

ES CON JAPAN REIT



ES CON JAPAN REIT Investment Corporation

Financial Results Presentation Materials

7th
Fiscal Period
ended July 31,
2020

Securities code: 2971



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Highlights for 7th Fiscal Period

- Acquired 3 properties at around 10.3 billion yen after the first public offering on February 3, 2020, and the total price of assets (based on acquisition prices) grew to approx. 51.9 billion yen
- The entire J-REIT market temporarily showed a sharp decline because of the impact of COVID-19, but ESCON REIT's investment unit price has been on a gradual recovery trend since late March

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Financial Results Summary And Features

7th Fiscal Period
(ended July 31, 2020)

- All commercial facilities were open because it included supermarkets and drugstores selling life essentials as core tenants
- Responded to the impact of COVID-19 including requests for rent reduction/payment extension from tenants
Rent reduction because of the impact of COVID-19: △4,705 thousands yen (approx. 0.2% of the total operating revenues)
- 7th Fiscal Period DPU: 3,430 yen (increase by 151 yen or 4.6% from previous forecast of 3,279 yen)

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Earnings Forecast

Forecast for 8th Fiscal Period
(ending January 31, 2021)

Forecast for 9th Fiscal Period
(ending July 31, 2021)

- Conservative earning forecast considering the impact of COVID-19
- 8th Fiscal Period DPU: 3,489 yen (increase by 15 yen or 0.4% from previous forecast of 3,474 yen)
- 9th Fiscal Period DPU: 3,400 yen (△89 yen compared to the 8th fiscal period because property and city planning taxes are now accounted for as expenses)

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Growth Strategy

- Prioritize securing distribution while paying close attention to the impact of COVID-19
- Continue external growth centered, lifestyle-focused commercial facilities with supermarkets and drugstores that are less affected by E-commerce and COVID-19 as core tenants, and leasehold lands
- Take advantage of support from the sponsor and support companies and aim to achieve AUM of 100 billion yen over the medium term
- Positive ESG Initiative

1. Highlights for 7th Fiscal Period





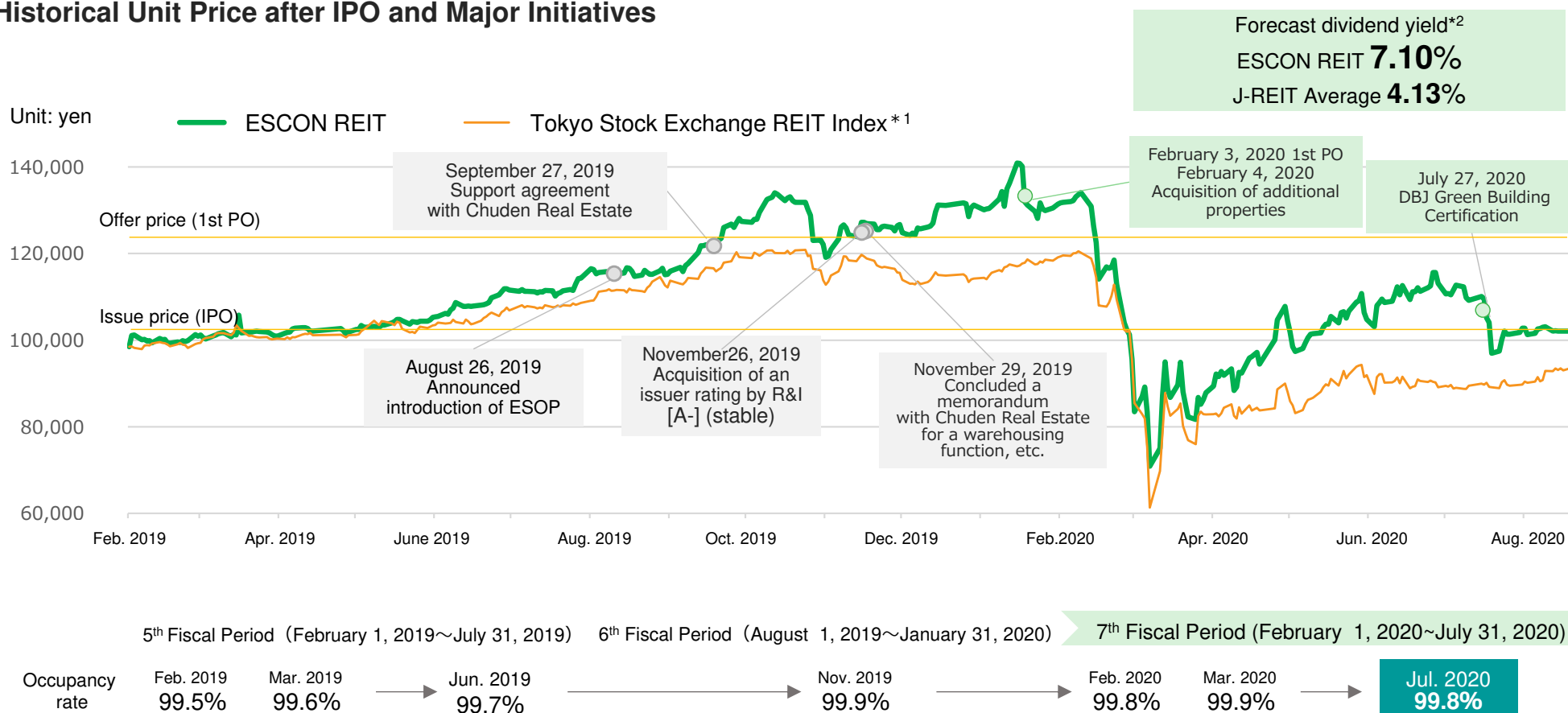
The entire J-REIT market temporarily showed a sharp decline because of the impact of COVID-19, but ESCON REIT's investment unit price has been on a gradual recovery trend since late March

February 13, 2019
(listing date) Issue price **101,000 yen**

February 3, 2020
1st PO price **124,029 yen**

July 31, 2020
Closing price **97,000 yen**

Historical Unit Price after IPO and Major Initiatives



*1 Benchmarked the closing price on the IPO date of ESCON JAPAN REIT.

*2 The forecast dividend yield is calculated by dividing the sum total of the distributions forecasts for the fiscal periods ending July 31, 2020 and January 31, 2021 by the investment unit price (closing price) as at January 31, 2020. The average forecast dividend yield of all J-REITs is the market capitalization-weighted average forecast annualized dividend yield disclosed in the monthly REIT Report (for August 2020) of the Japan Exchange Group.

2. Financial Results Summary and Features





AUM grew by public offering and property acquisition in February 2020; ESCON REIT showed its stability even in the midst of the COVID-19 pandemic

Financial highlights of the 7th Fiscal Period

Previous forecast and previous results

DPU

3,430 yen
(+151 yen, +4.6%)



3,279 yen (forecast as at March 16, 2020)

Occupancy Rate

99.8%
(▲0.1%)



Occupancy rate at the end of 6th Fiscal Period: 99.9%
(as at January 31, 2020)

LTV^{*1}

43.6%



LTV at the end of 6th Fiscal Period: 43.6%
(as at January 31, 2020)

NOI yield^{*2}

NOI yield after depreciation as at July 31, 2020: 4.8%
(NOI yield before depreciation: 5.3%)

*1 Based on total assets.

*2 Based on book value at the end of the fiscal period.

