

Company name: ES-CON JAPAN Ltd.
 Representative: Takatoshi Ito, President & Representative Director
 (TSE Prime Market, Code: 8892)
 Inquiries: Kenji Fujita, Director,
 Head of Management Division
 Tel: +81-3-6230-9308

Notice of Establishment of Long-Term Vision 2030 and 5th Medium-Term Management Plan

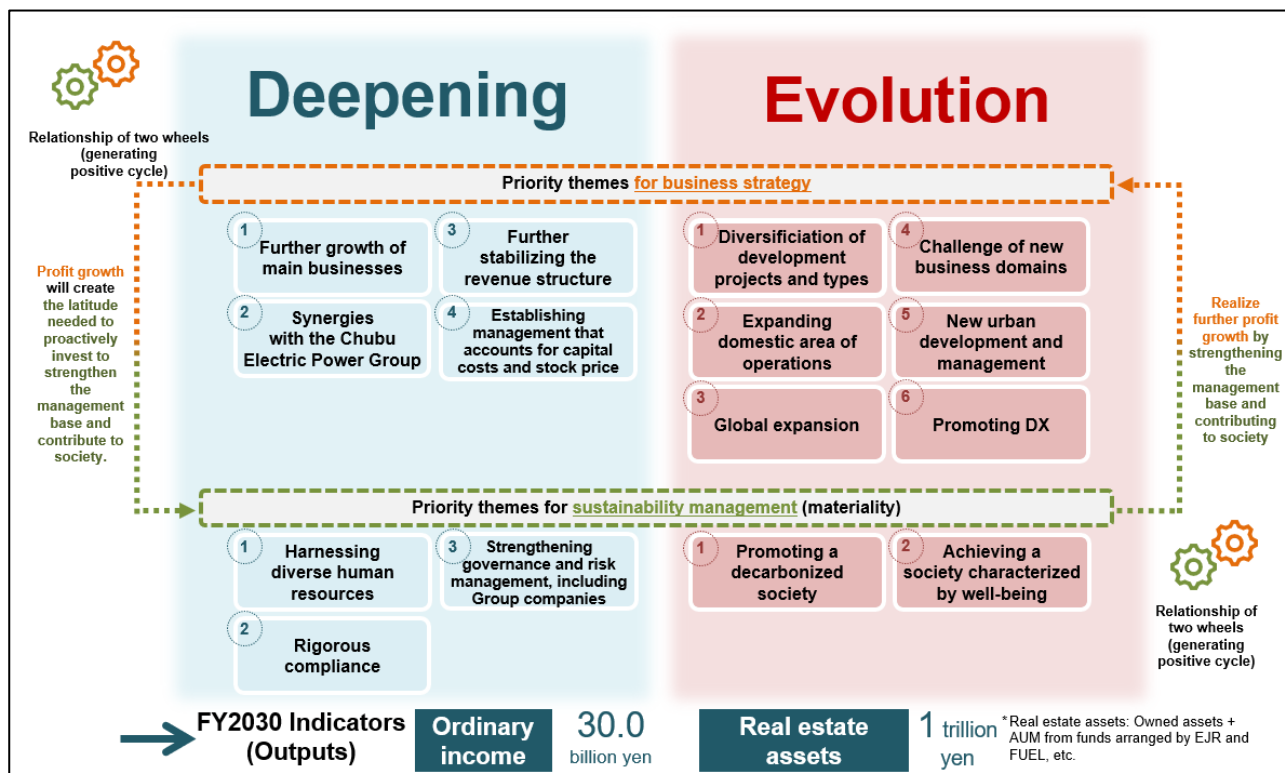
ES-CON JAPAN Ltd. (hereinafter "ES-CON JAPAN") established the Long-Term Vision 2030 and 5th Medium-Term Management Plan as guidelines and strategies for continuing sustained long-term growth, and they were approved today by the Board of Directors. Details are provided below.

1. Purpose for establishing the plan

ES-CON JAPAN established the 5th Medium-Term Management Plan (FY3/25 to FY3/27) as Phase I toward the realization of the Long-Term Vision 2030, which lays out what kind of company it wants to be by FY2030 and the direction it is aiming for.

2. Overview of Long-Term Vision 2030

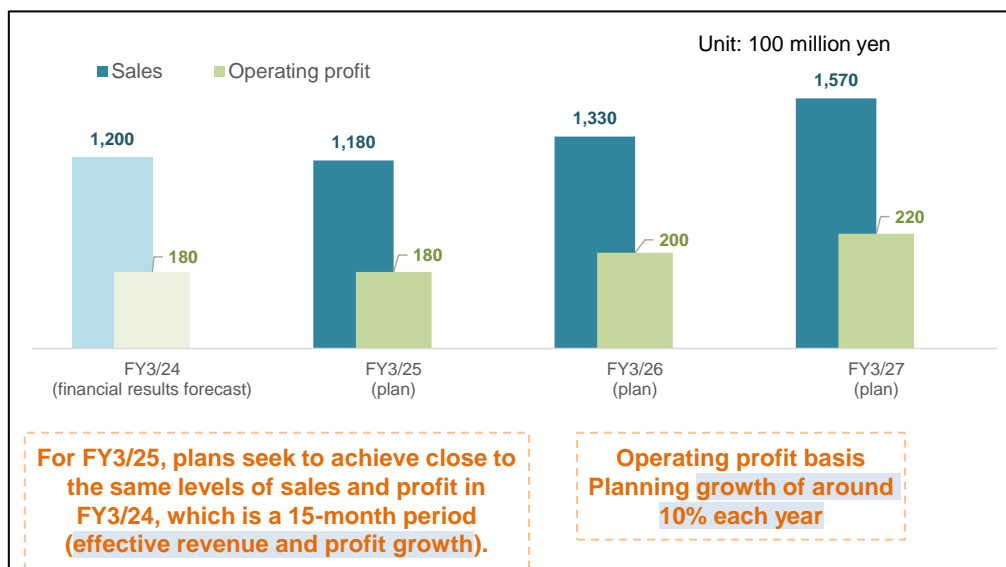
Important themes for business strategy and sustainability management were defined on the two axes of *deepening* and *evolution*, and various initiatives will be conducted.



3. Overview of 5th Medium-Term Plan

(1) Financial results plan

- In the year ending March 2025, ES-CON JAPAN is expecting sales and profits at a level equivalent to this year (FY3/24). Thereafter, stable growth in sales and profits is anticipated.



(2) Investment plan

- ES-CON JAPAN is planning three-year cumulative investment during the period of the 5th Medium-Term Plan to be 250.0 billion yen. Investment proceeded at a higher level than expected in the 4th Medium-Term Management Plan, so the level is equivalent to the projected figure for that plan.

(3) Management indicators

- Management will pursue both maintenance/improvement of safety through building up stock revenue and maintenance of high capital efficiency.
- Regarding management that is aware of capital costs and the stock price, ES-CON JAPAN will realize profit growth that meets the expectations of stakeholders, and, as a concrete indicator, it will promote management that is aware of raising ROE above shareholder equity costs and ROIC above WACC.

		FY3/24	FY3/25	FY3/26	FY3/27
		Projections	Plan	Plan	Plan
Safety	Stock revenue ratio ^{*2}	27.6%	30.4%	28.2%	30.0%
	Stock revenue / general and administrative expense coverage ratio (cash basis) ^{*3}	102.2%	119.0%	114.2%	116.8%
	Equity ratio	17.9%	17.5%	17.6%	17.5%
Capital efficiency	ROE	14.8%	13.4%	13.9%	14.0%
	ROIC ^{*4}	4.4%	3.4%	3.5%	3.6%

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

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

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

*4 ROIC: (consolidated ordinary income + interest expenses – interest income – income taxes) / (interest bearing debt + net assets averages at end of term)

(4) Dividend policy

Regarding ES-CON JAPAN's progressive dividend policy deployed in November 2016 as its dividend policy (the dividend per share must not be lower than the dividend per share of the previous fiscal year (DPS), and in principle ES-CON JAPAN will only maintain or increase the dividend, not decrease it), it will be continued on in the 5th Medium-Term Management Plan as well.

Please refer to the appended documents for details on the Long-Term Vision 2030 and 5th Medium-Term Management Plan.

CHUBU
Electric Power Group



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

(FY2024 to FY2026)

March 26, 2024

ES-CON Japan Ltd. TSE Prime: 8892

Table of Contents

- I. Background to Long-Term Vision 2030 and 5th Medium-Term Management Plan
 - Review of Previous Medium-Term Management Plan P. 4-6
 - Background to the Plan (External/Internal Environments) P. 7
 - Positioning of Long-Term Vision 2030 and 5th Medium-Term Management Plan P. 8

- II. Long-Term Vision 2030
 - The Direction Targeted (Overview) P. 10
 - The Direction Targeted (Discussion: Business Strategy) P. 11
 - The Direction Targeted (Discussion: Sustainability Management) P. 12

- III. 5th Medium-Term Management Plan - Business Plan -
 - Financial Results Plan, Investment Plan P. 14
 - About Segment Changes P. 15
 - Management Indicators and Management that Account for Capital Costs and Stock Prices P. 16
 - Dividend Policy P. 17

- IV. 5th Medium-Term Management Plan - Management Strategy -
 - Segment Strategy P. 19-22
 - Promoting Sustainability Management P. 23-27
 - Urban Development and Area Development P. 28

***Key to this document**

(Group companies)

- Picasso Group:
Corporate group made up of PICASSO CO., LTD and Yuki Sangyo Inc.
- Shijo Omiya Building: Shijo Omiya Building Co., Ltd.
- FUEL: FUEL Inc.
- ES-CON Sports & Entertainment:
ES-CON Sports & Entertainment Ltd.

