



# Financial Results for Term Ended December 2019

ES-CON JAPAN Ltd.

February 6<sup>th</sup>, 2020

# Table of Contents

• <b>Financial Results for Term Ended December 2019</b>	
Main Activities in Term Ended December 2019	P.4
P/L in Term Ended December 2019	P.5
Segment Results for Term Ended December 2019	P.6, 7
B/S in Term Ended December 2019	P.8
• <b>Second Medium-Term Management Plan: Results Report</b>	P.9-12
• <b>Most Recent Main Initiatives</b>	P.13
Progress of capital and business partnership with Chubu Electric Power Co., Ltd.	P.14
ESCON JAPAN REIT Investment Corporation	P.15, 16
Saitama Detached Housing Company Shares Acquired; Made Subsidiaries	P.17
Overseas Business Development	P.18
• <b>Third Medium-Term Management Plan “IDEAL to REAL 2022”</b>	P.19
Basic Policy	P.20
Performance Plan: Management Targets	P.21
Management Strategy	P.22
Real Estate Sales Business	P.23
Condominium Sales Business	P.24, 25
Commercial Development Business	P.26, 27
Hotel Development Business	P.28
Logistics Business and Other Business	P.29
Real Estate Leasing Business	P.30, 31
Strategic Business Expansion of ES-CON JAPAN Group	P.32
• <b>ESG Initiatives and Dividend Policy</b>	P.33
Addressing Social Problems by Promoting ESG	P.34-36
Dividend Policy	P.37
Information	P.38

## Financial Results for Term Ended December 2019

# Main Activities in Term Ended December 2019

January

Final year revisions to Medium-Term Management Plan "IDEAL to REAL 2019"  
Sales commence for Le JADE Tsujido Higashi Kaigan.



February

## ESCON JAPAN REIT Investment Corporation listed on J-REIT market

Work commences on overseas business development with investment in Hawaii real estate investment fund.  
All units sold in Le JADE Kuzuha and Le JADE Sumakaihin Koen  
Acquisition of new business site (Nishi-Akashi Ekimae, Akashi-shi)  
Sales commence for Grand Le JADE Todoroki.

ES CON JAPAN REIT



March

## Nagoya Office opens

All units sold in Grand Le JADE Ochanomizu  
Sales commence for Le JADE Higashiumiyoshi Imagawa Ryokudo, Le JADE Nishinomiya Kitaguchi Hinokuchicho, Le JADE Toyoda Master Hills, Le JADE Ikeda Masumicho, Le JADE Takatsuki Miyanochi, and Le JADE Kotoen.  
Acquisition of commercial facility (Tsukuba CREO)  
Acquisition of new business sites (Nakamichi, Higashinari-ku, Osaka-shi) (Matsukazecho, Hiratsuka-shi)

## LOGITRES logistics facility brand launched

LOGITRES  
ES CON JAPAN

April

All units sold in Grand Le JADE Takatsuki Tenjin  
**Grand opening of tonarie Toga-Mikita community shopping center held on April 26, 2019 (Friday)**



May

Acquisition of new business site (Furuedai, Suita-shi)

June

Acquisition of new business sites (Shirakabe 4-chome/Chikaramachi 4-chome, Higashi-ku, Nagoya-shi) (Higashichujocho, Ibaraki-shi)  
**One's Own House Co., Ltd. and Rise Home Co., Ltd. made subsidiaries \* Shares transferred July 1**

All housing sites sold in Nakano, Nakano-ku (housing land development) project  
All units sold in Le JADE Shinkanaoka Park Fields  
Sales commence for Le JADE Utsukushigaoka.



July

Acquisition of new business sites (Aoyamadai, Suita-shi) (Yayoicho, Nakano-ku) (Kudankita, Chiyoda-ku)  
Acquisition of commercial facility (Kotoni, Nishi-ku, Sapporo-shi)  
All units sold in Le JADE Bio Funabashi Kitanarashino and Le JADE Takatsuki Kosobe  
Invested in ESCON JAPAN REIT Investment Corporation.



August

Acquisition of new business sites (Hikone-shi, Shiga-ken) (Minamisumiyoshi, Sumiyoshi-ku) (Katsuyama, Tennoji-ku)  
**Began participating in condominium development project in the Bangkok metropolitan area, Thailand**  
Acquisition of Treasury Shares

September

Acquisition of new business site (Shirakabe 4-chome II, Higashi-ku, Nagoya-shi)  
**Acquired rating from GRESB, an outside agency, for ESG management promotion**  
All units sold in Le JADE Higashiumiyoshi Imagawa Ryokudo  
**Support contract concluded between Chuden Real Estate Co., Inc., ESCON JAPAN REIT Investment Corporation, and ES-CON ASSET MANAGEMENT Ltd.**  
**Le JADE Okurayama adopted in the Ministry of the Environment's Fiscal 2019 High-Rise ZEH-M Support Projects**

October

Acquisition of commercial facility (Oh! Me Otsu Terrace)  
**Le JADE Nakano and tonarie Yamato-Takada awarded 2019 Good Design Awards**  
Donated research expenses for WT1 cancer vaccine, a cancer immunotherapy  
All units sold in Le JADE Nakano  
Sales commence for Grand Le JADE Shukugawa Residence  
Acquisition of new business site (Hyogo Tojo II - (A)(B))

November

All units sold in Le JADE Otsu LUXE and Le JADE Kotoen  
**ESCON JAPAN REIT Investment Corporation acquires rating from Rating and Investment Information, Inc. (R&I)**  
**Transferred real estate for sale to Chuden Real Estate Co., Inc.**  
Sales commence for Le JADE Nishiakashi

December

**Revisions made to FY2019 year-end dividend forecast and full-term consolidated results forecasts**  
**Formulated 3rd Medium-Term Management Plan "IDEAL to REAL 2022"**  
Acquisition of new business site (Kandacho, Higashiosaka-shi)  
**Joint project with Chuden Real Estate Co., Inc. (provisionally named Nagoya-shi Higashi-ku Shirakabe 4-chome Project)**

January/  
February  
2020

**ESCON JAPAN REIT Investment Corporation conducts first public offering Naming rights acquired for the Hokkaido Nippon-Ham Fighters' new stadium; new stadium named ES CON FIELD HOKKAIDO**  
**Opening of tonarie Utsunomiya, the Tokyo metropolitan area's first community shopping center**

●Number of new business sites acquired in second quarter of term ending December 2019

	Metropolitan area	Kinki region	Chubu region	Other	Total
Condominium	3	9	3		15
Commercial (including commercial facilities)	1	4		1	6
<b>Total</b>	<b>4</b>	<b>13</b>	<b>3</b>	<b>1</b>	<b>21</b>

## P/L in Term Ended December 2019

- Both sales and profits increased from the previous term, driven by sales of commercial facilities to ESCON JAPAN REIT Investment Corporation and sales of hotels.
- Earnings per share (EPS) in the current term were up 119.17 yen from the previous term to 13.19 yen.

(Unit: Million yen)

	Full year ended December 2019 (term under review)	Full year ended December 2018 (previous term)	Amount of increase/decrease	Compared to previous term	Full year ended December 2019 (initial plan)	Difference from plan	Percentage vs. initial plan
<b>Sales</b>	<b>72,106</b>	<b>54,325</b>	17,781	+ 32.7%	<b>74,800</b>	-2,694	-3.6%
<b>Gross profit</b>	<b>19,767</b>	<b>16,927</b>	2,840	+ 16.8%			
<b>Selling, general and administrative expenses</b>	<b>6,854</b>	<b>5,366</b>	1,488	+ 27.7%			
Selling expenses	2,627	2,088	539	+ 25.8%			
General administrative expenses	4,226	3,277	949	+ 29.0%			
<b>Operating profit</b>	<b>12,912</b>	<b>11,561</b>	1,351	+ 11.7%	<b>12,500</b>	412	+ 3.3%
Interest expenses	1,143	1,020	123	+ 12.1%			
<b>Ordinary income</b>	<b>11,810</b>	<b>10,498</b>	1,312	+ 12.5%	<b>11,200</b>	610	+ 5.4%
<b>Net income in current term</b>	<b>8,155</b>	<b>7,226</b>	929	+ 12.9%	<b>7,800</b>	355	+ 4.6%
<b>Earnings per share in current term</b>	<b>119.17</b>	<b>105.98</b>	13.19	+ 12.4%			

# Segment Results for Term Ended December 2019

- In the real estate sales business, sales grew by 32% and income by 11.8% YoY. Other sales contributed substantially to both sales and income. (Table 1)
- Condominium income was down YoY due to sales being somewhat prolonged at certain properties. Other sales boosted both sales and profit by large margins thanks to sales of properties to REIT and sales of hotels. (Tables 1, 4, and 5)
- The project profit margin for condominium sales fell 5.3 points due to high land and construction costs. (Table 2)
- We sold 648 condominiums as of the end of term, out of the 759 units in initial sales plans, due to the delivery of Le JADE Tsujido Higashi Kaigan being pushed back to the next term and other factors, resulting in an achievement rate of 85.4%, just short of the target. (Table 3)
- The real estate leasing business is making steady progress, with both sales and profits up YoY thanks to the acquisition of commercial facilities (Aeon Minamisenri, Tsukuba) and the completion of commercial facilities (Yamato Takada, Toga-Mikita) (Table 1).