P/L and Main Reasons for Fluctuation of 7th Fiscal Period

Net income +42 million yen, forecast dividend +151 yen (+4.6%) due to the stability of leasehold lands/lifestyle-focused commercial facilities and cost reduction

Earnings Performance for the 7th Fiscal Period (ended July 31, 2020)

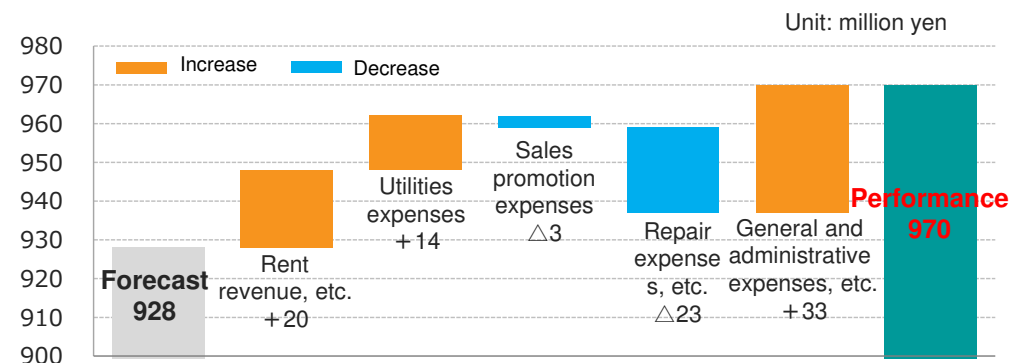
Unit: million yen

	6th Fiscal Period Performance ended January 31, 2020 (a)	7th Fiscal Period Forecast as at March 16, 2020 (b)	7th Fiscal Period Performance ended July 31, 2020 (c)	vs. previous period (c-a)	vs. forecast (c-b)
Operating revenues	1,544	1,901	1,902	358	1
Operating income	963	1,078	1,110	147*	32
Ordinary income	883	929	971	87	42
Net income	882	928	970	87	42
DPU	3,728 yen	3,279 yen	3,430 yen	△298 yen	151 yen
Depreciation	84	123	124	39	0
NOI after depreciation	1,109	1,237	1,245	135	8
NOI yield after depreciation	5.2%	4.8%	4.8%	△0.4%	0%
Number of operating days	184 days	182 days	182 days	△2 days	0 days

* Property and city planning taxes in FY2019 for 22 properties purchased during the 5th fiscal period were recorded on the book value and are not accounted for as an expense at the 5th and 6th fiscal period, furthermore property and city planning taxes on the three properties acquired in the 7th fiscal period for fiscal year 2020 are accounted for as book value at the time of purchase, and not as expenses. For the 7th and 8th fiscal periods, property and city planning taxes, are not accounted for as expenses, and will be accounted for as expenses from the 9th fiscal period onwards (in the normalized period).

Main reasons for fluctuation in net income (vs. forecast)

● Increase in rent revenue etc.	Asumigaoka insurance income +17 Increase/decrease in rent revenue, etc. +7 Rent reduction due to the impact of COVID-19 △4	+20 million yen
● Overall increase in earning in utilities	Decrease in the usage compared to the same month last year Effect by the change in contract electric power at tonarie Yamatotakada, Toga Mikita	+14 million yen
● Increase in sales promotion expenses	Sales promotion expenses against COVID-19 +3	△3 million yen
● Increase in repair expenses, etc.	Repair covered by insurance at Asumigaoka +9 Other repairs ahead of schedule/additional repairs, etc. +13	△23 million yen
● Decrease in general and administrative expenses, etc.	Cost reduction at PO, reduction in IR expenses due to COVID-19 pandemic, reduction in other costs due to the difference in the number of unitholders vs. forecast, reduction in interest expenses vs. forecast, etc.	+33 million yen
Total (net income) vs. forecast +42 million yen		



Impact of COVID-19



All commercial facilities were open because they sell life essentials such as foods, medical goods, etc.

Impact of and policy for response to COVID-19

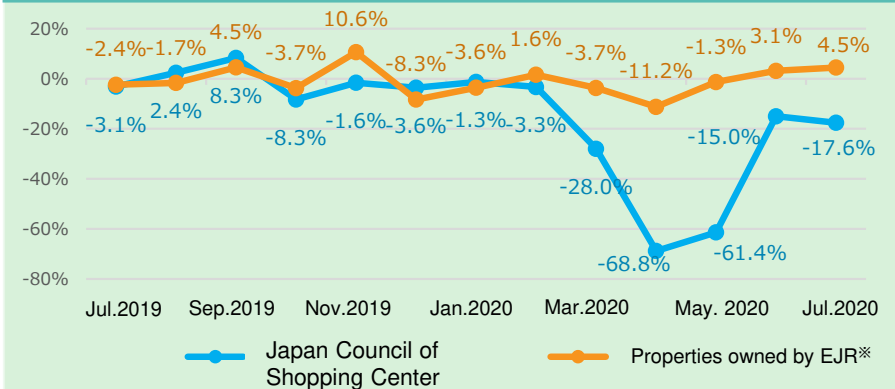
- Implemented rent reduction/payment extension for temporary business support to avoid the move-out and business failure of tenants and ensure long-term stable revenues
- Details of specific rent reduction/payment extension are discussed with individual tenants considering the terms of the lease, business conditions, importance of the tenants at the facility and status of application for public assistance of each tenant

Requests for rent reduction/payment extension from tenants and response to them

- In the 7th fiscal period (Jul. 2020), 115 of 231 tenants (50%) requested rent reduction/payment extension due to the impact of COVID-19, and rent reduction/payment extension was implemented in 60 of 231 tenants (26%); total amount of rent reduction $\triangle 4,705$ thousands yen (approx. 0.2% of the total operating revenue)
- Of 23 leasehold land properties (including Asumigaoka Brand-New Mall 2 leasehold land properties), 2 restaurants requested land rent reduction, but the reduction was not implemented
- The property management company engaged from the development phase talked individually with tenants and closely understood their status to minimize the impact of rent reduction
- Implemented sales support to restore bustle (sales promotion expenses of 3,500 thousands yen spent for the entire facilities)

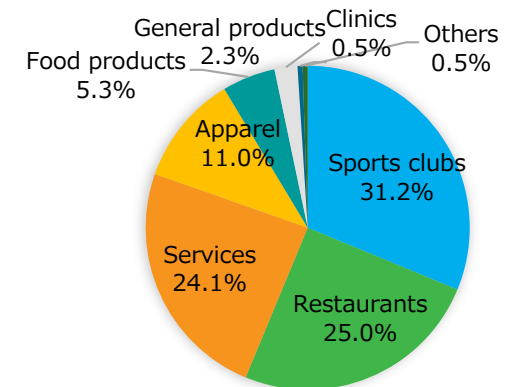
No	Facility	Total contract	Number of Request	Percentage of request	Actual number/percentage of rent reduction / payment extension	
1	Pare Marche Nishiharu	1	1	100%	1	100%
2	tonarie Yamatotakada	63	54	86%	28	44%
3	tonarie Minami-senri	45	23	51%	16	36%
4	tonarie Seiwadai	34	12	35%	6	18%
5	tonarie Toga・Mikita	32	11	34%	4	13%
6	AsumigaokaBrand-New Mall	31	9	29%	4	13%
7	Nishi-shiroi Ekimae Plaza	4	3	75%	1	25%
8	Leasehold land	21	2	10%	0	0%
	Total	231 ^{*1}	115	50%	60 (Reduction 52) ^{*2}	26%

