amount stipulated under Article 425, Paragraph 1, of the Companies Act.

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(Reference)

Independence Criteria for Outside Officers

The following independence criteria are established between candidates for Outside Officers and the companies or organizations to which they belong and the HASEKO Group ^(Note). Outside Officers must continue to comply with the independence criteria specified below after they have taken office. After assuming a new major position, their independence must be verified again based on the independence criteria.

1. A person who is not currently a Director (excluding Outside Director), Corporate Auditor (excluding Outside Corporate Auditor), Operating Officer or employee of the HASEKO Group, and has not been a Director (excluding Outside Director), Corporate Auditor (excluding Outside Corporate Auditor), Operating Officer or employee of the HASEKO Group in the last ten years.
2. A person who has not been a major shareholder* of the HASEKO Group or a Director, Corporate Auditor, Operating Officer or employee of a company of which the HASEKO Group has been a major shareholder in any fiscal year in the last five years.
*“Major shareholder” refers to a company or other shareholder that holds shares of 10% or more of the total voting rights.
3. A person who is not a Director, Corporate Auditor, Operating Officer or employee of a major business partner* of the HASEKO Group.
*“Major business partner” refers to a company that has paid or received transaction amounts worth 2% or more of the consolidated net sales of the HASEKO Group or the business partner (including its parent company and significant subsidiaries) in ordinary transactions with the HASEKO Group in the most recent fiscal year and the last three fiscal years.
The acquisition of real estate by a public tender is not considered as ordinary transactions, but if such an acquisition has occurred, it must be disclosed in the securities report.
4. A person who is not a Director, Corporate Auditor, Operating Officer or employee of a company that is a major lender* to the HASEKO Group.
*“Major lender” refers to a financial institution to which the HASEKO Group owes an outstanding amount worth 2% or more of the consolidated total assets of the HASEKO Group or the financial institution at the end of the most recent fiscal year.
5. A person who is not a Trustee, Director, Corporate Auditor, Operating Officer or employee of a corporation, association or other organization that has received a large donation* from the HASEKO Group.
*“Large donation” refers to an amount exceeding an average of ¥10 million per year in the last three fiscal years.
6. A Director, Corporate Auditor or Operating Officer who has not been dispatched on a reciprocal basis with the HASEKO Group.
7. A person who has not been a certified public accountant belonging to an auditing firm that is the Accounting Auditor of the HASEKO Group, an attorney who has an advisory contract with the HASEKO Group, or an attorney belonging to a law firm that has an advisory contract with the HASEKO Group in any fiscal year in the last five years.
8. A person who is not an attorney, certified public accountant, consultant or other such expert who has received a large amount of money* or other property (excluding remuneration for officers) from the HASEKO Group (if the party receiving the property is a corporation, association or other organization, a person who is not a person belonging to such an

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organization).

*“Large amount of money” refers to an amount exceeding an average of ¥10 million per year in the last three fiscal years.

9. A person who is not a spouse of, a relative within the second degree of kinship of, a relative living with, or a person who shares a livelihood with a person falling under any of the following items:

(1) A Director, Corporate Auditor, Operating Officer or important employee* of the HASEKO Group;

(2) A person who has been a Director, Corporate Auditor, Operating Officer or important employee of the HASEKO Group in any fiscal year in the last five years; or

(3) A person whose appointment is restricted due to not satisfying any of 2. to 7. above.

*“Important employee” generally refers to an employee of or above the level of Operating Officer. However, in HASEKO Corporation, it refers to an employee of or above the level of department head.

10. In addition to the above, a person whose independence to perform the duties of an Outside Officer is not in doubt.

Note: “The HASEKO Group” refers to HASEKO Corporation and its subsidiaries.

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Proposal No. 4 Adoption of Performance-Based Stock Compensation Scheme for Directors

1. Reasons for proposal

The Company plans to adopt a new performance-based stock compensation scheme Board Benefit Trust (BBT) scheme (the “Scheme”) for Directors (excluding Outside Directors), Executive Vice Presidents, Executive Operating Officers and Senior Operating Officers of the Company, and the presidents, etc. of its Group companies (subsidiaries of the Company) (hereinafter collectively referred to as the “Group Officers”).

