



August 18, 2020

Financial Results for First Two Quarters of Term Ending December 2020 ES-CON JAPAN Ltd.



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Financial Results for First Two Quarters of Term Ending December 2020



Main Activities in First Two Quarters of Term Ending December 2020

January

Naming rights acquired for new stadium for Hokkaido Nippon-Ham Fighters

Nomination and Remuneration Advisory Committee established



February

ESCON JAPAN REIT Investment Corporation (EJR) undertakes first public offering

Acquisition of new business site (Uchiagetakatsukacho, Neyagawa-shi (commercial))

Sales commence for Le JADE Morinomiya and Le JADE Okurayama.

Opening of tonarie Utsunomiya, the Tokyo metropolitan area's first community shopping center

Le JADE Okurayama



March

Acquisition of new business sites:

Higashikozucho, Tennoji-ku; Nishimakami 1-chome, Takatsuki-shi; Kaburagicho, Gifu-shi; Makuharihongo 1-chome; Fujishirodai; Kyoto Horikawa Gojo;

Karuizawa Shiozawa; CosmoSquare Ekimae

Monetary donation to Kyoto University's iPS Cell Research Fund

Participation in joint condominium project in Los Angeles County, California

Joint Nagoya-shi Higashi-ku Shirakabe 4-chome II Project (tentative name) with Chuden Real Estate Co., Inc.

Raised three billion yen in funding through ESG/SDGs assessment-based loan

Joint Suita-shi Fujishirodai 5-chome Project (tentative name) with Chuden Real Estate Co., Inc.

April

All units sold in Le JADE Minami-Ibaraki Muse

Investment in SQUEEZE Inc. and participation in hotel operation business

Sales commence for Le JADE Yamato-Takada Ekimae and Le JADE Suma Myohoji Ekimae

Acquisition of commercial facility Lions Square Kawaguchi

Acquisition of new business properties: Nishi-Azabu 3-chome, Minato-ku; Hirano-Nishi, Hirano-ku, Osaka-shi

Additional contribution to performance-linked stock-based remuneration program

Le JADE Yamato-Takada Ekimae



May

Earned EcoAction 21 environmental management system (EMS) certification

Acquisition of new business site: Higashi-Takasagocho, Urawa-ku



June

Acquisition of new business sites: Fukakusacho, Shimogyo-ku, Kyoto-shi; Uchiagetakatsukacho,

Neyagawa-shi [condominium]; Shijoomiya Ekimae

All units sold in Grand Le JADE Jiyugaoka

Le JADE Toyoda Master Hills



July and later

All units sold in Grand Le JADE Shonan Enoshima R134, Le JADE Toyoda Master Hills

Sales commence for Le JADE Nagai Koen Dori, Le JADE Mukonoson Honmachi.

EJR earned DBJ Green Building certification.

Third medium-term management plan and progressive dividend policy reviewed

Soyoca Fujimino commercial facility earns CASBEE real estate assessment certification.

Joint Ichinomiya-shi Yahata 4-chome Project (tentative name) and joint Kakegawa-shi Minami 1-chome Project (tentative name) with Chuden Real Estate Co., Inc.

Effective September 1, Hokkaido Office opens and begins operating;

Fukuoka Office renamed Kyushu Office.



● Number of new business sites acquired in second quarter of term ending December 2020

	Metropolitan area	Kinki region	Chubu region	Total
Condominium	2	7	2	11
Commercial (including commercial facilities)	2	1		3
Office	1			1
Multipurpose		2		2
Total	5	10	2	17

P/L in First Two Quarters of Term Ended December 2020

- Both sales and profits increased YoY.
- Both sales and profits are up. Business proceeded largely according to plan.

(Unit: Million yen)

	Second Quarter of Term Ending December 2020 (term under review)	Second Quarter of Term Ended December 2019 (previous term)	Amount of increase/ decrease	Compared to previous term	Second Quarter of Term Ending December 2020 (initial plan)	Difference from plan	Percentage vs. initial plan
Sales	54,968	30,228	24,740	+ 81.8%	54,000	968	+ 1.8%
Gross profit	14,827	9,331	5,496	+ 58.9%			
Selling, general and administrative expenses	4,231	2,543	1,688	+ 66.4%			
Selling expenses	1,791	742	1,049	+ 141.4%			
General administrative expenses	2,439	1,801	638	+ 35.4%			
Operating profit	10,595	6,788	3,807	+ 56.1%	9,500	1,095	+ 11.5%
Interest expenses	523	596	-73	-12.2%			
Ordinary income	10,070	6,197	3,873	+ 62.5%	9,000	1,070	+ 11.9%
Net income in quarter	6,990	4,293	2,697	+ 62.8%	6,200	790	+ 12.7%
Earnings per share in current term	102.14	62.75	39.39	+ 62.8%			

Segment Results for First Two Quarters of Term Ending December 2020

- In the real estate sales business, sales grew by 88% and income by 70% YoY. Other sales contributed significantly to both sales and income.
- In the condominium business, sales were up 265% YoY, while income was up 320% YoY.
- Other sales, including sales from properties sold to Chuden Real Estate Co., Inc. and ESCON JAPAN REIT Investment Corporation (EJR), as well as logistics facilities and other revenue-generating properties, boosted both sales and profits.
- The project profit margin for condominium sales was up 1.5 points thanks to steady progress on sales of condominium units, with 437 units sold by the end of 2Q vs. initial plans of 765 units sold during the year (an achievement rate of 57%).
- Profits in the real estate leasing business were down YoY due to various factors, including the sale of properties to Chuden Real Estate Co., Inc. and EJR.

(Unit: Million yen)

	Sales			Segment income		
	Second Quarter of Term Ending December 2020 (term under review)	Second Quarter of Term Ended December 2019 (previous term)	YoY change	Second Quarter of Term Ending December 2020 (term under review)	Second Quarter of Term Ended December 2019 (previous term)	YoY change
Real estate sales business	52,275	27,763	+ 88.3%	11,880	6,992	+ 69.9%
Condominium sales	18,682	5,114	+ 265.3%	Profit margin 11.9% 2,230	Profit margin 10.4% 531	+ 320.0%
Other sales	33,593	22,648	+ 48.3%	9,649	6,461	+ 49.3%
Real estate leasing business	2,541	2,392	+ 6.2%	1,021	1,536	-33.5%
Real estate planning agency and consulting business	151	72	+ 109.7%	85	60	+ 41.7%
Total	54,968	30,228	+ 81.8%	12,987	8,589	+ 51.2%

Condominium sold/sales	Sales			
	Units sold	Amount (million yen)	Price per unit (10,000 yen)	Project profit margin
Second Quarter of Term Ended December 2019 (previous term)	98	5,114	5,218	10.4%
Second Quarter of Term Ending December 2020 (term under review)	437	18,682	4,275	11.9%

Non-condominium project profit margin	Results		
	Sales (million yen)	Project profit (million yen)	Project profit margin
Second Quarter of Term Ended December 2019 (previous term)	22,648	6,461	28.5%
Second Quarter of Term Ending December 2020 (term under review)	33,593	9,649	28.7%

	Planned units sold this term	Number of units delivered at end of 2Q (units)	Achievement rate	Contracted units (including delivered units) as of August 17 (units)	Achievement rate
Second Quarter of Term Ending December 2020 (term under review)	765	437	57.1%	573	74.9%

Other sales in second quarter of term ending December 2020	Sales (million yen)	Project profit (million yen)	Properties
Properties sold to Chuden Real Estate Co., Inc.	9,515	2,819	<ul style="list-style-type: none"> • tonarie Yamato-Takada 50% • tonarie Toga-Mikita 50% • Ikoma-gun commercial site • Omihachiman-shi commercial site • Hyuga-shi commercial site
Properties sold to EJR	10,373	2,933	<ul style="list-style-type: none"> • tonarie Yamato-Takada 50% • tonarie Toga-Mikita 50% • Sakai-shi Daisen commercial site

Segment Results for First Two Quarters of Term Ending December 2020

- The completed condominium inventory stood at 158 units at the end of June 2020 (109 units as of August 17).
- Other sales included 10.3 billion yen in sales to REIT (EJR) and 9.5 billion yen in sales to Chuden Real Estate, for approximately 20 billion yen in total.

