

Securities code: 8892

ES-CON JAPAN Ltd.

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26th Regular General Meeting of Shareholders

Announcement

Date and time

10:00 a.m. March 26 (Fri.), 2021

Location

8-1 Akasaka 1-chome, Minato-ku, Tokyo
Akasaka Intercity Conference the AIR,
4th Floor, Akasaka Intercity AIR
(Please refer to the "Map for General Meeting of Shareholders" at the end of this Announcement.)

Items for voting

- Agenda Item 1 Disposal of surplus
- Agenda Item 2 Partial amendment of the Articles of Association
- Agenda Item 3 Public offering of shares through third-party allotment
- Agenda Item 4 Election of five directors (excluding directors who are auditor directors)
- Agenda Item 5 Election of one director as reserve auditor director to fill potential vacancy
- Agenda Item 6 Partial revision of the performance-based stock reward system for directors (excluding directors who are auditor directors, external directors, and non-executive directors)



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announcement

The important information in this Announcement may be viewed on personal computers and smartphones as well.
<https://p.sokai.jp/8892/>



Securities code: 8892
March 11, 2021

To all shareholders:

2-10-4 Toranomom, Minato-ku, Tokyo
ES-CON JAPAN Ltd.
Takatoshi Ito, President and Representative Director

Announcement of 26th Regular General Meeting of Shareholders

Thank you for your ongoing support.

We request your attendance at the 26th Regular General Meeting of Shareholders. Information on the Meeting is provided below.

If you are unable to attend, you may exercise your voting rights in either of the two ways given below. Refer to the “Reference Documents for the General Meeting of Shareholders” in the following pages and exercise your voting rights no later than the end of business hours (6:00 p.m.) on Thursday, March 25, 2021.

[Exercising Voting Rights by Post Mail]

Give either your approval or disapproval of each agenda item in the enclosed Voting Right Execution Form, and then return so that it will be received by the above deadline.

[Exercising Voting Rights via the Internet, etc.]

Enter your approval or disapproval of each agenda item by the above deadline upon referring to the Exercising Voting Rights via the Internet, etc. shown on page 4.

1. Date and time 10:00 a.m. (reception opens at 9:00 a.m.) March 26 (Fri.), 2021
2. Location 8-1 Akasaka 1-chome, Minato-ku, Tokyo
Akasaka Intercity Conference the AIR, 4th Floor, Akasaka Intercity AIR
3. Objectives
Reported items
 1. Term 26 (January 1 to December 31, 2020)
Contents of business reports and consolidated account statements, as well as consolidated account statement audit reports from account auditors and the Auditors Committee
 2. Term 26 (January 1 to December 31, 2020)
Items reported in account statements

Items for voting

- Agenda Item 1 Disposal of surplus
- Agenda Item 2 Partial amendment of the Articles of Association
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- Agenda Item 4 Election of five directors (excluding directors who are auditor directors)
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- Please submit the enclosed form for Exercise of Voting Right to the reception desk at the venue when you arrive.
 - According to laws and ordinances, and the provision in Article 17 of our company's Articles of Incorporation, the following items are posted online on our company's website (<https://www.es-conjapan.co.jp/investor/library.php>), and therefore, are not included in the Reference Documents of this announcement.
(1) Consolidated statement of changes in net assets, (2) Notes to consolidated financial statements, (3) Statement of changes in net assets, (4) Notes to non-consolidated financial statements
Moreover, in addition to each reference document included in this announcement, of the account statements posted online at our company's website (<https://www.es-conjapan.co.jp/investor/library.php>) the consolidated account statements and account statements that are audited by the Auditor Committee and account auditors are the "Consolidated statement of changes in net assets" and "Notes to consolidated financial statements" of the consolidated account statements, and "Statement of changes in net assets" and "Notes to non-consolidated financial statements."
 - Any revisions to the reference documents for the General Meeting of Shareholders, business reports, consolidated account statements, and statement documents will be posted on our website (<https://www.es-conjapan.co.jp/>).
 - Exercise of a voting right by proxy shall be possible only if the person commissioned as a proxy is a shareholder with voting rights. Furthermore, only one proxy can be used.
 - No souvenirs will be provided to shareholders attending the Regular General Meeting of Shareholders.

Reference Documents for the General Meeting of Shareholders

Agenda Items and References

Agenda Item 1 **Disposal of surplus**

ES-CON JAPAN Ltd. views the returning of profits to all of its shareholders as one of its main tasks, and its basic policy is to make decisions after comprehensively taking into consideration performance, replenishment of internal reserves, and dividend trends, etc., and to return profits to shareholders in an ongoing and stable manner corresponding to the company's growth potential.

Based on this policy, dividends at the end of the current term will be as follows:

1	Type of dividend assets	Cash
2	Items relating to allocation of dividend assets to shareholders, and total amount thereof	38 yen per share of common stock of ES-CON JAPAN Ltd. 2,645,464,506 yen
3	Date on which surplus dividend takes effect	March 29, 2021

Partial amendment of the Articles of Association

1. Reasons for this proposal

- (1) To add purposes of business to Article 2 (Purposes) of the current Articles of Association in light of the current business environment, thereby enabling multifaced development of the real estate business and effective response to diversification in the Company's lines of business
- (2) To increase the authorized number of shares to be issued by ES-CON JAPAN as stipulated in Article 6 (Authorized Number of Shares to be Issued) of the current Articles of Association from the current 72,000,000 shares to 99,000,000 shares, in preparation for Agenda Item 3, "Public Offering of Shares Through Third-party Allotment."

2. Nature of amendment

The nature of this amendment is indicated below.

(Underlined passages indicate changes.)

