

IDEAL to REAL

ES-CON JAPAN Ltd. Integrated Report 2024



The ES-CON JAPAN Group Management Philosophy Framework

In November 2023, to ensure sustainable long-term growth come what may, the Group revised the framework of the management philosophy by taking a fresh look at the Group's social significance. United under the management philosophy framework, the basis of our business activities, the entire Group will work as a team to continue contributing to society and to ensure sustainable growth.

PURPOSE

—The Group's raison d'être in society and the value of its presence from society's perspective—

We create value rooted in the community, helping to bring about cherished cities and living environments in which residents can take pride. The value we create represents our contributions to society. Consequently, each of us seeks to realize original forms of self-actualization through that value. While designing an ideal future, we will be creating a new future, with the aim of being regarded as a unique, essential presence by all our shareholders.

IDEAL to REAL

—Bringing ideals into reality to create a new future—

VISION

—Our ideal shape for achieving our Purpose—

Lifeways Developer

To develop not just buildings but the lives of those who live in them, with their happiness in mind—this is the kind of lifeways developer we aspire to be. Through solutions proposed by cross-departmental teams made up of the best and brightest minds, we create a new prosperity unprecedented in the real estate industry, thereby connecting people with people and communities with the future.

PRINCIPLES OF ACTION

—Principles formulated to realize our Vision—

1. Provision of new value

We will use our information networks, planning ability, and product development expertise to tap the unlimited potential of real estate and to create new value that responds to every need of our clients.

2. Sustainability management

We will respond to various social challenges with precision and pursue scenarios in which our company and society can grow sustainably and side by side.

3. Growth and stability

Rather than pursuing volume and scale, we aspire to achieve high-quality growth based on a keen awareness of capital and cash efficiency. At the same time, we seek to build firm financial and operational foundations capable of accommodating a broad range of business risks.

4. Management awareness

We will strive to achieve a strong offense in management that is always one step ahead by ensuring that all Group employees are aware of management issues and by continuing to be a company that practices rapid decision-making.

5. Compliance

We will comply with all applicable laws, regulations, and societal norms both within and outside Japan; maintain a keen awareness of compliance and governance issues; take appropriate action as human beings; and form an organization with great bottom-up communication.

6. Gratitude

We will act at all times in ways that demonstrate our clear appreciation and respect for colleagues, whether within or outside the company. We will seek to build and maintain strong working relationships.

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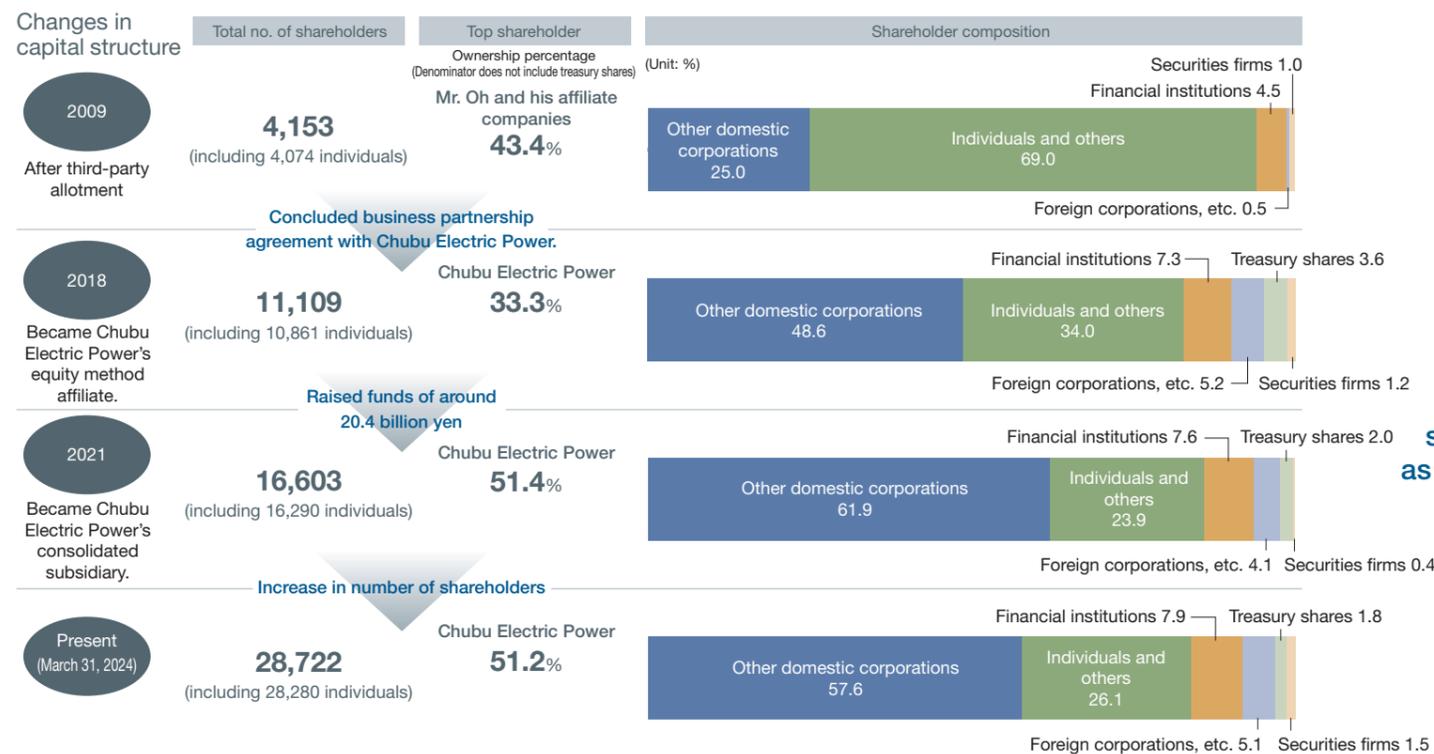
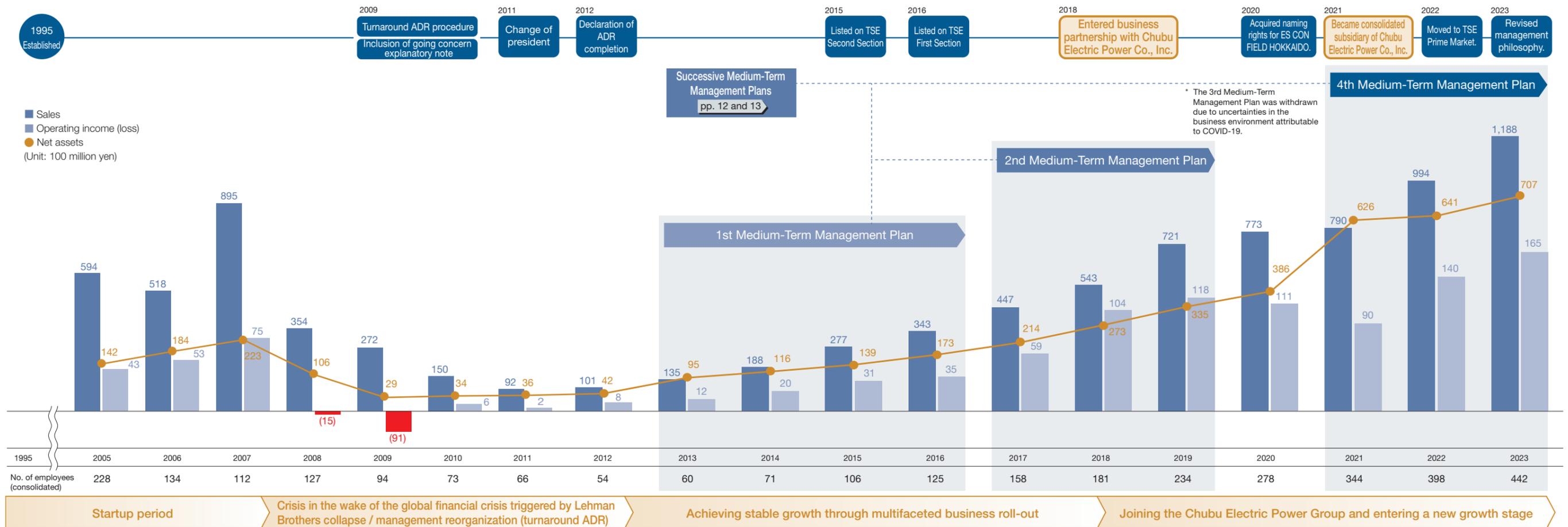
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Editorial Policy

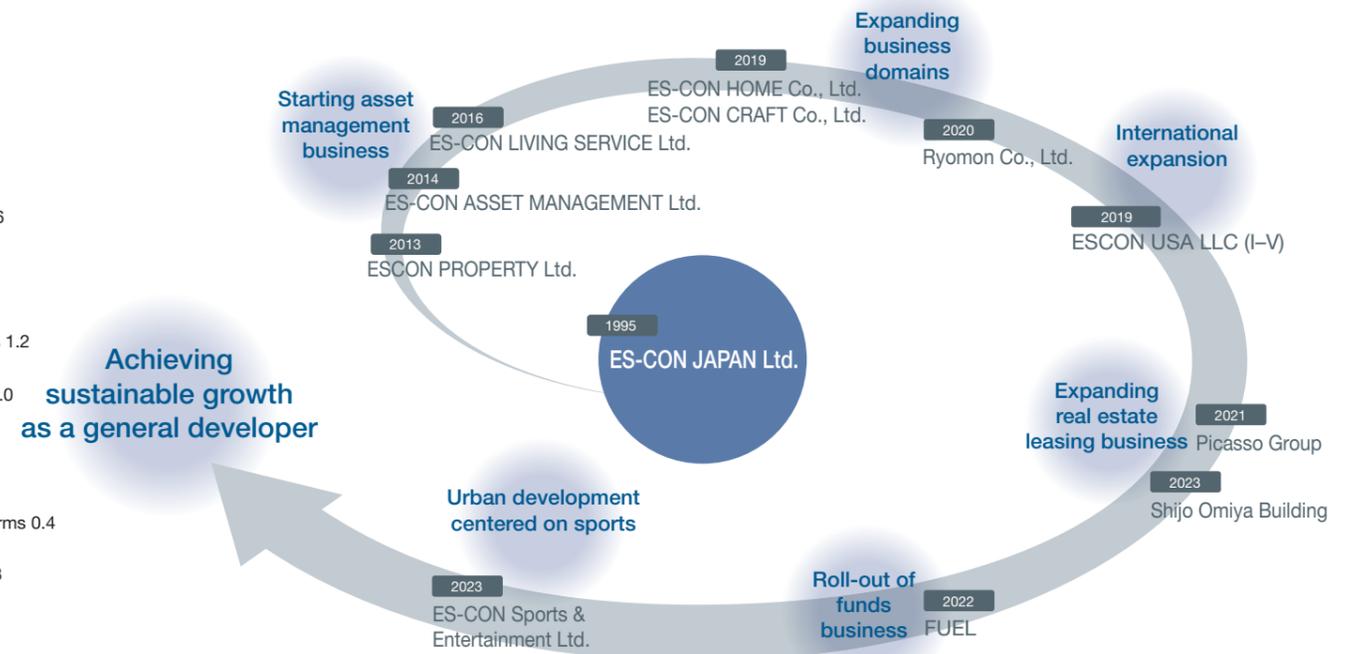
This integrated report has two main objectives: ① to report the business results for the relevant period as the yields from our business activities, and ② to help the reader understand the Group's sustainable growth process and the feasibility thereof. This report refers to various guidelines to provide all stakeholders, including shareholders and investors, with financial information and non-financial information in a structured manner to improve overall understanding of the Group and facilitate mutual dialogue.

- Published: September 2024
- Scope of coverage ES-CON JAPAN Ltd. and Group companies
- Reporting period Fiscal year ended March 31, 2024 (January 2023 to March 2024*) The report contains in part material information that does not correspond to the above period. * 15-month financial period in line with the change in accounting period

History of the ES-CON JAPAN Group



Expanding the ES-CON JAPAN Group



Expanding business domains (conceptual illustration)

Under the vision of “lifeways developer,” we have constantly sought to develop better products and services by emphasizing thorough product planning as a company committed to creating modes of life for our customers. With this outlook in mind, we have grown into a general developer that meets a diverse range of real estate needs, including not only condominiums but also commercial and logistics facilities and offices.

Growing into a general developer

Steadily expanding business domains

1995

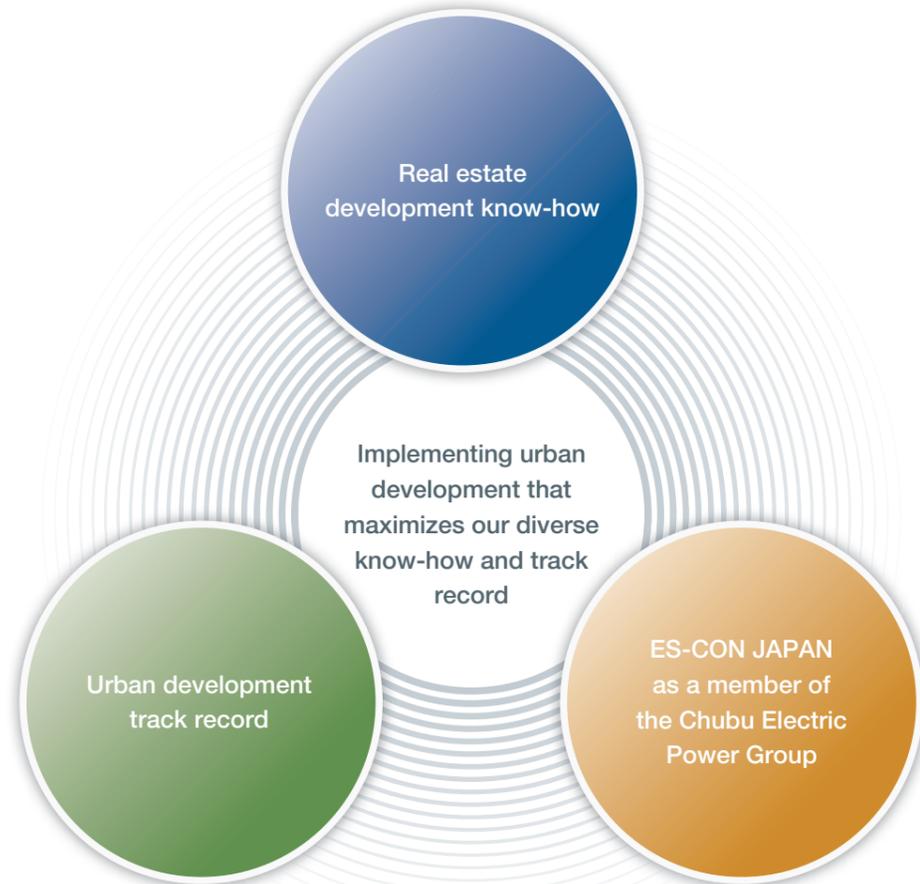
2024



Applying our combined development know-how in these domains to urban development [pp. 8 and 9](#)

Becoming a consolidated subsidiary of Chubu Electric Power in 2021 prompted us to accelerate our engagement in urban development, maximizing our development know-how and multifaceted business design capabilities as a general developer. Our work goes beyond merely constructing buildings. We aim to vitalize local communities by responding to changes over decades and continuing to enhance values of the place.

Our strengths in urban development



<p>Real estate development know-how</p> <ul style="list-style-type: none"> ● Various development capabilities as a general developer ● Track record of thorough product planning that don't chase volume ● Tripartite coordination capability (across divisions/companies) among land procurement, planning, and sales ● Rapid decision-making and execution made possible by field staff and the management working as one 	<p>Urban development track record</p> <ul style="list-style-type: none"> ● Track record of involvement in a number of multipurpose station square and other development projects in major regional cities ● Recent participation in urban development at Hokkaido Ballpark F Village <p>Topics</p> <p>To horizontally expand this urban development know-how nationwide, we established ES-CON Sports & Entertainment in 2023. Collaborating with Fighters Sports & Entertainment and DeNA, we have established a framework for accelerating urban development centered on sports across the nation.</p>	<p>ES-CON JAPAN as a member of the Chubu Electric Power Group</p> <ul style="list-style-type: none"> ● Acquisition of urban development projects that take advantage of Chubu Electric Power's diverse networks with local public bodies, etc. ● Energy management know-how (decarbonization approaches such as the use of renewable energy) ● The Chubu Electric Power Group's diverse communication support infrastructure functions
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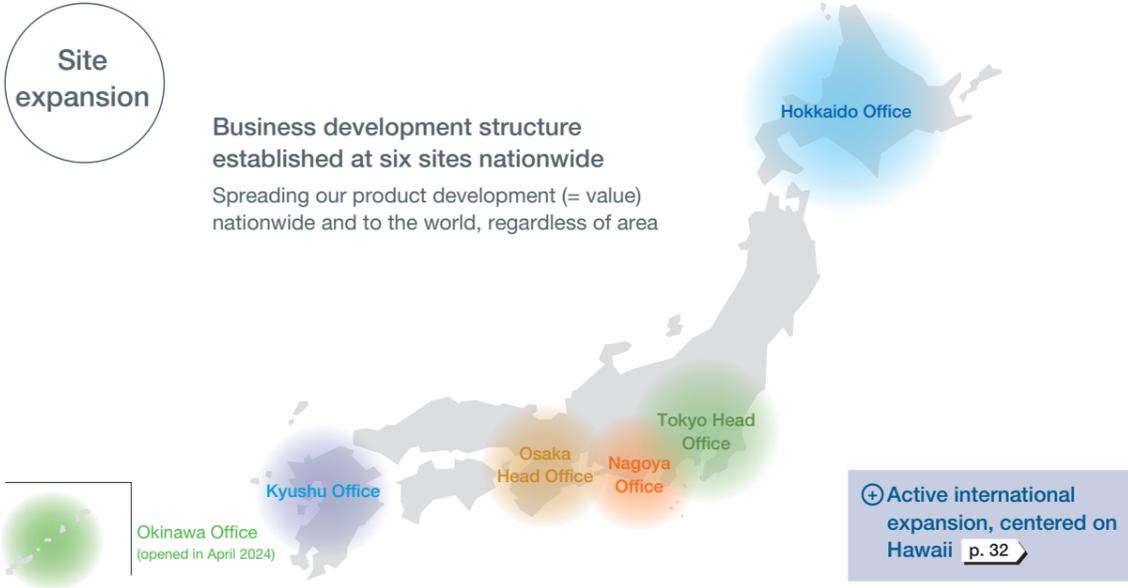
Urban development projects

<p>Urban development in Hokkaido</p>  <p>Development in F Village</p> <p>We participated in an urban development project around ES CON FIELD HOKKAIDO, the Hokkaido Nippon-Ham Fighters stadium, and developed condominiums, senior residences, a hotel, etc.</p>	 <p>JR Kitahiroshima Station West Area Vitalization Project</p> <p>In collaboration with the city of Kitahiroshima, we worked to improve and develop the area around Kitahiroshima Station, a key access point for the ball stadium.</p>
 <p>Tsukuba City, Ibaraki</p> <p>We participated in a multipurpose station square development project in front of Tsukuba Express Tsukuba Station, where a condominium building Le JADE Tsukuba Station Front and a complex called tonarie Tsukuba Square composed of commercial facilities and offices were constructed.</p>	 <p>Suita City, Osaka (TSUNAGU GARDEN Senri Fujishirodai)</p> <p>An urban development project (undertaken jointly with Chuden Real Estate) to develop residences and commercial facilities on a site previously occupied by the National Cerebral and Cardiovascular Center</p>

Site expansion

Business development structure established at six sites nationwide

Spreading our product development (= value) nationwide and to the world, regardless of area



⊕ Active international expansion, centered on Hawaii [p. 32](#)

ES-CON JAPAN is engaged in multifaceted real estate businesses, while centering on the condominium business, including the development of commercial facilities and logistics facilities and urban development, which is a combination of the condominium business and facility development. We have never stopped pursuing businesses that yield high added value. This is how we have arrived at where we are today. For the future of local communities and society, we are committed to creating a new future in accordance with our purpose, IDEAL to REAL, as an entity like no other for all our stakeholders.