Sales of owned properties compared to the same month last year



※ Calculated from sales of properties with their sales disclosed (excluding leasehold lands) that are comparable to the same month last year.
(Reference) Japan Council of Shopping Center SC sales data investigation report

Category of 52 tenants that implemented rent reduction (based on rent)



* 1 Residence building of Pare Marche Nishiharu (55 houses) is excluded, and the commercial building is included as 1 shop

* 2 Of 60 tenants that actually implemented rent reduction/payment extension, 52 tenants implemented rent reduction (8 tenants only implemented payment extension)

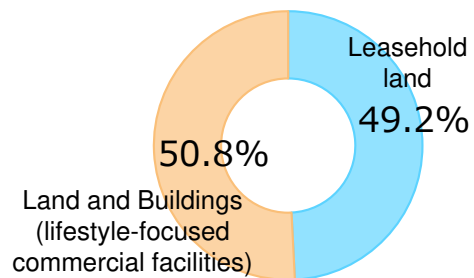


High tenant credit resulted in no reduction in land rent at leasehold lands

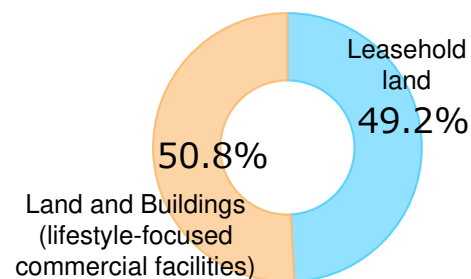
① Stability of leasehold lands

Asset type

(Based on acquisition price)

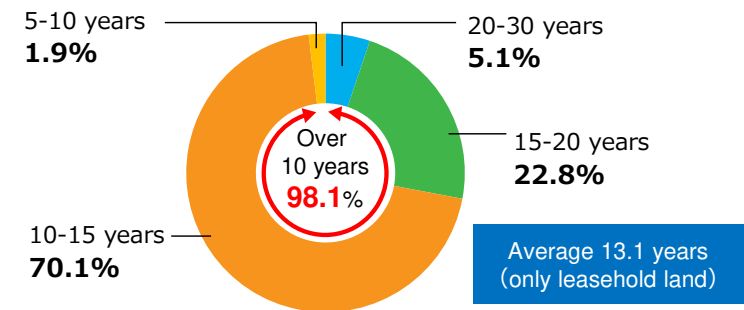


(Based on NOI after depreciation)



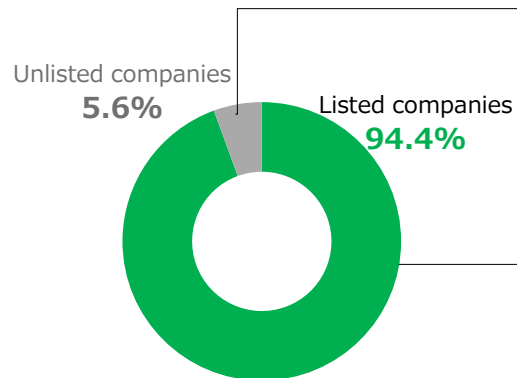
Remaining lease term for leasehold land

(Based on leasable area)



Leasehold land tenants

(Based on rent revenue)



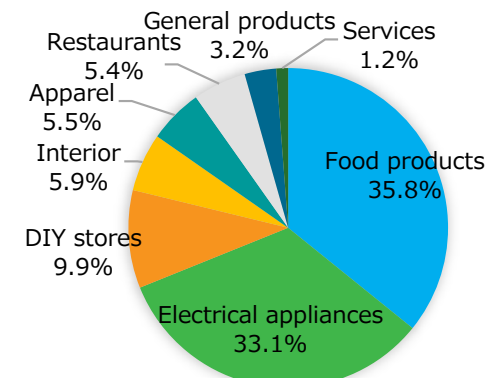
Leasehold land properties rented by unlisted companies

- 1 Tsutaya Sakai-minami (General products)
- 2 One-Karubi Kasuga (Restaurants)
- 3 Suke-san Kasuga (Restaurants)

Leasehold land properties rented by listed companies

- 1 LAMU Kitatsumori (Food products)
- 2 Sanyo Marunaka Mitani (Food products)
- 3 LIFE Daisen (Food products)
- 4 MaxValu Kikyogaoka-higashi (Food products)
- 5 MrMax Kasuga (Food products)
- 6 K's Denki Oyumino (Electrical appliances)
- 7 K's Denki Nishi-kobe (Electrical appliances)
- 8 K's Denki Kurashiki (Electrical appliances)
- 9 K's Denki Kasuga (Electrical appliances)
- 10 NAFCO Kasuga (DIY stores)
- 11 Nitori Tsuchiura (Interior)
- 12 Nitori Imaichi (Interior)
- 13 UNIQLO Kasuga (Apparel)
- 14 Avail.Shimamura Kasuga (Apparel)
- 15 Kura Sushi Kasuga (Restaurants)
- 16 Konpira Maru Kasuga (Restaurants)
- 17 McDonald's (Asumigaoka) (Restaurants)
- 18 Sushiro (Asumigaoka) (Restaurants)
- 19 au-Softbank Kasuga (Services)
- 20 docomo Shop Kasuga (Services)

(Based on rent revenue)



※ The figures show the ratios as of July 31, 2020 (7th fiscal period performance). 23 leasehold lands includes 2 leasehold lands of Asumigaoka (No.17, No.18).



Impact of COVID-19



Strength of lifestyle-focused commercial facilities was demonstrated despite seasonal variation (7th fiscal period does not include Christmas season, year-end and new year) and impact of COVID-19

②Stability of lifestyle-focused commercial facilities

Status by tenant category (based on contract rent + common charges)

Sales compared to the previous fiscal period by category

A 100%- compared to the previous fiscal period (93/263*)

B 90%<100% compared to the previous fiscal period (30/263*)

C 80%<90% compared to the previous fiscal period (14/263*)

D <80% compared to the previous fiscal period (75/263*)

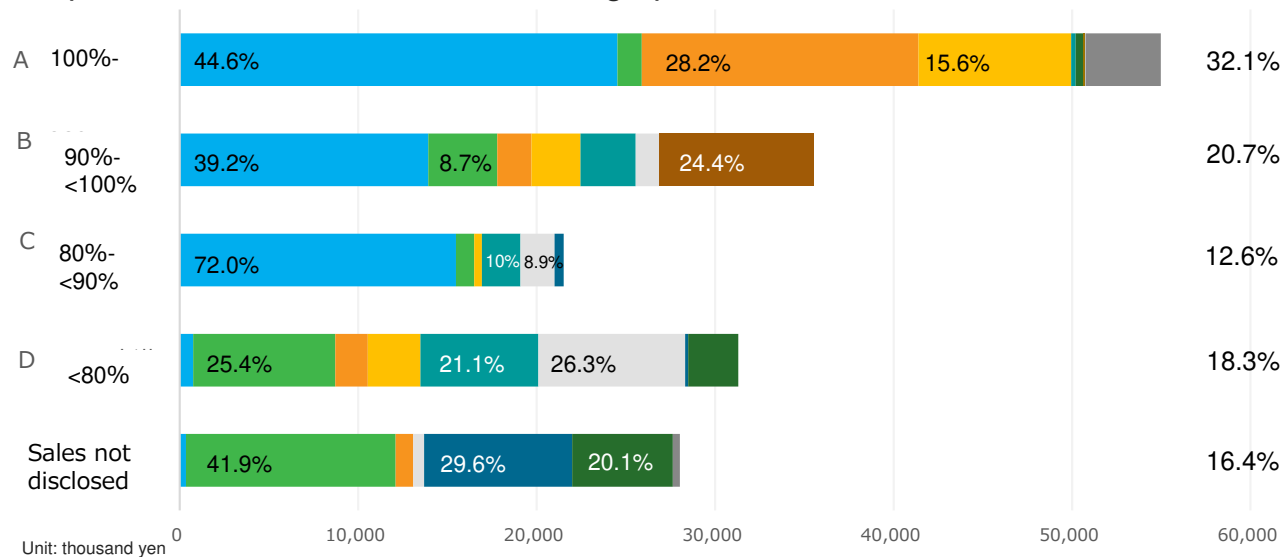
In addition to supermarkets and drugstores with overwhelming advantage and stability, 100-yen shops, bookstores, pet shops, etc. gained demand for consumption at home and increased sales

