February 9, 2012

Notification on Establishment of Medium-Term Business Plan

In February 2008, Haseko Corporation (the "Company") established the "SHIN" Plan (fiscal 2008 through fiscal 2010), a medium-term business plan positioned as the new stage after the completion of corporate revitalization. In the first year of the Plan, the management environment worsened significantly, stemming from the subprime loan problems, and the Company extended the period of the Plan by one year in May 2009 in order to achieve the goals. Nevertheless, the market continued to remain at a level lower than anticipated. On top of this, the Great East Japan Earthquake in March 2011 generated many uncertain factors in the market, including the trends in the condominium market, land prices and construction costs. Accordingly, at an early period in the current fiscal year, which marks the final fiscal year of the Plan, the Company judged that it is difficult to achieve the numerical target initially set forth, and announced the forecast results for the fiscal year based on this judgment.

On the other hand, the Company has worked to achieve the business and technology strategies pursued in the Plan, such as creating added value in the for-sale condominium business for business strategies and enhancing the "technological capabilities and technical development abilities that only Haseko can demonstrate" for technology strategies. In doing so, the Company provided "Long-Life and High-Quality" condominiums and offered new values such as the "Be-Liv" format of condominium units, among other things. In terms of financial strategy, consolidated interest-bearing debt has been reduced to a level of nearly 200 billion yen (excluding PFI loans).

The environment surrounding the Company continues to have many uncertain factors, including the impact of the earthquake and the review of the consumption tax by the government. Against this backdrop, the Haseko Group is faced with the structural changes of the Japanese economy, such as the contraction of the domestic construction market and accompanying intensification of competition over orders, and the arrival of an aged society with decreased birth rate. For our future, we believe it is essential for us to respond to the changes.

In view of the above, we have established the "PLAN for NEXT" (Plan 4N)[*1] as our new medium-term business plan. With an aim to firmly establish our management system for the future, the Plan positions the coming four years as the period for "creating the foundation for the new stage." The major focus of the Plan is placed on accelerating a shift to corporate management that builds upon both the "flow-based" market centering on construction, in which the Company has long been engaged, and the "stock-based" market that should surely accumulate in the future, as well as preparing a financial standing that can endure changes and facilitate the challenging of new endeavors from a medium- to long-term perspective.

*1: The name "PLAN for NEXT" represents the plan's objective of creating a solid business foundation for the next stage.
The abbreviation "4N" is a combination of "4" representing the four fiscal years as well as a pun for "for" and "N" is the first letter of NEXT.

Overview of the Medium-Term Business Plan, “PLAN for NEXT” (PLAN 4N)

> Period Covered by the Plan: Four fiscal years (fiscal 2012 (ending March 2013) – fiscal 2015 (ending March 2016)

> Positioning of the Plan: “Period for creating foundation for the new stage”

> Basic Policies

1. Accelerate a shift to corporate management that builds on both construction-related business, which primarily targets the market for new housing supply, and service-related business, which is centered on the market related to existing residences, etc.
2. Provide safe, reliable and comfortable condominiums
3. Secure a financial foundation that supports continuous growth, and resume dividends to the Company’s common stocks
4. Challenge new endeavors from a medium- to long-term perspective
5. Focus on establishing highly effective governance and internal control

> Numerical Targets

Secure profitability generating at least 30 billion yen in consolidated ordinary income and 20 billion yen in non-consolidated ordinary income for fiscal 2015 ending March 2016

--- Achieve 10 billion yen in ordinary income through service-related business centering on condominium management, rental apartment management, and interior and exterior renovation.

> Specific Items

1. Enhancing Profitability of Main Businesses

“Accelerate a shift to corporate management that builds on both construction-related business, which primarily targets the market for new housing supply, and service-related business, which is centered on the market related to existing residences, etc.”

1) Firmly secure the Company’s market share of at least 20% in the construction of new for-sale condominiums on an order basis

* Increase the ratio of Haseko Designated Orders by reinforcing our ability to gather information on real estate (secure the ratio of Haseko Designated Orders to be at least 90%)

* Enhance joint work with project owners assuming that we conduct design and construction in packages (the ratio of design and construction in packages to be at least 90%), and strengthen our ability to control costs by taking advantage of our superiority

* Continue our real estate business by participating in projects with the primary aim of receiving construction orders

* Establish our system to gather information and conduct construction to expand the areas in which we work to receive construction orders, including major cities in the greater Tokyo metropolitan area[*2]

* Further evolve our system on after-sales services, including the provision of the “Haseko Premium After-Sales Services”

* Endeavor to expand order-reception for condominiums with services for the elderly and rental apartments

*2: “Greater” Tokyo metropolitan area includes Ibaraki, Tochigi, Gunma, Yamanashi and Shizuoka Prefectures in addition to Tokyo Prefecture and the other three prefectures conventionally included in the definition of the Tokyo metropolitan area.