Current Articles of Association	Proposed amendment
Article 1. (text omitted)	Article 1. (unchanged)
Article 2. Purposes The purpose of the Company shall be to engage in the following businesses.	Article 2. Purposes The purposes of the Company are to engage in the following businesses <u>and, by holding stock or equity in companies, associations, and similar business entities (including those established under foreign laws) engaging in the following businesses, to control or manage the business activities thereof.</u>
(1)-(5) (text omitted)	(1)-(5) (unchanged)
<u>(New)</u>	<u>(6) Businesses related to asset management of real estate and real estate trust beneficiary rights</u>
(6) (text omitted)	<u>(7)</u> (unchanged)
(7) (text omitted)	<u>(8)</u> (unchanged)
(8) (text omitted)	<u>(9)</u> (unchanged)
(9) (text omitted)	<u>(10)</u> (unchanged)
(10) (text omitted)	<u>(11)</u> (unchanged)
(11) (text omitted)	<u>(12)</u> (unchanged)
(12) (text omitted)	<u>(13)</u> (unchanged)
(13) (text omitted)	<u>(14)</u> (unchanged)
(14) (text omitted)	<u>(15)</u> (unchanged)

Current Articles of Association	Proposed amendment
(New)	<u>(16) Businesses related to the production, cultivation, purchasing, processing, wholesale, and sales of agricultural produce</u>
(New)	<u>(17) Businesses related to establishment, operation, and management of serviced senior residences, and businesses related to residential services, residential long-term care support, long-term care services, and long-term care preventive services</u>
(New)	<u>(18) Building management, maintenance, cleaning, and security services</u>
(New)	<u>(19) Businesses related to planning, operation, management, and administration of athletic facilities, hotels and other lodging facilities, and restaurants and bars, and related consulting businesses</u>
(New)	<u>(20) Businesses related to planning, production, operation, and management of various events</u>
(New)	<u>(21) Businesses related to employment placement and worker dispatch</u>
(New)	<u>(22) Businesses related to real estate remodeling, renovation, and conversion and interior coordination</u>
(New)	<u>(23) Businesses related to planning, sales, and management of cemeteries and ossuaries and other matters related to memorial services, and related consulting businesses</u>
(New)	<u>(24) Businesses related to the design, development, sales, installation, leasing, rental, maintenance, and management of solar power equipment and facilities and sales of electric power</u>
(New)	<u>(25) Businesses related to parking facility operation and management, and related consulting businesses</u>
(15) (text omitted)	<u>(26) (unchanged)</u>
Articles 3-5 (text omitted)	Articles 3-5 (unchanged)
Article 6 (Authorized Number of Shares to be Issued) The authorized number of shares to be issued by ES-CON JAPAN is 72,000,000 shares.	Article 6 (Authorized Number of Shares to be Issued) The authorized number of shares to be issued by ES-CON JAPAN is <u>99,000,000</u> shares.
Articles 7-37 (text omitted)	Articles 7-37 (unchanged)

Agenda Item 3**Issue of Shares for Subscription through Third-Party Allocation**

This item seeks shareholder approval for the public offering of shares through third-party allotment outlined below, pursuant to Article 199 of the Companies Act.

This item is conditional on the amendment of the Articles of Association following approval of Agenda Item 2, "Partial Amendment of Articles of Association."

1. Details of public offering

(1)	Number of shares to be offered	26,619,000 shares of common stock
(2)	Paid-in amount	769 yen per share
(3)	Total paid-in amount	20,470,011,000 yen
(4)	Deadline for payment	April 5, 2021 (Monday)
(5)	Amount of increase in capital	10,235,005,500 yen (384.5 yen per share)
(6)	Amount of increase in capital reserves	10,235,005,500 yen (384.5 yen per share)
(7)	Method of offering or allotment	To be allocated as follows through third-party allotment: 26,619,000 shares to Chubu Electric Power Co., Inc.

2. Reasons for this public offering of shares through third-party allotment

(1) Background of selection of the recipient of the allotment

As a general developer of multifaceted real estate projects, ES-CON JAPAN focus on condominium development. Other activities encompass retail, logistics, and hotel development, as well as land readjustment. We strive to realize the following Management Policy: (i) We will use our information networks, planning ability and product development expertise to tap the unlimited potential of real estate and create new value that thoroughly satisfies our clients; (ii) We will rely on our strong defense of operations management revolving around ROA and thorough management of cashflow and risk to achieve a strong offense in management that is always one step ahead; (iii) We will become an elite team of professionals with an unchanging ability to swiftly and deftly respond to a rapidly-changing society; (iv) We will always show respect and gratitude to our colleagues, whether inside or outside of the company, and build and maintain excellent collaborative relations; (v) We will prioritize compliance and governance, bolstering our internal auditing system, and form an organization with great bottom-up communication.

Effective August 28, 2018, based on the judgment that leveraging strengths in real estate planning and business know-how, combined with the strengths of the Chubu Electric Power Group (as of December 31, 2020, consisting of 38 subsidiaries and 48 affiliate companies, in addition to Chubu Electric Power; "Chubu Electric Power Group" hereinafter), including its energy supply networks, customer base in the Chubu region, and facility construction know-how accumulated through years of activity in the electric power business, can reasonably be expected to generate various synergies and maximize the corporate value of both companies, we concluded an agreement on a capital and business joint venture with and became an equity-method affiliate of Chubu Electric Power. Since then, the real estate industry has grown steadily, as reflected in the growth of our assets and financial results on a consolidated basis from total assets of 109,747 million yen, net assets of 27,359 million yen, and net sales of 54,325 million yen in the term ended December 2018 to total assets of 132,696 million yen (up 22,949 million yen year on year), net assets of 33,546 million yen (up 6,187 million yen year on year), and net sales of 72,106 million yen (up 17,781 million yen year on year) in the term ended December 2019 and total assets of 149,423 million yen (up 16,727 million yen year on year), net assets of 38,627 million yen (up 5,081 million yen year on year), and net sales of 77,308 million yen (up 5,202 million yen year on year) in the term ended December 2020. In March 2019, based on our view that the Chubu region is an important business territory, together with the greater Tokyo region and the Kansai region, we opened the Nagoya Branch and began joint condominium and product development businesses with the Chubu Electric Power Group. Since acquiring a condominium site in June 2019 located in Higashi Ward, Nagoya, as part of a joint project with Chuden Real Estate, a subsidiary of Chubu Electric Power, we acquired another condominium site in Higashi Ward, Nagoya, in September 2019; a commercially zoned site in

Suita, Osaka Prefecture, in March 2020; and a commercially zoned site in Ichinomiya, Aichi Prefecture, in August 2020. Plans call for sales of condominiums constructed on the sites acquired in Higashi Ward, Nagoya, to begin from 2021-2022. In August 2020, we launched the Group's first condominium development project in Shizuoka Prefecture on a site operated by the Group as a parking lot since 2016. In these and other ways, synergies with Chubu Electric Power are emerging and gathering strength in various joint efforts.