(Unit: Units)

Condominium sales	Location	Total number of units	Closing inventory for term ended December 2019	Number of units delivered in First Two Quarters of Term Ending December 2020	Inventory at end of Second Quarter of Term Ending December 2020	Inventory as a result of contract and delivery progress as of August 17
Mirakita City Himeji	Himeji-shi, Hyogo	143 (67 units) ^{*1}	32	6	26	25
Grand Le JADE Jiyugaoka	Meguro-ku, Tokyo	23	8	4	4	Sold out
Grand Le JADE Shonan Enoshima R134	Fujisawa-shi, Kanagawa	22 ^{*2}	5	2	3	Sold out
Le JADE Hama-Otsu	Otsu-shi, Shiga	51	27	13	14	11
Grand Le JADE Todoroki	Setagaya-ku, Tokyo	43	28	11	17	8
Le JADE Minami-Ibaraki MUSE	Ibaraki-shi, Osaka	40	3	3	0	Sold out
Le JADE Tsujido Higashikaigan	Fujisawa-shi, Kanagawa	51	—	30	21	12
Le JADE Toyoda Master Hills	Hino-shi, Tokyo	63	—	62	1	Sold out
Le JADE Kotoen	Nishinomiya-shi, Hyogo	49	—	49	0	Sold out
Le JADE Kuzuha	Hirakata-shi, Osaka	47 ^{*3}	—	47	0	Sold out
Le JADE Higashi-Sumiyoshi Imagawa Ryokudo	Higashi-Sumiyoshi-ku, Osaka-shi	41	—	41	0	Sold out
Le JADE Takatsuki Miyanocho	Takatsuki-shi, Osaka	99	—	88	11	3
Le JADE Ikeda Masumicho	Ikeda-shi, Osaka	35	—	30	5	3
Le JADE Nishinomiya Kitaguchi Hinokuchicho	Nishinomiya-shi, Hyogo	94	—	48	46	39
Grand Le JADE Shukugawa Residence	Nishinomiya-shi, Hyogo	13	—	3	10	8
Le JADE Utsukushigaoka	Yokohama-shi, Kanagawa	90	—	—	—	Incomplete (contracts outstanding for 54 units)
Le JADE Okurayama	Yokohama-shi, Kanagawa	25	—	—	—	Incomplete (contracts outstanding for 5 units)
Le JADE Morinomiya	Higashinari-ku, Osaka-shi	45	—	—	—	Incomplete (contracts outstanding for 14 units)
Total			103	437	158	109

^{*1} Includes 143 residential units and nine unsold units. Based on our 50% share, this is equivalent to a total of 67 units.

^{*2} Includes 24 residential units and two unsold units (units for sale: 22 units).

^{*3} Includes 78 residential units and 31 unsold units (units for sale: 47 units).

Other sales (2Q, term ending December 2020)

Other sales	Type	Business scheme	Sales (million yen)
LOGITRES Tojo	Logistics	Sale	8,120
Matsubara, Setagaya-ku	Revenue-generating real estate	Sale	2,167
Honjonishi, Kita-ku	Revenue-generating real estate	Sale	1,967
Genbo-en, Koga-shi, Fukuoka	Land planning	Sale	393
Ikoma-gun commercial site	Land	Sale to Chuden Real Estate and external buyers*	765
Omihachiman-shi commercial site	Land	Sale to Chuden Real Estate	970
Hyuga-shi commercial site	Land	Sale to Chuden Real Estate	445
tonarie Yamato-Takada	Commercial facility	Sale to Chuden Real Estate and EJR	8,175
tonarie Toga-Mikita	Commercial facility	Sale to Chuden Real Estate and EJR	6,875
Sakai-shi Daisen commercial site	Land	Sale to EJR	2,733

* The Ikoma-gun commercial site was sold to Chuden Real Estate (690 million yen) and external buyers (75 million yen).

Leasing business (major owned properties)	Location	Possession status
Kansai Medical University Kuzuha Hospital	Hirakata-shi, Osaka	Fixed asset
Aeon Minamisenri	Suita-shi, Osaka	Fixed asset
Otsu Terrace	Otsu-shi, Shiga	Fixed asset
tonarie Utsunomiya	Utsunomiya-shi, Tochigi	Fixed asset
Lions Square Kawaguchi	Kawaguchi-shi, Saitama	Current asset (for sale)
Hyogo Tojo II	Kato-shi, Hyogo	Current asset (for sale)
Tsukuba CREO	Tsukuba-shi, Ibaraki	Current asset (for sale)
Tsukuba Q'T, MOG	Tsukuba-shi, Ibaraki	Current asset (for sale)
KoLuTeNa I	Nishi-ku, Sapporo-shi	Current asset (for sale)
soyoca Fujimino	Fujimino-shi, Saitama	Current asset (for sale)
Yamada Denki Sapporo Shiroishi store	Shiroishi-shi, Sapporo-shi	Current asset (for sale)
Mukomoto-machi, Amagasaki-shi	Amagasaki-shi, Hyogo	Current asset (for sale)
Ikegami, Nishi-ku, Kobe-shi	Nishi-ku, Kobe-shi	Current asset (for sale)
Nakasu, Hakata-ku	Hakata-ku, Fukuoka-shi	Current asset (for sale)

Sale to Chuden Real Estate
Approx. 9.5 billion yen

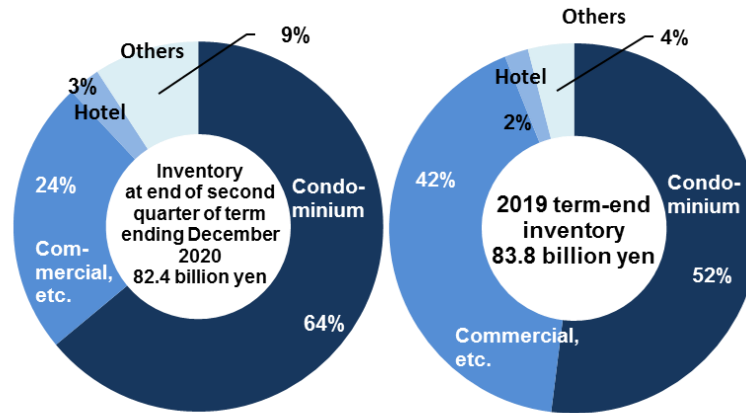
Sale to EJR
Approx. 10.3 billion yen

B/S in First Two Quarters of Term Ending December 2020

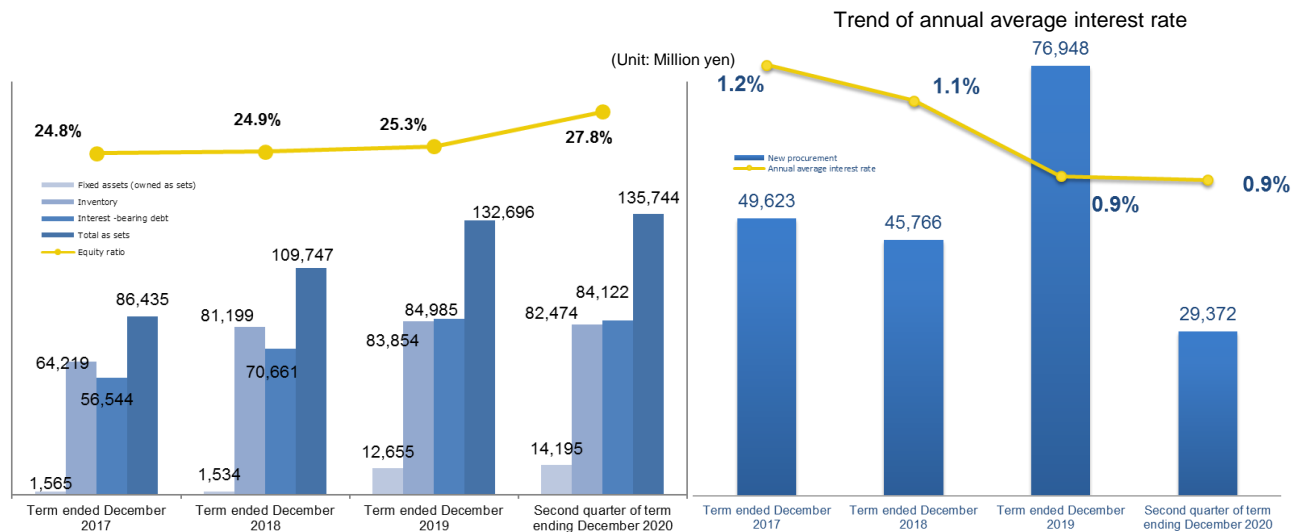
- Fixed assets grew 3.2 billion yen due to the acquisition of the commercial facility tonarie Utsunomiya and investments (in EJ, SQUEEZE, and ESCON USA).
- Annual average interest rate fell YoY to 0.9% thanks to the business partnership with the Chubu Electric Power Group.
- The equity ratio rose 2.5 points from the end of the previous term to 27.8%.

