

Construction-Related Business

In the construction industry, there are a need to respond to the aging and shortage of skilled construction workers, as well as demand for workstyle reform. To address these problems, we will improve quality and productivity by promoting digital transformation (DX) and industrialization in all aspects of the Construction-Related Business.

Kuniyori Mimori, Director and Executive Operating Officer



Business overview

— Business development centered on private-sector condominiums —

In fiscal year 2023, Haseko Corporation completed the construction of 59 for-sale condominiums with 10,448 units in the Tokyo metropolitan area and 20 with 4,302 units in the Kansai and Tokai areas, totaling 79 with 14,750 units. In addition, under the policy of expanding the Construction-Related Business domain in line with Plan NS, we completed the construction of four high-rise condominiums, 14 rental condominiums, student dormitories and corporate housing, as well as logistics warehouses and other non-residential buildings.

Business environment

— Challenging environment in the construction industry —

The construction industry faces the following challenges. The first point is to address the labor shortage resulting from the decline in the working-age population. While the average age of construction workers is increasing, the inflow of new workers is limited. In addition to reducing manpower by adopting industrialized construction methods, it is essential to secure human resources by creating an environment where workers can work comfortably. In the meantime, the construction industry has to cope with the new regulation with penalties to limit overtime work, which was introduced in April 2024. In collaboration with the Japan Federation of Construction Contractors and other organizations, we are promoting initiatives of eight days off per four weeks, shorter overtime hours, and better compensation to improve the working environment. As part of these efforts, we are working to improve productivity and operational efficiency by enhancing collaborations with companies cooperating on the HASEKO-version BIM, expanding the usage of the HASEKO-version BIM, and promoting the adoption of off-the-shelf software (such as ViziViewer and Matterport).

The second point is to address the rising prices of construction materials. The Construction Material Price Index has increased by about 30% on average for the entire construction industry compared with January 2021. Construction material prices may continue to remain high due to the uncertainty of raw material price trend resulting from situations overseas and foreign exchange rate fluctuations, as well as rising distribution costs and concerns over production efficiencies coming from restrictions on overtime work and labor shortages at factories. To minimize the impact of price fluctuations, we are taking steps to procure materials at an appropriate timing, keeping an eye on future order trends.

Business topics

Initiatives for hybrid wood construction

In terms of construction projects that incorporate wood, our track record so far includes the use of wood in communal buildings in condominiums as well as Bransiasta Urayasu. Going forward, we will continue to deepen our efforts and work towards the development of our own unique hybrid wooden construction that makes the most of the advantages of both reinforced concrete and wooden construction. As part of these efforts, we are currently promoting the Meguro-ku Chuocho 1-chome Plan (provisional name), which involves constructing the upper four stories of the building with wood.



Perspective drawing of the Meguro-ku Chuocho 1-chome Plan (provisional name)

Priority issues

— Promotion of DX and sustainability across all business activities —

We are skilled at constructing for-sale condominiums and are proud of our construction system, which can provide high-quality products at competitive prices. To further strengthen this construction system going forward, solving labor shortages by reforming workstyles and reducing labor through the promotion of industrialized construction methods will be important issues. Together with our cooperating companies, we will work on DX promotion, such as the introduction of BIM and the use of IoT technology, and strive to realize further improvement of quality and productivity, shortening of construction periods, and cost reduction, which will lead to employees taking more days off, improved compensation, and securing of the workforce.

In addition, we understand that promoting sustainability throughout the Haseko Group requires the establishment of a management system and the operation of construction sites that can address the relevant issues.

One of these issues is the environmental considerations at construction sites, which we promote based on our HASEKO ZERO-Emission. We are going to adopt construction methods and new initiatives contributing to decarbonization and verify the effects of reducing CO2 emissions at all sites. In addition, we have established our own procurement guidelines as part of our supply chain management, and we are encouraging partner companies to undergo voluntary inspections.