(Other: Proper nouns)

- EJR: ES-CON JAPAN REIT Investment Corporation
- Chubu Electric Power (or Chuden): Chubu Electric Power Co., Inc.
- Chuden Real Estate: Chuden Real Estate Co., Inc.
- Serendix: Serendix Inc.
- STYLY: STYLY, Inc.

(Other: Abbreviations)

- STO: Security token
- CF: Crowdfunding
- AUM: Assets under management
- PJ: Project

I. Background to Long-Term Vision 2030 and 5th Medium-Term Management Plan

[I] 1. Review of Previous Medium-Term Management Plan ①

➤ Generally in line with plans, we achieved *transformation* to a stable revenue structure and *rapid progress* in financial results improvement.

Basic policy of the previous medium-term plan period.
January 2021 to March 2024

[Financial results (projections for FY3/24)]

Transformation
&
Rapid Progress

[Basic policy]

- Proactive investment in long-term revenue-generating real estate and **improving the structure of the balance sheet**
- Transform **the focus of management** from flows **to stocks**
- Demonstrate synergies in the Chubu Electric Power Group
- Achieve sales of **111.0 billion yen** and operating profit of **16.0 billion yen** (Forecast for final year of medium-term management plan; *based on 12-month fiscal period)

✓ Improved stability indicators via proactive investment

Achieving *transformation*

Three-year cumulative investment
Gross investment 260.0 billion yen (of which, 148.4 billion yen in revenue-generating real estate)

Share of profits from leasing
14.2% in FY12/20 → 27.6%

Long-term revenue generating real estate
FY12/20 9.5% → 19.0%

*1 Share of profits from leasing: Leasing segment profits/segment total profits (excluding adjustments)

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

✓ Achieved steady financial result improvement

Achieving *rapid progress*

Sales
120.0 billion yen (up 55% from FY12/20)

Operating profit
18.0 billion yen (up 48% from FY12/20)

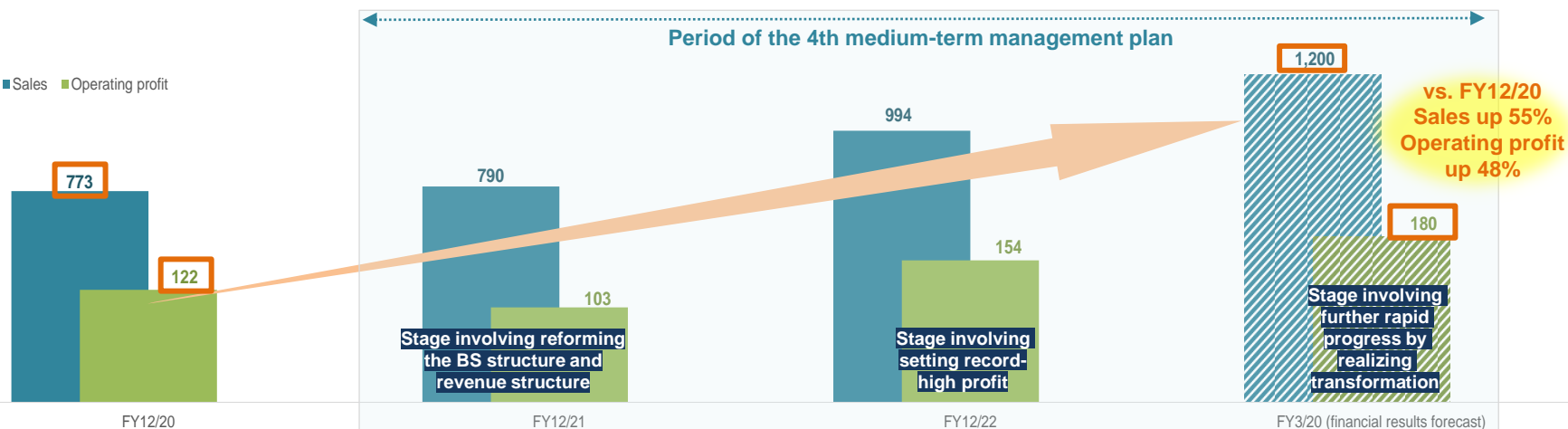
Planned financial results

	FY12/20
	Actual result
Sales	773
Operating profit	122

Unit: 100 million yen

FY12/21			FY12/22			FY3/24	
Actual result	Initial plan	vs. initial plan	Actual result	Initial plan	vs. initial plan	Financial results forecast (15-month period)	Initial plan (12-month period)
790	800	-10	994	980	14	1,200	1,100
103	108	-5	154	140	14	180	160

■ Sales ■ Operating profit



[I] 1. Review of Previous Medium-Term Management Plan ②

- Investment results exceeded expectations; stability indicators rose (share of profits from leasing, long-term revenue-generating real estate); and the revenue structure was successfully transformed.

Investment plan

Unit: 100 million yen

				Three-year cumulative (projection) ①	Initial plan (released 2/21)		Revised plan (released 8/23)	
	FY12/21	FY12/22	FY3/24		Three-year cumulative ②	vs. initial plan ①-②	Three-year cumulative ③	vs. revised plan ①-③
	Actual results	Actual results	Projection					
Total gross investment	976	375	1,249	2,600	2,200	400	2,300	300
Investment in revenue-generating real estate	767	108	609	1,484	1,300	184	1,540	-56
Investment in development of revenue-generating real estate	56	36	110	202	300	-98	220	-18
Investment in medium-term revenue-generating real estate	337	56	255	648	600	48	685	-37
Investment in long-term revenue-generating real estate	373	15	246	634	400	234	635	-1
Investment in other developments	191	261	577	1,029	900	129	760	269
Overseas investment	7	4	55	66	-	-	-	-
Other investment	9	2	10	21	-	-	-	-
Amount recovered	48	65	164	277	300	-23	280	-3
Net investment amount	928	310	1,085	2,323	1,900	423	2,020	303

▶ Expected to exceed forecasts initial plan (released 2/21) and revised plan (released 8/23)

▶ Major contribution from investment association with subsidiaries the Picasso Group and Shijo Omiya Building

*Initial plan (released 2/21):
Plan covers from 1/21 to 12/23 (36 months)

*Revised plan (released 8/23):
Plan covers from 1/21 to 3/24 (39 months)

Management indicators

	FY12/20	FY3/24			
	① Actual results	② Projection	③ Initial plan	vs. initial plan ②-③	vs. FY12/20 ②-①
Share of profits from leasing ^{*1}	14.2%	27.6%	26.0%	1.6%	+13.4%
Share of long-term revenue-generating real estate ^{*2}	9.5%	19.0%	18.0%	1.0%	+9.5%
ROE	21.2%	14.8%	13.0%	1.8%	-6.4%
ROIC ^{*3}	6.6%	3.5%	4.0%	-0.5%	-3.1%
Equity ratio	25.8%	17.9%	23.0%	-5.1%	-7.9%
Net assets	38.6bn yen	71.0bn yen	72.0bn yen	-1.0bn yen	+32.4bn yen

▶ Improved revenue stability (achieved transformation)

▶ Maintained high capital efficiency even the vs FY12/20 result declined, based on strengthened capital via third party allotment to Chubu Electric Power (became Chubu Electric Power's subsidiary).

- ▶ Better-than-expected progress on investment plan, but finished below plan
- ▶ Increased compared to FY12/20 due to a capital infusion from the above third-party allotment

*1 Share of profits from leasing: Leasing segment profits / segment total profits (excluding adjustments)

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

*3 ROIC: Operating profit after tax / (shareholders' equity + interest bearing debt)

[I] 1. Review of Previous Medium-Term Management Plan ③

➤ Steadily diversified business and expanded business area based on management strategy (priority initiatives) during the previous medium-term plan.

Review and results of management strategy

① Transformation to a sustained and stable revenue structure

- ✓ Achieved transformation of revenue structure by making subsidiaries of the Picasso Group and Shijo Omiya Building
- ✓ Obtained ratings of **A+ (stable) from JCR and A (stable) from R&I**



⑤ Strengthening ES-CON Japan Group synergies

- ✓ **Picasso Group, Shijo Omiya Building, FUEL, ES-CON Sports & Entertainment begin participating in the Group** (made subsidiaries or newly established)
- ✓ Building an overall Group system for development business in a multifaceted manner



② Stable growth in existing core businesses

- ✓ [Condominiums]
 - Continued stable supply (supply of around 1,200 units annually)
 - Promoted **diversification in product plans, including supply in prime downtown locations and on sites with rich natural environments**
- ✓ [Commercial] **Developed a total of 10 facilities in the tonarie series**



Park Le JADE Shirokane Residence

⑥ Expanding sites centering on five urban areas

- ✓ **New supply of condominiums in Hokkaido and Kyushu**
- ✓ Diversity of developments in Hokkaido, including senior residences, logistics, and hotels centering on **urban development in the area of ES CON FIELD HOKKAIDO**
- ✓ Steady business expansion in the Chubu area



Development at Hokkaido Ballpark F Village

③ Making new business core business

- ✓ [Logistics] Development of LOGITRES series
- ✓ **[Station Area Development, Urban Development]** Multipurpose development of primarily commercial facilities in front of Yamato-Takada Station, Tsukuba Station, and Hokkaido Kitahiroshima Station
- ✓ [Rental residence] Launched and developed **the proprietary TOPAZ brand**