	Second Quarter of Term Ending December 2020 (term under review)	Term Ended December 2019 (previous term)	(Unit: Million yen) Increase/decrease
Current assets	113,958	114,137	-179
Cash and deposits	24,580	22,511	2,069
Real estate for sale	9,399	24,234	-14,835
Real estate for sale in process	73,073	59,619	13,454
Fixed assets	21,786	18,558	3,228
Tangible fixed assets	14,925	13,433	1,492
Intangible fixed assets	461	492	-31
Investments and other assets	6,399	4,632	1,767
Total assets	135,744	132,696	3,048

	Second Quarter of Term Ending December 2020 (term under review)	Term Ended December 2019 (previous term)	(Unit: Million yen) Increase/decrease
Current liabilities	42,766	50,199	-7,433
Short-term loans	5,249	4,580	669
Current portion of long-term loans	25,129	32,415	-7,286
Current portion of bonds	240	40	200
Fixed liabilities	55,172	48,950	6,222
Corporate bonds	10	230	-220
Long-term loans	53,491	47,720	5,771
Total liabilities	97,939	99,149	-1,210
Total net assets	37,804	33,546	4,258
Total liabilities and net assets	135,744	132,696	3,048
Equity ratio	27.8%	25.3%	+2.5 points



	2020 2Q end	2019 end
Condominium	52,771	43,588
Commercial, etc.	19,798	35,155
Hotel	2,319	1,734
Others	7,586	3,377
Total	82,474	83,854



Most Recent Main Initiatives



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

Two full years have passed since August 2018, when we concluded a capital and business partnership agreement with Chubu Electric Power, becoming an equity method affiliate of that company.

The capital and business partnership with Chubu Electric Group has generated numerous synergies.

Promoting joint projects		Five joint projects are already underway with Chuden Real Estate. Four projects in the Chubu area: Shirakabe, Shirakabe II, Nishi-Ichinomiya, Kakegawa One project in the Kinki area: Fujishirodai, Suita-shi
Mutually complementary business areas		Nagoya Office opened in March 2019. Business developed in both regions (Chubu and Kansai)
Making effective use of real estate owned by the Chubu Electric Power Group		Joint project begun on real estate owned by Chuden Real Estate in Ichinomiya-shi, Aichi
Joint research and implementation of nextgeneration smart houses, connected homes, etc.		Development of a next-generation multipurpose facility began in Fujishirodai, Suita-shi, Osaka (the former site of the National Cerebral and Cardiovascular Center), planned as a joint project with Chuden Real Estate.
Prospective buyers for our real estate development projects		Sale of properties owned by the Company to Chuden Real Estate through warehousing method (In September 2019, support agreements were concluded with three companies: Chuden Real Estate, EJR, and ES-CON Asset Management.)
Exchange of human resources		Two of the Company's employees were seconded to Chuden Real Estate from April 2019, and one person from Chubu Electric was named director in March 2019. Chuden Real Estate employees seconded to the Group for training
Respect for autonomy		Continued business development utilizing the Company's characteristic speed

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

tonarie Yamato-Takada
tonarie Toga-Mikita

Omihachiman-shi, Shiga
Muko-shi, Kyoto
Ikoma-gun, Nara

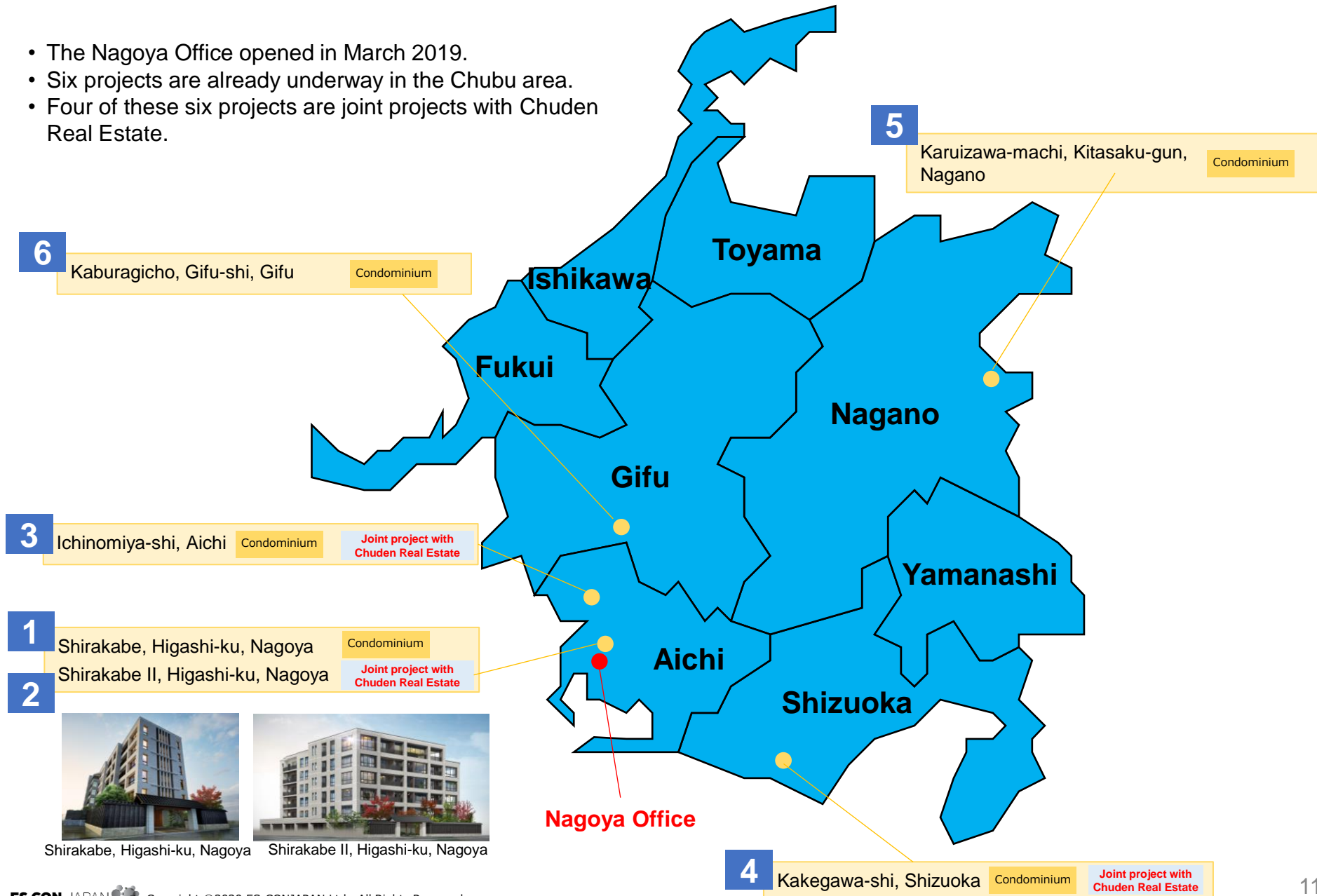
**Total of approx.
9.5 billion yen**

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



Business development in the Chubu area

- The Nagoya Office opened in March 2019.
- Six projects are already underway in the Chubu area.
- Four of these six projects are joint projects with Chuden Real Estate.



