

December 2, 2019

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Notice on Formulation of Third Medium-Term Management Plan “IDEAL to REAL 2022”

ES-CON JAPAN Ltd. (ES-CON JAPAN) announces that it has formulated a new medium-term management plan “IDEAL to REAL 2022” for the period from the fiscal year ending December 2020 to the fiscal year ending December 2022 as follows.

1. Background to and Purpose of Formulation of New Medium-Term Management Plan

ES-CON JAPAN is currently making steady progress with the second medium-term management plan “IDEAL to REAL 2019” that is underway for the period from the fiscal year ended December 2017 to the fiscal year ending December 2019. ES-CON JAPAN has formulated the **third medium-term management plan “IDEAL to REAL 2022”** for the three-year period from the fiscal year ending December 2020 (next fiscal year) to the fiscal year ending December 2022 aiming for further leaps and stable growth in the next stage.

2. Basic Policy

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

3. Corporate Strategy

- (1) Management stability and sustainable growth
 - 1) Diversify businesses
 - 2) Stabilize revenue structure by securing stock revenue bases
 - 3) Exert synergistic effects with the Chubu Electric Power Group
 - 4) External growth of ESCON JAPAN REIT Investment Corporation (EJR)
- (2) Address social issues through promotion of ESG initiatives
- (3) Return to shareholders

4. Performance Plan

(Unit: Million yen)

	FY2019 Projection IDEAL to REAL 2019		FY2020 Plan	FY2021 Plan	FY2022 Plan IDEAL to REAL 2022
Net sales	72,000		86,000	100,000	110,000
Operating income	12,900		13,300	14,000	15,200

5. Management Targets

	FY2019 Projection IDEAL to REAL 2019		FY2022 Plan IDEAL to REAL 2022
Return on equity (ROE)	26.4%		20.0%
Return on invested capital (ROIC)	7.4%		5.5%
Equity ratio	24.3%		25.0%
Dividend payout ratio	30.4%		30% or higher

With the plan focused on enhancement of stability, equity ratio is set higher under the plan. On the other hand, ROE and ROIC are lower, but both indicators are set to still maintain a high level.

6. Dividend Policy and Capital Policy

ES-CON JAPAN introduced a progressive dividend policy, starting from the second medium-term management plan. This is a dividend policy for the dividend amount per share to not fall below the previous fiscal year's dividend per share (DPS), making it a policy to “not decrease the dividend amount, but rather only maintain or increase the dividend amount” in principle. In continuing to adopt this progressive dividend policy in the third medium-term management plan, we will make efforts to realize stable dividends and raise the transparency of future dividend levels to strengthen return to shareholders increasingly and for sustainable corporate value enhancement.

	Third medium-term management plan IDEAL to REAL 2022
Dividend payout ratio	30% or higher
Dividend per share (DPS)	Keep “progressive dividend policy” ongoing
Purchase of treasury shares	Consider in an agile manner with total return ratio in mind

7. Review of Second Medium-Term Management Plan “IDEAL to REAL 2019”

As for our second medium-term management plan, we will proactively promote businesses as described below, and our performance goal is expected to exceed the initial plan by a significant margin. In addition, our management goal is expected to be generally achieved, and although the equity ratio is not expected to be achieved, we are proactively purchasing properties with the effect of our capital and business partnership with the Chubu Electric Power.

(1) Growth Action Plan -Growth Strategy-

1) Further strengthening of core business

In the condominium sales business, we have secured sites that can be supplied as described in the table below (actual results until 2018). We're making steady progress in expanding our sales force, which currently numbers 32.

	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022
Actual results (units) Estimated number is indicated for 2019 onwards	476	539	Approx. 650	Approx. 760	Approx. 1,200	Approx. 450
Sales (billion yen)	19.5	25.0	Approx. 29.0	Approx. 36.0	Approx. 55.0	Approx. 24.0

2) Improving company value through diversification of multiple core business

We expanded our business domain in the commercial development business and hotel development business as well as in the condominium sales business. We also launched as new business domains a logistics development business, land readjustment business and overseas business.

3) Securing stable long-term stock revenue through active development of real estate leasing business

In the commercial development business, we strengthened NSC development efforts through strong ties to local communities. We will make efforts to revitalize the city by opening tonarie Yamato-Takada and tonarie Toga-Mikita and newly acquiring Tsukuba Q't, Mog, Tsukuba Creo and Oh! Me OTSU TERRACE. In addition, we enhanced the value of commercial facilities in operation and proactively developed our redevelopment business.