DIY stores, etc. matched the demand for consumption at home and generated steady sales

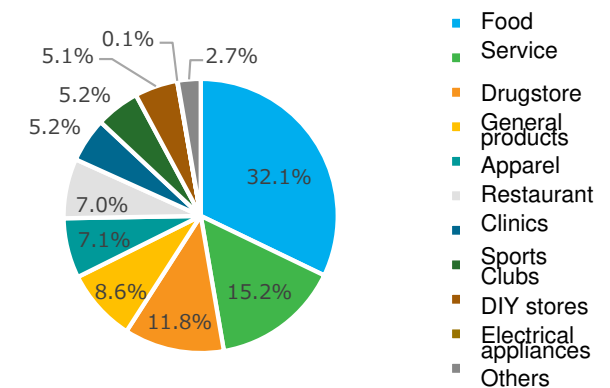
Ability and ingenuity of tenants decided the outcome of sales for general products, restaurants and apparel

Serious impact of COVID-19 on restaurants, services (cram schools, hairdressers, etc.), apparel, sports clubs, etc.

Sales compared to the previous fiscal period by category (based on contract rent + common charges)



Category of all 263 tenants* (based on contract rent + common charges)



* Total number of tenants that includes rental housing (55 houses) of Pare Marche Nishiharu and excludes 23 leasehold lands.
51 tenants did not disclose sales.

Impact of COVID-19



Properties at fixed rents account for 99% while the variable rent ratio such as sales-linked rent is only 1% and less affected by the COVID-19 pandemic

③Stability of rent composition

Ratio between fixed and variable rents*1(based on rent revenues)

- Percentage of variable rents in rent revenues in the 7th fiscal period performance is extremely small
- Variable rents in the 7th fiscal period decreased by 4,944 thousands yen (approx. 0.3% of operating revenues) (Sales event 1,090 thousands yen sales-linked rent 3,854 thousands yen) from the 6th fiscal period due to the impact of COVID-19
- Sales events have been held with consideration of social distance, etc. and are hardly affected by COVID-19

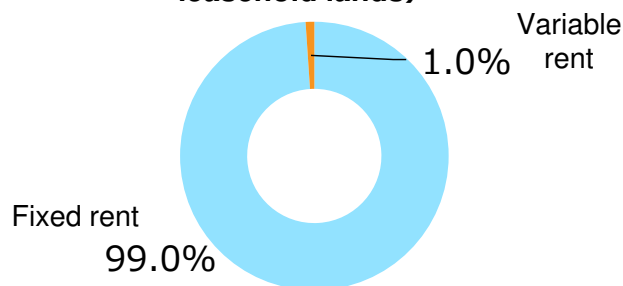


Event by a cell-phone company

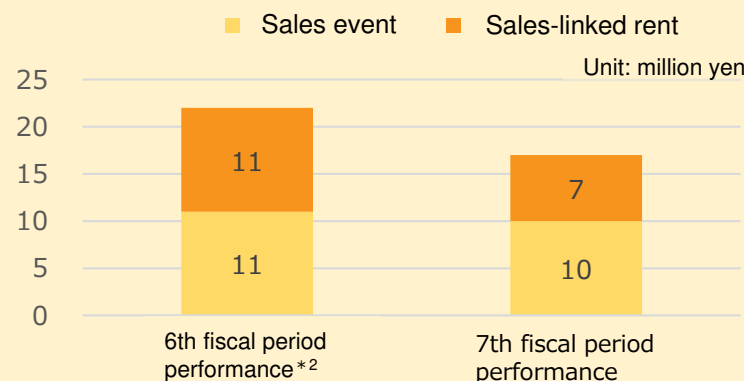


Railway Lost Items Market bargain item market

(Ratio between fixed and variable rents at 28 properties including leasehold lands)



*1 The variable rent includes rent linked with event revenues and sales.



*2 As of the 6th fiscal period, tonarie Yamatotakada, tonarie Toga・Mikita were not owned by ESCON REIT, but for comparison with the 7th fiscal period, the actual figures of 2 properties are recorded in the 6th fiscal period performance.

3. Earnings Forecast





Forecast for 8th Fiscal Period (ending January 31, 2021)



Net income incorporating the impact of COVID-19 is expected to increase

Forecast for 8th Fiscal Period (ending January 31, 2021)

Units: million yen

	7th Fiscal Period Performance ended July 31, 2020 (a)	8th Fiscal Period Forecast as at March 16, 2020 (b)	8th Fiscal Period forecast as at September 15, 2020 (c)	vs. previous period (c-a)	vs. forecast (c-b)
Operating revenues	1,902	1,930	1,913	10	△16
Operating income	1,110	1,078	1,084	△26	6
Ordinary income	971	983	988	17	4
Net income	970	982	987	16	4
DPU	3,430 yen	3,474 yen	3,489 yen	59	15
Depreciation	124	124	125	1	0
NOI after depreciation	1,245	1,260	1,266	21	6
NOI yield after depreciation	4.8%	4.8%	4.8%	0%	0%
Number of operating days	182 days	184 days	184 days	2 days	0 days

* Property and city planning taxes on the three properties acquired in the 7th fiscal period for fiscal year 2020 are accounted for as book value at the time of purchase, and not as expenses. For the 7th and 8th fiscal periods, property and city planning taxes, are not accounted for as expenses, and will be accounted for as expenses from the 9th fiscal period onwards (in the normalized period).