IDEAL to REAL

—Bringing ideals into reality to create a new future—

INPUT

Management resources <small>As of March 31, 2024</small>	
Financial capital Ability to flexibly raise funds External ratings: “A+” (stable) from JCR “A” (stable) from R&I	Manufactured capital Real estate assets worth 375.8 billion yen
Social relation capital Vitalization of local communities (e.g., development of community-based commercial facilities “tonarie”) A total of over 14,000 condominium units supplied	Natural capital Development capabilities that make use of natural environments (e.g., development in Karuizawa and Hayama) Ability to drive forward eco-friendly development such as ZEH condominium development
Intellectual capital Multifaceted brand development (e.g., Le JADE, tonarie)	Human capital 442 employees on a consolidated basis including 192 real estate transaction specialists



DNA (Unchangeable values)
Important elements in working Credibility/trustworthiness, passion/hope, and endeavor/challenge
Important elements in business Social contribution, product development, and sensitivity to numerical values
Important elements in management Quick decision-making, pride in work, trust from stakeholders, and training of next generation management

Business Model

Evolution

Urban development

- Condominium business
- Real estate development business
- Real estate leasing business
- Asset management business
- Other business

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Business domains

Sustainability promotion

Materiality

- Harnessing diverse human resources
- Rigorous compliance
- Strengthening governance and risk management
- Promoting a decarbonized society
- Achieving a society characterized by well-being

[p. 35](#)

Deepening

Foundations for value creation

- Structure to yield synergies with the Chubu Electric Power Group**
- Implementation of joint projects
 - Achieving zero emissions and exploring sustainable new urban development
 - Personnel exchange
 - Promoting compliance coordinated between the Groups
- Taking initiatives to make workplaces more comfortable for employees, such as conducting an engagement survey

Multifaceted real estate development know-how

[pp. 6 and 7](#)

Urban development track record

[pp. 8 and 9](#)

External environment recognition

Positive aspects

- Steady economic expansion post-Covid
- Increase in disposable income from continuing revisions to wage levels
- Expanding development opportunities due to accelerated population concentration in urban areas
- Expanding businesses that target the wealthy
- Increase in new demand due to IT adoption at data centers, etc.
- Expanding hotel development opportunities due to increase in inbound demand

Negative aspects

- Rising interest rates
- Acceleration of declining birthrates and aging population
- Stagnation of local economies outside the Tokyo metropolitan area
- Growing concerns over geopolitical risks
- Increases in construction costs and other costs
- Labor shortages everywhere

OUTPUT

Main KPIs

Long-Term Vision 2030 <small>p. 14</small>	
[Financial] Quantitative indicators	
Ordinary income 30 billion yen (FY2030)	Real estate assets 1 trillion yen (FY2030)
[Non-financial] Quantitative indicators	
GHG reductions (vs. FY2022) -40% (FY2030)	
Female hiring ratio 35% or more continued	
Compliance training participation rate 100% continued	

5th Medium-Term Management Plan <small>p. 17</small>	
Financial results plan Operating income growth rate +10% each year	Safety Stock revenue / general and administrative expense coverage ratio 100% or more continued
Capital cost management Achieving ROE > Shareholder equity costs, and ROIC > WACC	Shareholder returns Maintaining a progressive dividend policy Dividends of at least 48 yen maintained

Successive Medium-Term Management Plans

Since the formulation of the 1st Medium-Term Management Plan in August 2013, the Company has steadily accomplished the formulated plans and achieved sustainable growth. We formulated the Long-Term Vision 2030 and the 5th Medium-Term Management Plan in March 2024, with which we will firmly address issues for our further sustainable growth, to ensure that our corporate value rises.

1st Medium-Term Management Plan “Make The One for 2016” FY12/2013 to FY12/2016

2nd Medium-Term Management Plan “IDEAL to REAL 2019” FY12/2017 to FY12/2019

4th Medium-Term Management Plan “IDEAL to REAL 2023” FY12/2021 to FY3/2024

* The 3rd Medium-Term Management Plan was withdrawn due to uncertainties in the business environment attributable to COVID-19.

Overview

Management strategies

- Maximizing corporate value and shareholder returns
- Establishing a robust management foundation resilient to adverse economic conditions

Action plans

- Expand business opportunities by leveraging synergetic effects produced through combination of residence development, commercial facility development, and property management businesses, in a bid to become a one-of-a-kind general real estate developer.
- In pursuit of products and product development chosen by customers, provide proposals that meet and exceed increasingly diverse customer needs following a customer-first philosophy based on a spirit of hospitality.
- Achieve transformation into a corporate group that ventures boldly into new business domains and establish a business entity resilient to market fluctuation risks through operations that account for the optimal balance of each business.
- Engage in concrete strategy planning and steady implementation for each business, thoroughly implement profit and loss management by each business segment, and build a robust organizational structure built on relationships of absolute trust between the business segments.

Results (Unit: million yen)	Final fiscal year of the 1st Medium-Term Management Plan (FY12/16)		
	Initial plan	Actual	Achievement rate
Net sales	18,500 to 22,500	34,347	○ 185.7%
Operating income	2,300 to 2,800	4,680	○ 203.5%
Ordinary income	1,700 to 2,100	3,575	○ 210.3%

Management indicators and shareholder return	Final fiscal year of the 1st Medium-Term Management Plan (FY12/16)		
	Initial plan	Actual	Difference
Equity ratio	30.0% or higher	23.6%	× -6.4 points
ROE	12.0% or higher	25.1%	○ 13.1 points
ROIC	5.8% or higher	6.5%	○ 0.7 points
Shareholder return	Payout ratio 24% or higher	Payout ratio 25.5%	○ 1.5 points

Overview

Management strategies

- Maximizing corporate value and shareholder returns
- Establishing a robust management foundation resilient to adverse economic conditions
- Establishing diversity in businesses to achieve continued and stable growth
- Building robust business foundations (achieving quality) in place of expanding company size (achieving quantity)
- Fulfilling corporate social responsibilities and returning profits not just to shareholders, but to all stakeholders and to society

Action plans

- Further strengthen our core businesses.
- Enhance corporate value through diversification of multiple core businesses.
- Secure long-term stable stock revenue by aggressively expanding the real estate leasing business.
- Expand the real estate sales business through stable supply of high-quality properties as a main sponsor of a listed REIT.
- Expand the breadth and depth of our real estate development capabilities by enhancing our real estate operating business.
- Enhance corporate brand power.
- Promote ESG to create new value and achieve sustainable growth.

Results (Unit: million yen)	Final fiscal year of the 2nd Medium-Term Management Plan (FY12/19)		
	Initial plan	Actual	Achievement rate
Net sales	60,000 to 62,000	72,106	○ 120.2%
Operating income	8,200 to 9,500	12,912	○ 157.5%
Ordinary income	7,200 to 8,500	11,810	○ 164.0%

Management indicators and shareholder return	Final fiscal year of the 2nd Medium-Term Management Plan (FY12/19)		
	Initial plan	Actual	Difference
Equity ratio	33.0% to 35.0%	25.3%	× -7.7 points
ROE	18.0% to 21.0%	26.8%	○ 8.8 points
ROIC	7.0% to 9.0%	7.5%	○ 0.5 points
Shareholder return	Dividend per share At least 14 yen (Progressive dividend policy)	36 yen	○ -

Overview

Basic policy

- [Transformation]
- Proactive investment in long-term revenue-generating real estate and improving the balance sheet structure
 - Shift from flow-oriented management to stock-oriented management
- [Rapid progress]
- Developing synergies within the Chubu Electric Power Group
 - Achieving net sales of 110 billion yen and operating income of 16 billion yen (final fiscal year of the Plan)

Management strategies

- Transformation to a lasting and stable revenue structure
- Stable growth of existing core businesses
- Nurturing new businesses into core businesses
- Taking on new business domains
- Strengthening synergies within the ES-CON JAPAN Group
- Expanding sites centering on five urban areas
- Strengthening synergies within the Chubu Electric Power Group
- Promoting ESG

Results (Unit: million yen)	Final fiscal year of the 4th Medium-Term Management Plan (FY3/24)		
	Revised forecast (*)	Actual	Achievement rate
Net sales	120,000	118,861	△ 99.1%
Operating income	18,000	19,074	○ 106.0%
Ordinary income	15,500	16,585	○ 107.0%

Management indicators and shareholder return	Final fiscal year of the 4th Medium-Term Management Plan (FY3/24)		
	Revised forecast (*)	Actual	Difference
Equity ratio	20.0%	18.1%	△ -1.9 points
ROE	15.0%	14.5%	△ -0.5 points
ROIC	4.0%	3.6%	△ -0.4 points
Shareholder return	Dividend per share At least 48 yen (Progressive dividend policy)	48 yen	○ -

(*) Figures for the 15-month period that take into account the change in accounting period
(*) ROIC: Return on investment capital = Net operating income after tax / (Shareholders' equity + Interest-bearing debt)

Issues to overcome to achieve sustainable growth (Remaining issues)

Human resources development

- Moving forward with the development of next-generation management (Further acceleration of a succession plan)
- Focusing on the development of new graduate employees
- Changing the Company into one where everyone works with vitality

Number of employees on a consolidated basis



Strengthening synergies within the Chubu Electric Power Group

- Achieving zero emissions and exploring sustainable new urban development
- Promoting active personnel exchange
- Promoting businesses unconstrained by current frameworks



Thorough compliance

- In March 2023, the Compliance Code of Conduct was revised and the Compliance Declaration established.
- In November 2023, the framework of the management philosophy was revised and compliance was specified in the action principles.
- Rigorous compliance was also specified as a materiality item in March 2024 to be addressed as one of the Company's key issues.
- Beyond mere compliance with laws and regulations, we will continue to act in the right way as individuals and create an open organization from the bottom up.

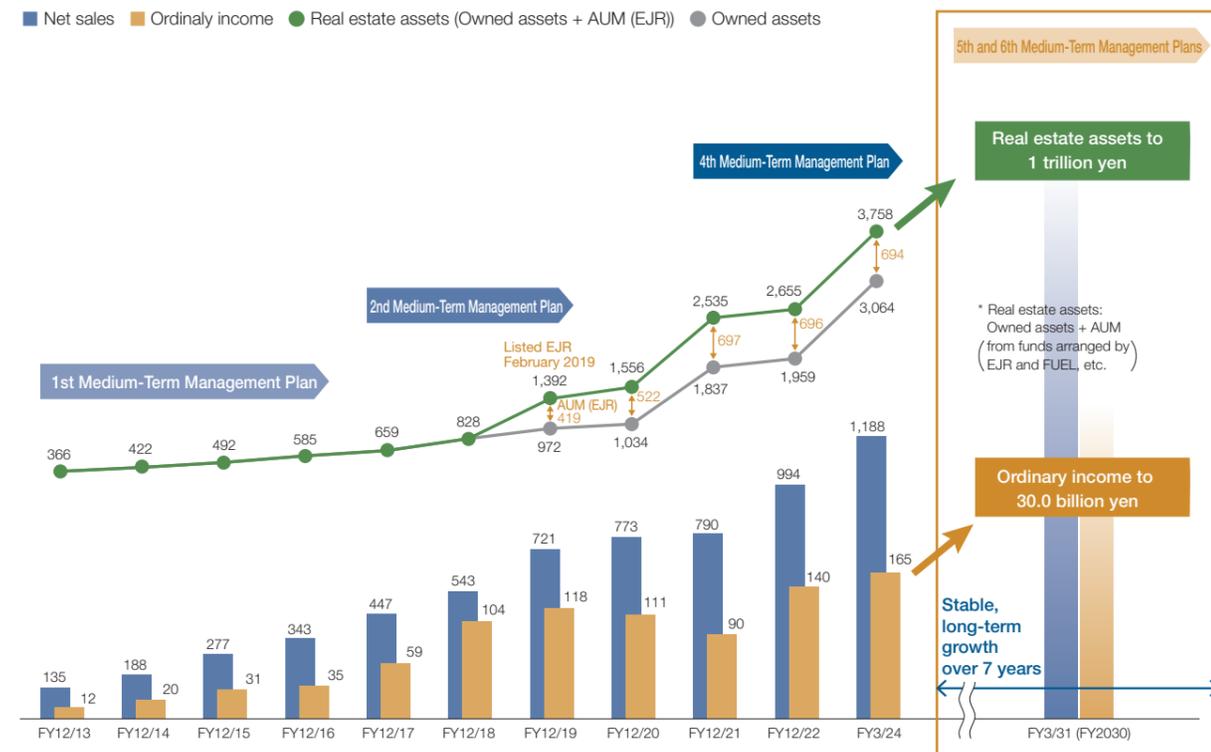
Long-Term Vision 2030 / 5th Medium-Term Management Plan

In March 2024, we formulated the Long-Term Vision 2030 and the 5th Medium-Term Management Plan, as guidelines and strategies to continue sustainable and long-term growth.

Positioning of the Long-Term Vision 2030 and 5th Medium-Term Management Plan

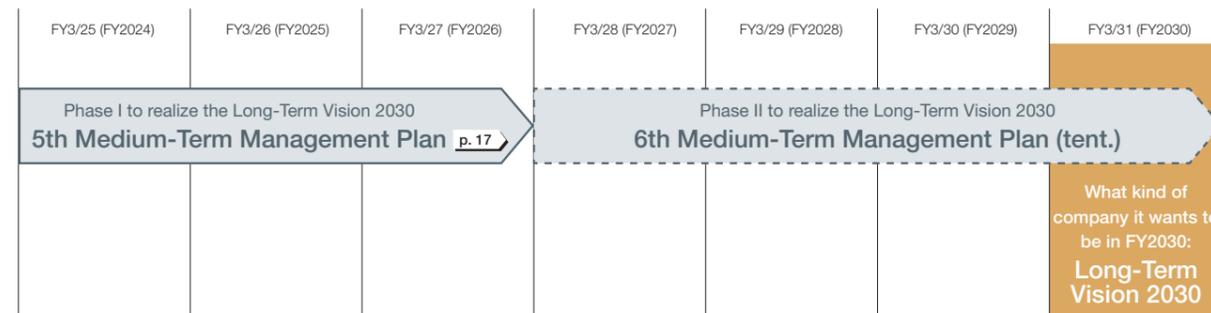
Financial results trends (Unit: 100 million yen)

Since the 1st Medium-Term Management Plan, we have continued to increase revenue in a stable manner. Under the Long-Term Vision 2030 and 5th Medium-Term Management Plan, we will continue working to steadily raise corporate value.



* The 3rd Medium-Term Management Plan was withdrawn due to uncertainties in the business environment attributable to COVID-19 (July 2020).
 * Owned assets: Inventories (real estate for sale, real estate for sale in process) + property, plant and equipment
 * The AUM of EJR is the total of book values (as of the end of each fiscal year).