However, the COVID-19 pandemic affecting not just Japan but the entire world has led to large-scale constraints on economic activities and dramatic changes in social and economic conditions. These conditions compelled us to revise the timing of the sale of the hotel projects and led to a gap in the timing of sales of various logistics sites. As a result, on December 22, 2020, reflecting expectations of decreased earnings, we announced revisions to the consolidated net sales of 86,000 million yen in planned consolidated financial results for the period ended December 2020 and previously announced on January 30, 2020.

Even under such business conditions, consolidated net sales in the period ended December 2020 grew 5,202 million yen to 77,308 million yen, up from the figure of 72,106 million yen in the period ended December 2019. Because the effect of COVID-19 on our business could not be reasonably estimated in the period ended December 2020, we assumed significant decreased earnings below the consolidated net sales for the period ended December 2019. However, the consolidated net sales for the period ended December 2020 increased year on year and the impact of COVID-19 proved relatively light compared to initial expectations. For this reason, ES-CON JAPAN sees this as an excellent opportunity to advance further business growth and to stabilize management foundations, based on medium- to long-term management strategies. We have identified the following two points as basic management strategy policies:

- (i) Establishing business foundations capable of withstanding unexpected changes in economic conditions
 - Establishing solid business and financial standings capable of maintaining fundraising means under any economic conditions
- (ii) Simultaneously transforming the revenue structure and expanding business domains
 - Transforming the revenue structure from one based on flows to one based on stock by growing the real estate leasing business while realizing business diversification and expansion of business territories

Based on the repeated consideration of various options and seeking the most effective means of realizing the two points above in medium- to long-term management strategies, we have chosen to implement this public offering of shares through third-party allotment. This decision is based on the assessment that becoming a consolidated subsidiary of Chubu Electric Power, which boasts strong corporate credit standing, through issue of shares of ES-CON JAPAN common stock ("common stock" hereinafter) through third-party allotment with Chubu Electric Power as the planned recipient ("capital increase through third party allotment" hereinafter) will allow diversification of fundraising methods and reduce fundraising costs by improving our creditworthiness. The move will also enable participation in large-scale urban-development projects through further business partnerships with the Chubu Electric Power Group. This will provide increased access to real estate information and, by extension, make it possible for us to increase our corporate value still further by increasing earnings potential and enhancing management stability.

If completed, this capital increase through third party would change the status of Chubu Electric Power from affiliate to parent company. We concluded an agreement on a capital and business joint venture with Chubu Electric Power on August 28, 2018; however, we also chose to enter into a new capital and business joint venture effective February 24, 2021 ("capital and business joint venture agreement" hereinafter) for various purposes, including further strengthening cooperative efforts.

(2) Reasonability of conditions of issue etc.

- (i) Grounds for calculating the issue price and other specifics

We have chosen as the issue price of this capital increase through third party allotment ("issue price" hereinafter) 769 yen, the closing price of shares of ES-CON JAPAN common stock at the Tokyo Stock Exchange on the business date (February 22, 2021) immediately preceding the date of the resolution of the board of directors concerning this capital increase through third party allotment ("date of board of directors resolution" hereinafter). The closing price on the business day immediately preceding the board of directors resolution was chosen because we deem the most recent share price to accurately reflect ES-CON JAPAN's objective corporate value. This issue price of 769 yen reflects a premium of 0.13% vs. the average closing price of 768 yen (average prices hereinafter are rounded to the nearest

whole number) over the one-month period (January 25– February 22, 2021) through the business day immediately preceding the date of the board of directors resolution, a discount of 7.35% vs. the average closing price of 830 yen over the three-month period (November 24, 2020 – February 22, 2021) through the business day immediately preceding the date of the board of directors resolution, and a discount of 9.53% vs. the average closing price of 850 yen over the six-month period (August 24, 2020 – February 22, 2021) through the business day immediately preceding the date of the board of directors resolution.

This issue price conforms to the Guidelines on Handling of Capital Increases Through Third-party Allotment established by the Japan Securities Dealers Association. ES-CON JAPAN deems that this does not constitute a particularly advantageous issue price. The board of directors resolution on this capital increase through third-party allotment was unanimously approved by the directors. In addition, External Director (Full-Time Auditor Director) Masayoshi Nishitake and independent External Directors (Auditors) Hiroto Mizobata and Tadashi Fukuda have all three stated the view that since the paid-in amount of this capital increase through third-party allotment is based on market prices that objectively indicate the value of ES-CON JAPAN common stock and accounts for recommendations under the Guidelines on Handling of Capital Increases Through Third-party Allotment established by the Japan Securities Dealers Association, the action is legal and does not constitute an inappropriately advantageous issue price.

- (ii) Grounds for judgment that the quantity of shares to be issued and the scale of dilution of shares are reasonable

Plans call for a number of 26,619,000 shares (266,190 voting rights) to be issued in this capital increase through third-party allotment, resulting in dilution at a rate of 38.24% vs. the 69,617,487 shares as of December 31, 2020 resulting from subtracting from the total number of shares issued and outstanding of 71,961,887 shares the number of 2,344,400 shares of treasury stock (38.24% vs. the 696,072 voting rights on the 69,607,200 shares as of December 31, 2020 after subtracting from the total number of shares issued and outstanding of 71,961,887 shares the number of 2,344,400 shares of treasury stock and 10,287 shares in less than the minimum trading unit as of that date).

However, since, as described under “2. (1) Background of selection of the recipient of the allotment” above, this capital increase through third-party allotment is intended to grow ES-CON JAPAN's earnings potential and strengthen management capabilities by promoting joint ventures with the planned recipient of the allotment and fundraising through this capital increase through third-party allotment can be expected to contribute to the interests of existing shareholders over the medium to long term by increasing ES-CON JAPAN's corporate value through sustained growth of the Group and profitability; since the number of shares to be issued is based on consultations and negotiations with the planned recipient of the allotment based on the purposes thereof; and, in addition, as described under “2. (3) (ii) Holding policy of the planned recipient of the allotment” below, it is the policy of the planned recipient of the allotment to continue to hold the shares acquired for the medium to long term and is expected to be a stable shareholder, it has been judged that both the quantity of shares to be issued and the scale of the dilution of shares are reasonable.

(3) Overview of planned recipient of allotment of this capital increase through third-party allotment etc.