Risks and Opportunities



- Soaring and persistently high prices of construction materials
- Labor shortages and distribution problems due to working hour regulations
- Deteriorating material procurement environment due to geopolitical uncertainty
- Foreign exchange fluctuations, etc.



- Elimination of labor shortages and avoidance of construction schedule delays through increased productivity enabled by the promotion of industrialization and DX
- The creation of new opportunities (and avoidance of opportunity loss), etc., accompanying responses to climate change

Major progress of Plan NS

— Expansion of the scope of orders received, innovation of production technology capabilities, and environmental considerations —

Our focused strategies for the Construction-Related Business set out in Plan NS includes expansion of the scope of orders received and production technology innovation. We also focus on environmental considerations in accordance with HASEKO ZERO-Emission.

Regarding the expansion of the scope of orders received for general construction other than for-sale condominiums, we completed four logistics warehouses, a data center, a hotel, and an office building since the start of Plan NS. The department that promote projects of high-rise condominium and non-residential building, set up jointly by the architecture & engineering and construction divisions at the start of Plan NS, consistently provides follow-up from support for winning contracts to construction completion.

Regarding the production technology innovation, we have used the HASEKO-version BIM data to construct systems that, in addition to automatic calculation of the amount of concrete already being used, automatically calculates the amount of excavated soil and materials needed for earthworks, creates

construction drawings, calculates the materials needed for frame construction, and conducts inspection for each construction. In addition to reducing the amount of time spent for estimations and drawing up plans at construction sites, this has also made inspection work and on-site reviews more efficient.

Regarding environmental considerations, we have completed the full renovation of Sustaina Branche Hongyotoku, a property that we constructed in the past and that had been used as corporate housing by another company. We managed to make it a green renovation that aims to achieve net zero CO2 emissions through improved energy efficiency and the adoption of renewable energy. In addition, having built Bransiasta Urayasu with a hybrid structure of reinforced concrete and wood on the top floor, we are considering using wood for the main bodies of buildings, enabling them to sequester CO2 and reduce emissions. Within Tokyo, we are currently promoting the Meguro-ku Chuocho 1-chome Plan (provisional name), which involves constructing the upper four stories of the building with wood.

Future business outlook

— Further reinforcement of competitive advantages and brand strength —

Our construction system is designed to construct high-quality products with overwhelming price competitiveness. Our system is supported by a quaternary cooperation system consisting of our construction, architecture & engineering, and technological promotion divisions and the Ken-ei-kai, an organization of cooperating companies responsible for construction. This integrated cooperation is our unique advantage and source of our brand equity unrivaled by our peers.

The HASEKO Value Enhancement Committee, established to improve safety and quality, involves the construction quality

improvement, safety promotion, and value creation divisions working together. We are working to promote DX through the use of cutting-edge technologies and to improve productivity by gathering real voices from construction sites. In the Construction-Related Business, we will strengthen the quaternary system, innovate our design and construction technologies, and reform our workstyles to cope with future increases in construction volume. In addition, we will strive to earn the trust of our stakeholders by generating solid profits.

Business topics

Initiatives aimed at expanding industrialized construction methods (next-generation production systems)

As our business is expected to expand even further in the future, the issue of saving labor in various types of construction is gaining importance. With the aim of improving on-site work efficiency and reducing construction time, we will be introducing the “composite precast concrete cantilever slab” method, which combines “precast concrete floors” and “precast concrete eaves” in the framework construction. For interior and exterior construction, we will carry out mid-process verification of the “interior panel construction method” and “exterior wall siding construction method”, which involve creating panels in the factory from boards with finishing materials attached and assembling them on-site. In addition, as a measure to address distribution issues, we will consider a transportation system that utilizes pallets and dollies to reduce the need for reloading work between the factory and the construction site, as well as consider base warehouses, and promote modal shifts to rail and sea transport.