(Unit: Million yen)

1	Sales			Segment income		
	Full year ended December 2019 (term under review)	Full year ended December 2018 (previous term)	Compared to previous term	Full year ended December 2019 (term under review)	Full year ended December 2018 (previous term)	Compared to previous term
<b>Real estate sales business</b>	<b>66,710</b>	<b>50,519</b>	+ 32.0%	<b>13,802</b>	<b>12,341</b>	+ 11.8%
Condominium sales	28,529	25,089	+ 13.7%	2,593	3,617	-28.3%
Other sales	38,180	25,429	+ 50.1%	11,209	8,723	+ 28.5%
<b>Real estate leasing business</b>	<b>5,022</b>	<b>3,400</b>	+ 47.7%	<b>3,001</b>	<b>2,128</b>	+ 41.0%
<b>Real estate planning agency and consulting business</b>	<b>372</b>	<b>405</b>	-8.1%	<b>286</b>	<b>369</b>	-22.5%
<b>Total</b>	<b>72,106</b>	<b>54,325</b>	+ 32.7%	<b>17,091</b>	<b>14,839</b>	+ 15.2%

2	Sales			
	Units sold	Amount (million yen)	Price per unit (10,000 yen)	Project profit margin
Full year ended December 2018 (previous term)	539	25,089	4,654	14.4%
Full year ended December 2019 (term under review)	648	28,529	4,402	9.1%

4	Results		
	Sales (million yen)	Project profit (million yen)	Project profit margin
Full year ended December 2018 (previous term)	25,429	8,723	34.3%
Full year ended December 2019 (term under review)	38,180	11,209	29.4%

3	Planned units sold this term	No. of units delivered as of term-end (units)	Closing inventory	Achievement rate	Contracted units (including delivered units) as of February 3 (units)	Inventory as of February 3 (units)	Achievement rate
	Full year ended December 2019 (term under review)	759	648	103	85.4%	660	91

5	Sales		
	Number of projects sold	Amount (million yen)	Project profit margin
Full year ended December 2018 (previous term)	7	21,680	37.7%
Full year ended December 2019 (term under review)	3	12,680	46.1%

# Segment Results for Term Ended December 2019

- Completed condominium inventory stood at 103 units at the end of December.
- Other sales included 13.7 billion yen in sales to REIT and 12.6 billion yen in sales of hotels. (Unit: Units)

Condominium sales	Location	Total no. of units	Initial inventory for term ended December 2018	No. of units delivered in term ended December 2019	Closing inventory for term ended December 2019	Contract and delivery progress as of February 3
Grand Le JADE Ochanomizu	Bunkyo-ku, Tokyo	53	2	2	0	Sold out
Grand Le JADE Jiyugaoka	Meguro-ku, Tokyo	23	16	8	8	7
Le JADE Nakano	Nakano-ku, Tokyo	25	16	16	0	Sold out
Le JADE Bio Funabashi Kitanarashino	Funabashi-shi, Chiba	50	14	14	0	Sold out
Mirakita City Himeji	Himeji-shi, Hyogo	143 (67 units) <sup>*1</sup>	—	35	32	29
Grand Le JADE Shonan Enoshima R134	Fujisawa-shi, Kanagawa	24 <sup>*2</sup>	—	19	5	5
Le JADE Minami-Ibaraki MUSE	Ibaraki-shi, Osaka	40	—	37	3	2
Grand Le JADE Takatsuki Tenjin	Takatsuki-shi, Osaka	28	—	28	0	Sold out
Le JADE Takatsuki Kosobe	Takatsuki-shi, Osaka	181	—	181	0	Sold out
Le JADE Sumakaihin Koen	Kobe-shi, Hyogo	30	—	30	0	Sold out
Le JADE Shinkanaoka Park Fields	Sakai-shi, Osaka	204	—	204	0	Sold out
Le JADE Otsu LUXE	Otsu-shi, Shiga	35 (32 units) <sup>*3</sup>	—	35	0	Sold out
Le JADE Hama-Otsu	Otsu-shi, Shiga	51	—	24	27	25
Grand Le JADE Todoroki	Setagaya-ku, Tokyo	43	—	15	28	23
<b>Total</b>			<b>48</b>	<b>648</b>	<b>103</b>	<b>91</b>

\*1 Includes 143 residential units and nine unsold units. Based on our 50% share, this means a total of 67 units.

\*2 Includes 24 residential units and two unsold units.

\*3 Includes 35 residential units, three office units, and one management office (units for sale: 32 units).

Other sales	Type	Business scheme	Sales (million yen)
Minamisenba I, Chuo-ku	Hotel	Sale	6,580
Nagahoribashi Ekimae	Hotel	Sale	2,100
Awajicho III, Chuo-ku	Hotel	Sale	4,000
Sanbancho, Chiyoda-ku	Revenue-generating real estate	Sale	2,034
Nakano, Nakano-ku	Land	Sale	346
Genboen, Koga-shi, Fukuoka	Land planning	Sale	4,273
Shimotakaado, Suginami-ku	Revenue-generating real estate	Sale	3,800
Detached housing	Detached housing	Sale	1,298
Kitanagoya Pare Marche Nishiharu	Commercial facility	Sale	4,610
Asumigaoka Brand-New Mall	Commercial facility	Sale	3,200
K's Denki Oyumino shop	Commercial leasehold	Sale	2,710
Mitani, Nishi-ku, Kobe-shi	Commercial leasehold	Sale	1,430
Daisen-nishi Commercial II, Sakai-shi	Commercial leasehold	Sale	946
Nishishirai Ekimae	Commercial facility	Sale	451
Kasuga, Fukuoka	Commercial leasehold	Sale	401

Hotel total  
12.6 billion yen

Ones Own House, Rise Home, etc.

Transferred to ESCON JAPAN REIT Investment Corporation (at time of listing)  
total 13.7 billion yen

Leasing business (major owned properties)	Location	Possession status
Kansai Medical University Kuzuha Hospital	Hirakata-shi, Osaka	Fixed asset
● Aeon Minamisenri	Suita-shi, Osaka	Fixed asset
● Otsu Terrace	Otsu-shi, Shiga	Fixed asset
LOGITRES Tojo	Kato-shi, Hyogo	Current asset (for sale)
Ikaruga, Ikoma-gun	Ikoma-gun, Nara	Current asset (for sale)
Omiyachiman	Omiyachiman-shi, Shiga	Current asset (for sale)
Daisen-nishi I, Sakai-shi, Osaka-fu	Sakai-shi, Osaka	Current asset (for sale)
Kamiueno, Muko-shi	Muko-shi, Kyoto	Current asset (for sale)
● tonarie Yamatotakada	Yamatotakada-shi, Nara	Current asset (for sale)
● tonarie Toga-Mikita	Sakai-shi, Osaka	Current asset (for sale)
● Tsukuba CREO	Tsukuba-shi, Ibaraki	Current asset (for sale in process)
● Tsukuba Q't, MOG	Tsukuba-shi, Ibaraki	Current asset (for sale in process)
● KoLuTeNa I	Nishi-ku, Sapporo-shi	Current asset (for sale in process)
soyoca Fujimino	Fujimino-shi, Saitama	Current asset (for sale in process)
Yamada Denki Sapporo Shiroishi store	Shiroishi-ku, Sapporo-shi	Current asset (for sale in process)
Mukomotomachi, Amagasaki-shi	Amagasaki-shi, Hyogo	Current asset (for sale in process)
Ikegami, Nishi-ku, Kobe-shi	Nishi-ku, Kobe-shi	Current asset (for sale in process)

Transfer to ESCON JAPAN REIT Investment Corporation and Chuden Real Estate Co., Inc. (FY2020)

- Main properties contributing to income year-on-year from the term ended December 2019

# B/S in Term Ended December 2019

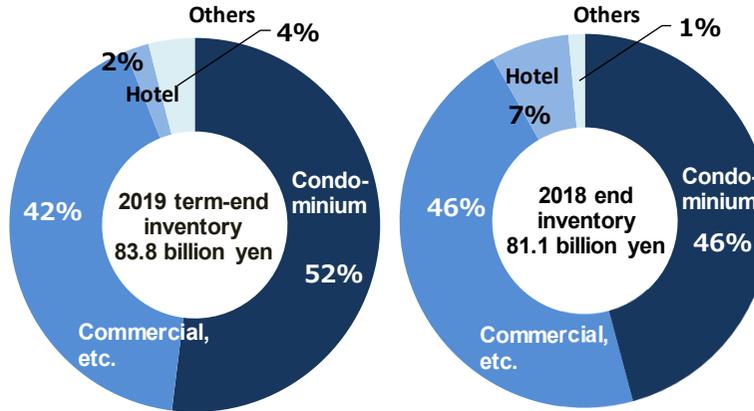
(Unit: Million yen)

	Full year ended December 2019 (term under review)	Full year ended December 2018 (previous term)	Increase/ decrease
<b>Current assets</b>	<b>114,137</b>	<b>104,642</b>	<b>9,495</b>
Cash and deposits	22,511	16,598	5,913
Real estate for sale	24,234	15,308	8,926
Real estate for sale in process	59,619	65,890	-6,271
<b>Fixed assets</b>	<b>18,558</b>	<b>5,104</b>	<b>13,454</b>
Tangible fixed assets	13,433	1,658	11,775
Intangible fixed assets	492	30	462
Investments and other assets	4,632	3,415	1,217
<b>Total assets</b>	<b>132,696</b>	<b>109,747</b>	<b>22,949</b>

(Unit: Million yen)

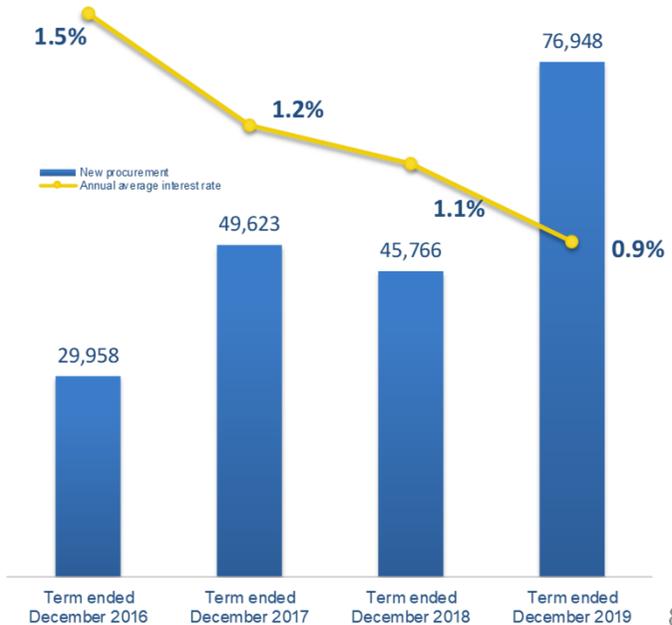
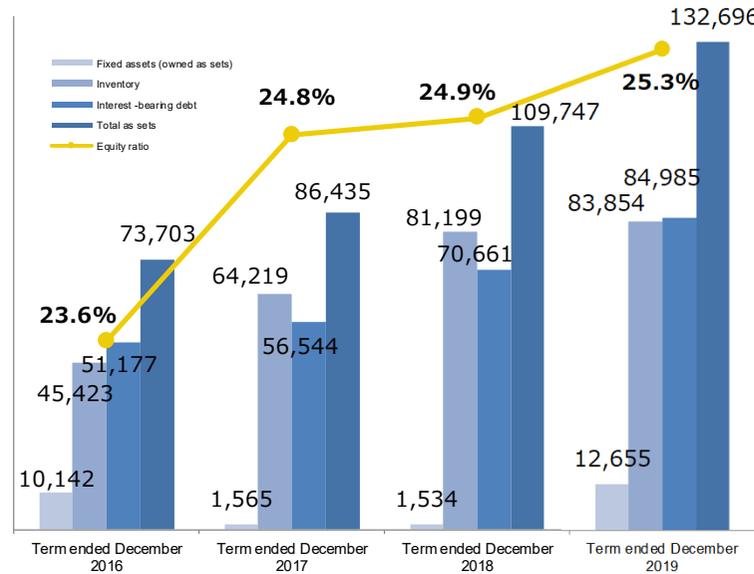
	Full year ended December 2019 (term under review)	Full year ended December 2018 (previous term)	Increase/ decrease
<b>Current liabilities</b>	<b>50,199</b>	<b>37,210</b>	<b>12,989</b>
Short-term loans	4,580	1,720	2,860
Current portion of longterm loans	32,415	23,993	8,422
Current portion of bonds	40	40	0
<b>Fixed liabilities</b>	<b>48,950</b>	<b>45,176</b>	<b>3,774</b>
Corporate bonds	230	270	-40
Long-term loans	47,720	44,568	3,152
<b>Total liabilities</b>	<b>99,149</b>	<b>82,387</b>	<b>16,762</b>
<b>Total net assets</b>	<b>33,546</b>	<b>27,359</b>	<b>6,187</b>
<b>Total liabilities and net assets</b>	<b>132,696</b>	<b>109,747</b>	<b>22,949</b>
<b>Equity ratio</b>	<b>25.3%</b>	<b>24.9%</b>	<b>+0.4 points</b>