ESCON JAPAN REIT Investment Corporation (EJR)

Completed first post-listing PO in February 2020; assets total approx. 52 billion yen. Enhancing organization with eye toward forming private REITs and private investment funds.

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

- Rating Overview

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

■ Capital increase through first post-listing PO in February 2020; total issue value of approx. 5.7 billion yen. Steady asset growth.

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

■ Earned DBJ Green Building certification in July 2020

tonarie Yamato-Takada and tonarie Toga-Mikita, developed by us and currently owned by EJR, were certified.

Three distinguishing features of EJR



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

Facilities with roots in local communities in these four major urban areas where population concentrations are projected to continue in the future as well
Pursuing highly stable earnings and growth potential through investment focusing on commercial facilities that people depend on in their daily lives



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

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



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

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

EJR Portfolio Summary Map

Number of properties	Total acquisition price	Total appraised value	Utilization rate	Appraised NOI yield	Amortized appraised NOI yield	Years remaining on lease
28 properties	51.9 billion yen	56.9 billion yen	99.8%	5.1%	4.6%	10.7 years

Commercial leasehold included 25.5 billion yen

Leasehold ratio 49.2%

*1) Amounts are truncated and fractions rounded off.

*2) Utilization rates and years remaining on lease as of July 22, 2020

*4) Appraisals are the most recently acquired.

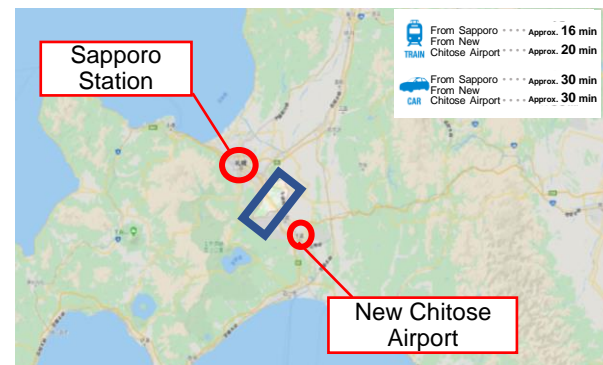




Participation in Hokkaido Ballpark project

We are participating in the large-scale development of Hokkaido Ballpark F. Village (a total of 36.7 ha under development), centered on **ES CON FIELD HOKKAIDO**, the new stadium for the Hokkaido Nippon-Ham Fighters.

This project seeks to realize community development, taking full advantage of our real estate development expertise. We will also use this as an opportunity to take part in sports and cultural promotion initiatives and to contribute to the vitality and development of the Hokkaido region and improvements in the lives of residents.



- <Kitahiroshima-shi, Hokkaido>**
(As of end of December 2019)
- Population: 58,268
* Hokkaido: 5,268,166
 - Transportation: The JR Hokkaido Chitose Line runs north-south through the center of the city.
 - Area: 119.05 sq. km



Naming rights acquired for ES CON FIELD HOKKAIDO

We are participating in the development of the area around the new stadium for the Hokkaido Nippon-Ham Fighters and have acquired naming rights.

ES CON FIELD HOKKAIDO is slated to open in 2023.

We will also take this opportunity to participate in sports and cultural promotion initiatives and to contribute to the vitality and development of the Hokkaido region and to improvements in the lives of its residents.

Contract period	Long-term contract of 10 years or more, starting January 2020
Business partners	Hokkaido Nippon-Ham Fighters Baseball Club Co., Ltd. Fighters Sports & Entertainment Co., Ltd.

<Stadium overview>

- Name: ES CON FIELD HOKKAIDO
- Location: Inside the General Athletics Park, Kyoei, Kitahiroshima-shi, Hokkaido
- Transportation: Approx. 22-minute walk from Kitahiroshima Station on the JR Chitose Line
Approx. 2-minute walk from a new station planned near the stadium
- Total floor area: Approx. 50,000 square meters
- Seating capacity: Approx. 35,000
- Floors: Two underground (field) floors and six aboveground floors (70 m height)
- Specifications: Retractable roof, natural turf field



**Hokkaido
Office slated
to open
September 1,
2020**



Access

Four-minute walk from JR Sapporo Station, 1-minute walk from Sapporo Station on the Sapporo Subway's Namboku Line

- Landmark building in front of the Former Hokkaido Government Office Building (Red Brick Building)
- Connected by underground space from JR Sapporo Station, Odori Koen Station, and Susukino Station
- Unobstructed views of the Red Brick Building and Maruyama Park to the west



Overseas Business Development

Following investment in a Hawaii real estate investment fund and after starting our first overseas condominium development project in Bangkok, Thailand, we are participating in a joint condominium development project in California

- We launched our overseas business development efforts by investing in a Hawaii real estate investment fund in February 2019.
- In August 2019, we joined a condominium development project adjacent to the capital city of Bangkok initiated by the Thai real estate developer Origin Property in Samut Prakan Province. This marks our first overseas condominium development project.
- March 2020: Participation in a joint condominium development project in Los Angeles County, California

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

Bangkok, Thailand



Knightsbridge Sukhumvit-Thepharak Project

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

California, US



Exterior of Tower 520 N. Central

Exterior of Tower 521 N. Orange

520 Project (Tower 520 N. Central / Tower 521 N. Orange)

Location	520 N. Central Avenue/ 521 N. Orange Street Glendale City, California 91203
Transportation	5,044 m ²
Site land area	22,661 m ²
Total floor area	12,384 m ²
Exclusive floor area	Tower 520 N. Central: 8 aboveground floors; Tower 521 N. Orange: 45 aboveground floors
Scale (planned)	Late October 2022
Our investment	460 million yen (equivalent)

ESG initiatives

ESG management philosophy

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

Environment

- Promotion of ZEH-M (for condominiums)
- Conducting environmentally and socially friendly real estate research and development through industry-academia collaboration and collaboration with other industries
- Promoting the improvement of operational efficiency with IT and increasing the percentage of people of taking maternity leave, childcare leave and paid holidays
- Earning Eco Action 21 certification
- Raising funds through ESG/SDGs assessment-based loans

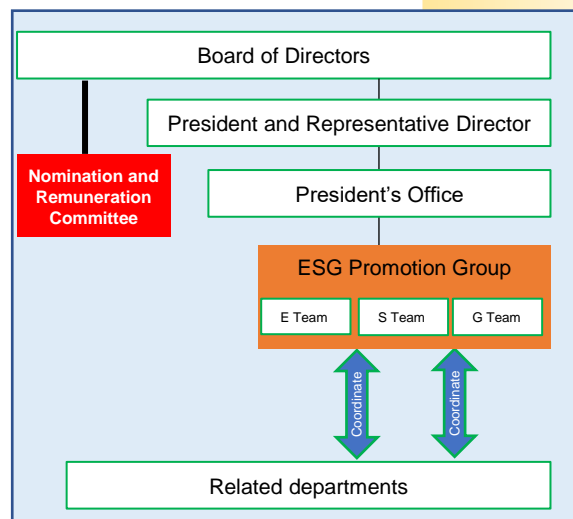
Social

- Contribution to regional revitalization and community creation through development of tonarie neighborhood shopping centers
 - Support for WT1 cancer vaccine research, a cancer immunotherapy
 - Promoting proactive recruitment and success of female employees, the elderly and people with disabilities
 - Support for Chubu Electric Power's curling team
 - Support for The Saikyo Bank's badminton team ACT SAIKYO
 - Naming rights acquired for the Hokkaido Nippon-Ham Fighters' new stadium; participation in urban development activities for the overall area
- * See previous page for details.

