

Real Estate-Related Business

We are engaged in a wide variety of businesses, including the condominium sales and the development and operation of rental condominiums in major metropolitan areas and core regional cities.

(Left) Satoshi Kumano, Representative Director and Executive Operating Officer

(Right) Toru Yamaguchi, Director and Executive Operating Officer



Risks and Opportunities



- Decreased supply of new condominium units
- Intensified competition for land acquisition, soaring land prices
- Rising prices, declining real wages
- Fluctuations in financial and capital markets, rising interest rates



- Improvements in the employment and income environment
- Changes in the willingness to purchase condominiums due to changes in the way of living
- Enhanced business capabilities through a nationwide expansion
- Increased business opportunities through the establishment of private placement REIT
- Increased number of condominiums requiring rebuilding

Major progress of Plan NS

—Expansion of business areas, expansion of redevelopment and rebuilding projects—

Under Plan NS, we have set out three focused strategies for our Real Estate-Related Business. (1) With regard to expanding the business areas of the condominium sales business, we are developing business in 21 prefectures, and in the fiscal year ended March 31, 2024, sales in the three major metropolitan areas and local areas have grown to almost equal ratios. (2) We also consider redevelopment and rebuilding projects to be important new sources of revenue. Haseko Corporation has a track record of 48 reconstruction projects and 34 redevelopment projects

nationwide. In both the rebuilding and redevelopment of aging apartment complexes in metropolitan areas, it takes time to reach consensus with the landowners and numerous other local stakeholders, but we will continue to reinforce our efforts across the entire Haseko Group to raise the value of real estate and solve social issues. This fiscal year, we are showcasing two redevelopment projects in which we reached consensus and made proposals at an early stage on multiple occasions, and which we were able to bring to fruition.

Future business outlook

—Aiming for high profitability and capital efficiency—

We have been developing our business in Japan by acquiring land for the development of for-sale condominiums, the development and ownership of rental condominiums, and for winning orders for construction projects, as well as acquiring land for redevelopment projects. In addition, we have also been

involved in new initiatives such as the use of private REITs, which we began operating in February 2023 as part of Plan NS, and fee-based businesses at Haseko Real Estate Investment Management, Inc. We will continue to aim for high returns by speeding up our capital turnover.

Business topics

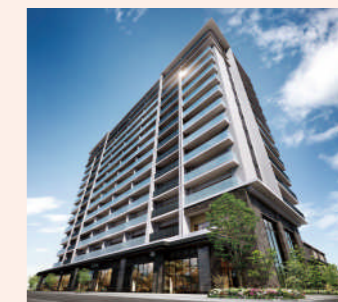
Type 1 Urban Redevelopment Project for Atsugi Station South District First Link Residence, handed over in June 2023



Ebina City's first redevelopment project, the Type 1 Urban Redevelopment Project for Atsugi Station South District, was completed in 2023. Haseko participated in the project as a business collaborator with Marimo in 2015. Selected as a specified business agent in 2018, Haseko was entrusted with the design, supervision and construction (joint venture with Mabuchi Construction) of the First Link Residence, a facility building that includes 14-story and 11-story condominiums with a total of 201 units, as well as secretariat duties.

Prior to this, the area was home to dilapidated buildings and vacant lots, with narrow roads and an undeveloped station square. In this redevelopment project, in which Haseko Corporation participated, we worked to renew the urban functions around the station by developing the station square, redeveloping and newly constructing roads in the surrounding area, and concentrating commercial and residential functions, etc., to create a town befitting a station area. Haseko Community, Inc. manages First Link Residence.

Type 1 Urban Redevelopment Project for Ise-shi Ekimae District C Construction of Branchera Ise-shi Ekimae began in January 2024



A new condominium building (14 floors above ground, 102 residential units, 5 retail units) will be completed in 2026 (tentative) at the south exit of Ise-shi Station, the gateway to Ise Shrine. It will be the first new condominium building to be built in the Ise-shi area in 14 years.