Premise of forecast

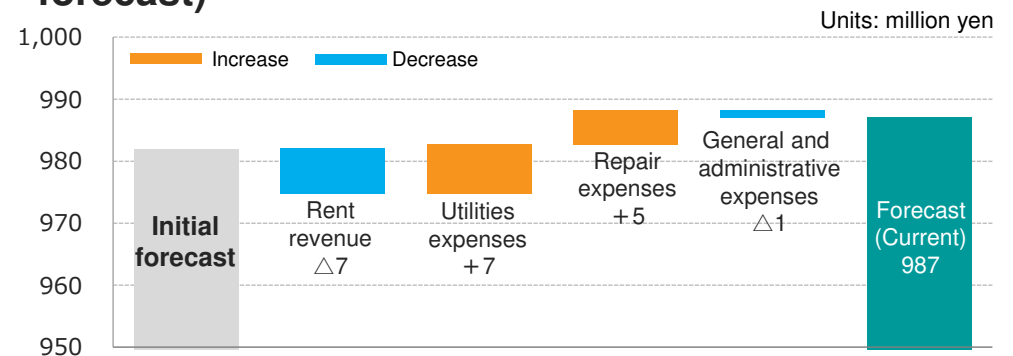
Impact of and response to COVID-19

- 1 Accepted request for rent reduction from a large tenant; reflect rent reduction by the confirmation of contract cancellation/ move-out of restaurants/apparel tenants (no penalty is expected)
- 2 While close attention to the impact of COVID-19 will continuously be paid, the recent number of inquiries for contract cancellation/ move-out is limited, and little impact is expected on the 8th fiscal period such as requests for rent reduction from struggling tenants
- 3 Variable rents (sales-linked , sales event) is expected to be equivalent to the previous (7th) fiscal period conservatively
- 4 No positive factors are expected such as the progress of vacant lot leasing

Other impacts and responses

- 5 Set spending for free parking service is expected as a countermeasure for the opening of a competitor for tonarie Toga-Mikita
- 6 Effect by the decrease in utility expenses is expected by the change in contract electric power at tonarie Yamatotakada, Toga・Mikita
- 7 General and administrative expenses, etc are forecasted conservatively, taking the sudden impact of COVID-19, etc. into consideration

Main reasons for fluctuation in net income (vs. forecast)





Forecast for 9th Fiscal Period (ending July 31, 2021)



Net income equivalent to the 8th fiscal period is predicted despite the impact of COVID-19 (△25 million yen is equivalent to property and city planning taxes accounted for as expenses)

Forecast for 9th Fiscal Period (ending July 31, 2021)

Units: million yen

	8th Fiscal Period forecast as at September 15, 2020 (c)	9th Fiscal Period forecast as at September 15, 2020 (d)	vs. forecast (d-c)
Operating revenues	1,913	1,875	△37
Operating income	1,084	1,058	△26
Ordinary income	988	963	△25
Net income	987	962	△25*
DPU	3,489 yen	3,400 yen	△89*
Depreciation	125	126	1
NOI after depreciation	1,266	1,222	△43
NOI yield after depreciation	4.8%	4.7%	△0.1%
Number of operating days	184 days	181 days	3 days

* Property and city planning taxes on the three properties acquired in the 7th fiscal period for fiscal year 2020 are accounted for as book value at the time of purchase, and not as expenses. For the 7th and 8th fiscal periods, property and city planning taxes, are not accounted for as expenses, and will be accounted for as expenses from the 9th fiscal period onwards (in the normalized period). Net income of 25 million yen and DPU of 89 yen in the 9th fiscal period are due to the property and city planning taxes accounted for as expenses.

Premise of forecast

Impact of and response to COVID-19

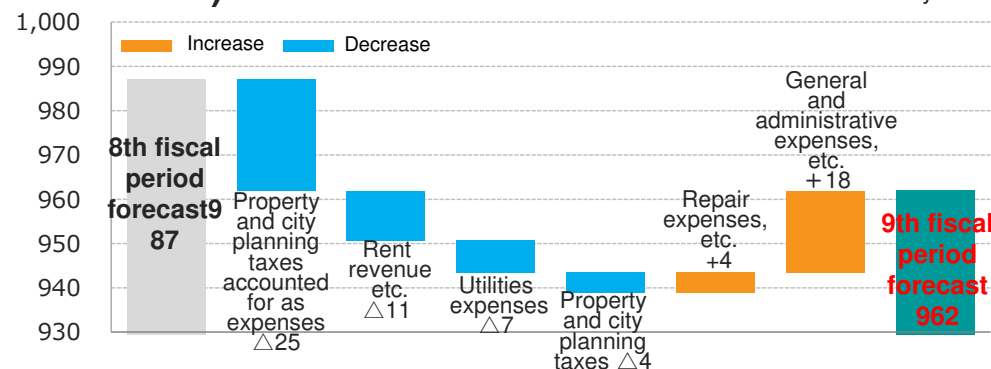
- 1 Impact of COVID-19 will gradually be mitigated, but rent reduction is forecasted conservatively as requests for reduction from tenants is expected to continue in the long term
- 2 Variable rents (sales-linked, sales event) is expected to be equivalent to the previous (7th) fiscal period conservatively
- 3 No positive factors are expected such as the progress of vacant lot leasing
- 4 Reflect rent reduction by the confirmation of contract cancellation/ move-out (no penalty is expected)

Other impacts and responses

- 5 Set spending for free parking service as a countermeasure for the opening of a competitor for tonarie Toga-Mikita
- 6 Forecast the increase in the property and city planning taxes of tonarie Minami-senri by 5% and Kasuga leasehold land by 10% due to rising land prices

Main reasons for fluctuation in net income (vs. forecast)

