

ES-CON JAPAN Ltd.

Financial Results for Term Ended December 2020

February 25, 2021

IDEAL to REAL

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Financial Results for Term Ended December 2020 (26th term)

Main Activities in Term Ended 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
Opening of tonarie Utsunomiya, the Tokyo metropolitan area's first community shopping center

March

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

Investment in SQUEEZE Inc. and participation in hotel operation business
Acquisition of commercial facility Lions Square Kawaguchi
Additional contribution to performance-based stock reward system for directors

May

Earned EcoAction 21 environmental management system (EMS) certification



July

EJR earned DBJ Green Building certification, Third medium-term management plan and progressive dividend policy reviewed

August

Soyoca Fujimino commercial facility earns CASBEE real estate assessment certification.
Joint Ichinomiya-shi Hachiman 4-chome Project (tentative name) and joint Kakegawa-shi Minami 1-chome Project (tentative name) with Chuden Real Estate Co., Inc.



September

Effective September 1, Hokkaido Office opens and begins operating; Fukuoka Office renamed Kyushu Office
Formation of private investment fund and investments in silent partnership (Kamikitadai Ekimae development, Fujisawa development)



October

Grand Le JADE Todoroki and Le JADE Tsujido Higashikaigan win 2020 Good Design Awards
Sale of permanent use rights at columbarium and management of columbarium commence.
Acquisition of Suroy Mall Nagamine

November

Earned 3-star and Green Star ratings in Development Benchmark of GRESB real estate assessments
Completion of ZEH Builder Certification registration by ES-CON HOME and ES-CON CRAFT

December

Raised 3.5 billion yen in funding through ESG/SDGs assessment-based financing (Tsukuba CREO (commercial facility))
Acquisition of preferred negotiation rights of partner companies for the JR Kitahiroshima Station "West Exit Area Revitalization Project" in Kitahiroshima City, Hokkaido
Formation of private investment fund and investments in silent partnership (Keio Inagi Ekimae development)

January

Notice on new executive officer appointments and new directors and division management personnel
Opening of tonarie Yokkaichi, the Tokyo metro area's first neighborhood shopping center
Formation of private investment fund and silent investment (Odakyu Isehara Ekimae Sakuradai development)

February

Notice of third-party allotment to Chubu Electric
Announcement of "IDEAL to REAL 2023", the fourth medium-term management plan

● Number of new business sites acquired in term ended December 2020

	Metropolitan area	Kinki region	Chubu region	Kyushu region	Total
Condominium or residential leasing	5	11	4	1	21
Commercial (including commercial facilities)	2	1		1	4
Office	1				1
Multipurpose		2			2
Total	8	14	4	2	28

Response to COVID-19 Pandemic

■ Condominium sales

Although the number of visitors to show rooms dropped significantly during the state of emergency of April to May 2020 and caused a slowdown in sales, the number picked up gradually after the state of emergency was lifted. The current situation indicates that the actual demand for housing under the pandemic remains stronger than expected. However, prolonged economic fluctuations induced by the pandemic may result in stagnant sales. The situation remains impossible to predict.

Based on numbers of visitors to model units in April-June, yields, and other indicators, condominium sales are relatively unaffected. We plan to maintain a stable supply going forward.

■ 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 were forced to refrain from doing business and are still facing difficulty in business operations. As such, there is a risk of possible decrease in planned real estate leasing income due to rent reduction requests, uncollected rents of bankrupted tenants, difficulty in soliciting new tenants, etc.

Neighborhood commercial facilities, centered on supermarkets selling fresh food, have performed well even during the pandemic. Given their contribution to communities, we intend to continue with their proactive development.

■ Hotels

We have been promoting hotel development projects in recent years, and has completed sales for 15 out of its 17 projects. As to the 2 projects underway (Fukuoka City: opened in March 2020, Osaka City: opened in January 2021), there is a risk of possible delay in the sales period or decrease in sales prices due to the sluggish occupancy rate and difficulty in predicting the time needed for recovery.

Occupancy rates have fallen sharply. For the immediate future, we will exercise cautious management, assuming a recovery from the second half of 2023.

■ Other businesses

Logistics development: E-commerce demand is booming during the pandemic. Anticipating this trend to continue, we plan to maintain proactive development.

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

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.

■ Group-wide initiatives

The Group is currently implementing work from home, remote work, staggered shifts, and other measures. We are also rigorously enforcing COVID-19 prevention measures like mask use, hand washing and gargling, hand sanitization, and avoiding the 3 Cs.

P/L for Term Ended December 2020

- Sales increased and profits decreased YoY.
- Due to COVID-19 and the resulting abrupt changes in the socioeconomic environment, the timing of a hotel property sale (Fukuoka Nakasu hotel) was revised from initial plans. Additionally, the booking of the sale of a logistics site (logistics park in Koga City) was delayed. Both sales and profits fell short of initial plans.

(Unit: Million yen)

	Full year ended December 2020 (term under review)	Full year ended December 2019 (previous term)	Amount of increase/ decrease	Compared to previous term	Full year ended December 2020 (initial plan)	Difference from plan	Percentage vs. initial plan
Sales	77,308	72,106	5,202	7.2%	86,000	-8,692	-10.1%
Gross profit	19,679	19,767	-88	-0.4%			
Selling, general and administrative expenses	7,477	6,854	623	9.1%			
Selling expenses	2,787	2,627	160	6.1%			
General administrative expenses	4,689	4,226	463	11.0%			
Operating profit	12,202	12,912	-710	-5.5%	13,300	-1,098	-8.3%
Interest expenses	1,047	1,143	-96	-8.4%			
Ordinary income	11,164	11,810	-646	-5.5%	12,300	-1,136	-9.2%
Profit attributable to owners of parent	7,663	8,155	-492	-6.0%	8,500	-837	-9.8%
Basic earnings per share in current term	111.94	119.17	-7.23	-6.1%			

Segment Results for Term Ended December 2020

- In the real estate sales business, sales and income increased YoY.
- In the condominium business, sales increased by 7.5% and income by 38.5% YoY.
- In other sales, sales increased YoY due to the properties sold to Chuden Real Estate Co., Inc. and ESCON JAPAN REIT Investment Corporation (EJR), and other factors. However, income declined due to the change in the timing of a hotel sale from initial plans and the delayed booking of the sale of a logistics site.
- Sales of condominium units fell short of initial plans, with 652 units sold compared to the 765 units targeted.
- Profits in the real estate leasing business were down YoY due in part to the sale of properties to Chuden Real Estate Co., Inc., EJR, and other buyers.

(Unit: Million yen)

	Sales			Segment income		
	Term ended December 2020 (term under review)	Term ended December 2019 (previous term)	Compared to previous term	Term ended December 2020 (term under review)	Term ended December 2019 (previous term)	Compared to previous term
Real estate sales business	71,485	66,710	7.2%	14,257	13,802	3.3%
Condominium sales	30,677	28,529	7.5%	3,591	2,593	38.5%
Other sales	40,807	38,180	6.9%	10,666	11,209	-4.8%
Real estate leasing business	5,527	5,022	10.1%	2,381	3,001	-20.7%
Real estate planning agency and consulting business	295	372	-20.7%	152	286	-46.9%
Total	77,308	72,106	7.2%	16,791	17,091	-1.8%

Condominium sold/sales	Results			
	Units sold (Units)	Amount (million yen)	Price per unit (10,000 yen)	Segment profit margin
Term ended December 2019 (previous term)	648	28,529	4,402	9.1%
Term ended December 2020 (term under review)	652	30,677	4,705	11.7%

Non-condominium project profit margin	Results		
	Sales (million yen)	Segment profit (million yen)	Segment profit margin
Year ended December 2019 (previous term)	38,180	11,209	29.4%
Year ended December 2020 (term under review)	40,807	10,666	26.1%

	Sales planned in term under review (units)	Units sold at term-end (units)	Inventory at term-end (units)	Progress	Units contracted as of 2/22 (including units sold) (units)	Progress
Term ended December 2020 (term under review)	765	652	103	85.2%	679	88.8%

Other sales in term ended December 2020	Sales (million yen)	Segment 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-Mita 50% • koma-gun commercial site • Onihachiman-shi commercial site • Muko-shi commercial site
Properties sold to EJR	10,373	2,933	<ul style="list-style-type: none"> • tonarie Yamato-Takada 50% • tonarie Toga-Mita 50% • Sakai-shi Daisen commercial site

Segment Results for Term Ended December 2020

- The completed condominium inventory as of end of December 2020 was 103 units (76 units as of February 22, 2021).
- Other sales included 10.3 billion yen in sales to REIT (EJR) and 9.5 billion yen in sales to Chuden Real Estate (total of approx. 19.8 billion yen).