2) Increase revenues in stages from the service-related businesses centering on condominium management, rental apartment management, interior and exterior renovation, aiming to achieve 10 billion yen in ordinary income

* Aim to increase the number of for-sale condominium and rental condominium units under management, and enhance the business foundation by having the entire company fully conscious of our identity as a service business and invest in human resources

* Enhance the system that allows the provision of support, both in terms of products and services, concerning rebuilding, renovation for enhanced earthquake resistance and repairs, etc. of aging condominiums

* Accumulate know-how in the area of renovation, such as large-scale exterior renovation, in order to expand revenues and profits

* Implement multi-faceted work in the area of housing for the elderly, including management and operations of the facilities

* Aim to expand the business scale and acquire know-how through M&As and tie-ups, as well as proactively implement peripheral work of existing businesses

2. Reinforcing and Advancing Technological Capabilities and Technical Development Abilities

"Provide safe, reliable and comfortable condominiums"

* Develop and construct next-generation production systems (such as utilization of information technologies and promotion of industrialization)

* Develop and introduce next-generation condominiums (such as those incorporating energy-saving and environment-related technologies)

* Develop production technologies of condominiums for the elderly and rental condominiums

* Further reinforce development of renovation technologies

3. Financial Strategy and Capital Policies

"Implement a financial strategy with a balanced focus on 'securing a financial foundation that supports continuous growth' and 'handling outstanding preferred stocks,' and resume dividends to the Company's common stocks"

1) Redeem all existing preferred stocks (Preferred Stocks Class B I) by the arrival of their conversion period that starts in October 2015, by using profits for the period, in order to avoid dilution caused by the conversion of the preferred stocks into common stocks

2) Work to maintain and improve financial soundness by improving the quality of shareholders' equity and reducing interest-bearing debt, in order to secure flexibility in the financial strategy in accordance with the business policies and the growth strategies of the Company

3) Resume stable dividends to the Company's common stocks as early as possible within the period covered by the Plan

[Specific measures for redeeming all preferred stocks]

"Construct a scheme to redeem all preferred stocks to support the preferred stock redemption plan that uses the profits for the period, while flexibly responding to such factors as changes in the business environment and fluctuations in business results in the future, and start redemption beginning this fiscal year."

1) Partly modify the Articles of Incorporation concerning the acquisition (mandatory redemption) of Preferred Stocks Class B I

* Change the schedule by which the Company can conduct mandatory redemption of the said preferred

stocks to September 30, 2015 (extension of one year from the current schedule of September 30, 2014)

* This issue is planned to be placed on the agenda of the annual meeting of shareholders scheduled for June 2012

2) Establish commitment line of subordinated loans (syndication scheme)

* Discussion is under way with three major banks, which are also the Company's preferred stock shareholders, concerning the commitment line of subordinated loans for a maximum amount of 20 billion yen (with the fund use limited to the acquisition of the relevant preferred stocks), as a backup to secure funds that may become necessary in the future to acquire the Preferred Stocks Class B I while maintaining financial soundness to a certain degree. The commitment line is planned to be established in March 2012.

3) Start acquisition (mandatory redemption) of Preferred Stocks Class B I

* Implement acquisition (mandatory redemption) of part of the Preferred Stocks Class B I (10 million stocks at face value of 5 billion yen) in March 2012 (planned)
* For the remainder of the preferred stocks, implement acquisition (mandatory redemption) in the next fiscal year and after, funded by retained earnings

4. Challenge New Domains with a View for the Future

"Facilitate the challenging of new endeavors from a medium- to long-term perspective"

1) Pursue the possibility of expanding our business areas in major cities in Japan, pivoting around service-related businesses

2) Investigate and implement measures to expand revenues and profits in overseas markets as the Haseko Group

5. Corporate Management Systems, etc.

"Continue to focus on establishing highly effective governance and internal control, building on the basic policy of the Company's corporate management to contribute to society through its business operations that put customers first and to become a trusted company"

* Secure monitoring of management operations by the Board of Auditors, the majority of which are outside auditors, with an outside monitoring function from an objective and neutral standpoint, and activate the Board of Directors as well as enhance its function to monitor business management by adding outside directors

* Continuously maintain and enhance systems for compliance, quality (ISO9001), environment (ISO14001), information security and protection of personal information

Note: In this document, performance forecasts and other forward-looking statements are calculated based on the information available to the management as of the date hereof. Actual results may differ from the forecasts described above due to any changes in a variety of factors in the future.