

Financial Results

Fiscal Year
Ended December 2022

ESCON JAPAN Ltd.



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*Key to this document
EAM: ES-CON ASSET MANAGEMENT Ltd.
ESH: ES-CON HOME Ltd.
ESC: ESCON CRAFT Ltd.
Picasso Group: PICASSO CO., LTD. and other companies
FUEL: FUEL Inc.
EJR: ES-CON JAPAN REIT Investment Corporation
Chubu Electric Power: Chubu Electric Power Co., Inc.
Chuden Real Estate: Chuden Real Estate Co., Inc.

P/L for Fiscal Year Ended December 2022

- Both **sales and profits increased** compare to the previous term. **Sales were up 25.8% (20,414 million yen), operating profit up 49.2% (5,111 million yen), ordinary income up 54.0% (4,913 million yen), and profit attributable to owners of parent up 21.6% (1,289 million yen).** 1
- While **sales met targets planned and operating profit and ordinary income exceeded initial targets by more than 10%, profit in the current term attributable to owners of the parent fell short of goals** due to extraordinary loss recorded for Ryomon Co., Ltd. and other companies. 2

(Unit: Million yen)

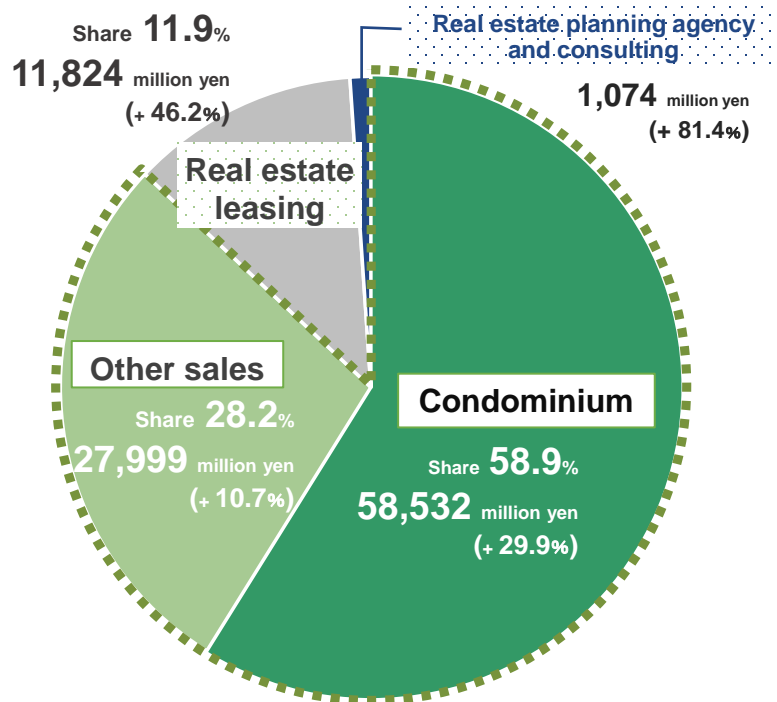
	Fiscal Year Ended December 2022 (term under review)	Fiscal Year Ended December 2021 (previous term)	1 Compared to previous term		2 Fiscal Year Ended December 2022 Initial plan		
			Change	Percentage	Planned	Change	Percentage
Sales	99,431	79,017	20,414	25.8%	100,000	-569	-0.6%
Gross profit	26,607	20,588	6,019	29.2%			
Selling, general and administrative expenses	11,115	10,206	909	8.9%			
Selling expenses	4,133	4,454	-321	-7.2%			
General administrative expenses	6,981	5,752	1,229	21.4%			
Operating profit	15,492	10,381	5,111	49.2%	14,000	1,492	10.7%
Interest expenses	1,895	1,463	432	29.5%			
Ordinary income	14,012	9,099	4,913	54.0%	12,200	1,812	14.9%
Extraordinary loss	3,927	0	3,927	-			
Profit in the current term attributable to owners of the parent	7,250	5,961	1,289	21.6%	8,300	-1,050	-12.7%
Basic earnings per share in the current term (yen)	76.04	67.48	8.56	12.7%	86.99	-10.95	-12.7%

Segment Results for Fiscal Year Ended December 2022

➤ **Both sales and profit increased compare to the previous term** in the Real estate sales business, the Real estate leasing business, and the Real estate planning agency and consulting business.

■ Share of sales by segment ■

Sales **99,431** million yen
(+ 25.8%)

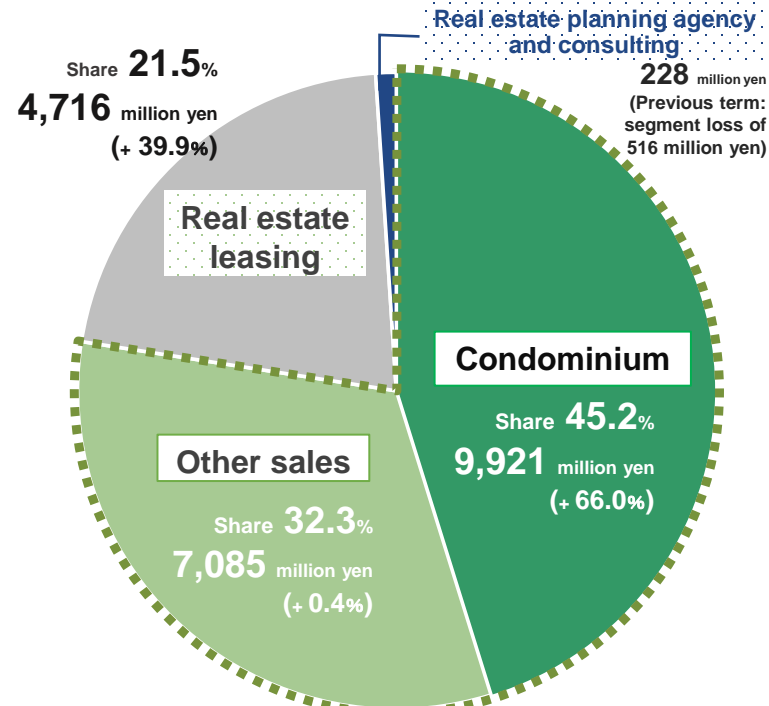


**Real estate sales
(Condominium/other)**

86,531 million yen
(+ 23.0%)

■ Share of profit by segment ■

Segment income **21,951** million yen
(+ 38.1%)



**Real estate sales
(Condominium/other)**

17,006 million yen
(+ 30.4%)

*Percentages in parentheses () indicate change compared to the previous term.

Segment Results for Fiscal Year Ended December 2022: Real estate sales business

① Real estate sales business

«Condominium sales»

- Strong sales grew to a record high of **1,185 units delivered**, up 165 units from the same period last year, resulting in **an increase of 13,482 million yen in sales.** ①
- Results were largely in accordance with initial plans. ②
- Sales of units were completed early thanks to our product planning abilities. **Segment profit margin improved by 3.6 percentage points from the previous term.** ③
- Closing inventory for term stood at 104 units (75 units as of February 6, 2023 [contractual basis]).

(Unit: Million yen)

Real estate leasing business	Fiscal Year Ended December 2022 (A)	Fiscal Year Ended December 2021 (B)	Compared to previous term		② Fiscal Year Ended December 2022 full-year plan		
			Change (A-B)	Percent change	Planned (C)	Change (A-C)	Percent change
Sales	58,532	45,050	① 13,482	29.9%	59,300	-768	-1.3%
Properties delivered (units)	1,185	1,020	165	16.2%	1,200	-15	-1.3%
Segment income	9,921	5,978	3,943	66.0%	-	-	-
Segment profit margin	16.9%	13.3%	③ 3.6 percentage points	-	-	-	-

«Other businesses»


- Sales and profits were up from the same period last year thanks to steady progress in external sales during the current period. ①
- A wide range of properties were sold, including logistics facilities (Genboen, Koga-shi, Fukuoka [Zone 6] and LOGITRES Chiba Research Park) and detached houses by ES-CON HOME (ESH). ②

(Unit: Million yen)



Real estate planning agency and consulting business	Fiscal Year Ended December 2022 (A)	Fiscal Year Ended December 2021 (B)	① Compared to previous term		Fiscal Year Ended December 2022 full-year plan		
			Change (A-B)	Percent change	Planned (C)	Change (A-C)	Percent change
Sales	27,999	25,283	2,716	10.7%	28,000	-1	0.0%
Sales to EJR	-	11,947	-	-	-	-	-
Others (Logistics, commercial, ESH, etc.)	② 27,999	13,336	14,663	110.0%	-	-	-
Segment income	7,085	7,060	25	0.4%	-	-	-
Segment profit margin	25.3%	27.9%	-2.6 percentage points	-	-	-	-

Segment Results for Fiscal Year Ended December 2022: Real estate leasing business, planning agency and consulting business


② Real estate leasing business

- Sales and profits were up from the same period last year, thanks to the full-year profit contributions by the Picasso Group, made a subsidiary in October 2021. 


(Unit: Million yen)

Real estate leasing business	Fiscal Year Ended December 2022 (A)	Fiscal Year Ended December 2021 (B)	Compared to previous term		Fiscal Year Ended December 2022 full-year plan		
			Change (A-B)	Percent change	Planned (C)	Change (A-C)	Percent change
Sales	11,824	8,090	 3,734	46.2%	11,600	224	1.9%
Segment income	4,716	3,372	 1,344	39.9%	-	-	-
Segment profit margin	39.9%	41.7%	-1.8 percentage points	-	-	-	-

③ Real estate planning agency and consulting business

- We recorded a segment income of 228 million yen this period. 
- Performance of the columbarium business was less than planned, as that business continues to feel the effects of the COVID-19 pandemic.