Seven-year timeline to FY2030

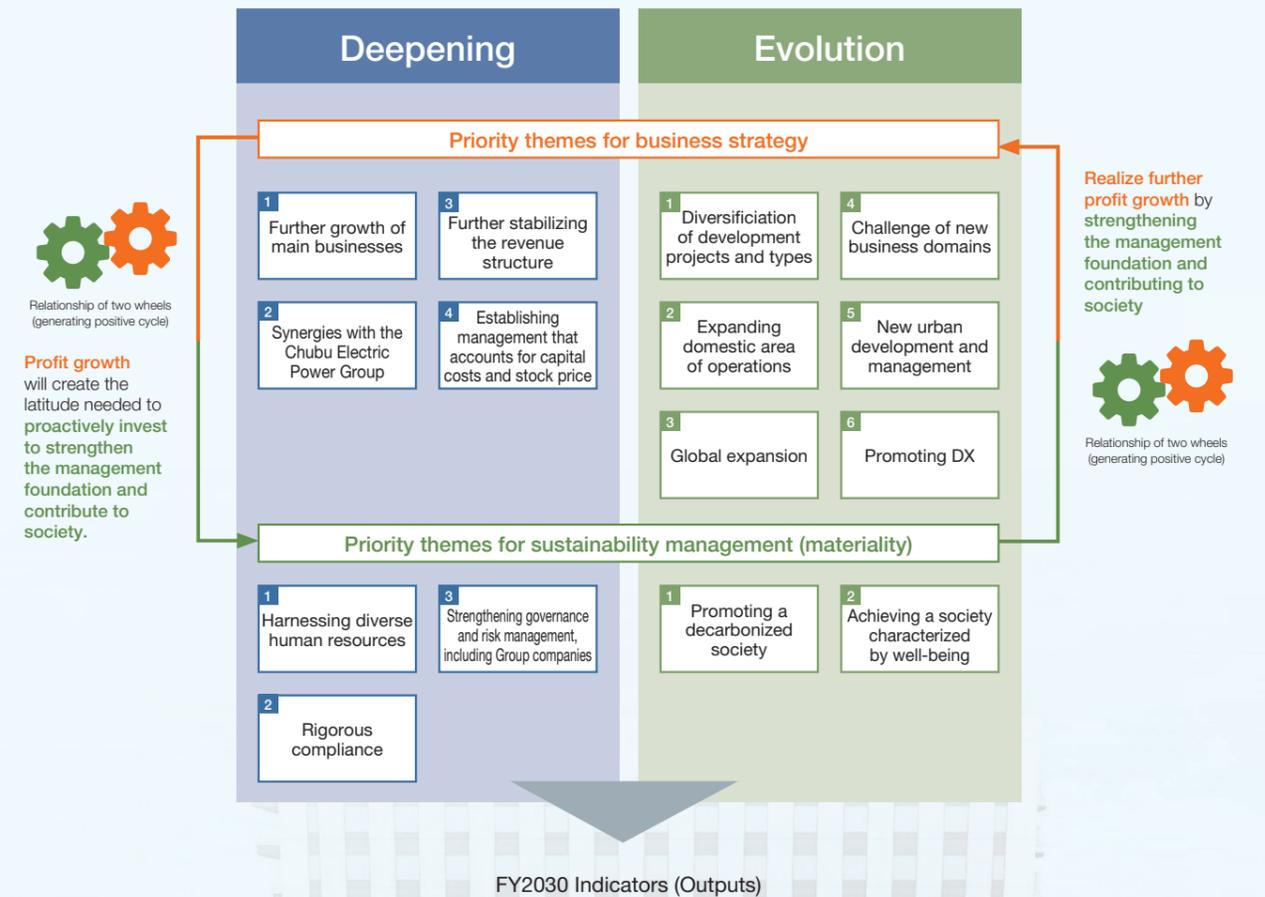


System of management philosophy (permanent) Purpose: Ideal to Real, Vision: Lifeways developer, Action principles

Long-Term Vision 2030

Targeted direction

We have set two axes of “deepening” and “evolution” for priority themes for business strategy and sustainability management and will promote various initiatives.



Ordinary income 30.0 billion yen Real estate assets 1 trillion yen

* Real estate assets: Owned assets + AUM from funds arranged by EJR and FUEL, etc.

We will generate a positive cycle on the two wheels of business strategy and sustainability management and raise true corporate value not indicated by financial indicators alone.

Priority themes for business strategy

We will promote initiatives based on both themes of deepening and evolution to achieve ordinary income of 30.0 billion yen and real estate assets of 1 trillion yen in fiscal 2030.

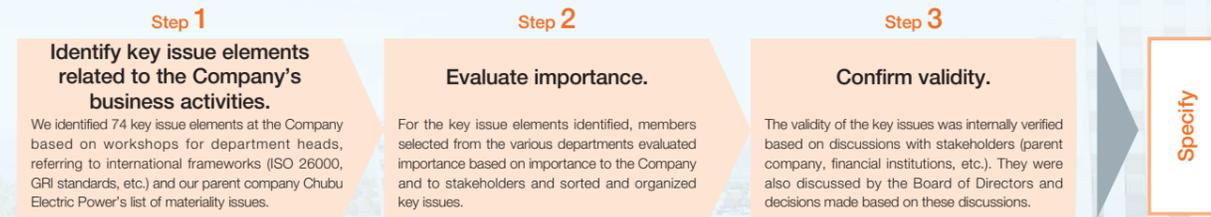
Priority themes for business strategy (targeted direction and initiatives)

Deepening	1 Further growth of main businesses Continue providing quality products and services; meet the latent customer needs. <ul style="list-style-type: none"> Supply quality condominiums. Acquire, develop, and operate commercial facilities. Continue station square development and urban development. Diversify exit strategies. 	3 Further stabilizing the revenue structure Build management base capable of withstanding any economic environment. <ul style="list-style-type: none"> Further strengthen stock revenue in order to cover general and administrative expenses. Diversify fund-raising methods.
	2 Synergies with the Chubu Electric Power Group Maximize use of group resources, including technologies, personnel and know-how. <ul style="list-style-type: none"> Utilize energy management methods and the latest digital technologies. Cooperate in multiple domains, including education, medicine, health, culture, and sports. 	4 Establishing management that accounts for capital costs and stock price Promote capital efficient management to raise corporate value. <ul style="list-style-type: none"> Achieve ROE, ROIC above shareholder capital costs and WACC. Achieve profit growth that meets shareholder expectations.
Evolution	1 Diversification of development projects and types Even in a society with a decreasing population, secure diverse business options and flexibility. <ul style="list-style-type: none"> Expand real estate development business beyond condominiums. Expand business with an investment cycle. 	4 Challenge of taking on new business domains Leverage existing know-how in the real estate business to develop business for the next generation. <ul style="list-style-type: none"> Expand non-asset business. Further growth of projects already invested in Develop STO*. *STO: Security token
	2 Expanding domestic area of operations Expand business throughout Japan. <ul style="list-style-type: none"> Build nationwide domestic business development system by increasing sites. 	5 New urban development and management Creating local communities <ul style="list-style-type: none"> Next-generation urban development and town management through education, medicine, health, culture, and sports
	3 Global expansion Communicate ES-CON's development capability to the world. <ul style="list-style-type: none"> Quickly build our own development system overseas. Grow the overseas business into a pillar of revenue. 	6 Promoting DX Improve quality of products and services. Expand customer base. Increase operational efficiency.

Priority themes for sustainability management

- We regard sustainability management as one of two wheels for achieving sustainable growth for the Company and will promote initiatives energetically.
- We have recently designated materiality as key issues in sustainability management.

Materiality specification process



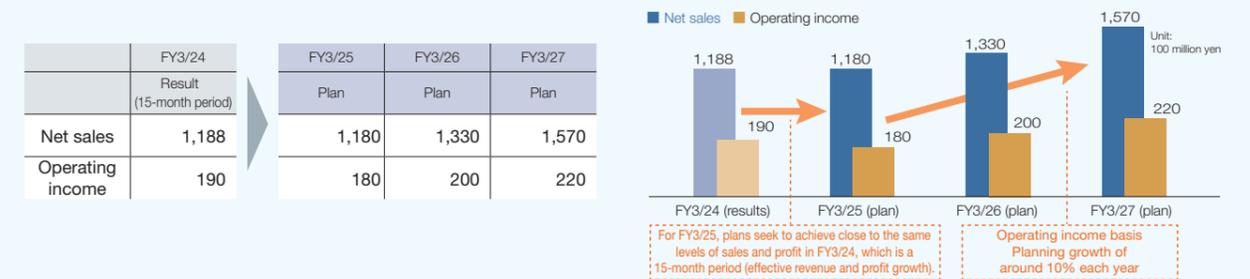
Priority themes for sustainability management (materiality: targeted direction and initiatives)

Deepening	1 Harnessing diverse human resources <ul style="list-style-type: none"> Secure and cultivate human resources to support business growth. Maintain environment that allows diverse human resources to thrive. Promote employee safety and health. 	2 Rigorous compliance <ul style="list-style-type: none"> Promote policies in collaboration with Chubu Electric Power. Top management declares a no harassment policy. Continued implementation of compliance training. 	3 Strengthen governance and risk management, including Group companies. <ul style="list-style-type: none"> Strengthen corporate governance system. Rigorous risk management
	1 Promoting a decarbonized society <ul style="list-style-type: none"> Promote ZEH condominium development. Make active use of renewable energy. Take action at the frontlines throughout the Group (raise and maintain employee awareness). 	2 Achieving a society characterized by well-being <ul style="list-style-type: none"> Contribute to the development of Kitahiroshima City by developing the area around ES CON FIELD HOKKAIDO. Promote smart cities utilizing digital technologies. 	

5th Medium-Term Management Plan

Financial results plan

Financial results plan: Plan equivalent net sales and profit next term in FY3/25 as in this term FY3/24 (effective increases in revenue and profit), followed by planning for to achieve stable increase in revenue and profit.



Investment plan

Make three-year cumulative investment of 250.0 billion yen during the 5th Medium-Term Management Plan. This is close to the level projected under the previous medium-term plan, when investments made more progress than expected.

	4th Medium-Term Management Plan (period of the previous medium-term plan)				5th Medium-Term Management Plan				Unit: 100 million yen
	FY12/21	FY12/22	FY3/24	Three-year cumulative A	FY3/25	FY3/26	FY3/27	Three-year cumulative B	
	Result	Result	Result	Result	Plan	Plan	Plan	Plan	
Total gross investment	976	375	1,249	2,600	610	770	1,120	2,500	5,100
Condominium development	192	176	276	644	200	200	250	650	1,294
Revenue-generating property development	57	122	408	587	200	300	500	1,000	1,587
Acquisition of revenue-generating property in operation	711	71	500	1,283	150	200	300	650	1,933
Overseas investment	7	4	55	66	50	60	60	170	236
Other	9	2	10	21	10	10	10	30	51
Recovered amount	48	65	104	217	284	308	417	1,009	1,226
Of which revenue properties	34	42	23	99	121	142	242	505	604
Net investment amount	928	310	1,145	2,383	326	462	703	1,491	3,874

Investment in Alia project p. 32

41.3bn yen compared to the previous medium-term plan; expand investment cycle-based business.
+10.4bn yen compared to the previous medium-term plan; further promote global expansion.

Management indicators

- Promote management that both maintains and improves safety by building up stock revenue*1 and maintains high capital efficiency.
- We will promote management that accounts for capital costs and stock price and work to raise shareholder value and corporate value.

	FY3/24	FY3/25	FY3/26	FY3/27
	Result	Plan	Plan	Plan
Stock revenue ratio *2	26.2%	30.4%	28.2%	30.0%
Stock revenue / general and administrative administrative expense coverage ratio (cash basis) *3	115.5%	119.0%	114.2%	116.8%
Equity ratio	18.1%	17.5%	17.6%	17.5%
ROE	14.5%	13.4%	13.9%	14.0%
ROIC *4	4.5%	3.4%	3.5%	3.6%

Continue to secure stock revenue with a target of 30%.
Continue to cover by 100% or more on a cash basis.
Proceed with investment plan with a target of around 17%.
Maintain high levels around 14%; engage in high-efficiency management.
Promote management that accounts for efficiency, making around 3.5% the target line.

*1 Stock revenue: Real estate leasing segment profit + asset management segment profit
*2 Stock revenue ratio: Stock revenue / total segment profit
*3 Stock revenue / general and administrative expense coverage ratio: (Stock revenue + real estate leasing segment depreciation + real estate leasing segment goodwill amortization) / (general and administrative expenses - general and administrative expense depreciation - overall goodwill amortization)
*4 ROIC: (Consolidated ordinary income + interest expenses - interest income - income taxes) / average of (interest-bearing liabilities + net assets) at the beginning and end of period

As an urban developer that brings prosperity to local communities, we aim to grow into not a large tree, but a celebrated tree.

The source of the development capabilities of ES-CON JAPAN, which pursues IDEAL to REAL

Since its foundation, ES-CON JAPAN has harbored a deep-rooted aspiration to become a company chosen by customers for its superior products rather than its sales capabilities. That aspiration moved me and made me join the Company 23 years ago. Since then, taking full advantage of the Company's development capabilities, I have driven forward the Company's urban development efforts, tied closely to local communities and daily life. My devotion to property development remains the same and it has been only getting stronger as growing numbers of like-minded fellows have joined.

The greatest strength of ES-CON JAPAN, which pursues its purpose IDEAL to REAL, lies in its employees' passion for and devotion to making customers truly feel "I have been dreaming of living like this" and "I have been thinking about living in this kind of town."

I believe the role of a developer needed in future society depends on how it can continue to create prosperity and engage with local communities, beyond simply developing buildings and their surrounding areas.

ES-CON JAPAN pursues each development project with land procurement staff, construction staff, and sales staff working as a team to maximize the value of each asset. In conducting any development project, we work free of the constraints of conventional notions and past bonds. Our efforts seek to create products that truly satisfy our customers in that specific region and site and to give form to their ideal modes of life by identifying potential needs and issues that have not been noticed. The source of our development capabilities lies in our full engagement with these efforts.

To make speedy and correct decisions for the Company, I always stay close to the front lines. I am fully committed to grasping all activities in the entire Company by, for example, holding weekly executive meetings to discuss all ongoing projects and share the status of performance indicators. Our strengths—the ability to execute and expedite—derive from this commitment and lead to development projects that can satisfy customers

and local communities. I believe that all such operations are possible because everyone at ES-CON JAPAN has a sense of management and shares a devotion to property development.

Establishing growth foundations supported by stable revenue to further evolve as a general developer

Next year will mark the 30th anniversary of ES-CON JAPAN. While its business performance has grown at a steady pace in recent years, the global financial crisis triggered by Lehman Brothers' collapse in 2008 successively drove emerging developers into bankruptcy and brought the Company to a critical status. Even when the turnaround ADR procedure initiated in 2009, we survived these adversities based on our conviction of the Company's significance in society, our good-faith conduct amidst difficulties, and the strong support of our various stakeholders. In 2012, we arrived at a point at which we were able to declare the completion of ADR. Thereafter, we took the time to reform management to focus on quality improvements in place of quantitative expansion. Stable growth ensued. In the preceding 4th Medium-Term Management Plan (from January 2021 to March 2024), we set the basic policy of pursuing Transformation and Rapid Progress. Under this plan, we bolstered the real estate leasing business and succeeded in switching from a revenue structure based on flow businesses centered on real estate development to a stable revenue structure based on stock businesses.

In 2018, we entered a business partnership with Chubu Electric Power Co., Inc. and became a consolidated subsidiary in 2021. Our urban development challenge has been multiplied by Chubu Electric Power's challenge of creating sustainable communities, beyond the framework of electricity. In addition, our fundraising capacity and credibility grew. The connection with Chubu Electric Power has enabled us to form the foundations required to grow into a leading developer in Japan capable of developing even larger projects across the nation.

In November 2023, we revised the framework of our management philosophy, which serves as the basis for business activities for all Group employees, based on a review of our DNA, employee

"The extent to which a developer is needed by society depends on its role of continually creating prosperity and engaging with local communities."

Takatoshi Ito

President and Representative Director

thoughts accumulated through the years, our goals, and our corporate culture. We continue to uphold IDEAL to REAL, which had been our corporate slogan, as our purpose. In addition, we set “lifeways developer” as our vision representing what we aspire to be. The purpose and vision reflect our desire to continue to serve as a general developer constructing not just buildings, but creating modes of life for customers.

Achieving the Long-Term Vision 2030 for sustainable and long-term growth

The outlook for the social environment has been uncertain due primarily to the unstable global situation, price hikes, and the global monetary tightening. In the meantime, people’s values and lifestyles have been changing amid the rapidly digitalizing society, the increasingly exacerbated environmental problems, and the SDGs aimed at creating a sustainable society. We aim to be a company that can grow sustainably over the long term under any social circumstances. In accordance with this aim, we formulated the Long-Term Vision 2030, for deepening of the existing businesses and the sustainability management and evolution of new initiatives. I believe the vision of achieving ordinary income of 30.0 billion yen and real estate assets of one trillion yen does not require us to immediately leap to those levels from the current ones, but only requires us to continue to steadily grow at a constant year-on-year pace.

In the 5th Medium-Term Management Plan, which corresponds to the first half period for the Long-Term Vision 2030, the business portfolio is divided into five segments, with the core businesses being the condominium business, real estate development business, and real estate leasing business. Under the plan, we will pursue growth and stability in a well-balanced manner. Going forward, the true worth of each developer will be questioned more severely as the population further decreases. While maintaining and enhancing financial security through further enhancement of stock businesses, we will promote management in which the capital efficiency is also secured through real estate development that suits customer needs and through facilitation of funds flow by diversifying exit strategies for revenue generating properties.

This business strategy, alongside sustainability management which we promote, amounts to two wheels on a shaft. In addition to ZEH condominiums and other eco-friendly real estate developments, we will promote a decarbonized society by more proactively applying know-how on energy management of Chubu Electric Power to our urban development.

Within the Company, we will continue to build foundations on which diverse human resources, including women, can shine and grow. Much remains to be done, including strengthening the corporate governance structure such as implementing compliance and risk management in collaboration with Chubu

Electric Power. Our ultimate goal is to enhance our true corporate value in ways that go beyond financial indicators.

A one-of-a-kind lifeways developer creating a world never before envisioned

While we operate our businesses in a multifaceted manner, we have three domains that function as growth engines.

The first is urban development, centered around entertainment, including sports. Even if digitalization advances, sports and entertainment cannot be replaced by AI and will continue to move the hearts of people. In December 2023, we joined with Fighters Sports & Entertainment Co., Ltd. (FSE) and DeNA Co., Ltd. (DeNA) in investment to establish ES-CON Sports & Entertainment Ltd. We have been working on a new form of urban development in Japan with a focus on sports and entertainment.

The second domain is SUIDEN RESORT based on the concept of agriculture, which we plan to roll out across the nation in partnership with a startup company called SHONAI, which engages in regional revitalization businesses. We intend to leverage this occasion to more actively develop and promote regional revitalization projects, which will attract visitors to local regions, support agriculture, and generate employment opportunities.