Unit: million yen



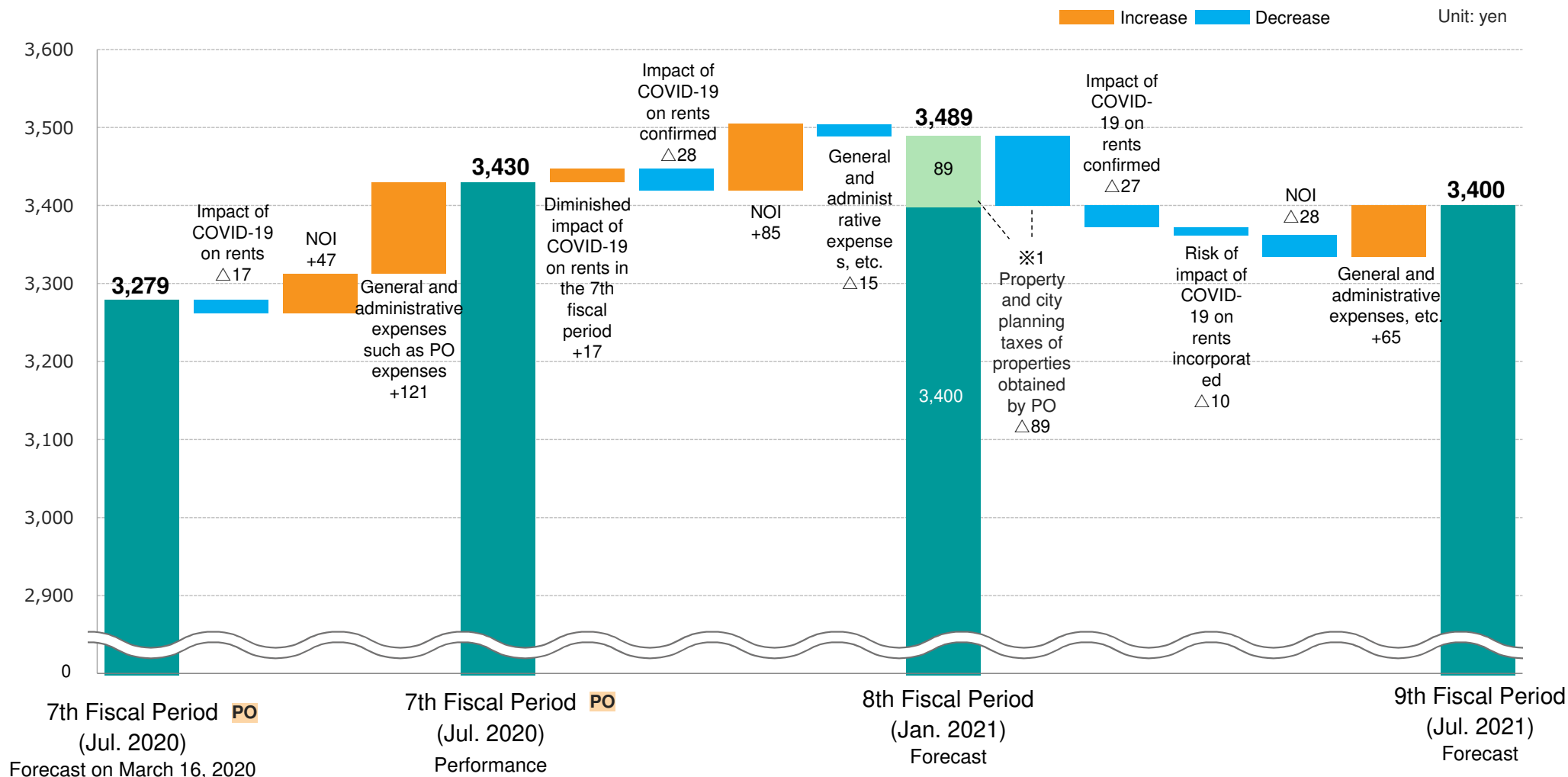


Distribution forecast for the 8th and 9th fiscal periods



Stable distribution forecast in the 8th and 9th fiscal periods with the impact of COVID-19 conservatively reflected

Transition of distribution and main factors of forecast



*1 Property and city planning taxes on the three properties acquired in the 7th fiscal period for fiscal year 2020 are accounted for as book value at the time of purchase, and not as expenses. For the 7th and 8th fiscal periods, property and city planning taxes, are not accounted for as expenses, and will be accounted for as expenses from the 9th fiscal period onwards (in the normalized period). Of DPU in the 8th fiscal period, 89 yen is the impact of property taxes.

*2 Prices are rounded off.

4. Growth Strategy



Internal growth being promoted such as effective use of land, invitation of and replacement with new tenants and rent revenues increased; tenant leasing considering the impact of COVID-19 in progress

Policy under COVID-19 pandemic

- While tenant candidates are reluctant under the COVID-19 pandemic, invite business with less impact of COVID-19 and tenants that can incorporate demands for consumption at home to vacant lots
- Experience-oriented consumption tenants significantly impacted by COVID-19 ingeniously continue management effort; create bustle as the operator of commercial facilities

Example of internal growth (Asumigaoka Brand-New Mall)

Apr. 2018
Sushiro invited to be a tenant at the parking lot (fixed-term business land lease right)



Feb. 2019
McDonald invited to be a tenant at the parking lot (fixed-term business land lease rights)



Nov. 2019
Sports Club AXIOS invited



Mar. 2020
Wakuwaku Hiroba invited



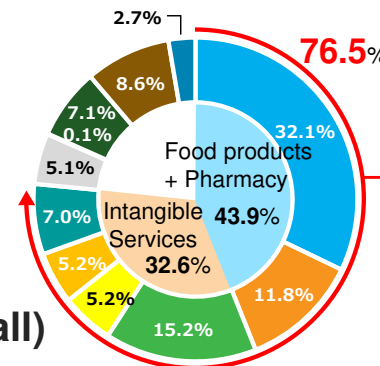
Jun. 2020
Tenant running the bowling alley replaced



Jul. 2020
Rents for key tenants increased

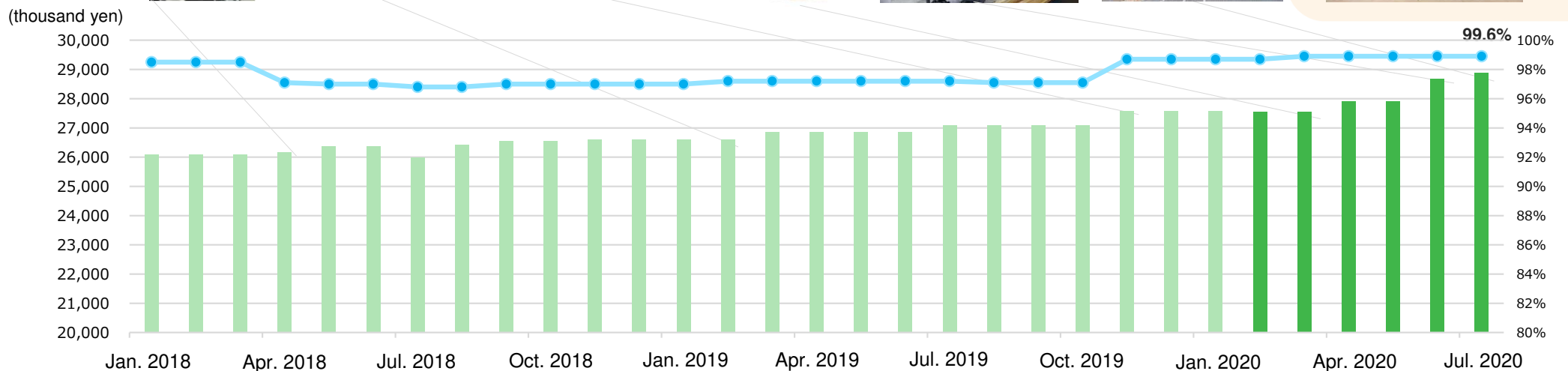


Sep. 2020
Donmaru invited
Tenant running insurance agency replaced



E-commerce resistance tenants
Food products, pharmacy and Intangible services

- 1. Food products
- 2. Pharmacy
- 3. Services
- 4. Clinics
- 5. Sports clubs
- 6. Restaurants
- 7. DIY stores
- 8. Electrical appliances
- 9. Apparel
- 10. General products
- 11. Others



* The diagram is based on rent receipts from tenants.

* The property was owned by the sponsor in and before February 2019.

Fixed monthly rent

Occupancy rate

Partnerships with Sponsor and Supporters



ESCON REIT will enhance its support system, including the provision of warehousing functions based on the support agreement with Chuden Real Estate.

Support from sponsor and support companies

	Information sharing	Granting of right to purchase at fixed price and preferential negotiation rights	Asset warehousing	Redevelopment support	Green technology sharing	PMBM	Leasing support	Human resources sharing	Same-boat investment	Trademark licensing
ESCON-JAPAN	●	●	●	●	—	●	●	●	●	●
Chubu Electric Power	●	—	—	—	●	●	—	—	—	●
Chuden Real Estate	●	—	●	—	●	●	●	●	●	●

Sponsor support agreement

- Same-boat investment of 4.8%
- Granting of right to purchase at fixed price and preferential negotiation rights



- Asset recycling through redevelopment support
- Offering of pipeline information

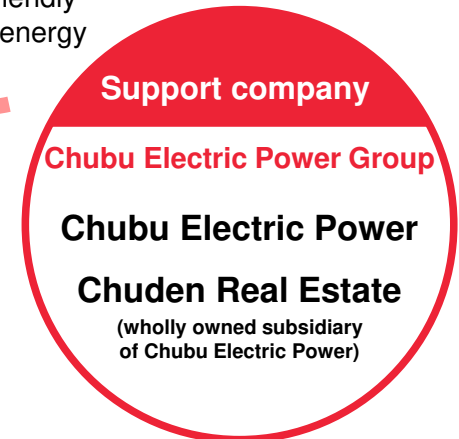


- Loaning to Chuden Real Estate

Implementation of joint projects in the real estate business

Support agreement

- Consideration of same-boat investment
- Asset warehousing



- Offering knowhow on environmentally friendly technologies and energy cost cuts
- Offering of pipeline information

- Investing in a 33.3% stake, having a personnel appointed as director and loaning personnel to the ES-CON Japan Group



Continue external growth centered, lifestyle-focused commercial facilities with supermarkets and drugstores that are less affected by E-commerce and COVID-19 as core tenants, and leasehold lands developed by the sponsor

Historical AUM, vision of growth and pipeline

41.6 billion yen

25 properties

As at Listing

51.9 billion yen

28 properties

After First PO

100 billion yen

Mid-term target

Current pipeline (Granting Right to purchase/Preferential negotiation rights) 17properties

Chuden Real Estate
(Warehousing)



TRIAL Omihachiman
(Leasehold land)

Chuden Real Estate
(Warehousing)



Drug Yutaka Mukokamiueno
(Leasehold land)

ES-CON
JAPAN Ltd.