(Unit: Million yen)

Real estate planning agency and consulting business	Fiscal Year Ended December 2022 (A)	Fiscal Year Ended December 2021 (B)	Compared to previous term		Fiscal Year Ended December 2022 full-year plan		
			Change (A-B)	Percent change	Planned (C)	Change (A-C)	Percent change
Sales	1,074	592	482	81.4%	1,100	-26	-2.4%
Segment income	 228	-516	-	-	-	-	-
Segment profit margin	21.2%	-	-	-	-	-	-

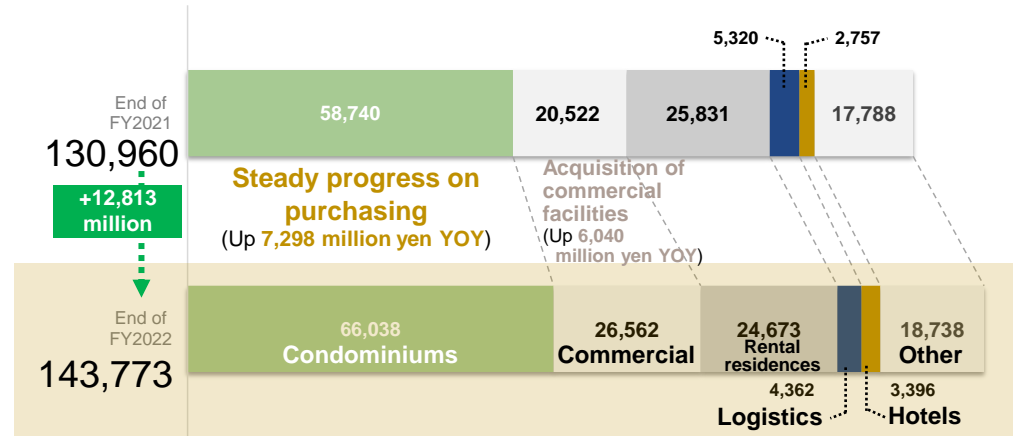
B/S for Fiscal Year Ended December 2022

- Total assets grew by 10,958 million yen. **1** The equity ratio was up 0.2 percentage points from the end of the previous term to 25.0%. **2**
- Real estate for sale decreased by 2,737 million yen thanks to strong progress in the Real estate sales business, including sales of condominiums and revenue-generating real estate. **3**
- Steady progress on purchasing led to growth of 15,549 million yen in real estate for sale in process. **4**

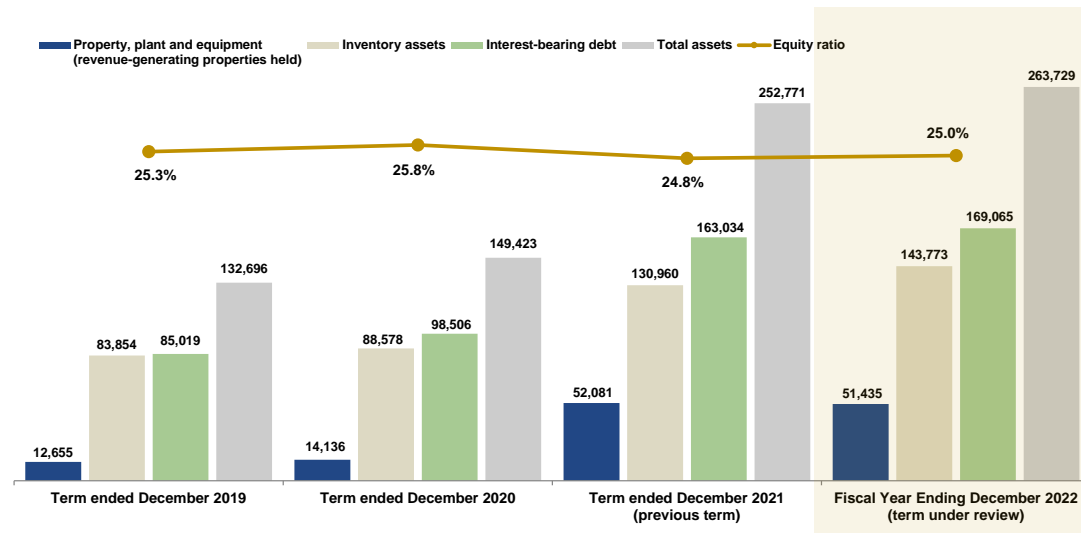
(Unit: Million yen)

	Fiscal Year Ended December 2022 (term under review)	Fiscal Year Ended December 2021 (previous term)	Increase/decrease
Current assets	191,357	176,859	14,498
Cash and deposits	35,721	33,667	2,054
Real estate for sale	4,804	7,541	-2,737
Real estate for sale in process	138,968	123,419	15,549
Non-current assets	72,327	75,830	-3,503
Property, plant and equipment	52,139	52,778	-639
Intangible assets	7,774	8,275	-501
Investments and other assets	12,413	14,776	-2,363
Total assets	263,729	252,771	10,958

Inventory breakdown and trends (Unit: Million yen)



Trends in assets, liabilities, and equity ratio (Unit: Million yen)



	Fiscal Year Ended December 2022 (term under review)	Fiscal Year Ended December 2021 (previous term)	Increase/decrease
Current liabilities	55,690	102,523	-46,833
Short-term loans	10,061	3,589	6,472
Current portion of long-term loans	26,193	82,912	-56,719
Non-current liabilities	143,894	87,619	56,275
Long-term loans	132,810	76,533	56,277
Total liabilities	199,585	190,143	9,442
Total net assets	64,144	62,628	1,516
Total liabilities and net assets	263,729	252,771	10,958

Equity ratio	25.0%	24.8%	-0.2 percentage points
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Major Topics

Fiscal Year
Ended December 2022

Business Progress in Hokkaido

Progress of Multipurpose Development
and Urban Development

Intensification and Expansion of Development
Domains

Steady Growth of the Condominium Business

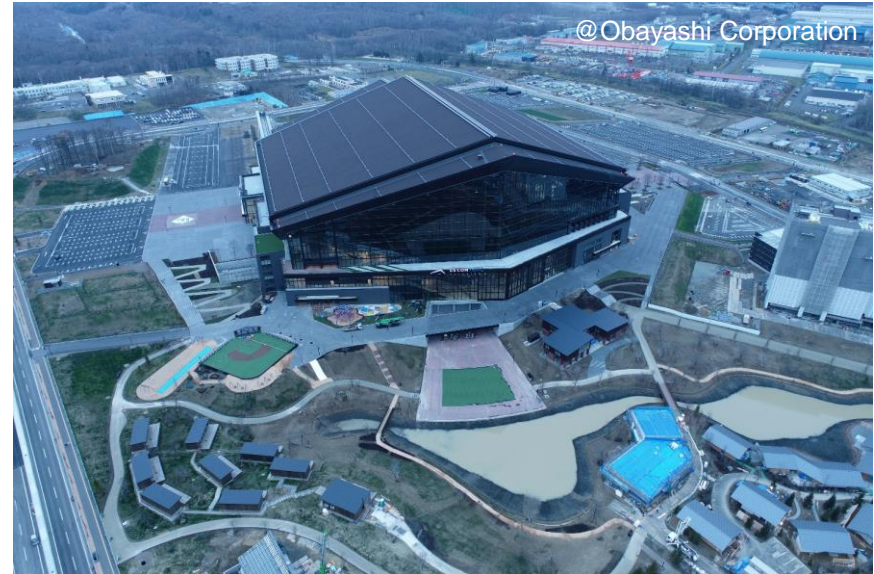
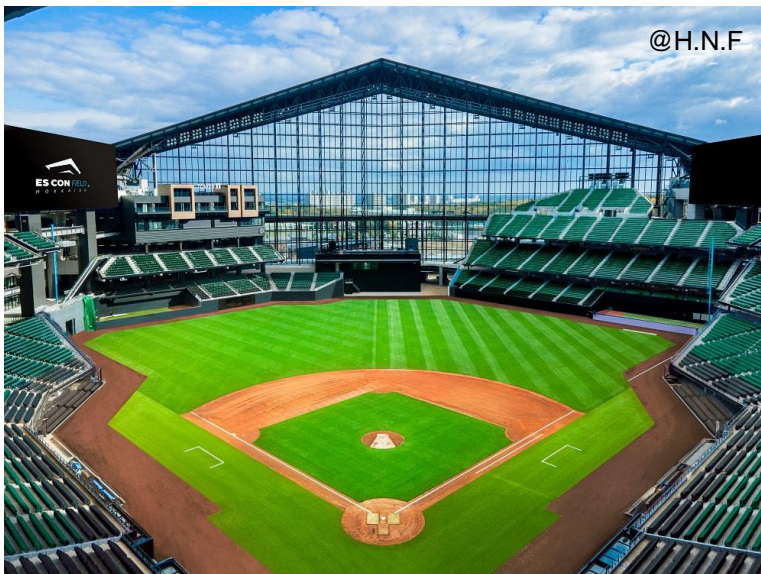
Structure of ES-CON JAPAN Group Initiatives

ESG Initiatives

<Business Progress in Hokkaido>

Hokkaido Ballpark F. Village urban development project

- We are participating in a large-scale development called **Hokkaido Ballpark F. Village (a total of approx. 36.7 ha under development)**, centered on **ES CON FIELD HOKKAIDO**, the new stadium for the Hokkaido Nippon-Ham Fighters. We plan to develop a site measuring approx. 9,400 square meters adjacent to the stadium.



Current state of F. Village (January 2023)
Photo courtesy: Obayashi Corporation

<Stadium overview>

- Name: ES CON FIELD HOKKAIDO
- Seating capacity: Approx. 35,000
- Floors: Two underground (field) floors and six aboveground floors (70 m height)
- Specifications: Retractable roof, natural turf field
- Opening: **March 2023 (completed)**

Scheduled to open March 2023

Work will accelerate urban development centered on the new ballpark. (▶ P10)

<Business Progress in Hokkaido>

Development inside F. Village (condominiums, senior residences)

- Our first condominium project in Hokkaido is currently under development as part of the Hokkaido Ballpark F. Village Project.
- In February 2022, we began work on developing residences integrated with a medical complex for active seniors.

Le JADE Hokkaido Ballpark (Condominium development)
Scheduled for delivery by March 2023 (sold out)



Senior residence (with a medical complex)
Scheduled for completion in spring 2024



Access point for F. Village JR Kitahiroshima Station “West Exit Area Revitalization Project”

- July 2022: Start of construction on **Kitahiroshima Station West Exit A Project (tentative name; a commercial facility and hotel complex)** on city-owned lot A



14 above ground floors; scheduled for completion in FY2024

As project partner, we will promote the vitality of the area around Kitahiroshima Station.

