

[Translation for Reference and Convenience Only]

Please note that the following is an unofficial English translation of the Japanese Notice of Convocation of the 101st 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 5, 2018

To Our Shareholders:

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

**NOTICE OF CONVOCAION OF THE 101st 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 101st 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 28, 2018, 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 101st Fiscal Year (from April 1, 2017 to March 31, 2018) 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 Six (6) Directors |
| Proposal No. 3 | Election of Two (2) Corporate Auditors |

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 27, 2018), 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 5:00 p.m. on the day preceding the General Meeting of Shareholders (Wednesday, June 27, 2018). 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 (<https://evote.tr.mufg.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 (<https://evote.tr.mufg.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.

With respect to the year-end dividend for the fiscal year ended March 31, 2018, the Company has decided to distribute ¥40.00 per share, consisting of ¥10.00 of ordinary dividend and ¥30.00 of special dividend, considering factors such as the future business environment and performance forecast. Accordingly, annual dividend combined with interim dividend of ¥10.00 per share amounts to ¥50.00 per share, an increase of ¥20.00 per share compared with the dividend paid in the previous fiscal year.

Matters Regarding the Year-end Distribution

(1) Type of Dividend Property:

Cash

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

¥40 per share for Common Shares

Total dividends of ¥12,023,870,600

(3) Effective Date for Distribution of Surplus:

June 29, 2018

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Proposal No. 2 Election of Six (6) Directors