- Fixed assets increased by 13.4 billion yen due to the transfer of a revenue-generating property (Aeon Minamisenni) from inventories to fixed assets and acquisition of the Otsu commercial facility
- The interest rate paid on funds raised fell 0.2 points YoY to 0.9% thanks to the effects of the business partnership with the Chubu Electric Power Group.



(Unit: Million yen)

	2019 end	2018 end
Condominium	43,588	37,198
Commercial, etc.	35,155	37,280
Hotel	1,734	5,564
Others	3,377	1,156
<b>Total</b>	<b>83,854</b>	<b>81,199</b>



## Second Medium-Term Management Plan: Results Report

# Second Medium-Term Management Plan: Results: Performance-Plan

Performance greatly exceeded plans in all categories. Net sales rose 2.1 times and ordinary income 3.3 times compared to the term ended December 2016.

Performance plan	First Medium-Term Management Plan	Second Medium-Term Management Plan IDEAL to REAL 2019								Compared with FY2016
	Term ended December 2016 (22nd term)	Term ended December 2017 (23rd term)		Term ended December 2018 (24th term)		Term ended December 2019 (25th term)				
	Make The One for 2016	Actual	YoY change	Actual	YoY change	Initial full-year plan	Actual	YoY change	Amount of increase (compared with FY2016)	
<b>Sales</b>	<b>34,347</b>	<b>44,724</b>	<b>30.2%</b>	<b>54,325</b>	<b>21.5%</b>	<b>60,000 to 62,000</b>	<b>72,106</b>	<b>32.7%</b>	<b>+ 37,759</b>	<b>2.1x</b>
Real estate sales business	30,687	41,168	34.2%	50,519	22.7%	57,800 to 59,700	66,710	32.0%	+ 36,023	
Condominium sales business	20,865	19,500	-6.5%	25,089	28.7%		28,529	13.7%	+ 7,664	
Other businesses	9,822	21,668	120.6%	25,429	17.4%		38,180	50.1%	+ 28,358	
Real estate leasing business	3,594	3,459	-3.8%	3,400	-1.7%	2,000 to 2,100	5,022	47.7%	+ 1,428	
Real estate planning, brokerage, and consulting businesses	65	96	47.7%	405	321.9%	200	372	-8.1%	+ 307	
<b>Operating income</b>	<b>4,680</b>	<b>7,042</b>	<b>50.5%</b>	<b>11,561</b>	<b>64.2%</b>	<b>8,200 to 9,500</b>	<b>12,912</b>	<b>11.7%</b>	<b>+ 8,232</b>	<b>2.8x</b>
<b>Ordinary income</b>	<b>3,575</b>	<b>5,988</b>	<b>67.5%</b>	<b>10,498</b>	<b>75.3%</b>	<b>7,200 to 8,500</b>	<b>11,810</b>	<b>12.5%</b>	<b>+ 8,235</b>	<b>3.3x</b>

# Second Medium-Term Management Plan: Results: Management Targets, and Dividend Policy

Management targets: Four out of five targets achieved

The equity ratio fell short of the plan due to the active purchasing of properties that resulted from the capital and business partnership with Chubu Electric Power Co., Ltd.

Management index	First Medium-Term Management Plan	Second Medium-Term Management Plan IDEAL to REAL 2019			
	FY2016 Actual Make The One for 2016	Term ended December 2017 (23rd term)	Term ended December 2018 (24th term)	Term ended December 2019 (25th term)	
		Actual	Actual	Initial full-year plan	Actual
Equity ratio	23.6%	24.8%	24.9%	33.0% to 35.0%	✗ 25.3%
ROE (return on equity)	25.1%	28.1%	29.6%	18.0% to 21.0%	○ 26.8%
ROA (return on assets)	6.0%	6.8%	7.4%	6.0% to 7.0%	○ 6.7%
ROIC (return on invested capital)	6.5%	8.4%	10.2%	7.0% to 9.0%	○ 7.5%
EPS (earnings per share)	58.76 yen	81.77 yen	105.98 yen	75 yen to 85 yen	○ 119.17

\* ROIC (return on invested capital): Net operating profit after tax / (Shareholders' equity + Interest-bearing liabilities)

Dividend policy:  
Adopting a progressive dividend policy, the dividend will be increased for the fourth consecutive year.

Dividend trend	First Medium-Term Management Plan	Second Medium-Term Management Plan IDEAL to REAL 2019		
	FY2016 Actual Make The One for 2016	Term ended December 2017 (23rd term)	Term ended December 2018 (24th term)	Term ended December 2019 (25th term)
		Actual	Actual	Actual
Dividend (yen)	15	18	32	36
Dividend payout ratio	25.5%	22.0%	30.2%	30.2%
Acquisition of treasury stock (million yen)	429	449	-	40
Total payout ratio	36.8%	30.9%	30.2%	31.0%

# Second Medium-Term Dividend Policy: Results: Main Initiatives

## Second Medium-term Management Plan – Growth Action Plan

1. Further strengthening of core business
2. Improving company value through diversification of multiple core businesses
3. Securing stable long-term stock revenue through active development of real estate leasing business
4. Expansion of real estate sales business through stable supply of high-quality real estate as a main sponsor of the listed REIT formation
5. Expanding the breadth and depth of real estate development capabilities through enhancement of real estate operation business
6. Improving corporate brand power
7. ESG initiatives to create new value and achieve sustainable growth

## Main Initiatives

1. For the core condominium sales business, our core business, we supplied 476 units in fiscal 2017 (sales: 19.5 billion yen) and 539 units in fiscal 2018 (sales: 25 billion yen) and 648 units in fiscal 2019 (sales: 28.5 billion yen). We have secured sites sufficient for approximately 760 units for fiscal 2020 (sales: approximately 36 billion yen), approximately 1,200 units for fiscal 2021 (sales: approximately 55 billion yen) and approximately 480 units for fiscal 2022 (sales: approximately 25 billion yen). We're making steady progress in expanding our sales force, which currently numbers 32.
2. We expanded our business domain in the commercial development business and hotel development business as well as in the condominium sales business. We also launched as new business domains a logistics development business, land readjustment business and overseas business.
3. In the commercial development business, we're strengthening NSC development efforts through strong ties to local communities. tonarie Yamato-Takada had a grand opening in November 2018 and tonarie Toga-Mikita in April 2019. We acquired Tsukuba Q't Mog in December 2018, Tsukuba CREO in March 2019 and Oh! Me Otsu Terrace in October 2019. We're enhancing the value of commercial facilities in operation and proactively developing our redevelopment business.
4. ESCON JAPAN REIT Investment Corporation (EJR) was listed on the J-REIT market on February 13, 2019. We concluded a support agreement with Chubu Electric Power and Chuden Real Estate. In November 2019, EJR received a rating of "A-" (stable) from Rating and Information, Inc. (R&I).
5. We also launched a renovation business in addition to businesses for AM, PM of commercial facilities, operation of food and beverage establishments such as cafés, and apartment building management.
6. We're airing new TV commercials for the Grand Le JADE brand, and continue to act as a sponsor of a popular TV program. We remain focused on strengthening our corporate brand.
7. Le JADE Okurayama became ES-CON JAPAN's first business adopted in the Ministry of the Environment's Fiscal 2019 High-Rise ZEH-M Support Projects. ES-CON became the first Japanese business company to receive the ratings of Green Star and 2 Star in the GRESB Real Estate Developer Assessment conducted in 2019.

## Most Recent Main Initiatives

# Progress of capital and business partnership with Chubu Electric Power Co., Ltd.

In August 2018, we concluded a capital and business partnership agreement with Chubu Electric Power, becoming an equity method affiliate of Chubu Electric Power (which holds 33.3% of voting rights of our company).

## Demonstrating synergies through the capital and business partnership with Chubu Electric Group

Details of business partnership



Promoting joint projects

Nagoya Shirakabe Project conducted jointly with Chuden Real Estate



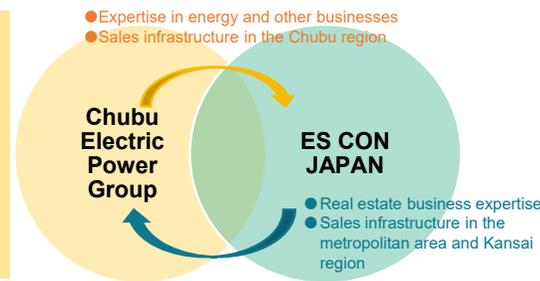
Mutually complementary business areas

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

- Large-scale urban development backed by the overwhelming credibility and customer base of the Chubu Electric Group
- Promotion of next-generation condominium research and development utilizing the living environment, energy, AI, and other technologies



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



Prospective buyers for our real estate development projects

Sale of properties owned by the Company to Chuden Real Estate through warehousing method



Exchange of human resources

Two of the Company's employees were seconded to Chuden Real Estate from April 2019, and one person from Chubu Electric was named director in March 2019. Chuden Real Estate employees seconded to the Group for training



Respect for autonomy

Continued business development utilizing the Company's characteristic speed

**Support contract concluded between Chuden Real Estate Co., Inc., ESCON JAPAN REIT Investment Corporation, and ES-CON ASSET MANAGEMENT Ltd. (Sept. 27, 2019)**

Broad support content starting with warehousing services. Drawing on Chuden Real Estate's credibility and real estate know-how, growth is expected in our investment corporation, along with synergies with the Chubu Electric Group in the real estate business of ES-CON JAPAN, the sponsor.