TOPAZ Shin-Okachimachi

⑦ Strengthening Chubu Electric Power Group synergies

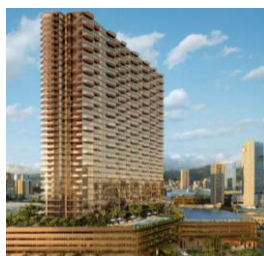
- ✓ **Multiple joint businesses with Chuden Real Estate making progress, contributing revenue** (Shirakabe I & II in Higashi-ku, Nagoya and Fujishirodai 5-chomein Suita, etc.)
- ✓ **Developing Techno Farm Fukuroi, a plant-growing facility**, jointly with Chubu Electric Power
- ✓ Participating in urban development project on the former site of the Nagoya Horse Racing Track



Development at the former site of the Nagoya Horse Racing Track

④ Challenge of new areas

- ✓ **Participated in multiple projects in the overseas business** (Bangkok, Thailand, California and Hawaii, etc. in the U.S.)
- ✓ Conducted initiatives for the next generation by investing in and partnering with Serendix, which is aiming to use a 3D printer to develop housing, STYLY, which conducts an XR business, and the Yamagata Design Group, which develops business on the concept of agriculture



Alia Project

⑧ Promoting ESG

- ✓ **Promoted development and continued supply of ZEH condominiums**
- ✓ **Disclosed information based on the Task Force on Climate-related Financial Disclosures (TCFD) framework**
- ✓ Certified as Health & Productivity Management Outstanding Organization for 2024 (large corporation category)



Le JADE Honkawagoe Koedo Terrace

[I] 2. Background to the Plan (External/Internal Environments)

- We revised our management philosophy system in November 2023 to ensure sustained growth for the long term in any environment.
- Further, we created the Long-Term Vision 2030 and 5th Medium-Term Management Plan as a guide and strategy leading up to fiscal 2030.

External environment		Internal environment	
Positives	Negatives	Achievements (during the previous medium-term plan)	Challenges
<ul style="list-style-type: none"> ✓ Steady economic expansion post-Covid ✓ Increase in disposable income from continuing revisions to wage levels ✓ More opportunities for development due to acceleration in concentration of population in urban areas ✓ Expanded investment from overseas in safe Japan ✓ Expansion in business for the wealthy ✓ Increase in new demand for IT-ization of data centers, etc. ✓ Greater opportunities for hotel development with inbound demand growth 	<ul style="list-style-type: none"> ✓ Rising interest rates ✓ Acceleration in low birthrates and the aging population ✓ Economic stagnation regionally outside the Tokyo metro area ✓ Stagnation in China's economy ✓ Concerns over increased geopolitical risks ✓ Increased costs, starting with construction materials ✓ Labor shortages everywhere 	<ul style="list-style-type: none"> ✓ Achieving basic policies of transformation & rapid progress ✓ Made steady progress in acquiring project sites in FY24 and beyond ✓ Built business development system at five sites in Japan ✓ Growth into general developer capable of developing a variety of real estate ✓ Movement to TSE Prime market Strengthened reputation by becoming a Chuden subsidiary ✓ Steadily passing down company strengths (planning, flexibility) ✓ Increased name recognition with participation in urban development at Hokkaido Ballpark F Village 	<ul style="list-style-type: none"> ✓ Continue building revenue base capable of withstanding uncertain markets. ✓ Diversify business portfolio. ✓ Expand BS related to active business development (increase liabilities) ✓ Strengthening and rigorous implementation of compliance and risk management frameworks. ✓ Build stable organizational base and business base for supporting growth. ✓ Steadily cultivate and retain human resources, acquire diverse human resources. ✓ Continue to reform the corporate culture to match the rapidly changing environment.

⇒ In an opaque environment of rapid change, the Company is on the verge of making reforms and achieving the growth needed to maintain sustainable, long-term growth.

To achieve sustainable, long-term growth...

November 2023 Revise our system of management philosophy.

Purpose	Ideal to Real Bringing ideals into reality to create a new future	Permanent guidelines for all Group executives and employees in corporate activities
Vision	Lifeways developer	
Action principles	Provide new value; sustainability management, growth and stability, executive's view point, compliance, spirit of gratitude.	

March 2024 Creating a new management plan

Long-Term Vision 2030
5th Medium-Term Management Plan
(FY2024 to FY2026)

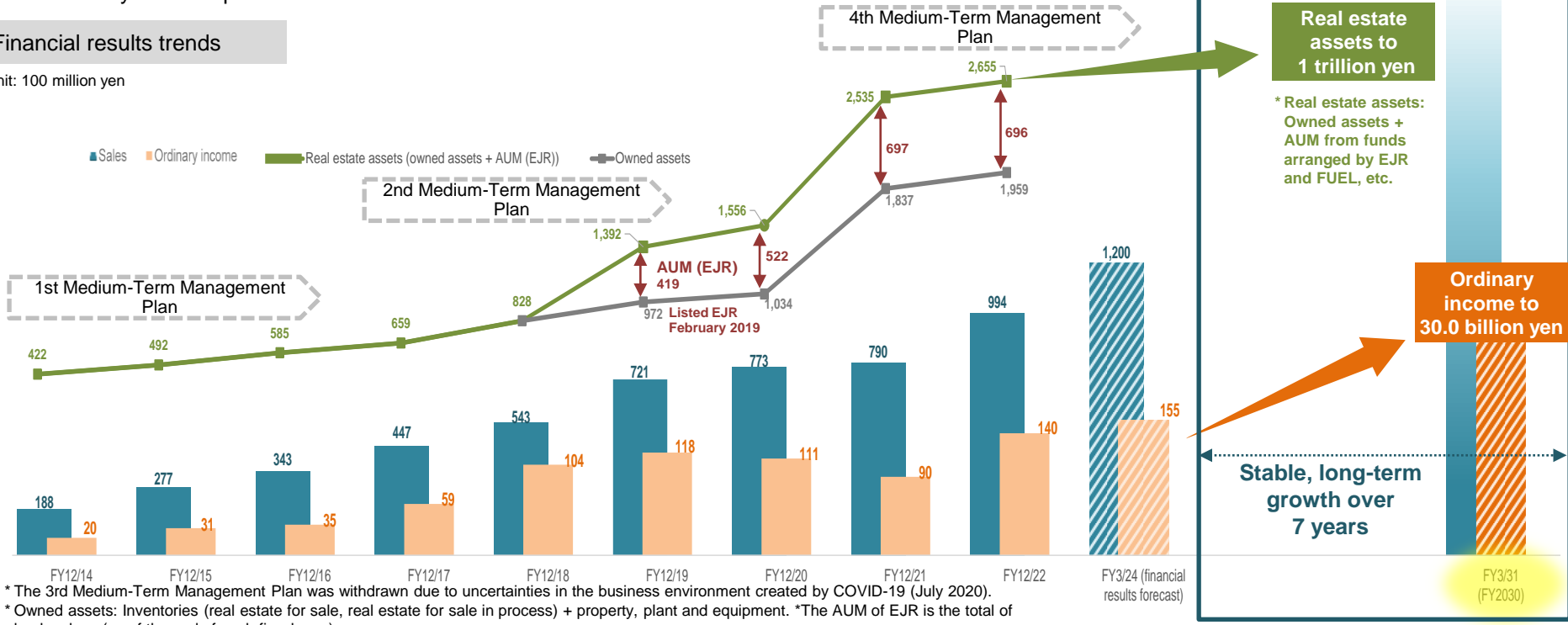
Guidelines and strategies for achieving growth leading to FY2030