The final one is the expansion of the overseas business, which is important. At this time, we primarily invest in projects within the contiguous United States, Hawaii, and Thailand. Our goal is to expand the business by exploring strong overseas partners so that the overseas business can be profitable enough to become an independent segment.

Our ability to create, for customers and local communities, a world never before envisioned, constitutes the value of ES-CON JAPAN’s presence and our mission. The following are words we cherish and always keep in mind: “We will grow into a celebrated tree, not a huge tree.” These represent our desire to be a celebrated tree like no other that can be trusted by all stakeholders, not a huge tree based on the amount of capital and the company size. With this desire in mind, we will continue to grow as a lifeways developer creating urban areas where people live in prosperity and with peace of mind.



Chief Financial Officer Interview

Achieving the Long-Term Vision 2030 for corporate value and shareholder value enhancement, based on growth foundations backed by stable revenue

Minoru Nakanishi

Senior Managing Director
Head of Management Planning Division



Q1 Looking back on the results for the previous Medium-Term Management Plan

The source of the development capabilities of ES-CON JAPAN, which pursues IDEAL to REAL

The major precondition for the 4th Medium-Term Management Plan was that the announcement of this plan would be released alongside the decision to become a consolidated subsidiary of Chubu Electric Power. Becoming a subsidiary has truly benefitted us in various ways. During the last three years, we have seen our fundraising capacity and credibility definitely have grown.

Additionally, our revenue structure was improved under the basic policy: Transformation and Rapid Progress. In particular, by adding as subsidiaries the Picasso Group and Shijo Omiya Building Co., Ltd., which have a number of excellent real estate properties, we have secured stock revenue that is sufficient to stably cover the general administrative expenses. Given this stable foundation, we will focus on diversification and expansion as a general developer under the 5th Medium-Term Management Plan.

Q2 Management that accounts for capital costs and stock price

Pursuing quality growth based on an awareness of capital efficiency

Since the 1st Medium-Term Management Plan (formulated in August 2013), ES-CON JAPAN has continued to use ROE and ROIC as indicators for management targets in pursuit of quality growth based on a keen awareness of capital efficiency.

The 5th Medium-Term Management Plan maintains a management policy focused on investment efficiency (ROE and ROIC) and shareholder returns and sets as specific targets **ROE > Shareholder equity cost** and **ROIC > WACC**. **FIG. 1**

The shareholder equity cost is calculated differently from company to company. In our case, the beta-value observation period is 15 years. We deliberately use the relatively high beta value from the 15-year data to obtain **the shareholder equity cost (around 8.3%)**, always keeping in mind that ROE should exceed this value.

The ROIC target is to exceed **WACC (around 2.2%)**.

If interest rates increase in the future, our major challenge will be to continue to optimize our fundraising structure. While the Company has accounts at more than 70 financial institutions nationwide, we must continue to build better relationships with these institutions. I believe we must also build structures within the Company to facilitate the acquisition of various types of information from financial institutions.

FIG. 1 Management that accounts for capital costs and stock price under the 5th Medium-Term Management Plan

Basic thinking and initiatives

Achieving profit growth

Achieve **profit growth** that meets stakeholder expectations.

Awareness of capital efficiency

As specific indicators, promote management that accounts for **ROE > Shareholder equity cost, ROIC > WACC**.

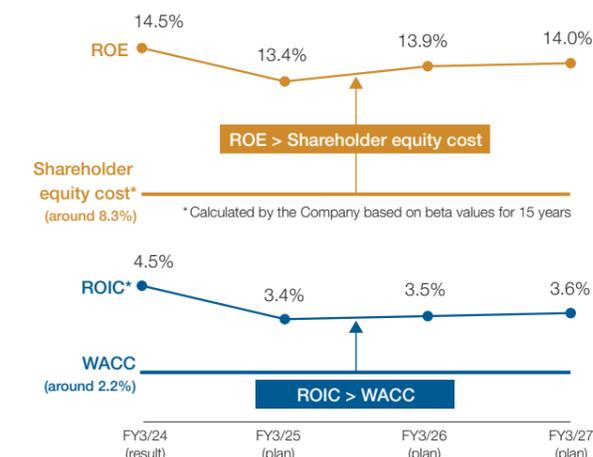
Active shareholder returns

Maintain a **progressive dividend policy** and implement **active shareholder returns** in the period of the 5th medium-term plan as well.

Constructive dialogue with shareholders and institutional investors

The representative director and director in charge of IR oversee and implement IR activities; disclose financial and non-financial information in English, etc.

Key indicators



* ROIC: (Consolidated ordinary income + interest expenses - interest income - income taxes) / average of (interest-bearing liabilities + net assets) at the beginning and end of period

Q3 Shareholder returns

Maintaining a progressive dividend policy and implementing effective dividend increases

We have adopted a progressive dividend policy for shareholder returns since the fiscal year ended December 2017. Having maintained a dividend per share of 38 yen since 2020, we raised

it to 48 yen, up 10 yen from the previous years, for the fiscal year ended March 2024 (a 15-month period). We plan to maintain the figure of 48 yen or more for the current fiscal year and into the future (12-month periods). This means that we will implement effective dividend increases. **FIG. 2** Furthermore, going forward, we intend to take proactive IR initiatives and provide information on ES-CON JAPAN directly to our shareholders and investors.

FIG. 2 Maintaining a progressive dividend policy (FY3/25: Planning for a dividend of 48 yen)

Make the previous year's dividend per share (DPS) the lower limit of the dividend per share (DPS) and in principle we have a dividend policy of never lowering the dividend; of maintaining or raising it each year.

Trends in dividends and payout ratio



Q4 Subsequent financial policy

With an emphasis on cash flow, pursuing robust financial foundations to support aggressive management

ES-CON JAPAN is steadily growing at this time. In 2008, at the time of the global financial crisis triggered by the Lehman Brothers collapse, we came close to bankruptcy. This bitter experience redoubled our commitment to take every step needed to avoid such circumstances in the future. Under the 5th Medium-Term Management Plan, we will pursue management with an emphasis on cash flow and needless to say securing a stable revenue foundation. Going forward, our businesses are grouped into five segments and three core segments: the condominium segment, real estate development segment, and real estate leasing segment. Each of these core segments will be structured to earn 30% profits. To achieve this goal, we will strive to add extra value to our properties, make further efforts to strengthen management and leasing, and highlight the strengths of these segments, thereby constantly ensuring a positive net cash flow from operations, excluding a decrease or increase in inventories.

In July 2024, we issued unsecured bonds with a change of control

clause (allowing investors to request early redemption if the parent company is changed). **FIG. 3** This was intended to enhance our fundraising capacity and to accelerate growth. While interest rates have long been low, the real estate market is expected to shrink if interest rates rise. Believing that market adjustment phases generate opportunities, we will strive to build robust financial foundations that enable a shift to aggressive management.

FIG. 3 First unsecured bonds with early redemption option (with limited inter-bond pari passu clause)

Total amount of issue	7,400 million yen
Denomination per bond	100 million yen
Coupon rate	1.488% per annum
Issue price	100 yen for 100 yen of the amount of each bond
Amount to be redeemed	100 yen for 100 yen of the amount of each bond
Pay-in date	July 19, 2024
Maturity date	July 19, 2029
Use of proceeds	Working capital for expansion of domestic and overseas development projects
Coupon payment dates	January 19 and July 19 of each year
Lead managing underwriters	Mizuho Securities Co., Ltd., SMBC Nikko Securities Inc., Daiwa Securities Co. Ltd.
Assistant bond administrator	Mizuho Bank, Ltd.
Book-entry transfer institution	Japan Securities Depository Center, Inc.
Rating acquired	A+ (Japan Credit Rating Agency, Ltd.)

Q5 Achieving long-term, sustainable growth

Achieving the Long-Term Vision 2030 based on growth foundations backed by stable revenue

In the Long-Term Vision 2030, we made a deep dive into our existing businesses and sustainability management from the perspectives of “deepening” and “evolution,” and have defined priority themes for business strategy in a broad range of aspects, including the diversification of project types and the challenge of taking on new business domains. To be honest, in the real estate business, it is difficult to have a long-term vision as compared with a medium-term vision as in the Medium-Term Management Plan for three years because projects take a long time to complete. However, we have nearly completed building the management foundations that will make it possible for us to achieve stable profits, even if the social environment changes. So, we have set as our targets for fiscal 2030 ordinary income of 30.0 billion yen and real estate assets of one trillion yen in the Long-Term Vision 2030. Our policy is to strengthen the foundations that will make it possible to maintain sustainable long-term growth in any environment. This is a commitment both to ourselves and to our stakeholders.

Q6 Realizing the purpose of ES-CON JAPAN

Pursuing IDEAL to REAL to create lives of true value

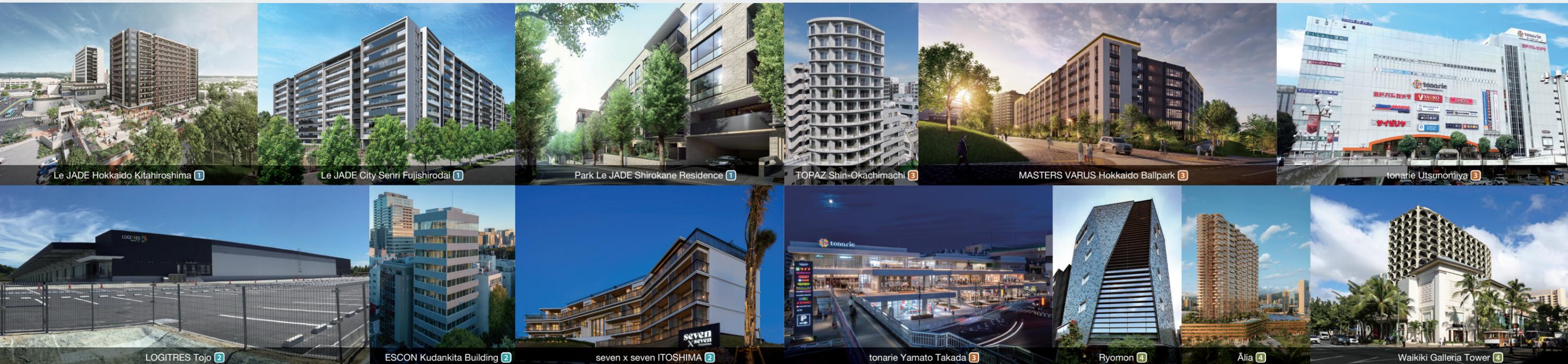
Going forward, ES-CON JAPAN will pursue a wide range of businesses, including high-value-added real estate development, urban development centered around sports, regional revitalization that finds value in Japanese agriculture, and overseas development. What all these have in common is that they are developments that embody our IDEAL to REAL purpose of creating real estate of true value for society rather than pursuing short-term gains such as size and quantity. We believe such developments will build robust foundations for our survival and further growth, even in times of uncertainty.

Lastly, for ES-CON JAPAN to remain a developer capable of creating real estate of value for society, it will be vital for ES-CON JAPAN's employees to be motivated and capable of providing value to society. We will continue to strengthen ES-CON JAPAN's unique training systems, in which people nurture people, covering OJTs and exchanges beyond job categories and sections. We hope you will continue to support us and look forward to our further growth.



At a Glance

We are rolling out businesses to meet real estate needs in every aspect with the condominium business at the core.



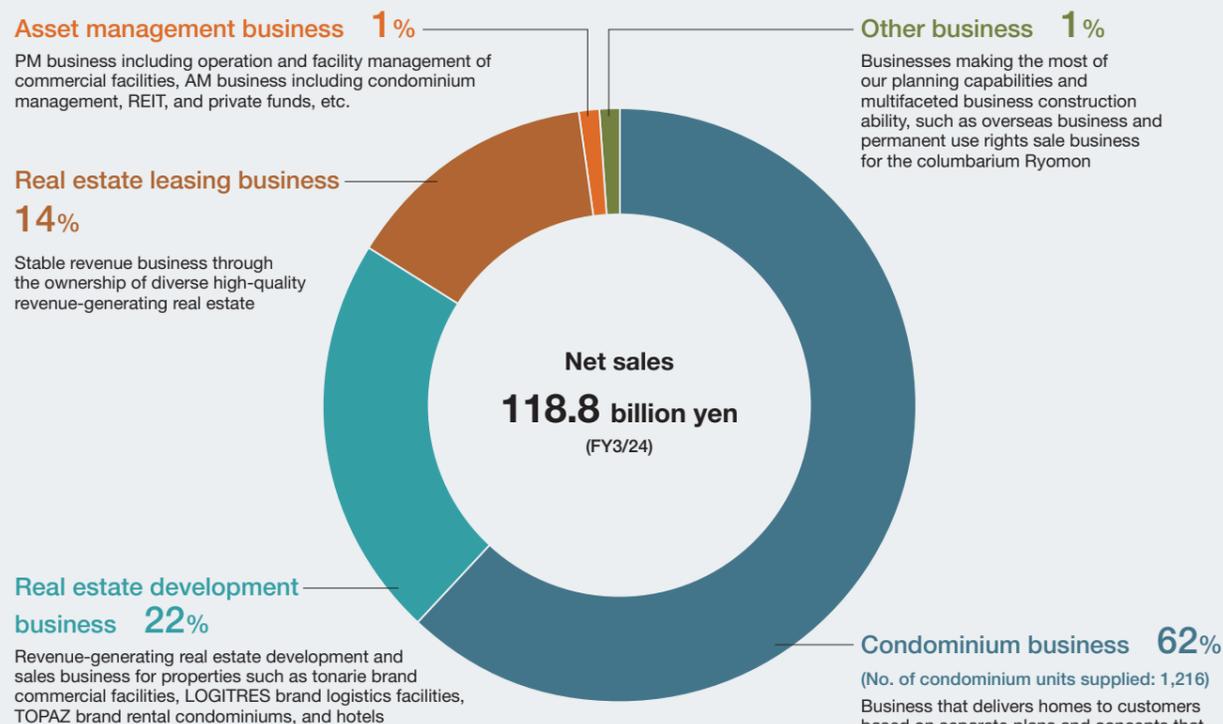
1 Condominium business (pp. 28 -): Development of condominiums and detached houses

2 Real estate development business (p. 30): Revenue-generating real estate development business for properties such as commercial facilities, logistics facilities, factory land, rental condominiums, hotels, offices, senior residences, clinic malls, and data center sites and land readjustment business

3 Real estate leasing business and asset management business (p. 31): Real estate leasing business, property management (PM) business, and asset management (AM) business

4 Other business (pp. 32 -): Overseas business, columbarium business (Ryomon), brokage and consulting business, etc.

Segment shares of sales



* Figures for FY3/24 have been reallocated to new segments and disclosed.

Segment changes

Reasons for the change

Until the fiscal year ended March 2024, our disclosure had been based on three segments: the real estate sales business; real estate leasing business; and real estate planning, brokerage and consulting business. From the fiscal year ending March 2025, to clarify our business portfolio and to achieve stable growth through segment-specific strategy formulation, we began using a new segmentation based on four reporting segments: condominium business; real estate development business; real estate leasing business; and asset management business and one other business.

Change summary



Expected profit composition (segment income)



Condominium Business

Business summary

In the condominium business, one of our core businesses, after identifying regional characteristics and market needs, we develop concepts that will bring out the appeal of the land to the fullest, breathing new life with our original planning capabilities and thus creating value like no other in the world.



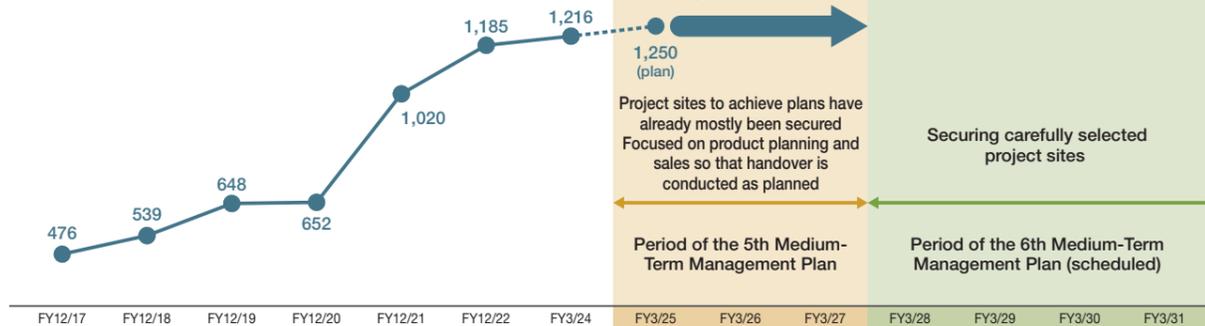
Under the vision of becoming a “lifeways developer,” we will deliver to customers exclusive, high-quality products by making maximum use of our planning capabilities, a Company strength, without pursuing numbers of condominium units sold.

Business strategy

Stable supply of high value-added products

We will ensure stable supply of quality products backed by carefully selected land procurement.