“West Exit Area Revitalization Project” overview (city-owned lots A-D)

- A: Ekimae plaza/commercial facility, hotel/elevated plaza, park
- B: Condominiums
- C-D: Planning underway

Progress of Multipurpose Development and Urban Development

- Leveraging our real-estate development expertise as a comprehensive developer through multi-use development and urban development rooted in local communities in major cities across Japan

Tsukuba, Ibaraki Prefecture (multipurpose development integrating commercial, employment, and residential facilities)

- A multipurpose development will **combine commercial, office, and residential facilities in the developed property**, located in front of Tsukuba Station.
- Phase 1 of tonarie CREO opened in May 2021, contributing to profits throughout FY2022.
- **Cafe Apartment TSUKUBA, the second cafe/dining restaurant developed and operated by the Group**, opened on the site of a condominium in December 2022.



Le JADE Tsukuba Station Front (condominium)



Cafe Apartment TSUKUBA (cafe/dining restaurant)



218 Condominium units have been delivered

We continue to promote and plan various other multi-use development projects.

Nagoya-shi, Aichi
20th Asian Games Aichi-Nagoya
2026 Athletes' Village site post-
Games project
(Multi-use commercial complex
development)



Under development by a
business consortium led by
Chubu Electric Power

Suita, Osaka Prefecture
(Urban development)



Joint project with
Chuden Real Estate

Omura, Nagasaki Prefecture
(condominium development)



Scheduled for completion in
autumn 2024

Shin-Omura Station on the Nishi Kyushu Shinkansen
line opened in September 2022.

Iwaki, Fukushima Prefecture
(condominium development)



Sales began in November
2022

Intensification and Expansion of Development Domains

- Steady business growth through the development of various assets, including logistics, office, and leased condominiums, in addition to our core condominium and commercial development businesses

Commercial facility (tonarie Hoshida, newly opened)

- **tonarie Hoshida is currently under development** in a land readjustment site located north of Hoshida Station.
- Planned tenants include a supermarket, medical complex, drugstore, 100-yen shop, and more.
- **Katano will be the 10th facility in the tonarie series.**



Scheduled to open in spring 2023



Multifaceted business development

Office



Escon Kudankita Building

Hotel



Kyushu Itoshima Futamigaura project (tentative name)

Logistics facility



LOGITRES Chiba Research Park



Overseas businesses

December 2022

Planning our first overseas detached houses development project (in Thailand)

BRITANIA BANGNA KM. 39 Project (tentative name)

Steady Growth of the Condominium Business

- Rather than merely selling more condominiums, our core business of condominium development strives to contribute to a stable supply of housing.

Development on unique urban sites

- **Park Le JADE Shirokane Residence**
 - Shirakane 4-chome Address
 - Contracts concluded on all 55 units (slated for delivery in March 2023)
- **Le JADE Cross Chiyoda Jimbocho**
 - A combination residential and office complex developed on a site next to the Institute of Eastern Culture, an important property featuring in Chiyoda Ward's scenic urban development plans



- **Minato-ku, Nishi-Azabu project (tentative name)**
 - A location surrounded by leading Tokyo neighborhoods, including Minami-Aoyama, Omotesando, Hiroo, and Roppongi

Product planning that leverages unique site characteristics to achieve high added value

- **OST Residence Karuizawa**
 - A location with views of Mt. Asama and surrounded by natural beauty
 - All 33 units have been delivered.



- **Kanagawa Prefecture Miura-gun Hayamamachi project (tentative name)**
 - Developed on a site with expansive views of the Morito coast
 - Product planning that makes the most of the natural setting to achieve high added value

Area expansion

- **Le JIAS Ohashi**
 - Our first location in the Kyushu area (140 units in total)



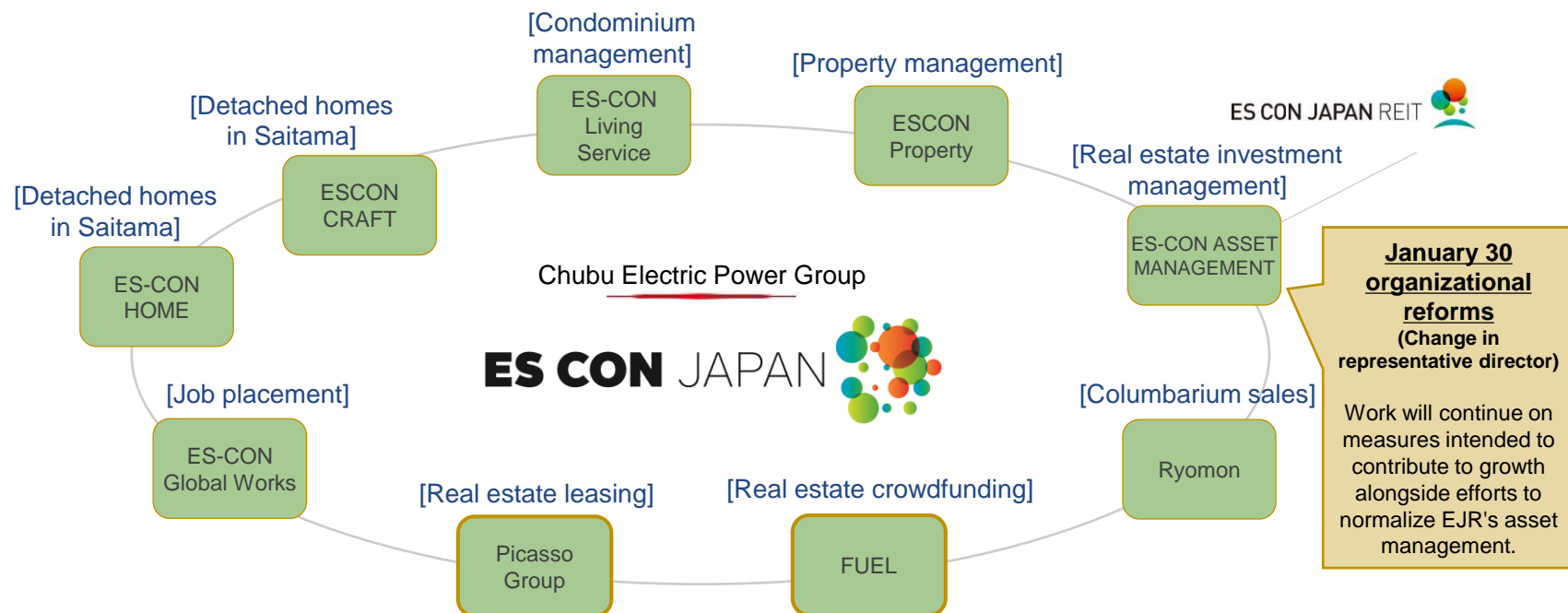
- **Grand Le JADE Shirakabe Getsuronotei/Rinzennotei**
 - Our first and second properties in the Chubu area
 - Joint projects with Chuden Real Estate
 - All units in both projects sold out in November 2022.



(Left) Grand Le JADE Shirakabe Getsuronotei
(Right) Grand Le JADE Shirakabe Rinzennotei

Structure of ES-CON JAPAN Group Initiatives

➤ We build a structure to enable the growth of each Group company together with multifaceted business development Groupwide



Toward medium- to long-term growth

➤ Reforms of ES-CON Japan's organizational structure in January 2023 established the new Management Planning Division.



ESG Initiatives ① Basic policy

- The management strategies of the fourth medium-term management plan include Promotion ESG.
- The ESG Promotion Group and Health & Culture Fostering Team play key roles in promoting companywide initiatives.

ESG Management Philosophy

Based on IDEAL to REAL(bringing ideals into reality to create a new future), our corporate message, we seek to realize sustainable societies and sustained growth as we address social challenges by promoting ESG management as a lifeways developer creating ideal modes of living in response to changing needs.

Basic Policy on ESG

We strive to grow as a company needed by society by promoting ESG initiatives in strict compliance with laws, regulations, and our pledges related to the environment, society, and self-governance.



1. Creating new environmental value through next generation urban development and other initiatives aimed at realizing a carbon-neutral society by 2050
2. Promoting real estate development and business activities that account for the environment above all else
3. Creating environmental value and business value through taking on the challenges of new business domains based on environmental themes

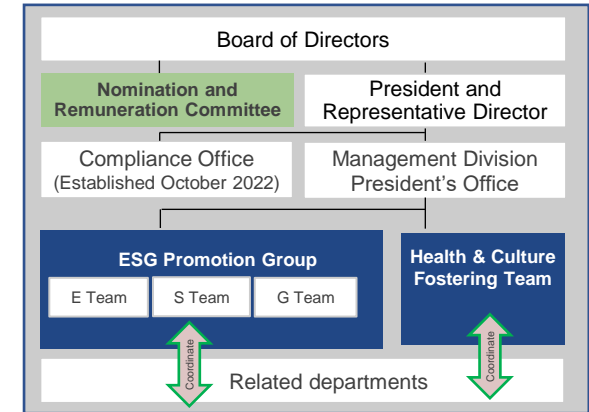


1. Contributing to regional revitalization and promoting the creation of local communities through urban development to create a new and brighter future
2. Creating working environments in which employees can demonstrate the best of their abilities while engaging in rewarding work and promoting diversity so that all human resources can thrive
3. Contributing to solutions to social issues in areas such as medical care and welfare in response to declining birthrates and an aging population; and supporting safe and comfortable living in local areas
4. Promoting business development to realize the SDGs globally through the development of overseas business



1. Enhancing timely, appropriate, and fair disclosure of management information
2. Promoting a governance system to secure stability, soundness, and transparency of management
3. Aiming to strengthen risk management in order to respond to increasing risks due to the expansion and diversity of businesses
4. Engaging in business activities based on a respect for the human rights of all in accordance with the Corporate Ethics Charter

ESG management promotion structure



ESG Initiatives ③ Initiatives to date

E Environment

- **Developing ZEH condominiums**
Le JADE Okurayama
 (Won FY2021 Good Design Award)
Le JADE Yao Sakuragaoka
Le JADE Honkawagoe Koedo Terrace
 (scheduled for delivery in December 2023)



Le JADE Okurayama



Le JADE Yao Sakuragaoka

- **Disclosure based on the Task Force on Climate-related Financial Disclosures (TCFD) framework**
- Joint research with the Kozo Takase's lab team of the Tokyo University of Science
- **Developing Techno Farm Fukuroi, a fully automated plant factory**



Artist's conception of the completed Techno Farm Fukuroi

- Earned DBJ Green Building certification (Five properties owned by EJRI)
- CASBEE real estate assessment earned (tonarie Fujimino)
- Eco Action 21 certification earned
- **Le JADE Senri Aoyamadai** wins Osaka eco-friendly construction award in the residential section