(Unit: Units)

Condominium sales	Location	Total number of units	Closing inventory for term ended December 2019	Number of units delivered in term ended December 2020	Inventory at end of term ended December 2020
Mirakita City Himeji	Himeji-shi, Hyogo	143 (67 units) ^{*1}	32	11	21
Grand Le JADE Jiyugaoka	Meguro-ku, Tokyo	23	8	8	0
Grand Le JADE Shonan Enoshima R134	Fujisawa-shi, Kanagawa	22 ^{*2}	5	5	0
Le JADE Hama-Otsu	Otsu-shi, Shiga	51	27	23	4
Grand Le JADE Todoroki	Setagaya-ku, Tokyo	43	28	28	0
Le JADE Minami-Ibaraki MUSE	Ibaraki-shi, Osaka	40	3	3	0
Le JADE Tsujido Hgashikaigan	Fujisawa-shi, Kanagawa	51	—	50	1
Le JADE Toyota Master Hills	Hino-shi, Tokyo	63	—	63	0
Le JADE Kotoen	Nishinomiya-shi, Hyogo	49	—	49	0
Le JADE Kuzuha	Hirakata-shi, Osaka	47 ^{*3}	—	47	0
Le JADE Higashi-Sumiyoshi Imagawa Ryokudo	Higashi-Sumiyoshi-ku, Osaka-shi	41	—	41	0
Le JADE Takatsuki Miyanochi	Takatsuki-shi, Osaka	99	—	99	0
Le JADE Ikeda Masumicho	Ikeda-shi, Osaka	35	—	35	0
Le JADE Nishinomiya Kitaguchi Hinokuchicho	Nishinomiya-shi, Hyogo	94	—	63	31
Grand Le JADE Shukugawa Residence	Nishinomiya-shi, Hyogo	13	—	8	5
Le JADE Utsukushigaoka	Yokohama-shi, Kanagawa	90	—	49	41
Le JADE Okurayama	Yokohama-shi, Kanagawa	25	—	25	0
Le JADE Morinomiya	Higashinari-ku, Osaka-shi	45	—	45	0
Total			103	652	103

*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	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
Daikyochi, Shinjuku-ku	Revenue-generating real estate	Sale	2,562
Minami-Otsuka, Toshima-ku	Revenue-generating real estate	Sale	2,900
Gemboen, Koga-shi, Fukuoka	Land planning	Sale	392
Built-for-sale detached houses	Detached houses	Sale	2,316
Ikoma-gun commercial site	Land planning	Sale to Chuden Real Estate and external buyers*	765
Omiachiman-shi commercial site	Land planning	Sale to Chuden Real Estate	970
Muko-shi commercial site	Land planning	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 planning	Sale to EJR	2,733
Other	-	-	417

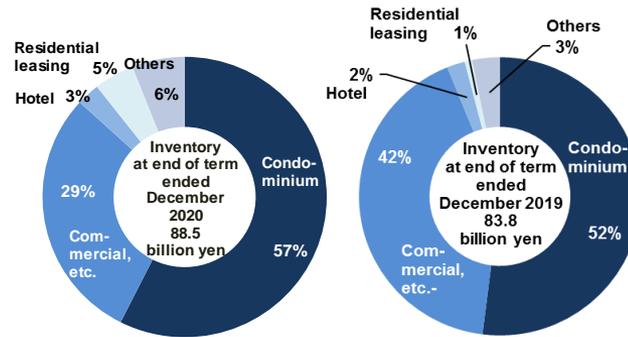
* The Ikoma-gun commercial site was sold to Chuden Real Estate (690 million yen) and external buyers (75 million yen).

Leasing business (major owned properties)	Location	Possession status
Kansai Medical University Kuzuha Hospital	Hirakata-shi, Osaka	Non-current asset
Aeon Minamisenri	Suita-shi, Osaka	Non-current asset
Oh! Me Otsu Terrace	Otsu-shi, Shiga	Non-current asset
tonarie Utsunomiya	Utsunomiya-shi, Tochigi	Non-current asset
Lions Square Kawaguchi	Kawaguchi-shi, Saitama	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-ku, Sapporo-shi	Current asset (for sale)
Mukomotomachi, 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)
Suroy Mall Nagamine	Kumamoto-shi, Kumamoto	Current asset (for sale)

B/S for Term Ended December 2020

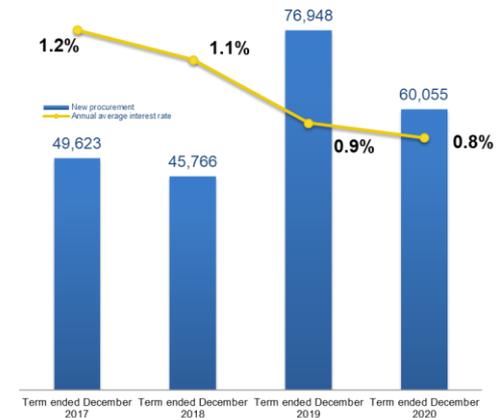
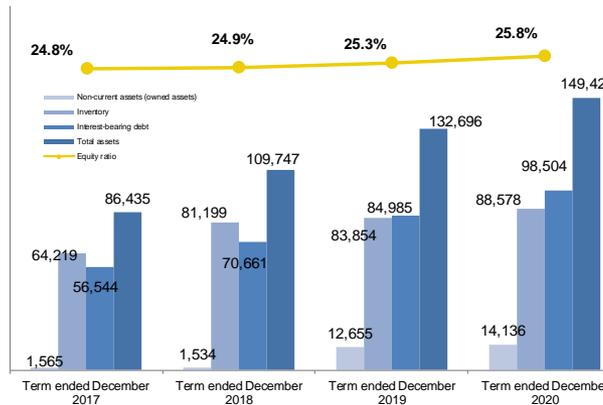
- Non-current assets increased by 8.7 billion due to the acquisition of the commercial facility tonarie Utsunomiya, investments (in EJ, SQUEEZE, and ESCON USA), and acquisition of exclusive sales rights for permanent use rights at a columbarium.
- The annual average interest rate fell YoY by 0.1 percentage points to 0.8% due to the business partnership with Chubu Electric Power Group.
- The equity ratio rose to 25.8%, up 0.5 points from the end of the previous term.

	Term ended December 2020 (term under review)	Term ended December 2019 (previous term)	Increase/ decrease
(Unit: Million yen)			
Current assets	122,117	114,137	7,980
Cash and deposits	23,870	22,511	1,359
Real estate for sale	6,262	24,234	-17,972
Real estate for sale in process	82,316	59,619	22,697
Non-current assets	27,306	18,558	8,748
Property, plant and equipment	14,876	13,433	1,443
Intangible assets	403	492	-89
Investments and other assets	12,026	4,632	7,394
Total assets	149,423	132,696	16,727



	2020 term end	2019 term end
(Unit: Million yen)		
Condominium	50,880	43,588
Commercial, etc.	25,992	35,155
Hotel	2,326	1,734
Residential leasing	4,072	722
Others	5,306	2,655
Total	88,578	83,854

	Term ended December 2020 (term under review)	Term ended December 2019 (previous term)	Increase/ decrease
(Unit: Million yen)			
Current liabilities	39,813	50,199	-10,386
Short-term loans	2,907	4,580	-1,673
Current portion of longterm loans	26,093	32,415	-6,322
Current portion of bonds	230	40	190
Non-current liabilities	70,982	48,950	22,032
Corporate bonds	-	230	-230
Long-term loans	69,274	47,720	21,554
Total liabilities	110,795	99,149	11,646
Total net assets	38,627	33,546	5,081
Total liabilities and net assets	149,423	132,696	16,727
Equity ratio	25.8%	25.3%	+0.5 points





Announcement of fourth medium-term management plan

Announcement of Third-Party Allotment and fourth medium-term management plan

Capital increase realized by becoming a consolidated subsidiary of Chubu Electric Power through third-party allotment; fourth medium-term management plan formulated and launched to cover the three years from 2021 to 2023

New

Fourth medium-term management plan
(Three years from term ending December 2021 through term ending December 2023)

Transformation

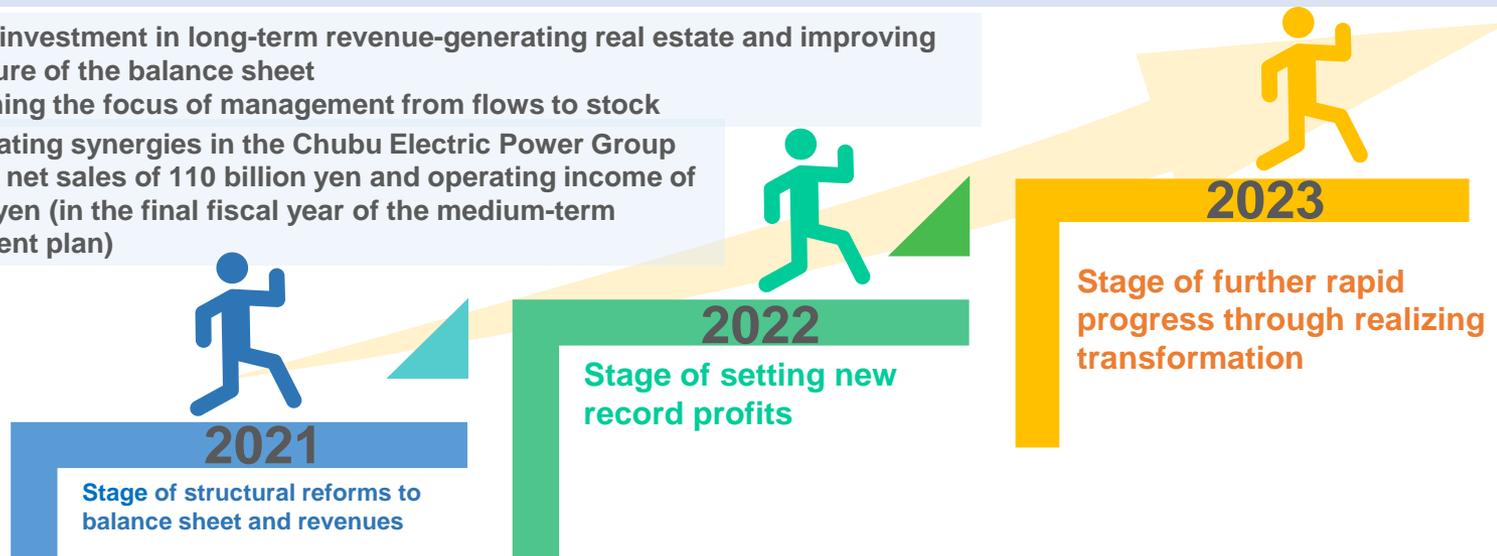
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Rapid Progress