The terms of office of five (5) Directors— Morio Shimada, Kin’ichi Kitamura, Fujio Hirano, Osamu Takahashi, Kazuhiko Ichimura—will expire at the conclusion of this General Meeting of Shareholders. Accordingly, in order to further strengthen the management structure, the Company intends to increase the number of Directors by one (1), and therefore proposes the election of six (6) Directors including three (3) 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	Morio Shimada (December 28, 1952)	<p>April 1975 Joined HASEKO Corporation</p> <p>April 2001 General Manager of Building Dept. II for Construction Div.</p> <p>April 2003 Assistant to General Manager responsible for Construction Management and General Manager of Construction Dept. III</p> <p>April 2005 Operating Officer, Responsible for Construction Management, Construction Div.</p> <p>April 2008 Senior Operating Officer, In Charge of Construction Div.</p> <p>June 2008 Director, Senior Operating Officer, In Charge of Construction Div.</p> <p>April 2013 Director, Executive Operating Officer, In Charge of Construction Div.</p> <p>April 2017 Director, Executive Vice President, In Charge of Construction Div. and Group Construction-Related Business (to the present)</p> <p>[Significant Positions Concurrently Held] Director, Fujikensetsu, Co., Ltd Director, Hasec, Inc. Director, Foris Corporation Director, Haseko Navie, Inc. Director, Haseko Reform, Inc.</p>	33,000
<p>[Reasons for nomination as a candidate for Director] Morio Shimada has been mainly responsible for the construction division since he joined the Company. He has abundant experience in our core construction business and extensive knowledge about management, including construction related companies. Since he assumed the 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
2	<div data-bbox="217 869 384 902" style="border: 1px solid black; padding: 2px;">New candidate</div> <p style="text-align: center;">Junichi Tani (January 24, 1958)</p>	<p>March 1980 Joined HASEKO Corporation August 1998 General Manager of Business Promotion Dept. I, Kansai Housing Business Promotion Div. April 2004 Deputy General Manager of Business Promotion Dept. II, Kansai Business Promotion Div. April 2005 General Manager of Business Dept. II, Kansai Business Promotion Div. April 2008 Operating Officer, General Manager of Business Dept. I, Business Promotion Div. April 2012 Operating Officer, Responsible for Kansai Business Promotion Div., General Manager of Tokai Business Div., In Charge of Kansai Project Promotion Div. June 2012 Operating Officer and Director, Responsible for Kansai Business Promotion Div., General Manager of Tokai Div., In Charge of Kansai Project Promotion Div. April 2014 Senior Operating Officer and Director, In Charge of Kansai Business Promotion Div. and Kansai Project Promotion Div. June 2016 Superior Senior Operating Officer, In Charge of Kansai Business Promotion Div. and Kansai Project Promotion Div., Responsible for Tokai Business Promotion Div. April 2018 Executive Operating Officer, In Charge of Kansai Business Promotion Div., Kansai Project Promotion Div., and Tokai Business Promotion Div., Chief Officer of Kansai Region (to the present)</p> <p>[Significant Positions Concurrently Held] Director, Haseko Property Management Holdings, Inc. Director, Haseko Real Estate, Inc.</p>	15,000
<p>[Reasons for nomination as a candidate for Director] Junichi Tani 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, and has greatly contributed to the improvement of the Company’s performance. Since he can be expected to contribute to the improvement of the Company’s corporate value, the Company has 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	<p data-bbox="217 808 381 837">New candidate</p> <p data-bbox="236 887 464 954">Nobuhiro Tani (December 5, 1956)</p>	<p data-bbox="509 405 1262 1205"> March 1980 Joined HASEKO Corporation July 1998 General Manager of Real Estate III of Business Dept. II, Business Promotion Div. April 2004 Deputy General Manager of Business Dept. II, Business Promotion Div. April 2005 General Manager of Business Dept. II, Business Promotion Div. April 2007 Yokohama Branch Manager, Business Promotion Div. April 2010 General Manager of Business Dept. II, Kansai Business Promotion Div. April 2012 Operating Officer, Responsible for Business Dept. I and Yokohama Branch, Business Promotion Div. April 2014 Senior Operating Officer, Responsible for Business Dept. II and III, Business Promotion Div. April 2017 Superior Senior Operating Officer, In Charge of Business Dept. I, II, III, Yokohama Branch and Kyushu Div., Business Promotion Div. April 2018 Executive Operating Officer, In Charge of Business Promotion Div. and Project Promotion Div., Responsible for Kyushu Div., In Charge of Group Leasing and Real Estate Brokerage (to the present) </p> <p data-bbox="509 1234 979 1352"> [Significant Positions Concurrently Held] Director, Haseko Livenet, Inc. Director, Haseko Business Proxy, Inc. Director, Haseko Real Estate Inc. </p>	10,800
<p data-bbox="217 1368 812 1397">[Reasons for nomination as a candidate for Director]</p> <p data-bbox="217 1402 1477 1536">Nobuhiro Tani 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, and has greatly contributed to the improvement of the Company’s performance. Since he can be expected to contribute to the improvement of the Company’s corporate value, the Company has 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	Candidate for Outside Director Osamu Takahashi (March 6, 1950)	<p>April 1974 Joined MITSUI & CO., LTD.</p> <p>March 1996 Head of New Business Office, IT Business Development Division</p> <p>August 1999 General Manager of Media Business Division</p> <p>January 2003 Chief Operating Officer of Electronics Business Unit</p> <p>April 2006 Managing Officer, Chief Operating Officer of Consumer Service Business Unit</p> <p>June 2007 Director of Nihon Unisys, Ltd.</p> <p>March 2009 Retired from MITSUI & CO., LTD.</p> <p>June 2009 Senior Corporate Officer of Nihon Unisys, Ltd.</p> <p>April 2012 Executive Corporate Officer</p> <p>June 2012 Representative Director, Executive Corporate Officer</p> <p>April 2014 Representative Director, Superior Executive Corporate Officer</p> <p>April 2015 Director</p> <p>June 2015 Advisor</p> <p>June 2016 Director of HASEKO Corporation (current position)</p> <p>June 2017 Retired from Nihon Unisys, Ltd. (to the present)</p>	1,100