The Company has always placed emphasis on the linkage between the Group Officers’ remuneration and business performance. The Scheme is intended to further clarify the linkage between the remuneration for the Group Officers and the Company’s performance as well as its stock value, so that the Group Officers should not only be able to enjoy the advantages of higher stock prices but also share the risk of a drop in the share price with the shareholders, motivating the Group Officers to have a stronger mindset for contributing to the Company’s better performance and increased corporate value over the medium to long term. The Company believes the contents of this proposal is rational in light of such a purpose.

This is a proposal on the new stock compensation to be paid to the Company’s Directors (excluding Outside Directors), separately from the Company’s Directors’ remuneration amount approved at the 91st Ordinary General Meeting of Shareholders held on June 27, 2008 (a maximum amount of ¥700 million per year, of which ¥200 million shall be paid as bonuses on the condition that dividend of surplus is paid on common stock). If the Proposal No.2 is approved as proposed, the number of the Company’s Directors who are eligible for the Scheme will be eight (8).

2. Remuneration amount related to the Scheme and reference information

(1) Overview of the Scheme

The Scheme is a stock compensation scheme to provide, in accordance with the “officer stock benefit rules” set forth by the Company, the Group Officers with the Company’s shares and the amount of cash equivalent to the market price of the Company’s shares (the “Company Shares, etc.”), as of the date of their retirement from office as a rule, through a trust established under the Scheme (the “Trust”). The Trust acquires the Company’s shares to be provided by using the money contributed by the Company as the funds.

Particulars of the Scheme shall be decided by the Board of Directors within the scope of the content of this proposal.

(2) Eligibility of the Scheme

The Group Officers (Outside Directors and Corporate Auditors are not eligible for the Scheme.)

(3) Trust period

August 25, 2017 (scheduled) to the termination of the Trust
(With respect to the trust period, the termination date will not be specified. The Trust will be continued as long as the Scheme is in operation. The Scheme will be voided in the event of the delisting of the Company’s stock, the abolishment of the “officer stock benefit rules”, etc.)

(4) Trust amount

The Company, provided that this proposal is approved, will contribute the money as follows to the Trust as funds for the Trust to acquire the Company’s shares for the five (5) fiscal years, from the fiscal year ended March 31, 2017 to the fiscal year ending March 31,

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2021 (hereinafter, said five fiscal years will be referred to as the “Initial Target Period”, and the Initial Target Period and subsequent each five years will be referred to as the “Target Period”.) and respective Target Periods thereafter.

First, the Company will contribute a maximum of ¥800 million to the Trust as necessary funds for the Initial Target Period upon the establishment of the Trust, scheduled on August 25, 2017.

The Company will make an additional contribution of ¥800 million at the maximum for each Target Period after the Initial Target Period, until the Scheme becomes abolished.

However, in cases where additional contribution is made when the Company’s shares (not including shares that are equivalent to the number of points already granted to The Group Officers and are yet to be delivered) and money remain in the Trust (the “Remaining Shares, etc.”), the total of the amount of the Remaining Shares, etc. (the Company’s shares will be valued by using the book value as of the last date of the previous Target Period) and the amount of additional contribution cannot exceed ¥800 million.

(5) Remuneration amount in line with the adoption of the Scheme

In line with the adoption of the Scheme, the Company will contribute a maximum of ¥800 million to the Trust for each Target Period (five fiscal years), as stated in (4) above. Out of the maximum amount, a portion for the Company’s Directors (excluding Outside Directors.) who are subject to approval of this General Meeting of Shareholders is a maximum of ¥320 million for each Target Period (five fiscal years).

(6) Acquisition method of the Company’s shares and the number of shares to be acquired

The acquisition of the Company’s shares will be made through the stock market or by underwriting the disposition of the Company’s treasury stock, using the money contributed as the funds as stated in (4) above. The Trust will acquire a maximum of 900 thousand shares of the Company’s stock (for five fiscal years). For the Initial Target Period, the Company’s shares will be acquired through the stock market in a prompt manner following the establishment of the Trust.

(7) Calculation method of the number of the Company Shares, etc. to be provided

Pursuant to the “officer stock benefit rules”, points will be granted to each of the Group Officers for each fiscal year. The points are determined by multiplying base points set forth in line with duties and responsibilities of each officer by a performance-linked factor.