Condominium supply results and plans
(Unit: units)



Development in premium locations

Developing properties on exceptional sites we have not dealt with before, including nature-rich environments and city center locations



DAIMAS Hayama



SEVENS VILLA Karuizawa

Promoting large-scale development

Increasing projects that represent the core of urban development, such as multipurpose development projects



Le JADE City Senri Fujishirodai
(642 units in total)



Le JADE Hokkaido Kitahiroshima
(197 units in total)

Diversification of project areas

Expanding shares in Chubu, Hokkaido, and Kyushu and turn them into core revenue sources following the Tokyo metropolitan and Kansai areas



Le JADE Shin-Omura Station Front
(First condominium project in Nagasaki Prefecture; a multipurpose station square development project)

Further quality enhancements

Strengthening organizational structures to continue to provide safety and security to customers

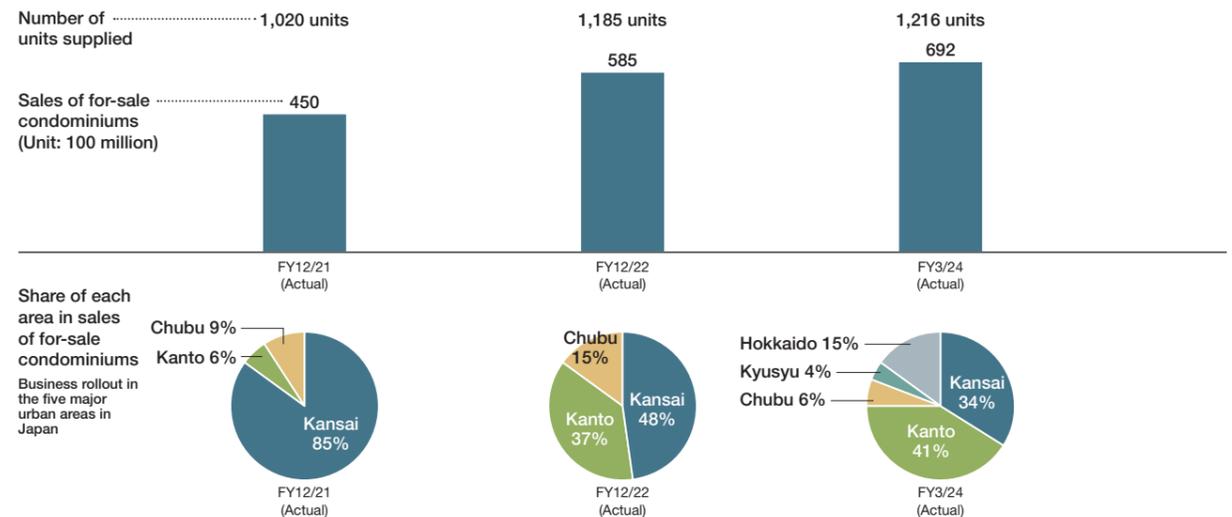


IDEAL COMPASS
Our quality management standard

Past performance of the condominium business

Recent condominium business results

We have achieved stable growth by delivering products that make the most of our planning capabilities, a Company strength. We supply not only to the Tokyo metropolitan and Kansai areas but also to the Chubu, Kyushu, and Hokkaido areas, and are steadily expanding business areas.



Topics

Good Design Award for sixth consecutive year

We have applied a tripartite approach to product development, whereby the development, construction, and sales functions work as a team to move projects forward. The products developed through this approach have won high praise, including recognition via the Good Design Award for the sixth consecutive year.



OST RESIDENCE KARUIZAWA



Le JADE Tsujidou Higashi-kaigan

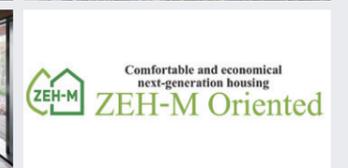


Grand Le JADE Todoroki

Project in the spotlight:

Le JADE Hokkaido Kitahiroshima

This property is a large condominium building with 197 residential units located a four-minute walk from the JR Kitahiroshima Station, the nearest station to ES CON Field Hokkaido. It was built as part of the JR Kitahiroshima Station West Area Vitalization Project via a public-private partnership. In the surrounding areas, we have been developing a multipurpose building composed of a commercial facility, tonarie Kitahiroshima, and a hotel scheduled to open soon. In a bid to create ideal modes of life and enliven local communities, we pursue urban development in areas that attract nationwide attention.



Real Estate Development Business

Business summary

Positioned among our core businesses alongside the condominium business, this business involves developing commercial facilities, logistics facilities, rental condominiums, and hotels, where we can draw on our planning capabilities, know-how, and other strengths.



As a general developer, we will further promote diverse asset type developments with increased value and raise the profit ratio while expanding the investment-cycle business, including the fund business.

Business strategy

Developing diverse asset types with increased value

By maximizing diverse development know-how, we will promote the development of revenue-generating properties with high product value that maximize the value and appeal of the land.

Business types (other than condominiums) slated to contribute revenue during the period under the 5th Medium-Term Management Plan

Rental condominiums, commercial facilities, logistics facilities and factory land, offices, senior residences, clinic malls, data center sites, land readjustment business



MASTERS VARUS Hokkaido Ballpark (senior residence with medical mall)



tonarie Kitahiroshima (Commercial + hotel / scheduled to open in March 2025)

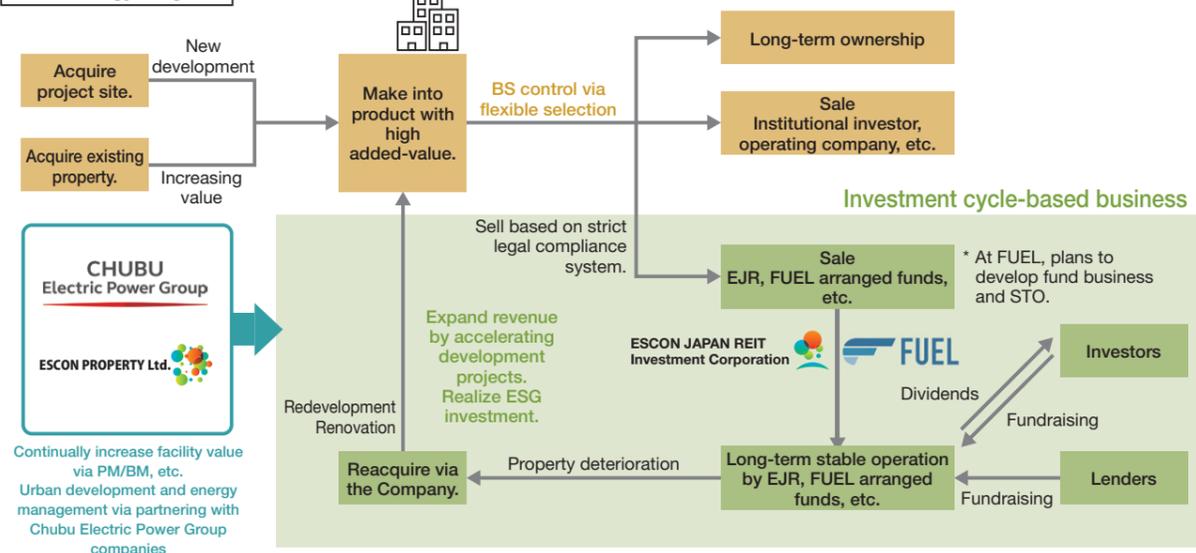
Diversifying exit strategies

Working with flexibility to sell properties in a timely and appropriate fashion in order to achieve sustained growth through the investment cycle

BS control via appropriate selection of sale or ownership

Controlling BS—for example, maintaining or raising asset efficiency, by making it possible to flexibly select between sale and ownership through the diversification of exit strategies

Exit strategy diagram



Real Estate Leasing Business / Asset Management Business

Business summary

We earn rental fees for properties, such as commercial facilities, rental condominiums, and tenant buildings, owned by ES-CON JAPAN, the Picasso Group, or Shijo Omiya Building. In addition, we operate multifaceted real estate businesses, including the PM and AM businesses to boost the value of owned properties.



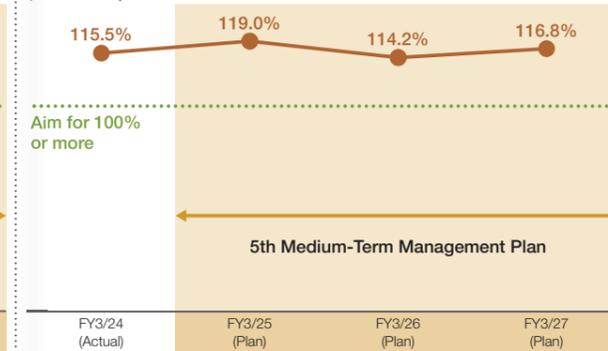
At the Company business segments that post stock revenue*1 (stable revenue), we seek to maintain and raise revenue by continually reshuffling assets (improving).

Target indicators

Stock revenue ratio*2



Stock revenue / general and administrative expense coverage ratio (cash basis)*3



*1 Stock revenue: Real estate leasing segment profit + Asset management segment profit

*2 Stock revenue ratio: Stock revenue / total segment profit

*3 Stock revenue / general and administrative expense coverage ratio: (Stock revenue + real estate leasing segment depreciation + real estate leasing segment goodwill amortization) / (general and administrative expenses - general and administrative expense depreciation - overall goodwill amortization)

Business strategy

Long-term ownership that accounts for BS control

Based on building diverse exit strategies (see p. 30), we will make decisions on owning or selling by comprehensively considering the above two indicators and the BS.

Strengthening development of leasing properties based on diverse development know-how

Utilize development capabilities, including development of TOPAZ, our rental condominium brand.



Raising profitability by increasing value of owned properties and reshuffling owned assets

Work to increase the value of owned properties throughout the ES-CON JAPAN Group.

Stable growth of Group companies

Through commercial facility PM, condominium management, and REIT and private fund AM, etc. maximize the value provided by the Group overall to customers (strengthen profitability) and stably grow asset management business revenue.



Other Business

Business summary

Making the most of our planning capabilities and business construction ability, we operate multifaceted real estate businesses focusing on new business domains, including the overseas business and the permanent use rights sale business for the Ryomon columbarium.



We will pursue the challenge of taking on new business domains with a view to the next generation. In particular, we will accelerate development of the overseas business into a future core business of the Company.

Overseas business

Overseas development to date



Development going forward

Expanding business in Hawaii

Through our participation in the Ālia luxury condominium project, we have made Hawaii a priority area in the Company's overseas business and will pursue active business development.

Growing the overseas business into a pillar of revenue in 2030

We will build a base aimed at local development by means such as further strengthening joint efforts with local partners and accumulating overseas business know-how.

Oct. 2023 [Hawaii]

Four companies signed a business partnership agreement:

- Seven Signatures International Corporation
- BlackSand Capital LLC ● Kobayashi Group LLC ● ES-CON JAPAN

- ▶ As our first project, we participated as a sales and marketing partner for the Ālia condominium units.
- ▶ As our second project, we participated as a sales and marketing partner for the Kuilei Place condominium units.



Rendering of Ālia

Topics

We are taking on various new business domains, with a view to the next generation.

Establishing ES-CON Sports & Entertainment (ESE)

Overview

ESE was established through joint investment from three companies: ES-CON JAPAN, Fighters Sports & Entertainment Co., Ltd. (FSE), and DeNA Co., Ltd. (DeNA), with the objective of studying and undertaking urban development (real estate development and regional development).

We aim to realize a society and community in which sports and entertainment are familiar presences, by combining the real estate and urban planning and development capabilities of ES-CON JAPAN with FSE's insights, knowledge, and operational know-how on Hokkaido Ballpark F Village and DeNA's ability to design urban development and capabilities in digital domains, including the Internet and AI.

ES CON
Sports &
Entertainment



Capital and business partnership with STYLY, which undertakes an XR (cross reality) business

Background

ES-CON JAPAN engages primarily in the development of life-style focused commercial facilities under the tonarie brand and the redevelopment of existing commercial facilities in operation. STYLY is a provider of a diverse range of XR-based content, including music, video, art, sports, and entertainment. The two companies have entered into a capital and business partnership based on the understanding that STYLY's XR business, which can make use of spaces in these facilities, has high affinities with our real estate businesses.

Overview

We plan to consider various new possibilities—for example, using XR to add new value to unused spaces in commercial facilities owned or operated by the ES-CON JAPAN Group and rolling out collaborative businesses using XR technology in consultations related to stadiums and arenas.



Developing agriculture-inspired hotels with the SHONAI Group

Background

The SHONAI Group is working to realize sustainable agriculture through the creation of food and accommodation content based on the concept of agriculture. The knowhow of ES-CON JAPAN gained in hotel development across Japan will be input to our collaborative efforts for regional revitalization, including agricultural support.

Overview

- Developing agriculture-inspired hotels, SUIDEN RESORT (tentative name), across Japan
- Helping to create attractive localities in development areas by means such as attracting visitors to rural areas, agricultural support, and creating new employment



SHONAI HOTEL SUIDEN TERRASSE
(development track record of a SHONAI Group company)

ESG Management

We regard **sustainability management as one of the two wheels for achieving sustainable growth** for the Company and will energetically promote related initiatives.



Management Philosophy and Basic Policy on ESG

Management Philosophy on ESG

Our IDEAL to REAL purposecalls for the creation of a new culture by making ideals reality. Based on this working slogan, as a lifeways developer committed to creating ideal modes of life that meet today's changing needs, we will seek to build a sustainable society and achieve sustainable growth by addressing social issues through our ESG initiatives.

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.

Environment

1. Creating new environmental value through next generation urban development and other measures to realize a carbon-neutral society by 2050
2. Promoting real estate development and corporate activities that give full consideration to the environment
3. Taking on the challenges of new business domains based on the key theme of the environment, thereby creating both environmental value and business value

pp. 36 -

Social

1. In addition to contributing to community vitality through urban development, creating new futures by promoting local community building
2. In addition to developing workplaces where employees can demonstrate their abilities to the fullest while doing rewarding work, promoting diversity to enable diverse human resources to thrive
3. Supporting safe and comfortable lives in our many communities by contributing to solutions to social challenges posed by health and welfare, including low birth rates and aging populations
4. Promoting business development to achieve SDGs on a global basis through international business development

pp. 38 -

Governance

1. Enhancing timely, appropriate, and fair disclosure of management information
2. Promoting governance structures capable of securing management stability, soundness, and transparency
3. Enhancing risk management capabilities in response to growing risks accompanying business expansion and diversification
4. Pursuing business activities based on the Corporate Ethics Charter and respect for the human rights of all

pp. 40 -

[Relevant SDGs]

7 AFFORDABLE AND CLEAN ENERGY

11 SUSTAINABLE CITIES AND COMMUNITIES

13 CLIMATE ACTION

15 LIFE ON LAND

3 GOOD HEALTH AND WELL-BEING

5 GENDER EQUALITY

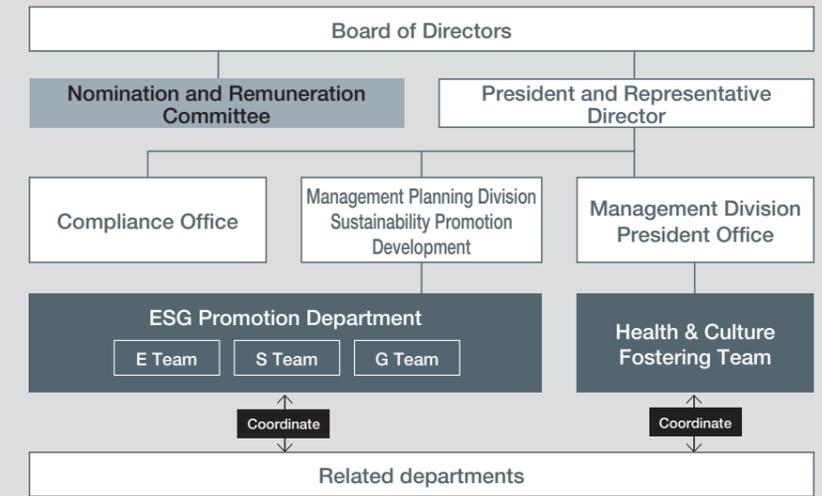
8 DECENT WORK AND ECONOMIC GROWTH

17 PARTNERSHIPS FOR THE GOALS

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

ESG Promotion Structure

To address social issues by promoting ESG management based on the Management Philosophy on ESG, we have established the ESG Promotion Department, consisting of members selected from each department. The overall responsibility for this department is assigned to the officer responsible for the Management Planning Division. Divided into the E Team, S Team, and G Team, the ESG Promotion Department sets fiscal targets and promotes initiatives in the areas of the environment, society, and governance. The activities of each of the Teams are reported in monthly regular meetings held by the ESG Promotion Department and are reflected in the management system including the Board of Directors, through the officer responsible for the Management Planning Division.



KPIs and targets based on materiality

	Materiality (key issue)	Achievement target	Achievement fiscal year	FY2023 (Actual)
Deepening	Harnessing diverse human resources	Female hiring ratio of 35% of higher	Each fiscal year	48%
		Improve engagement survey. ⇒ Firm improvement once survey starts (FY2024)	FY2030	— (Survey not started)
		Certified as Health & Productivity Management Outstanding Organization	Each fiscal year	Certified as Health & Productivity Management Outstanding Organization for 2024 (large corporation category)
	Rigorous compliance	Carry out compliance promotion measures in collaboration with Chubu Electric Power.	Each fiscal year	Carried out training and seminars in collaboration with Compliance. Declaration of Compliance made by top management
		Attendance at compliance training: 100%	Each fiscal year	100%
	Strengthening governance and risk management, including Group companies	Raise the effectiveness of the Board of Directors and make continual improvements.	Each fiscal year	100% attendance at board meetings
Evolution	Promoting a decarbonized society	Reduce GHG emissions by 40%* (vs. FY2022). *Scopes 1 and 2	FY2030	8,000 tons-CO ₂ [Result in FY2022] Results for FY3/24 are currently being compiled.
	Achieving a society characterized by well-being	Contribute to regional revitalization and improved quality of life by promoting urban development that takes into account the environment and society.	FY2030	[Hokkaido Ballpark F Village] ▶ Completed construction on senior residence and medical mall

Environment

Basic policy

1. Creating new environmental value through next generation urban development and other measures to realize a carbon-neutral society by 2050
2. Promoting real estate development and corporate activities that give full consideration to the environment
3. Taking on the challenges of new business domains based on the key theme of the environment, thereby creating both environmental value and business value

Operational structure

The E Team of the ESG Promotion Department leads activities in the environmental area with targets set for each fiscal year. ES-CON JAPAN engages in various development projects as a general real estate developer; the ESG Promotion Department and each business section work together to promote eco-friendly real estate development, operations, and management.

Decarbonization target

Decarbonization target of ES-CON JAPAN Group

Reducing the Group's greenhouse gas emissions*1 by 40% by FY2030 (vs. FY2022)

*1: Scopes 1 and 2. Scope 3 will be considered in the future.