<p>[Reasons for nomination as a candidate for Outside Director]</p> <p>Osamu Takahashi has abundant experience in developing new businesses in the information industry field and promoting business development based on market and customer needs in consumer service business at a major general trading company in Japan. In addition, he was engaged in the management of a company that develops computer systems and software, Nihon Unisys, Ltd., as a Representative Director and gained abundant experience and excellent track record in company management. 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.</p> <p>The amount of the Company’s transactions with MITSUI & CO., LTD. is 1% or less of the consolidated net sales. Meanwhile, although the Company acquired real estate through a bidding process from an affiliate company of Nihon Unisys, Ltd., the amount of transactions including such real estate transaction is less than 2% of the Company’s consolidated net sales (1% or less of the consolidated net sales of such affiliate company). As he meets the Company’s independence criteria in both of these facts, the Company believes that he is independent with no conflict of interest with general shareholders. Furthermore, the amount of the Company’s transactions with Nihon Unisys, Ltd., excluding the real estate transaction above, is 1% or less of the consolidated net sales.</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	Candidate for Outside Director Kazuhiko Ichimura (April 29, 1953)	<p>April 1977 Joined Mitsubishi Corporation</p> <p>April 1986 Residential & Urban Development Dept.</p> <p>April 2004 Manager of Construction Facility Unit</p> <p>May 2007 President & CEO of Mitsubishi Corporation Urban Development, Inc. (temporary transfer)</p> <p>March 2013 Retired from Mitsubishi Corporation and Mitsubishi Corporation Urban Development, Inc.</p> <p>April 2013 Operating Officer, Integrated Account Service Management of ASATSU-DK INC.</p> <p>January 2016 Operating Officer, Account Management Center IV</p> <p>March 2016 Retired from ASATSU-DK INC.</p> <p>June 2016 Director of HASEKO Corporation (current position) (to the present)</p>	200
<p>[Reasons for nomination as a candidate for Outside Director]</p> <p>Kazuhiko Ichimura has abundant experience in promoting urban redevelopment projects and large-scale commercial development at a major general trading company in Japan. In addition, he was engaged in the management of developers of income properties, centered on commercial establishments, as CEO at Mitsubishi Corporation Urban Development, Inc. and gained abundant experience and excellent track record in company management. He also has a business perspective targeted at consumers gained as an Operating Officer at ASATSU-DK INC. 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 Mitsubishi Corporation and ASATSU-DK INC. 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
6	<p data-bbox="225 768 389 797"><u>New candidate</u></p> <p data-bbox="225 842 405 898">Candidate for Outside Director</p> <p data-bbox="225 936 472 1003">Mami Nagasaki (December 13, 1973)</p>	<p data-bbox="507 495 1174 551">April 1998 Registered as attorney (Daini Tokyo Bar Association)</p> <p data-bbox="507 555 983 584">April 1998 Joined Ishii Law Office</p> <p data-bbox="507 589 1219 618">September 2004 MARSHALL SUZUKI LAW GROUP, LLP</p> <p data-bbox="507 622 1174 745">January 2005 Office of International Affairs, General Coordination Division, Planning and Coordination Bureau, Financial Services Agency</p> <p data-bbox="507 750 1198 779">April 2009 Partner of Ishii Law Office (to the present)</p> <p data-bbox="507 784 1193 875">December 2014 Special Member of Tokyo Metropolitan Examination Committee for Disputes over Construction Works (to the present)</p> <p data-bbox="507 880 1257 936">April 2015 Civil conciliation commissioner, Tokyo District Court (to the present)</p> <p data-bbox="507 940 1251 1032">June 2016 Executive Director, Ichigo Green Infrastructure Investment Corporation (current position) (to the present)</p> <p data-bbox="507 1059 1198 1279">[Significant Positions Concurrently Held] Attorney, Partner of Ishii Law Office Special Member of Tokyo Metropolitan Examination Committee for Disputes over Construction Works Civil conciliation commissioner, Tokyo District Court Executive Director, Ichigo Green Infrastructure Investment Corporation</p>	—
<p data-bbox="220 1290 906 1319">[Reasons for nomination as a candidate for Outside Director]</p> <p data-bbox="220 1323 1489 1691">Mami Nagasaki has diverse experiences as an attorney and knowledge about legal affairs in general, and also is engaged in duties related to the Company’s main construction business. In addition, she has executed overall business operations at an investment company as Executive Director, and also has experience and track record in corporate management. For such reasons, the Company believes that she will make a positive contribution to the Company’s management and therefore has chosen her as a candidate for Outside Director. She has not been directly engaged in corporate management; however, based on the above reasons, the Company has determined that she will appropriately fulfill duties as Outside Director. Since no advisory contracts, etc. have been made between the Company and Ishii Law Office, and no transactions have been made between the Company and Ichigo Green Infrastructure Investment Corporation, the Company believes that she is independent with no conflict of interest with general shareholders as she meets the Company’s independence criteria.</p>			