(i) Overview of planned recipient of the allotment (as of March 31, 2020)

Name	Chubu Electric Power Co., Inc.
Address	1 Higashi-shincho, Higashi-ku, Nagoya-shi, Aichi Prefecture
Title and name of representative	Kingo Hayashi, President & Representative Director
Lines of business	Electricity business and businesses incidental to the electricity business
Capital	430,777 million yen
Established	May 1, 1951
Total shares issued and outstanding	758,000,000
Capital relationship	As of February 24, 2021, the planned recipient of the allotment, with holdings of 22,980,000 shares, is ES-CON JAPAN's largest shareholder.
Personal relationship	In March 2019, the planned recipient of the allotment dispatched one director to ES-CON JAPAN. In addition, since April 2019, two employees of ES-CON JAPAN have been seconded to the planned recipient of the allotment.
Business relationship	ES-CON JAPAN concluded an agreement on a capital and business joint venture with the planned recipient of the allotment effective August 28, 2018.
Related party status	The planned recipient of the allotment is a related party and ES-CON JAPAN's largest shareholder, accounting for 33.0% of total shares issued and outstanding (not including treasury stock).

(ii) Holding policy of the planned recipient of the allotment

ES-CON JAPAN has concluded an agreement on a capital and business joint venture with the planned recipient of the allotment as a medium- to long-term partner. This capital increase through third-party allotment is intended to further strengthen the partnership between the two companies. Accordingly, it has been confirmed by spoken agreement that the policy of the planned recipient of the allotment is to continue to hold the shares acquired for the medium to long term. ES-CON JAPAN also plans to obtain a written pledge from the planned recipient of the allotment consenting to report on the details thereof in writing if it sells all or part of the shares acquired through this capital increase through third-party allotment within two years from the pay-in date. These reports will be submitted to the Tokyo Stock Exchange and made available for public viewing.

3. Overview of the capital and business joint venture

An overview of the business partnership is provided below. Upon conclusion of the business partnership agreement, the business partnership agreement concluded August 28, 2018 with Chubu Electric Power will be invalidated.

(1) Details of business tie-up

In the agreement on the capital and business joint venture concluded between ES-CON JAPAN and Chubu Electric Power on February 24, 2021, both companies agree to a business joint venture based on the following major points to promote business progress and increase the corporate value of both firms:

- A. Enhancing joint efforts related to energy supply and facility construction
- B. Joint research and joint implementation in businesses related to next-generation smart houses, connected homes, and so forth
- C. Further enhancing the partnership with Chuden Real Estate, a member of the Chubu Electric Power Group
- D. Enhancing partnerships related to the effective utilization and development of unused or underused land belonging to the Chubu Electric Power Group
- E. Joint initiatives in businesses that contribute to society, including urban development

Plans call for ES-CON JAPAN and Chubu Electric Power to discuss details of this business joint venture following the conclusion of the agreement on the capital and business joint venture.

(2) Details of capital tie-up

As described above, ES-CON Japan will allot shares of common stock in ES-CON Japan to Chubu Electric Power, as the recipient, through the issue of new shares through this capital increase through third-party allotment.

Agenda Item 4

Election of five directors (excluding directors who are auditor directors)

Except for directors who are auditor directors (the same applying hereafter), the term of office will expire for all five directors at the end of this General Meeting. We therefore propose the election of five directors, including two newly appointed directors.

To ensure fairness and transparency, the selection of each candidate involved consultations with the Nomination and Remuneration Advisory Committee, key members of which consist of external directors.

Moreover, regarding this agenda item, the Auditor Committee has examined each candidate and stated that there are no issues needing to be pointed out.

Candidates are as follows:

Candidate No.	Name (Date of Birth)	History and Position / Area of Responsibility in Our Company (Main Concurrent Posts)	Number of Company Shares Owned
1	Takatoshi Ito (September 1, 1971)	September 2001 - Joined ES-CON JAPAN Ltd. February 2006 - Operating Officer, ES-CON JAPAN Ltd. March 2007 - Managing Director, ES-CON JAPAN Ltd. November 2010 - Head of Business Division, ES-CON JAPAN Ltd. March 2011 - President and Representative Director, ES-CON JAPAN Ltd. (present post) January 2012 - Head of Tokyo Office, ES-CON JAPAN Ltd. May 2013 - President and Representative Director, ES-CON PROPERTY Ltd. August 2013 - Head of Development Division, ES-CON JAPAN Ltd. July 2014 - Director, ES-CON ASSET MANAGEMENT Ltd. (present post) November 2014 - President and Corporate Officer, ES-CON JAPAN Ltd. (present post) September 2016 - Director, ES-CON LIVING SERVICE Ltd. (present post) July 2018 - Director, ES-CON PROPERTY Ltd. (present post) July 2019 - Director, One's Own House Co., Ltd. (currently ES-CON HOME Ltd.) (present post) July 2019 - Director, Rise Home Co., Ltd. (currently ES-CON CRAFT Ltd.) (present post) December 2019 - Director, ES-CON GLOBAL WORKS Ltd. (present post) January 2020 - Member, Nomination and Remuneration Advisory Committee, ES-CON JAPAN Ltd. (present post) October 2020 - Director, Ryomon Co., Ltd. (present post)	1,207,600
		<p>Reason for Candidacy as Director As the President and Director of our company, he has been handling the management of our company group, has been leading the group with his strong leadership, has contributed to development and expansion into multiple businesses, has established a firm management foundation, and possesses abundant knowledge of overall business management. Therefore, we propose that he be reappointed as a director so as to continue contributing to the functional enhancement of the Board of Directors.</p>	