Welcia Mukomotomachi
(Leasehold land)

Chuden Real Estate
(Ware-housing)



tonarie Yamatotakada
(Ownership 50%)

Chuden Real Estate
(Ware-housing)



tonarie Toga・Mikita
(Ownership 50%)

ES-CON
JAPAN Ltd.



KoLuTeNa I

ES-CON
JAPAN Ltd.



Soyoka Fujimino

Chuden Real Estate
(Warehousing)



Kusuri no Aoki Ikaruga
(Leasehold land)

ES-CON
JAPAN Ltd.



Other 9 properties*

Leasehold lands:4 properties
Land&Buildings:5 properties

*Increase 3 properties

5. Financial Strategy





Achieving stable financial management, ESCON REIT acquired a new R&I rating of A- (stable).

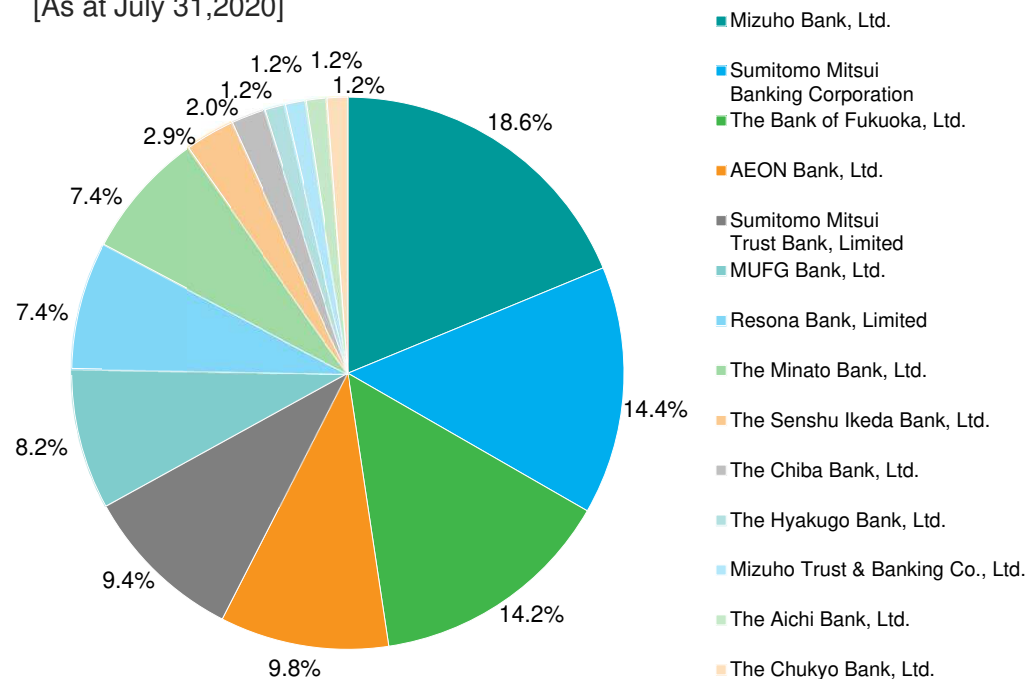
Acquisition of Issuer Rating by R&I (November 26, 2019)

[A-] (stable)

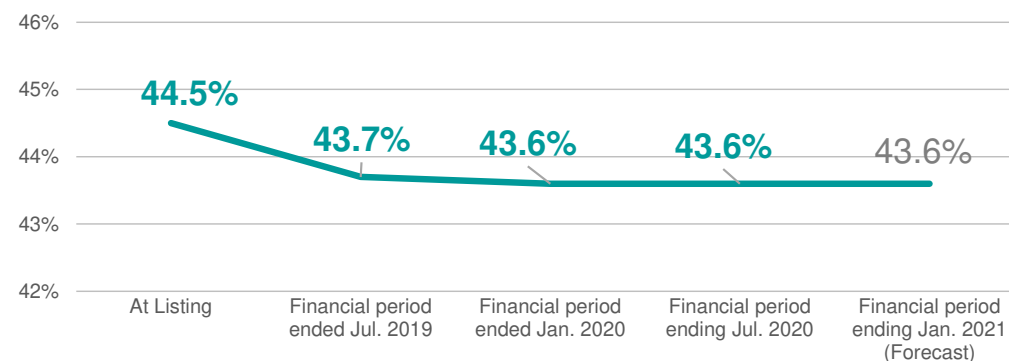
(Followings are referenced from the press release of R&I)
The Rating Outlook is Stable. Given the stable portfolio consisting of commercial facilities and leasehold land for which steady demand can be expected in large metropolitan areas, there are few factors that could cause earnings volatility in the medium term. Leverage is relatively low, and sufficient profitability is ensured. R&I will keep an eye on developments in external growth that capitalizes on the sponsor's pipeline, accumulation of experience in management, and improvement in funding terms.

Lender Mix

[As at July 31, 2020]



LTV Control



Financial Highlights

[As at July 31, 2020]

Total interest-bearing debt

24.4
billion yen

Average remaining term

2.3
years

Average Interest Rate

0.50%

Ratio of long-term borrowings

100%

6. ESG Strategy





DBJ Green Building Certifications

Acquisition of certifications

We have received DBJ Green Building Certification for the following properties.

Certified properties	Certification rank		Certified date
tonarie Toga・Mikita	2020	(three stars)	July 27, 2020
tonarie Yamatotakada	2020	(three stars)	July 27, 2020



tonarie Yamatotakada



tonarie Toga・Mikita

DBJ Green Building is a certification system that was newly established in April 2011 by Development Bank of Japan Inc. (DBJ) as an initiative to support its customers' environmentally and socially conscious management of their real estate ("Green Building"). DBJ evaluates and certifies properties that are socially and economically sought through comprehensive assessment of the measures taken for various stakeholders, including disaster prevention and community-conscious initiatives.

E Environment

● Introducing a groundwater membrane filtration system

A groundwater membrane filtration system has been introduced in Asumigaoka Brand-New Mall, contributing to the reduction of environmental burdens and towards the achievement of a sustainable society.

- Securing a water supply channel in the event of a disaster to improve business continuity
- Offering drinking water to local inhabitants for free in the event of a disaster (scheduled)
- Reducing public water supply consumption using the groundwater membrane filtration system



● Installation of LED lighting

ESCON REIT is pursuing the reduction of electricity consumption by introducing LED lighting systems in the communal areas of four tonarie commercial facilities (Yamatotakada, Minami-senri, Toga・Mikita and Seiwadai) and Asumigaoka Brand-New Mall.



tonarie Yamatotakada



tonarie Minami-senri



tonarie Toga・Mikita



tonarie Seiwadai



Asumigaoka Brand-New Mall



Strongly aware of commercial facilities' roles in communities, ESCON REIT will continue its positive ESG initiatives.