Basic policy of medium/long-term management strategy

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

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



For more information on the third-party allotment and fourth medium-term management plan, refer to Appendix 1 and medium-term management plan presentation.

Fourth medium-term management plan

(Unit: 100 million yen)

Performance Plans	Results
	Term ended December 2020 (26th term) Results
Sales	773
Operating income	122



“IDEAL to REAL 2023”, the fourth medium-term management plan		
Term ending December 2021 (27th term) Plan	Term ending December 2022 (28th term) Plan	Term ending December 2023 (29th term) Plan
800	980	1,100
108	140	160

Indicators	Results
	Term ended December 2020 (26th term) Results
Share of profits from leasing *1	14.2%
Return on equity (ROE)	21.2%
Return on invested capital (ROIC)	6.6%
Equity ratio	25.8%
Share of long-term earnings from real estate *2	9.5%
Net assets	38.6 billion yen



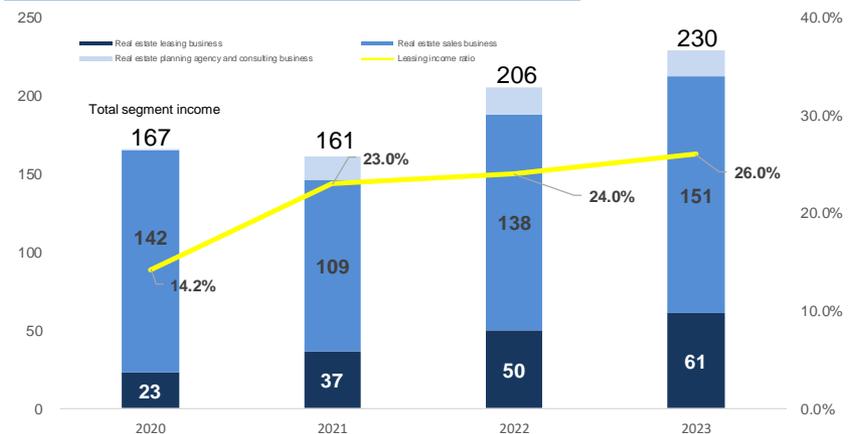
“IDEAL to REAL 2023”, the fourth medium-term management plan		
Term ending December 2021 (27th term) Plan	Term ending December 2022 (28th term) Plan	Term ending December 2023 (29th term) Plan
23.0%	24.0%	26.0%
12.0%	13.0%	13.0%
4.0%	4.0%	4.0%
29.0%	26.0%	23.0%
12.0%	14.0%	18.0%
61 billion yen	66 billion yen	72 billion yen

*1 Share of profits from leasing: Leasing segment profits/segment total profits (not including adjustments)

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

Conversion to sustainable and stable revenue structure: raise leasing income ratio to 26% or higher

Trends in segment income and leasing income ratio



Unit: 100 million yen

Cumulative three-year investment (2021-2023)				
	2021	2022	2023	3-Year cumulative
Gross investment	550	700	950	2,200
Investment in revenue-generating real estate	300	400	600	1,300
Investment in revenue-generating real estate development	50	100	150	300
Investment in medium-term revenue-generating real estate*	150	200	250	600
Investment in long-term revenue-generating real estate	100	100	200	400
Investment in other development	250	300	350	900
Amount recovered	0	0	300	300
Net investment	550	700	650	1,900

*Lease revenue-generating real estate acquired while maintaining leasing operations to increase value before sale



Performance Plans for Term Ending December 2021 (27th term)

Performance Plans for Term Ending December 2021

- For the term ending December 2021, we are targeting sales of 80.0 billion yen and operating income of 10.8 billion yen (increased sales, decreased income YoY). In the final year of the fourth medium-term management plan, we are targeting sales of 110.0 billion yen and operating income of 16.0 billion yen.
- In the condominium sales business, we project 1,062 units sold in the term ending December 2021.
- The sales target in the real estate leasing business for the term ending December 2021 is 7.9 billion yen.
- In the July 30, 2020 press release, “Notice on Review of Third Medium-Term Management Plan ‘IDEAL to REAL 2022’ and Progressive Dividend Policy,” we announced revisions to our progressive dividend policy. However, we now plan to maintain the policy from fiscal 2020. We will maintain a per-share dividend of at least 38 yen in the term ending December 2021 and into the future.

(Unit: Million yen)

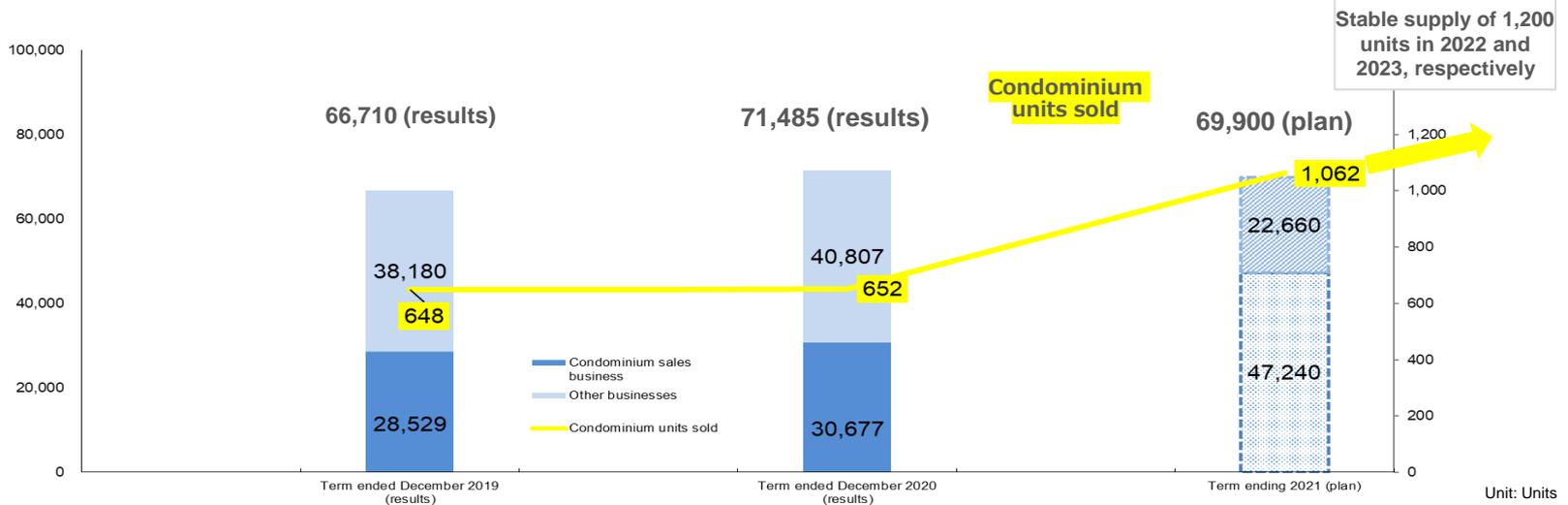
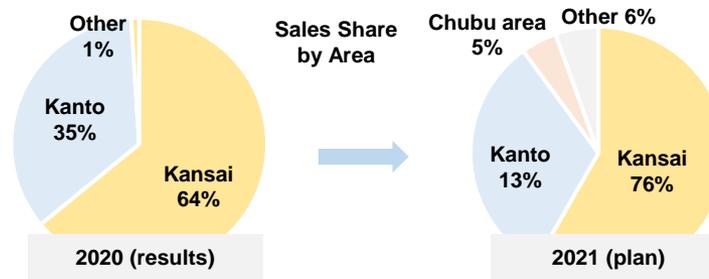
Business plan	Term ended December 2020 (26th term) Results
Sales	77,308
Real estate sales business	71,485
Condominium sales business	30,677
Number of condominium units sold (units)	652
Other businesses	40,807
Real estate leasing business	5,527
Real estate planning, brokerage, and consulting businesses	295
Operating income	12,202
Ordinary income	11,164
Dividends per share (yen)	38 yen



Term ending December 2021 (27th term)	
2Q plan	Plan
29,400	80,000
	69,900
	47,240
	1,062
	22,660
	7,900
	2,200
3,900	10,800
3,300	9,400
	38 yen or more

Real Estate Sales Business

- In the condominium sales business, we're targeting sales of 1,062 units for the term ending December 2021 and a stable annual supply of 1,200 units from 2022 on.
- In other businesses, we project declining sales due to the policy of long-term ownership intended to achieve stable real estate leasing revenue.