Composite precast concrete cantilever slab

Exterior wall with siding

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

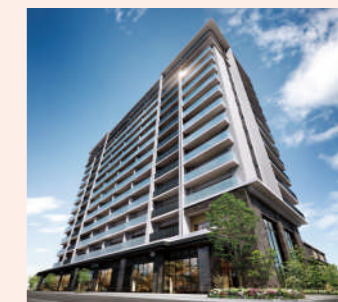
Type 1 Urban Redevelopment Project for Atsugi Station South District First Link Residence, handed over in June 2023



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.

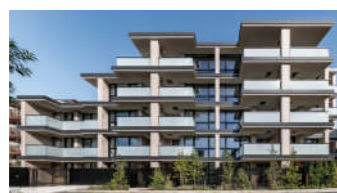
Business environment

—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

Service-Related Business

Each company in the Service-Related Business engaged in supporting customers' "living" is expanding its sales capabilities by leveraging the value chain within the Group.

Satoshi Kumano, Representative Director and Executive Operating Officer



Risks and Opportunities



- Growing labor shortage and soaring personnel costs
- A crowded and intense competitive environment
- Deterioration of consumer sentiment due to inflation



- Expansion of business opportunities due to increased stock of condominiums in Japan
- Fundamental productivity reform through the use of LIM data, advanced technologies, as well as digital transformation (DX)
- Acquisition of business opportunities by strengthening the Group's value chain and expanding business areas

Major progress of Plan NS

— Promoting regional expansion and productivity reform —

One of the priority strategies in Plan NS is to strengthen the competitiveness of our core businesses. The Service-Related Business has two themes in the Plan: (1) expanding our business areas from major metropolitan areas to major regional cities and (2) rebuilding our business model by introducing advanced technologies.

As for (1) above, the management of for-sale condominiums and sales entrustment of condominiums have increased in conjunction with the expansion of the developer business to regional areas. We are steadily promoting sales to areas other than the three major metropolitan areas as part of our regional strategy focusing on the Service-Related Business. The aim is not only to

secure stable earnings from the for-sale condominium management business, but also to use this as a springboard to win contracts for large-scale repair and renovation work in the future and expand into the real estate brokerage business.

The rebuilding of our business model through the introduction of advanced technologies in (2) above has led to solving issues unique to labor-intensive service-related businesses. To increase profits in the face of rising labor costs, we must make efforts to lower costs by building platforms. By utilizing LIM data, which visualize information on living in condominiums, and pursuing DX, we aim to promote fundamental productivity reform in the Service-Related Business to increase revenue.

Future business outlook

— Overcoming labor shortages by improving productivity through DX —

The Service-Related Business is expected to continue growing in the future, but the worsening labor shortage and soaring labor costs are becoming pressing issues. In addition, in order to keep surviving in this fiercely competitive environment, we must create new businesses that are unique to Haseko.

In the Service-Related Business, we are working to improve productivity and expand new services by introducing and leveraging advanced technologies in a broad range of business fields. We will continue to meet the challenge of delivering "richness in living" to our customers.

— Aiming to be a collection of competent Group companies —

The purpose of segmenting the Service-Related Business and having Group companies engage in each segmented business is to foster a sense of financial autonomy. Once a company can stand on its own feet, the next step is to increase its competitiveness in the industry and raise its status. By bringing together these competent service-related companies, we aspire to further expand the power of the Haseko Group as a whole.

Business topics

Creation of New Values by Means of Condominium Renewals

For many years, Japan remained in a "scrap-and-build" era, with buildings being constructed, torn down, and then rebuilt. However, with society maturing and the reduction of environmental impact now a goal, we are moving into an era of "stock and renovation," with buildings remaining in use for a long time and the existing stock being utilized.

Sustaina Branche Hongyotoku is the first renovated property in Japan to achieve net-zero CO₂ emissions when the building is in use. It is a rental condominium project that aims to further promote research and technological development towards creating new housing value.

In the large-scale repair and remodeling aspects of this project, we are exploring new ways to use existing condominiums and undertaking various renovations.

We will continue to contribute to the build-up of high-quality housing stock by leveraging the expertise and skills we have gained through our top-class track record in repair projects in Japan.