4) Expansion of real estate sales business through stable supply of high-quality real estate as a main sponsor of the listed REIT formation

ESCON JAPAN REIT Investment Corporation (EJR) was listed on the J-REIT market in February 2019. We concluded a support agreement with Chubu Electric Power and Chuden Real Estate, and strengthened collaboration with Chubu Electric Power Group for the external growth of EJR. In addition, EJR received a rating of “A-” (stable) from Rating and Investment Information, Inc. (R&I) in November 2019.

5) Expanding the breadth and depth of real estate development capabilities through enhancement of real estate operation business

We also launched a renovation business in addition to businesses for asset management (AM), property management (PM) of commercial facilities, operation of food and beverage establishments such as cafés, and apartment building management.

6) Improving corporate brand power

We aired new TV commercials for the “Grand Le JADE” brand and have continued to act as a sponsor of a popular TV program. We remain focused on strengthening our corporate brand.

7) ESG initiatives to create new value and achieve sustainable growth

“Le JADE Okurayama” became ES-CON JAPAN’s first business adopted in the Ministry of the Environment’s “Fiscal 2019 High-Rise ZEH-M Support Projects.” ES-CON JAPAN became the first Japanese business company to receive the ratings of “Green Star” and “2 Star” in the GRESB Real Estate “Developer Assessment” conducted in 2019.

(2) Performance Targets

(Unit: Million yen)

	FY2017	FY2018			FY2019		
	Actual	Initial plan	Actual	Compared with plan	Initial plan	Projection	Compared with plan
Net sales	44,724	Between 57,000 and 58,000	54,325	-2,675	Between 60,000 and 62,000	72,000	+12,000
Real estate sales business	41,168	Between 54,900 and 55,800	50,519	-4,381	Between 57,800 and 59,700	66,700	+8,900
Real estate leasing business	3,459	Between 1,900 and 2,000	3,400	+1,500	Between 2,000 and 2,100	5,000	+3,000
Real estate planning agency and consulting business	96	200	405	+205	200	300	+100
Operating income	7,042	Between 7,500 and 8,500	11,561	+4,061	Between 8,200 and 9,500	12,900	+4,700
Ordinary income	5,988	Between 6,500 and 7,500	10,498	+3,998	Between 7,200 and 8,500	11,700	+4,500

(3) Management Targets

	FY2017	FY2018	FY2019		
	Actual	Actual	Initial plan	Projection	Compared with plan
Equity ratio	24.8%	24.9%	Between 33.0% and 35.0%	24.3%	-8.7
Return on equity (ROE)	28.1%	29.6%	Between 18.0% and 21.0%	26.4%	+8.4
Return on assets (ROA)	6.8%	7.4%	Between 6.0% and 7.0%	6.5%	+0.5
Return on invested capital (ROIC)	8.4%	10.2%	Between 7.0% and 9.0%	7.4%	+0.4
Earnings per share (EPS)	81.77 yen	105.98 yen	Between 75 yen and 85 yen	116.9 yen	+41.9

(Note) Return on invested capital (ROIC): After-tax operating income ÷ (Shareholders' equity + Interest-bearing liabilities)

Link to press release on the third medium-term management plan on ES-CON JAPAN's website

<https://www.es-conjapan.co.jp/english/ir/index.php>



Third Medium-Term Management Plan

— IDEAL to REAL 2022 —

Period from fiscal year ending December 2020 (FY2020)
to fiscal year ending December 2022 (FY2022)
ES-CON JAPAN Ltd.
<https://www.es-conjapan.co.jp/english/>

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Review of Second Medium-Term Management Plan 1

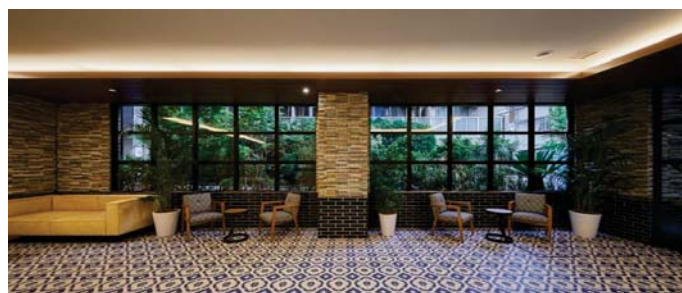
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Growth strategy in the previous medium-term management plan