Other businesses	LOGITRES Tojo (logistics)	Gemboen, Koga-shi, Fukuoka (land planning)
Minami-Semba I (hotel) Nagahoribashi Ekimae (hotel) Awajicho III (hotel) Shimotakaido A (revenue-generating real estate) Nakano, Nakano-ku (land) Gemboen, Koga-shi, Fukuoka (land planning) Grand Le JADE Sanbancho (revenue-generating real estate) Sold to REIT (seven commercial projects) Total amount: approx. 13.7 billion yen	Daikyochō, Shinjuku-ku (revenue-generating real estate) Gemboen, Koga-shi, Fukuoka (land planning) Minami-Otsuka, Toshima-ku (building (dormitory)) Honjonishi, Kita-ku (revenue-generating real estate) Matsukazecho, Hiratsuka (land) Matsubara, Setagaya-ku (revenue-generating real estate) Hyogo Tojo II B (logistics) Detached houses for sale (detached houses) Sales to REIT/Chuden Real Estate (six commercial projects) Total amount: approx. 20.0 billion yen	Kandacho, Higashiosaka-shi (commercial) Aoyamadai, Suita-shi (commercial) Other sales of revenue-generating owned properties (planned)

Condominium sales business	Kansai	Kanto	Chubu
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	Grand Le JADE Todoroki Grand Le JADE Shonan Enoshima R134	Le JADE Kuzuha Le JADE Morinomiya Le JADE Kotoen Le JADE Higashishumiyoshi Imagawa Ryokudo Le JADE Takatsuki Miyanocho Le JADE Ikeda Masumicho Le JADE Nishinomiya Kitaguchi Hinokuchicho Grand Le JADE Shukugawa Residence	Le JADE Nishiakashi Sold out Le JADE City Hyotanyama Le JADE Yamato-Takada Ekimae Le JADE Mukonosohonmachi Le JADE Suma Myohoji Ekimae Le JADE Ibaraki Higashichujo Le JADE Senri Aoyamadai Le JADE Senri Furedai Le JADE Nagaikoendori Sold out Le JADE Tennoji Katsuyama Le JADE Neyagawakoen Grand Le JADE Shirakabe Getsuronotei OST Residence Karuizawa

Condominium Sales Business FY2021

Kansai (Kinki) Area



Le JADE Nishiakashi (Hyogo) **Sold out**

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



Le JADE Suma Myohoji Ekimae (Hyogo)

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



Le JADE Senri Aoyamadai (Osaka)

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



Le JADE Yamato-Takada Ekimae (Nara)

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



Le JADE Nagaikondori (Osaka)

Location: Minamiumiyoshi, Sumiyoshi-ku, Osaka
Access: 9-minute walk from Nagai Station on Midosuji Line; 10-minute walk from Nagai Station on JR Harwa Line
No. of residences: 108
Occupancy date: Slated to start late December 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; 15-minute walk from Kita-Senri Station on Hankyu Senri Line
No. of residences: 71
Occupancy date: Slated to start late March 2021



Le JADE Mukonosohonmachi (Hyogo)

Location: Amagasaki-shi, Hyogo
Access: 12-minute walk from Mukonosu Station on Kobe Line
No. of residences: 33
Occupancy date: Slated to start late April 2021



Le JADE Neyagawakoen (Osaka)

Location: Neyagawa-shi, Osaka
Access: 2-minute walk from Neyagawakoen Station on JR Gakkentoshi Line
No. of residences: 60 + 1 retail zone
Occupancy date: Slated to start late December 2021



Le JADE Tennoji Katsuyama (Osaka)

Location: Tennoji-ku, Osaka
Access: 5-minute walk from Momodani Station on Osaka Loop Line
No. of residences: 39
Occupancy date: Slated to start late November 2021



Le JADE City Hyotanyama (Osaka)

Location: Higashiosaka-shi, Osaka
Access: 5-minute walk from Hyotanyama Station on Kintetsu Nara Line
No. of residences: 232
Occupancy date: Slated to start late December 2021



Le JADE Ibaraki Higashichujo (Osaka)

Location: Ibaraki-shi, Osaka
Access: 9-minute walk from Ibaraki Station on JR Kyoto Line; 12-minute walk from Ibaraki-shi Station on Hankyu Kyoto Line
No. of residences: 40
Occupancy date: Slated to start late November 2021

Chubu Area



Grand Le JADE Shirakabe Getsuronotei (Aichi)
(Joint project with Chuden Real Estate)

Location: Shirakabe, Higashi-ku, Nagoya-shi, Aichi
Access: Approx. 15-minute walk from Takaoka Station on Nagoya Municipal Subway Sakura-dori Line; approx. 10-minute walk from Shimizu Station on Meitetsu Seto Line



Karuizawa Shiozawa Project (Nagano)

Condominium Sales Business FY2022, FY2023

FY2022



Le JADE Hirano (Osaka)

Location: Hirano-ku, Osaka
Access: 7-minute walk from Hirano Station on Osaka Metro Tanimachi Line
No. of residences: 58
Occupancy date: Slated to start late May 2022



Le JADE Uehonmachi (Osaka)

Location: Tennoji-ku, Osaka
Access: 3-minute walk from Osaka-Uehonmachi Station on Kintetsu Namba Line/Nara Line/Osaka Line; 4-minute walk from Tanimachi Kyuichome Station on Osaka Metro Tanimachi Line/Sennichimae Line; 12-minute walk from Tsuruhashi Station on JR Osaka Loop Line
No. of residences: 56
Occupancy date: Slated to start late March 2022

Kansai (Kinki) Area

- Takatsuki-shi Besshiyonakanocho Project (Osaka)
- Takatsuki-shi Nishimakami 1-chome Project (Osaka)
- Takatsuki-shi Minamimatsubaracho Project (Osaka)
- Yao-shi Sakuragaoka Project (Osaka)
- Shijo-Omiya Station Ekimae Project (Kyoto)
- Kyoto Shimogyo-ku Fukakusacho Project (Kyoto)
- **Le JADE Kyoto Horikawa (Kyoto)**

Location: Shimogyo-ku, Kyoto
Access: 9-minute walk from Omiya Station on Hankyu Dentetsu Kyoto Line; 12-minute walk from Shijo Station on Kyoto Municipal Subway Karasuma Line; 12-minute walk from Gojo Station on Kyoto Municipal Subway Karasuma Line; 13-minute walk from Karasuma Station on Hankyu Dentetsu Kyoto Line
No. of residences: 60
Occupancy date: Slated to start late April 2022

Chubu Area



Grand Le JADE Shirakabe Rinzennotei (Aichi) (Joint project with Chuden Real Estate)



● **Le JADE Gifu Koganeko (Gifu)**

Location: Kaburagicho, Gifu-shi, Gifu
Access: 8-minute walk from Meitetsu Gifu Station on Meitetsu Nagoya Main Line; 10-minute walk from Gifu Station on JR Tokaido Main Line
No. of residences: 38
Occupancy date: Slated to start end-May 2022

● **Grand Crea Ichinomiya (Aichi)**

◀ **Le JADE Kakegawa Ekimae (Shizuoka)**

Location: Minami 1-chome, Kakegawa-shi, Shizuoka
Access: 2-minute walk from Kakegawa Station on JR Tokaido Shinkansen, Tokaido Main Line, Tenryu Hamanako Line
No. of residences: 83
Occupancy date: Slated to start late October 2022

Kanto (Tokyo Metro) Area



● **Kamakura Zaimokuza Project (Kanagawa)**

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



● **Le JADE Tsukuba Station Front (Ibaraki)**

Location: Azuma, Tsukuba-shi, Ibaraki
Access: 3-minute walk from Tsukuba Station on Tsukuba Express Line
No. of residences: 218
Occupancy date: Slated to start late November 2022



● **Le JADE Urawa (Saitama)**

Location: Urawa-ku, Saitama-shi, Saitama
Access: 4-minute walk from Urawa Station on JR Takahashi Line/JR Tohoku Main Line
No. of residences: 44
Occupancy date: Slated to start late May 2022

● **Makuhari Hongo 1-chome Project (Chiba)**

FY2023



◀ **Minato-ku Shirokane Project (Tokyo)**

● **Hayamamachi Project (Kanagawa)**

● **Minami-ku Ohashi 2-chome Project (Fukuoka)**

● **Tennoji-ku Rokumantaicho Project (Osaka)**

● **Higashiyodogawa Hoshin Project (Osaka)**

● **Takatsuki-shi Minamimatsubaracho II Project (Osaka)**

● **Naka-ku Masaki 3-chome Project (Aichi)**

Commercial Development Business

- We will acquire neighborhood commercial facilities throughout Japan and pursue development projects with roots in the local community.