Based on the warehousing method, commercial facilities and commercial leaseholds owned by the Company are being sold to Chuden Real Estate (Feb. 2020)

tonarie Yamato-Takada	Omiachiman-shi, Shiga	<b>Total of approx. 9.5 billion yen</b>
tonarie Toga-Mikita	Muko-shi, Kyoto Ikoma-gun, Nara	

	Chuden Real Estate	Chubu Electric	ES-CON JAPAN
Provide information	●	●	●
Grant preferred acquisition rights and preferred negotiating rights	—	—	●
Warehousing	●	—	●
Redevelopment support	—	—	●
Environmental technologies	●	●	—
PM BM processes	●	●	●
Leasing support	●	—	●
Personnel support	●	—	●
Same-boat investment	●	—	●
Permission to use logos/symbols	●	●	●

# ESCON JAPAN REIT Investment Corporation

J-REIT listed in February 2019, first post-listing PO in February 2020; toward early achievement of 100.0 billion in assets



Building a portfolio centered on commercial facilities that people depend on in their daily lives  
 Areas targeted for investment: Four major urban areas (Tokyo metropolitan area, Kansai area, Chukyo area, Fukuoka area)

Facilities with roots in local communities in these four major urban areas where population concentrations are projected to continue in the future as well

Pursuing highly stable earnings and growth potential through investment focusing on commercial facilities that people depend on in their daily lives



Investing in highly stable leasehold (land components of fixed-term leaseholds for business use)  
 Investment targets: approx. 50% leasehold, approx. 50% land and buildings

Investing proactively in leasehold of commercial facility sites, with a focus on the benefits and advantages of leasehold

Building highly stable portfolios



External and internal growth leveraging the advantages of the real estate development capabilities and strength in management provided by comprehensive developer ESCON JAPAN, with support from Chubu Electric Power

External growth: Targeting steady external growth by leveraging the various real estate development capabilities of ES-CON JAPAN as "Life Developers" active in developing the places where people live and real estate information contributed by the Chubu Electric Power Group  
 Internal growth: Targeting steady internal growth leveraging the various real estate development capabilities of the ES-CON JAPAN Group and the Chubu Electric Power Group's expertise with eco-friendly technologies and lowering energy costs

Rating acquired from Rating and Investment Information (R&I) (November 2019)

● Rating Overview

Rating institute	Rating scope	Rating	Rating direction
R&I	Issuer rating	A-	Stable

First public offering (Feb. 2020)

\* See next page for portfolio details.

	Portfolio	Acquisition price
When listed	25 properties (commercial facilities and commercial leaseholds)	41,607 million yen
Public offering	3 properties tonarie Yamato-Takada tonarie Toga-Mikita LIFE Daisen	10,373 million yen
Total	28 properties	51,980 million yen

# ESCON JAPAN REIT Investment Corporation Portfolio Summary Map

Number of properties	Total acquisition price	Total appraised value	Utilization rate	Appraised NOI yield	Amortized appraised NOI yield	Years remaining on lease
28 properties	<b>51.9 billion yen</b>	56.7 billion yen	99.6%	5.1%	4.6%	11.29 years

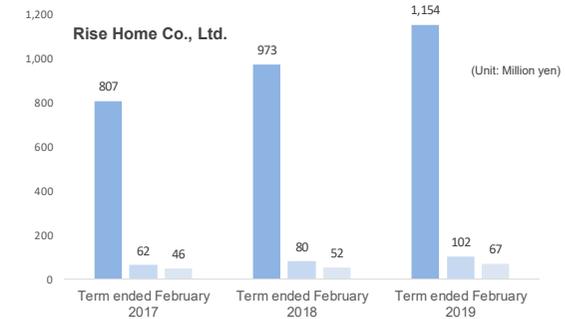
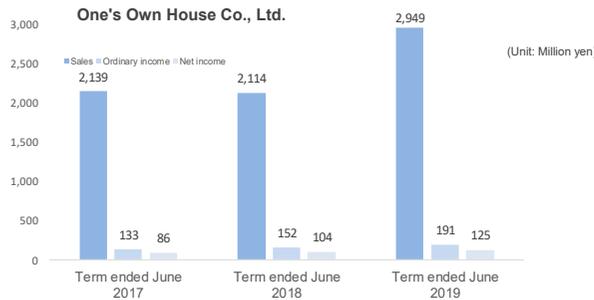
Commercial leasehold included	25.5 billion yen
Leasehold ratio	49.2%

- \*1) Amounts are truncated and fractions rounded off.
- \*2) Including properties acquired as of February 4, 2020
- \*3) Utilization rates and years remaining on lease are as of end-October 2019.
- \*4) Appraisals are the most recently acquired.



# Saitama Detached Housing Company Shares Acquired; Made Subsidiaries

In July 2019, we acquired stock in two companies based in Saitama Prefecture, making them wholly owned subsidiaries: One's Own House Co., Ltd., which is active in sales of detached homes, and Rise Home Co., Ltd., which is active in building detached homes. The company names are slated to be changed in March 2020 (One's Own House to **ES-CON HOME Ltd.**; Rise Home to **ES-CON CRAFT Ltd.**)



Projected to experience stable development as a bedroom community for those working in central Tokyo, the Saitama area is among the most attractive in the metropolitan area. We plan to strengthen our real estate development business, with a focus on sales of condominiums and detached homes in Saitama Prefecture.

Supply of condominium units by district in the metropolitan (Units)

	2017	2018	2019	
			YoY change	forecast
23 wards of Tokyo	16,017	15,957	-0.4%	16,000
Other areas of Tokyo	4,016	3,666	-8.7%	4,000
Kanagawa	8,540	8,212	-3.8%	8,500
<b>Saitama</b>	<b>3,956</b>	<b>4,294</b>	<b>8.5%</b>	<b>4,500</b>
Chiba	3,369	5,003	48.5%	4,000
Metropolitan area total	35,898	37,132	3.4%	37,000

Source: Real Estate Economic Institute Co., Ltd., Metropolitan Area Condominium Market

Population change by prefecture

Rank	Prefecture	Population change (%)		2019
		2017	2018	Population (million)
	Nationwide	-0.18	-0.13	126.7
1	Tokyo	0.73	0.80	13.7
<b>2</b>	<b>Saitama</b>	<b>0.28</b>	<b>0.32</b>	<b>7.3</b>
3	Okinawa	0.26	0.40	1.4
4	Aichi	0.24	0.32	7.5
5	Chiba	0.16	0.21	6.2
6	Kanagawa	0.15	0.20	9.2

Source: Statistics Bureau, Ministry of Internal Affairs and Communications, Population Estimates (as of October 1, 2017)

Ranking of most desirable communities in which to live (metropolitan area as a whole/up to three answers)

Ranking		Station (example of main rail lines)	Score	
2019	2018		2019	Change
1 →	1	Yokohama (JR Tokaido Main Line)	1,211	22%
2 →	2	Ebisu (JR Yamanote Line)	871	6%
3 →	3	Kichijoji (JR Chuo Line)	774	0%
<b>4 ↗</b>	<b>9</b>	<b>Omiya (JR Keihin-Tohoku Line)</b>	<b>567</b>	<b>11%</b>
5 ↘	7	Shinjuku (JR Yamanote Line)	551	5%
6 ↘	4	Shinagawa (JR Yamanote Line)	517	-6%
7 ↘	8	Meguro (JR Yamanote Line)	498	-4%
<b>8 ↗</b>	<b>10</b>	<b>Urawa (JR Keihin-Tohoku Line)</b>	<b>465</b>	<b>8%</b>
9 ↘	6	Musashi-Kosugi (Tokyu Toyoko Line)	453	-16%
10 ↘	14	Kamakura (Enoshima Electric Railway)	448	26%

Source: Recruit Sumai Company Ltd.



# Overseas Business Development

## Following investment in a Hawaii real estate investment fund, started first overseas condominium development project in Bangkok, Thailand toward further global development

- We launched our overseas business development efforts by investing in a Hawaii real estate investment fund in February 2019.
- In August 2019, we began participating in a condominium development project undertaken by the Thai real estate developer Origin Property in Samut Prakan Province, adjacent to the capital city of Bangkok.

This marked our first condominium development project overseas.

Slated to encompass a total of 474 residential units and one shop, this condominium development project is located one minute's walk from Thippawan Station on the MRT elevated railway line, which is scheduled to enter service in 2021.

With numerous facilities nearby, including commercial facilities and an international school, the development is located in an area expected to experience growing development, with service anticipated from an extension of the MRT from central Bangkok.

Knightsbridge Sukhumvit-Thepharak Project	
Location	Bang Mueang Mai, Mueang Samut Prakan, Samut Prakan 10270, Thailand
Transportation	1.7 km from Samrog Station on the BTS Line
Site land area	3,016 m <sup>2</sup>
Total floor area	25,891.52 m <sup>2</sup>
Exclusive floor area	13,799.00 m <sup>2</sup>
Scale (planned)	36 aboveground floors, one underground floor
Total units (planned)	474 residential units, one shop
Construction completion slated:	April 2021



As we also focus on efforts targeting new business areas with an eye to the future, we plan to deploy a multifaceted real estate business capable of contributing globally to society.



## Third Medium-Term Management Plan IDEAL to REAL 2022

## Third Medium-Term Management Plan: Basic Policy

### Basic Policy

#### Basic Policy

Aim to maximize corporate value by setting on track “management stability and sustainable growth” and also accurately addressing the diversifying social issues through promotion of ESG initiatives.