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

Major efforts

1. For the core condominium sales business, our core business, we supplied 476 units in fiscal 2017 (sales: 19.5 billion yen) and 539 units in fiscal 2018 (sales: 25 billion yen) and expect to supply approximately 650 units in fiscal 2019 (sales: approximately 29 billion yen). We have secured sites sufficient for approximately 760 units for fiscal 2020 (sales: approximately 36 billion yen), approximately 1,200 units for fiscal 2021 (sales: approximately 55 billion yen) and approximately 450 units for fiscal 2022 (sales: approximately 24 billion yen). We're making steady progress in expanding our sales force, which currently numbers 32.
2. We expanded our business domain the commercial development business and hotel development business as well as in the condominium sales business. We also launched as new business domains a logistics development business, land readjustment business and overseas business.
3. In the commercial development business, we're strengthening NSC development efforts through strong ties to local communities. "tonarie Yamato-Takada" had a grand opening in November 2018 and "tonarie Toga-Mikita" in April 2019. We acquired "Tsukuba Q't Mop" in December 2018, "Tsukuba Creo" in March 2019 and "Oh!Me OTSU TERRACE" in October 2019. We're enhancing the value of commercial facilities in operation and proactively developing our redevelopment business.
4. ESCON JAPAN REIT Investment Corporation (EJR) was listed on the J-REIT market on February 13, 2019. We concluded a support agreement with Chubu Electric Power and Chuden Real Estate. In November 2019, EJR received a rating of "A-" (stable) from Rating and Information, Inc. (R&I).
5. We also launched a renovation business in addition to businesses for AM, PM of commercial facilities, operation of food and beverage establishments such as cafés, and apartment building management.
6. We're airing new TV commercials for the "Grand Le JADE" brand, and continue to act as a sponsor of a popular TV program. We remain focused on strengthening our corporate brand.
7. "Le JADE Okurayama" became ES-CON JAPAN's first business adopted in the Ministry of the Environment's "Fiscal 2019 High-Rise ZEH-M Support Projects." ES-CON became the first Japanese business company to receive the ratings of "Green Star" and "2 Star" in the GRESB Real Estate "Developer Assessment" conducted in 2019.



Review of Second Medium-Term Management Plan 2

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Management targets

Management targets	FY2016 Actual Make The One for 2016	FY2019 Projection IDEAL to REAL 2019	FY2019 Plan IDEAL to REAL 2019
Equity ratio	23.6%	✗ 24.3%	Between 33.0% and 35.0%
Return on equity (ROE)	25.1%	○ 26.4%	Between 18.0% and 21.0%
Return on assets (ROA)	6.0%	○ 6.5%	Between 6.0% and 7.0%
Return on invested capital (ROIC)	6.5%	○ 7.4%	Between 7.0% and 9.0%
Earnings per share (EPS)	58.7 yen	○ 116.9 yen	Between 75 yen and 85 yen

* ROIC: After-tax operating income ÷ (Shareholders' equity + Interest-bearing liabilities)

Four of the five items are projected to achieve targets.
Equity ratio is projected to fall short of target as a result of proactive property purchasing by the effects of the capital and business partnership with Chubu Electric Power.

Performance targets

Performance plan	FY2016 Actual Make The One for 2016	FY2019 Projection IDEAL to REAL 2019	FY2019 Plan IDEAL to REAL 2019	Amount of increase compared with FY2016
Net sales	34,347	72,000	Between 60,000 and 62,200	+37,653
Real estate sales business	30,687	66,700	Between 57,800 and 59,700	+36,013
Real estate leasing business	3,594	5,000	Between 2,000 and 2,100	+1,406
Real estate planning agency and consulting business	65	300	200	+235
Operating income	4,680	12,900	Between 8,200 and 9,500	+8,220
Ordinary income	3,575	11,700	Between 7,200 and 8,500	+8,125

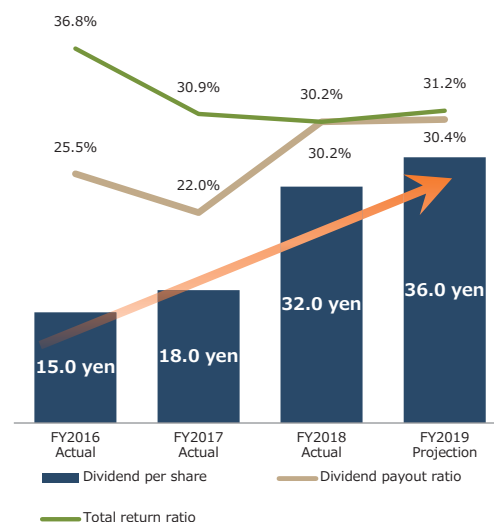
(Unit: Million yen)

All items are projected to achieve targets at well above those set.