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Notes:

1. Each candidate has no special interest in the Company.
2. Osamu Takahashi (Candidate No. 4), Kazuhiko Ichimura (Candidate No. 5), and Mami Nagasaki (Candidate No. 6) are the candidates for Outside Directors stipulated in Article 2, Paragraph 3, Item 7, of the Ordinance for Enforcement of the Companies Act.
3. The Company has notified the Tokyo Stock Exchange of the proposal to elect Osamu Takahashi and Kazuhiko Ichimura as independent directors in accordance with the listing rules of the Exchange. The Company will notify the Exchange of the proposal to elect Mami Nagasaki as an independent director as well.
4. Osamu Takahashi and Kazuhiko Ichimura will have served as Directors of the Company for two (2) years (at the conclusion of this General Meeting of Shareholders).
5. The Company has entered into a limited liability agreement with Outside Directors Osamu Takahashi and Kazuhiko Ichimura in accordance with the Articles of Incorporation. In the event that they are reelected and assume the office of Outside Director, the Company will continue the said agreement with them. In the event that Mami Nagasaki is elected as Outside Director, the Company will enter into a limited liability agreement with her in accordance with the Articles of Incorporation as well. Brief details of the limited liability agreement are presented as follows.

Limited Liability Agreement with Outside Officer

Effective after entering into a limited liability agreement, 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 Two (2) Corporate Auditors

Since the terms of office of Yoshitaka Fukui and Mitsuo Isoda will expire at the conclusion of this General Meeting of Shareholders, the Company proposes the election of two (2) Corporate Auditors.

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

No.	Name (Date of Birth)	Personal History and Positions (Significant Positions Concurrently Held)	Number of Company Shares Owned
1	Candidate for Outside Corporate Auditor Yoshitaka Fukui (August 13, 1962)	April 1985 Joined Japanese National Railways April 1987 Worked at East Japan Railway Company (until March 2000) May 1998 Completed Ph.D at Carnegie Mellon University April 2000 Assistant Professor, Graduate School of Economics and Management, Tohoku University April 2002 Assistant Professor, Aoyama Business School, Chartered Financial Analyst by U.S. CFA Institute June 2005 Outside Corporate Auditor, Resona Bank, Ltd. (until June 2013) April 2008 Professor, Aoyama Business School (current position) June 2014 Corporate Auditor of HASEKO Corporation (current position) (to the present) [Significant Positions Concurrently Held] Professor, Aoyama Business School	1,000
[Reasons for nomination as a candidate for Outside Corporate Auditor] Yoshitaka Fukui is a professor of economic analysis of accounting system and information at Aoyama Gakuin University Graduate School, and can be expected to play a role as Corporate Auditor from the perspective of an outstanding expert in finance and accounting. Therefore the Company has chosen him as a candidate for Outside Corporate Auditor. He has not been directly engaged in corporate management other than serving as Outside Corporate Auditor; however, based on the above reasons, the Company has determined that he will appropriately fulfill duties as Outside Corporate Auditor. Since no transactions have been made among the Company, Aoyama Gakuin University and its Graduate School, the Company believes that he is independent with no conflict of interest with general shareholders as he meets the Company’s independence criteria.			