# Third Medium-Term Management Plan: Performance Plan: Management Targets

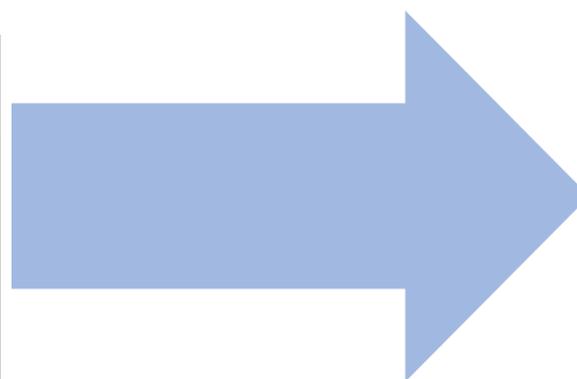
(Unit: Million yen)

Performance plan	2nd Medium-Term Management Plan	
	Term ended December 2019 (25th term)	
	IDEAL to REAL 2019	
<b>Sales</b>	<b>72,106</b>	
Real estate sales business	66,710	
Condominium sales business	28,529	
Condominium units sold	648	
Other businesses	38,180	
Real estate leasing business	5,022	
Real estate planning, brokerage, and consulting businesses	372	
<b>Operating income</b>	<b>12,912</b>	
<b>Ordinary income</b>	<b>11,810</b>	



3rd Medium-Term Management Plan IDEAL to REAL 2022		
Term ending December 2020 (26th term) Plan	Term ending December 2021 (27th term) Plan	Term ending December 2022 (28th term) Plan
86,000	100,000	110,000
80,000		
36,000	54,700	59,000
765	1,200	1,200
44,000		
5,750		8,000
250		
13,300	14,000	15,200
12,300		

Management index	2nd Medium-Term Management Plan	
	FY2019	IDEAL to REAL 2019
<b>ROE (return on equity)</b>	<b>26.8%</b>	
<b>ROIC (return on invested capital)</b>	<b>7.5%</b>	
<b>Equity ratio</b>	<b>25.3%</b>	
<b>Dividend payout ratio</b>	<b>30.2%</b>	



3rd Medium-Term Management Plan	
	FY2022
	IDEAL to REAL 2022
	20.0%
	5.5%
	25.0%
	30% or more

\* ROIC (return on invested capital): Net operating profit after tax / (Shareholders' equity + Interest-bearing liabilities)

# Third Medium-Term Management Plan: Management Strategy

## Corporate Strategy

### Management Strategy

#### 1. Management stability and sustainable growth

##### (1) Diversify businesses

① Diversify development businesses and make them core businesses

② Diversify business areas

##### (2) Stabilize revenue structure by securing stock revenue bases

① Strengthen real estate leasing business by developing and holding revenue-generating properties

② Strengthen real estate operation business revenue

##### (3) Exert synergistic effects with the Chubu Electric Power Group

Engage in large development and other joint projects, and research development of next-generation condominiums

##### (4) External growth of ESCON JAPAN REIT Investment Corporation (EJR)

① Steady mutual growth as sponsor of EJR

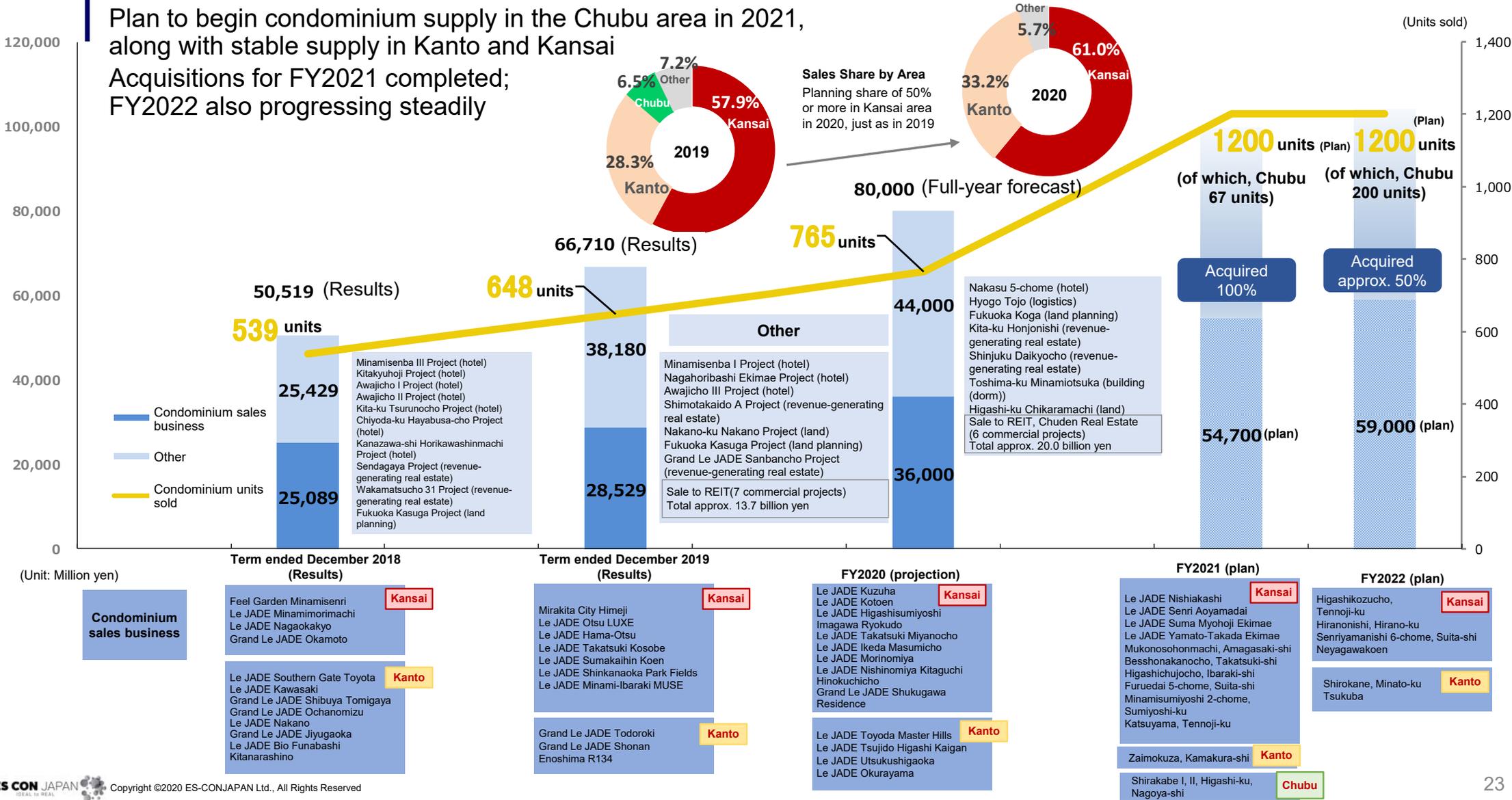
② Mutual growth through collaboration with the Chubu Electric Power Group (supporter of EJR)

#### 2. Address social issues through promotion of ESG initiatives

#### 3. Return to shareholders

# Real Estate Sales Business

Plan to begin condominium supply in the Chubu area in 2021, along with stable supply in Kanto and Kansai  
 Acquisitions for FY2021 completed; FY2022 also progressing steadily



# Condominium Sales Business FY2020

Kansai (Kinki) Area



**Le JADE Kuzuha Condominium (Osaka)**  
 Redevelopment Project (Kinki region)  
 Location: Hirakata-shi, Osaka  
 Access: 16-minute walk from Kuzuha Station on Keihan Main Line  
 No. of residences: 78 (including 31 units not for sale)  
 Occupancy date: Slated to start late February 2020

Sold out



**Le JADE Higashiumiyoshi Imagawa Ryokudo (Osaka)**  
 Location: Osaka-shi, Osaka  
 Access: 4-minute walk from Tobushijomae Station on JR Kansai Main Line  
 No. of residences: 41 (plus one management office)  
 Occupancy date: Slated to start late February 2020

Sold out



**Le JADE Kotoen (Hyogo)**  
 Location: Nishinomiya-shi, Hyogo  
 Access: 5-minute walk from Kotoen Station on Hankyu Imazu Line; 6-minute walk from Kotoen bus stop on Hankyu bus route  
 No. of residences: 49  
 Occupancy date: Slated to start late February 2020

Sold out



**Grand Le JADE Shukugawa Residence (Hyogo)**  
 Location: Nishinomiya-shi, Hyogo  
 Access: 4-minute walk from Sakura-Shukugawa Station on JR Kobe Line  
 No. of residences: 13  
 Occupancy date: Slated to start late June 2020



**Le JADE Ikeda Masumicho (Osaka)**  
 Location: Ikeda-shi, Osaka  
 Access: 2-minute walk from Ikeda Station on Hankyu Takarazuka Line  
 No. of residences: 35  
 Occupancy date: Slated to start late May 2020



**Le JADE Takatsuki Miyanochi (Osaka)**  
 Location: Takatsuki-shi, Osaka  
 Access: 18-minute walk from Takatsuki-shi Station on Hankyu Kyoto Line  
 No. of residences: 99  
 Occupancy date: Slated to start late April 2020



**Le JADE Morinomiya (Osaka)**  
 Location: Higashinari-ku, Osaka  
 Access: 4-minute walk from Morinomiya Station on JR Osaka Loop Line; 5-minute walk from Morinomiya Station on Osaka Metro Chuo Line and Nagahori Tsurumi-ryokuchi Line  
 No. of residences: 45  
 Occupancy date: Slated to start late December 2020



**Le JADE Nishinomiya Kitaguchi Hinokuchicho (Hyogo)**  
 Location: Nishinomiya-shi, Hyogo  
 Access: 14-minute walk from Mondoyakuzin Station on Hankyu Imazu Line  
 No. of residences: 94  
 Occupancy date: Slated to start late May 2020

Kanto (Tokyo Metro) Area



**Le JADE Toyoda Master Hills (Tokyo)**  
 Location: Hino-shi, Tokyo  
 Access: 2-minute walk from Toyoda Station on JR Chuo Line  
 No. of residences: 63  
 Occupancy date: Slated to start late April 2020



**Le JADE Okurayama (Kanagawa)**  
 Location: Kohoku-ku, Yokohama-shi, Kanagawa  
 Access: 12-minute walk from Okurayama Station on Tokyu Toyokosen Line  
 No. of residences: 25  
 Occupancy date: Slated to start late November 2020