Dividend policy

Dividends	FY2016	FY2017	FY2018	FY2019 Projection
Dividend per share	15.0 yen	18.0 yen	32.0 yen	36.0 yen
Dividend payout ratio	25.5%	22.0%	30.2%	30.4%
Total return ratio	36.8%	30.9%	30.2%	31.2%

Adopting a progressive dividend policy, the plan is to increase dividend for the fourth consecutive year



IDEAL to REAL 2022

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



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KPI

Performance plan and management targets

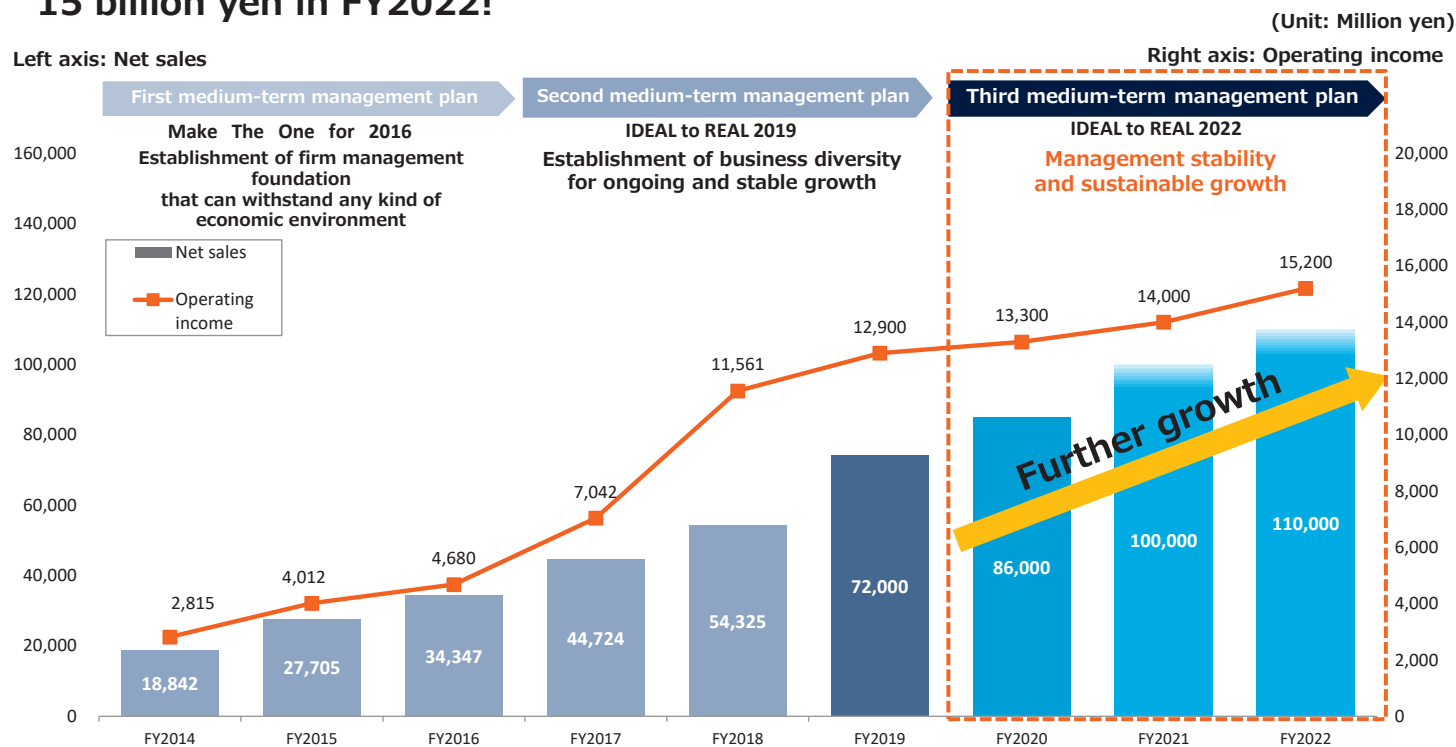
(Unit: Million yen)

Performance plan	FY2019 Projection IDEAL to REAL 2019		FY2020 Plan	FY2021 Plan	FY2022 Plan IDEAL to REAL 2022
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Management targets	FY2019 Projection IDEAL to REAL 2019		FY2022 Plan IDEAL to REAL 2022
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Equity ratio	24.3%		25.0%
Dividend payout ratio	30.4%		30% or higher

With the plan focused on enhancement of stability, equity ratio is set higher under the plan.
On the other hand, ROE and ROIC are lower, but both indicators are set to still maintain a high level.

Net sales to reach 100 billion yen in FY2021 and operating income to exceed 15 billion yen in FY2022!