Before renovation



Business overview

— Toward an age where the Group companies hone their uniqueness —

The service-related Group companies were established by separating the functions for creating "living" from Haseko Corporation. Currently, the Service-Related Business covers a wide range of areas, including sales, management, distribution brokerage, extensive refurbishment and remodeling, and even the senior business. Through our close involvement in "living," we feedback real-life information obtained from users to the creation of "housing" in the Construction-Related Business consisting of business planning, design, and construction. While building a relationship for mutual growth, we also pursue uniqueness in each field.

Business environment

— Aiming to establish a "corporate group for housing to create great living" together with the Construction-Related Business —

In contrast to the Construction-Related Business, whose primary market is the supply of new housing, the Service-Related Business focuses on the existing housing market. In Plan NS, we aim to achieve robust management focusing on both businesses.

In the first year of Plan NS, we struggled as a result of the COVID-19 pandemic. However, we recovered steadily from the second year, resulting in three consecutive years of increased sales and profits. In the fiscal year ended March 31, 2024, the steady profit growth of companies in the Service-Related Business helped to offset the drop in profits in the Construction-Related Business, thereby contributing significantly to us meeting our profit targets. Major operational benchmarks increased steadily. These benchmarks include the number of for-sale condominium units managed, the number of rental condominium units operated and managed, and the number of real estate brokerage transactions.

Priority issues

— Honing the strengths of each Group company to enhance competitiveness —

The Service-Related Business has steadily increased the number of for-sale condominium units managed and the number of for-sale condominium units sold on consignment, resulting in higher profits, thanks to Haseko Corporation's sales activities by utilizing its own land. One of our future priority issues is to further increase the angle of sales increase through our own sales efforts in the Service-Related Business.

The Service-Related Businesses is inherently labor-intensive, and therefore expansion in scale can lead to labor shortages and low productivity and efficiency. In addition, the business involves various types of operations, such as sales, management, brokerage, remodeling, and senior-related services, so it is not easy to develop best practices horizontally. We therefore believe that it is essential to analyze the business in each field carefully first, identifying each Group company's uniqueness and strengths given its position in the industry, and then to hone our competitive edge.

Consignment sales of for-sale condominium

- Haseko Urbest Inc.

Real estate brokerage and renovation

- Haseko Real Estate, Inc.

Management of paid care facilities for the elderly and nursing-care insurance business

- Haseko Senior Well Design Co., Ltd.
- Furusato, Co., Ltd.

Management agency for corporate housing

- Haseko Business Proxy, Inc.

Sale of furniture

- Haseko Intech Inc.

Printing and other related services

- Haseko Systems Inc.



For-sale condominium building management

- Haseko Property Management Holdings Inc.
- Haseko Community, Inc.
- Haseko Community Kyushu Inc.
- Haseko Community Nishinohon Inc.
- Haseko Community Okinawa Inc.

Operation and management of rental condominiums and other properties

- Haseko Livenet, Inc.
- Joint Property Co., Ltd.

Extensive refurbishment and interior remodeling

- Haseko Reform Inc.

*1: Sales to external customers *2: Operating income

Overseas-Related Business

Promoting overseas business development to make it a vital profit base for the future

Hirohito Tamura, Senior Operating Officer



Risks and Opportunities



Risks

- Soaring costs for construction materials and personnel
- Country risks (political and social changes)
- Decline in the number of housing units sold due to high-interest rate policies overseas
- Foreign exchange risk, etc.