Tsukuba (Tsukuba-shi, Ibaraki) Project (integrated condominium and commercial facility development in the Tsukuba station area)

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.

Along with the commercial facility, we will develop the "Le JADE Tsukuba Station Front" condominium and conduct integrated development of the station area in a manner that contributes to local revitalization and benefits local residents.



Le JADE Tsukuba Station Front ▶

Location: Azuma, Tsukuba-shi, Ibaragi
 Access: 3-minute walk from Tsukuba Station on the Tsukuba Express line
 No. of residences: 218
 Occupancy date: Slated to start late November 2022



Tsukuba CREO

1st-3rd floors: commercial
 Slated to open spring 2021
 4th-6th floors: office
 Occupancy commenced in stages from November 2020



Tsukuba Q't



Tsukuba MOG



Soyoca Fujimino (Fujimino-shi, Saitama)



Lions Square Kawaguchi (Kawaguchi-shi, Saitama)



Oh! Me Terrace (Otsu-shi, Shiga)



KoLuTeNa I (Sapporo-shi, Hokkaido)



Suroy Mall Nagamine (Higashi-ku, Kumamoto-shi)

Commercial Development Business



We develop and operate neighborhood shopping centers (NSCs) as part of our commercial development business. We launched the tonarie brand of commercial facilities; six tonarie facilities are currently in operation. These facilities are operated by Group company ES-CON Property.

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

tonarie Yamato-Takada (Yamato-Takada-shi, 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: Oak Town Yamato Takada)

Yamato-Takada Station

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.

Shifting toward large-scale development projects including development of the Le JADE Yamato-Takada Ekimae condominium and attracting large specialty retailers, etc.

tonarie Yamato-Takada

Le JADE Yamato-Takada Ekimae



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.



tonarie Toga Mikita (Sakai-shi, Osaka)



tonarie Utsunomiya (Utsunomiya-shi, Tochigi)



tonarie Seiwadai (Kawanishi-shi, Hyogo)



tonarie Minamisenri (Suita-shi, Osaka)



tonarie Yokkaichi (Yokkaichi-shi, Mie)

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 Nishiazabu, Minato-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



Large-scale urban development business



Fukuoka Kasuga Project
(Kasuga-shi, Fukuoka)



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

Real Estate Leasing Business

- We're strengthening our real estate leasing business by developing and acquiring revenue-generating properties. We're currently seeking to increase the share of segment income corresponding to real estate leasing (i.e., the leasing income ratio) from 14.2% in 2020 to 23% in 2021. (See p. 12.)
- We're establishing a stock revenue structure that will eventually apply leasing segment income to cover all general administrative expenses. Our target for the final year of the fourth medium-term management plan is 90%.
- 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.

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■ 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.

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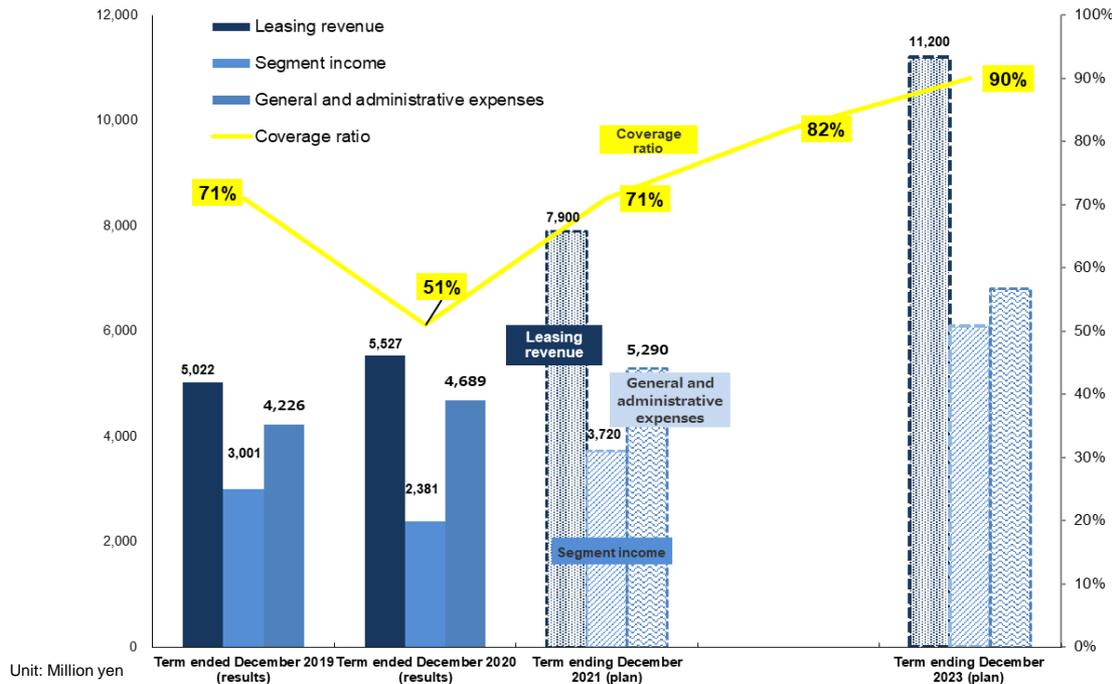
■ Strengthen property management (PM) revenue

- 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
Insoure building management (BM)
- Promote entrustment with outsourced operations
- Foray into peripheral operations
Rental storage, store renovation consulting and advertising

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■ 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



Coverage ratio: Leasing segment income / General and administrative expenses (excluding goodwill amortization)



New Business

Launch of Sale and Management of Columbarium (Ryomon) Permanent Use Rights

In view of the fact that it is particularly difficult to obtain graves in central Tokyo, ES-CON JAPAN has launched this business in an effort to solve problems facing modern society and to secure revenue by expanding the scope of the real estate business. Operations of the columbarium are overseen by the Religious Corporation Zuikein. Ryomon Co., Ltd.*1, a consolidated subsidiary of ES-CON JAPAN, is entrusted with sales and management of the columbarium to handle all related business affairs.



Overview of Columbarium (Ryomon)

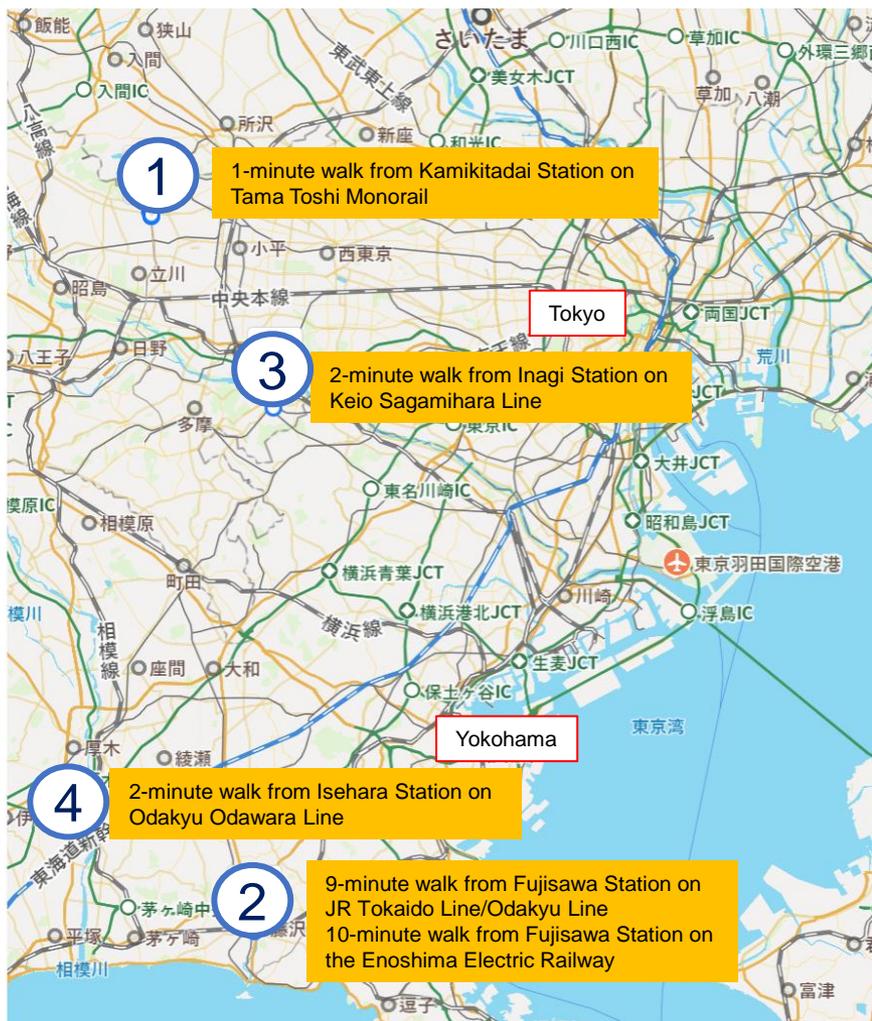
Name	Ryomon
Location	5-1-4 Minami-Azabu, Minato-ku, Tokyo
Access	3-minute walk from Hiroo Station on the Tokyo Metro Hibiya Line
Site area	861.36 m ² (260.86 tsubo)
Structure/scale	Steel frame, partially reinforced concrete, 7 floors above ground, 1 below
Number of chambers	9,999
Facility overview	Private visit-type automatic transfer columbarium
Sales launch date	March 2021 (scheduled)
Business launch date	October 30, 2020

Left: Columbarium “Ryomon” building exterior Middle: Third floor atrium Right: Visitation room “Amamitsuki”



Leasehold Condominium Development, Private Investment Fund Formation

We've established a leasehold condominium development fund for the following four projects and are investing in this fund as silent partners. After completion, the buildings will be operated as leasehold condominiums. SPCs will grant priority negotiating rights on the projects to ES-CON JAPAN, which will be exercised for ES-CON Private REIT (tentative name).