[I] 3. Positioning of Long-Term Vision 2030 and 5th Medium-Term Management Plan

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

Financial results trends

Unit: 100 million yen



7-year timeline to FY2030

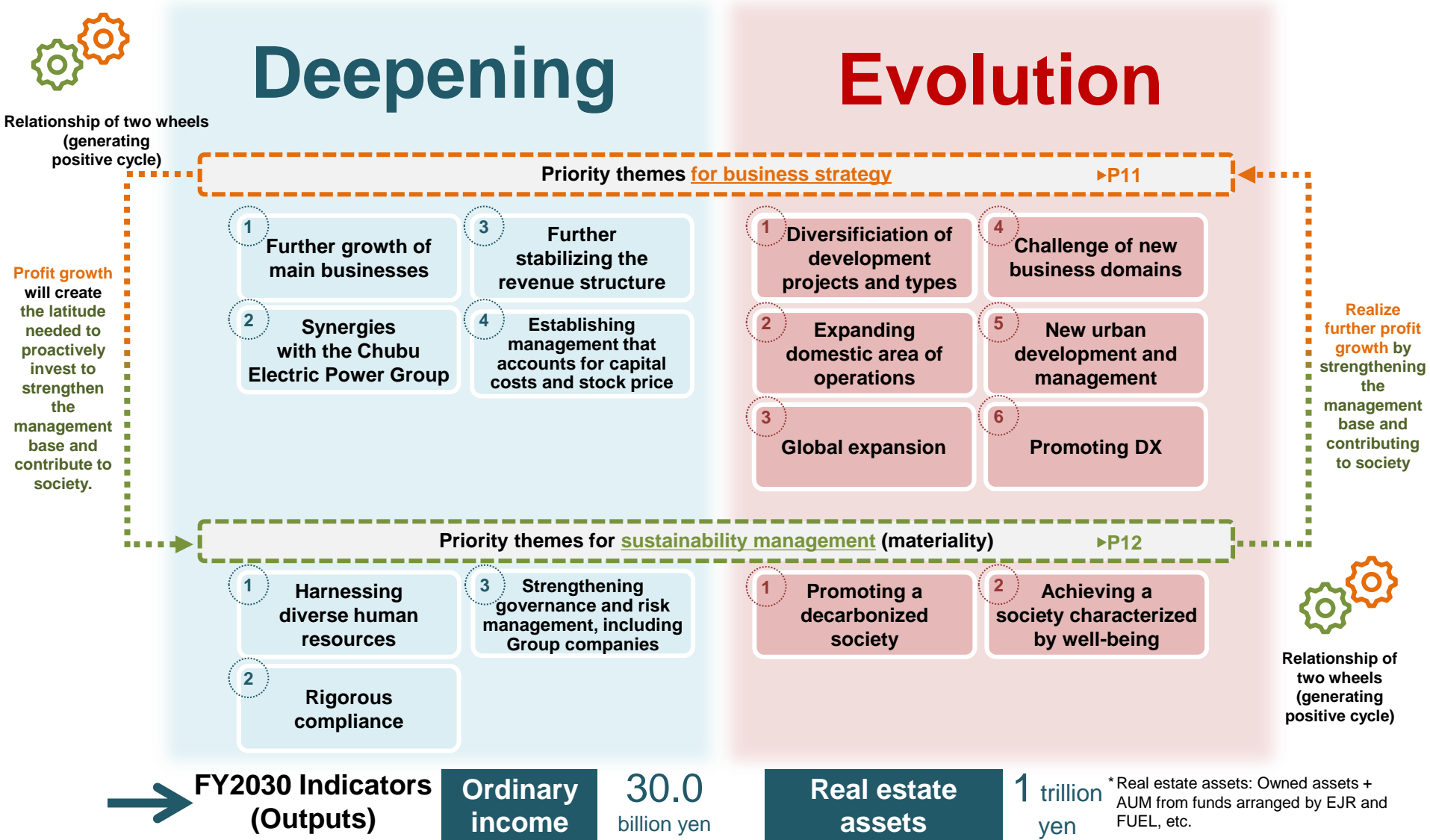
FY3/25 (FY2024)	FY3/26 (FY2025)	FY3/27 (FY2026)	FY3/28 (FY2027)	FY3/29 (FY2028)	FY3/30 (FY2029)	FY3/31 (FY2030)
Phase I to realize the Long-Term Vision 2030 5th Medium-Term Management Plan			Phase II to realize the Long-Term Vision 2030 6th Medium-Term Management Plan (tent.)			
▶From P14						
						What kind of company it wants to be in FY2030 Long-Term Vision 2030 ▶From P10

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

II. Long-Term Vision 2030

[II] The Direction Targeted (Overview)

➤ We understand that the direction targeted for fiscal 2030 is based on *deepening* and *evolution* of the following items and promote various initiatives.



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

[II] The Direction Targeted (Discussion: Business Strategy)

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

Priority themes for business strategy (targeted direction and initiatives)

Deepening

1 Further growth of main businesses

Continue providing quality products and services; meet the latent customer needs.



- ✓ Supply quality condominiums.
- ✓ Acquire, develop, and operate commercial facilities.
- ✓ Continue station area and urban development.
- ✓ Diversify exit strategies.

2 Synergies with the Chubu Electric Power Group

Maximize use of group resources, including technologies, personnel and know-how. CHUBU Electric Power Group

- ✓ Utilize energy management methods and the latest digital technologies.
- ✓ Cooperate in multiple domains, including education, medicine, health, culture, and sports.

1 Diversification of development projects and types

Even in a society with a decreasing population, secure diverse business options and flexibility.



- ✓ Expand real estate development business beyond condominiums.
- ✓ Expand business with an investment cycle.

2 Expanding domestic area of operations

Develop business in Japan nationwide.



- ✓ Build nationwide domestic business development system by expanding sites.

3 Global expansion

Communicate ES-CON's development capability to the world.



- ✓ Quickly build our own development system overseas.
- ✓ Grow the overseas business into a pillar of revenue.

Evolution

3 Further stabilizing the revenue structure

Build management base capable of withstanding any economic environment.



- ✓ Further strengthen stock revenue in order to cover general and administrative expenses.
- ✓ Diversify fund-raising methods.

4 Establishing management that accounts for capital costs and stock price

Promote capital efficient management to raise corporate value.



- ✓ Achieve ROE, ROIC above shareholder capital costs and WACC.
- ✓ Achieve profit growth that meets shareholder expectations.

4 Challenge of new business domains

Leverage existing know-how in the real estate business to develop business geared to the next generation.



- ✓ Expand non-asset business.
- ✓ Develop CF, STO.
- ✓ Further growth of projects already invested in

5 New urban development and management

Creating local communities

- ✓ Next-generation urban development and town management to realize communities where residents interact with each other through the keywords: education, medicine, health, culture, and sports



6 Promoting DX

Improve quality of products and services
Expand customer segments
Increase administrative efficiency



By *deepening* business and promoting the *evolution* of new initiatives, we will aim to achieve FY2030 indicators (p. 10)

[II] The Direction Targeted (Discussion: Sustainability Management)

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

Materiality specification process

Step 1

Identify key issue elements related to the Company's business activities.

We identified 74 key issue elements at the Company based on workshops for department heads, referring to international frameworks (ISO 26000, GRI standards, etc.) and our parent company Chubu Electric Power's list of materiality issues.

Step 2

Evaluate importance.

For the key issue elements identified, members selected from the various departments evaluated importance based on importance to the Company and to stakeholders and sorted and organized key issues.

Step 3

Confirm validity.

The validity of the key issues was internally verified based on discussions with stakeholders (parent company, financial institutions, etc.). They were also discussed by the Board of Directors and decisions made based on these discussions.

Specify

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

Deepening

1

Harnessing diverse human resources

- ✓ Secure and cultivate human resources to support business growth.
- ✓ Maintain environment that allows diverse human resources to thrive.
- ✓ Promote employee safety and health.

2

Rigorous compliance

- ✓ Promote policies in collaboration with Chubu Electric Power.
- ✓ Top management declares a no harassment policy.
- ✓ Continued implementation of compliance training.

3

Strengthen governance and risk management, including Group companies.

- ✓ Strengthen corporate governance system.
- ✓ Rigorous risk management

Evolution

1

Promoting a decarbonized society

- ✓ Promote ZEH condominium development.
- ✓ Make active use of renewable energy.
- ✓ Take action at the frontlines throughout the Group (raise and maintain employee awareness).

2

Achieving a society characterized by well-being

- ✓ Contribute to the development of Kitahiroshima City by developing the area around ES CON FIELD HOKKAIDO.
- ✓ Promote smart cities utilizing digital technologies.



For more information on materiality issues, see p. 23.

III. 5th Medium-Term Management Plan - Business Plan -

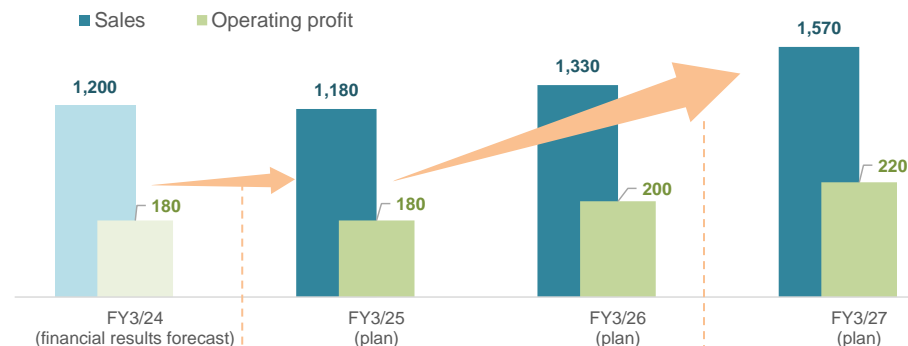
[III] 1. Financial Results Plan, Investment Plan

- Financial results plan: **Plan equivalent net sales and profit** next term in FY3/25 as in this term FY3/24 (**effective increases in revenue and profit**), followed by planning for to achieve stable increase in revenue and profit.
- Investment plans: Make **three-year cumulative investment of 250.0 billion yen** during the 5th Medium-Term Management Plan. This is close to the level projected under the previous medium-term plan, when investments made more progress than expected.

Financial results plan

Unit: 100 million yen

	FY3/24	FY3/25			FY3/26		FY3/27	
	Financial results forecast (15-month period)	Plan	Plan	Plan	Plan	Plan	Plan	Plan
Sales	1,200	1,180	1,330	1,570				
Operating profit	180	180	200	220				



For FY3/25, plans seek to achieve close to the same levels of sales and profit in FY3/24, which is a 15-month period (effective revenue and profit growth).

Operating profit basis
Planning growth of around 10% each year

Investment plan

Unit: 100 million yen

	4th Medium-Term Management Plan (period of the previous medium-term plan)				5th Medium-Term Management Plan				A + B
	FY12/21	FY12/22	FY3/24	Three-year cumulative A	FY3/25	FY3/26	FY3/27	Three-year cumulative B	
	Result	Result	Projection		Plan	Plan	Plan		
Total gross investment	976	375	1,249	2,600	610	770	1,120	2,500	5,100
Condominium development	192	176	276	644	200	200	250	650	1,294
Revenue-generating property development	57	122	408	587	200	300	500	1,000	1,587
Acquisition of revenue-generating property in operation	711	71	500	1,283	150	200	300	650	1,933
Overseas investment	7	4	55	66	50	60	60	170	236
Other	9	2	10	21	10	10	10	30	51
Recovered amount	48	65	164	277	284	308	417	1,009	1,286
Of which revenue properties	34	42	23	99	121	142	242	505	604
Net investment amount	928	310	1,085	2,323	326	462	703	1,491	3,814

41.3bn yen compared to the previous medium-term plan; expand investment cycle-based business.