Quantitative data

GHG emissions (results for FY2022)

Scope 1	3,230 t-CO ₂
Scope 2	8,155 t-CO ₂
Scope 3	806,238 t-CO ₂

Information disclosure based on TCFD recommendations

Based on the goal of achieving a carbon neutral society by 2050, we are seeking to create new environmental value through next-generation urban development and other efforts.

We recognize that responding to climate change issues is a priority theme for management strategy. Management and the ESG Promotion Department are united in favoring the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to analyze climate-related risks and opportunities to which businesses are exposed and to promote information disclosure on the risks and opportunities, as well as working on information disclosure based on the framework of the TCFD recommendations.



Information disclosure based on TCFD recommendations
<https://www.es-conjapan.co.jp/esg/environment.html>

Topics

Initiatives for realizing a decarbonized society

1. Promotion of ZEH condominiums

By around 2026, all our new condominiums will meet the ZEH*2 standards for environmental performance.

ZEH development projects to date (excerpt)



Le JADE Okurayama



Le JADE Yao Sakuragaoka



Le JADE Honkawagoe Koedo Terrace



*2: ZEH (net zero energy housing):

Housing that seeks to achieve net zero primary energy consumption annually by introducing renewable energy in addition to greatly improving the insulation performance of cladding materials and deploying highly efficient facility systems to achieve major energy savings while maintaining the quality of the indoor environment

2. Active use of renewable energy

- Active deployment of solar power at logistics and commercial facilities



- Securing and procuring non-fossil fuel certificates

Some of the power consumed in Tokyo Head Office has been switched to renewable energy.

- Promoting initiatives in collaboration with the Chubu Electric Power Group

- Exploring the potential of initiatives that combine urban development and environmental awareness

TSUNAGU GARDEN Senri Fujishirodai

We have been developing a new multigenerational co-living town in collaboration with Chuden Real Estate Co., Inc., a 100% subsidiary of Chubu Electric Power, on a site of approx. 20,000 tsubo (66,000 square meters) previously occupied by the National Cerebral and Cardiovascular Center. It includes a condominium district, detached houses, a clinic mall, a licensed nursery school, commercial facilities, and a park.



ICT, IoT, and other technologies make the whole town "smart"

Connecting residences, commercial facilities, and medical facilities using information and communication technologies has made the entire town a smart town. The technologies are applied to the remote control of shared facilities, acquisition of event information, implementation of disaster drills, and reservations for shops and medical examinations to create a sustainable and efficient mode of life.

3. Group actions at the frontline level (raising and maintaining employee awareness)

- Decrease electricity usage by recommending going home early and turning off the lights when not needed, etc.
- Promote a paperless office by using the Web for sales promotion activities.
- Utilize vehicles with high energy efficiency.
- Disclose amounts and results each year in an ESG Management Report.



Other topics

- Construction and operation of a closed type plant factory using only artificial lighting

Techno Farm Fukuroi

We developed Techno Farm Fukuroi, the world's largest closed type plant factory using only artificial lighting, which made its first shipment in February 2024. It is capable of producing 10 tons of lettuce per day. This farm is part of ongoing efforts to address issues related to food and agriculture and to decarbonize society through the active use of clean energy and efficient use of CO₂ in the cultivation process.



- Initiative to promote the use of wood materials

A community-based clinic mall: tonarie medical Himeji Yumesakigawa

CO₂ emissions in building construction were reduced by the adoption of a structure where reinforced concrete and wood materials are used in combination for the roof.



Social

Basic policy

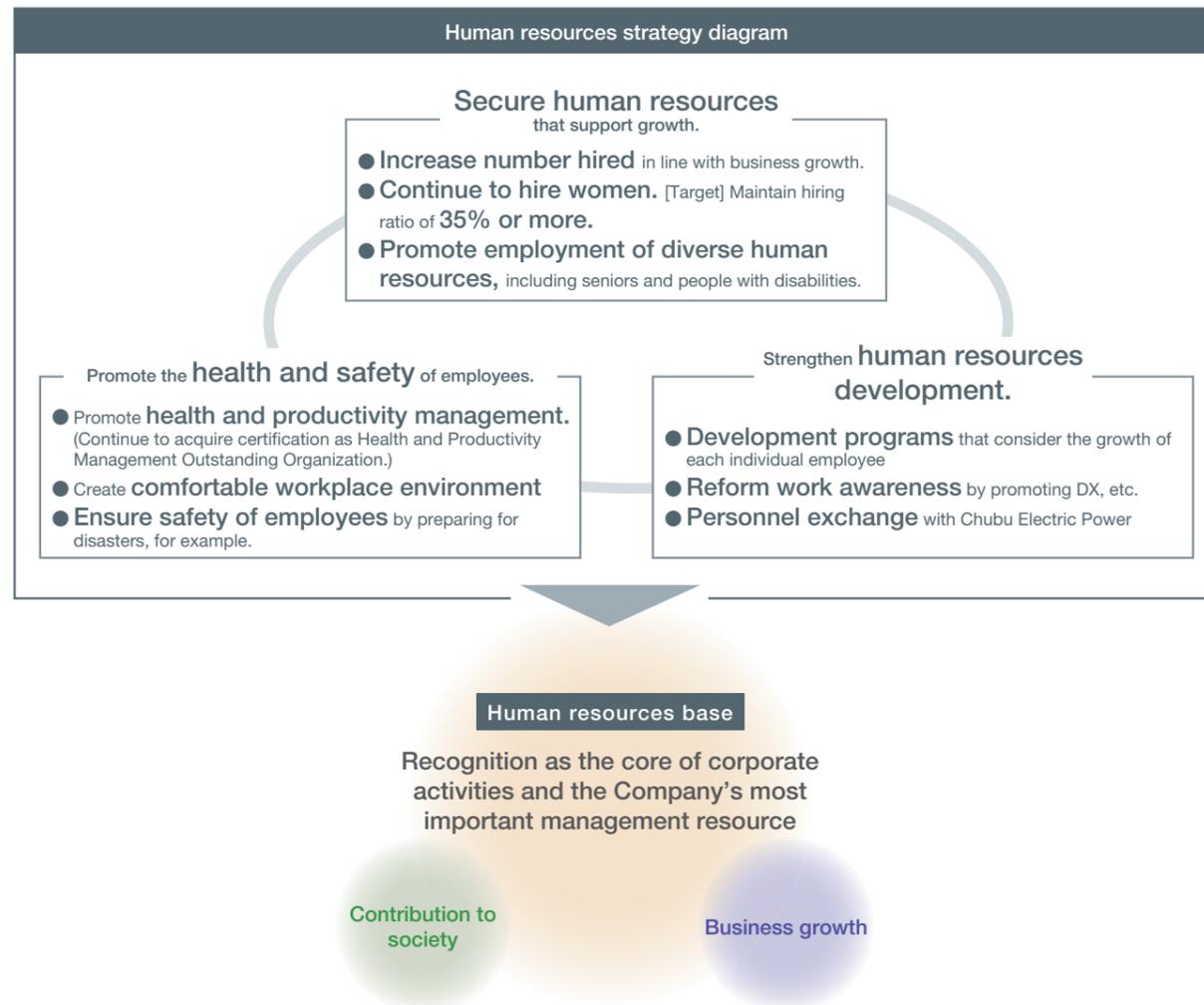
1. In addition to contributing to community vitality through urban development, creating new futures by promoting local community building
2. In addition to developing workplaces where employees can demonstrate their abilities to the fullest while doing rewarding work, promoting diversity to enable diverse human resources to thrive
3. Supporting safe and comfortable lives in our many communities by contributing to solutions to social challenges posed by health and welfare, including low birth rates and aging populations
4. Promoting business development to achieve SDGs on a global basis through international business development

Operational structure

The S Team of the ESG Promotion Department leads activities for social contribution and employees, with targets set for each fiscal year. ES-CON JAPAN deploys an organizational setup wherein the field staff responsible for operating projects take the initiative in promoting social contribution activities, including those at commercial facilities they have developed. Additionally, as initiatives for employees, the ESG Promotion Department, the Management Division, and the Management Planning Division take joint responsibility for establishing Company systems.

Human resources strategy

Regarding human resources, an important management base, we will promote various initiatives under a tripartite guideline and build a robust human resources base.



Initiatives to safeguard human rights

Along with increasing societal demands for corporate initiatives to safeguard human rights, we are working to safeguard the human rights of all stakeholders involved in our businesses. The Chubu Electric Power Group Basic Human Rights Policy (issued in July 2023) also calls for support and respect for international standards for human rights and implementing the Guiding Principles on Business and Human Rights issued by the United Nations. We're committed to continuing to implement human rights due diligence, as well as to steadily promoting initiatives for respecting human rights, including providing employee education and training.

Initiatives to create a comfortable workplace environment for diverse human resources

● **Empowering women**

Target: Maintaining a female hiring ratio of 35% or more

● **Supporting childcare and family care**

We have established various leave and vacation systems that support employees in balancing work and family life, including the childcare leave and family care leave regulations, which are more beneficial to employees than required by law. In addition, we have created an environment in which systems to support the work-life balance, including work schedule reduction and overtime exemption systems for childcare or family care, are readily available.

● **Health and productivity management**

To promote health and productivity management, we established the Health & Culture Fostering Team in July 2017.

In addition, we acquired certification as a Health & Productivity Management Outstanding Organization for 2024 (large corporation category) in March 2024 for the second consecutive year, after passing the examination by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi.



● **Engagement of employees**

To visualize engagement in the ES-CON JAPAN Group, that is, to objectively visualize (quantitatively grasp) the strengths and weaknesses of the Group as an organization, we undertook an engagement survey of our employees in May 2024. The results have been internalized and shared at the management level and utilized to promote initiatives to improve engagement.

Further promoting human resource development

● **Implementing training by year of company entry and job position**

We provide different training according to the year of company entry and job position.

● **Formulating basic policy for human resource development**

We provide such training that all employees understand the content.

Topics

Achieving a society characterized by well-being

● **Project to support people with dementia**

We are promoting a project to support people with dementia in tonarie Seiwadai, a commercial facility we operate as part of our efforts to form a community of local people and to support elderly people. The facility was certified by the Hyogo Prefectural Government Hanshin North Bureau as a shopping street that supports people with dementia. We are expanding similar activities into other commercial facilities.



● **Social loans**

MASTERS VARUS Hokkaido Ballpark and F Village Medical Square

For the senior residences with a medical mall, which we have developed in a corner of Hokkaido Ballpark F Village, we obtained funds of 3.8 billion yen through social loans, because this project was evaluated as contributing to solving social problems by enhancing medical care and welfare in Kitahiroshima City and as meeting the social loan principles, social loan guidelines, and SDGs.



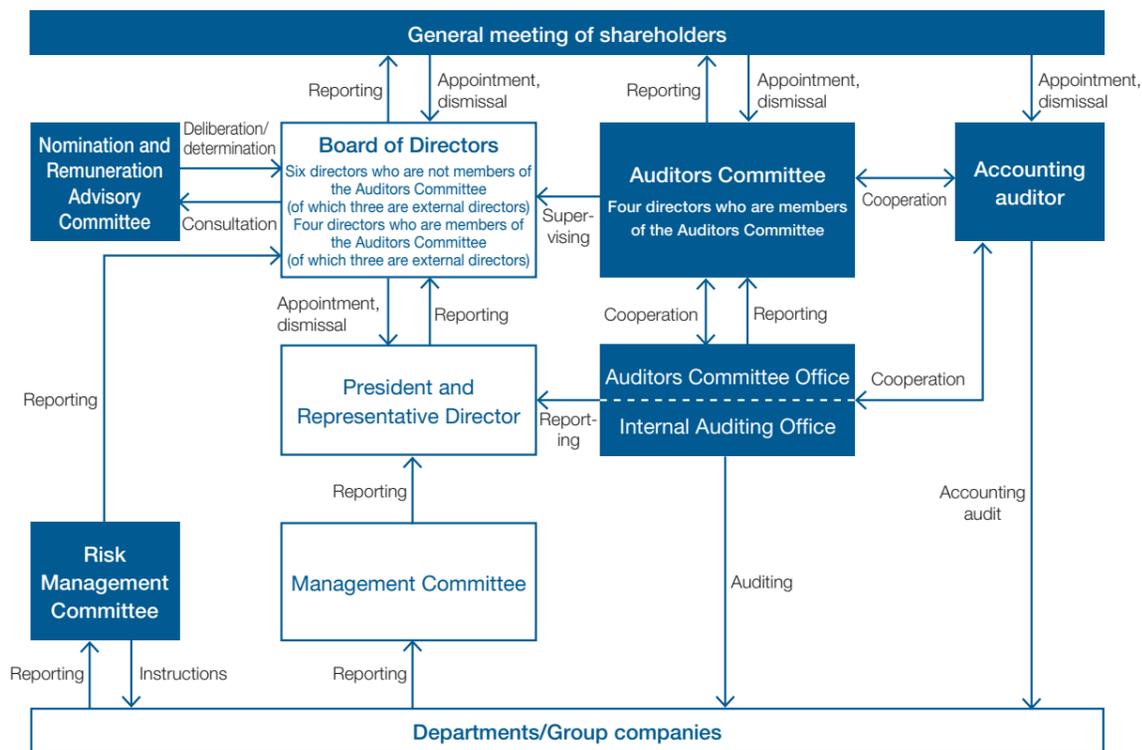
MASTERS VARUS Hokkaido Ballpark

Corporate Governance

Basic thinking

We regard corporate governance as a critical factor, both in implementation and continued reinforcement, in becoming a vital entity within society. Corporate governance is key to achieving enduring growth in corporate value and enhancing corporate transparency and soundness based on our purpose, vision, and principles of action.

Corporate governance structure



1. Board of Directors

① Composition

The Board of Directors consists of ten members: three executive directors, three non-executive directors, and four directors who are members of the Auditors Committee. To enhance management oversight functions, the six independent external directors are the three non-executive directors and three of the four directors who are members of the Auditors Committee.

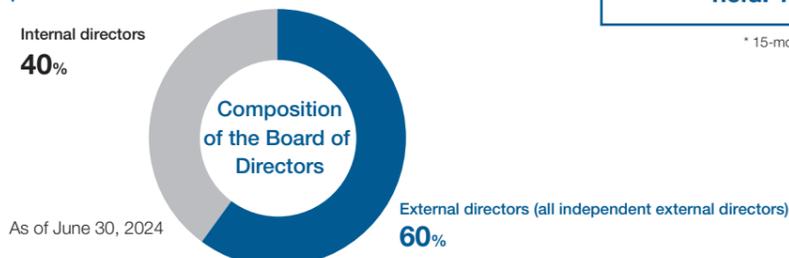
② Status of meetings held

In principle, the Board of Directors meets at least once a month for thoroughgoing reporting and deliberations on all important matters, in addition to reporting on the state of execution of its decisions, to ensure the timely and accurate ascertainment of management information and effective controls.

Status of the Board of Directors meetings held: 15 times for FY2023*

* 15-month period in line with the change of accounting period

Composition of the Board of Directors



③ Officer skills matrix

As shown below, the officer skills matrix is well-balanced and diverse in terms of knowledge, experience, and abilities.

Name	Takatoshi Ito	Minoru Nakanishi	Mitsuhiro Matsuzawa	Atsushi Kawashima ^{*1}	Keiko Otsuki ^{*1}	Hiroaki Hattori ^{*1}	Masayoshi Nishitake ^{*1}	Tomohiko Wakayama	Hiroto Mizobata ^{*1}	Tadashi Fukuda ^{*1}	Tomohiko Egashira ^{*2}
Position	President and Representative Director	Senior Managing Director, Head of Management Planning Division	Director, Head of Management Division and Head of President's Office	External director (Independent officer)	External director (Independent officer)	External director (Independent officer)	External director Auditors Committee member (Independent officer)	Director Auditors Committee member	External director Auditors Committee member (Independent officer)	External director Auditors Committee member (Independent officer)	Managing Executive Officer, Head of Development Division
Duties	General management	Management planning, affiliate company management, finance, accounting, HR strategy	HR, PR, IT systems, general affairs, legal affairs, matters specifically assigned by the president, ESG, compliance	Supervision and oversight of management and management execution, Nomination and Remuneration Advisory Committee	Supervision and oversight of management and management execution, Nomination and Remuneration Advisory Committee	Supervision and oversight of management and management execution, Nomination and Remuneration Advisory Committee	Audits, internal audits				Development operations in general
Skills	Corporate management	Discernment of top management, Discernment of executive management									
		Management auditing skills									
	Related to real estate business	Business skills									
		Industry knowledge									
	Finance, securities										
	Financial accounting										
	Accounting										
	Legal affairs	General legal affairs									
		Risk management									
	ESG										
HR, labor											
IT											

<Notes>
^{*1} The Tokyo Stock Exchange has been notified that this director serves as an independent external officer.
^{*2} Executive officer under a delegation contract
 ◎: Extremely skilled ○: Highly skilled

④ Efficacy evaluation

To evaluate the efficacy of the Board of Directors, the Company undertakes a survey in which respondents grade, on a five-point scale, the following eight items: the composition of the Board of Directors; the management of the Board of Directors; risk management; efficacy improvements; evaluation and remuneration of senior management; stakeholder engagement; officer training; and the overall efficacy of the Board of Directors.

2. Auditors Committee

To enhance its independence, three of the four Auditor Committee members are independent external directors. In addition, two full-time Auditor Committee members are selected to further strengthen governance. In principle, the Auditor Committee meets once a month. The Auditor Committee members also attend regularly held

important meetings, exchange opinions with the President and Representative Director, interview each section, review circulars and other important documents for approval, and collaborate with the accounting auditor and the internal auditing department to audit the legality and validity of the directors' performance of duties.

3. Nomination and Remuneration Advisory Committee

Established as an advisory body to the Board of Directors, the Nomination and Remuneration Advisory Committee deliberates on matters such as the nomination and remuneration of directors and decides on original drafts thereof. To enhance its independence and objectivity, the majority of the Nomination and Remuneration Advisory Committee members are independent external directors.

