

Progress on the Medium-term Business Plan (HASEKO Next Stage Plan)

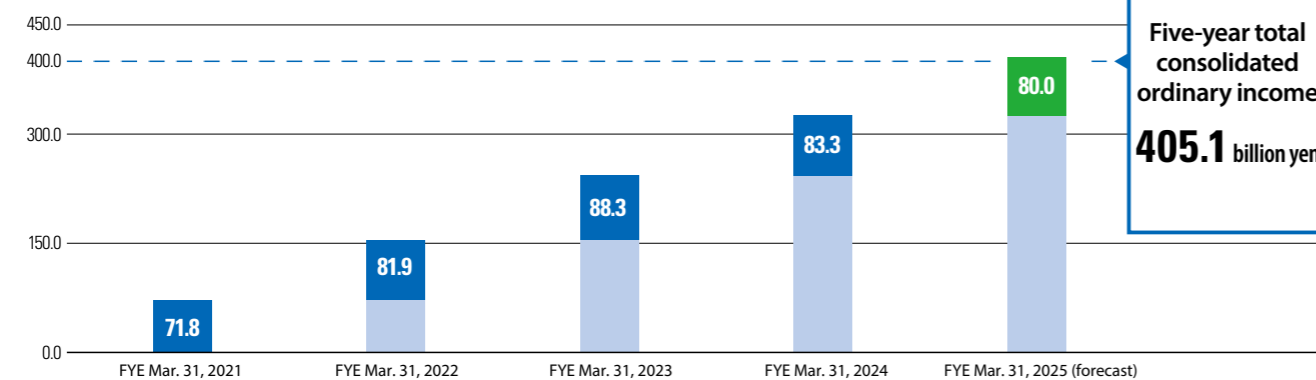
In 2020, the Haseko Group formulated the Haseko Group Long-Term Vision—What the Company Aims to Be for the Fiscal Year Ending March 2030. Toward achieving the Long-Term Vision, we have embarked on a five-year medium-term business plan, HASEKO Next Stage Plan ("Plan NS"), and are executing growth strategies based on the premise that conditions in society will change.

Four years have passed under the current plan, leading us to its final fiscal year. Despite the unprecedented changes in the business environment caused by the COVID-19 pandemic, which occurred soon after the plan was launched, we have steadily progressed with the initiatives set out in Plan NS. The growth of the Group's companies has been particularly remarkable, and the goal of achieving consolidated ordinary income of 400 billion yen or more over five years is now within sight. In addition, the annual dividend was increased to 85 yen for the fiscal year ended March 31, 2024. We plan to sustain 85 yen for the fiscal year ending March 31, 2025. Some of the specific initiatives in this plan are described below.

[For more information, please visit](#)

HASEKO Next Stage Plan								
Basic policy	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.	Focused strategies	1	Strengthen competitiveness of core businesses <ul style="list-style-type: none"> Expansion of domain of the Construction-Related Business Expansion of redevelopment and reconstruction business/response to compact cities Continuation and strengthening of the Service-Related Business 	Financial strategy Shareholder returns	1	Maintain a strong financial base while accelerating growth strategy investment and enhancing shareholder returns
	2	Deepen coordination among the Group companies and realize a corporate entity that proves to be worthy of the trust received from urban dwellers		2	Expansion of investment in Real Estate-Related Business <ul style="list-style-type: none"> Expansion of business areas for condominium sales business Rental properties holding and development business 		2	Continue to pay stable dividends. In addition, buy back shares flexibly, taking into account the business environment, growth investment opportunities, the Company's stock price level, and improvement of capital efficiency
	3	Provide safe, secure and comfortable housing and urban environment		3	Initiatives for future growth <ul style="list-style-type: none"> Investment for realizing digital transformation (DX) Investment for introducing advanced technologies by the value, technology and innovation division Investment in overseas business New investment Investment in human assets 	<Shareholder return policy> ① Set the minimum annual dividend per share at 70 yen (changed to 80 yen from the fiscal year ended March 31, 2022) ② Set the total shareholder return ratio calculated from the sum of net income attributable to owners of parent for five years at about 40%		
	4	Establish a stable profit base through growth strategy investment		4	Investment plan	Investment plan Total investment amount over five year 240.0 billion yen		
	5	Maintain a strong financial base and enhance shareholder returns		5	Financial strategy and shareholder returns			
	6	Challenge for new endeavors from a medium- to long-term perspective		6	Action for CSR management			
	7	Focus on establishing CSR management	Numerical targets	Fiscal year ending March 31, 2025: Consolidated ordinary income ... 100.0 billion yen Ordinary income of consolidated subsidiaries: ... 30.0 billion yen or more Five-year total consolidated ordinary income: 400.0 billion yen		1 For-sale condominium business 50.0 billion yen 2 Rental properties holding and development business .. 70.0 billion yen 3 Overseas business 60.0 billion yen 4 Investment in advanced technologies 20.0 billion yen 5 New businesses, M&A, etc. 40.0 billion yen		

