

Giving Life to the Dream

Takatoshi Ito's vision for ES-CON Japan is
unfolding right before our eyes

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It's About the Climb

Founded in Osaka in 1995 under the name Desert Inn, the company changed its name to ES-CON Japan a year later. ES-CON initially focused on real estate planning and sales before launching its condominium development business in December 1997. It listed on the JASDAQ index in August 2001, survived a tremendously challenging set of circumstances for several years following the global financial crisis and the Great East Japan Earthquake of 2011, and emerged stronger than ever thanks to its own perseverance, valuable business partners and patient bondholders. Returning to profitability in 2011, ES-CON Japan has recorded year-on-year gains in revenue and profits each year since. It listed on the second tier of the Tokyo Stock Exchange in September 2015, and aims to move to the first tier within 2016. Today ES-CON Japan's business domain encompasses real estate development and sales, rental and leasing operations, and brokerage and consulting businesses.

ES-CON Japan does not take a boilerplate approach to condominium development. It instead carefully considers the makeup of the community in which it has chosen to locate a project – age and family demographics as well as lifestyle trends – then looks five to ten years down the road at the niche the development will have assumed in the community, and crafts its development plan to take maximum advantage of the elements.

The rental and leasing business applies the expertise in planning and development acquired through its condominium business. Also, ES-CON Japan, by leasing retail space and conducting its own property management, further enhances the value of its own assets, breathing new life into the community in the process.

ES-CON Japan effectively channels the know-how accrued through its years of experience in all aspects of real estate into serving as a valuable source for planning, brokerage and

ES-CON Japan Core Values

BETTERMENT

We're never satisfied. We are constantly striving to improve the quality of our services. By thinking, determining and acting independently, we are able to continuously raise the bar. We hope to make a significant contribution to society through our business activities.

HUMAN RESOURCE

We value relationships – not just within the company, but with valued business partners and with the community – because these relationships make us stronger. We will continue to innovate our products to create the standard for the next generation through vibrant discussion involving many people with different backgrounds and values.

SOLUTIONS

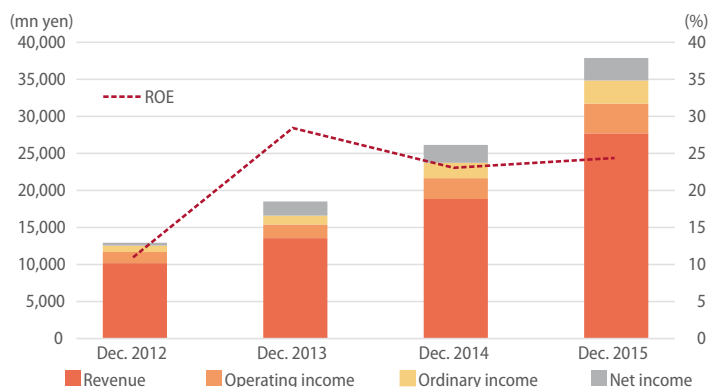
We establish project teams combining personnel from our residential and retail real estate businesses. Our staff offer wide-ranging experience and we have established a track record for success in development. We offer comprehensive real estate solutions, from development to construction and operation.

consulting. With experts from various segments of the real estate industry on staff, the company is able to provide innovative, comprehensive services and solutions.

Going forward the company intends to supply 500 to 600 new residential units to the market annually, and also plans to conduct sales independently. It will look to maintain a sound balance across its areas of business, and its aggressive agenda also includes the establishment of a REIT, which it will supply with mixed-use and residential properties it develops. Within five years the company hopes to achieve assets under management of 100 billion yen.

Competent in all areas of the real estate business, ES-CON Japan is an intelligent, vibrant company that appears to be making all the right moves.

Financial Highlights 2012 – 2015



Targets for 2016

- Revenue → 32,700 mn yen (+ 18.0%)
- Operating income → 4,200 mn yen (+ 4.7%)
- Ordinary income → 3,300 mn yen (+ 5.6%)
- Net income → 3,200 mn yen (+ 5.3%)

From the Top



“My ‘ideal’ is a company that values the opportunity to make quality products.”

LJ: Please tell us a bit about your career.

Ito: I joined ES-CON Japan in 2001. Early in my career I focused on selling condominiums in Osaka. Initially I was enthusiastic, and since we were selling condominiums at tens of millions of yen, I wanted to offer customers the best product possible. I didn’t think I was doing that, and thought I would have to start my own company to achieve my goal. I was 27 or 28 when I was appointed to a management position for the first time. I thought in order to sell effectively I needed to have more knowledge of the entire process, from development onward, and wanted to experience that early in my career. I asked to be allowed to do that and was refused. It was at that time I had the opportunity to join ES-CON Japan, which had just listed on the JASDAQ index. This company was more involved in development, and didn’t sell its final product.