Opportunities

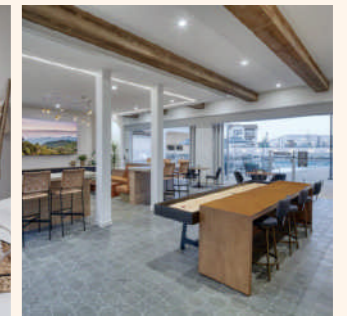
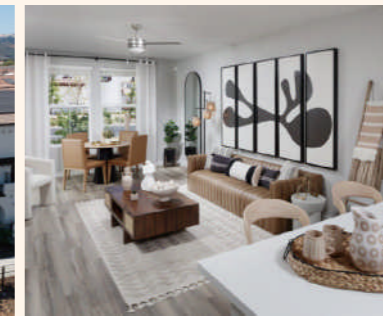
- Strengthening businesses in the mainland U.S.
- Increasing value added of residential areas, etc., through the opening of the complex recreational facility "Wai Kai"
- Participation in the fast-growing Vietnamese market

Business topics

Leasing properties in the continental United States

— Vida (Morgan Hill) —

We are developing a rental condominium complex with 389 units, consisting of two- and three-story wooden buildings, on a site of approximately 849,420 sq ft (approximately 78,914 m²) in Morgan Hill, Santa Clara County, California. Scheduled for completion in November 2024, with leasing to begin in phases from April 2024, starting with the completed buildings.



— Zia (Anaheim) —

We are developing a rental condominium complex with 315 units, consisting of four-story wooden buildings on a site of approximately 228,690 sq ft (approximately 21,246 m²) in Anaheim, Orange County, California. Scheduled for completion in November 2024, with leasing to begin in phases from August 2024, starting with completed floors.



Complex facility Wai Kai in Hawaii

Wai Kai, a complex facility, has won numerous awards since it opened in spring 2023 and is attracting attention as a new landmark in Hawaii.

Visitors can enjoy a variety of aquatic activities, including Hawaii's first wave pool. The new attraction AquaVenture was added in March 2024, further enriching the facility.



AquaVenture

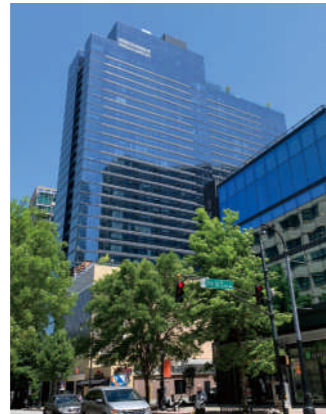


Children playing at AquaVenture

Business environment

— Steady investment in a future profit base —

The progress of Japan's low birthrate and super-aging society makes us concerned about the shrinkage of the condominium development business in the future. On the other hand, the Haseko Group specializes in for-sale condominiums and has yet to fully expand into other business domains. Based on this recognition, we intend to actively invest in overseas businesses to create a profit base for the future by deploying human resources and carefully assessing the market environment, starting from the present time when we still have growth potential. Under Plan NS currently underway, we plan to invest 60.0 billion yen in overseas businesses over the five years starting from the fiscal year ended March 31, 2021. This amount is second only to the amount invested in the rental properties holding/development business.



Atlanta, U.S.A.

Priority issues

— Further revitalization of the Hawaii business —

Since 1989, we have been engaged in large-scale development of approximately 448 hectares (1,107 acres) in the Ewa district on the west side of Oahu, Waikiki, Hawaii. To date, approximately 4,000 units, including detached houses and townhouses, have been sold, and an 18-hole golf course and a 21-hectare (51-acre) lagoon have already been completed. We also opened the complex recreational facility "Wai Kai" in March 2023. By improving the attractiveness of this area, we aim to sell detached houses and resort condominiums, and develop hotels.



Panoramic view of Ewa district, Hawaii

Major progress of Plan NS

— Partnership with a local general contractor in Vietnam —

One of the priority strategies in Plan NS is new investment in overseas businesses. To expand into Asia, we have dispatched employees to our representative office in Hanoi, Vietnam. The Authentic, an 18-story serviced apartment with 110 units constructed in 2017, is used mainly by expatriates of Japanese

companies. Haseko Corporation designed and constructed the apartment, but found it difficult to operate the apartment totally on its own. Therefore, we entered into a capital alliance with a local general contractor, Ecoba Vietnam Joint Stock Company, in 2020 to start a new collaboration.