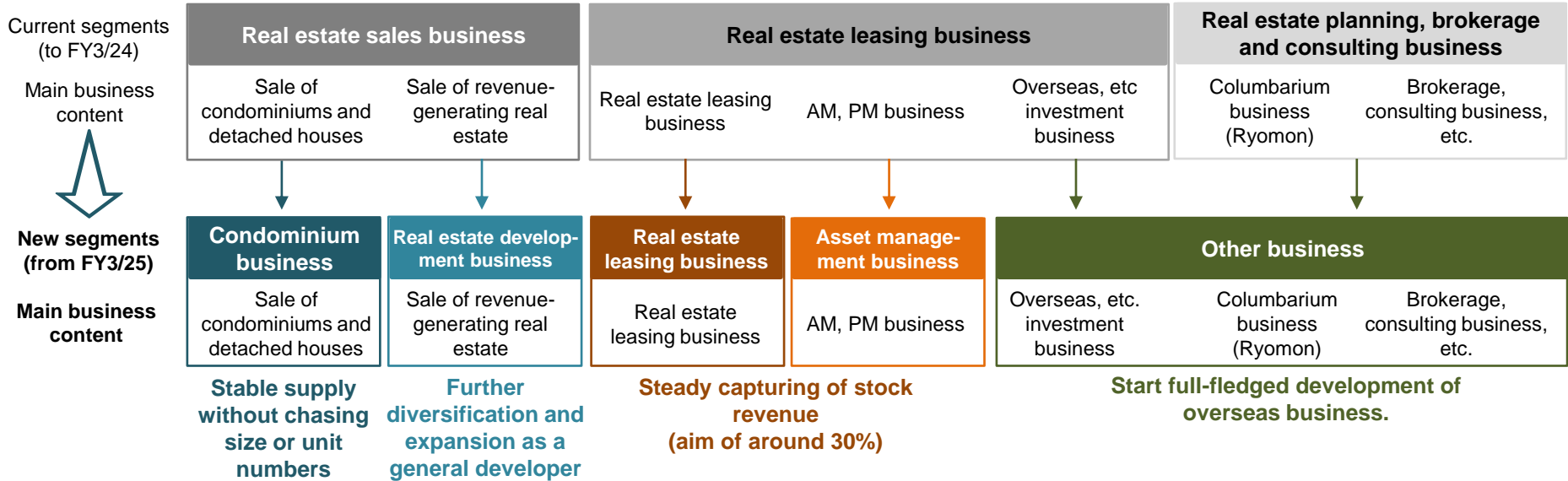
+10.4bn yen compared to the previous medium-term plan; further promote global expansion.

Investment in Alia project (see p. 22)

[III] 2. About Segment Changes

- Segments will change from FY3/25 to meet diversified business domains hoping to clarify our business portfolio and achieve stable growth by devising strategies for each segment.

Segment change summary



Expected profit structure (segment income)



[III] 3. Management Indicators and Management that Account for Capital Costs and Stock Prices

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

Management indicators

		FY3/24	FY3/25	FY3/26	FY3/27
		Projections	Plan	Plan	Plan
Safety	Stock revenue ratio ^{*2}	27.6%	30.4%	28.2%	30.0%
	Stock revenue / general and administrative expense coverage ratio (cash basis) ^{*3}	102.2%	119.0%	114.2%	116.8%
	Equity ratio	17.9%	17.5%	17.6%	17.5%
Capital efficiency	ROE	14.8%	13.4%	13.9%	14.0%
	ROIC ^{*4}	4.4%	3.4%	3.5%	3.6%

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

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

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

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

*4 ROIC: (consolidated ordinary income + interest expenses – interest income – income taxes) / (interest bearing debt + net assets averages at end of term)

Management that accounts for capital costs and the stock prices

Basic thinking and initiatives

✓ Achieving profit growth

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

✓ Awareness of capital efficiency

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

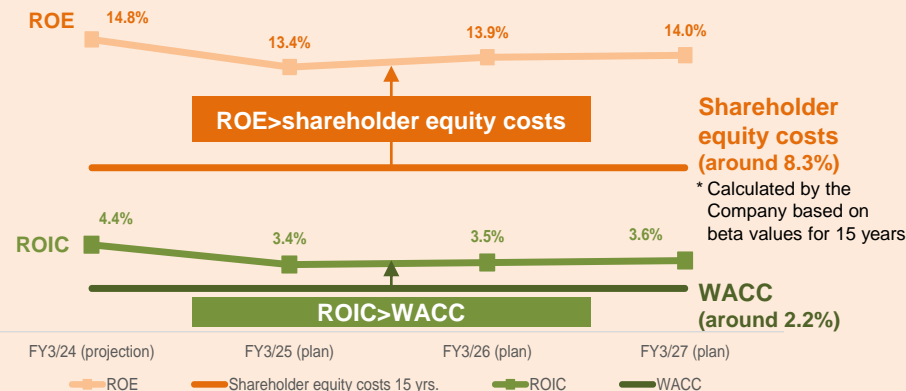
✓ Active shareholder returns

Maintain policy of progressive dividends and actively conduct shareholder returns in the period of the 5th medium-term plan as well.

✓ Constructive dialogue with shareholders and institutional investors

Conduct IR activities with the representative director and director in charge of IR, Disclose financial and non-financial information in English, etc.

Key indicators



* Calculated by the Company based on beta values for 15 years

[III] 4. Dividend Policy

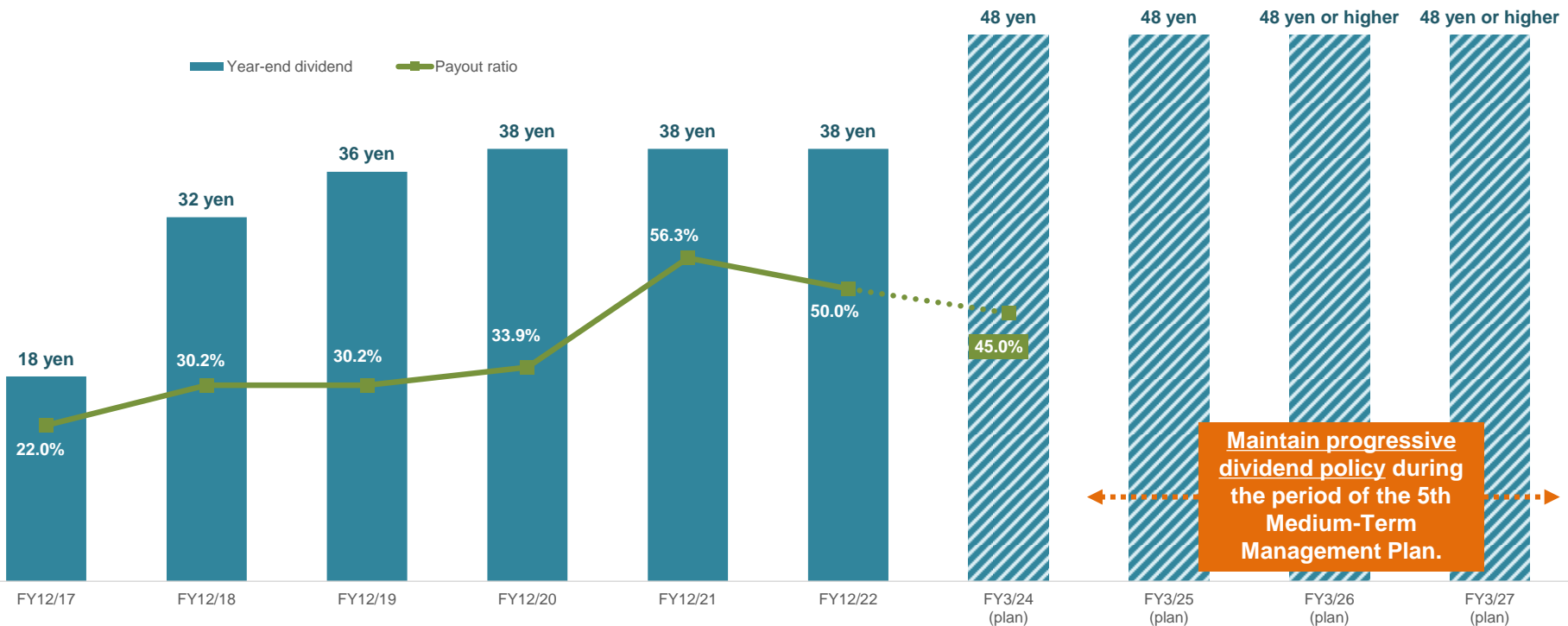
➤ We will continue to conduct active shareholder returns.

Maintain progressive dividend policy

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

➔ **FY3/25 (FY2024): Planning a dividend of 48 yen**

Trends in dividends and payout ratio



Effective dividend increase

15-month period

12-month period

Maintain progressive dividend policy during the period of the 5th Medium-Term Management Plan.