Candidate No.	Name (Date of Birth)	History and Position / Area of Responsibility in Our Company (Main Concurrent Posts)	Number of Company Shares Owned
2 Reappointment	Minoru Nakanishi (September 14, 1952)	<p>April 1975 - Joined Yasuda Trust & Banking Co., Ltd. (currently Mizuho Trust & Banking Co., Ltd.)</p> <p>April 2005 - Executive Officer (Head of Osaka Branch Office)</p> <p>April 2008 - Joined SOKEN Co., Ltd. Inaugurated as Senior Managing Director</p> <p>August 2011 - Joined ES-CON JAPAN Ltd.</p> <p>June 2012 - Executive Officer (Head of Finance and Accounting Dept.), ES-CON JAPAN Ltd.</p> <p>March 2013 - Director, ES-CON JAPAN Co., Ltd.</p> <p>May 2013 - Director, ES-CON PROPERTY, Ltd. (present post)</p> <p>August 2013 - Head of Management Division, ES-CON JAPAN Ltd. (present post)</p> <p>July 2014 - Director, ES-CON ASSET MANAGEMENT, Ltd. (present post)</p> <p>November 2014 - Operating Officer, ES-CON JAPAN Ltd.</p> <p>March 2015 - Executive Director, ES-CON JAPAN Ltd. Managing Executive Officer, ES-CON JAPAN Ltd.</p> <p>September 2016 - Director, ES-CON LIVING SERVICE Ltd. (present post)</p> <p>March 2017 - Senior Managing Director, ES-CON JAPAN Ltd. (present post)</p> <p>Senior Executive Officer, ES-CON JAPAN Ltd. (present post)</p> <p>December 2019 - Director, ES-CON GLOBAL WORKS Ltd. (present post)</p> <p>October 2020 - Director, Ryomon Co., Ltd. (present post)</p>	148,500
		<p>Reason for Candidacy as Director</p> <p>As an administrator of our company, he has been supervising administrative divisions including Finance/Accounting, Personnel, General Affairs, and Legal Affairs, and took the initiative to establish a firm management foundation as a defensive keystone. It was determined that he is an essential human resource for contributing to the improvement of our company group's corporate value, and that he will contribute to sustainable improvement of corporate value in the future. Therefore, we propose that he be reappointed as a director.</p>	

Candidate No.	Name (Date of Birth)	History and Position / Area of Responsibility in Our Company (Main Concurrent Posts)	Number of Company Shares Owned
3 Reappointment	Kenji Fujita (April 14, 1963)	<p>April 1986 - Joined Chubu Electric Power Co., Inc.</p> <p>July 2011 - General Manager, HR/Labor and Operations Group, Chubu Electric Power Co., Inc.</p> <p>July 2013 - General Manager, HR Division, and General Manager, Labor and Operations Division, Chubu Electric Power Co., Inc.</p> <p>July 2014 - General Manager, Locations Division, Okazaki Branch, Chubu Electric Power Co., Inc.</p> <p>April 2016 - General Manager, Locations Division, Power Networks Company, Chubu Electric Power Co., Inc.</p> <p>March 2019 - Director, ES-CON JAPAN Ltd. (present post) Operating Officer, ES-CON JAPAN Ltd. (present post) Head of General Affairs Department, ES-CON JAPAN Ltd.</p> <p>January 2020 - Head of President's Office, ES-CON JAPAN Ltd. (present post)</p>	3,000
	<p>Reason for Candidacy as Director</p> <p>With a wealth of experience and strong track record of achievement acquired as HR Division General Manager and Locations Division General Manager with Chubu Electric Power Co., Inc., Mr. Fujita plays a key role not only in the administration of our company as Head of General Affairs and Head of the President's Office, but in ESG management. He has contributed to establishing friendly relations with Chubu Electric Power Co., Inc. In light of the remarkable insights he offers as a result of this experience and track record, it was determined that he is an essential director. We propose that he be appointed once again as director.</p>		

Candidate No.	Name (Date of Birth)	History and Position / Area of Responsibility in Our Company (Main Concurrent Posts)	Number of Company Shares Owned
New appointment 4	Atsushi Kawashima (January 4, 1959)	<p>April 1982 - Joined Mitsubishi Corporation</p> <p>April 1990 - Joined Yasuda Trust & Banking Co., Ltd. (now Mizuho Trust & Banking Co., Ltd.)</p> <p>June 1998 - Joined Kennedy-Wilson Japan Co., Ltd. (now Kenedix, Inc.)</p> <p>March 2001 - Director, Kenedix, Inc.</p> <p>March 2003 - Managing Director/COO, Kenedix, Inc.</p> <p>October 2004 - Director, KW REIT Management, Inc. (now Kenedix Realty Investment Corporation)</p> <p>January 2007 - Representative Director and President, Kenedix, Inc. Representative Director and President, Kenedix Development Corporation Representative Director and President, Kenedix Advisors Corporation (now Kenedix Realty Investment Corporation)</p> <p>December 2009 - Representative Director and President, Kenedix Property Corporation Representative Director and President, Kenedix Asset Management, Inc.</p> <p>May 2010 - Director, MAX-REALTY INC.</p> <p>July 2010 - Director, Touchstone Holdings Co., Ltd.</p> <p>March 2013 - Representative Director and President, Kenedix, Inc.</p> <p>October 2013 - Representative Director, Space Design, Inc.</p> <p>August 2014 - Director, Touchstone Capital Management Co., Ltd.</p> <p>October 2014 - Director, Nippon Parking Development Co., Ltd.</p> <p>March 2016 - Director and Chairperson, Kenedix, Inc.</p> <p>May 2018 - Director, SQUEEZE Co., Ltd.</p> <p>March 2019 - Advisor, Kenedix, Inc. (present post)</p> <p>Main concurrent posts Advisor, Kenedix, Inc.</p>	0
		<p>Reason for Candidacy as Director</p> <p>Mr. Kawashima offers a wealth of experience and a strong track record of achievements over many years leading the management of Kenedix, Inc. It was determined that the capacity to apply the strong insights he offers makes him an essential external director. Thus, we propose that he be appointed as an external director.</p>	

Candidate No.	Name (Date of Birth)	History and Position / Area of Responsibility in Our Company (Main Concurrent Posts)	Number of Company Shares Owned
New appointment 5	Keiko Otsuki (August 10, 1955)	<p>April 1979 - Joined Mitsubishi Electric Corporation</p> <p>February 1985 - Joined Credit Lyonnaise Bank (now Credit Agricole Bank)</p> <p>January 1991 - Joined Morgan Stanley Dean Witter (now Mitsubishi UFJ Morgan Stanley Securities Co. Ltd.)</p> <p>January 1996 - Joined UBS Securities Japan (now UBS Securities Co., Ltd.)</p> <p>January 1998 - Joined Morgan Stanley Dean Witter (now Mitsubishi UFJ Morgan Stanley Securities Co. Ltd.) Vice President/Senior Analyst, Equities Research Division</p> <p>April 2003 - Joined Morgan Stanley Japan Global Properties (now Morgan Stanley Capital Co., Ltd.) Executive Director</p> <p>January 2008 - Joined Morgan Stanley Japan (now Mitsubishi UFJ Morgan Stanley Securities Co. Ltd.) Managing Director</p> <p>June 2018 - Director, MRD (present post)</p> <p>February 2020 - External Director, K.R.S. Corporation (present post) (Key additional post) Director, MRD External Director, K.R.S. Corporation</p>	0
	<p>Reason for Candidacy as Director</p> <p>Ms. Otsuki offers a wealth of experience and a strong track record of achievements, including work as a securities analyst overseas. In light of the remarkable insights she can provide, it was determined that she is an essential external director. We propose that she be appointed as an external director. For the reasons stated above, although the candidate has no previous involvement in the company's management other than as external director, she is deemed capable of performing the duties of an external director.</p>		