S Society

- Promoting health management led by Health & Culture Fostering Team
- Promotion of diverse human resources, including hiring of people with disabilities
- Training of people to support those with cognitive disabilities (e.g., tonarie Seiwadai)



- Support for placement of workers from overseas (ES-CON Global Works)
- Donation to WT1 cancer vaccine (a cancer immunotherapy) (2019 and 2021)
- Donating to establish a cancer immunology session at Osaka University
- Support for iPS cell research, etc. (2020, 2021)
- Investment in Ryukyu Football Club, which operates the FC Ryukyu professional soccer team



Team emblem



Team logo

- **Support for the city of Kitahiroshima, Hokkaido, through the corporate hometown tax program (March 2022)**

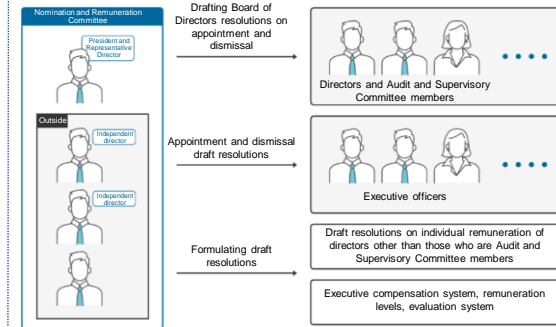


Photo: Mayor Masami Ueno of the city of Kitahiroshima, Hokkaido (right)

Representative: Takatoshi Ito, President & Representative Director, ES-CON JAPAN Ltd. (left)

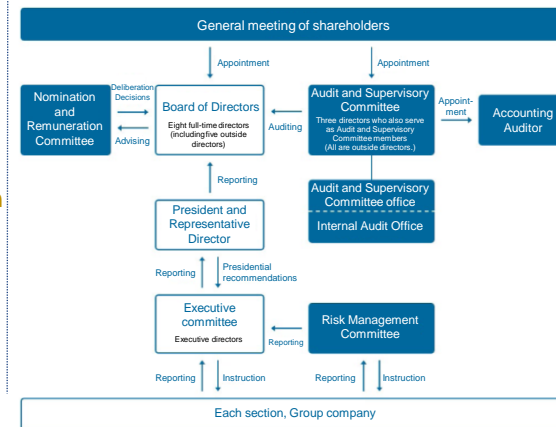
G Governance

- Diversity on the Board of Directors
 → We plan to appoint one new outside director and one new director serving on the Audit and Supervisory Committee (at the regular general meeting of shareholders in March 2023).
- Establishment of nomination and remuneration advisory committee



- **Establishment of the Compliance Office**

Corporate governance structure





Progress on Fourth Medium-Term Management Plan (announced February 2021) - IDEAL to REAL 2023 (FY2021-2023)

Basic policy of medium/long-term management strategy

- ① **Establishing business foundations able to withstand unexpected changes in economic conditions**
Establishing business and financial standings that would be sound and enable us to maintain our fund-raising abilities under any economic conditions.
- ② **Simultaneously changing the revenue structure and expanding business domains**
Transforming the revenue structure from one based on flows to one based on stock by strengthening the real estate leasing business while at the same time realizing business diversification and expanding business territories.



**Trans-
formation**

and

**Rapid
Progress**



**Final fiscal year of the
current medium-term
management plan**

2023

Stage of further rapid progress through realizing transformation

2022

Stage of setting new record profits

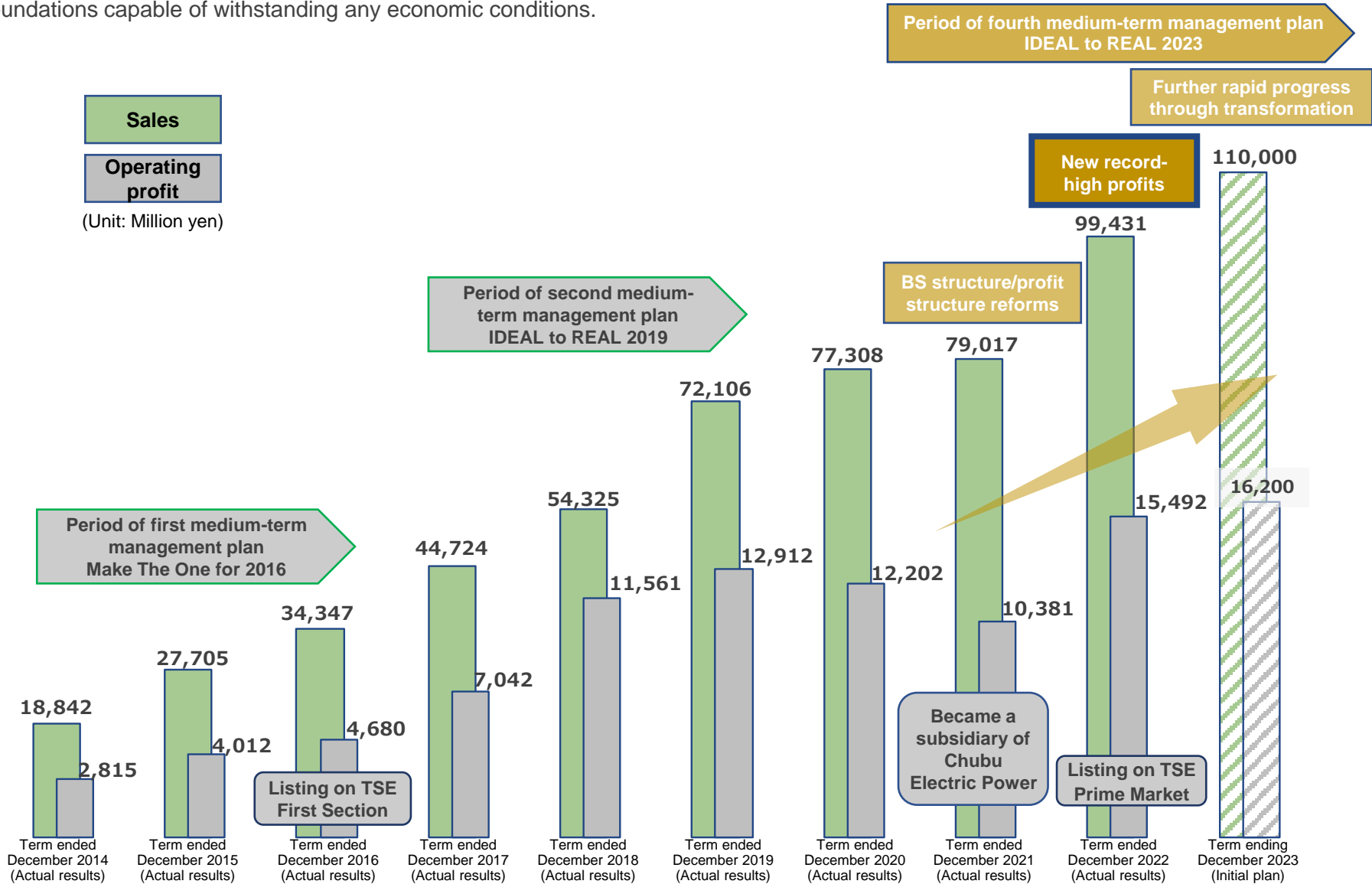
2021

Stage of structural reforms to balance sheet and revenues

- Proactive investment in long-term revenue-generating real estate and improving the BS structure
- Transforming the focus of management from flows to stock
- Demonstrating synergies in the Chubu Electric Power Group
- Achieving net sales of 110 billion yen and operating income of 16 billion yen (in the final fiscal year of the medium-term management plan)

Ten-year Trends in Financial Results

- We are targeting sustainable growth through maximizing corporate value and further increasing returns to shareholders, in addition to establishing robust business foundations capable of withstanding any economic conditions.



Planned Financial Results

- Making the Picasso Group a subsidiary and other efforts in the first fiscal year (ended December 2021) helped strengthen the real estate leasing business and secure stable revenues. Additionally, the revenue structure was transformed.
- In the term ended December 2022, net profit in the current period was lower than planned despite the growth in sales and profits compared to the previous term. Contributing factors included steady progress in the Real estate sales business.
- In the final fiscal year of the medium-term management plan (ending December 2023), we will work to achieve our highest goals: 110 billion yen in sales and 16.2 billion yen in operating profit.
- In 2024 and beyond, we will enhance our organizational abilities to contribute to sustained growth.

(Unit: Million yen)

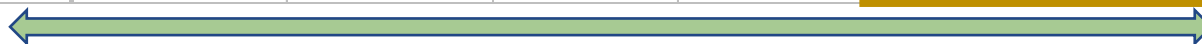
Planned financial results	Term ended December 2021 (27th term)	Term ending December 2022 (28th term)				Term ending December 2023 (29th term)	
	Actual results	Actual results	Initial plan (full year) (announced January 2022)	vs. initial plan	Percentage	Initial plan (Q2)	Initial plan (full year)
Sales	79,017	99,431	100,000	-569	-0.6%	46,000	110,000
Real estate sales business	70,334	86,531	87,300	-769	-0.9%	-	94,800
Condominium sales	45,050	58,532	59,300	-768	-1.3%	-	61,900
Condominium units sold	1,020	1,185	1,200	-15	-1.3%	-	1,164
Other sales	25,283	27,999	28,000	-1	0.0%	-	32,900
Real estate leasing business	8,090	11,824	11,600	224	1.9%	-	14,200
Real estate planning agency and consulting business	592	1,074	1,100	-26	-2.4%	-	1,000
Operating profit	10,381	15,492	14,000	1,492	10.7%	6,000	16,200
Ordinary income	9,099	14,012	12,200	1,812	14.9%	5,200	14,200
Profit attributable to owners of parent	5,961	7,250	8,300	-1,050	-12.7%	3,400	9,400

BS and profit structural reforms


New record high profits


Rapid progress

Dividends per share	38 yen	38 yen	38 yen or more	-	-	-	38 yen
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Management Targets

- In the first fiscal year of the medium-term management plan (ended December 2021), as described above, the Picasso Group became a subsidiary, enabling a transformation in revenue structure that put investment plans ahead of schedule.
 - The share of profits from leasing in FY2022 reached 21.5% (4.5 points lower than initially planned), thanks to strong progress in the Real estate sales business. 
- This transformation of the profit structure will continue in FY2023.