IV. 5th Medium-Term Management Plan - Management Strategy -

[IV] 1. Segment Strategy — ① Condominium Business

Condominium business

Main policy

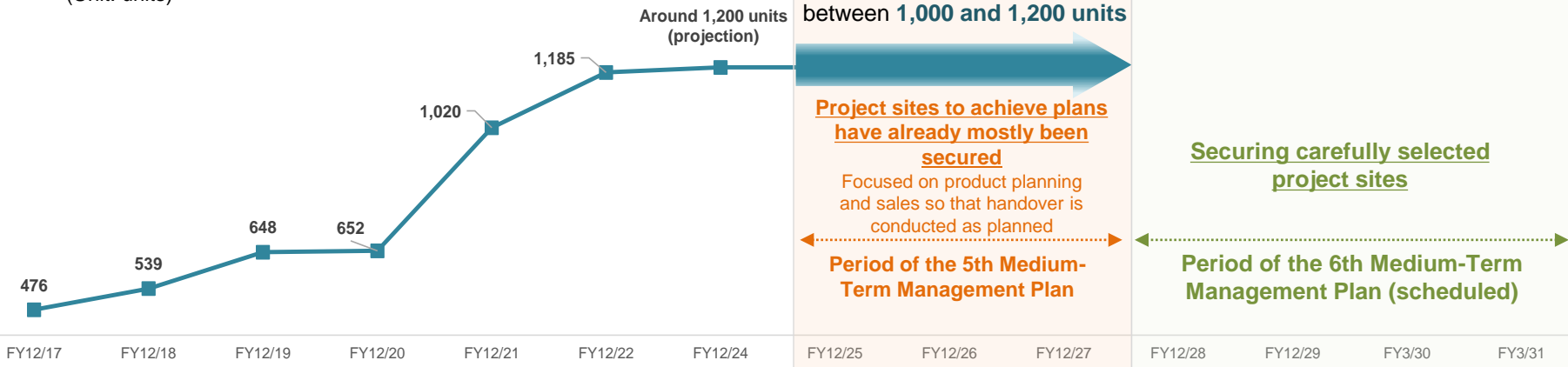
- ✓ Under a vision of “lifeways developer,” we will deliver to customers **exclusive, high-quality products that make maximum use of our planning ability, a strength of the Company, and not chase after unit numbers (volume).**

Business strategy

- ✓ **Ensure a stable supply of high added-value products.**
Ensure a stable supply of quality products based by select purchases of project sites.

[Condominium supply results and plans]

(Unit: units)



- ✓ **Development in ultra prime locations**
Development on urban sites we hadn't been involved with before, areas with a rich natural environment, and other rare locations

- ✓ **Larger projects**
Increase projects that represent the core of urban development, like multipurpose development projects.

- ✓ **Diversification of project areas**
Expand share in Chubu, Hokkaido and Kyushu and turn into core revenue sources after the Tokyo metro area and Kansai area.

- ✓ **Further raise quality**
Strengthen systems to continue to provide safety and security to customers.



(Tent. name) Kanagawa Pref. Miura-gun Hayamamachi Project (Location in front of Morito Beach)



Le JADE City Senri Fujishirodai (Urban development in Suita City's Fujishirodai; 244 total units)



Le JADE Hokkaido Kitahiroshima (Hokkaido, 197 total units)



Le JADE Shin-Omura Station Front (first condominium project in Nagasaki Prefecture; multipurpose development project in front of the station)



IDEAL COMPASS
Our quality management standard

[IV] 1. Segment Strategy — ② Real Estate Development Business

Real estate development business

Main policy

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

Business strategy

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

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

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



MASTERS VARUS Hokkaido Ballpark
(senior residence with medical mall)

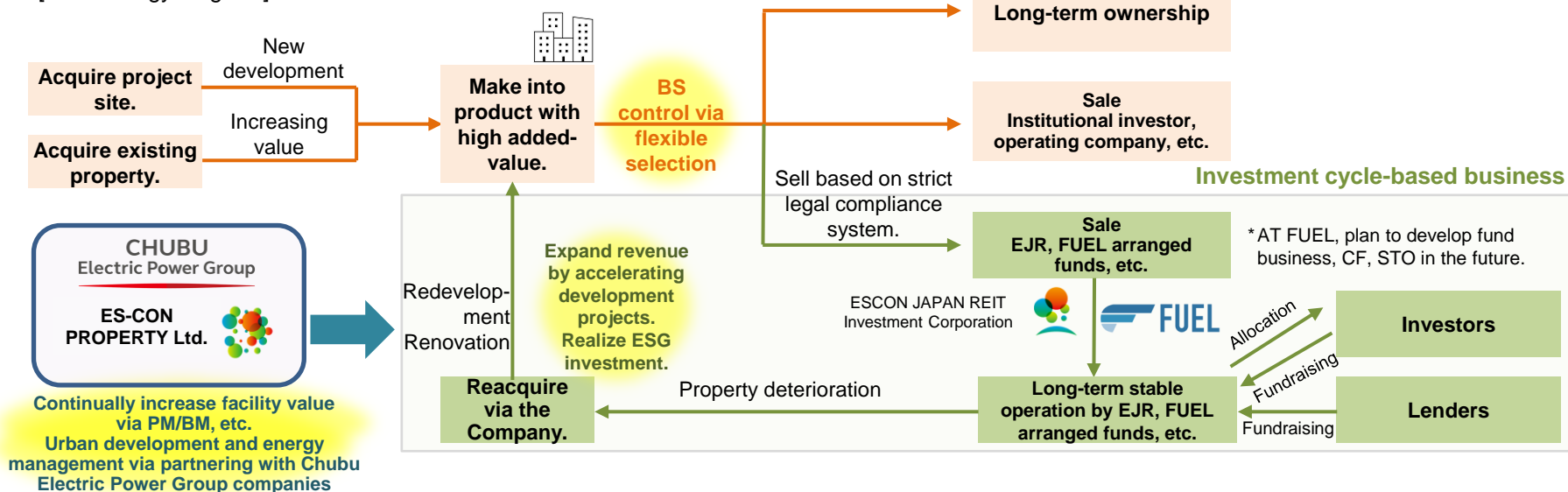


tonarie Kitahiroshima
(Commercial + hotel / scheduled to open in FY2024)

- ✓ **Diversify exit strategies**
Work with flexibility to sell the property in a timely, appropriate way. Strive to achieve sustained growth through the investment cycle and for ESG investment.

- ✓ **BS control via selecting appropriate sale or ownership**
Diversifying exit strategies will make it possible to flexibly select between sale and ownership, and we will control the BS by maintaining or raising asset efficiency.

[Exit strategy diagram]



[IV] 1. Segment Strategy — ③ Real Estate Leasing Business ④ Asset Management Business

Main policy

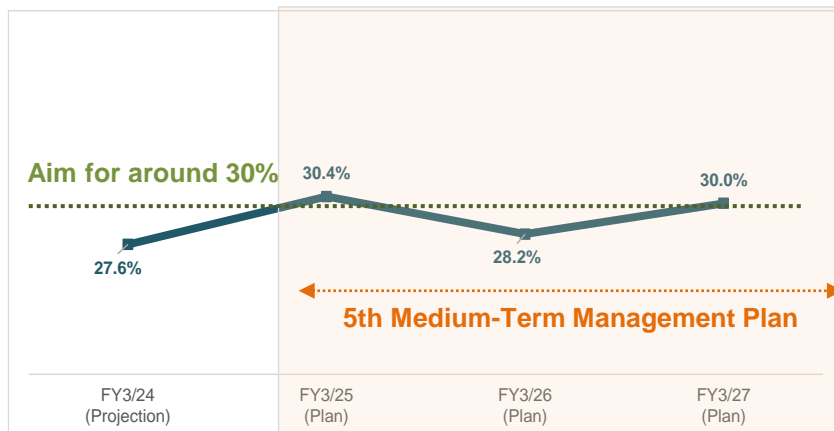
- ✓ As the Company's business segment that posts stock revenue (stable revenue), we will aim to maintain or raise revenue by continually reshuffling assets (improving).

Real estate leasing business

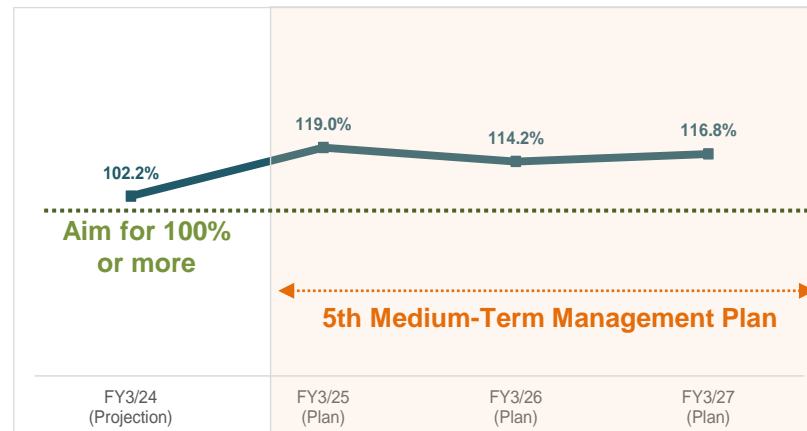
Asset management business

Target indicators

Stock revenue ratio



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



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

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

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

Business strategy

- ✓ **Long-term ownership that accounts for BS control**
Based on building diverse exit strategies (see p. 20), we will make decisions on owning or selling by comprehensively considering the above two indicators and the BS.
- ✓ **Strengthen development of leasing properties by drawing on diverse development know-how.**
Utilize development capabilities, including development of TOPAZ, our rental condominium brand.