Governance

- Conducting timely disclosure of business activities and management status
- Establishment of Nomination and Remuneration Committee
- Succession plan (successor candidate system) initiatives

Contributing to a sustainable society



ESG management promotion structure

Led by the ESG Promotion Group, specific initiative policies are formulated and actively carried out while coordinating with related departments. The ESG Promotion Group currently has a total of 16 members.

ESG Activities: Most Recent Main Initiatives

■ September 2019: Le JADE Okurayama named to FY2019 high-rise ZEH-M support program for zero-emissions condominiums

- Standards-compliant eco-friendly product design through improved insulation performance in exterior walls and elsewhere; use of high insulation double-paned glass and high efficiency air conditioning and water heating equipment

Earning Green Star and 2-star ratings

Annual benchmark assessment of ESG considerations in the real estate sector

- We earned a Green Star based on high evaluations in the areas of both management and policies and execution and measurement.
- We earned a 2-star rating in the five-level GRESB ratings program.

⇒ **We are the first Japanese firm to earn both Green Star and 2-star ratings in GRESB real estate developer assessments.**

■ March 2020: We raised three billion yen through an ESG/SDGs assessment-based loan.

ESG/SDGs assessment prepared by Sumitomo Mitsui Banking Corporation and Japan Research Institute, Ltd.

We earned an overall rank of A*, the third highest of seven ranks, denoting a company that undertakes strong ESG and SDGs initiatives and information disclosure

⇒ We raised three billion yen for the Fujishirodai 5-chome project through a syndicate loan arranged by Sumitomo Mitsui Banking Corporation.

Results of ESG/SDGs assessment

- Very high levels with respect to “efforts to lessen environmental impact of business activities,” “consideration for local and global communities,” and “CSR management”
- Assessed as implementing strong ESG initiatives in corporate management and characterized by high motivation to contribute to SDGs through business activities

Assessment of ESG initiatives

- Has adopted environmental management system and strives to reduce the environmental impact of its own activities and that of its condominiums and commercial facilities.
- Based on employee ideas, trains long-term care human resources at community-centered commercial facilities and strives to facilitate the acceptance of foreign human resources in Japan as part of its businesses.
- Has established an ESG Promotion Group under the direct supervision of the President; formulates ESG action plans to achieve management strategies with participation across the Group and its sections, incorporating these into medium-term management plans.

Additionally, high marks for motivation to achieve SDGs “11. Sustainable cities and communities” and “8. Decent work and economic growth” through its businesses.

■ May 2020: Earned Eco Action 21 certification

Established by the Ministry of the Environment for environmental management systems to proactively and effectively carry out environmental management

Eco Action 21 efforts will contribute to fulfilling social responsibility by reducing environmental impact, contributing to management benefits, and boosting corporate value by cutting costs and improving productivity based on continuing eco-conscious management.

■ July 2020: Earned DBJ Green Building certification

Certification program supporting real estate business activities with consideration for the environment and society

Certification of tonarie Yamato-Takada and tonarie Toga-Mikita, ES-CON developments currently owned by EJRB

■ July 2020: Earned CASBEE real estate assessment certification

This system rates building environmental performance, assessing building quality comprehensively, including interior comfort and consideration for the exterior landscape, in addition to environmental considerations, such as energy conservation and use of materials and machinery with low environmental impact.

Our Soyoca Fujimino commercial facility **earned an S rank, the highest rank available in the CASBEE real estate assessment certification** based on the evaluation of a rating agency certified by the Institute for Building Environment and Energy Conservation (IBEC).



Full-year performance plans for the term ending December 2020





Full-year performance plans for the term ending December 2020

Business performance through the first two quarters of the term ending December 2020 proceeded according to plan. However, current conditions warrant particular care with regard to management decisions and close monitoring of the business environment, business progress, and other factors in the second half and beyond. No changes have been made in initial forecasts.

(Unit: Million yen)

Business plans	Term ending December 2020 (26th term)	
	2Q results	Full-year plans
Sales	54,968	86,000
Real estate sales business	52,275	80,000
Condominium sales business	18,682	36,000
Number of condominium units sold (units)	437	765
Other businesses	33,593	44,000
Real estate leasing business	2,541	5,750
Real estate planning, brokerage, and consulting businesses	151	250
Operating income	10,595	13,300
Ordinary income	10,070	12,300
Net income	6,990	8,500
Dividends per share (yen)	—	38



COVID-19 risks and responses

■ Condominium sales

While we did not completely close showrooms, we switched from face-to-face sales activities and having customers visit showrooms to online sales activities at an early stage, and have achieved certain results. Although the number of visitors fell by around 70% during the state of emergency and led to a slowdown of sales, the figure has picked up after the state of emergency was lifted, leading to a gradual increase in the number of contracted cases. However, with concerns over possible second and third waves, it is difficult to project the impact on properties currently being sold as well as the future sales forecast and construction schedule. Therefore, it is possible that review of construction starts of new condominiums may become necessary going forward.



Based on a consideration of factors such as numbers of visitors to model units in April-June and yields, the impact on condominium sales trends appears relatively minor. We plan to maintain a stable supply of properties.

■ Commercial facilities

ES-CON JAPAN Group owns and manages retail properties centering on community-based shopping centers with supermarkets as the core tenant. Supermarkets, drug stores, etc. selling daily essentials continued operations during the state of emergency and have posted sales exceeding 100% year on year. However, other tenants, such as restaurants, apparel shops and sports clubs, have been forced to refrain from operating. As such, there is a risk of possible decrease in planned real estate leasing income due to rent reduction requests from severely affected tenants, uncollected rents of bankrupted tenants, difficulty in soliciting new tenants, etc.



We will continue with proactive development of neighborhood commercial facilities, centered on supermarkets selling fresh food, since they contribute significantly to communities, even under the conditions generated by COVID-19.

■ Hotels

We have pursued hotel development in recent years, with work on 17 projects, of which 15 have been sold to outside buyers. The two projects currently underway (Fukuoka-shi: opened in March 2020; Osaka-shi: slated to open in January 2021) may be affected by delays in sales and decreased sale prices due to low occupancy rates and difficulties in forecasting recovery timetables.



We plan to exercise cautious management, since occupancy rates have fallen dramatically and are not expected to recover until the second half of 2023.

■ Other businesses



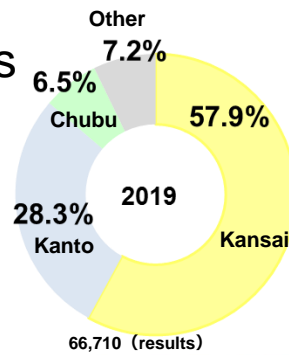
Logistics development: We will maintain a course of proactive development. COVID-19 has generated a boom in e-commerce demand, conditions expected to continue into the future.

Residential leasing: We will pursue proactive development as an additional development business, since this business has high affinities with condominium development and demand is expected to remain stable.

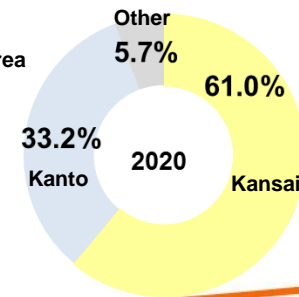
Overseas businesses: We will adopt a cautious approach until the COVID-19 pandemic is under control.