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Corporate Strategy

1. Management stability and sustainable growth
2. Address social issues through promotion of ESG initiatives
3. Return to shareholders

1. Diversify businesses

(1) Diversify development businesses and make them core businesses

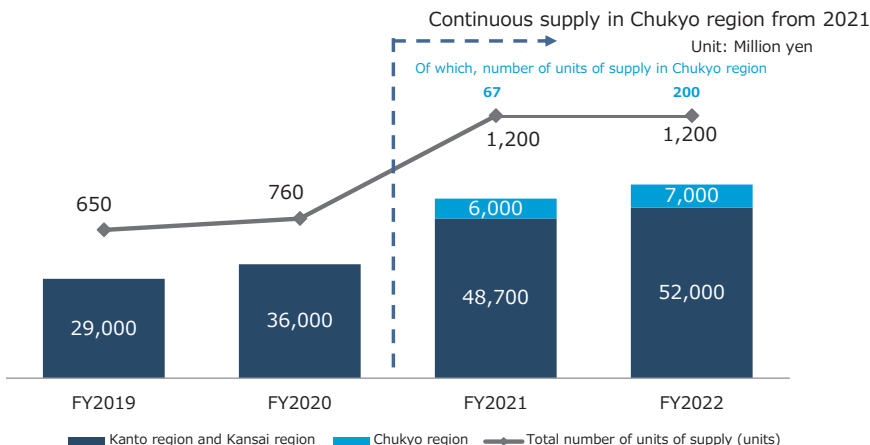
Establish several core businesses by expanding business domains beyond for-sale condominium, commercial and hotel development to logistics, rental condominium and office development.

1) For-sale condominium business

In addition to stable supply in the Kanto region and Kansai region, commence supply in the Chukyo region in 2021.

With purchasing for the FY2021 portion already completed, make steady progress in purchasing for the FY2022 portion.

Add the Chukyo region to core areas and aim for stable annual supply of 1,200 units or so.



Le JADE bio



Le JADE



Grand Le JADE



Le JADE Morinomiya



Grand Le JADE Shukugawa Residence



Le JADE Utsukushigaoka



Le JADE Tsujido Higashi Kaigan

1. Diversify businesses

(1) Diversify development businesses and make them core businesses

Establish several core businesses by expanding business domains beyond for-sale condominium, commercial and hotel development to logistics, rental condominium and office development.

2) Commercial development business

Engage in development of the "tonarie" brand of neighborhood shopping centers (NSCs), and redevelopment and revitalization of commercial facilities that are in operation, and thereby contribute to development of regional societies that are rooted in everyday life, and also serve to promote compact city, form local communities and revitalize regions.

NSC brand "tonarie"



tonarie Toga-Mikita



tonarie Minamisenri



tonarie Yamato-takada



tonarie Seiwadai

Large urban development



Kasuga Forest City, Fukuoka Prefecture

Commercial facilities in operation



soyoca Fujimino



Tsukuba Q't MOG



KoLuTeNa I



Oh!Me OTSU TERRACE

Commercial facilities under redevelopment



Tsukuba Creo

1. Diversify businesses

(1) Diversify development businesses and make them core businesses

Establish several core businesses by expanding business domains beyond for-sale condominium, commercial and hotel development to logistics, rental condominium and office development.

3) Hotel business

With a track record in development of 17 hotels (of which, sales completed for 15 hotels), the policy is to continue engaging in development on a project basis.

4) Logistics business

Launched new logistics facility brand "LOGITRES." Developed the first project "LOGITRES Tojo." In October 2019, acquired site for development of the second project in the same area as that for the first project. In addition, initiatives underway for the logistics site development business through a land readjustment project in Koga-shi, Fukuoka Prefecture. The policy is to strengthen initiatives as a potential next core business.

5) Other

In addition to diversified development of rental condominiums, office buildings, etc., initiatives underway for the business of revitalizing existing condominiums, office buildings, etc. The policy is to proactively engage in various development businesses with a view to establishing the next core businesses as a comprehensive developer.

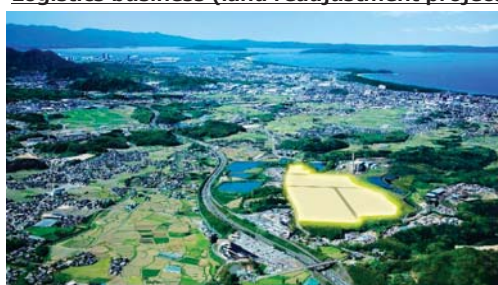


Logistics business



LOGITRES Tojo (Kato-shi, Hyogo Prefecture)

Logistics business (land readjustment project)



Koga-shi Genboen land readjustment project (Koga-shi, Fukuoka Prefecture)