- (Note)
1. No special interests exist between the candidates and our company.
 2. Mr. Kawashima and Ms. Otsuki are candidates for external director.
 3. If their appointment is approved, ES-CON JAPAN Ltd. plans to execute limited liability agreements with both Mr. Kawashima and Ms. Otsuki in accordance with Article 427, Paragraph 1 of the Companies Act of Japan.
The following is an overview of this agreement:
 - In the event that a director (excluding personnel who are managing directors) causes ES-CON JAPAN Ltd. to bear liability for compensation for damages attributable to his/her own negligence in the performance of his/her duties, that director shall bear the legally established minimum liability.
 4. Mr. Kawashima and Ms. Otsuki meet the requirements for independent officers set forth by the Tokyo Stock Exchange. If their election is approved, we plan to notify the Tokyo Stock Exchange that they will serve as independent officers.
 5. ES-CON JAPAN Ltd. has concluded an executive liability insurance policy with an insurer as stipulated in Article 430-3, Paragraph 1 of the Companies Act of Japan, naming its directors as the insured. We plan to continue to renew this policy. If each of the candidates is reappointed or newly appointed, he or she will continue to be the named insured under this policy.
This policy covers damages related to compensation for damages and litigation

costs borne by the insured for matters within the liability of directors to third parties and to ES-CON JAPAN. It does not cover matters due to deliberate action or gross negligence.

Agenda Item 5

Election of one director as reserve auditor director to fill potential vacancy

To keep the number of auditors from falling below the legally established requirement, we propose the election of one director as a reserve auditor director to fill any potential vacancy.

This agenda item has been approved by the Auditors Committee.

The reserve auditor director candidate is as follows:

Name (Date of Birth)	History and Position (Main Concurrent Posts)	Number of Company Shares Owned
Tomonao Iechika (May 7, 1976)	October 2005 - Registered as lawyer Joined Daiichi Law Office (Currently Daiichi Law Office, P.C.) July 2010 - Dispatched to the Inspection Bureau, Financial Services Agency January 2015 - Partner, Daiichi Legal Professional Corporation (present post) (Main concurrent posts) Partner, Daiichi Legal Professional Corporation	31,300
<p>Reason for Candidacy as Reserve External Director</p> <p>We nominate Tomonao Iechika as external director because he brings with him a wealth of experience as a lawyer and extensive expertise, which will be reflected in management of ES-CON JAPAN Ltd. The candidate has no previous contributions to the company other than his services as external director, but for the reasons stated here, we deem that he is capable of performing the duties of an external director.</p>		

- (Note)
1. No special interests exist between this candidate and our company.
 2. Mr. Iechika is a candidate for reserve external director.
 3. If the appointment of Mr. Iechika is approved and he is elected to the position of director and concurrent member of the Auditor Committee, ES-CON JAPAN Ltd. will execute a limited liability agreement in accordance with Article 427, Paragraph 1 of the Companies Act of Japan.
 The following is an overview of this agreement:
 - In the event that a director (excluding personnel who are managing directors) is responsible for circumstances generating liabilities for ES-CON JAPAN Ltd. with respect to compensation for damages attributable to his/her own negligence in the performance of his/her duties, that director shall bear the legally established minimum liability.
 4. ES-CON JAPAN Ltd. has concluded an executive liability insurance policy with an insurer as stipulated in Article 430-3, Paragraph 1 of the Companies Act of Japan. This policy names its directors as the insured. We plan to continue to renew this policy. If the appointment of Mr. Iechika is approved and he is elected to the position of director and concurrent member of the Auditor Committee, he will be the named insured under this policy.
 This policy covers damages related to compensation for damages and litigation costs borne by the insured for matters within the liability of directors to third parties and to ES-CON JAPAN. It does not cover matters attributable to deliberate action or gross negligence.

Partial revision of the performance-based stock reward system for directors (excluding directors who are auditor directors, external directors, and non-executive directors)

1. Background and purpose of this revision

This agenda item requests the approval of partial revisions of the performance-based stock reward system (“system” hereinafter) for directors (excluding directors who are auditor directors, external directors, and non-executive directors) of ES-CON JAPAN (“directors etc.” hereinafter, except when otherwise specified) adopted beginning with the fiscal year ended December 2015.

This system was adopted to improve business results over the medium to long term and to increase awareness of contributions to growing corporate value by clarifying the relationship between director compensation and ES-CON JAPAN's business performance, so that directors share with shareholders not merely the benefits of rising share prices but the risks of falling share prices.

While the continuation and partial revision of this system was approved in the 25th Regular General Meeting of Shareholders held on March 26, 2020, as a result of the review and cancellation in July 2020 of the third medium-term management plan “IDEAL to REAL 2022” announced on December 2, 2019, the content of this system has been reviewed as well. The decision has been made to seek shareholder approval for partial revisions of the system. A decision has also been made not to award points to eligible persons for the fiscal year ended December 2020.

Plans call for continuing to exclude from amounts of director compensation eligible for this system the employees' salary portion of compensation paid to directors serving concurrently in posts as employees. Assuming that Agenda Item 4 is approved as proposed, the number of directors and (authorized) executive managing officers of ES-CON JAPAN related to this proposal will be four.