The performance-linked factor varies between 0% and 110% depending on the level of performance achievement on consolidated ordinary income, etc. Points will be granted on the condition that dividend of surplus is paid on common stock.

In providing the Company Shares, etc., which will stated in (8) below, every one (1) point granted will be converted to one (1) share of the Company’s common stock (however, if stock split, gratis allotment of shares, or reverse stock split, etc. is conducted on the Company’s shares after approval of this proposal, appropriate adjustments will be made to the upper limit of points and the number of points already granted or conversion rate, proportional to the ratio, etc., of the change).

(8) Provision of the Company Shares, etc.

In the event that the Group Officers retire and meet the requirements for beneficiary set forth in the “officer stock benefit rules”, the Trust will provide the Company Shares, etc., following the retirement, in proportion to the points granted to said retired Group Officers up to the retirement, by completing predefined beneficiary identification procedures. If the requirements set forth in the “officer stock benefit rules” are met, however, the Trust provides them with an amount of cash equivalent to the market price of the Company’s

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shares for a certain percentage in place of the provision of the Company’s shares. The Trust may sell the Company’s shares in order to provide cash payment.

(9) Exercise of voting rights

In accordance with the instructions from the trust administrator, the Trust will not exercise the voting rights of the Company’s shares in the Trust’s account. This is intended to ensure the neutrality of the Trust toward the Company’s management with regard to the exercise of voting rights of the Company’s shares in the Trust’s account.

(10) Treatment of dividends

Dividends on the Company’s shares in the Trust’s account will be received by the Trust and used for the acquisition of the Company’s shares and the payment of trust fees to the trustee, etc. In the event that the Trust is terminated, dividends, etc. that remains in the Trust will be paid, in accordance with the “officer stock benefit rules”, to the Group Officers in position at that point of time, based on points owned by each of the Group Officers.

(11) Treatment of termination of trust

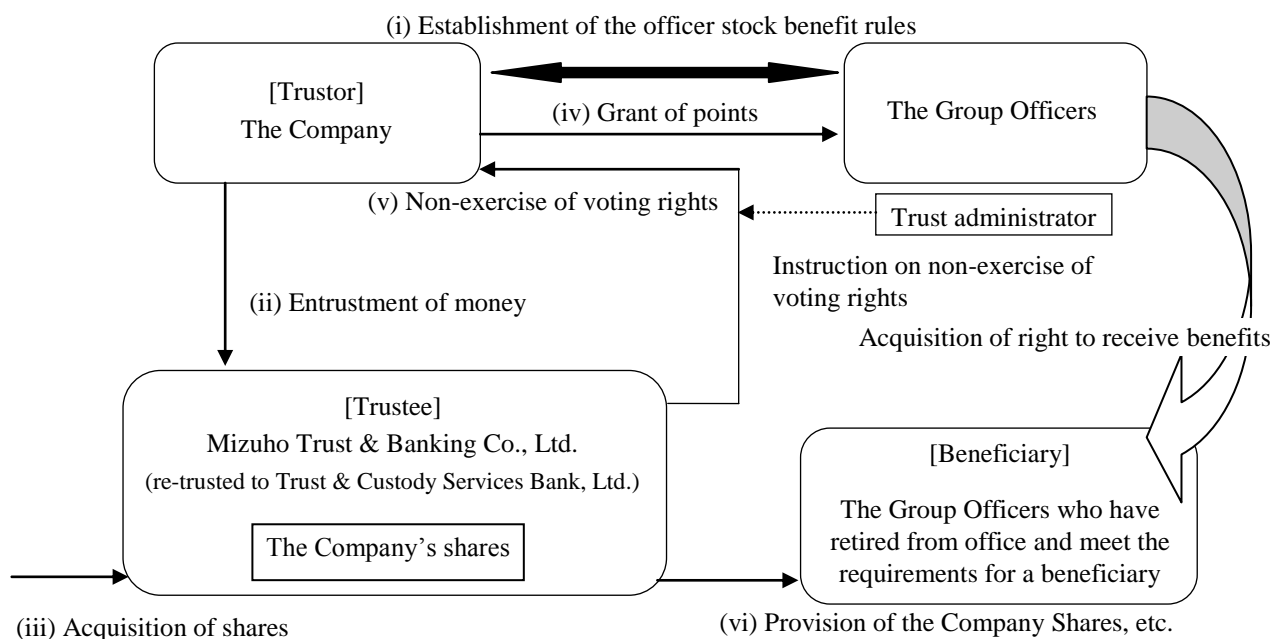
The Trust will be terminated in the event of the delisting of the Company’s stock, the abolishment of the “officer stock benefit rules”, etc.