	Term ended December 2020 (26th term)	Term ended December 2021 (27th term)	Term ended December 2022 (28th term)		Term ending December 2023 (29th term)
	Actual results	Actual results	Initial plan	vs. initial plan	Planned (announced March 2022)
Share of profits from leasing *1	14.2%	21.2%	 21.5%	26.0%	30.0%
Return on equity (ROE)	21.2%	11.8%	11.3%	13.0%	13.0%
Return on invested capital (ROIC)	6.6%	3.2%	4.6%	4.0%	4.0%
Equity ratio	25.8%	24.8%	25.0%	23.0%	21.0%
Share of long-term earnings from real estate *2	9.5%	20.6%	19.5%	21.0%	23.0%
Net assets	38,627 million yen	62,628 million yen	64,144 million yen	-3,156 million yen	72,000 million yen

*1 Share of profits from leasing: Leasing segment profits/segment total profits (excluding adjustments)

*2 Share of long-term earnings from real estate: Real estate generating leasing revenues recorded as noncurrent assets/net assets

Trends in net assets

(Unit: Million yen)

20.4 billion yen in funding raised through a capital increase through third-party allocation of shares

April 2021
Became a consolidated subsidiary of Chubu Electric Power



Investment Plans

- Gross investment during three-year period of the medium-term management plan: 220,902 million yen 1
- Cumulative investments in 2021-2022 proceeded largely according to plan, thanks to making the Picasso Group a subsidiary and other factor. 2
- We plan 88,000 million yen in investment in 2023, the final fiscal year of the medium-term management plan. 3

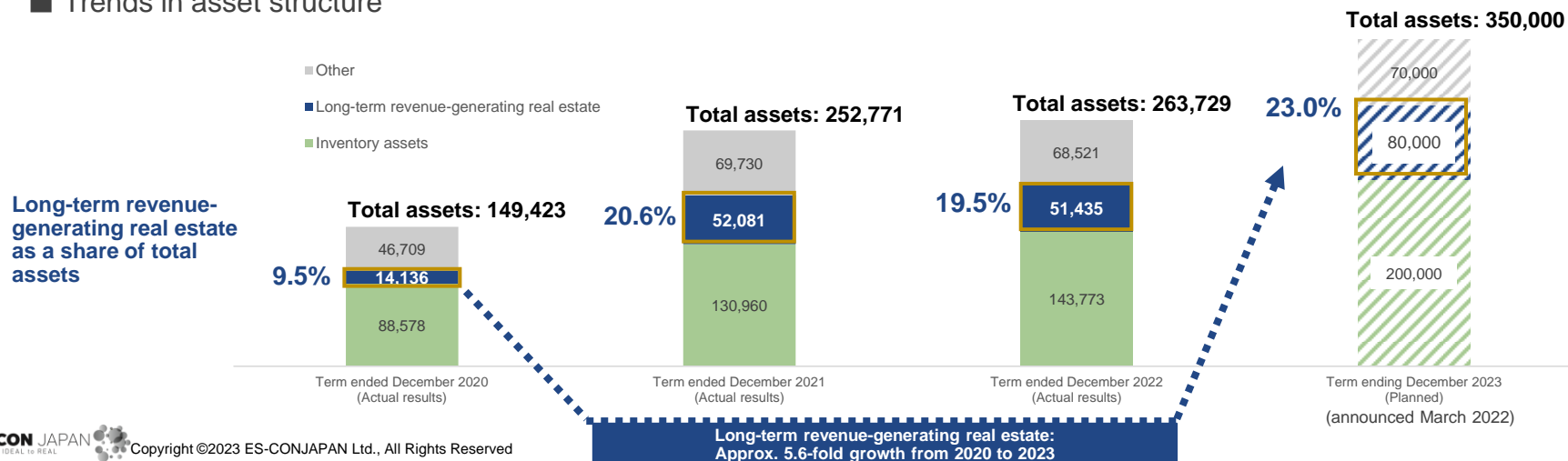
(Unit: Million yen)

Investment Plans			2021-2022 cumulative				2023	Three-year cumulative projections (① + ②)
	2021	2022	Actual (①)	Planned	vs. plan	Percentage	Initial plan (②) (announced January 2023)	
	Actual	Actual					Initial plan (②) (announced January 2023)	
Gross investment	95,990	36,911	132,902	125,000	7,902	6.3%	88,000	220,902
Investment in revenue-generating real estate	76,799	10,808	2 87,607	70,000	17,607	25.2%	3 65,700	1 153,307
Investment in development of revenue-generating real estate	5,686	3,668	9,355	15,000	-5,645	-37.6%	10,000	19,355
Investment in medium-term revenue-generating real estate*	33,798	5,640	39,438	35,000	4,438	12.7%	33,700	73,138
Investment in long-term revenue-generating real estate	37,314	1,500	38,814	20,000	18,814	94.1%	22,000	60,814
Investment in other development	19,191	26,103	45,294	55,000	-9,706	-17.6%	22,300	67,594
Amount recovered	4,833	6,503	11,336	11,300	36	0.3%	18,700	30,036
Net investment amount	91,157	30,408	121,565	113,700	7,865	6.9%	69,300	190,865

*Rental revenue-generating real estate acquired while leased and intended for sale after increasing its value

(Unit: Million yen)

■ Trends in asset structure



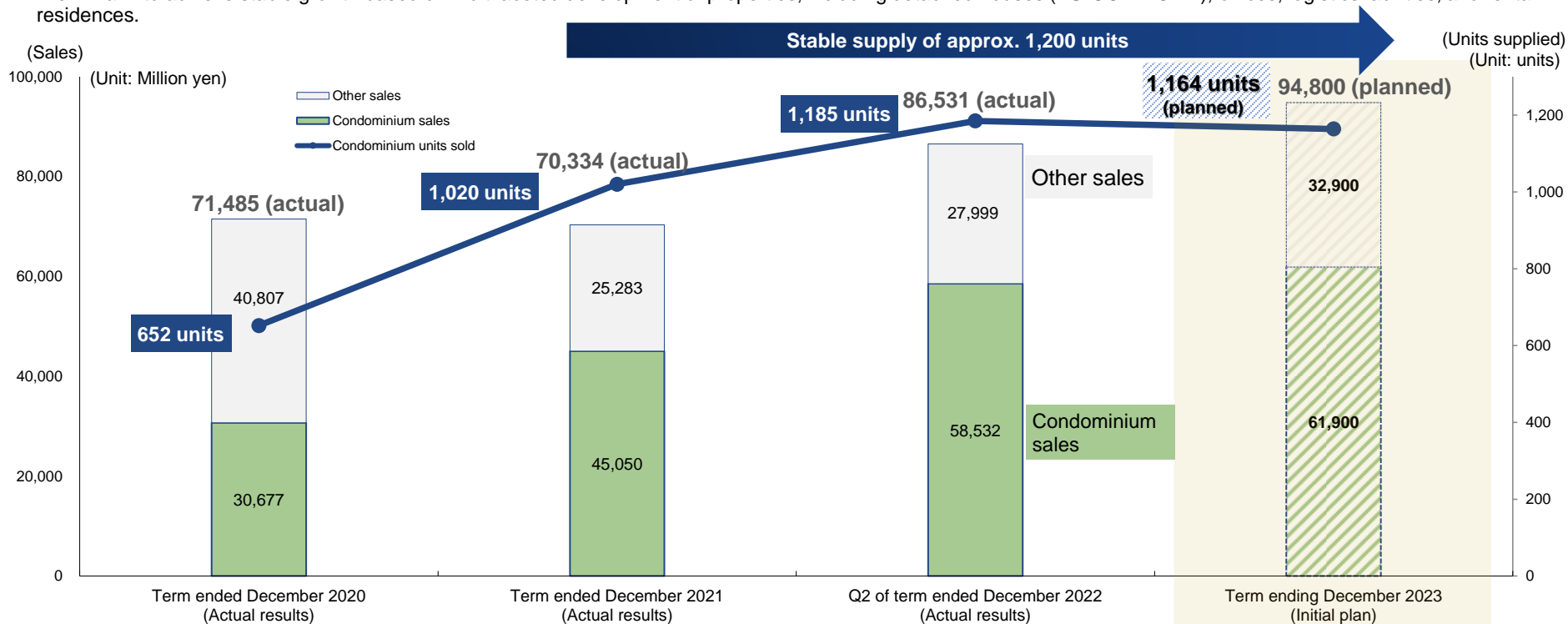
Trends in the Real Estate Sales Business

<Condominium sales>

- Thanks to steady progress in sales, **approximately 70%** of the planned sales figure of 61,900 million yen for 2023 (up 3,368 million yen compared to the previous term) **has been achieved on a contractual basis (as of February 6)**.
- We're currently making progress on carefully selected purchases of project sites while carefully evaluating the status of the business environment, including recent increases in building material prices, aiming for sales in 2025 and later. (We have already purchased the project sites supplied/to be supplied by and in 2024.)
- Business development** will proceed **in the five major urban areas across Japan (in Kanto, Kansai, Chubu, Hokkaido, and Kyushu)**.

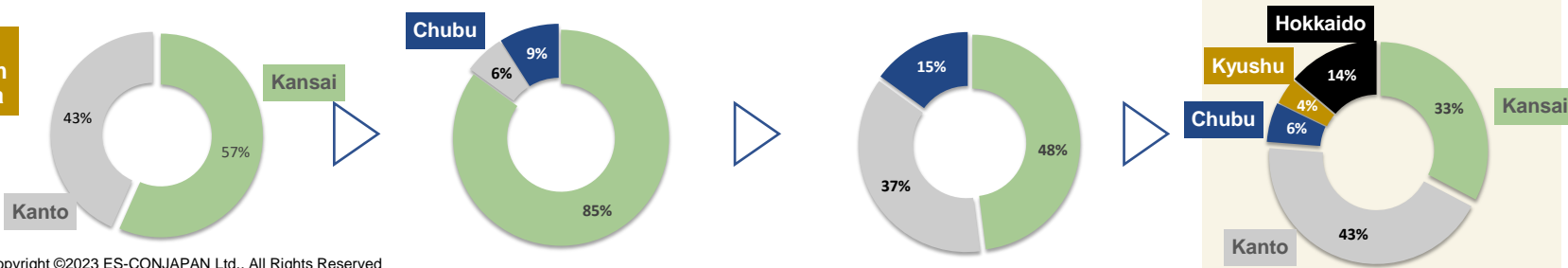
<Other sales>

- We will aim to achieve stable growth based on multifaceted development of properties, including detached houses (ES-CON HOME), offices, logistics facilities, and rental residences.