2. Details of revisions to this system

This system as it currently stands will be revised with respect to the following points:

(Major revisions from the current system)

Item	Before revision	After revision
System beneficiaries	Directors (excluding auditor directors, external directors, and non-executive directors) of ES-CON JAPAN	Directors (excluding auditor directors, external directors, and non-executive directors) and <u>(authorized) executive managing officers</u> of ES-CON JAPAN
Target period	Three fiscal years from the fiscal year ending December 2020 until the fiscal year ending December 2022 and each subsequent period of three fiscal years	Three fiscal years from the fiscal year <u>ending December 2021</u> until the fiscal year <u>ending December 2023</u> and each subsequent period of three fiscal years
Calculation method and cap on numbers of shares to be granted to ES-CON JAPAN's directors	Consolidated operating income and total shareholder return (TSR) shall be adopted as the calculation method. ES-CON JAPAN will assign points in accordance with the status of achievement of the goal on consolidated operating income based on the number of standard shares for each position stipulated at the beginning of the fiscal year in the third medium-term management plan. Annual points assigned to the subject parties will be accumulated in the performance for the fiscal year ending December 2022, the final fiscal year in the third medium-term management plan.	ES-CON JAPAN will assign points in accordance with the status of achievement of the goal on consolidated operating income based on the number of standard shares for each position stipulated <u>at the beginning of the fiscal year ending December 2021</u> . Annual points assigned to the subject parties will be accumulated in the <u>performance for the fiscal year ending December 2023</u> .
Granting of shares of ES-CON JAPAN to ES-CON JAPAN's directors	Upon the resignation of Directors (excluding auditor directors, external directors, and non-executive directors) of ES-CON JAPAN	Upon the resignation from their posts of Directors (excluding auditor directors, external directors, and non-executive directors) and <u>(authorized) executive managing officers</u> of ES-CON JAPAN

3. Overview of the System after Revision

(1) Overview of the System

The System is an incentive system in which ES-CON JAPAN contributes money to the Trust (the upper limit of which is as per (6) below), with the Trust acquiring shares of ES-CON JAPAN with the applicable money as capital, and shares, etc. of ES-CON JAPAN being granted to ES-CON JAPAN's directors through the Trust in accordance with the performance achievement rate, etc.

Moreover, the shares, etc. will be granted to the director of ES-CON JAPAN when the said director retires from the position of director.

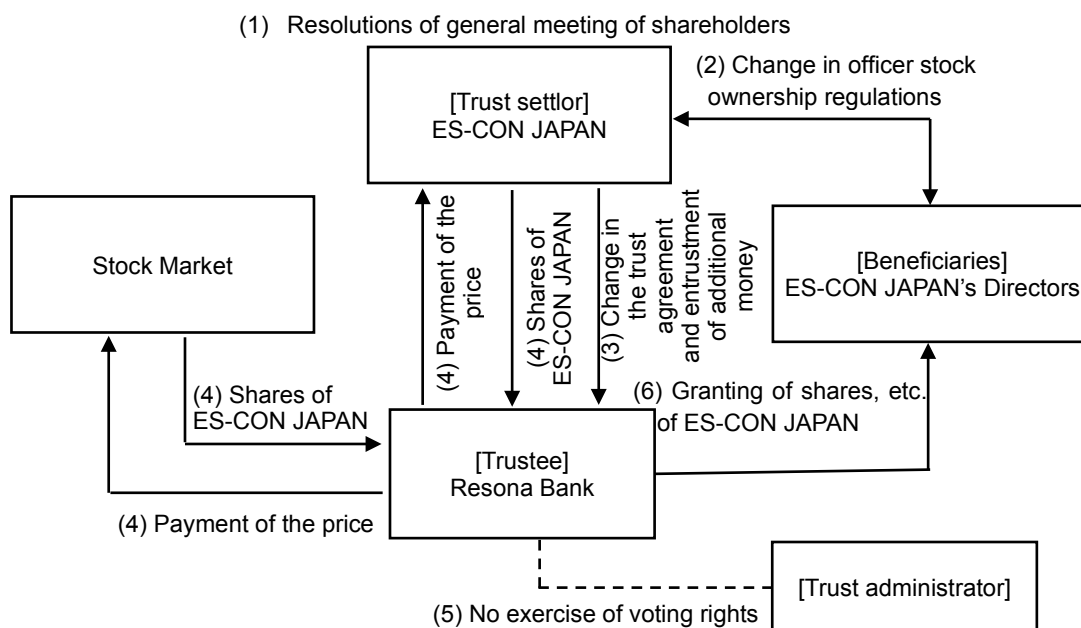
(2) System beneficiaries

Directors of ES-CON JAPAN (excluding auditor directors, external directors, and non-executive directors) and (authorized) executive managing officers

(3) Target period

Three fiscal years from the fiscal year closing at the end of December 2021 until the fiscal year closing at the end of December 2023 and each subsequent period of three fiscal years.

- (4) Establishment of the trust associated with operation of the System
 ES-CON JAPAN shall establish and operate the following trust for operating the System based on mutual agreement with the trustee.



- (1) ES-CON JAPAN shall obtain a resolution for approval at the General Meeting of Shareholders concerning continuation and partial revision of the System.
- (2) ES-CON JAPAN shall change officer stock ownership regulations within the scope approved by the General Meeting of Shareholders.
- (3) ES-CON JAPAN shall change the existing trust agreement and entrust additional money within the scope approved by the General Meeting of Shareholders.
- (4) The Trust shall acquire shares of ES-CON JAPAN through the stock market, etc. or by the method of underwriting ES-CON JAPAN's disposal of treasury shares by using money entrusted in (3) above.
- (5) Voting rights shall not be exercised during the trust term with regard to shares of ES-CON JAPAN under the Trust.
- (6) During the trust term, the beneficiaries will be assigned points in accordance with the position and the performance achievement rate of the beneficiaries based on the stipulations of the officer stock ownership regulations in (2) above. Shares, etc. of ES-CON JAPAN will be granted to directors who have fulfilled the beneficiary requirements stipulated in the officer stock ownership regulations to a certain degree, including when a director resigns, at the number in accordance with the number of points assigned.

- (5) Trust term
 From April 1, 2015, to the closing of the Trust (No specific closing date is determined for the trust term of the Trust and the Trust shall continue as long as the System continues. The System shall end due to delisting of shares of ES-CON JAPAN or abolishment, etc. of the officer stock ownership regulations.)

- (6) Amount of money contributed to the Trust
 ES-CON JAPAN will contribute money with an upper limit of 330 million yen (Note), calculated by multiplying 110 million yen per fiscal year by the target period, to the Trust as funds for acquisition of shares of ES-CON JAPAN to grant shares, etc. of ES-CON JAPAN to ES-CON JAPAN's directors, on the condition that approval is obtained at the General Meeting of Shareholders.
 Moreover, after the expiration of the first target period and until the end of the System, ES-CON JAPAN shall make additional contributions not exceeding the amount calculated by multiplying 110 million yen per fiscal year by the target period in each target period.