Cumulative consolidated ordinary income (unit: billions of yen)



Response to Climate Change

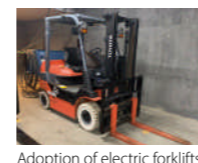
The Haseko Group's climate change response policy, HASEKO ZERO-Emission (overview)

The Haseko Group will strive to respond to climate change with the following as its basic stance.

<p>Realize the Corporate Philosophy</p> <p>Address climate change as an important management issue</p>	<p>Achieve carbon neutrality by 2050</p> <p>Obtained SBT certification (June 2022) Adopt renewable energy at all construction sites (by December 2025) Promote low carbon construction</p>	<p>Expand/create business opportunities</p> <p>Analysis of risks and opportunities Transition to net-zero energy housing (ZEH) for for-sale condominiums developed in-house and rental condominiums owned (in 2022 onwards)</p>	<p>Bring together all capabilities of the Haseko Group Promote dialogue/cooperation with stakeh olders</p> <p>Disclosures based on the TCFD recommendations, and response to Carbon Disclosure Project (CDP)</p>
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Initiatives to reduce CO2 emissions at construction sites

We are promoting the following initiatives at certain sites to reduce CO2 emissions at construction sites. Going forward, we will continue to increase the number of cases of adoption and promotion of these initiatives, while taking the scale and location of project into consideration.



Promotion of wood use in construction of condominiums

We have worked on research and development of wooden construction since 2014. A project featuring fire-resistant wooden structure on the top four floors, "(provisional name) Meguro-ku Chucho 1-chome Plan" is scheduled to be completed in March 2025. We will continue our efforts to challenge the adoption of wooden construction in high-rise buildings and expand its application to include for-sale condominium development. Bransieta Urayasu was our first completed condominium featuring wooden construction in private-use areas, with the top floor residential units (14 in total) being constructed from wood.

Overseas business initiatives

In order to establish a new revenue base for the future, we have also expanded our investments in housing development projects in the continental United States, with 13 projects currently underway.

Projects currently underway (partial list)

Las Brisas	Vida	Vistas of Annandale
Esperanza Solana	Zia	Vintage Farms
Nashville	Peachtree	Crescent