Shares of condominium sales by area

Business development in the five major urban areas

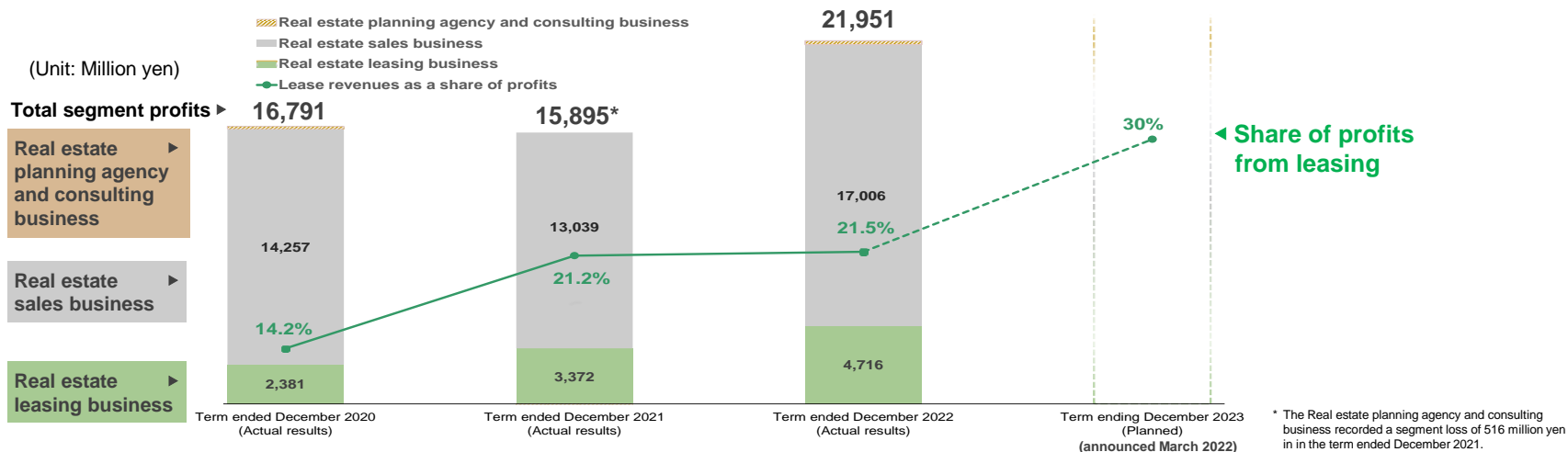


Trends in the Real Estate Leasing Business (Toward a transition in the profit structure)

Trends in leasing segment profits and lease revenues as a share of profits

(Lease revenues as a share of profits: leasing segment profits/total segment profits [excluding adjustments])

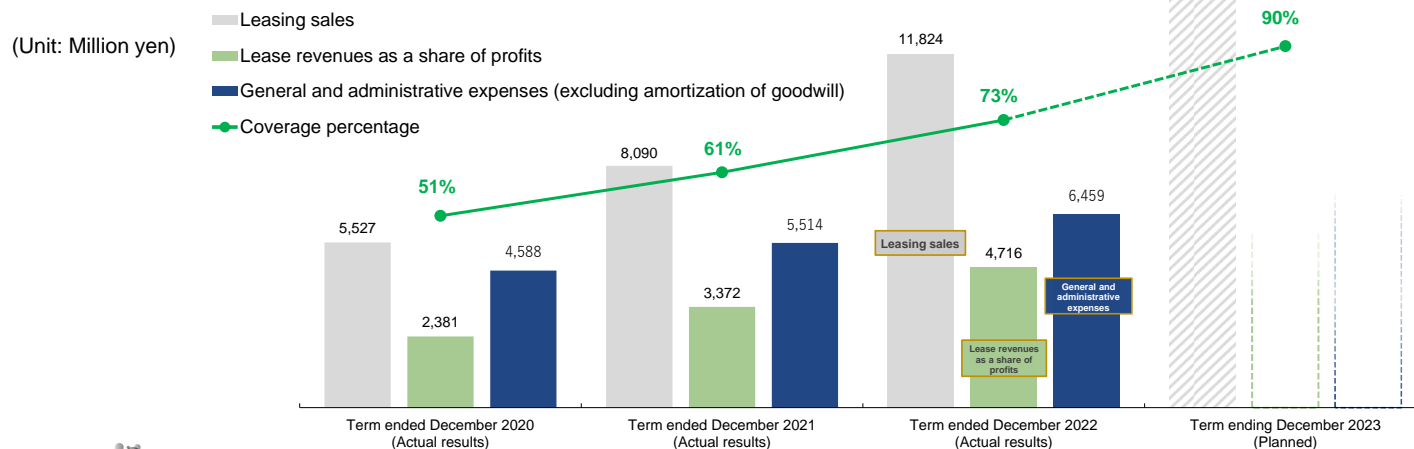
- The share of profits from leasing in FY2022 reached **21.5%**. Profits in the Real estate sales business were higher than planned. Plans (announced March 2022) call for a **30%** share in FY2023 as a transition in the profit structure continues.



General and administrative expense coverage percentage of leasing segment profits

(Coverage percentage: leasing segment profits/general and administrative expenses [excluding amortization of goodwill])

- Leasing segment profits covered **73%** of general and administrative expenses in the term ended December 2022.
- This figure is expected to reach **90%** in FY2023.



ES-CON JAPAN Group's Business Development

➤ As a **developer focused on developing lifeways** rooted in local communities, we engage in a wide range of businesses, all with an eye toward future generations.

We're **committed to helping to build a sustainable society** by fulfilling our corporate social responsibilities.

[Area development status]

Proactive business development across Japan, primarily in the **five major urban areas**

Hokkaido

- Condominiums (two buildings)
- Commercial Hotels
- Urban development around the new ballpark

ES CON FIELD HOKKAIDO



Hokkaido Office

Kansai

Condominiums (175 buildings)

Logistics Leasing

Offices Hotels

Urban development (Suita, Osaka Prefecture and elsewhere)

Land readjustment

Commercial

tonarie Yamato-Takada, Toga, Mikita, etc.



Kanto

Condominiums (59 buildings)

Detached homes

Hotels

Offices

Leasing

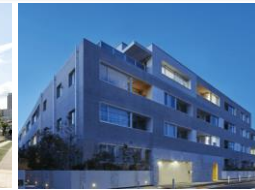
Logistics

Commercial

tonarie Tsukuba Square, Utsunomiya, Fujimino, etc.

Urban development (Tsukuba, Ibaraki Prefecture)

Sales of columbarium permanent use rights (Ryomon)



Tokyo Head Office

Kyushu

Condominiums (one building)

Land readjustment

Urban development (Kasuga, Fukuoka Prefecture / Omura, Nagasaki Prefecture)

Logistics

Hotels

Commercial

Kyushu Office

Osaka Head Office

Nagoya office

Chubu

Condominiums (eight buildings)

Plant factory development

Commercial Logistics

Urban development Project on the site of 20th Asian Games Aichi-Nagoya 2026 Athletes' Village

Land readjustment



[International business development]

- Business participation and investments to increase the value of a complex in Waikiki, Hawaii
- Participation in detached houses development project in Thailand

In addition, we will continue to steadily build on our business expertise through participation in various other projects, including a joint condominium development project in California.

* Numbers of condominium units shown are for properties already supplied and currently on sale (including those under construction) (as of February 6, 2023).





Appendix. Supplementary Materials for Financial Results

Condominium Sales Business FY2023 progress, lineup

Planned number of units slated for delivery to be delivered in 2023

1,164 units






Sales progress rate
(as of February 6)

Approx. 70%
(contractual basis)

▼ 2023 property lineup ▼






Q1 (January-March)

Q2 (April-June)

Name	Le JADE Hokkaido Ballpark (Kitahiroshima, Hokkaido) Sold out	Park Le JADE Shirokane Residence (Minato-ku, Tokyo) Sold out	Le JADE Kamishinjo (Higashiyodogawa-ku, Osaka) Sold out	Le JADE Shitennoji Yuhigaoka (Tennoji-ku, Osaka)	Le JADE Takatsuki Minami Matsubara Bright (Takatsuki, Osaka)
Access	5-minute drive, 22-minute-walk from Kitahiroshima Station on the JR Chitose Line, etc.	6-minute-walk from Shirokanedai Station on the Tokyo Metro Namboku Line and the Toei Mita Line, etc.	8-minute-walk from Kamishinjo Station on the Hankyu Kyoto Line, etc.	1-minute-walk from Shitennoji-mae Yuhigaoka Station on the Osaka Metro Tanimachi Line, etc.	6-minute-walk from Takatsuki-shi Station on the Hankyu Kyoto Line, etc.
Units	118	55	60	52	81
Occupancy	March	March	April	May	May
Exterior view					

Q2 (April-June)

Q3 (July-September)

Name	Le JADE Fushimi Momoyama (Fushimi-ku, Kyoto)	Le JADE Sapporo Motomachi (Higashi-ku, Sapporo) Sold out	Le JADE Kanayama (Nagoya, Aichi)	Le JADE Cross Chiyoda Jimbocho (Chiyoda-ku, Tokyo) Sold out	Le JADE Midoribashi Ekimae (Higashinari-ku, Osaka) Sold out
Access	12-minute-walk from Tambabashi Station on the Keihan Main Line, etc.	4-minute-walk from Motomachi Station on the Sapporo Municipal Subway Toho Line, etc.	6-minute-walk from Kanayama Station on the Nagoya Municipal Subway Meijo Line and Meiko Line, etc.	4-minute-walk from Jimbocho Station on the Tokyo Metro Hanzomon Line, Toei Mita Line, Toei Shinjuku Line, etc.	1-minute-walk from Midoribashi Station on the Osaka Metro Chuo Line and Imazatosuji Line, etc.
Units	73	39	43	50	48
Occupancy	May	June	September	September	September
Exterior view					





Condominium Sales Business FY2023 lineup (second half)

Q3 (July-September)

Q4 (October-December)