Future business outlook

— Promoting the real estate development business in the mainland U.S. —

With the aim of expanding our business in the mainland U.S., we resumed investment in 2018, opened a California branch in April 2022, which became incorporated in April 2023, and began hiring local staff. In cooperation with both Japanese trading companies

and local developers, we invest in development projects mainly for senior housing and rental housing in California and other states, aiming to contribute to profit during the post-Plan NS period.

Messages from the Outside Directors

Ensuring the diversity and effective supervisory functions of our outside directors

In addition to Board of Directors meetings, we take an agile approach to holding separate discussion sessions with Board of Directors members when it comes to important issues. By dedicating sufficient time to these discussions, we proactively encourage the role of outside directors in overseeing and advising on management execution.



Shinsuke Fujii
Outside Director

Mami Nagasaki
Outside Director

Kazuhiko Ichimura
Outside Director

Toshikatsu Ogura
Outside Director

Toru Izawa
Outside Director

HASEKO: Continuously evolving in our quest to contribute to society and achieve sustainability



Kazuhiko Ichimura
Outside Director

Since our founding, we have contributed to society by making high-quality yet affordable housing widely available. In recent years, we have also been implementing various social activities based on the concept of “corporate social responsibility” in relation to the construction and supply of housing and other related businesses, with the aim of becoming a trusted company. In our current medium-term business plan, in particular, we have set “CSR management” as one of our management policies and formulated a CSR Action Plan based on our four main CSR themes (creating attractive living spaces, building a company worth working at, protecting the precious environment, and nurturing a culture of trust) as we proactively address various environmental and social issues so that we can achieve a sustainable society.

Going forward, we will leverage the achievements and experience we have cultivated to date, introducing new technologies such as IT and AI, and focusing on technological innovation that utilizes DX. We will thereby strategically work to solve issues in the development of our business on both the hardware and software fronts, from improving the productivity of design and construction to improving the convenience of people’s lives, as we contribute further to society.

By creating “shared value” with society and stakeholders, and by improving social and environmental value while also raising economic value through corporate growth and performance improvement, we aim to turn the HASEKO brand into something steadfast and unwavering, while the Company continues to be a trustworthy entity in society.

Charting the future: from management oversight to growth strategies



Mami Nagasaki
Outside Director

One of the roles of an outside director is to provide oversight of the company’s management in order to protect the interests of the general shareholders. I draw on my experience as an attorney, operating officer of an investment corporation, and outside auditor of a company listed on the stock exchange, to make objective assessments and express my opinions from a position that is independent of the Company’s management team.

The construction industry faces a number of challenges, including rising labor and personnel costs, restrictions on overtime work, and a decline in the number of skilled construction workers. The condominium construction business is also expected to see difficult times in terms of growth, due to factors such as the declining population and the decreasing amount of land available for construction. It is precisely because of these difficult times that I think it is necessary for our Company to continue to use its strengths in acquiring and providing

information on sites for condominiums, proposing attractive plans, and using reliable construction techniques to provide safe and secure condominiums and contribute to society. As an outside director, I would like to provide as much support as possible toward these efforts.

With this fiscal year being the final year of our medium-term business plan (Plan NS), we plan to hold more discussions on the next business plan. In order for Haseko Corporation to respond to changes in society and achieve sustainable growth, it is also important to grow in our Real Estate-Related Business, Service-Related Business and Overseas-Related Business. I believe that in order for our investors to understand our strengths, growth potential, and approach to capital efficiency in each business area, we need to provide them with detailed information. I would like to actively participate in discussions from the perspective of a shareholder.

Two origins and a new future: weaponizing our past experience and unique business model

Toshikatsu Ogura
Outside Director



When interacting with executives and employees as an outside director, I feel that this company possesses two unique strengths rarely seen elsewhere.

The first strength is the company's unique business model, whereby condominiums are built on land acquired through dealings with landowners in good faith and then handed over to developers. Even if they don't know the company name "Haseko Corporation," almost everyone is familiar with the commercial jingle in Japanese with a meaning in English of "For all things condominiums, it's Haseko."