Upon the termination of the Trust, the Company’s shares that remain in the Trust will be acquired by the Company free of charge and retired by a resolution of the Board of Directors. Money that remains in the Trust will be given to the Company, after subtracting the amount to be paid to the Group Officers as stated in (10) above.

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<Structure of the BBT Scheme>




- (i) The Company establishes the “officer stock benefit rules” within the framework approved on this proposal.
- (ii) The Company entrusts the money to the extent as approved on this proposal.
- (iii) The Trust acquires the Company’s shares through the stock market or by underwriting the disposition of the Company’s treasury stock, using the money entrusted in (ii) as the funds.
- (iv) The Group grants points to the Group Officers based on the “officer stock benefit rules.”
- (v) In accordance with the instructions from the independent trust administrator, the Trust will not exercise the voting rights of the Company’s shares in the Trust’s account.
- (vi) The Trust provides the Company’s shares to the Group Officers who has retired and meet the requirements for beneficiary set forth in the “officer stock benefit rules” (the “Beneficiaries”), in proportion to the points granted to the Beneficiaries. If the Group Officers meet the requirements set forth in the “officer stock benefit rules,” however, the Trust provides them with an amount of cash equivalent to the market price of the Company’s shares for a certain percentage of the points granted to them.

(Reference)

Maximum Amount of Monetary Contribution to the Trust (each 5 fiscal years)

| | |
|--|--------------|
| For the Group Officers | ¥800 million |
| Out of the above, for the Company's Directors (excluding Outside Directors) | ¥320 million |

Remuneration Amount for the Company's Directors upon the Approval of this Proposal

| | Current | | Proposed Revision |
|---|---|---|--|
| (1) Basic remuneration | A maximum of ¥700 million (per fiscal year) * Out of the above, ¥200 million is for bonuses. |  | A maximum of ¥700 million (per fiscal year) * Out of the above, ¥200 million is for bonuses. [Unchanged] |
| (2) Remuneration amount under the performance-based stock compensation scheme | — | | A maximum of ¥320 million (each 5 fiscal years) * Outside Directors are not eligible. |

Consolidated Balance Sheet

(As of March 31, 2017)

(millions of yen)

| Account Item | Amount | Account Item | Amount |
|---|---------|--|---------|
| (Assets) | | (Liabilities) | |
| I. Current assets | 478,611 | I. Current liabilities | 270,002 |
| Cash and bank deposits | 201,269 | Notes and accounts payable | 81,405 |
| Notes and accounts receivable, trade | 117,607 | Electronically recorded obligations - operating | 39,598 |
| Securities | 3,854 | Short-term borrowings | 35,771 |
| Costs on uncompleted construction contracts | 9,340 | Leased liabilities | 1,352 |
| Real estate for sale | 51,684 | Income taxes payable | 16,755 |
| Costs and advances for real estate operations | 53,188 | Advances received on uncompleted contracts | 22,256 |
| Real estate for development projects | 24,032 | Advances received for real estate sales | 10,532 |
| Deferred tax assets | 5,445 | Warranty reserve | 4,904 |
| Other current assets | 12,367 | Reserve for loss on construction contracts | 78 |
| Allowance for doubtful accounts | (174) | Accrued bonuses | 4,066 |
| II. Fixed assets | 152,327 | Provision for directors' bonuses | 120 |
| 1 Property and equipment | 110,392 | Other current liabilities | 53,165 |
| Buildings and structures | 32,615 | II. Long-term liabilities | 122,469 |
| Machinery, vehicle, equipment and furniture | 1,474 | Bonds payable | 20,000 |
| Land | 64,988 | Long-term debt | 77,493 |
| Leased assets | 7,441 | Leased liabilities | 7,235 |
| Construction in progress | 3,874 | Reserve for employees' retirement benefits | 1,016 |
| 2 Intangible fixed assets | 7,331 | Provision for Employee Stock Ownership Plan | 518 |
| Land leasehold rights | 1,872 | Provision for Board Benefit Trust | 80 |
| Goodwill | 4,209 | Other long-term liabilities | 16,127 |
| Other intangible fixed assets | 1,250 | | |
| 3 Investments and other assets | 34,604 | Total liabilities | 392,470 |
| Investment securities | 13,524 | | |
| Long-term loans | 2,844 | (Net assets) | |
| Net defined benefit asset | 4,164 | I. Shareholders' equity | 245,358 |
| Deferred tax assets | 2,011 | 1 Capital stock | 57,500 |
| Other assets | 12,862 | 2 Additional paid-in capital | 7,500 |
| Allowance for doubtful accounts | (801) | 3 Retained earnings | 180,509 |
| | | 4 Treasury stock | (151) |
| | | II. Valuation and translation adjustments | (7,510) |
| | | 1 Valuation adjustments on other investment securities | 1,631 |
| | | 2 Foreign currency translation adjustments | (3,215) |
| | | 3 Remeasurements of defined benefit plans | (5,926) |
| | | III. Non-controlling interests | 619 |
| | | Total net assets | 238,467 |
| Total assets | 630,937 | Total liabilities and net assets | 630,937 |