Hotel business



Tsurunochi, Kita-ku, Osaka-shi
Opened in Nov. 2018;
134 rooms



Nagahoribashi Ekimae
Opened in Dec. 2018;
96 rooms



Awajicho III, Chuo-ku, Osaka-shi
Opened in Feb. 2019;
184 rooms



Minamisenba I, Chuo-ku, Osaka-shi
Opened in Apr. 2019;
256 rooms



Nakasu, Hakata-ku, Fukuoka-shi
Slated for Apr. 2020;
103 rooms

1. Diversify businesses

(2) Diversify business areas

- Expand business domains from the Kanto region and Kansai region as the core areas to the Chukyo region, the Kyushu region and other regional cities.
- Strengthen businesses from having made One's Own House Co., Ltd. and Rise Home Co., Ltd., which are detached housing companies based in Saitama Prefecture, subsidiaries.
- Proactively invest in the overseas business with a view to making it a core business from FY2023.
- Cultivate and expand into regions through M&As

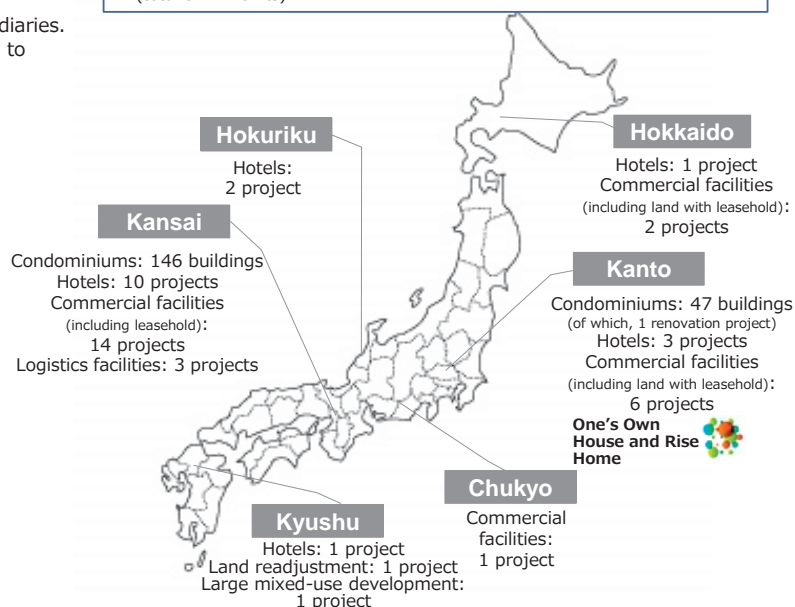


Knightsbridge Sukhumvit-Thepharak Project, Thailand
36F/B1F; 474 residential units and 1 shop; construction completion slated for April 2021

■ Area expansion performance

As at Nov. 7, 2019

- Condominium development: approx. 10,757 units (approx. 8,579 units in Kansai; approx. 2,178 units in Kanto)
- Detached housing / housing land development: approx. 700 sections
- Commercial development, etc.: Acquiring and developing properties throughout the country
- Hotel development: Acquired site for 2,118 rooms
- Developing in Tokyo, Osaka, Hokkaido, Kanazawa and Fukuoka
- Overseas business development: Investment in Hawaii real estate investment fund
- Participation in condominium development project in Thailand (total of 474 units)