Real Estate Sales Business

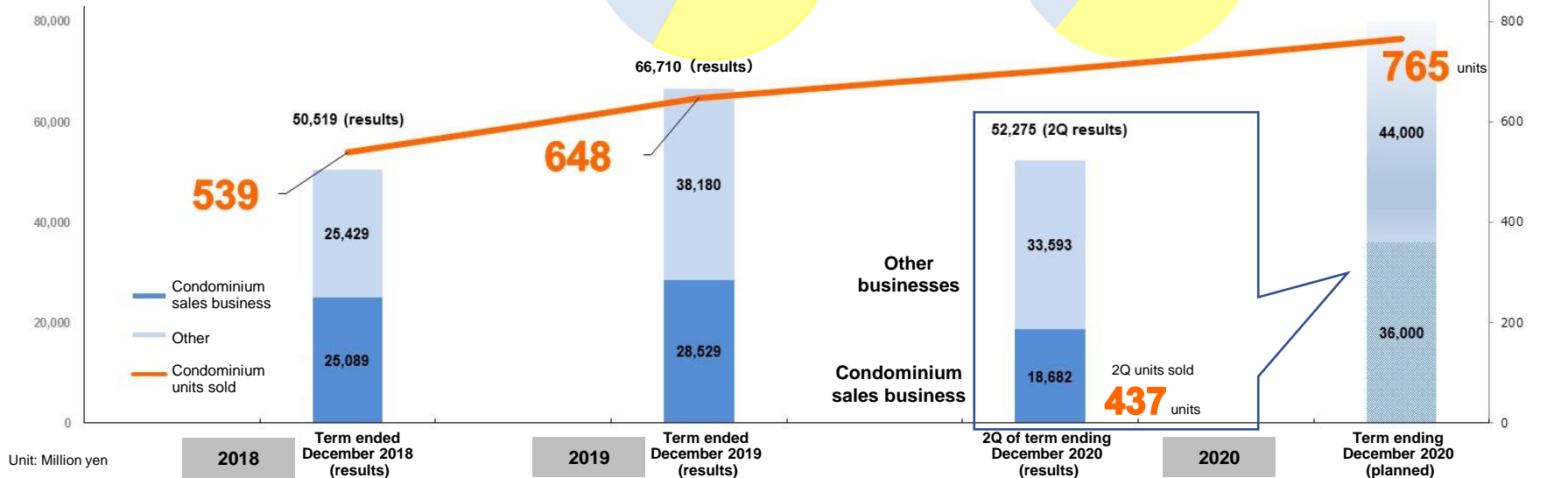
- Business proceeded largely according to plan in the first half of the term ending December 2020. In the second half, we will move forward to achieve our plans while carefully ascertaining related conditions.
- In light of current circumstances, we will postpone the sale of the hotel in Nakasu, Fukuoka, previously slated for this term, until the next term or later.



Sales Share by Area



(Units sold)



Kanto		Kansai		Other	
Condominium sales business		Grand Le JADE Shibuya Tomigaya Grand Le JADE Ochanomizu Grand Le JADE Jiyugaoka Le JADE Southern Gate Toyota Le JADE Nakano Le JADE Kawasaki Le JADE Bio Funabashi Kitamarashino		Grand Le JADE Todoroki Grand Le JADE Shonan Enoshima R134 Mirakita City Himeji Le JADE Otsu LUXE Le JADE Hama-Otsu Le JADE Takatsuki Kosobe Le JADE Sumakaihin Koen Le JADE Shinkanaoka Park Fields Le JADE Minami-Ibaraki MUSE Grand Le JADE Takatsuki Tenjin	
		Feel Garden Minamisenri Le JADE Minamimorimachi Le JADE Nagaokakyo Grand Le JADE Okamoto		Le JADE Tsujido Higashi Kaigan Le JADE Toyoda Master Hills Sold out Le JADE Kuzuha Sold out Le JADE Kotoen Sold out Le JADE Higashisumiyoshi Sold out Imagawa Ryokudo Le JADE Takatsuki Miyanocho Le JADE Ikeda Masumicho Le JADE Nishinomiya Kitaguchi Hinokuchicho Grand Le JADE Shukugawa Residence	
Other business		Minami-Semba III (hotel) Kita-Kyuhojimachi (hotel) Awajicho I (hotel) Awajicho II (hotel) Tsurunochi, Kita-ku (hotel) Hayabusacho, Chiyoda-ku (hotel) Horikawa Shinmachi, Kanazawa-shi (hotel) Sendagaya (revenue-generating real estate) Wakamatsucho 31 (revenue-generating real estate) Fukuoka Kasuga (land planning)		Minami-Semba I (hotel) Nagahoribashi Ekimae (hotel) Awajicho III (hotel) Shimotakaido A (revenue-generating real estate) Nakano, Nakano-ku (land) Fukuoka Koga (land planning) Grand Le JADE Sanbancho (revenue-generating real estate) Sold to REIT (seven commercial projects) Total amount: approx. 13.7 billion yen	
		Hyogo Tojo (logistics) Sold out Fukuoka Koga (land planning) Partially sold Honjonishi, Kita-ku (revenue-generating real estate) Sold out Matsubara, Setagaya-ku (revenue-generating real estate) Sold out Hyogo Tojo II B Sold out Shinjuku Daikyochi (revenue-generating real estate) Contract concluded Minami-Otsuka, Toshima-ku (single building [dormitory]) Contract concluded Hiratsuka Matsukazecho (land) Sold to REIT, Chuden Real Estate (six commercial projects) Sold out Total amount: approx. 20 billion yen			

Condominium Sales Business FY2020 Lineup



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

Sold out



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

Sold out



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

Sold out



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



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



Le JADE Takatsuki Miyanocho (Osaka)
Location: Takatsuki-shi, Osaka
Access: 18-minute walk from Takatsuki-shi Station on Hankyu Kyoto Line
No. of residences: 99
Occupancy date: Late April 2020



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

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

Kansai (Kinki) area



Kanto area (metropolitan area)



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

Sold out



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



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



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

Condominium Sales Business FY2021, FY2022 Planned Lineup

FY2021



Le JADE Nishiakashi (Hyogo)

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



Le JADE Suma Myohoji Ekimae (Hyogo)

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



Le JADE Senri Aoyamadai (Osaka)

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



Le JADE Yamato-Takada Ekimae (Nara)

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



Le JADE Nagai Koen Dori (Osaka)

Location: Minami-Sumiyoshi, Sumiyoshi-ku, Osaka-shi
Access: 9-minute walk from Nagai Station on Midotsuji Line
10-minute walk from Nagai Station on JR Hanwa Line
No. of residences: 108
Occupancy date: Late December 2021



Le JADE Tennoji Katsuyama (Osaka)

Location: Tennoji-ku, Osaka-shi
Access: 5-minute walk from Momodani Station on JR Osaka Loop Line
No. of residences: 39
Occupancy date: Late November 2021



Le JADE Senri Furuedai (Osaka)

Location: Furuedai, Suita-shi
Access: 12-minute walk from Yamada Station on Hankyu Senri Line
11-minute walk from Yamada Station on Osaka Monorail Line
15-minute walk from Kita-Senri Station on Hankyu Senri Line
No. of residences: 71
Occupancy date: Late March 2021



Le JADE Mukonosono Honmachi (Hyogo)

Location: Amagasaki-shi, Hyogo
Access: 12-minute walk from Mukonosono Station on Kobe Line
No. of residences: 33
Occupancy date: Late April 2021



Le JADE City Hyotanyama (Osaka)

Location: Kandacho, Higashi-Osaka-shi
Access: 5-minute walk from Hyotanyama Station on Kintetsu Nara Line
No. of residences: 232
Occupancy date: Late December 2021

● Ibaraki-shi Higashi-Chujocho Project (Osaka)

Kansai (Kinki) Area

Chubu Area

- Karuizawa Shiozawa Project (Nagano)
- Nagoya-shi Higashi-ku Shirakabe I Project (Aichi)
(Joint project with Chuden Real Estate)



Kanto (Tokyo Metro) Area



[Provisional name] Kamakura Zaimokuza Project (Kanagawa)

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

FY2022

- Tennoji-ku Higashikozucho Project (Osaka)
- Hirano-ku Hiranonishi Project (Osaka)
- Takatsuki-shi Bessho Nakanomachi Project (Osaka)
- Neyagawa-shi Uchiagetakatsukacho (Condominium) Project (Osaka)
- Takatsuki-shi Nishimakami 1-chome Project (Osaka)
- Shijo-Omiya Eki Ekimae Project (Kyoto)
- Kyoto-shi Shimogyo-ku Fukakusacho Project (Kyoto)
- Kyoto-shi Horikawa Gojo Project (Kyoto)