Officers (Directors)

**Takatoshi Ito**

President and Representative Director

September 2001 Joined ES-CON JAPAN Ltd.
 February 2006 Executive Officer, ES-CON JAPAN Ltd.
 March 2007 Managing Director, ES-CON JAPAN Ltd.
 November 2010 Head of Business Division, ES-CON JAPAN Ltd.
 March 2011 President and Representative Director, ES-CON JAPAN Ltd. (current post)
 January 2012 Head of Tokyo Office, ES-CON JAPAN Ltd.
 May 2013 President and Representative Director, ES-CON PROPERTY Ltd.
 August 2013 Head of Development Division, ES-CON JAPAN Ltd.
 July 2014 Director, ES-CON ASSET MANAGEMENT Ltd.
 November 2014 President and Executive Officer, ES-CON JAPAN Ltd. (current post)
 September 2016 Director, ES-CON LIVING SERVICE Ltd.
 July 2018 Director, ES-CON PROPERTY Ltd.
 July 2019 Director, One's Own House Co., Ltd. (now ES-CON HOME Ltd.)
 Director, Rise Home Co., Ltd. (now ES-CON CRAFT Ltd.)
 December 2019 Director, ES-CON GLOBAL WORKS Ltd.
 January 2020 Member, Nomination and Remuneration Advisory Committee, ES-CON JAPAN Ltd. (current post)
 October 2020 Director, Ryomon Co., Ltd. (current post)
 October 2021 Director, Picasso Co., Ltd. (current post)
 Director, Yuki Sangyo Co., Ltd. (current post)
 January 2022 Director, FUEL Inc.
 July 2023 Director, Shijo Omiya Building Co., Ltd. (current post)
 December 2023 Executive Chairman, ES-CON Sports & Entertainment Ltd. (current post)

**Minoru Nakanishi**

Senior Managing Director

April 1975 Joined Yasuda Trust & Banking Co., Ltd. (now Mizuho Trust & Banking Co., Ltd.)
 April 2005 Executive Officer, Head of Osaka Branch Office, Yasuda Trust & Banking Co., Ltd.
 April 2008 Joined SOKEN Co., Ltd. as Senior Managing Director
 August 2011 Joined ES-CON JAPAN Ltd.
 June 2012 Executive Officer, Head of Finance and Accounting Department, ES-CON JAPAN Ltd.
 March 2013 Director, ES-CON JAPAN Ltd.
 May 2013 Director, ES-CON PROPERTY, Ltd.
 August 2013 Head of Management Division, ES-CON JAPAN Ltd.
 July 2014 Director, ES-CON ASSET MANAGEMENT Ltd.
 November 2014 Executive Officer, ES-CON JAPAN Ltd.
 March 2015 Executive Director, ES-CON JAPAN Ltd.
 Managing Executive Officer, ES-CON JAPAN Ltd.
 September 2016 Director, ES-CON LIVING SERVICE Ltd.
 March 2017 Senior Managing Director, ES-CON JAPAN Ltd. (current post)
 Senior Executive Officer, ES-CON JAPAN Ltd. (current post)
 December 2019 Director, ES-CON GLOBAL WORKS Ltd.
 October 2020 Director, Ryomon Co., Ltd. (current post)
 October 2021 Director, Picasso Co., Ltd. (current post)
 Director, Yuki Sangyo Co., Ltd. (current post)
 January 2023 Head of Management Planning Division, ES-CON JAPAN Ltd. (current post)
 July 2023 Director, Shijo Omiya Building Co., Ltd. (current post)

**Hiroaki Hattori**

Director

External Independent officer

April 1980 Joined Taiyo-Kobe Bank, Ltd. (now Sumitomo Mitsui Banking Corporation)
 April 2010 Executive Officer/General Manager, Kobe Corporate Sales Division, Sumitomo Mitsui Banking Corporation
 April 2012 Managing Executive Officer, Sumitomo Mitsui Banking Corporation
 June 2015 Representative Director/Vice-President, Executive Officer/Vice-President, Minato Bank, Ltd.
 April 2016 Representative Director/President and CEO, Minato Bank, Ltd.
 April 2018 Representative Director, Kansai Mirai Financial Group, Inc.
 April 2021 Representative Director/Chairperson, Minato Bank, Ltd.
 May 2021 Chairperson, Kobe Association of Corporate Executives
 June 2021 External Auditor, Osaka Small and Medium Business Investment & Consultation Co., Ltd. (current post)
 April 2022 Director/Chairperson, Minato Bank, Ltd. (current post)
 March 2023 External Director, ES-CON JAPAN Ltd. (current post)
 Member, Nomination and Remuneration Advisory Committee, ES-CON JAPAN Ltd. (current post)

**Masayoshi Nishitake**Director
[Full-Time Auditors Committee member]

External Independent officer

April 1986 Joined Daiwa Bank, Limited (now Resona Bank, Limited)
 November 2005 Manager, Sales Dept. No. 1, Kameido Branch, Resona Bank, Limited
 June 2007 Head, Kitakyushu Branch, Resona Bank, Limited
 July 2010 Manager, Sales Dept. No. 3, Ueno/Nippori Area, Resona Bank, Limited
 October 2012 Head, Payment Solutions Office, Corporate Solution Sales Dept., Resona Bank, Limited
 April 2018 Executive Officer and General Manager, Product Development & Sales Dept., Resona Kessai Service Co., Ltd.
 March 2020 External Director (Full-time Auditors Committee member), ES-CON JAPAN Ltd. (current post)
 Member, Nomination and Remuneration Advisory Committee, ES-CON JAPAN Ltd. (current post)

**Mitsuhiro Matsuzawa**

Director

April 1987 Joined Chubu Electric Power Co., Inc.
 July 2014 General Manager, Office of the Corporate Auditor, Chubu Electric Power Co., Inc.
 April 2020 Corporate Auditor, Chubu Electric Power Grid Co., Inc. (current post)
 June 2024 Director, ES-CON JAPAN Ltd. (current post)
 Executive Officer in charge of compliance, ES-CON JAPAN Ltd. (current post)
 Head of Management Division, ES-CON JAPAN Ltd. (current post)
 Head of President's Office, ES-CON JAPAN Ltd. (current post)

**Atsushi Kawashima**

Director

External Independent officer

April 1982 Joined Mitsubishi Corporation
 April 1990 Joined Yasuda Trust & Banking Co., Ltd. (now Mizuho Trust & Banking Co., Ltd.)
 June 1998 Joined Kennedy-Wilson Japan Co., Ltd. (now Kenedix, Inc.)
 March 2001 Director, Kennedy-Wilson Japan Co., Ltd.
 March 2003 Executive Officer and COO, Kennedy-Wilson Japan Co., Ltd.
 October 2004 Director, KW REIT Management, Inc. (now Kenedix Realty Investment Corporation)
 January 2007 Representative Director and President, Kenedix, Inc.
 Representative Director and President, Kenedix Development Corporation
 Representative Director and President, Kenedix Advisors Corporation (now Kenedix Realty Investment Corporation)
 Representative Director and President, Kenedix Property Corporation
 Representative Director and President, Kenedix Asset Management, Inc.
 December 2009 Director, MAX-REALTY INC.
 May 2010 Director, Touchstone Holdings Co., Ltd.
 July 2010 Representative Director and Chairperson, Kenedix, Inc.
 March 2013 Representative Director, Space Design, Inc.
 October 2013 Director, Touchstone Capital Management Co., Ltd.
 August 2014 Director, Nippon Parking Development Co., Ltd.
 October 2014 Director and Chairperson, Kenedix, Inc.
 March 2016 Director, SQUEEZE Co., Ltd.
 May 2018 Director, Kenedix, Inc. (current post)
 March 2019 Advisor, Kenedix, Inc. (current post)
 March 2021 External Director, ES-CON JAPAN Ltd. (current post)
 July 2021 Advisor, SMBC Trust Bank Ltd. (current post)
 March 2023 Member, Nomination and Remuneration Advisory Committee, ES-CON JAPAN Ltd. (current post)

**Tomohiko Wakayama**

Director

[Full-Time Auditors Committee member]

April 1985 Joined Chubu Electric Power Co., Inc.
 July 2010 General Manager, Budget Group, Accounting Division, Chubu Electric Power Co., Inc.
 November 2011 Seconded to Toenec Corporation while affiliated with the Group Business Promotion Division, Chubu Electric Power Co., Inc.
 July 2013 General Manager, Fuels Division, Chubu Electric Power Co., Inc.
 October 2013 Seconded to Chubu Electric Power Australia Pty Ltd while affiliated with the Fuels Division, Chubu Electric Power Co., Inc.
 July 2016 General Manager, Business Strategy Office, Sales Company, Chubu Electric Power Co., Inc.
 April 2018 General Manager, General Affairs Division, Sales Company, Chubu Electric Power Co., Inc.
 June 2019 Auditor, Cenergy Co.
 June 2022 Auditor, CEPO Handa Biomass Power Co., Ltd.
 Auditor, CS Aqua Co., Ltd.
 March 2023 Auditor, Nakao Geothermal Power Generation Corporation
 June 2023 Director (Auditors Committee member), ES-CON JAPAN Ltd.
 Director (Full-Time Auditors Committee member), ES-CON JAPAN Ltd. (current post)

**Hiroto Mizobata**

Director [Auditors Committee member]

External Independent officer

April 1986 Joined KPMG Asahi Shinwa Accounting, Inc. (now KPMG AZSA LLC)
 March 1988 Registered as certified public accountant
 December 1991 Registered as licensed tax accountant
 March 1992 Representative, Mizobata CPA Office (current post)
 March 2015 External Auditor, ES-CON JAPAN Ltd.
 June 2015 External Director (Auditors Committee member), Yamaki Co., Ltd. (current post)
 External Director, Kyocera Corporation (current post)
 March 2016 External Director (Auditors Committee member), ESCON JAPAN Ltd. (current post)
 January 2020 Member, Nomination and Remuneration Advisory Committee, ES-CON JAPAN Ltd.

**Keiko Otsuki**

Director

External Independent officer

April 1979 Joined Mitsubishi Electric Corporation
 February 1985 Joined Credit Lyonnais Bank (now Credit Agricole Bank)
 January 1991 Joined Morgan Stanley Dean Witter (now Mitsubishi UFJ Morgan Stanley Securities Co. Ltd.)
 January 1996 Joined UBS Securities Japan (now UBS Securities Co., Ltd.)
 January 1998 Joined Morgan Stanley Dean Witter (now Mitsubishi UFJ Morgan Stanley Securities Co. Ltd.)
 April 2003 Vice President/Senior Analyst, Equities Research Division
 Joined Morgan Stanley Japan Global Properties (now Morgan Stanley Capital Co., Ltd.)
 Executive Director
 January 2008 Joined Morgan Stanley Japan (now Mitsubishi UFJ Morgan Stanley Securities Co. Ltd.)
 Managing Director
 June 2018 Director, Japan Promote Organization for Medical Resources Development (MRD) (current post)
 February 2020 External Director, KRS Corporation (current post)
 March 2021 External Director, ES-CON JAPAN Ltd. (current post)
 March 2023 Member, Nomination and Remuneration Advisory Committee, ES-CON JAPAN Ltd. (current post)

**Tadashi Fukuda**

Director [Auditors Committee member]

External Independent officer

April 1986 Registered as attorney at law
 Joined Daiichi Law Office (now the Daiichi Legal Professional Corporation)
 June 2000 External Corporate Auditor, SHINYEI KAISHA
 December 2012 External Auditor, ES-CON JAPAN Ltd.
 June 2015 External Director, SHINYEI KAISHA
 External Auditor, EXEDY Corporation (current post)
 March 2016 External Auditor, ES-CON JAPAN Ltd.
 Executive Partner, Daiichi Legal Professional Corporation (current post)
 June 2016 External Corporate Auditor, Mitsubishi Tanabe Pharma Corporation
 March 2020 External Director (Auditors Committee member), ES-CON JAPAN Ltd. (current post)
 Member, Nomination and Remuneration Advisory Committee, ES-CON JAPAN Ltd.

Executive officers

Executive officers under delegation contracts

Takatoshi Ito*

President and Executive Officer

Minoru Nakanishi*Senior Executive Officer
(Head of Management Planning Division)**Mitsuhiro Matsuzawa***Executive Officer
(Head of Management Division)**Tomohiko Egashira**Managing Executive Officer
(Head of Development Division)

* Also serves as Director.

Executive officers under employment contracts

Yoshiro KatoExecutive Officer
(Head of Hokkaido Office)**Tadashi Tanaka**Executive Officer
(Head of Tokyo Metropolitan Engineering and Product Planning Department)**Tomohito Nakata**Executive Officer
(Head of West Japan Development Department I)**Seiken Naito**Executive Officer
(Deputy Head of Management Planning Division)**Katsushi Wakayama**Executive Officer
(Head of Finance and Accounting Department)**Megumi Nakadozono**Executive Officer
(Head of Management Department)**Akira Mizunoya**Executive Officer
(Head of Nagoya Office)**Hiroyuki Yamato**Executive Officer
(Head of Legal Department)

Corporate Governance

Officers' remuneration

① Directors who are not members of the Auditors Committee

Basic policies for decision-making on remuneration

The basic policies call for appropriate remuneration for directors who are not members of the Auditors Committee to be determined by confirmation of business results and comparisons to other firms within the same industry by the Nomination and Remuneration Advisory Committee. This structure is also intended to increase the rate of annual and medium-term incentive remuneration and maintain and increase management motivation in light of the inherent volatility of the Company's businesses.

In addition, a stock allocation system has been established as a system of nonmonetary remuneration for medium-term incentive remuneration. Remuneration decisions under this system are based on the perspective of considering total shareholder return (TSR) as an indicator that reflects shareholder perspectives and sets as clear objectives returns to shareholders and increased corporate value.

Content and structure of remuneration and constituent ratios, timing, etc.

Three types of remuneration are available for directors who are not member of the Auditors Committee (excluding external directors): fixed monthly base remuneration; annual incentive remuneration based on annual performance; and medium-term incentive remuneration based on performance during the period of the medium-term management plan. The ratios of these constituent elements are determined based on each director's post and responsibilities.

Provided below is an overview of a case of payment of target amounts of incentive remuneration.

Remuneration item	Representative director	Vice president and director	Senior managing director	Managing director	Director	Purposes and overview of payment
Base remuneration	55%	54%	52%	55%	55%	Remuneration reflecting differences in roles in management oversight and business execution and differences in scope of responsibilities for each post. Amounts are determined based on officer category and post.
Annual incentive remuneration	30%	29%	29%	30%	27%	Annual incentive remuneration is paid in amounts corresponding to each period's performance, using consolidated net income and consolidated operating income as indicators, to incentivize business execution to achieve the goals set in business plans; determined based on evaluations of progress with business measures over the course of the fiscal year and progress toward goals set in business plans.
Medium-term incentive remuneration	15%	17%	19%	15%	18%	Medium-term incentive remuneration is paid in the form of Company shares based on evaluations of progress toward goals set in the medium-term management plan and fluctuations in corporate value, using consolidated operating income and total returns to shareholders as stipulated in the medium-term management plan as indicators. This remuneration seeks to incentivize business execution with sustained growth in mind. Rights to receive Company shares obtained in accordance with performance in each year of the medium-term management plan are evaluated, from an external perspective, for each period of the medium-term management plan. Rights are finalized based on the results thereof.

Basic policies for decision-making concerning amounts of remuneration for individual directors

Based on the decision-making policies, the Nomination and Remuneration Advisory Committee confirms business results and key performance indicators (KPIs) as well as procedures and evaluation results, then decides on draft individual remuneration amounts. Final decisions are made by the Board of Directors.

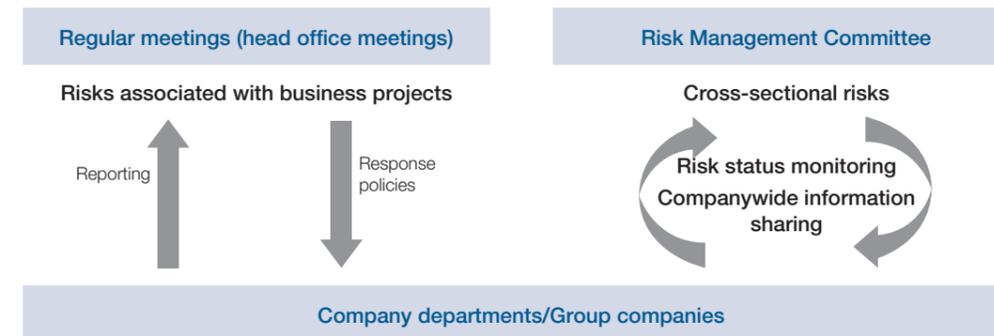
② Directors who are members of the Auditors Committee

Their remuneration consists of fixed base remuneration the amounts of which are determined in light of the results of audits of legality and propriety in business execution as well as job responsibilities and within the range of the total amount resolved at the general meeting of shareholders held on November 29, 2023.

Draft policies governing remuneration and related issues for individual directors who are members of the Auditors Committee are determined by the Nomination and Remuneration Advisory Committee, and final decisions are made following consultations among directors who are members of the Auditors Committee.

Promotion of Risk Management and Compliance

Risk management system



The Company's basic risk management policies are established in the Risk Management Rules. Procedures for business continuity in the event of a major earthquake or other emergency are stipulated in the Crisis Management Rules.

The risks associated with all business projects are examined in detail and response policies are determined at regular study meetings (head office meetings) attended by directors, persons responsible in related departments, and others.

The Risk Management Committee is responsible for monitoring the status of cross-sectional risks and companywide information sharing.

In the event of an incident that has a significant impact on management, a crisis task force led by the President is convened to consider and implement Companywide response. In addition, to assure the accuracy and reliability of financial reporting, the Company identifies, assesses, and documents risks in operational processes and elsewhere based on the Internal Control Rules and periodically checks on the status of the implementation of control activities.