The second strength is the experience of having been through a crisis that threatened the company's existence over twenty years ago. Based on this experience, a system has been established whereby Board of Directors meetings and other checks are carried out at all key points during business expansion.

On the other hand, considering the market environment and other factors going forward, further company growth is unlikely without taking on challenges in new fields. Furthermore, the speed of societal change is only increasing.

In such a context, relying too much on these two strengths could result in significant missed opportunities. Nonetheless, it is crucial to always bear in mind that these two strengths are the cornerstone of our business operations.

Fortunately, our executives and employees are fully aware of this and are conducting operations accordingly. However, as an outside director responsible for providing advice and oversight on key matters of corporate management, I will continue to strive to ensure that the Company can sustainably grow based on these two strengths, thereby further enhancing its corporate value.

The evolution of the board of directors: revitalized discussions and the growing desire for the growth of the management team

Shinsuke Fujii
Outside Director



Every year, our Company holds a questionnaire survey for all directors and corporate auditors to analyze and evaluate the effectiveness of the Board of Directors. This year's survey also revealed a variety of opinions on issues related to the institutional design of the Board of Directors and the adequacy of deliberations, but what surprised me the most and left the strongest impression was the large number of opinions submitted in the free-response section. It was several times higher than in previous surveys. This shows that the sense of ownership among directors and corporate auditors has greatly increased, and that the atmosphere at the Board of Directors meetings has become more open, encouraging free and lively debate. I was very happy

to find a comment that the opinions and questions from outside directors led to a wide-ranging exchange of opinions. I believe that the current management team has the humility to address issues that they hadn't realized as problems and to sincerely work on new demands from society and the market.

Through a positive spiral of the aforementioned humility of the management team and management that makes the most of the positive energy of our employees to achieve numerical targets, which has always been our strength, we will continue to support the Company in its efforts to become an even more trusted company.

Responding appropriately to risks and challenges, ensuring the sustainable growth of the condominium business

Toru Izawa
Outside Director



The condominium business includes everything from design and construction to property handover, spanning a long period of time. Changes in the market environment during this period pose risks. Additionally, there are risks associated with acquired land, such as fluctuations in market value and low liquidity. Furthermore, when it comes to condominium construction, careful consideration and response to the concerns of the surrounding community is indispensable.

We established, at an early stage, a unique business model of building condominiums under exclusive contracts under which land is provided for project owners. Through years of innovation and experience, we've addressed these risks and challenges, becoming the leading company in Japan as far as achievements in condominium construction are concerned.

However, the circumstances surrounding us are changing year by year, and it is essential to continually check and review our measures for addressing these risks and challenges.

In addition, in recent years there has been a significant increase in the cost of materials and labor, as well as an intensification of the competitive environment. Furthermore,

natural disasters such as floods, landslides, and earthquakes have been occurring frequently in many areas. Moreover, a declining birth rate, an aging population, and a decrease in total population is increasingly having a significant impact on the sustainability of local communities and the ease of securing talent across various industries.

The Company is taking a variety of measures to appropriately address these diverse challenges. However, as outside directors, we feel it's necessary to contribute our expertise in monitoring operations, as well as provide relevant advice.

We also believe that by appropriately disseminating and explaining the outcomes of discussions and considerations in Board of Directors meetings and such, we can enhance understanding and evaluation of stakeholders and the market, leading to sustainable growth for the Company.

The condominium business lies at the core of the Haseko Group, and we will continue to make efforts like this in the future to enhance the group's comprehensive strength and meet the expectations of our shareholders and other stakeholders.

Skills matrix for outside directors

Name	Company management Management strategy	Finance/ Accounting	Legal affairs Risk management	Overseas business	Construction/ Architecture	Sales/ Real estate	Urban development	Technology/DX	ESG/ Sustainability
Kazuhiko Ichimura	●	●	●				●		●
Mami Nagasaki		●	●						●
Toshikatsu Ogura	●	●	●					●	●
Shinsuke Fujii	●	●	●	●					●
Toru Izawa	●		●		●	●	●		