Plans were drawn up to redevelop this area over 20 years ago, including the proposal of bringing in a hospital, but these plans never came to fruition, and the property owners were left with long-term worries and concerns about the future. Haseko Corporation held a series of study sessions with the property owners from 2017 and was selected as a business collaborator in 2019. The plan, which takes into account the opinions of the property owners and aims to revitalize the adjacent shopping district, is expected to create a bustling atmosphere.

We are a special sponsor of the Japan Collegiate Ekiden Championships, which has Ise Shrine's Inner Shrine as its goal line, and we are working to interact with the local community. We will continue to contribute to the development of local communities through our redevelopment projects.

Business overview

—Steady sales of condominiums—

Due to intensifying competition for land acquisition and rising costs of construction as passing on of material and labor costs to sales price becoming more common, the price of condominiums continues to rise. Although the economy is currently at a standstill, it is on a gradual recovery trend. Housing sales have been steady due to the favorable conditions for the housing acquisition environment, such as the increase in dual-income households, the improvement in the employment and income environment due to the spread of the social momentum for raising wages resulting from serious labor shortages, and the expectation of rising interest rates.

As a result, the Real Estate-Related Business, which comprises Haseko Real Estate Development, Inc., Sohgo Real Estate Co., Ltd., and Haseko Home, Co., Ltd., has steadily increased profits. Land acquisition in construction-related and service-related businesses has also been proceeding smoothly. Our business areas are steadily expanding beyond the metropolitan areas to a variety of regions.

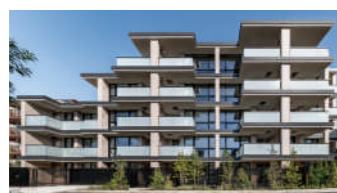
Business environment

—The intensifying competitive environment in land acquisition—

The diversification of housing and working styles since the COVID-19 pandemic has greatly expanded the options for selecting land and real estate. Based on our track record of constructing 700,000 homes, we have a significant advantage in being able to meet diversifying needs from the perspectives of construction, design and software by proposing and reflecting a variety of equipment, products and services incorporating advanced technology.

On the other hand, with regard to land acquisition, there seems to be a lull in the competition with other industries such as hotels and logistics. However, in addition to the amount of land for sale decreasing, the competitive environment is becoming more severe. Properties for rental are also increasing, on top of those for sale, not only in central Tokyo and central areas, but also in the suburbs, where our Group excels, and in particular in areas with many train stations with a large number of passengers.

With land prices remaining high due to the increasingly competitive environment for acquiring land, strict risk management is necessary to ensure the sustainability of the business. Residential land prices are especially on a rising trend. Haseko Corporation experienced a management crisis owing huge amount of debts after the collapse of the bubble economy, and we have set a certain limit on real estate investment. We always consider the balance with our own capital and financial position, managing and replacing properties so that we do not exceed the limit as we conduct our business.



The Kensington Residence Kamiikedai

Priority issues

—We cater to a wide range of housing needs across many regions—

At present, we obtain information on more than 1,500 land properties per month nationwide to consider turning them into projects. Our nationwide network is largely in place, and we are moving ahead with condominium sales in Sapporo, Tohoku, Hokuriku, Chugoku, Shikoku, Kyushu, Okinawa, and other regions, following the three major metropolitan areas. We opened Branchera Sapporo Maruyama, Branchera Utsunomiya, Branchera Okayama, Branchera Wakayama, and Branchera Takamatsu Nishinomaru Tower The Residence as our first condominium projects in each prefecture and received positive feedback from our customers.

Our activities rooted in local communities are also deepening at each office, which has led to acquiring more real estate information than ever before. Haseko Real Estate Development, Inc. and Sohgo Real Estate Co., Ltd. are rigorously engaged in the development of office buildings, logistics facilities, freezer warehouses and refrigerated warehouses to more effectively utilize land for non-residential use, as well as development of an office building at Kencho-mae in Naha, Okinawa in 2022. Furthermore, Hosoda Corporation and Haseko Home, Co., Ltd., which joined the Group in 2020, are engaged in the sale of detached houses. The Group will actively gather information on land to develop detached housing in order to respond to a wide range of housing needs.



Growing Square Chofu Tsutsujigaoka Grande