TOPAZ Esaka

TOPAZ

Residences where people can express themselves and enjoy every moment

- ✓ **Raise profitability by increasing value of owned properties and reshuffling owned assets**
Work to increase the value of owned properties throughout the ES-CON JAPAN Group.
- ✓ **Stable growth of Group companies**
Through commercial facility PM, condominium management, and REIT and private fund AM, etc. maximize the value provided by the Group overall to customers (strengthen profitability) and stably grow asset management business revenue.



ES-CON LIVING SERVICE Ltd.
Group company that handles condominium management



ESCON PROPERTY Ltd.
Group company that handles operation and management of commercial facilities



ES-CON ASSET MANAGEMENT Ltd.
Group company that is an EJ R asset management company



FUEL
Group company involved in online fund management, etc.

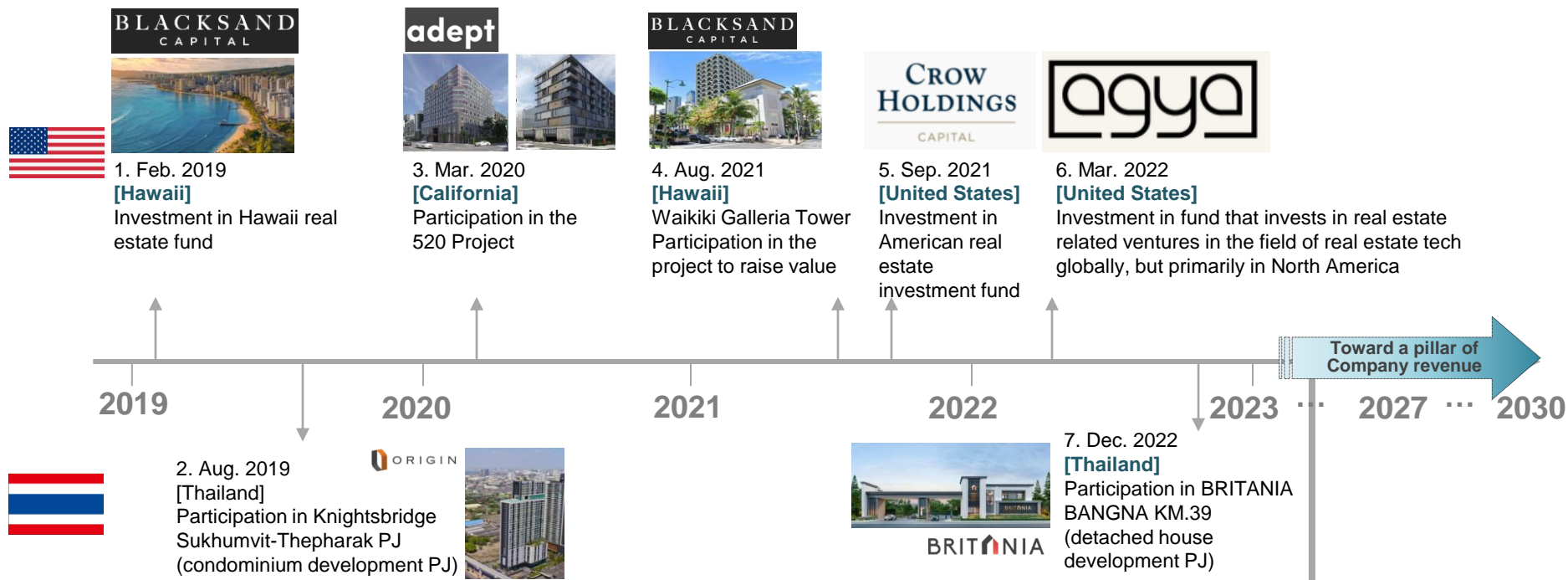
[IV] 1. Segment Strategy — ⑤ Other Business

Other business

Main policy

- ✓ Take on the challenge of new business domains with a view to the next generation. **In particular, accelerate development of the overseas business into a future core business of the Company.**

Overseas development to date



Development going forward

- ✓ **Expand investment in Hawaii projects.**
With participation in the Ālia project, we will actively develop to **make Hawaii a priority area in the Company's overseas business.**
- ✓ **Grow the overseas business into a pillar of revenue in 2030**
We will further strengthen collaboration with local partners, build know-how in business overseas, and build a base aimed at local development.

Oct. 2023 [Hawaii]

- Seven Signatures International Corporation
- BlackSand Capital LLC
- Kobayashi Group LLC
- The Company

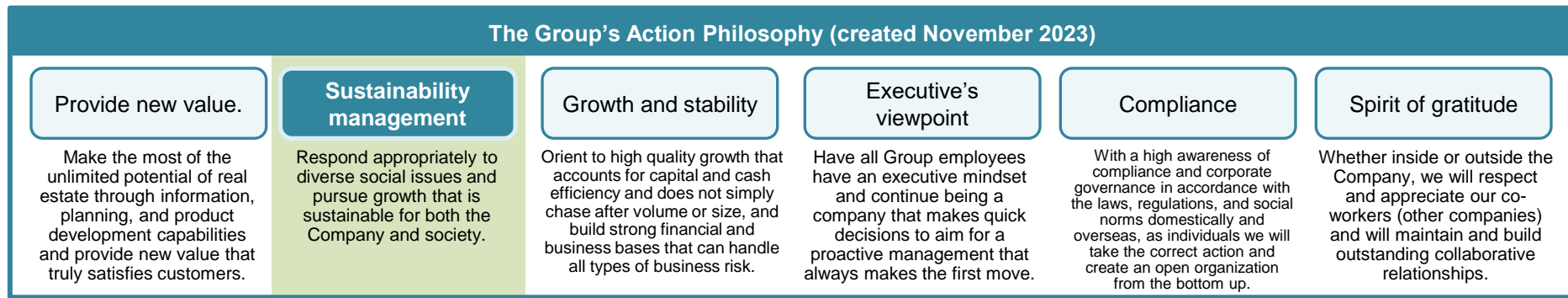
These four companies signed a business partnership agreement.

▶ **As the first project, we participated as a sales and marketing partner for the Ālia condominium.**



[IV] 2-①. Promoting Sustainability Management

➤ As mentioned previously, we have specified materiality as priority issues in sustainability management in order to more steadily promote sustainability management.



As established in our action philosophy (sustained growth for both the Company and society), we reaffirm the importance of striving on the two wheels of contributing to a sustainable society and sustained profit growth for the Group.

**Relationship of two wheels
(see p. 10: Long-Term Vision 2030)**



↓
Key issues in sustainability management specified as materialities

Specifying materialities

Deepening

- 1

Harnessing diverse human resources
- 2

Rigorous compliance
- 3

Strengthening governance and risk management, including Group companies

Evolution

- 1

Promoting a decarbonized society
- 2

Achieving a society characterized by well-being

Achievement targets set based on each item of materiality

➔ See the next page for more information.

[IV] 2-②. Promoting Sustainability Management

➤ We will carry out various initiatives taking the achievement targets tied to materiality as a guideline.

Deepening

Materiality (key issue)	Achievement target	Achievement fiscal year	FY2023 (projection)
Harnessing diverse human resources	Female hiring ratio of 35% of higher	Each fiscal year	Around 45%
	Improve engagement survey. ⇒ Firm improvement once survey starts (FY2024)	FY2030	- (Survey not started)
	Certified as Health & Productivity Management Outstanding Organization	Each fiscal year	Certified as Health & Productivity Management Outstanding Organization for 2024 (large corporation category)
Rigorous compliance	Carry out compliance promotion measures in collaboration with Chubu Electric Power.	Each fiscal year	Carried out training and seminars in collaboration with Chubu Electric Power Compliance declaration made by top management
	Attendance at compliance training 100%	Each fiscal year	100%
Strengthening governance and risk management, including Group companies	Raise the effectiveness of the Board of Directors and make continual improvements.	Each fiscal year	100% attendance at board meetings

Evolution

Promoting a decarbonized society	Reduce GHG emissions by 40%* (vs. FY2022). *Scopes 1 and 2	FY2030	8,000 tons-CO ₂ [Result in FY2022]
Achieving a society characterized by well-being	Contribute to regional revitalization and improved quality of life by promoting urban development that takes into account the environment and society.	FY2030	[Hokkaido Ballpark F Village] ▶ Completed construction on senior residence and medical mall

[IV] 2-③. [TOPICS] Initiatives for Realizing a Decarbonized Society

Main policy

The Group's decarbonization target

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

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

Specific action plan

✓ Promote ZEH condominiums.

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

[ZEH development projects to date]



Le JADE Okurayama



Le JADE Yao Sakuragaoka



Le JADE Honkawagoe Koedo Terrace



* ZEH (net zero energy house):
Housing that aims for net zero primary energy consumption annually by substantially raising the insulation performance of the cladding, deploying high energy-efficiency facility systems to realize major energy savings while improving the quality of the indoor environment and also by deploying renewable energy.

✓ Active utilization of renewable energy

- Active deployment of solar power at logistics and commercial facilities
- Stable securing and procurement of non-fossil fuel certificates
- Promoting initiatives in collaboration with the Chubu Electric Power Group
- Explore the potential of initiatives that combine urban development and environmental awareness.