**Le JADE Tsujido Higashi Kaigan (Kanagawa)**  
 Location: Fujisawa-shi, Kanagawa  
 Access: 17-minute walk (SEA-SIDE VILLA)/18-minute walk (GARDEN-SIDE VILLA) from Kugenuma-kaigan Station on Odakyu Enoshima Line; 9-minute bus ride from Tsujido Station on JR Tokaido Line and 3-minute walk (SEA-SIDE VILLA)/4-minute walk (GARDEN-SIDE VILLA) from Shoyo Chugakko-mae bus stop  
 No. of residences: 51 (25 in SEA-SIDE VILLA, 26 in GARDEN-SIDE VILLA)  
 Occupancy date: Slated to start late March 2020



**Le JADE Utsukushigaoka (Kanagawa)**  
 Location: Yokohama-shi, Kanagawa  
 Access: 6-minute walk from Azamino Station on Tokyu Denentoshi Line and Yokohama Municipal Subway Blue Line  
 No. of residences: 90  
 Occupancy date: Slated to start late August 2020

# Condominium Sales Business FY2021, FY2022

## FY2021



**Le JADE Nishiakashi (Hyogo)**

Location: Akashi-shi, Hyogo  
 Access: 2-minute walk from Nishiakashi Station on JR Sanyo Main Line  
 No. of residences: 77  
 Occupancy date: Slated to start late February 2021



**Le JADE Suma Myohoji Ekimae (Hyogo)**

Location: Kobe-shi, Hyogo  
 Access: 1-minute walk from Myohoji Station on Kobe Municipal Subway Seishin-Yamate Line  
 No. of residences: 40  
 Occupancy date: Slated to start late March 2021



**Le JADE Senri Aoyamadai (Osaka)**

Location: Suita-shi, Osaka  
 Access: 17-minute walk from Kita-Senri Station on Hankyu Senri Line  
 No. of residences: 152  
 Occupancy date: Slated to start late March 2021



**Le JADE Yamato-Takada Ekimae (Nara)**

Location: Yamato Takada-shi, Nara  
 Access: 3-minute walk from Yamato-Takada Station on Kintetsu Osaka Line  
 3-minute walk from Takada Station on JR Sakurai-Wakayama Line  
 No. of residences: 205  
 Occupancy date: Slated to start late May 2021

- Suita-shi Furuedai 5-chome Project (Osaka)
- Sumiyoshi-ku Minami-Sumiyoshi 2-chome Project (Osaka)
- Tennoji-ku Katsuyama Project (Osaka)

- Amagasaki-shi Mukonosohonmachi Project (Hyogo)
- Takatsuki-shi Besshonakanacho Project (Osaka)
- Ibaraki-shi Higashichujocho Project (Osaka)

- Nagoya-shi Higashi-ku Shirakabe I, II Project (Aichi)  
 (Shirakabe I Project conducted jointed with Chuden Real Estate)

## Kanto (Tokyo Metro) Area



[Provisional name] Kamakura Zaimokuza Project (Kanagawa)

Location: Kamakura-shi, Kanagawa  
 Access: 16-minute walk from Kamakura Station on JR Yokosuka Shonan-Shinjuku Line  
 10-minute walk from Wadazuka Station on Enoden Line  
 No. of residences: 31  
 Occupancy date: Slated to start July 2021

## FY2022

- Tennoji-ku Higashikozucho Project (Osaka)
- Suita-shi Senriyamanishi 6-chome Project (Osaka)
- Hirano-ku Hiranonishi Project (Osaka)
- Neyagawa-shi Uchiagetakatsukacho (Condominium) Project (Osaka)
- Minato-ku Shirokane Project (Tokyo)
- Tsukuba (Condominium) Project (Ibaraki)

# Commercial Development Business

We will develop tonarie brand neighborhood shopping centers (NSC) and redevelop and revitalize commercial facilities in operation in order to contribute to the development of local communities that are closely connected with people's daily lives and to help promote compact cities, local community creation, and regional revitalization.

We develop and operate neighborhood shopping centers (NSC) as a part of our commercial development business. We launched the tonarie brand of commercial facilities, and five such facilities are currently in operation. They are operated by ES-CON PROPERTY.

**Brand Concept**  
**Close to the community in order to develop together with the community**  
**Always a good neighbor**



tonarie Seiwadai (Kawanishi-shi, Hyogo)



tonarie Minamisenni (Suita-shi, Osaka)



tonarie Toga-Mikita (Sakai-shi, Osaka)

## tonarie Yamato-Takada (Yamato Takada, Nara) Project

After acquisition, dismantling and construction took place while the approximately 30 tenants (including a supermarket and other stores essential to the community) continued to operate.

Will promote the Le JADE Yamato-Takada Ekimae condominium and create a large-scale development project by enticing large specialty stores, among others.



tonarie Utsunomiya (Utsunomiya-shi, Tochigi)

We acquired a general merchandise store (GMS) from the high growth period that was over 40 years old from a major textile manufacturer in 2015. Even though it is directly connected to the train station in a relatively busy commercial area, the store sizes and aging facilities were a mismatch for current needs. (Photo of Oak Town Yamato Takada)



The tonarie Yamato-Takada neighborhood shopping center has opened. It has transformed into a facility that is sized to meet community needs and rooted in experience-based lifestyles, with 68 tenants opening on November 23, 2018. The center won a 2019 Good Design Award.

# Commercial Development Business

## Tsukuba (Tsukuba-shi, Ibaraki) Project

Seibu Tsukuba, a large-scale commercial facility in front of the station, closed in February 2017, and Aeon Tsukuba Ekimae closed in January 2018, so the area around the station is in need of urban development and revitalization. We acquired three facilities, CREO, Q't and MOG, and are currently promoting the integrated development of these facilities in the area around Tsukuba Station.



Tsukuba CREO (Tsukuba-shi, Ibaraki)



Tsukuba Q't (Tsukuba-shi, Ibaraki)



Tsukuba MOG (Tsukuba-shi, Ibaraki)



soyoca Fujimino (Fujimino-shi, Saitama)



KoLuTeNa I (Sapporo-shi, Hokkaido)



Daisen-nishi I, Sakai-ku, Sakai-shi (Sakai-shi, Osaka)



Oh! Me Otsu Terrace (Otsu, Shiga)

# Hotel Development Business

17 Development Projects (15 sold); Policy of Continued Development on Project Basis



Kayabacho, Nihonbashi  
Opened in December 2016  
102 rooms

Sold



Bakurocho, Nihonbashi  
Opened in April 2017  
63 rooms

Sold



Hiranomachi, Chuo-ku, Osaka-shi  
Opened in April 2017  
96 rooms



Sapporo-shi, Hokkaido  
Opened in July 2017  
144 rooms

Sold



Oyamamachi, Kanazawa-shi  
Opened in December 2017  
47 rooms

Sold



Minamisenba III, Chuo-ku, Osaka-shi  
Opened in January 2018  
100 rooms

Sold



Hayabusacho, Chiyoda-ku  
Opened in April 2018  
102 rooms

Sold



Horikawa Shinmachi, Kanazawa-shi  
Opened in April 2018  
121 rooms

Sold



Awajicho I, Chuo-ku, Osaka-shi  
Opened in May 2018  
168 rooms

Sold



Awajicho II, Chuo-ku, Osaka-shi  
Opened in June 2018  
168 rooms

Sold



Kitakyuhojimachi, Chuo-ku, Osaka-shi  
Opened in June 2018  
182 rooms

Sold



Tsurunocho, Kita-ku, Osaka-shi  
Opened in November 2018  
134 rooms

Sold



Nagahoribashi Ekimae  
Opened in December 2018  
96 rooms

Sold



Awajicho III, Chuo-ku, Osaka-shi  
Opened in February 2019  
184 rooms

Sold



Minamisenba I, Chuo-ku, Osaka-shi  
Opened in April 2019  
256 rooms

Sold



Nakasu, Hakata-ku, Fukuoka-shi  
Slated for April 2020  
103 rooms

Sold



Nishi-Shinsaibashi, Chuo-ku, Osaka-shi  
Slated for December 2020  
53 rooms

Sold

● Numbers of hotel projects

	Tokyo metropolitan area	Kinki region	Other	Total
Sold	3	9	3	15
Sales contract signed				0
Other		1	1	2
<b>Total</b>	<b>3</b>	<b>10</b>	<b>4</b>	<b>17</b>

# Logistics Business and Other Business

We launched the new LOGITRES brand of logistics facilities and developed its first project, LOGITRES Tojo. Land for the second project was acquired in October 2019 in the same area as the first project. We are also working to develop sites for logistics through our land readjustment business in Koga, Fukuoka Prefecture. As this is a candidate for our next core business, our current policy is to further strengthen these initiatives. We are also engaged in revitalization projects for lease condominiums, office buildings (project site acquired in Kudankita, Chiyoda-ku), and other properties and plan to actively carry out various development projects in order to establish our next core business as a general developer.