① Kamikitadai Ekimae Development Project	
Type	Leasehold condominiums
Location	1-2 (TBD) Kamikitadai, Yamato-shi, Tokyo
Site area	894.34 m ²
Floor area	3,042.56 m ² (planned)
Structure	Steel-reinforced concrete, nine floors (planned)
Scale of funds	1,500,000,000 yen (based on assumed appraised value at completion)

② Fujisawa Development Project	
Type	Leasehold condominiums
Location	1-1 (TBD) Kawana, Fujisawa-shi, Kanagawa
Site area	1,119.13 m ²
Floor area	2,064.52 m ² (planned)
Structure	Steel-reinforced concrete, five floors (planned)
Scale of funds	1,210,000,000 yen (based on assumed appraised value at completion)

③ Keio Inagi Ekimae Development Project	
Type	Leasehold condominiums
Location	3106-4 Higashinaganuma, Inagi-shi, Tokyo
Site area	320.46 m ²
Floor area	1,506.18 m ² (planned)
Structure	Steel-reinforced concrete, seven floors (planned)
Scale of funds	800,000,000 yen (based on assumed appraised value at completion)

④ Odakyu Isehara Ekimae Sakuradai Development Project	
Type	Leasehold condominiums
Location	1-499-1, 2, 5 Sakuradai, Isehara-shi, Kanagawa
Site area	659.88 m ²
Floor area	4,001.36 m ² (planned)
Structure	Steel-reinforced concrete, 14 floors (planned)
Scale of funds	1,930,000,000 yen (based on assumed appraised value at completion)

Currently developing leasehold condominiums in Taito-ku, Tokyo and Suita-shi, Osaka that will be considered for future inclusion in ESCON JAPAN REIT Investment Corporation

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.

Basic ESG policy

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

- 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

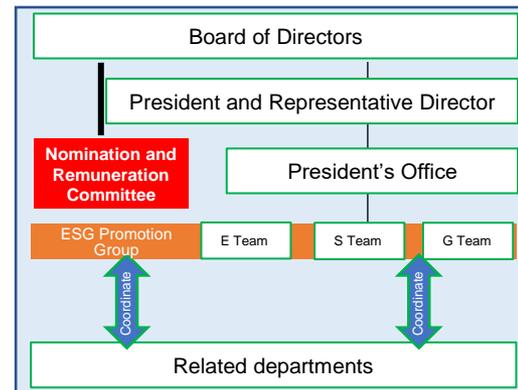
- Conducting timely disclosure of business activities and management status
- Establishment of Nomination and Remuneration Committee
- Succession plan (successor candidate system) initiatives

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 Initiatives (Helping to Build a Sustainable Society)

Assessment of Initiatives

GRESB Real Estate Assessment Development Benchmark Obtained Green Star and 3 Star Ratings

GRESB Development Benchmark ratings are five-tier assessments based on a relative rating based on an overall score for environmental and sustainability initiatives. **We improved on our 2 Star ranking in 2019, achieving a rating of 3 Stars for the first time.** We received high ratings in both the Management Component and Development Component, achieving the Green Star distinction for the second consecutive year.

Fundraising through ESG/SDG assessment-based loan provided by Sumitomo Mitsui Banking Corporation (March, December 2020)

Judged as implementing good ESG and SDG initiatives and information disclosure, **we earned an A* overall ranking, the third-best of seven possible rankings.**

→ We raised three billion yen through this loan as part of funding efforts for the Fujishirodai 5-Chome Project (joint project with Chuden Real Estate) on a site acquired in March 2020.

→ We achieved this rating once again in December 2020 and leveraged the result to procure 3.5 billion for the Tsukuba CREO Project (commercial facility) currently being developed in Tsukuba City, Ibaraki Prefecture.

Main Recent Initiatives (Certifications Obtained)

■ Obtained Eco Action 21 certification

Eco Action 21, the environmental management system (EMS) formulated by Japan's Ministry of the Environment, encourages an effective and proactive stance toward environmental management, including reducing CO₂ emissions. Based on a sustained commitment to environmental management, companies are expected to **fulfill their social responsibility to reduce environmental impact, as well as enhance management benefits and increase corporate value by reducing administrative expenses and raising productivity.**

■ DBJ Green Building certification

We obtained DBJ Green Building certification from the Development Bank of Japan, a certification program created by DBJ in April 2011 to support real estate projects that account for both the environment and society (i.e., green building) for tonarie Yamato-Takada, tonarie Toga-Mikita, tonarie Seiwadai, and tonarie Minamisenri, all commercial facilities developed by ES-CON and owned by EJRB and Chuden Real Estate.

■ CASBEE real estate certification

Soyoca Fujimino, a commercial facility owned by ES-CON, obtained the **S Rank, the highest rank recognized by the CASBEE Real Estate assessment and certification system.** This system assesses and rates building environmental performance based on assessments done by a CASBEE certification institution accredited by the Institute for Building Environment and Energy Conservation.

■ ZEH builder certification

Consolidated subsidiaries ES-CON HOME Co., Ltd. and ES-CON CRAFT Ltd. have completed registration for ZEH builder certification as business entities capable of meeting specific requirements, including requirements for target-setting and promotional measures. The certification applies to **builders, housing companies, and architects offices, etc. that set as operating targets a ZEH ratio of 50% or better by FY2020** for the home orders they receive.





Main Recent Initiatives

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 and February 2021

tonarie Yamato-Takada, tonarie Toga-Mikita, tonarie Minamisenri, and tonarie Seiwadai, 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)



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



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

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

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

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 management 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	57.0 billion yen	99.8%	5.1%	4.7%	10.4 years

Commercial leasehold included	25.5 billion yen
Leasehold ratio	49.2%

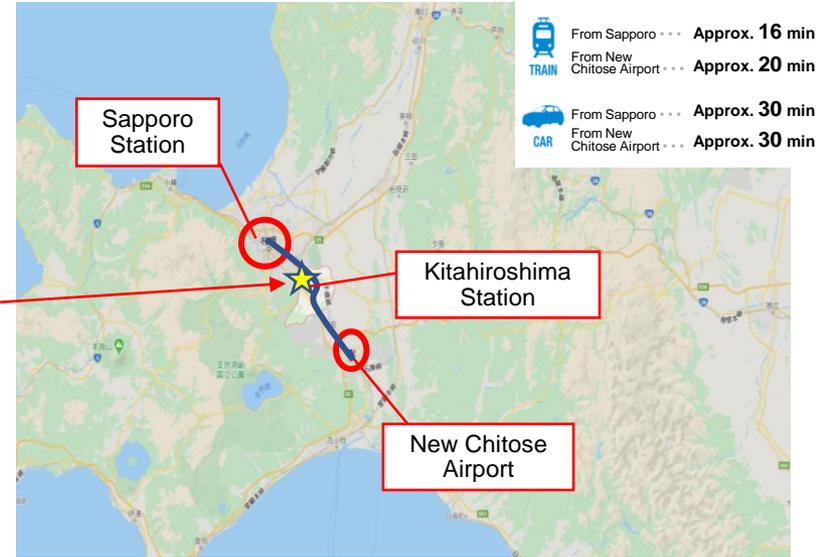
- *1) Amounts are truncated and fractions rounded off.
- *2) Utilization rates and years remaining on lease as of January 25, 2021
- *3) Appraisals are the most recently acquired.



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.



<Kitahiroshima-shi, Hokkaido> (As of end of December 2019)
 • Population: 58,268 * Hokkaido: 5,268,166
 • Area: 119.05 sq. km



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
 - 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



Partner Company Preferred Negotiation Rights Obtained for Kitahiroshima Station “West Exit Area Revitalization Project” in Hokkaido

After proposing a project for the “West Exit Area Revitalization Project” on city-owned land around JR Kitahiroshima Station, currently being promoted by Kitahiroshima City, Hokkaido, we obtained preferred negotiation rights as a partner company (December 16, 2020).