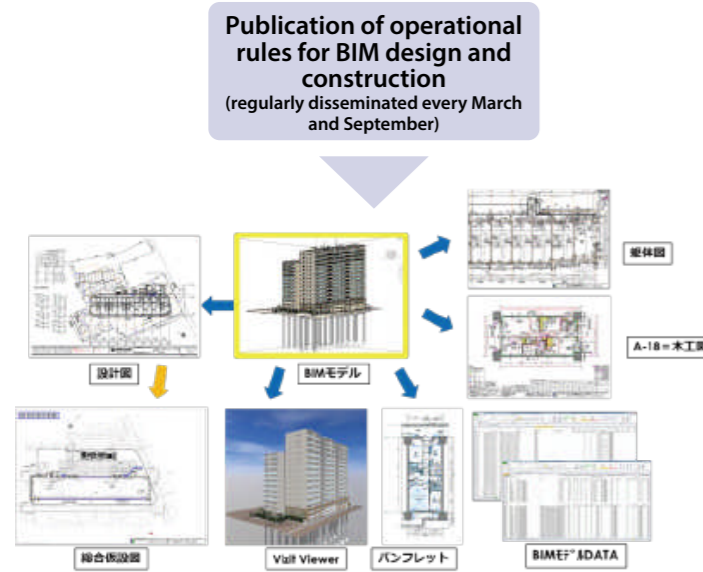
Execution status of focused strategies

1 Promotion of DX at construction sites: Utilization of BIM at construction sites

We are aiming to achieve a 20% increase in productivity by the end of the fiscal year ending March 31, 2025. We will transform construction sites into smarter, more worker-friendly places through a revolution in production made possible by the further utilization of DX.

BIM design and construction: Communication of operational rules

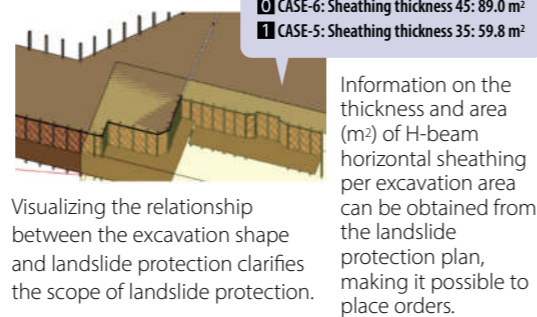
By disseminating a unified set of BIM design and construction operation rules that bring together the different approaches taken for each project, we aim to create a shared understanding between the design and construction departments and improve the accuracy of BIM models.



The content sent out with the operational rules for BIM design and construction will be addressed from the design stage, which will lead to the improved accuracy of BIM models. This will also lead to improvements in the accuracy of design drawings, structural drawings, and woodworking drawings that are produced from BIM models.

Picking up the amount of H-beam horizontal sheathing required for landslide protection

Landslide protection construction companies use BIM to model and visualize landslide protection plans. Haseko overlays the excavation models to ascertain the quantity of H-beam horizontal sheathing from the landslide protection data.



Automatic creation of excavation diagrams

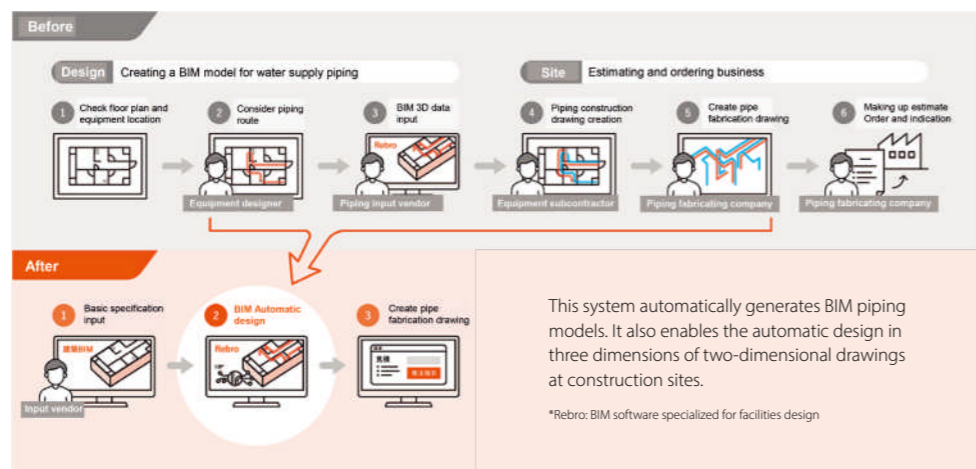
Excavation diagrams are automatically generated based on construction drawing models, and the data is passed on to worksites.