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No.	Name (Date of Birth)	Personal History and Positions (Significant Positions Concurrently Held)	Number of Company Shares Owned
2	Candidate for Outside Corporate Auditor Mitsuo Isoda (January 7, 1970)	<p>April 1995 Registered as Attorney (Osaka Bar Association)</p> <p>April 1995 Joined Miyake Joint Partnership Law Office (current Miyake & Partners)</p> <p>June 2001 Completed LL.M. Program at Harvard Law School</p> <p>August 2001 Received training at New York Office of Pillsbury Winthrop</p> <p>February 2002 Registered as Attorney of New York State (at the time)</p> <p>April 2004 Lecturer, Doshisha Law School (until March 2012)</p> <p>June 2014 Corporate Auditor of HASEKO Corporation (current position)</p> <p>June 2016 Outside Director of Morita Holdings Corporation (current position) (to the present)</p> <p>[Significant Positions Concurrently Held] Attorney, Partner of Miyake & Partners Outside Director, Morita Holdings Corporation</p>	100
<p>[Reasons for nomination as a candidate for Outside Corporate Auditor]</p> <p>As Mitsuo Isoda can be expected to play a role as Corporate Auditor from the perspective of an outstanding expert in laws and regulations as an attorney, the Company has chosen him as a candidate for Outside Corporate Auditor. He has not been directly engaged in corporate management other than serving as Outside Director and Outside Corporate Auditor; however, based on the above reasons, the Company has determined that he will appropriately fulfill duties as Outside Corporate Auditor. Since no advisory contracts, etc. have been made between the Company and Miyake & Partners, and no transactions have been made between the Company and MORITA HOLDINGS CORPORATION, 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. The candidate has no special interest in the Company.
2. Yoshitaka Fukui (Candidate No. 1) and Mitsuo Isoda (Candidate No. 2) are the candidates for Outside Corporate Auditor stipulated in Article 2, Paragraph 3, Item 8, of the Ordinance for Enforcement of the Companies Act.
3. The Company has notified the Tokyo Stock Exchange of the proposal to elect Yoshitaka Fukui and Mitsuo Isoda as independent directors in accordance with the listing rules of the Exchange.
4. Yoshitaka Fukui and Mitsuo Isoda will have served as Corporate Auditors of the Company for four (4) years (at the conclusion of this General Meeting of Shareholders).
5. The Company has entered into a limited liability agreement with Outside Corporate Auditors Yoshitaka Fukui and Mitsuo Isoda in accordance with the Articles of Incorporation. In the event that they are reelected and assume the office of Outside Corporate Auditor, the Company will continue the said agreement with them. Brief details of the limited liability agreement are presented as follows.

Limited Liability Agreement with Outside Officer

Effective after entering into a limited liability agreement, should an Outside Corporate Auditor bear any liability with respect to his or her responsibilities prescribed under Article 423, Paragraph 1, of

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the Companies Act, where such Outside Corporate Auditor 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.

Consolidated Balance Sheet

(As of March 31, 2018)

(millions of yen)

Account Item	Amount	Account Item	Amount
(Assets)		(Liabilities)	
I. Current assets	512,563	I. Current liabilities	280,896
Cash and bank deposits	208,055	Notes and accounts payable	86,658
Notes and accounts receivable, trade	110,613	Electronically recorded obligations -	49,343
Securities	3,840	operating	
Costs on uncompleted construction	9,208	Short-term borrowings	36,471
contracts		Leased liabilities	1,327
Real estate for sale	71,651	Income taxes payable	20,605
Costs and advances for real estate	67,700	Advances received on uncompleted	20,921
operations		contracts	
Real estate for development projects	23,395	Advances received for real estate sales	9,652
Deferred tax assets	7,292	Warranty reserve	4,980
Other current assets	10,998	Reserve for loss on construction	44
Allowance for doubtful accounts	(188)	contracts	
II. Fixed assets	175,746	Accrued bonuses	5,919
1 Property and equipment	125,125	Provision for directors' bonuses	190
Buildings and structures	45,075	Other current liabilities	44,787
Machinery, vehicle, equipment and	2,703	II. Long-term liabilities	110,577
furniture		Bonds payable	20,000
Land	64,664	Long-term debt	60,194
Leased assets	7,739	Leased liabilities	7,450
Construction in progress	4,945	Net defined benefit liabilities	921
2 Intangible fixed assets	7,215	Provision for loss on litigation	
Land leasehold rights	1,871	Provision for Employee Stock	2,705
Goodwill	3,545	Ownership Plan	1,037
Other intangible fixed assets	1,798	Provision for Board Benefit Trust	
3 Investments and other assets	43,406	Deferred tax liabilities	171
Investment securities	18,155	Other long-term liabilities	602
Long-term loans	2,822		17,497
Net defined benefit asset	9,706	Total liabilities	391,473
Other assets	13,527		
Allowance for doubtful accounts	(803)	(Net assets)	
		I. Shareholders' equity	301,245
		1 Capital stock	57,500
		2 Additional paid-in capital	7,513
		3 Retained earnings	240,880
		4 Treasury stock	(4,649)
		II. Valuation and translation adjustments	(5,246)
		1 Valuation adjustments on other	4,279
		investment securities	
		2 Foreign currency translation	(4,144)
		adjustments	
		3 Remeasurements of defined benefit	(5,382)
		plans	
		III. Non-controlling interests	837
		Total net assets	296,835
Total assets	688,308	Total liabilities and net assets	688,308