Logistics development business



LOGITRES Tojo  
(Kato-shi, Hyogo)

Large-scale urban development business



Fukuoka Kasuga Project  
(Kasuga-shi, Fukuoka)

## Land readjustment business

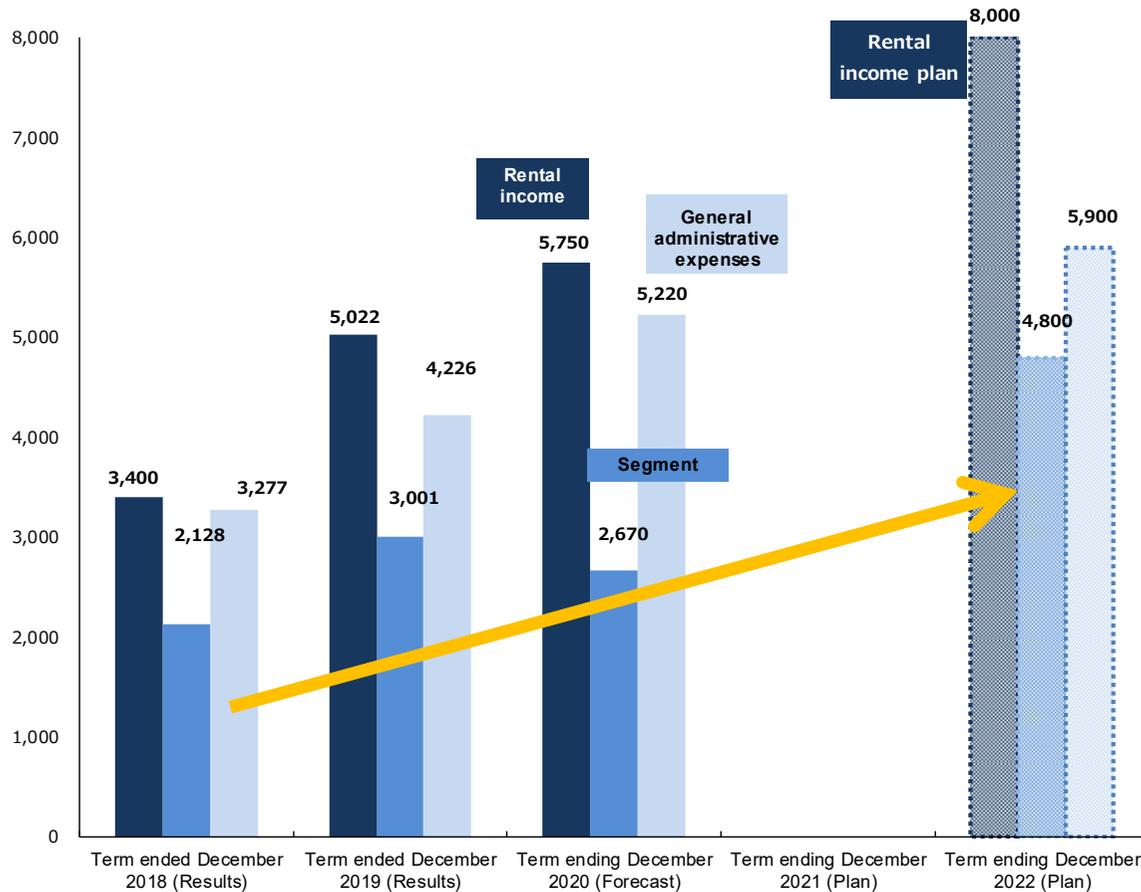


Koga Genboen Land Readjustment Project (Koga-shi, Fukuoka)  
▲: Aerial photo ▼: Current lot map, neighboring area, Genboen location map

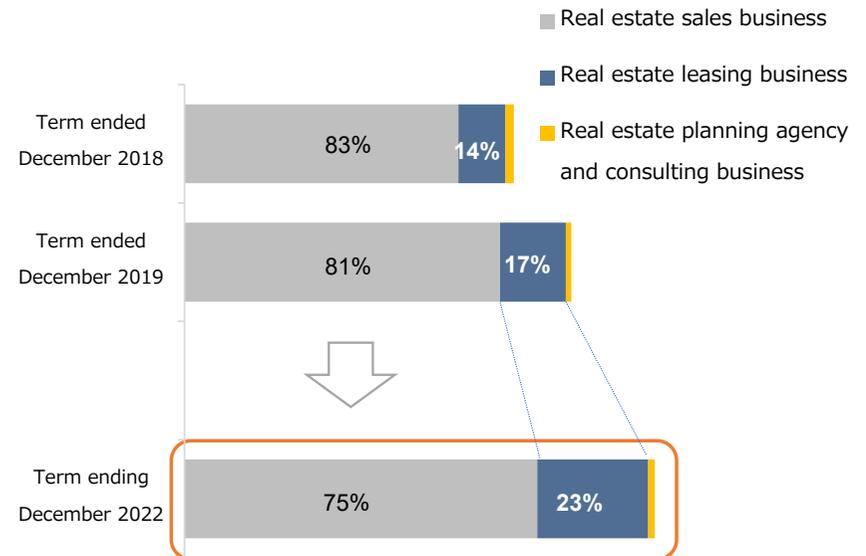


# Real Estate Leasing Business

We are strengthening the real estate leasing business through development and ownership of revenue-generating properties. A stock revenue structure is being established that can cover total general administrative expenses with rental income. There are prospects for covering general administrative expenses with segment profit from the real estate leasing business, and the coverage ratio for FY2022 has been set at **81%**.



- Strengthening real estate leasing business (stock revenue)
- Target ratio of segment profit from the real estate leasing business to overall segment profit set at **23%**



# Real Estate Leasing Business

Strengthening revenue from operation business

Strengthen the entire ES-CON JAPAN Group's stock revenue-generating capacity by expanding the operation business at group companies.



## ■ Strengthen asset management (AM) revenue

- Expand ESCON JAPAN REIT's asset size  
Increase in revenue with property acquisition Increase in revenue earned according to size of AUM
- Entrustment with AM from Chuden Real Estate  
In addition to properties held by warehousing function, potentially also properties acquired by Chuden Real Estate
- Promote other businesses  
Investment advisory and agency, real estate trust beneficial interest sales intermediary, etc.



## ■ Strengthen property management (PM) revenue

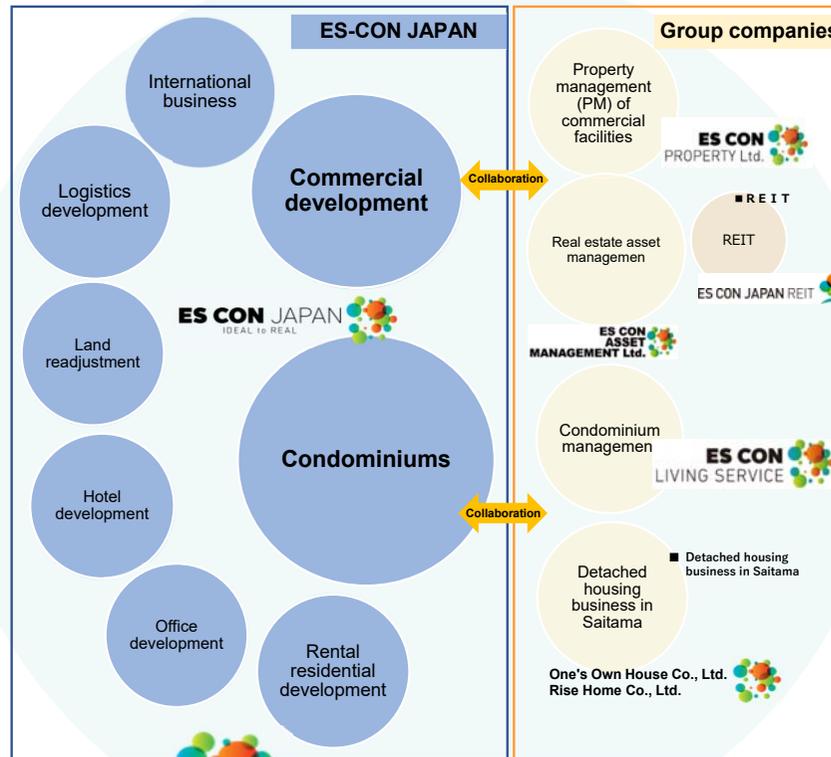
- Enhance consulting capabilities for commercial facilities  
Greater tenant mix and MD proposing capabilities
- Enhance leasing capabilities  
Expand potential tenants from community-based companies to national companies
- Expand business scope  
Insource building management (BM)
- Promote entrustment with outsourced operations
- Foray into peripheral operations  
Rental storage, store renovation consulting and advertising



## ■ Strengthen management revenue and operation capabilities

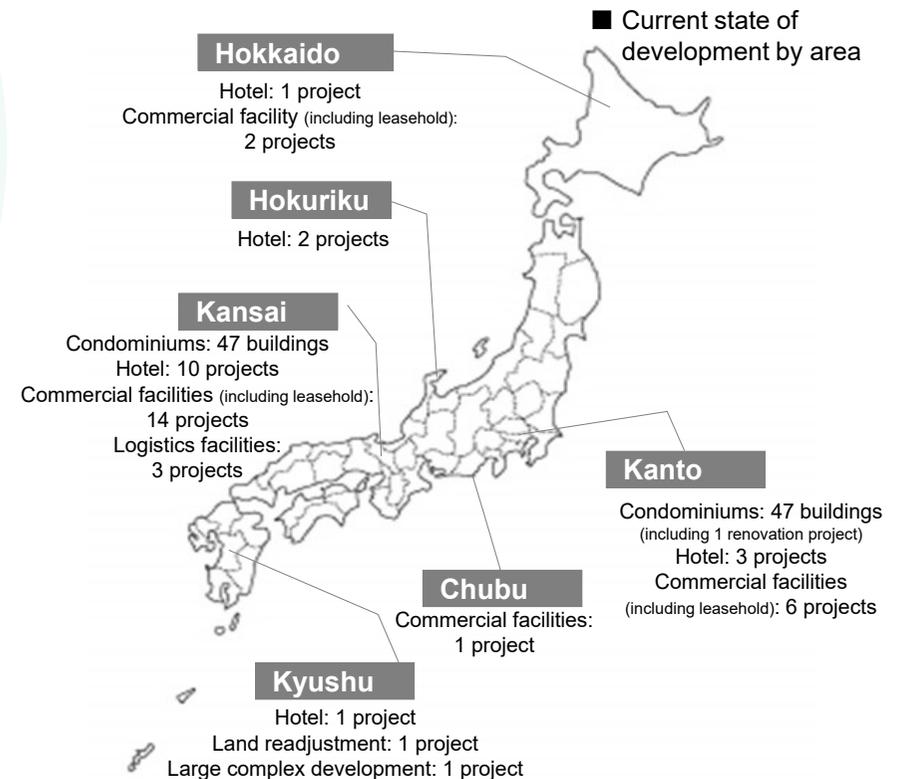
- Stable increase in number of units under management from entrustment with management of condominiums developed by ES-CON JAPAN
- Promote switch of existing properties managed jointly with other companies to sole management
- Strengthen services and reduce costs by insourcing manager operations
- Strengthen inflow of orders by enhancing scheduled repair and maintenance proposing capabilities
- Strengthen services for customers after they move in (renovation consulting, interior product sales, etc.)
- Establish restaurant business
- Foray into hotel operation business

# Strategic Business Expansion of ES-CON JAPAN Group



**The ES-CON JAPAN Group**

- Condominium units: approx. 10,834 units (approx. 8,656 units in Kansai; approx. 2,178 units in Kanto)
- Detached houses/housing land development: approx. 700 sections
- Commercial development etc.: Acquiring and developing properties throughout the country
- Hotel development: acquisition of land for over approx. 2,118 rooms Developing in Tokyo, Osaka, Hokkaido, Kanazawa, and Fukuoka
- Overseas business development: Investment in Hawaii real estate fund, participation in condominium development project in Thailand



## Comprehensive developer operating a multifaceted real estate business

We will maintain our focus on the Kansai region, which promises market vitalization thanks to the planned exposition, IR, etc.