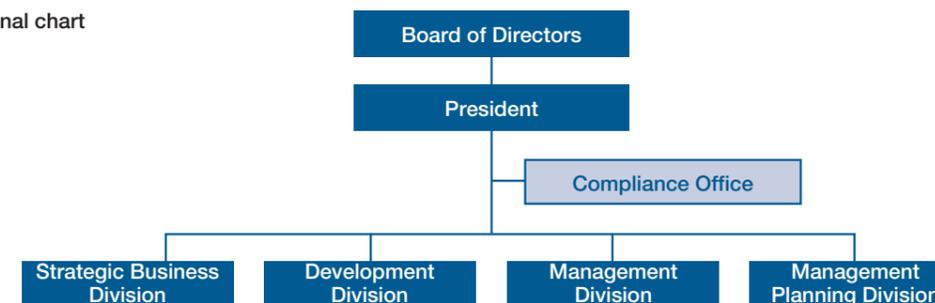
- Number of head office meetings held in FY2023: 60
- Number of meetings of the Risk Management Committee held in FY2023: 60

Compliance Declaration and compliance promotion structure

Based on the Corporate Ethics and Conduct Charter, which declares our intention to implement corporate ethics and to fulfil our corporate social responsibilities (CSR), we revised the existing Compliance Code of Conduct and established the Compliance Declaration in March 2023, to ensure that executives and employees abide by laws, the articles of incorporation, and social norms.

As an organization under the direct supervision of the President and headed by the officer in charge of compliance (Mitsuhiko Matsuzawa, Director), the Compliance Office has been established to strengthen the promotion of compliance management while clarifying the management stance regarding legal and regulatory compliance throughout the Company and the Group.

Organizational chart



Initiatives for compliance promotion

In 2022, we posted harassment training materials for all employees. In February 2023, we carried out harassment training via e-learning. In April, we held a web-based live training session. In July, we implemented compliance training via e-learning. In November, we carried out a survey focusing on harassment.

In January 2024, as part of our initiatives in line with the Chubu Electric Power Group's Human Rights Basic Policy, we implemented human rights training and in June of the same year, harassment prevention training for managers. We will continue to implement such training to maintain and strengthen awareness among all employees.

Additionally, we established a compliance hotline (internal reporting system/whistleblowing system).

External Director Interview

Evolving into a General Developer with Unmatched Development Capabilities to Contribute to New Urban Development in Japan

Atsushi Kawashima

External Director

Q1 Role of an external director

Unleashing ES-CON JAPAN's growth potential

Allow me to explain what led me to assume the position of an external director for ES-CON JAPAN, of all the developers active in Japan. First, I wanted to witness how ES-CON JAPAN will progress and change in the years to come after it joined the Chubu Electric Power Group, which is large and influential. Second, with all companies now pursuing sustainability management to address the biggest challenge of achieving carbon neutrality, I felt great potential in what could happen by combining the energy management expertise of a power company and the capabilities of a real estate developer. I believe my role here is to take a deep dive into ES-CON JAPAN and to openly communicate and raise issues if I notice anything is wrong or have questions.

Q2 Efficacy of the Board of Directors

Further enhancing the role of the Board of Directors to strengthen compliance

In attending the meetings of the Board of Directors, I was impressed by the clear grasp demonstrated by all attendees, including President Ito and the other management members, of the entire range of development projects and the quality of their decisions for each project. I can only give high marks for this framework, which I think generates the agility and rapid response that characterize ES-CON JAPAN. At the same time, I believe the Board of Directors should discuss certain other important development or investment projects in greater depth. I note that the Company rules have been revised to move this direction. In addition, a compliance incident arose during the past four years during my term of office as an external director. The issue is how to strengthen governance by the Board of Directors to strengthen compliance.

Q3 ES-CON JAPAN's strengths from the perspective of an external director

The Company's greatest strength: Unmatched development capabilities which make regional revitalization and next-generation urban development possible

ES-CON JAPAN's unmatched capabilities in real estate development constitute its greatest strength. A good example is participation in the urban development project for the area around the JR Kitahiroshima Station in Hokkaido, which had been underdeveloped despite its merits as a prime location connecting the city center of Sapporo and New Chitose Airport, creating the sports-centered Hokkaido Ballpark F Village. The Company has enhanced its name recognition and brand power by bringing ES CON FIELD HOKKAIDO into being, following the acquisition of naming rights for the stadium that serves as the core of this area, and established significant foundations for rolling out sports-centered urban development nationwide. I admire this agile and dynamic decision-making of the management with President Ito at the top.

In the condominium business, the Company has demonstrated outstanding planning capabilities in identifying rare locations and converting them into properties for sale that offer high added value. Examples include OST RESIDENCE KARUIZAWA and SEVENS VILLA Karuizawa, which display a high affinity with nature, in Karuizawa of Nagano Prefecture; and DIAMAS Hayama in Hayama of Kanagawa Prefecture. At the latter site, it has been 31 years since a condominium project of the same size was built along the coast in the same neighborhood. Products the Company develops targeting the affluent population demonstrate strong appeal.

Joining the Chubu Electric Power Group and its participation in projects in the Chubu region strengthens its presence there, including an urban development project at the former site of the Nagoya Racecourse. Another unique example is Techno Farm Fukuroi, a plant factory with the world's largest lettuce production, developed jointly with Chubu Electric Power, which expands ES-CON JAPAN's scope of development expertise. I expect to see ES-CON JAPAN deliver innovative urban development leading to sustainability by actively integrating the energy management expertise of Chubu Electric Power into real estate development and management.

Q4 Evaluating the Long-Term Vision 2023 and the 5th Medium-Term Management Plan

The key is to enhance human capital while balancing investments and liabilities.

In 2024, ES-CON JAPAN formulated the Long-Term Vision 2023, which sets the targets of ordinary income of 30.0 billion yen and real estate assets of one trillion yen in fiscal 2030. The strategy carried over from the previous Medium-Term Management Plan—to pursue sustainable growth by focusing on the real estate leasing business as a stable revenue source—is sound. However, major investments in stock businesses are lowering the equity ratio. Balancing growth and stability remains essential. In the 5th Medium-Term Management Plan, I believe that we should proceed with development and investment while incorporating off-balance sheet financing as appropriate to avoid excessive liabilities.

Human capital is essential to achieving all these goals. The Company needs specialists in each field. The overseas business, which the Company has set as one of its next core businesses, requires human resources capable of strengthening relationships with overseas counterparts and acquiring local information.

Q5 Toward lasting and sustainable growth

Strengthening human capital, ESG, and sustainability to achieve sustainable growth for ES-CON JAPAN

As noted earlier, to achieve sustainable growth for ES-CON JAPAN, which has an unmatched presence as a developer, it is essential that we constantly nurture human resources who are loyal to and embody the values and culture of ES-CON JAPAN.

In what is perhaps a harsh judgment, the current state of sustainability management appears to be indifferent—neither especially good nor bad. The company must further pursue its sustainability management as only ES-CON JAPAN can do, leveraging its advantages as a member of the Chubu Electric Power Group.

I've said that I'm being a little harsh, but that's why I have high expectations for ES-CON JAPAN. I believe ES-CON JAPAN is a company the society needs. As one of the individuals currently involved with ES-CON JAPAN, I'd like to do my best to help the Company grow even further.

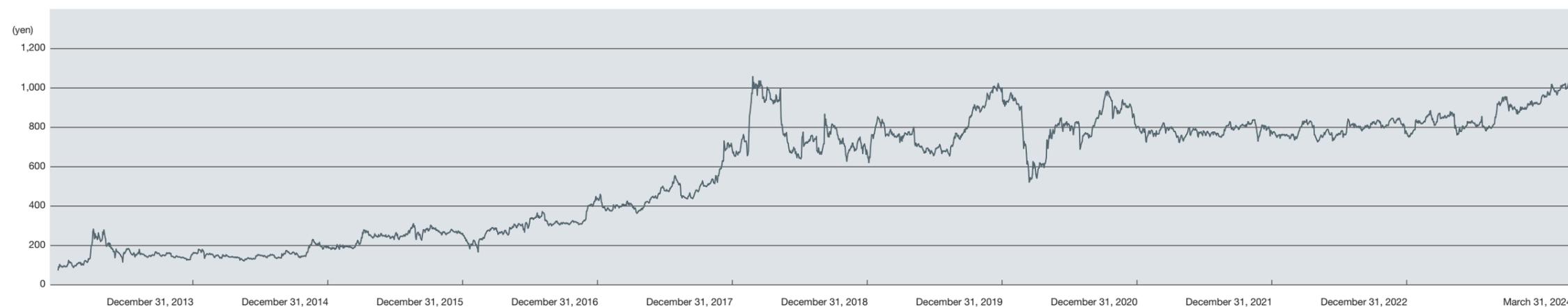


Financial Data

Key financial data for the past 11 years on a consolidated basis

Fiscal year		FY12/2013	FY12/2014	FY12/2015	FY12/2016	FY12/2017	FY12/2018	FY12/2019	FY12/2020	FY12/2021	FY12/2022	FY3/2024 ^{*1}
Profit/loss (millions of yen)	Net Sales	13,558	18,842	27,705	34,347	44,724	54,325	72,106	77,308	79,017	99,431	118,861
	Operating income	1,844	2,815	4,012	4,680	7,042	11,561	12,912	12,202	10,381	15,492	19,074
	Ordinary income	1,200	2,075	3,126	3,575	5,988	10,498	11,810	11,164	9,099	14,012	16,585
	Profit attributable to owners of parent	1,905	2,411	3,039	3,936	5,456	7,226	8,155	7,663	5,961	7,250	10,050
Financial position (millions of yen)	Total assets	43,695	50,141	58,088	73,703	86,435	109,747	132,696	149,423	252,771	263,729	399,696
	Interest bearing liabilities	31,670	35,430	39,739	51,177	56,544	70,661	85,019	98,506	163,034	169,065	293,794
	Net assets	9,587	11,656	13,994	17,363	21,433	27,359	33,546	38,627	62,628	64,144	70,702
Cash flows (millions of yen)	Cashflow from operating activities	4,093	-1,803	-3,877	-14,684	-10,694	-7,123	122	119	-10,810	1,501	-68,892
	Cashflow from investing activities	2,294	-1,041	61	7,656	9,167	223	-4,770	-9,732	-29,721	-1,620	-32,611
	Cashflow from financing activities	-4,450	3,368	3,683	11,003	3,979	12,818	10,501	11,007	50,293	2,144	114,585
Indicators per share (yen)	Profit per share	31.14	34.59	44.65	58.76	81.77	105.98	119.17	111.94	67.48	76.04	105.44
	Net assets per share	137.14	169.05	208.28	259.07	315.14	400.47	490.08	563.07	657.50	691.87	759.56
	Dividend per share	1	3	8	15	18	32	36	38	38	38	48
Financial indicators (%)	Dividend payout ratio	3.2	8.7	17.9	25.5	22.0	30.2	30.2	33.9	56.3	50.0	45.5
	ROE	27.7	22.7	23.7	25.1	28.1	29.6	26.8	21.2	11.8	11.3	14.5
	ROA	4.3	5.1	5.6	6.0	6.8	7.4	6.7	5.4	3.0	2.8	3.0
	ROIC ^{*2}	4.5	6.7	7.2	6.5	8.4	10.2	7.5	6.6	3.2	4.6	3.6
	Equity ratio	21.9	23.2	24.1	23.6	24.8	24.9	25.3	25.8	24.8	25.0	18.1
Stock information	Stock price ^{*3}	160	189	261	437	655	646	937	816	783	782	1,040
	Total number of shares issued and outstanding	69,748,887	70,317,887	70,511,887	70,594,887	71,203,387	71,649,387	71,841,887	71,961,887	98,580,887	98,580,887	98,580,887

Trend in stock price



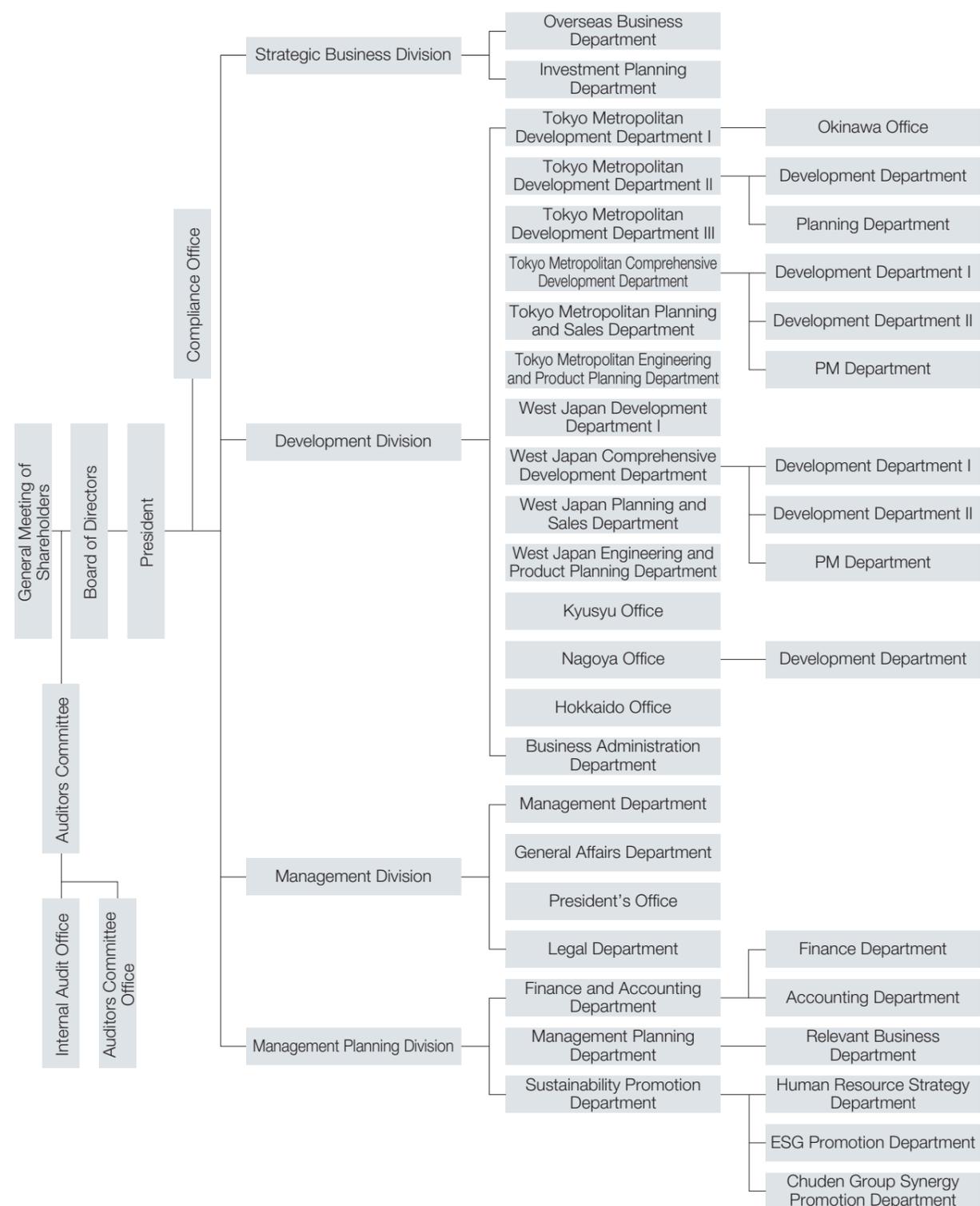
*1: FY3/2024 was an irregular financial period for the 15 months from January 1, 2023 to March 31, 2024.

*2: ROIC = Operating income after tax / (Shareholder equity + interest-bearing liabilities)

*3: Adjusted closing price on the last trading day of each financial period

Company Data

ES-CON JAPAN Organizational Chart (as of August 31, 2024)



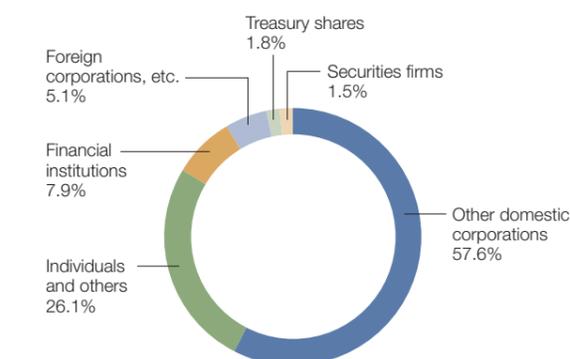
Company Profile (as of March 31, 2014)

Stock status

Total number of authorized shares	99,000,000
Total number of outstanding shares	98,580,887

Total number of shareholders	28,722
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Ownership distribution (percentages of shares)



Major shareholders

Name	No. of shares owned (shares)	Ownership ratio (%)
CHUBU Electric Power Co., Inc.	49,599,000	51.2
The Master Trust Bank of Japan, Ltd. (trust account)	4,424,800	4.6
Tenma Seiryu Co., Ltd.	3,610,000	3.7
Custody Bank of Japan, Ltd. (trust account)	2,642,600	2.7
Seiryu Corporation Co., Ltd.	2,100,000	2.2
Takatoshi Ito	1,286,600	1.3
JPMorgan Securities Japan Co., Ltd.	649,507	0.7
JP MORGAN CHASE BANK 385781	556,565	0.6
Keiko Akashi	531,000	0.5
UBS AG LONDON ASIA EQUITIES	437,402	0.5

(Notes)
 1. The Company holds 1,732,950 treasury shares but is excluded from the above list of major shareholders.
 2. The treasury shares (1,732,950 shares) are excluded from calculations of ownership ratios. The ownership ratio is rounded to the first decimal place.

Name

ES-CON JAPAN Ltd.

Established

April 18, 1995

Capital

16,519 million yen

Line of business

Condominium business
 Real estate development business
 Real estate leasing business
 Asset management business
 Other business

Number of employees

442 (consolidated)

282 (non-consolidated)

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