Consolidated Statement of Income

(For the period from April 1, 2017 to March 31, 2018)

(millions of yen)

Account Item	Amount	
I. Net sales		813,276
II. Cost of sales		656,030
Gross profit		157,245
III. Selling, general and administrative expenses		56,440
Operating income		100,805
IV. Non-operating income		
Interest and dividend income	739	
Equity in earnings of affiliates	30	
Other non-operating income	893	1,663
V. Non-operating expenses		
Interest expenses	1,101	
Loan incidental expenses	706	
Other non-operating expenses	163	1,971
Ordinary income		100,497
VI. Special income		
Gain on sale of fixed assets	3,529	
Other special income	6	3,535
VII. Special losses		
Loss on disposal of fixed assets	108	
Impairment loss on fixed assets	197	
Provision for loss on litigation	2,705	
Other special losses	2	3,012
Income before income taxes and minority interests		101,021
Income taxes – current	28,978	
Income taxes – deferred	(492)	28,486
Profit		72,535
Profit attributable to non-controlling interests		245
Profit attributable to owners of parent		72,289

Consolidated Statement of Change in Net Assets

(For the period from April 1, 2017 to March 31, 2018)

(millions of yen)

	Shareholders' equity				
	Capital stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2017	57,500	7,500	180,509	(151)	245,358
Changes during the consolidated fiscal year					
Dividends of surplus			(12,024)		(12,024)
Profit attributable to owners of parent			72,289		72,289
Purchase of treasury stock				(4,498)	(4,498)
Disposal of treasury stock		0		0	0
Increase by merger etc.			107		107
Change in treasury stock of parent arising from transactions with non-controlling shareholders		12			12
Net changes of items other than shareholders' equity during the consolidated fiscal year					—
Total of changes during the consolidated fiscal year	—	12	60,372	(4,498)	55,887
Balance as of March 31, 2018	57,500	7,513	240,880	(4,649)	301,245

(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, 2017	1,631	(3,215)	(5,926)	(7,510)	619	238,467
Changes during the consolidated fiscal year						
Dividends of surplus						(12,024)
Profit attributable to owners of parent						72,289
Purchase of treasury stock						(4,498)
Disposal of treasury stock						0
Increase by merger etc.						107
Change in treasury stock of parent arising from transactions with non-controlling shareholders						12
Net changes of items other than shareholders' equity during the consolidated fiscal year	2,648	(929)	545	2,264	218	2,482
Total of changes during the consolidated fiscal year	2,648	(929)	545	2,264	218	58,368
Balance as of March 31, 2018	4,279	(4,144)	(5,382)	(5,246)	837	296,835

Non-consolidated Balance Sheet

(As of March 31, 2018)

(millions of yen)