This company’s mission is to create spaces that attract people, and this is really what I was interested in doing. I was still thinking about starting my own company according to my own ideals, but I found ES-CON’s ideals very similar to my own and they gave me room to grow and develop. As time passed I liked it more and more.

After I’d been with the company for about five years, the president at the time asked me to become a member of the board of directors. By that time my thinking about starting my own company had changed to one where I believed I now had the chance to help ES-CON grow and develop in line with our shared ideals.

LJ: What is your “ideal” company?

Ito: Companies sometimes establish long associations with other companies that can transform into barriers between the company and the creation of quality products. The relationships can limit the potential for achievement. In addition to being developers, ES-CON Japan was not weighed down by those long-term relationships, and had more of a bottom-up structure, instead of everyone simply doing what the top brass told them to do. My “ideal” is a company that values the opportunity to create quality products. Of course with this freedom comes responsibility, a responsibility to think about just what it is the customers want and need.

LJ: I’m sure ES-CON had its share of difficulty around the time of the global financial crisis.

Ito: We struggled considerably from the fall of 2008 into 2009, when we defaulted on corporate bonds we’d issued. The tenacity of our staff, the cooperation of financial institutions and the unforgettable support we received from construction companies, design firms and other holders of our bonds enabled us to weather that storm. In 2011, these factors combined with revenues from our rental real estate and planning and consulting business resulted in us posting a profit for the first time since 2007. Our performance continued to improve from 2011. We had come back so strongly that our results are expected to exceed those set out in the medium-term management plan we announced in 2014.

LJ: How are you approaching the expansion of your business and the further evolution of the company?

Ito: Over the next several years we will be working to enhance our capabilities in a number of areas – we will launch a hotel development business, deepen our knowledge of retail development and fortify our sales function, while continuing along our original path of contributing to the creation of communities, creating environments and not just “boxes.” In order to support this growth and evolution, it is essential that we begin cultivating the staff that will be leading the charge in ten years’ time. The average age of our staff is about 38, and we’ve presently got about 110 employees on a consolidated basis – about 17% of whom are in their first or second year. We will be adding 10 more in April, which will give us 120 employees with one-quarter of them in their first or second year with the company. This youth movement, along with the activation of our female employees and their assignment to managerial and executive posts, will give the company the strength and energy – and creative spirit – to take on these new challenges and lead us to that next plateau.

Company Name	ES-CON Japan Ltd.
President and Representative Director	Takatoshi Ito
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Osaka Head Office	4-1-1 Fushimimachi, Chuo-ku, Osaka 541-0044, Japan
Operating Income	4,012 mn yen (period ended Dec. 31, 2015)
Website:	http://www.es-conjapan.co.jp/english/



As a comprehensive real estate developer, ES-CON Japan is involved not only in development across a range of property types and asset classes but also in property management. In addition to its residential development business, it is launching a hotel business and expanding its efforts into retail as well. Here are some of the projects ES-CON Japan has completed and some that are currently in progress.



Le Jade Minamikasai

Offering 33 units – mostly south-facing – with 16 different floor plans, this development’s proximity to commercial facilities and its surrounding natural environment make it an oasis for families living in Tokyo.



Garden Mall Seiwadai

With 32 retail tenants, parking for up to 220 vehicles and its location 1 minute from the Hankyu Bus line, this shopping center combines variety with convenience for everyday shopping.



Le Jade Setagayakinuta

In addition to a variety of floor plans, the 1st floor café, stylish corridor designs and rooftop terrace offer tenants a comfortable urban living experience.



Le Jade Yokohama Tsurumi

This development offers 45 south-facing units and its proximity to Tsurumi Station on the JR Keihin Tohoku Line enables an appealing blend of comfort and convenience in commuting.



Hotel (Kayabacho)

In April 2015 ESCON acquired an office building in Kayabacho – home to the Tokyo Stock Exchange and a number of securities firms – and is in the process of converting it into a business hotel.



Le Jade Takatsuki

This development, adjacent to the Takatsuki Kyoto Hotel, has 136 units, and is situated about 10km from central Osaka with superior access to the city.



Le Jade Shukugawa Kurakuenguchi

This new development has 71 units and three different floor plans. It is located within a 15-minute walk of public offices, shopping and dining, schools, parks and medical facilities, making it extremely convenient for young people, families and seniors as well.



Fukuoka Kasuga Project

Situated about 10km from Fukuoka and Hakata, this commuter town – extremely convenient for students – is developing much like the towns of Kasuga and Onojo have. This 43-hectare residential area, in addition to parks and areas for planting, features a shopping mall anchored by a supermarket, large retail outlets and a host of dining options, providing residents a pleasant, comfortable and convenient lifestyle.