Development is currently underway on Hokkaido Ballpark F. Village, centering on a new baseball stadium for the Hokkaido Nippon Ham Fighters to be named ES CON FIELD HOKKAIDO. Expectations continue to build for Kitahiroshima Station as an important stadium access point. We will pursue development in the stadium area and around Kitahiroshima Station, the entryway to this area.

West Exit Area Revitalization Project (City-owned Land A-D)

Location	A Plaza in front of the station
	B 2-1 Sakaecho, Kitahiroshima
	C 1-5-2 Hokushincho, Kitahiroshima
	D 1-1-2, 55-1 Hokushincho, Kitahiroshima
Area	A 11,509.58 m ² / B 5,514.00 m ²
	C 3,395.02 m ² / D 3,396.00 m ²



Completion image of station area

September 1, 2020

Started operations at Hokkaido Branch

4-minute walk from JR Sapporo Station; one -minute walk from Hokkaido Station on Sapporo Municipal Subway Namboku Line



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

Most recently, taking a cautious approach while considering the pandemic and focusing efforts based on a medium/long-term perspective

- In February 2019, we launched our overseas business development efforts by investing in a Hawaii real estate investment fund.
- In August 2019, we joined a condominium development project initiated by the Thai real estate developer Origin Property in Samut Prakan Province adjacent to the capital city of Bangkok. This marks our first overseas condominium development project.
- In March 2020, we participated 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
Site land area	5,044 m ²
Total floor area	22,661 m ²
Exclusive floor area	12,384 m ²
Scale (planned)	Tower 520 N. Central: 8 aboveground floors; Tower 521 N. Orange: 45 aboveground floors
Construction completion slated	Late October 2022
Our investment	460 million yen (equivalent)

ES-CON JAPAN Ltd.

Becoming a Consolidated Subsidiary
of Chubu Electric Power
via Third-Party Allotment

IDEAL to REAL

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Initiatives for Becoming a Consolidated Subsidiary of Chubu Electric Power

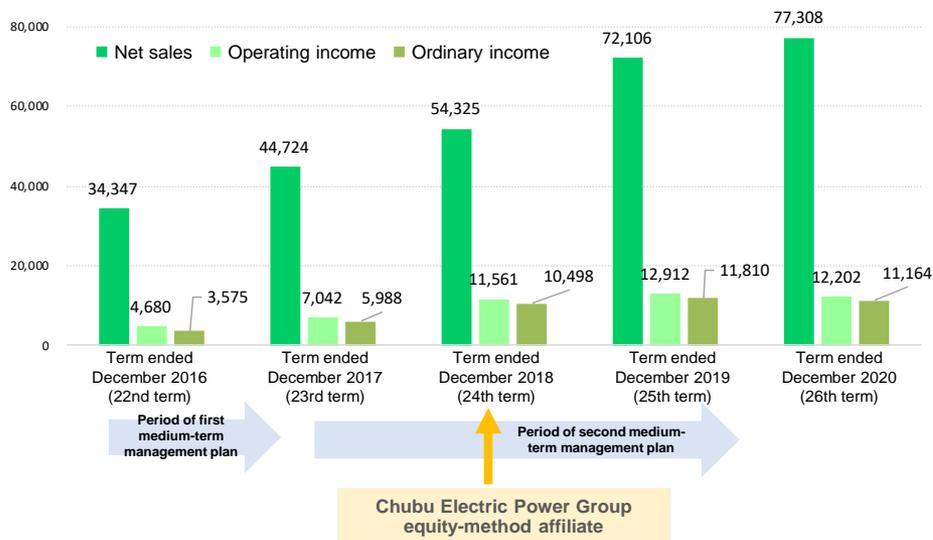
Background 1. August 2018 Became equity-method affiliate of Chubu Electric Power through capital and business partnership

As a **general developer of multifaceted real estate projects**, ES-CON JAPAN focuses on condominium development. Other activities encompass retail, logistics, and hotel development, as well as land readjustment. Through the following initiatives, we will achieve steady growth in both earnings and asset scale.

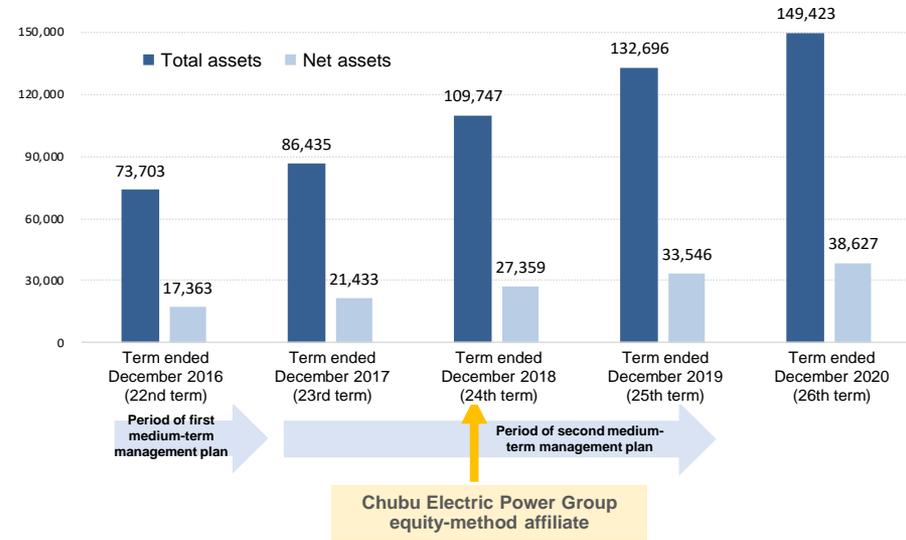
- ① We will use our information networks, planning ability, and product development expertise to tap the unlimited potential of real estate and create new value that thoroughly satisfies our clients.
- ② We will rely on our strong defense of operations management revolving around ROA and thorough management of cashflow and risk to achieve a strong offense in management that is always one step ahead.
- ③ We will become an elite team of professionals with an unchanging ability to swiftly and deftly respond to a rapidly-changing society.
- ④ We will always show respect and gratitude to our colleagues, whether inside or outside of the company, and build and maintain excellent collaborative relations
- ⑤ We will prioritize compliance and governance, bolstering our internal auditing system, and form an organization with great bottom-up communication; these will be articulated as part of management policy. We will move toward their realization.

Effective August 28, 2018, based on the judgment that leveraging strengths in real estate planning and business know-how, combined with the strengths of the Chubu Electric Power Group (“Chubu Electric Power Group” hereinafter), including its energy supply networks, customer base in the Chubu region, and facility construction know-how accumulated through years of activity in the electric power business, can reasonably be expected to generate various synergies and maximize the corporate value of both companies, **we concluded an agreement on a capital and business joint venture with and became an equity-method affiliate of Chubu Electric Power.**

Five-Year Business Results



Five-Year Asset Scale



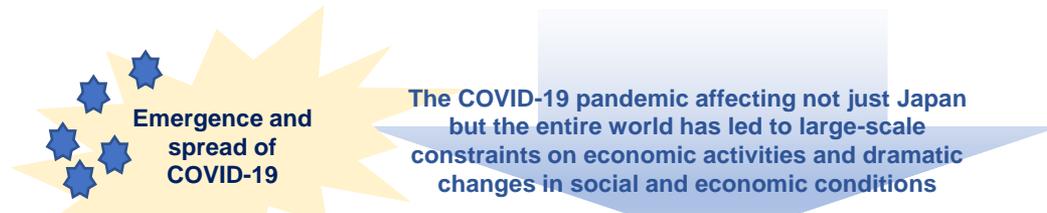
Background 2. Synergies since August 2018 capital and business partnership

In March 2019, based on our view that the Chubu region is an important business territory, together with the greater Tokyo region and the Kansai region, we opened the Nagoya Branch and began joint condominium and product development businesses with the Chubu Electric Power Group.

In June 2019, we began joint projects with Chuden Real Estate Co., Ltd. (“Chuden Real Estate” hereinafter), a subsidiary of Chuden Electric Power.

- Acquired condominium site (Higashi-ku, Nagoya-shi) ⇒ Plans to begin supplying condominium units from 2021 to 2022
- Acquired condominium site in September 2019 (Higashi-ku, Nagoya-shi)
- Acquired commercial site (Suita-shi, Osaka) in March 2020
- Acquired commercial site (Ichinomiya-shi, Aichi) in August 2020
- August 2020 also marked the start of development on a condominium project, the Group’s first in Shizuoka Prefecture, on a commercial site managed from 2016 as a parking lot.

Steadily expanding and strengthening synergies with Chuden Electric Power through capital and business partnership



These conditions compelled us to revise the timing of the sale of the hotel projects and led to a gap in the timing of sales of various logistics sites. As a result, on December 22, 2020, reflecting expectations of decreased earnings, we announced revisions to the consolidated net sales of 86,000 million yen in planned consolidated financial results for the period ended December 2020 and previously announced on January 30, 2020.