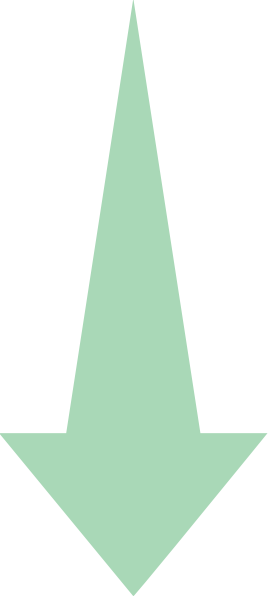
Name	Le JADE Matsudo Station Front (Matsudo, Chiba)	Le JIAS Ohashi (Fukuoka, Fukuoka)	Le JADE City Hashimoto I (Sagamihara, Kanagawa)	Le JADE City Hashimoto II (Sagamihara, Kanagawa)
Access	2-minute-walk from Matsudo Station on the JR Joban Line, etc.	10-minute-walk from Nishitetsu Ohashi Station, etc.	4-minute-walk from Hashimoto Station on the Keio Sagami Line, etc.	4-minute-walk from Hashimoto Station on the Keio Sagami Line, etc.
Units	44	140	69	87
Occupancy	September	October	December	December
Exterior view				

Q4 (October-December)

Name	Le JADE Nagai Park Avenue (Sumiyoshi-ku, Osaka)	Le JADE Honkawagoe Koedo Terrace (Kawagoe, Saitama)	Le JADE Itabashi Honcho (Itabashi-ku, Tokyo)	Le JADE Chigasaki Higashikaigan Minami (tentative name) (Chigasaki, Kanagawa)
Access	9-minute-walk from Nagai Station on the Osaka Metro Midosuji Line, etc.	12-minute-walk from the East Exit of Honkawagoe Station on the Seibu Shinjuku Line, etc.	5-minute-walk from Itabashihoncho Station on the Toei Mita Line, etc.	15-minute-walk from Chigasaki Station on the JR Tokaido Main Line, Ueno Tokyo Line, Shonan Shinjuku Line, Sagami Line, etc.
Units	52	102	55	31
Occupancy	December	December	December	December
Exterior view				

Sold out

Condominium Sales Business Area development status

Area/FY Units supplied	Kinki region	Metropolitan area	Chubu region	Hokkaido region	Kyushu region
2021 652 units (actual results)	<ul style="list-style-type: none"> LJ Nishiakashi LJ City Hyotanyama LJ Yamato-Takada Ekimae LJ Mukonosu Honmachi LJ Suma Myohoji Ekimae LJ Ibaraki Higashichujo LJ Senri Aoyamadai LJ Senri Furuedai LJ Nagai Koen Dori LJ Tennoji Katsuyama LJ Neyagawa Koen 		<ul style="list-style-type: none"> GLJ Shirakabe Getsuronotei OST Residence Karuizawa 		
2022 1,185 units (planned)	<ul style="list-style-type: none"> LJ Uehonmachi LJ Kyoto Horikawa LJ Hirano LJ Takatsuki Nishimakami LJ Takatsuki Bessho LJ Takatsuki Minamimatsubara The Front LJ Yao Sakuragaoka LJ Kyoto Shijo Omiya LJ Kyoto Higashinotoin 	<ul style="list-style-type: none"> LJ Times Core Kawagoe LJ Bio Makuharihongo LJ Urawa LJ Tsukuba Station Front LJ Kawagoe the Residence 	<ul style="list-style-type: none"> LJ Gifu Kogane Koen GLJ Shirakabe Rinzennotei LJ Kakegawa Ekimae LJ Gifu Grand Crea Ichinomiya 		
2023 1,164 units (planned)	<ul style="list-style-type: none"> LJ Takatsuki Minamimatsubara Bright LJ Fushimi Momoyama LJ Midoribashi Ekimae LJ Kamishinjo LJ Shitennoji Yuhigaoka LJ Nagai Park Avenue 	<ul style="list-style-type: none"> Park LJ Shirokane Residence LJ Cross Chiyoda Jimbocho LJ Honkawagoe Koedo Terrace LJ Itabashi Honcho LJ Matsudo Station Front Le JADE City Hashimoto I, II Le JADE Chigasaki Higashikaigan Minami (tentative name) 	<ul style="list-style-type: none"> LJ Kanayama 	<ul style="list-style-type: none"> LJ Hokkaido Ballpark LJ Sapporo Motomachi 	<ul style="list-style-type: none"> Le JIAS Ohashi

Building a supply foundation in five major urban areas

Commercial Facility Development Projects: Developing the tonarie brand



tonarie

- We develop and manage neighborhood shopping centers (NSCs).
We are currently developing the tonarie brand of commercial facilities (managed by Group company ES-CON Property).

Brand Concept:

Close to the community in order to develop together with the community. Always a good neighbor.

- Ex.: tonarie Yamato-Takada Project (combination commercial-residential project in station area)



Oak Town Yamato Takada
An aging general merchandise store (GMS) built more than 40 years ago during the high growth period



Yamato-Takada Station Le JADE Yamato-Takada Ekimae
tonarie Yamato-Takada
Opened in 2018 with 68 tenants as a facility with roots in the local community scaled to meet the needs of the area

tonarie series (now in use: nine facilities in total)



tonarie Minamisenri Annex (Suita-shi, Osaka)



tonarie Fujimino (Fujimino-shi, Saitama)



tonarie Toga Mikita (Sakai-shi, Osaka)



tonarie Tsukuba Square* (Tsukuba-shi, Ibaraki)
*tonarie CREO/Q't/MOG



tonarie Yamato-Takada (Yamato-Takada-shi, Nara)



tonarie Utsunomiya (Utsunomiya-shi, Tochigi)



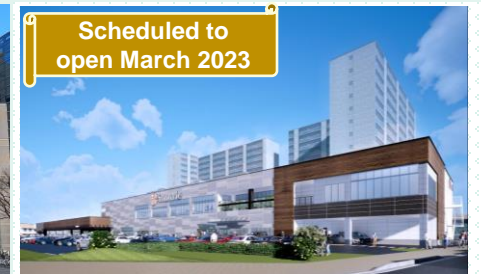
tonarie Seiwadai (Kawanishi-shi, Hyogo)



tonarie Minamisenri (Suita-shi, Osaka)



tonarie Yokkaichi (Yokkaichi-shi, Mie)



tonarie Hoshida (Katano-shi, Osaka)

> We are developing the LOGITRES brand of logistics facilities.

① LOGITRES Tojo

Location: Minamiyama, Kato-shi, Hyogo

Access: Hyogo Tojo Interchange on Chugoku Expressway

Completed: October 2019



② LOGITRES Tojo II

Location: Minamiyama, Kato-shi, Hyogo

Access: Hyogo Tojo Interchange on Chugoku Expressway

Slated completion date: 2023



② LOGITRES Koga Gemboen

Location: Gemboen, Koga-shi, Fukuoka

Access: Koga Interchange on Kyushu Expressway



④ Gifu Hashima-shi Logistics Facility Development Project

Location: Hirakata, Fukujicho, Hashima-shi, Gifu (inside Hashima-shi Hirakata Land Readjustment Project II)

Access: Gifu Hashima Station, JR Tokaido Shinkansen

Slated completion date: March 2023

⑤ LOGITRES Sano

Location: 238-1 Tajimacho, Sano-shi, Tochigi

Access: Sano-Fujioka Interchange on Tohoku Expressway

Slated completion date: 2023



③ LOGITRES Chiba Research Park

Location: Kamiizumi-cho, Wakaba-ku, Chiba-shi, Chiba

Access: Sakura Interchange on Higashi-Kanto Expressway

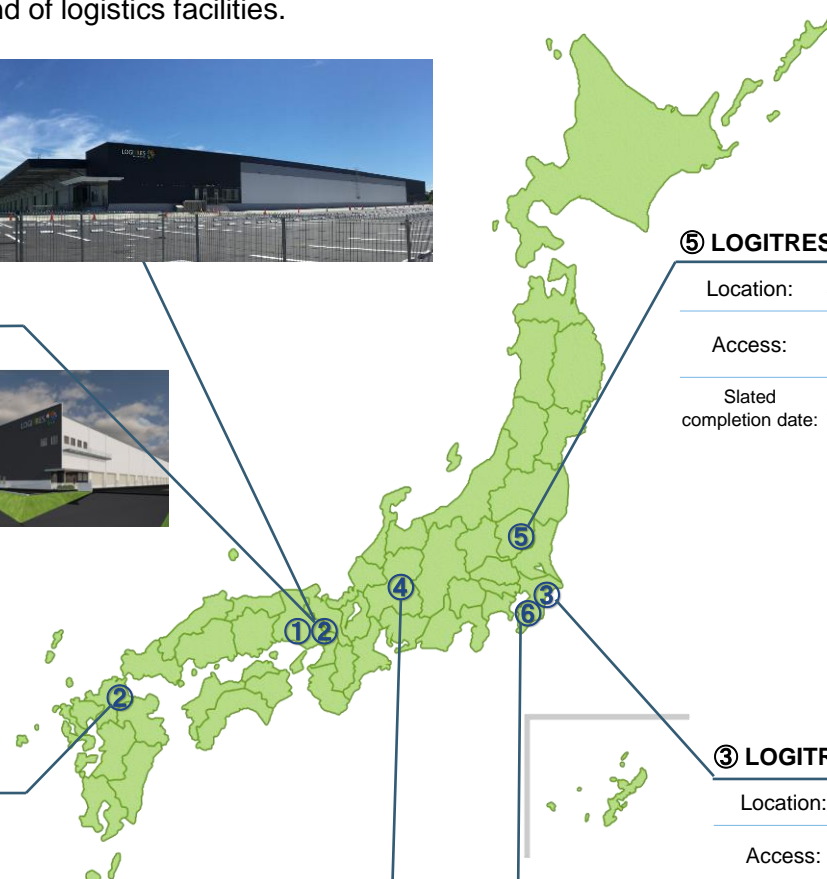
Slated completion date: May 2022

⑥ LOGITRES Narashino Shibazono

Location: Shibazono, Narashino-shi, Chiba

Access: Makuhari Interchange on Keiyo Expressway
Wangan Narashino Interchange on Higashi-Kanto Expressway

Slated completion date: 2024



Large-scale Urban Development Business

➤ We are focusing on large-scale urban development utilizing our diverse development capabilities.