2 Promotion of DX in design: Automation of designs using BIM data

We have made use of the features of the BIM database to develop a tool that automatically designs plumbing routes for water pipes based on the floor plans of housing units. In the past, the plumbing routes for the hot and cold water supply were configured manually from the floor plans of the condominium units before a 3D BIM model was constructed. This system, on the other hand, automatically extract necessary information from the BIM data, routes the plumbing for hot and cold water and generates the BIM model.

The BIM database is well-suited to retrieving the information needed for automated design and incorporating the results of automated design as models, making it possible to deploy DX using automated design in a variety of fields.



3 Promoting the spread of ICT (information and communications technology) condominiums

We are promoting the creation of high-value-added condominiums by leveraging ICT. At present, we are mainly introducing and verifying them among rental condominiums. We are collecting and analyzing digital data with the aim of using it to create new value such as improved convenience for residents and extended lifetimes for buildings.

Case study: Implementing ICT services on an experimental basis during large-scale repair work.

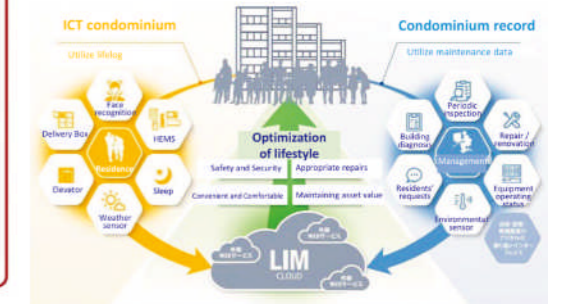
First introduction of ICT services to an existing for-sale condominium complex in "SOUTH ALL CITY" (Sakai City, Osaka Prefecture)

Scheme of the demonstration



LIM (Living Information Modeling)

At Haseko we use the term "Living Information Modeling (LIM)" to describe a concept of optimizing lifestyles by utilizing the lifelogs of residents obtained through recognition equipment and various sensors installed in "ICT condominiums," as well as building and equipment maintenance data recorded in the "condominium maintenance records." The Haseko Group is pursuing initiatives aimed at improving productivity in the design and construction of condominiums and in the quality of life of residents through LIM.



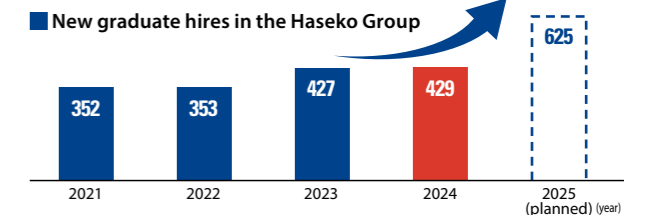
4 Progress of the management of private placement REIT

We launched a private REIT with a scale of approximately 20 billion yen in the fiscal year ended March 31, 2022, and added approximately 14 billion yen in the fiscal year ended March 31, 2024. We are considering adding a certain amount to the REIT in the fiscal year ending March 31, 2025.



5 Investment in human assets

Despite the challenges facing the construction industry as a whole, such as a shortage of manpower and rising costs, we are focusing our efforts on recruiting the human resources we need to secure orders and production systems for the construction of high-quality condominiums and expand the business of the entire group, as well as developing talent that can create new businesses for the future.



Revisions to starting salaries at Haseko Corporation

	2023	2024	Raised amounts
Graduates of graduate schools	275,000 yen	320,000 yen	+45,000 yen
University graduates	255,000 yen	300,000 yen	

We deem these raises as an advance investment, which will contribute to the improvement of our competitiveness in recruitment and the future development of the Haseko Group. We will continue to invest in human resources, while also working to secure and retain the human resources who will lead us into the future. We will also work to bolster our efforts in hiring mid-career professionals.