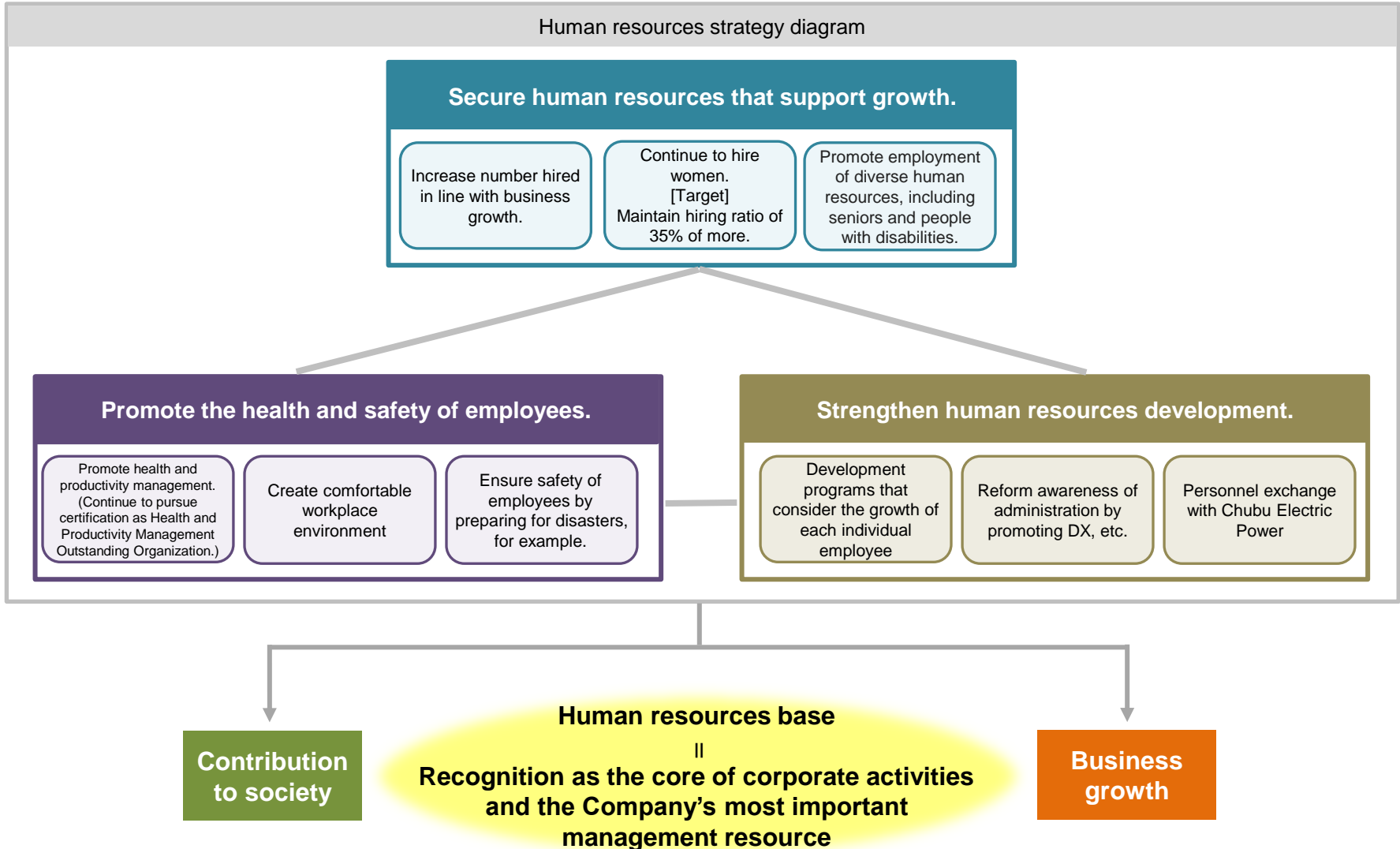
✓ Group actions at the frontline level (raising and maintaining employee awareness)

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



[IV] 2-④. [TOPICS] Promote and Cultivate Human Resources for Advancement

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



Promote human resources procurement, development and health and safety under a tripartite structure to build an environment where each individual flourishes still further.

[IV] 2-⑤. [TOPICS] Basic Management Philosophy on ESG



We are supporting Sustainable Development Goals (SDGs).

Management Philosophy on ESG

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

Basic Philosophy on ESG

We strive to grow as a company needed by society by promoting ESG initiatives in strict compliance with laws, regulations, and our pledges related to the environment, society, and self governance.

Environment



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



Social



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



Governance



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



[IV] 3. Urban Development and Area Development

➤ We will establish the foundations for urban development in Japan and overseas. Based on the Company's purpose, "IDEAL to REAL," we will make real the ideals of customers in all places.

Condition of the Company for conducting urban development

Toward the practice of urban development that maximizes our diverse know-how and track record

Real estate development know-how (Company strength)

- ✓ Various development capabilities as a general developer
- ✓ Track record of select, high-quality product plans that don't chase volume
- ✓ Collaboration capability (across divisions/companies) based on project site purchasing, planning, and sales
- ✓ Flexible and speedy for quick decision-making



Urban development track record

- ✓ Track record of involvement in multipurpose development projects, including in front of stations in major regional cities
- ✓ Recently, a participant in urban development at Hokkaido Ballpark F Village
 - ▶ To horizontally expand this urban development know-how nationwide, we established ES-CON Sports & Entertainment. We are establishing a framework for accelerating urban development centered on sports across the nation, collaborating with Fighters Sports & Entertainment and DeNA.



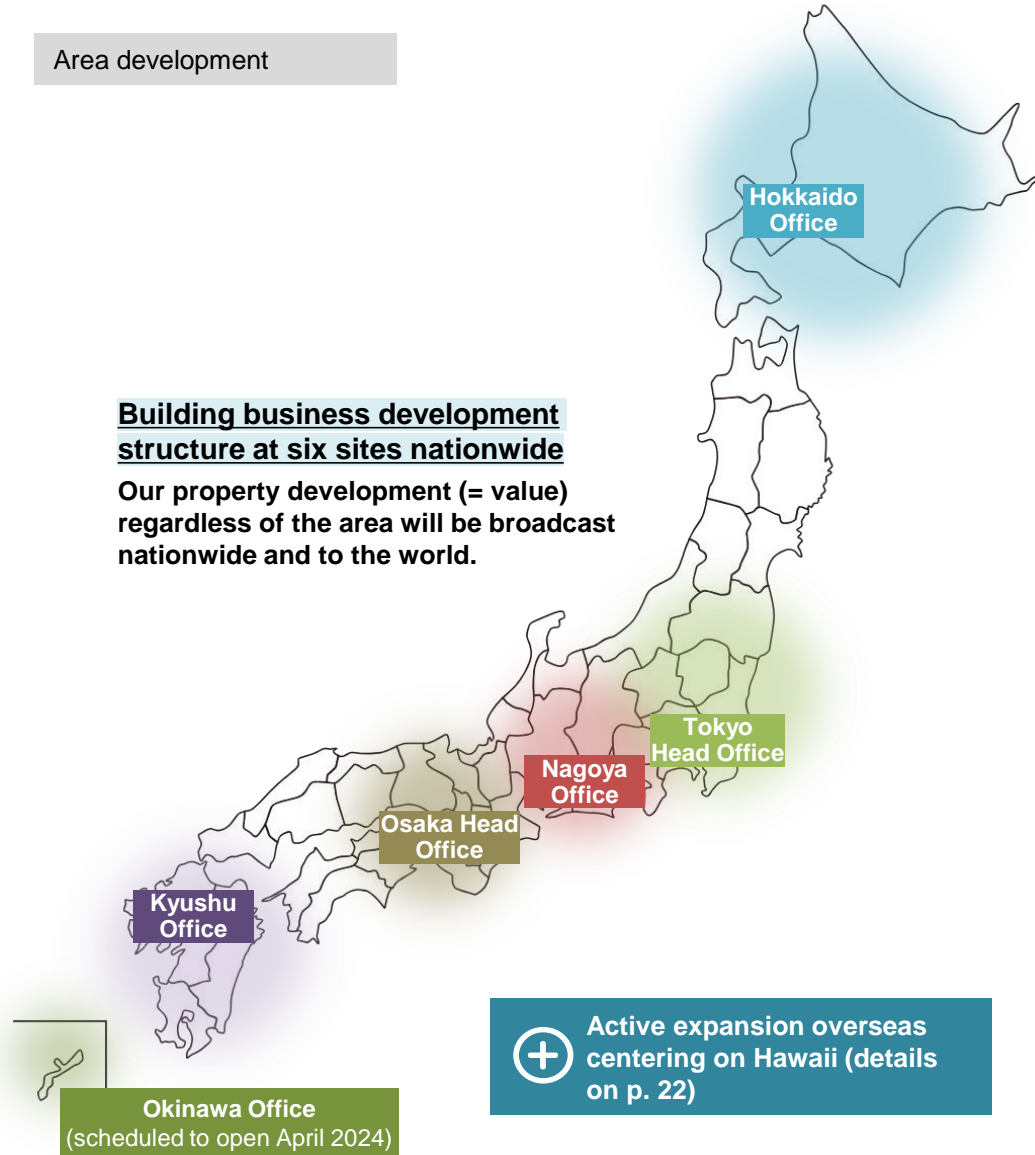
ES-CON Japan as a part of the Chubu Electric Power Group

- ✓ Chubu Electric Power has diverse networks with local public bodies, etc. We can use these networks to acquire urban development projects.
- ✓ Energy management know-how (approaches to energy savings and decarbonization)
- ✓ Diverse communication support infrastructure possessed by the Chubu Electric Power Group

Area development

Building business development structure at six sites nationwide

Our property development (= value) regardless of the area will be broadcast nationwide and to the world.



⊕ Active expansion overseas centering on Hawaii (details on p. 22)

I D E A L t o R E A L

[Disclaimer]

The information provided in this document is based on judgements made with information available as of the date of document publication.
Please be aware that actual information may change due to various factors.