Fukuoka Kasuga Project



(Kasuga-shi, Fukuoka)

Hokkaido Kitahiroshima Station "West Exit Revitalization Project"



(Kitahiroshima-shi, Hokkaido)

Suita-shi Fujishirodai 5-chome Project



(Suita-shi, Osaka)

Joint project with
Chuden Real Estate

20th Asian Games Aichi-Nagoya 2026 Athletes' Village site post-Games project



Joint project with Chubu
Electric Power Group

(Nagoya-shi, Aichi)

Land Readjustment Business

- Developing logistics facilities through the land readjustment business in Koga, Fukuoka Prefecture



- Participating as the agent company in the land readjustment business in Zone C of the east district of Saito in Ibaraki, Osaka



Artist's conception of the site

We are also currently at work on other 5-10-year land readjustment projects to develop logistics, commercial, and other sites. (Sakai-shi Takuradai Land Readjustment Project, Kawachinagano-shi Uehara-Tako Land Readjustment Project, etc.)

Business Development in Chubu Area (demonstrating synergies with the Chubu Electric Power Group)

➤ In April 2021, we became a consolidated subsidiary of Chubu Electric Power through third-party allotment by raising fund of approximately 20.4 billion yen.

August 2018: Agreement concluded on capital alliance
Made an equity-method affiliate
Percentage of voting rights held: 33.3%



April 2021: Capital increase through third-party allocation of shares
Made a consolidated subsidiary
Percentage of voting rights held: 51.5%

<Business development centered on the Chubu area>

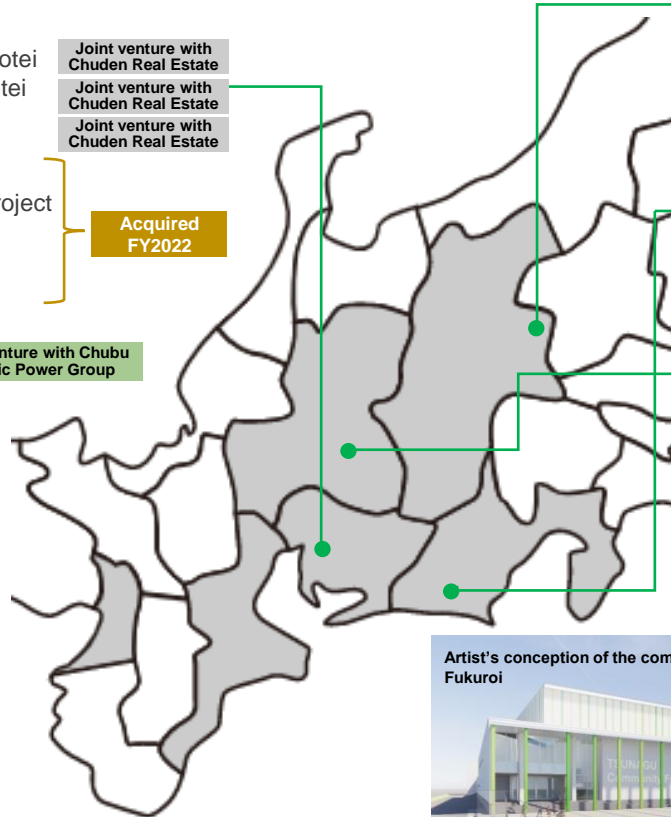
➤ Aichi Prefecture

- [Condominium] Grand Le JADE Shirakabe Getsuronotei
- [Condominium] Grand Le JADE Shirakabe Rinzenotei
- [Condominium] Grand Clare Ichinomiya
- [Condominium] Le JADE Kanayama
- [Condominium] Le JADE Kanayama Grande
- [Condominium] Nagoya Nakamura-ku Chiharacho project
- [Commercial] Nagoya Kita-ku Tsujimachi (commercial land leasehold) project
- [Commercial] Aisai Plaza
- [Complex] 20th Asian Games Aichi-Nagoya 2026 Athletes' Village site post-Games project

Joint venture with Chuden Real Estate
 Joint venture with Chuden Real Estate
 Joint venture with Chuden Real Estate

Acquired FY2022

Joint venture with Chubu Electric Power Group



- Nagano Prefecture
- [Condominium] OST Residence Karuizawa
- [Condominium] Karuizawa Nagakura project (tentative name)

- Shizuoka Prefecture
- [Condominium] Le JADE Kakegawa Ekimae
- [Condominium] Fukuroi Ekimae project
- [Plant factory] Techno Farm Fukuroi
- [Land development] Kakegawa Kamisaigo development project

- Gifu Prefecture
- [Condominium] Le JADE Gifu Kogane Koen
- [Condominium] Le JADE Gifu
- [Logistics] Hajima logistics facility development project

- Mie Prefecture
- [Commercial] tonarie Yokkaichi

- Osaka Prefecture
- [Complex] Suita Fujishirodai 5-chome project



Artist's conception of the completed project on the site of Asian Games Aichi-Nagoya 2026 Athletes' Village after the games



* Artist's conceptions are examples and are subject to change.



OST Residence Karuizawa

Progress of Capital and Business Partnership with Chubu Electric Power Co., Ltd.

➤ The capital and business partnership we concluded with Chubu Electric Group in August 2018 has steadily generated numerous synergies. Having become a consolidated subsidiary of Chubu Electric Power in April 2021, we will strive to demonstrate additional synergies moving forward.

Promoting joint projects



Five joint projects are already underway with ChudenReal Estate.

Four projects in the Chubu area: Shirakabe, Shirakabell, Nishi-Ichinomiya, Kakegawa
One project in the Kinki area: Fujishirodai, Suita-shi

Mutually complementary business areas



Nagoya Office opened in March 2019.
Business developed in both regions (Chubu and Kansai)

Making effective use of real estate owned by the Chubu Electric Power Group



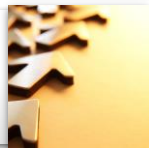
Joint project begun with Chuden Real Estate on real estate owned by Chuden Real Estate in Ichinomiya-shi, Aichi

Joint research and implementation of next-generation smart houses, connected homes, etc.



Development of a next generation multipurpose facility began in Fujishirodai, Suita-shi, Osaka (the former site of the National Cerebral and Cardiovascular Center). This is a joint project with Chuden Real Estate.

Prospective buyers for our real estate development projects



Sale of properties owned by the Company to Chuden Real Estate through warehousing method (In September 2019, support agreements were concluded with three companies: Chuden Real Estate, EAM, and EJR.)

Exchange of human resources



Implementing exchange of human resources through secondment of Es-Con employees to Chuden Real Estate and vice-versa
One Director appointed from Chubu Electric Power has been in office since March 2019. Plans call for the appointment of one Es-Con Director serving as an Audit and Supervisory Board member from the Chubu Electric Power Group in March 2023.

Respect for autonomy



Continued business development utilizing the Company's characteristic speed

New capital and business partnership agreement (concluded February 24, 2021)

- ① Enhancing joint efforts related to energy supply and facility construction
- ② Joint research and joint implementation in businesses related to next-generation smart houses, connected homes, and so forth
- ③ Further enhancing the partnership with Chuden Real Estate, a member of the Chubu Electric Power Group
- ④ Enhancing partnerships related to the effective utilization and development of unused or underused land belonging to the Chubu Electric Power Group
- ⑤ Joint initiatives in businesses that constitute to society, including urban development

Start of partnerships with Chubu Electric

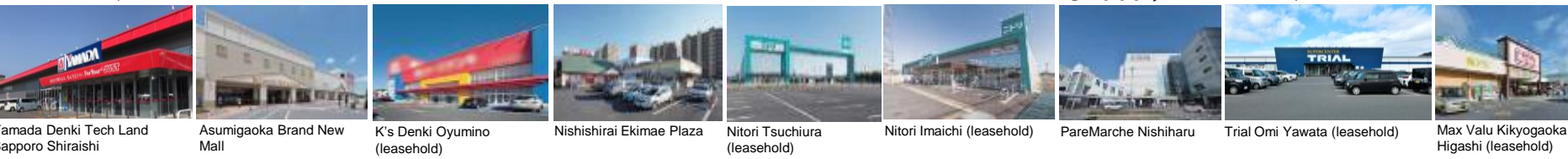
- ① Establishment of TSUNAGU Community Farm G.K.
- ② Chosen as candidate contractor to operate the site of the 20th Asian Games Aichi-Nagoya 2026 Athletes' Village after the Games

EJR Portfolio

*1) Amounts are truncated and fractions rounded off.
 *2) Utilization rates and years remaining on lease as of January 25, 2023
 *3) Appraisals are the most recently acquired.

Number of properties	Total acquisition price	Total appraised value	Utilization rate	Appraised NOI yield	Amortized appraised NOI yield	Years remaining on lease
38 properties	69.6 billion yen	73.0 billion yen	99.9%	4.9%	4.4%	10.1 years
Commercial leasehold included			31.1 billion yen			
Leasehold ratio			44.8%			

Hokkaido ▶ Kanto ▶ Chubu ▶ Kinki ▶



Yamada Denki Tech Land Sapporo Shiraiishi | Asumigaoka Brand New Mall | K's Denki Oyumino (leasehold) | Nishishirai Ekimae Plaza | Nitori Tsuchiura (leasehold) | Nitori Imaichi (leasehold) | PareMarche Nishiharu | Trial Omi Yawata (leasehold) | Max Valu Kikyogaoka Higashi (leasehold)



tonarie Yamato-Takada (50% equity) | Tsutaya Sakai Minami (leasehold) | tonarie Toga Mikita | Kusuri no Aoki Ikaruga (leasehold) | Drug Yutaka Muko Kamiueno (leasehold) | tonarie Seiwadai | Welcia Amagasaki Moko Motomachi (leasehold) | Cocokarafine Neyagawakoen (leasehold)

Chugoku ▶



ENEOS Ikwadani Service Station (leasehold) | Geo Hikone Takamiye (leasehold) | tonarie Minamisenni | LAMU Kitatsumori (leasehold) | Sanyo Marunaka Mitani (leasehold) | Life Daisen (leasehold) | K's Denki Nishikobe (leasehold) | K's Denki Kurashiki (leasehold)

Kyushu ▶



Fuji Grand Natalie | Suroy Mall Nagamine | Fukuoka Kasuga Project (leasehold)

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