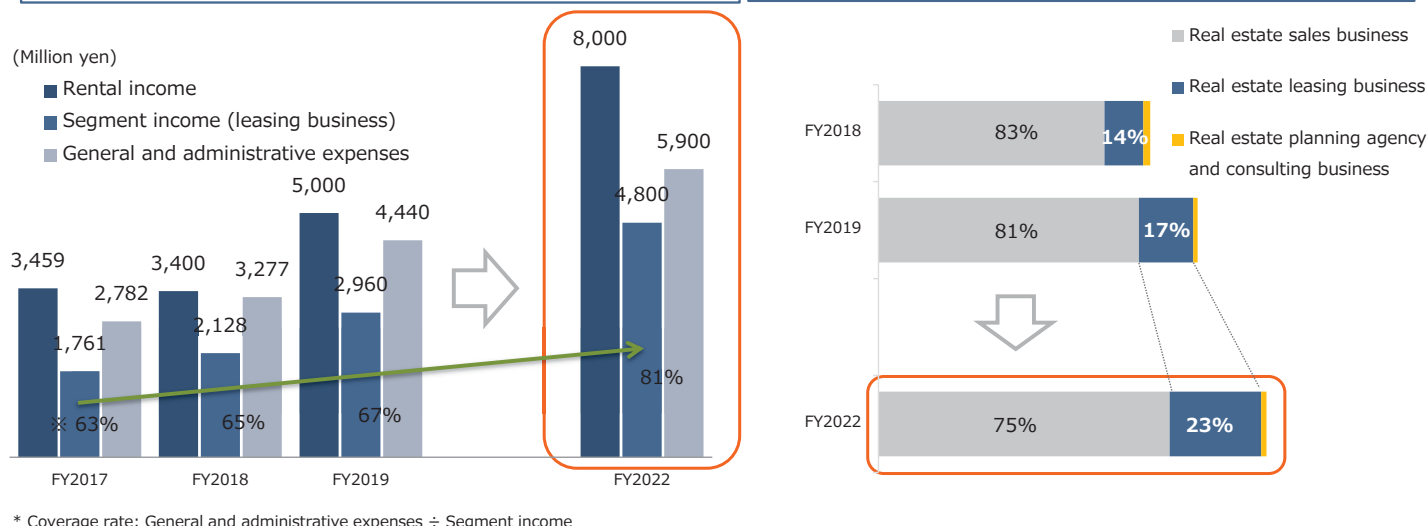


2. Stabilize revenue structure by securing stock revenue bases

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

- Establish stock revenue structure that can cover the total amount of general and administrative expenses with rental income.
- Prospects are for real estate leasing business' segment income to cover general and administrative expenses. Coverage rate target for FY2022 set at **81%**.

- Strengthen real estate leasing business (stock revenue).
- Target for ratio of real estate leasing business' segment income to total segment income set at **23%**.



2. Stabilize revenue structure by securing stock revenue bases

(2) Strengthen real estate operation business revenue

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

<div> </div>		
<div> </div> <p>■ Strengthen asset management (AM) revenue</p> <ul style="list-style-type: none"> ➢ 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. 	<div> </div> <p>■ Strengthen property management (PM) revenue</p> <ul style="list-style-type: none"> ➢ 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 	<div> </div> <p>■ Strengthen management revenue and operation capabilities</p> <ul style="list-style-type: none"> ➢ 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

3. Exert synergistic effects with the Chubu Electric Power Group

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

- Engage in large urban development backed by the overwhelming creditworthiness, customer base, etc. of the Chubu Electric Power Group.
- Promote research and development of next-generation condominiums utilizing living environment, energy, AI, etc.

Content of capital and business partnership with the Chubu Electric Power Group

1. Promoting joint projects
2. Mutually complementary business areas
3. Making effective use of real estate owned by the Chubu Electric Power Group
4. Joint research and implementation of next-generation smart houses, connected homes, etc.
5. Prospective buyers for our real estate development projects
6. Exchange of human resources
7. Respect for autonomy



Mar. 2019	Director appointed from Chubu Electric Power
Mar.	ES-CON JAPAN Nagoya Office opens
Apr.	Two employees seconded from ES-CON JAPAN to Chuden Real Estate
June	Purchased site for first project in Nagoya (Shirakabe 4-chome, Higashi-ku, Nagoya-shi (I) and Chikaramachi 4-chome, Higashi-ku, Nagoya-shi)
Sept.	Purchased site for second project (Shirakabe 4-chome, Higashi-ku, Nagoya-shi (II))
Sept.	Chuden Real Estate, ESCON JAPAN REIT and ES-CON ASSET MANAGEMENT conclude trilateral support agreement

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

(1) Steady mutual growth as sponsor of EJR

- As at December 2, 2019, right of preferential negotiation granted for 12 properties (of these, right of first refusal granted for 6 properties / 16.7 billion yen) to EJR.
- Pursue mutual growth by supporting EJR's external growth in terms of both quality and quantity through continuous and stable property provision as its sponsor.

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

- Secure pipeline of properties for EJR within the Group through warehousing and other support functions.

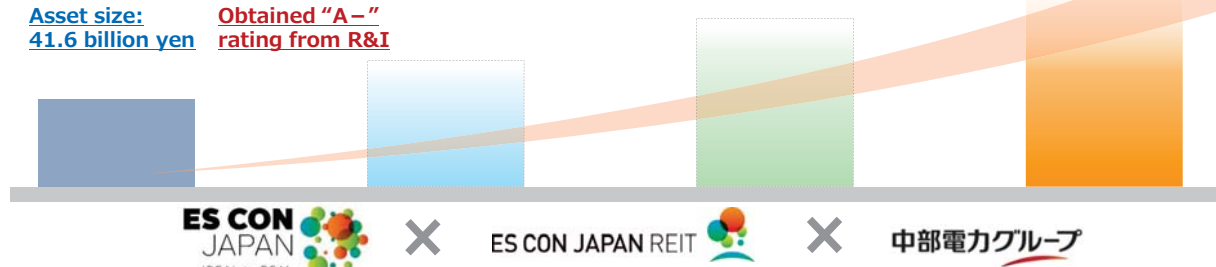
Content of support to EJR

	Information provision	Granting of right of first refusal and right of preferential negotiation	Ware-housing	Redevelopment support	Eco-friendly technologies	PMBM services	Leasing support	Human support	Same-boat investment	Licensing of logo
ES-CON JAPAN	●	●	●	●	—	●	●	●	●	●
Chubu Electric Power	●	—	—	—	●	●	—	—	—	●
Chuden Real Estate	●	—	●	—	●	●	●	●	●	●