We will focus on further growth in the enormous Kanto market.

Proactive deployment in the Chubu region through capital and business partnership with Chubu Electric Power Full-scale deployment in the Fukuoka region

Launching overseas business development to advance globally

## ESG Initiatives and Dividend Policy

# Addressing Social Problems by Promoting ESG

Contribution to the realization of a sustainable society

“Addressing social problems by promoting ESG” is positioned in the Third Medium-Term Management Plan (2020-2022) as one of our key management strategies.

In fiscal 2019, our environmental and sustainability initiatives were rated as exceptional in terms of “management and policy” and “execution and measurement,” and we were awarded the Green Star rating.\* In addition, we achieved the 2 Star rating in the GRESB rating system, which consists of five levels based on a relative assessment of the overall score. In the GRESB Real Estate Developer Assessment, we became the first operating company in Japan to acquire the Green Star and 2 Star ratings.



## ESG Initiatives

### E

#### Environment

- Promotion of ZEH-M (for condominiums)
- Conducting environmentally and socially friendly real estate research and development through industry-academia collaboration and collaboration with other industries
- Promoting the improvement of operational efficiency with IT and increasing the percentage of people of taking maternity leave, childcare leave and paid holidays



Le JADE Okurayama (Yokohama-shi, Kanagawa)

### S

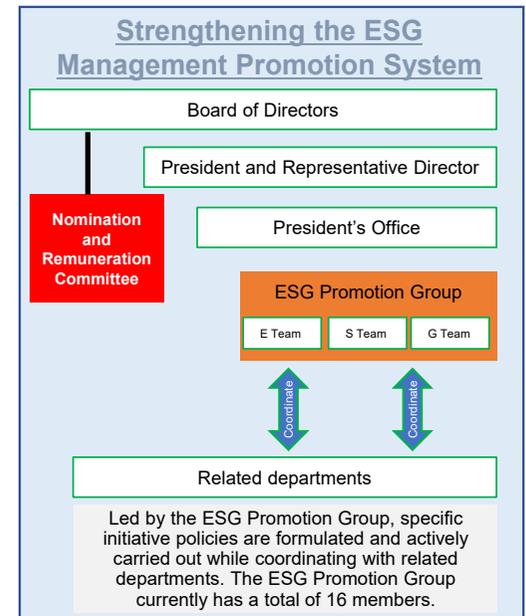
#### Social

- Contribution to regional revitalization and community creation through development of tonarie neighborhood shopping centers
  - Support for WT1 cancer vaccine research, a cancer immunotherapy
  - Promoting proactive recruitment and success of female employees, the elderly and people with disabilities
  - Naming rights acquired for the Hokkaido Nippon-Ham Fighters' new stadium; participation in urban development activities for the overall area
- \*See next page for details.

### G

#### Governance

- Conducting timely disclosure of business activities and management status
- Holding regular and emergency meetings of the risk management committee, and thoroughly reporting to the risk management committee in case of an emergency or when an emergency is likely to occur
- Establishment of Nomination and Remuneration Committee
- Succession plan (successor candidate system) initiatives



\* Absolute ratings are given to companies in two categories: “management and policy” and “execution and measurement.” The Green Star rating is then awarded to companies that have scored 50 or more in both categories.

# Addressing Social Problems by Promoting ESG

## Naming rights acquired for the Hokkaido Nippon-Ham Fighters' new stadium; new stadium named **ES CON FIELD HOKKAIDO**

We plan to be involved in various real estate development projects and contribute to urban development in the area, including a hotel, on an approximately 9,400 square-meter site adjacent to the stadium. We will also use this as an opportunity to take part in sports and cultural promotion initiatives and will contribute to the Hokkaido region's vitality and development.

<b>Contract period</b>	<b>Long-term contract of 10 years or more starting January 2020</b>
<b>Business partners</b>	<b>Hokkaido Nippon-Ham Fighters Baseball Club Co., Ltd. Fighters Sports &amp; Entertainment Co., Ltd.</b>
<b>Main rights</b>	<p><b>(1) New stadium naming rights and promotion rights</b>          → <b>Right to use logo, right to create video introducing the new stadium for publicity purposes and other design rights, right to put up outdoor advertising (including overseas), etc.</b></p> <p><b>(2) Development rights in the ballpark area as a business partner, etc.</b>          → <b>Right to acquire land in the ballpark area and conduct hotel business</b></p>

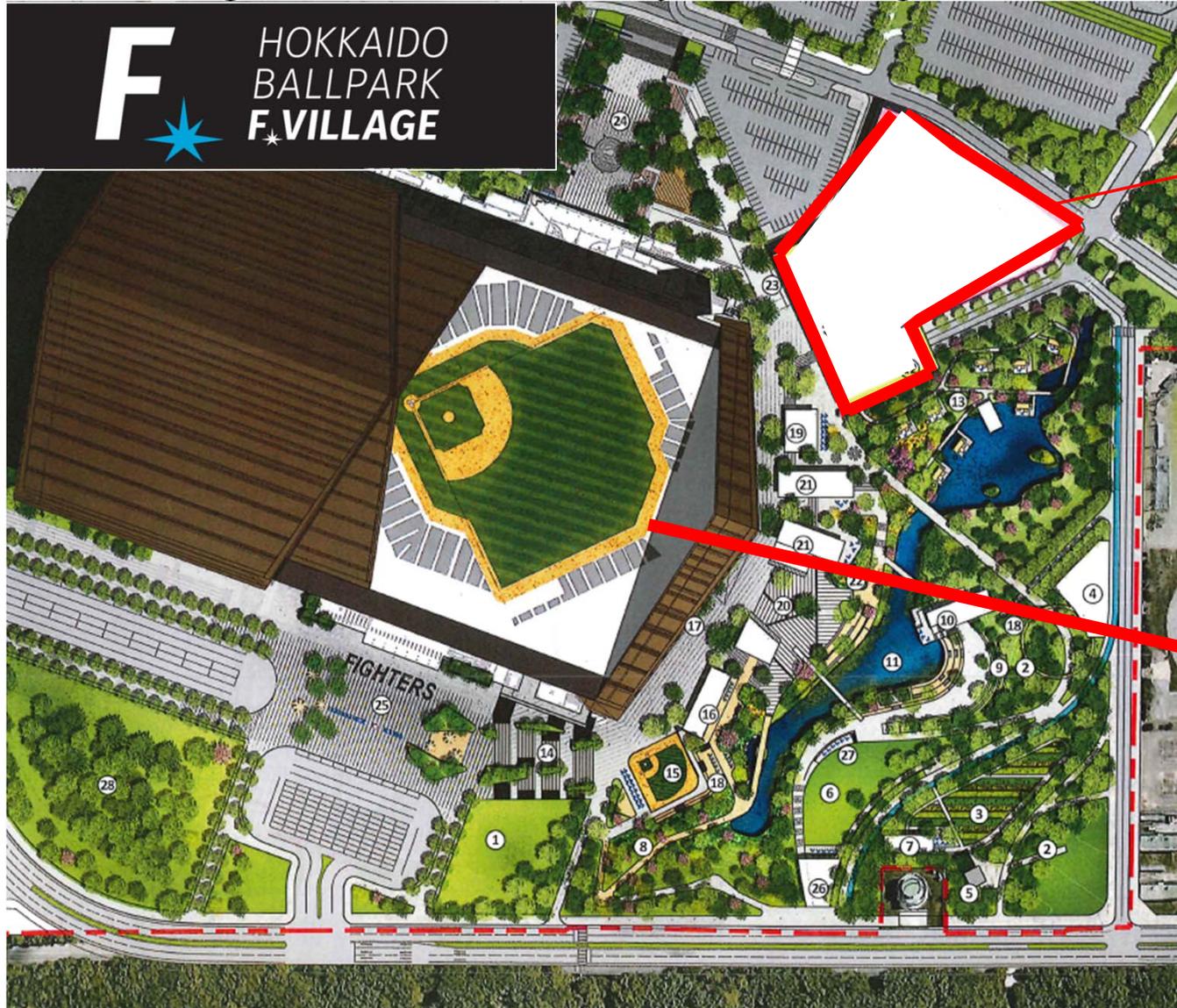


Simple, universal design with a **silhouette of the retractable roof** (the symbol of the new stadium) **accented by the seven-pointed star**, a symbol of Hokkaido



Rendering of new stadium when completed

# Addressing Social Problems by Promoting ESG



**F** HOKKAIDO  
BALLPARK  
\*F.VILLAGE

Planned site for  
hotel and other real  
estate development

We plan to be involved in various real estate development projects including a hotel and contribute to urban development on an approximately 9,400 square-meter site that is adjacent to the stadium (FVILLAGE).

→ We will take part in sports and cultural promotion initiatives and contribute to the Hokkaido region's vitality and development.

**ES CON FIELD**  
H O K K A I D O

# Dividend Policy

We will continue to provide a stable dividend, raise the transparency of future dividend levels, further strengthen returns to shareholders, and thereby work to raise sustainable corporate value.

<b>Dividend payout ratio</b>	<b>30% or higher</b>
<b>Dividend per share</b>	<b>Continue progressive dividend policy</b>
<b>Acquisition of treasury stock</b>	<b>Flexible action with reference to the total payout ratio</b>

## About the progressive dividend policy

Dividend trend	Second Medium-Term Management Plan IDEAL to REAL 2019			Third Medium-Term Management Plan
	Term ended December 2017 (23rd term)	Term ended December 2018 (24th term)	Term ended December 2019 (25th term)	Term ending December 2020 (26th term)
	Actual	Actual	Actual	Plan
Dividend (yen)	18	32	36	38
Dividend payout ratio	22.0%	30.2%	30.2%	30.6%
Acquisition of treasury stock (million yen)	449	-	40	
Total payout ratio	30.9%	30.2%	31.0%	

In principle, our dividend policy is to maintain or increase the dividend and not reduce it; the dividend per share (DPS) must be equal to or greater than the DPS for the previous term. The Company adopted this policy in conjunction with its announcement of the previous Medium-Term Management Plan (IDEAL to REAL 2019) in November 2016.

# Information

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