- Kakegawa-shi Minami Project (Shizuoka)
- Gifu Kaburagicho Project (Gifu)
- Nagoya-shi Higashi-ku Shirakabe II Project (Aichi)
(Joint project with Chuden Real Estate)
- Nishi-Ichinomiya Project (Aichi)
- Tsukuba (Condominium) Project (Ibaraki)
- Makuhari Hongyo 1-chome Project (Chiba)
- Urawa-ku Higashi-Takasagocho Project (Saitama)
- Minato-ku Shirokane Project (Tokyo)
(Joint project with Mitsubishi Estate Residence)





Commercial Development Business

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



tonarie Utsunomiya
(Utsunomiya-shi, Tochigi)



tonarie Seiwadai (Kawanishi-shi, Hyogo)



tonarie Minamisenri (Suita-shi, Osaka)



tonarie Toga-Mikita (Sakai-shi, Osaka)

tonarie Yamato-Takada (Yamato Takada, Nara) Project



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

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

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



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



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



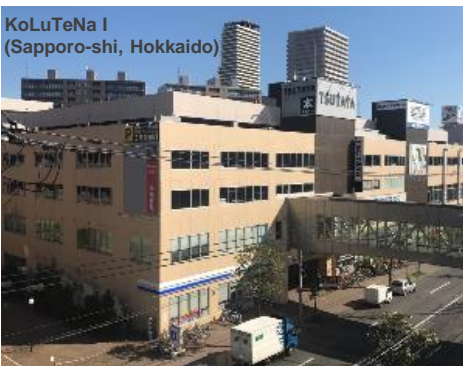
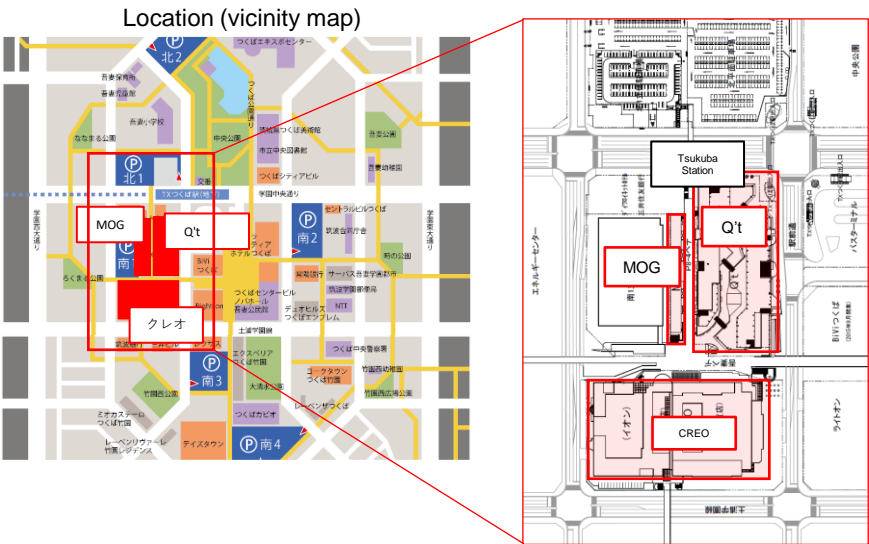
The tonarie Yamato-Takada neighborhood shopping center has opened. It has transformed into a facility that is sized to meet community needs and rooted in experience-based lifestyles, with 68 tenants opening on November 23, 2018. The center won a 2019 Good Design Award.



Commercial Development Business

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

Tsukuba (Tsukuba-shi, Ibaraki) Project



Hotel Development Business

Sold

17 Development Projects (15 sold)



Kayabacho, Nihonbashi
Opened in December 2016
102 rooms



Bakurocho, Nihonbashi
Opened in April 2017
63 rooms



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



Sapporo-shi, Hokkaido
Opened in July 2017
144 rooms



Oyamamachi, Kanazawa-shi
Opened in December 2017
47 rooms



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



Hayabusacho,
Chiyoda-ku
Opened in April 2018
102 rooms



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



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



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



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



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



Nagahoribashi Ekimae
Opened in December 2018
96 rooms



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



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

One hotel is currently owned, while one is under development.



Owned

Nakasu, Hakata-ku,
Fukuoka-shi
Opened in March 2020
103 rooms



Under development

Nishi-Shinsaibashi, Chuo-ku,
Osaka-shi
Scheduled to open in January 2021
53 rooms

Logistics Development Business and Other Business

We launched the new LOGITRES brand of logistics facilities and developed its first project, LOGITRES Tojo. Land for the second project was acquired in October 2019 in the same area as the first project. We are also working to develop sites for logistics through our land readjustment business in Koga, Fukuoka Prefecture.

As this is a candidate for our next core business, our current policy is to further strengthen these initiatives. We are also engaged in revitalization projects for lease condominiums, office buildings (project site acquired in Kudankita, Chiyoda-ku), and other properties and plan to actively carry out various development projects in order to establish our next core business as a general developer.

Logistics development business



LOGITRES Tojo
(Kato-shi, Hyogo)

Land readjustment business



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



Large-scale urban development business



Fukuoka Kasuga
Project
(Kasuga-shi,
Fukuoka)

Real Estate Leasing Business

- We are strengthening the real estate leasing business through development and ownership of revenue-generating properties.
- A stock revenue structure is being established that can cover total general administrative expenses with rental income.
- We will continue strengthening the added value of these facilities while paying close attention to the impact of COVID-19.
- We will enhance the overall stock revenue capabilities of the ES-CON JAPAN Group by expanding the operation business at Group companies.

ES CON ASSET MANAGEMENT Ltd.

■ Strengthen asset management (AM) revenue

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

ES CON PROPERTY Ltd.

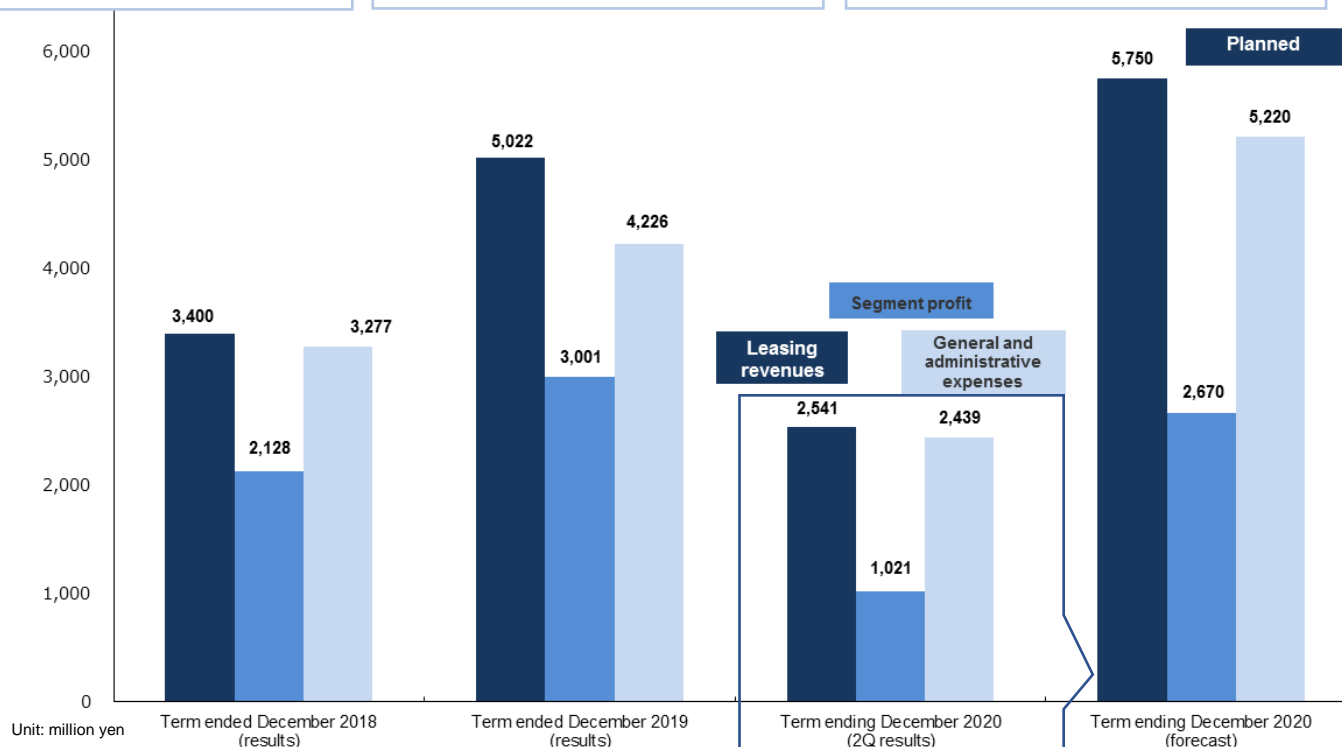
■ Strengthen property management (PM) revenue

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

ES CON LIVING SERVICE

■ Strengthen management revenue and operation capabilities

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



Review of the medium-term management plan



Review of the medium-term management plan and progressive dividend policy

February 2020: Global COVID-19 pandemic breaks out.