Consolidated Statement of Income

(For the period from April 1, 2016 to March 31, 2017)

(millions of yen)

| Account Item | Amount | |
|---|---------|---------|
| I. Net sales | | 772,328 |
| II. Cost of sales | | 629,454 |
| Gross profit | | 142,874 |
| III. Selling, general and administrative expenses | | 53,842 |
| Operating income | | 89,032 |
| IV. Non-operating income | | |
| Interest and dividend income | 1,182 | |
| Equity in earnings of affiliates | 77 | |
| Other non-operating income | 922 | 2,181 |
| V. Non-operating expenses | | |
| Interest expenses | 1,401 | |
| Loan incidental expenses | 823 | |
| Other non-operating expenses | 162 | 2,386 |
| Ordinary income | | 88,827 |
| VI. Special income | | |
| Gain on sale of fixed assets | 1,161 | |
| Gain on sales of investment securities | 102 | |
| Other special income | 16 | 1,278 |
| VII. Special losses | | |
| Loss on disposal of fixed assets | 56 | |
| Impairment loss on fixed assets | 11,778 | |
| Other special losses | 14 | 11,849 |
| Income before income taxes and minority interests | | 78,256 |
| Income taxes – current | 21,385 | |
| Income taxes – deferred | (2,078) | 19,308 |
| Profit | | 58,949 |
| Profit attributable to non-controlling interests | | 187 |
| Profit attributable to owners of parent | | 58,762 |

Consolidated Statement of Change in Net Assets

(For the period from April 1, 2016 to March 31, 2017)

(millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|----------------------------|-------------------|----------------|----------------------------|
| | Capital stock | Additional paid-in capital | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance as of April 1, 2016 | 57,500 | 7,500 | 126,726 | (146) | 191,580 |
| Changes during the consolidated fiscal year | | | | | |
| Dividends of surplus | | | (4,509) | | (4,509) |
| Profit attributable to owners of parent | | | 58,762 | | 58,762 |
| Purchase of treasury stock | | | | (4) | (4) |
| Disposal of treasury stock | | 0 | | 0 | 0 |
| Decrease in retained earnings due to decrease in affiliates accounted for by equity method | | | (471) | | (471) |
| Change in treasury stock of parent arising from transactions with non-controlling shareholders | | 0 | | | 0 |
| Net changes of items other than shareholders' equity during the consolidated fiscal year | | | | | — |
| Total of changes during the consolidated fiscal year | — | 0 | 53,782 | (4) | 53,778 |
| Balance as of March 31, 2017 | 57,500 | 7,500 | 180,509 | (151) | 245,358 |