Listed in February 2019 November 2019

Asset size: 41.6 billion yen Obtained "A—" rating from R&I

Achieve 100 billion yen early



Corporate Strategy

Address social issues through promotion of ESG initiatives

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Environment

1. Intending to reduce environmental burden through conservation of energy and circulation of resources, and promoting environmentally-friendly real estate development to realize a decarbonized society.
2. Making efforts to improve the local environment through urban development.
3. Earnestly working on work-style reform, intending to improve work environment and operational efficiency, and aiming to realize a rich and healthy life for employees and their families through the improvement of motivation and job satisfaction.

Social

1. Promoting regional revitalization and creation of local communities through urban development, and creating a new future.
2. Intending to make female employees, the elderly and people with disabilities succeed at work, and promoting diversity.
3. Making social contribution to medical care and welfare corresponding to the declining birthrate and aging population, and supporting safe and comfortable lives in local areas.
4. Promoting business development to realize global SDGs through the development of overseas business.

Governance

1. Enhancing the disclosure of management information enabling people to understand the management status in a timely manner.
2. Establishing a system to secure safety, soundness and transparency of management in the governance system.
3. Intending to strengthen risk management in order to respond to increasing risks due to the expansion and diversity of businesses.

Contribution to the realization of a sustainable society

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Corporate Strategy

Address social issues through promotion of ESG initiatives

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Major efforts for realizing management strategy	Corresponding items*1
• Promoting the spread of ZEH*2-M and the acquisition of other various green building certifications	E1
• Conducting environmentally and socially friendly real estate research and development through industry-academia collaboration and collaboration with other industries	E1, S3
• Contributing to regional revitalization and creation of communities through the development of "tonarie," a community-based commercial facility	E2, S1, S3
• Assigning and increasing the number of people supporting those with dementia at commercial facilities, holding training courses and conducting test driving of shopping taxi	E3
• Holding sports meetings at companies, club activities, no overtime day, Super Escon Wednesday, and other various events	E3
• Promoting the improvement of operational efficiency with IT and increasing the percentage of people of taking maternity leave, childcare leave and paid holidays	E3
• Promoting proactive recruitment and success of female employees, the elderly and people with disabilities	S2
• Supporting "Kodomo no Mori Nakanoshima" and research on "WT1 Cancer Vaccine*3," a cancer immunotherapy	S3
• Conducting timely disclosure of business activities and management status	G1
• Holding regular and emergency meetings of the risk management committee, and thoroughly reporting to the risk management committee in case of an emergency or when an emergency is likely to occur	G3
• Promoting company-wide ESG through efforts to improve GRESB*4 rating	All items

*1 Corresponding items correspond to the number of each item in E: Environment, S: Social, G: Government in the previous page.

*2 "ZEH (Net Zero Energy House)" is a house aiming to make the annual primary energy consumption zero by introducing renewable energy after realizing significant conservation of energy while maintaining the quality of the indoor environment with the significant improvement in the thermal insulation performance of the outer building skin as well as the introduction of a highly efficient equipment system.

*3 WT1 Cancer Vaccine is a cancer immunotherapy enhancing immunity against cancer and treating cancer just by making an injection.

*4 "GRESB" is an annual benchmark assessment measuring environmental, social, and governance (ESG) consideration in the real estate sector. It was founded in 2009 primarily by a group of major European pension funds.

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Dividend policy and capital policy

Dividend payout ratio	30% or higher
Dividend per share	Keep “progressive dividend policy” ongoing
Purchase of treasury shares	Consider in an agile manner with total return ratio in mind

Efforts will continue to be made to realize stable dividends and raise the transparency of future dividend levels to increasingly strengthen return to shareholders and for sustainable corporate value enhancement.

Dividend trend	FY2017 (Actual)	FY2018 (Actual)	FY2019 (Projection)
Dividend per share	18.0 yen	32.0 yen	36.0 yen
Dividend payout ratio	22.0%	30.2%	30.4%
Purchase of treasury shares	449 million yen	—	40 million yen
Total return ratio	30.9%	30.2%	31.2%

Progressive dividend policy

This is a dividend policy for the dividend amount per share to not fall below the previous fiscal year's dividend per share (DPS), making it a policy to “not decrease the dividend amount, but rather only maintain or increase the dividend amount” in principle. We introduced this policy upon the announcement of the second medium-term management plan (IDEAL to REAL 2019) in November 2016.

Information



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