→ Large-scale restrictions on economic activities and dramatic changes in the social and economic environment

Further increase in uncertainty due to the extreme difficulty of projecting future developments and concerns for second or third waves of the pandemic



■ Thoroughgoing review of the medium-term management plan (for the three-year period from the term ending December 2020 through the term ending December 2022)

- While results have proceeded smoothly through the second quarter of this fiscal year, uncertainty regarding future prospects continues to mount.

→ Conditions call for even more cautious management decision-making and close monitoring of conditions for the future business environment and business growth.

A new plan will be formulated to remain abreast of changing domestic and international conditions in areas such as the economy, politics, work styles, and the living environment and to identify opportunities that will allow us to provide new added value to society and realize sustained growth.

■ Review of progressive dividend policy*

*A progressive dividend policy that calls for maintaining or increasing dividends per share each year, using dividends per share in the preceding fiscal year as the baseline

- Following a review, we have made the decision to discontinue the progressive dividend policy to enhance internal reserves under conditions that make unusually difficult to project future developments.

→ Our policy of regarding returns to shareholders as an issue of the utmost importance will continue.
We will maintain a payout ratio of 30%.

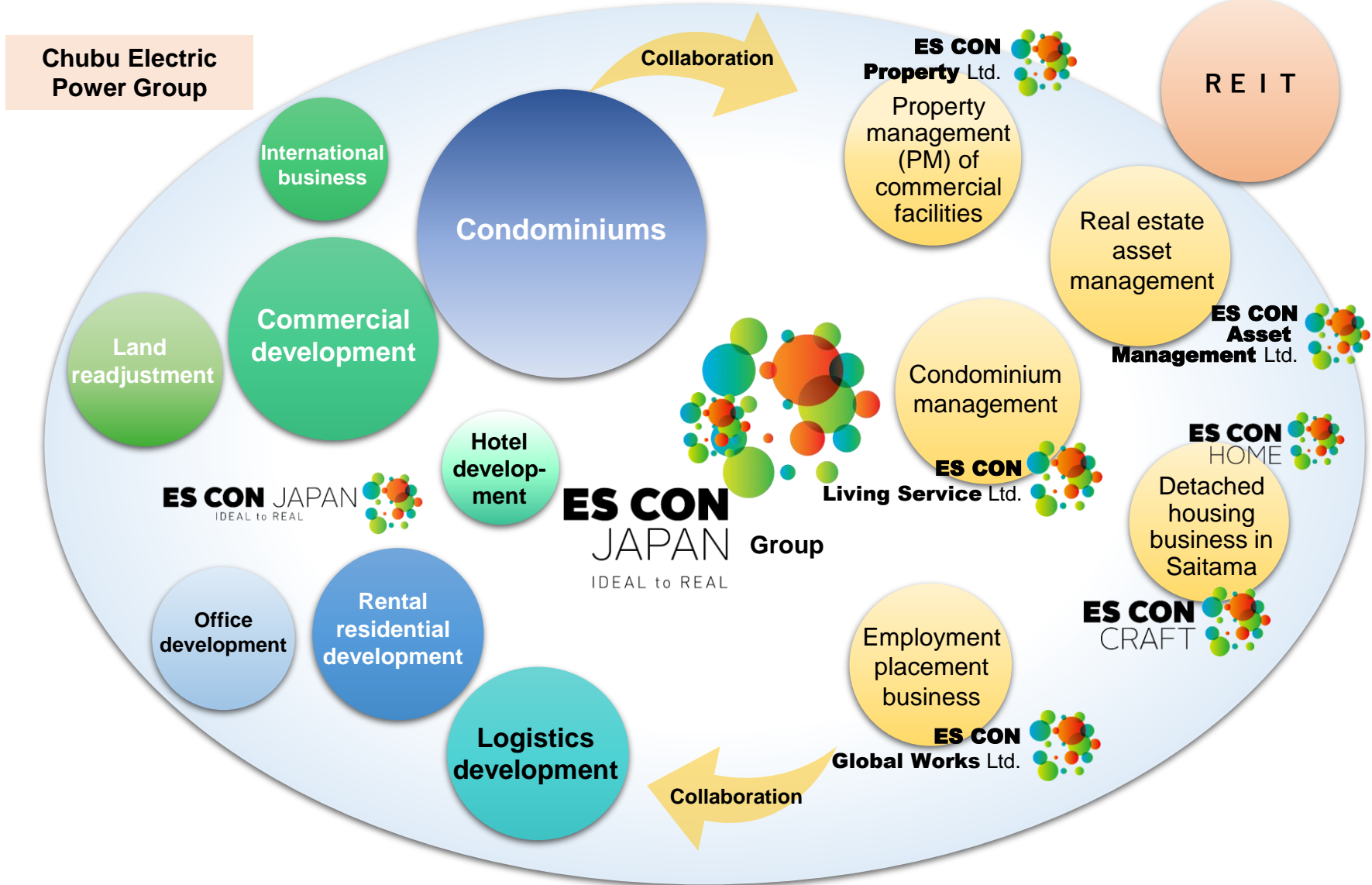
■ **Plans for the term ending December 2020 (the term under review) will be maintained, with no changes in projected dividends (projected to be 38 yen/share).**

Unit: million yen

Term ending December 2020	Sales	Operating income	Ordinary income	Net income	Earnings per share	Dividends per share
Full-year plan	86,000	13,300	12,300	8,500	124.22 yen	38 yen

Strategic Business Expansion of ES-CON JAPAN Group

ESCON JAPAN REIT
Investment Corporation



Results of regional expansion

As of August 17, 2020

- Condominium units: approx. 11,290 units
(approx. 9,087 units in Kansai; approx. 2,203 units in Kanto)
- Detached houses/housing land development: approx. 700 sections
- Commercial development etc.:
Acquiring and developing properties throughout the country
- Hotel development: acquisition of land for over approx. 2,118 rooms
Developing in Tokyo, Osaka, Hokkaido, Kanazawa, and Fukuoka
Investment in SQUEEZE Inc. and participation in hotel operation business
- Overseas business development: Investment in Hawaii real estate fund,
participation in condominium development project in Thailand

Kansai

Condominiums: 152 buildings
Hotel: 10 projects
Commercial facilities
(including leasehold): 15 projects
Logistics facilities: 3 projects

Hokuriku

Hotel: 2 projects

Kanto

Condominiums: 48 buildings
(including 1 renovation project)
Hotel: 3 projects
Commercial facilities
(including leasehold): 10 projects

Kyushu

Hotel: 1 project
Land readjustment: 1 project
Large complex development:
1 project

Chubu

Commercial facilities:
1 project

Hokkaido

Hotel: 1 project
Commercial facility
(including leasehold): 2 projects

Hokkaido Office
(scheduled to open
September 1, 2020)

Osaka Head Office

Tokyo Head Office

Nagoya Office

Fukuoka Office

(to be renamed the Kyushu Office
on September 1, 2020)

Proactive deployment in the
Chubu region through
capital and business
partnership with Chubu
Electric Power



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