(millions of yen)

| | Valuation and translation adjustments | | | | Non-controlling interests | Total net assets |
|--|--|--|---|---|---------------------------|------------------|
| | Valuation adjustments on other investment securities | Foreign currency translation adjustments | Remeasurements of defined benefit plans | Total valuation and translation adjustments | | |
| Balance as of April 1, 2016 | 1,786 | (2,416) | (6,013) | (6,643) | 438 | 185,374 |
| Changes during the consolidated fiscal year | | | | | | |
| Dividends of surplus | | | | | | (4,509) |
| Profit attributable to owners of parent | | | | | | 58,762 |
| Purchase of treasury stock | | | | | | (4) |
| Disposal of treasury stock | | | | | | 0 |
| Decrease in retained earnings due to decrease in affiliates accounted for by equity method | | | | | | (471) |
| Change in treasury stock of parent arising from transactions with non-controlling shareholders | | | | | | 0 |
| Net changes of items other than shareholders' equity during the consolidated fiscal year | (154) | (799) | 87 | (866) | 181 | (686) |
| Total of changes during the consolidated fiscal year | (154) | (799) | 87 | (866) | 181 | 53,093 |
| Balance as of March 31, 2017 | 1,631 | (3,215) | (5,926) | (7,510) | 619 | 238,467 |

Non-consolidated Balance Sheet

(As of March 31, 2017)

(millions of yen)

| Account Item | Amount | Account Item | Amount |
|---|----------------|--|----------------|
| (Assets) | | (Liabilities) | |
| I. Current assets | 277,011 | I. Current liabilities | 196,653 |
| Cash and bank deposit | 109,845 | Notes payable | 15,084 |
| Notes receivable | 8,080 | Electronically recorded obligations - | 36,806 |
| Accounts receivable on construction | 73,643 | operating | |
| Accounts receivable on real estate operations | 7,150 | Accounts payable on construction contracts | 43,182 |
| Costs on uncompleted construction contracts | 6,042 | Accounts payable on real estate operations | 1,771 |
| Real estate for sale | 30,183 | Short-term borrowings | 35,035 |
| Costs and advances for real estate operations | 31,116 | Lease liabilities | 25 |
| Deferred tax assets | 3,181 | Income taxes payable | 12,927 |
| Other current assets | 7,858 | Advances received on uncompleted contracts | 20,238 |
| Allowance for doubtful accounts | (88) | Advances received for real estate operations | 10,959 |
| II. Fixed assets | 219,858 | Deposits received | 2,014 |
| 1. Property and equipment | 45,334 | Warranty reserve | 4,229 |
| Buildings and structures | 8,751 | Reserve for loss on construction contracts | 78 |
| Machinery | 504 | Accrued bonuses | 1,995 |
| Equipment and furniture | 261 | Provision for directors' bonuses | 120 |
| Land | 32,341 | Other current liabilities | 12,189 |
| Leased assets | 50 | II. Long-term liabilities | 86,031 |
| Construction in progress | 3,427 | Bonds payable | 20,000 |
| 2. Intangible fixed assets | 437 | Long-term debt | 62,005 |
| Land leasehold rights | 17 | Leased liabilities | 30 |
| Other intangible fixed assets | 420 | Asset retirement obligations | 68 |
| 3. Investments and other assets | 174,087 | Provision for Employee Stock Ownership | 315 |
| Investment securities | 8,063 | Plan | |
| Shares of affiliate companies | 90,410 | Provision for Board Benefit Trust | 36 |
| Other investment securities of affiliates | 1,296 | Long-term deferred tax liabilities | 1,628 |
| Long-term loans | 61,971 | Other long-term liabilities | 1,949 |
| Bankruptcy claim, reorganization claim | 484 | Total liabilities | 282,684 |
| Long-term prepaid expenses | 32 | (Net assets) | |
| Prepaid pension cost | 7,391 | I. Shareholders' equity | 213,163 |
| Other assets | 5,149 | 1. Capital stock | 57,500 |
| Allowance for doubtful accounts | (709) | 2. Additional paid-in capital | 7,500 |
| | | Capital legal reserves | 7,500 |
| | | Other capital surplus | 0 |
| | | 3. Retained earnings | 148,314 |
| | | Earned surplus reserve | 1,687 |
| | | Other retained earnings | 146,626 |
| | | Earned surplus carried forward | 146,626 |
| | | 4. Treasury stock | (151) |
| | | II. Valuation and translation adjustments | 1,022 |
| | | Valuation adjustments on other investment | 1,022 |
| | | securities | |
| | | Total net assets | 214,185 |
| Total assets | 496,869 | Total liabilities and net assets | 496,869 |