Even under such business conditions, consolidated net sales in the period ended December 2020 grew 5,202 million yen to 77,308 million yen, up from the figure of 72,106 million yen in the period ended December 2019. In the period ended December 2020, we were unable to form a rational estimate of the impact of COVID-19 on our business. We recognized the potential for a significant decrease in sales leading to figures falling short of consolidated net sales for the period ended December 2019. Ultimately, consolidated net sales in the period ended December 2020 increased year on year, thus the impact of COVID-19 on our business proved relatively light compared to initial expectations.

ES-CON JAPAN see this as an excellent opportunity to advance further business growth and to stabilize management foundations, based on medium- to long-term management strategies.

Background 3. Third-party allotment executed to become consolidated subsidiary of Chubu Electric Power

Basic policies of medium- to long-term management strategies:

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

Results of repeated consideration of various options for the most effective means of realizing these two medium- to long-term management strategies

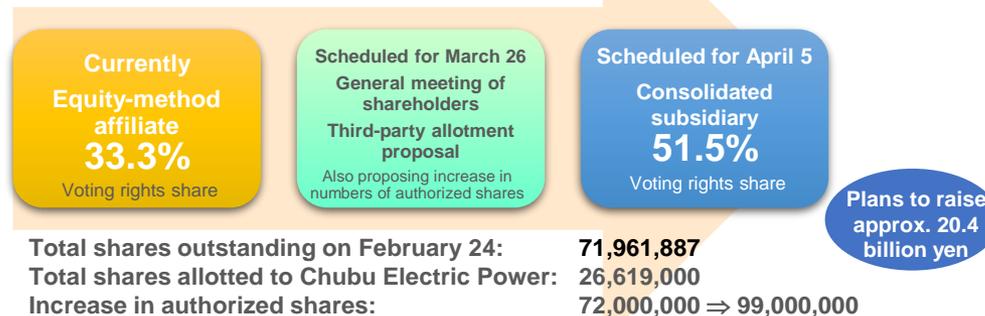
Becoming a consolidated subsidiary of Chubu Electric Power, which boasts strong corporate credit standing, through a third-party allotment for the purpose of strengthening business and financial foundations, will have the following effects:

Synergies

- ① Enable diversification of fundraising methods and reduce fundraising costs by improving our creditworthiness; and
- ② Enable participation in large-scale urban-development projects through further business partnerships with the Chubu Electric Power Group, which will also provide increased access to real estate information.

This in turn will make it possible to further boost corporate value by strengthening earnings potential and enhancing management stability.

Conduct third-party allotment to Chubu Electric Power



Fund Uses, Investment Targets, Main Shareholders

As stated in the IDEAL to REAL 2023 new medium-term management plan, which covers the period from the term ending December 2021 through the term ending December 2023, our cornerstone policy will be “Establishing business foundations able to withstand unexpected changes in economic conditions.” To convert the revenue structure from a focus on flow revenue to a focus on stock revenue, we have set a target for the period covered by the plan of expanding the share of segment income from real estate leasing to all reportable segments (real estate sales business, real estate leasing business, and real estate planning agency and consulting business) from 14.2% in fiscal 2020 to 26% or more by fiscal 2023. Additionally, we plan to increase total consolidated net sales from 77.7 billion in fiscal 2020 (actual figure) to 110.0 billion in fiscal 2023.

① Uses for funds procured through third-party allotment

To achieve the goals of the fourth medium-term management plan, we plan to allocate a portion of the funds to the real estate business based on the following expenditure plan:

Specific uses	Amount (millions of yen)	Planned timing of payment	Fundraising method
Purchase and development of revenue-generating real estate	30,000	March – December 2021	Capital increase, loans, and funds on hand
Purchase and development of revenue-generating real estate	40,000	January – December 2022	Capital increase, loans, and funds on hand
Purchase and development of revenue-generating real estate	60,000	January – December 2023	Capital increase, loans, and funds on hand

② Business investment targets

Planned targets of business investment are developments related to multipurpose developments combining retail facilities, land zoned for retail development, rental residences, logistics facilities, and condominiums and real estate intended to be held in ownership. (Planned projects as of the end of January 2021)

Project	Location	Use	Planned timing of payment	Amount (million yen)
Hyogo Tojo II	Kato-shi, Hyogo	Logistics warehouse (28,000 m ² total floor area)	Construction planned to begin in April 2021	4,000
Koga Gemboen	Koga-shi, Fukuoka	Logistics warehouse (56,000 m ² total floor area)	Construction planned to begin in May 2021	7,000
Hokkaido Ballpark	Kitahiroshima-shi, Hokkaido	Multipurpose development (residential, commercial)	Acquisition of land planned to take place during FY2021	7,500
JR Kitahiroshima Station West Area Vitalization Project	Kitahiroshima-shi, Hokkaido	Multipurpose development (residential, commercial)	Acquisition of land planned to take place during FY2021	20,000
Fujishirodai 5-chome, Suita	Suita-shi, Osaka	Multipurpose development (residential, commercial)	Construction planned to begin during FY2023	17,500

③ Main Shareholders (before and after capital increase)

Main shareholders before capital increase (as of the end of the term ended December 2020)	Percentage of shares held
Chubu Electric Power Co., Inc.	33.01%
Nissei Build Kogyo Co., Ltd.	9.34%
Tenma Seiryu Co., Ltd.	5.19%
The Master Trust Bank of Japan, Ltd. (account in trust)	3.57%
Custody Bank of Japan, Ltd. (account in trust)	3.14%
Koryu Oh	3.02%
Takatoshi Ito	1.73%
Custody Bank of Japan, Ltd. (account in trust 5)	0.81%
Keiko Akashi	0.76%
Custody Bank of Japan, Ltd. (account in trust 6)	0.74%



Main shareholders after capital increase (scheduled as of April 5, 2021)	Percentage of shares held
Chubu Electric Power Co., Inc.	51.54%
Nissei Build Kogyo Co., Ltd.	6.75%
Tenma Seiryu Co., Ltd.	3.75%
The Master Trust Bank of Japan, Ltd. (account in trust)	2.59%
Custody Bank of Japan, Ltd. (account in trust)	2.27%
Koryu Oh	2.18%
Takatoshi Ito	1.25%
Custody Bank of Japan, Ltd. (account in trust 5)	0.59%
Keiko Akashi	0.55%
Custody Bank of Japan, Ltd. (account in trust 6)	0.53%

*Percentages of shares held after this issue are calculated using as the denominator the figure for voting rights (696,072 voting rights) for the total of 69,607,200 shares obtained by subtracting from the total of 71,961,887 shares issued and outstanding as of December 31, 2020, 2,344,400 shares of treasury stock, and 10,287 shares in less than the minimum trading unit as of that same date, plus the increase in voting rights (266,190 voting rights) resulting from this capital increase by third-party allotment (962,262 voting rights). Percentages of shares held by shareholders other than Chubu Electric Power assume no change in shareholdings since December 31, 2020.

Details of the Business Partnership

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

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

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

Two and a half 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		<p><u>Five joint projects are already underway with ChudenReal Estate.</u></p> <p>Four projects in the Chubu area: Shirakabe, Shirakabell, Nishi-Ichinomiya, Kakegawa</p> <p>One project in the Kinki area: Fujishirodai, Suita-shi</p>
Mutually complementary business areas		<p>Nagoya Office opened in March 2019.</p> <p>Business developed in both regions (Chubu and Kansai)</p>
Making effective use of real estate owned by the Chubu Electric Power Group		<p>Joint project begun on real estate owned by ChudenReal Estate in Ichinomiya-shi, Aichi</p>
Joint research and implementation of next-generation smart houses, connected homes, etc.		<p>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 ChudenReal Estate.</p>
Prospective buyers for our real estate development projects		<p>Sale of properties owned by the Company to Chuden Real Estate through warehousing method</p> <p>(In September 2019, support agreements were concluded with three companies: Chuden Real Estate, EJR, and ES-CON Asset Management.)</p>
Exchange of human resources		<p>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.</p>
Respect for autonomy		<p>Continued business development utilizing the Company's characteristic speed</p>

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 Omi-hachiman-shi, Shiga	tonarie Toga Mikita Muko-shi, Kyoto Ikoma-gun, Nara	Total of approx. 9.5 billion yen
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Support agreement	Chuden Real Estate	Chubu Electric Power	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 (Within the jurisdiction of Chubu Electric Power)

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



OST Residence Karuizawa



5 Karuizawa-machi, Kitasaku-gun, Nagano
 Condominium

6 Kaburagicho, Gifu-shi, Gifu
 Condominium

7 Koganemachi 8-chome, Gifu-shi, Gifu
 Condominium

3 Ichinomiya-shi, Aichi
 Condominium
 Joint project with Chuden Real Estate

4 Kakegawa, Shizuoka
 Condominium
 Joint project with Chuden Real Estate

1 Shirakabe, Higashi-ku, Nagoya
 Condominium

2 Shirakabe II, Higashi-ku, Nagoya
 Joint project with Chuden Real Estate



Le JADE Kakegawa Ekimae



tonarie Yokkaichi
 Acquired January 2021



Grand Le JADE Shirakabe Getsuronotei



Grand Le JADE Shirakabe Rinzenotei

Information



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