Account Item	Amount	Account Item	Amount
(Assets)		(Liabilities)	
I. Current assets	313,526	I. Current liabilities	209,588
Cash and bank deposit	136,187	Notes payable	14,638
Notes receivable	6,589	Electronically recorded obligations -	45,908
Accounts receivable on construction	76,215	operating	
Accounts receivable on real estate operations	2,420	Accounts payable on construction contracts	48,411
Costs on uncompleted construction contracts	5,752	Accounts payable on real estate operations	2,331
Real estate for sale	47,320	Short-term borrowings	29,835
Costs and advances for real estate operations	28,599	Lease liabilities	29
Deferred tax assets	3,925	Income taxes payable	18,605
Other current assets	6,605	Advances received on uncompleted contracts	19,102
Allowance for doubtful accounts	(87)	Advances received for real estate operations	8,991
II. Fixed assets	234,137	Deposits received	1,125
1. Property and equipment	67,214	Warranty reserve	4,316
Buildings and structures	21,303	Reserve for loss on construction contracts	37
Machinery	648	Accrued bonuses	2,787
Equipment and furniture	1,063	Provision for directors' bonuses	190
Land	39,579	Other current liabilities	13,283
Leased assets	68	II. Long-term liabilities	78,393
Construction in progress	4,552	Bonds payable	20,000
2. Intangible fixed assets	949	Long-term debt	52,170
Land leasehold rights	17	Leased liabilities	45
Other intangible fixed assets	932	Asset retirement obligations	74
3. Investments and other assets	165,974	Provision for Employee Stock Ownership	652
Investment securities	12,534	Plan	
Shares of affiliate companies	90,496	Provision for Board Benefit Trust	86
Other investment securities of affiliates	1,296	Long-term deferred tax liabilities	3,367
Long-term loans	45,942	Other long-term liabilities	1,998
Bankruptcy claim, reorganization claim	484	Total liabilities	287,981
Long-term prepaid expenses	36	(Net assets)	
Prepaid pension cost	10,210	I. Shareholders' equity	256,220
Other assets	5,685	1. Capital stock	57,500
Allowance for doubtful accounts	(710)	2. Additional paid-in capital	7,500
		Capital legal reserves	7,500
		Other capital surplus	0
		3. Retained earnings	195,868
		Earned surplus reserve	2,890
		Other retained earnings	192,978
		Earned surplus carried forward	192,978
		4. Treasury stock	(4,649)
		II. Valuation and translation adjustments	3,462
		Valuation adjustments on other investment	3,462
		securities	
		Total net assets	259,682
Total assets	547,662	Total liabilities and net assets	547,662

Non-consolidated Statement of Income

(For the period from April 1, 2017 to March 31, 2018)

(millions of yen)

Account Item	Amount	
I. Net sales		
Construction contracts	437,656	
Commissioned work	5,343	
Design and supervision	12,956	
Lease rentals of buildings	2,583	
Real estate sales	122,797	581,334
II. Cost of sales		
Construction contracts	344,678	
Commissioned work	2,247	
Design and supervision	5,755	
Lease rentals of buildings	1,514	
Real estate sales	113,906	468,101
Gross profit (loss) on net sales		
Construction contracts	92,977	
Commissioned work	3,096	
Design and supervision	7,201	
Lease rentals of buildings	1,068	
Real estate sales	8,890	113,233
III. Selling, general and administrative expenses		28,572
Operating income		84,661
IV. Non-operating income		
Interest and dividend income	1,230	
Other non-operating income	341	1,571
V. Non-operating expenses		
Interest paid	1,044	
Loan incidental expenses	704	
Other non-operating expenses	177	1,926
Ordinary income		84,307
VI. Special income		
Gain on sale of fixed assets	597	597
VII. Special losses		
Loss on retirement of intangible assets	6	6
Income before income taxes		84,898
Income taxes – current		25,317
Income taxes – deferred		2
Profit		59,578

Non-consolidated Statement of Change in Net Assets

(For the period from April 1, 2017 to March 31, 2018)

(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, 2017	57,500	7,500	0	7,500	1,687	146,626	148,314
Changes during the fiscal year							
Dividends of surplus				—		(12,024)	(12,024)
Reserves due to dividends of surplus				—	1,202	(1,202)	—
Profit for the fiscal year ended March 31, 2018				—		59,578	59,578
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	1,202	46,352	47,554
Balance as of March 31, 2018	57,500	7,500	0	7,500	2,890	192,978	195,868

(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, 2017	(151)	213,163	1,022	214,185
Changes during the fiscal year				
Dividends of surplus		(12,024)		(12,024)
Reserves due to dividends of surplus		—		—
Profit for the fiscal year ended March 31, 2018		59,578		59,578
Purchase of treasury stock	(4,498)	(4,498)		(4,498)
Disposal of treasury stock	0	0		0
Net changes of items other than shareholders' equity during the fiscal year		—	2,440	2,440
Total of changes during the fiscal year	(4,498)	43,056	2,440	45,496
Balance as of March 31, 2018	(4,649)	256,220	3,462	259,682