Non-consolidated Statement of Income

(For the period from April 1, 2016 to March 31, 2017)

(millions of yen)

| Account Item | Amount | |
|---|---------|---------|
| I. Net sales | | |
| Construction contracts | 395,651 | |
| Commissioned work | 5,052 | |
| Design and supervision | 11,997 | |
| Lease rentals of buildings | 1,862 | |
| Real estate sales | 120,335 | 534,898 |
| II. Cost of sales | | |
| Construction contracts | 318,988 | |
| Commissioned work | 2,045 | |
| Design and supervision | 4,872 | |
| Lease rentals of buildings | 927 | |
| Real estate sales | 106,905 | 433,737 |
| Gross profit (loss) on net sales | | |
| Construction contracts | 76,663 | |
| Commissioned work | 3,007 | |
| Design and supervision | 7,125 | |
| Lease rentals of buildings | 935 | |
| Real estate sales | 13,431 | 101,161 |
| III. Selling, general and administrative expenses | | 24,929 |
| Operating income | | 76,232 |
| IV. Non-operating income | | |
| Interest and dividend income | 1,574 | |
| Other non-operating income | 362 | 1,935 |
| V. Non-operating expenses | | |
| Interest paid | 1,288 | |
| Loan incidental expenses | 798 | |
| Other non-operating expenses | 114 | 2,200 |
| Ordinary income | | 75,967 |
| VI. Special income | | |
| Gain on sale of fixed assets | 136 | |
| Gain on sales of shares of affiliate companies | 1,348 | 1,485 |
| VII. Special losses | | |
| Loss on retirement of intangible assets | 4 | |
| Impairment loss on fixed assets | 273 | 277 |
| Income before income taxes | | 77,176 |
| Income taxes – current | | 17,830 |
| Income taxes – deferred | | 2,887 |
| Profit | | 56,459 |

Non-consolidated Statement of Change in Net Assets

(For the period from April 1, 2016 to March 31, 2017)

(millions of yen)

| | Shareholders' equity | | | | | | |
|---|----------------------|----------------------------|-----------------------|----------------------------------|--------------------------------|-------------------------|-------------------------|
| | Capital stock | Additional paid-in capital | | | Retained earnings | | |
| | | Capital legal reserves | Other capital surplus | Total additional paid-in capital | Earned surplus reserve | Other retained earnings | Total retained earnings |
| | | | | | Earned surplus carried forward | | |
| Balance as of April 1, 2016 | 57,500 | 7,500 | 0 | 7,500 | 1,236 | 95,128 | 96,364 |
| Changes during the fiscal year | | | | | | | |
| Dividends of surplus | | | | — | | (4,509) | (4,509) |
| Reserves due to dividends of surplus | | | | — | 451 | (451) | — |
| Profit for the fiscal year ended March 31, 2017 | | | | — | | 56,459 | 56,459 |
| Purchase of treasury stock | | | | — | | | — |
| Disposal of treasury stock | | | 0 | 0 | | | — |
| Net changes of items other than shareholders' equity during the fiscal year | | | | — | | | — |
| Total of changes during the fiscal year | — | — | 0 | 0 | 451 | 51,499 | 51,950 |
| Balance as of March 31, 2017 | 57,500 | 7,500 | 0 | 7,500 | 1,687 | 146,626 | 148,314 |

(millions of yen)

| | Shareholders' equity | | Valuation and translation adjustments | Total net assets |
|---|----------------------|----------------------------|--|------------------|
| | Treasury stock | Total shareholders' equity | Valuation adjustments on other investment securities | |
| Balance as of April 1, 2016 | (146) | 161,218 | 1,199 | 162,417 |
| Changes during the fiscal year | | | | |
| Dividends of surplus | | (4,509) | | (4,509) |
| Reserves due to dividends of surplus | | — | | — |
| Profit for the fiscal year ended March 31, 2017 | | 56,459 | | 56,459 |
| Purchase of treasury stock | (4) | (4) | | (4) |
| Disposal of treasury stock | 0 | 0 | | 0 |
| Net changes of items other than shareholders' equity during the fiscal year | | — | (177) | (177) |
| Total of changes during the fiscal year | (4) | 51,945 | (177) | 51,768 |
| Balance as of March 31, 2017 | (151) | 213,163 | 1,022 | 214,185 |