However, when making contributions or additional contributions, when there are residual company shares (excluding items for which granting to ES-CON JAPAN's directors has not been completed with shares of ES-CON JAPAN in proportion to the number of points assigned to ES-CON JAPAN's directors in each target period) and money (hereinafter collectively referred to as "residual shares, etc. immediately before the start of the target period"), the total amount of the residual shares, etc. immediately before the start of the target period and the amount of the trust money which will be additionally contributed shall be within the range of the upper limit of the trust money approved at the General Meeting of Shareholders.

(Note) The money to be allocated to trust expenses for the Trust and expenses for system operation such as trust fee will not be included in 330 million yen, which is the upper limit of the funds for acquisition of shares of ES-CON JAPAN mentioned above, and additional contribution of necessary money can be made.

- (7) Calculation method and upper limit of number of shares to be granted to ES-CON JAPAN's directors
After the continuation of the System, consolidated operating income and total shareholder return (TSR) shall be adopted as the method for calculating the number of shares of ES-CON JAPAN to be granted to ES-CON JAPAN's directors, with an aim to provide incentive for business execution conscious of sustainable growth and setting as clear indicators from the viewpoint of shareholders the return of profits to shareholders and enhancement of corporate value. Specifically, ES-CON JAPAN will assign points (the "annually assigned points") in accordance with the status of achievement of the goal on consolidated operating income (the "performance-based coefficient (1) (*1)") based on the number of standard shares for each position stipulated at the beginning of the fiscal year in the fourth medium-term management plan, and the annually assigned points assigned to the subject parties will be accumulated (the "cumulative assigned points during the target period") in the performance for the fiscal year ending December 2023, the final fiscal year in the third medium-term management plan. The obtained points (the "assigned points ultimately decided") will be calculated by multiplying the cumulative assigned points during the target period by the rate of deviation between ES-CON JAPAN's TSR and the growth rate of the TSE First Section Real Estate TOPIX (the "performance-based coefficient (2) (*2)") during the period of the third medium-term management plan. The points are converted at a rate of one company share for every 10 points when granting shares. However, when a stock split, free stock allocation or reverse stock split, etc. has been carried out with regards to the shares of ES-CON JAPAN after the approval of this proposal, the conversion rate shall be adjusted appropriately in accordance with the relevant rate, etc. The upper limit per fiscal year of the number of cumulative points assigned to ES-CON JAPAN's directors shall be 1,100,000 points (110,000 shares). The upper limit of the number of shares of ES-CON JAPAN acquired by the Trust in each target period is 3,300,000 points (330,000 shares), which is equivalent to the number calculated by multiplying the upper limit of the number of annually assigned points by three, the number of fiscal years during the target period.

(*1) Performance-based coefficient (1) will be determined within the range between 0.0 and 1.5 in accordance with the achievement rate of the forecast operating income on a consolidated basis.

(*2) Performance-based coefficient (2) will be determined within the range between 0.5 and 1.0 by comparing ES-CON JAPAN's TSR with the TSE First Section Real Estate TOPIX during the target period and based on the rate of deviation between them.

- (8) Method of acquisition of shares of ES-CON JAPAN by the Trust
The Trust shall acquire shares of ES-CON JAPAN through financial instrument exchange markets, etc. or by the method of underwriting ES-CON JAPAN's disposal of treasury shares within the upper limit of the amount of money to be contributed in to the Trust in (6) and (7) above.
- (9) Granting of shares of ES-CON JAPAN to ES-CON JAPAN's directors
When the directors of ES-CON JAPAN fulfill beneficiary requirements, payment of money will also be made as follows in addition to the granting of shares made previously.
Accordingly, shares of ES-CON JAPAN equivalent to 70% of the total number of points assigned based on the System before the revision and the number of assigned points ultimately decided assigned based on the System after the revision will be granted to ES-CON JAPAN's directors. As for shares of ES-CON JAPAN equivalent to 30% of the total points, the money equivalent to the fair market value of shares of ES-CON JAPAN will be granted instead of shares of ES-CON JAPAN from the perspective of securing funds for tax payment. In addition, as for the total amount of shares of ES-CON JAPAN equivalent to the total number of points assigned based on the System before the revision and the number of assigned points ultimately decided assigned based on the System after the revision, money equivalent to the fair market value of shares of ES-CON JAPAN will be granted instead of shares of ES-CON JAPAN to the heir in the case the director of ES-CON JAPAN passes away during the trust term. Furthermore, the total amount of shares of ES-CON JAPAN equivalent to the total number of points

assigned based on the System before the revision and the number of assigned points ultimately decided assigned based on the System after the revision will be granted to directors who will retire at their own convenience.

- (10) Exercise of voting right of shares of ES-CON JAPAN within the Trust
Voting rights pertaining to shares of ES-CON JAPAN within the Trust shall not be exercised without any exception in order to secure independence of ES-CON JAPAN's management from the Trust.
- (11) Handling of dividends of shares of ES-CON JAPAN within the Trust
Dividends pertaining to shares of ES-CON JAPAN within the Trust shall be received by the Trust, and used for trust-related expenses such as acquisition of shares of ES-CON JAPAN and trust fees, etc. Moreover, when the Trust closes, it is planned that the dividends remaining in the Trust are to be granted to beneficiaries of the System who are in office at that point in time by proportionally dividing the dividends in accordance with the accumulated points of each individual or donated to public interest corporations.
- (12) Handling at the closing of the Trust
The Trust shall be closed in the event the shares of ES-CON JAPAN are delisted or the officer stock ownership regulations are abolished, etc.
Of the residual assets of the Trust when it is closed (excluding shares planned to be granted to directors in office at the time of the closing of the Trust with the possibility of fulfilling the beneficiary requirements), shares of ES-CON JAPAN shall be cancelled or donated to public interest corporations based on a resolution of the board of directors, after all of the shares of ES-CON JAPAN having been acquired by ES-CON JAPAN at no cost. Of the residual assets of the Trust when it is closed, money shall be paid to the beneficiaries of the System who are in office at that point in time by proportionally dividing the money in accordance with the accumulated points of each individual or donated to public interest corporations.