S Social

By holding a variety of events in “tonarie” lifestyle-focused commercial facilities, in which members of the local communities and tenants can participate and implement community-based activities that contribute to society, ESCON REIT aims to contribute to the revitalization of local areas and the creation of local communities.

● Holding a variety of events in which members of the local communities and tenants can participate



Open-air concerts
(tonarie Seiwadai)



Tanabata festival
decorations
(tonarie Seiwadai)



Rice-cake making events
(tonarie Yamatotakada)



Music festival
(tonarie Yamatotakada)

● Contributions for communities



Bicycle Anti-theft Day
Campaign
(tonarie Yamatotakada)



Supporting Japan for
UNHCR
(tonarie Yamatotakada)



Participation in Eye City Eco Project; a recycling project for
contact lens cases (tonarie Minami-senri)



tonarie Minami-senri,
tonarie Seiwadai, tonarie
Toga・Mikita and tonarie
Yamatotakada installed
AEDs



tonarie Seiwadai was awarded
a letter of appreciation in
recognition of its routine
services for the promotion of
blood donation by the Blood
Donation Promotion
Committee of Kawanishi-shi,
Hyogo. (tonarie Seiwadai)

● Others

- ① tonarie Seiwadai provides free circular bus service for local residents with a local social welfare corporation (tonarie Seiwadai)
- ② tonarie Minami-senri recycles plastic bottle caps to help fund vaccines for children (tonarie Minami-senri)

tonarie Brand Concept

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



● Initiatives for improving employees' work environment

- ① Operation of employee lounges for tenants (tonarie Minami-senri, tonarie Seiwadai, tonarie Toga・Mikita, tonarie Yamatotakada, Asumigaoka Brand-New Mall) and an asset management company
- ② Providing a workplace environment prioritized Work life balance (introduction of club activities, no overtime day, stress check, health consultation with the occupational physician)

● Certified as dementia-friendly shopping center

ESCON REIT is working to create age-friendly communities, including older people with dementia. All tenants in tonarie Seiwadai have taken dementia supporter courses and this commercial facility was certified as a dementia-friendly shopping center by Hyogo Prefectural Government.



Topics

A dementia café event “Hitoyasumi Café” was held at tonarie Seiwadai (Kawanishi-shi, Hyogo) on August 26, 2020.

“Hitoyasumi Café” is an event jointly hosted by tonarie Seiwadai and Seiwadai Community Council Welfare Division. The tenant of Angel and Little Devil Cafe on the 2nd floor of tonarie Seiwadai leased shop space, and Seiwadai community general support center set up a consultation counter.



Measures against COVID-19 were implemented on the day after consultation with the health center, and neighborhood residents spent a pleasant time at ease.



Start further strengthening of internal control

G Governance

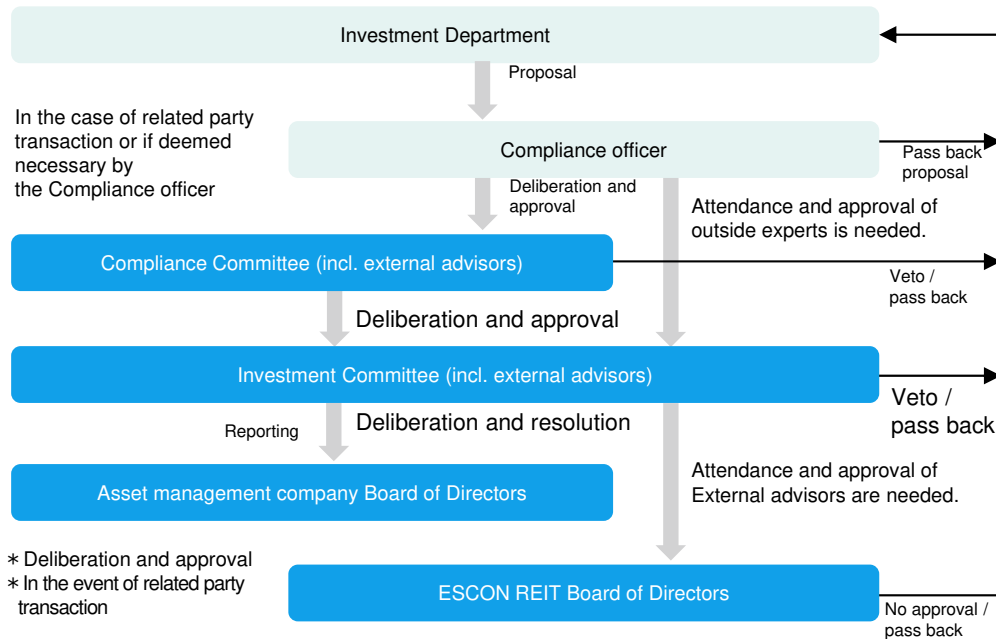
● Governance structure to maximize unitholder value

Asset management fee linked to total assets and net income

Our asset management fee is linked to two separate components; total assets and pre-tax net income. We believe that this fee structure will provide enough incentive for the asset management company to maximize unitholders' value by the same target sight for improving profit.

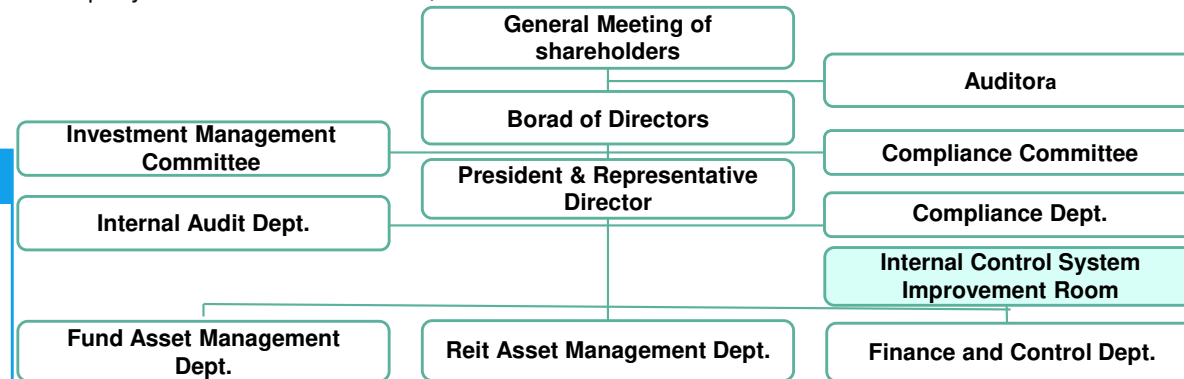
● Decision-making process for property acquisitions

To maximize unitholders' value, we have adopted a multi-tiered decision-making procedure for property acquisitions, asset management, and other critical decisions.



● Compliance System

The organizational chart of ES-CON ASSET MANAGEMENT, the asset management company of ESCON JAPAN REIT, is as follows.



Establishment of "Internal Control System Improvement Room"

The Asset Management Company strives to provide accurate, fair, highly transparent and objective information to investors in a prompt manner and give maximum consideration to the protection of the assets of investors, as well as execute business with an awareness of its responsibility of protecting investors and forming a fair real estate investment market. On top of that, it positions compliance as the most important issue of management and requires of its officers and employees an awareness of their responsibility as experts of investment management and constant compliance with their duties of loyalty and diligence. We newly established the "Internal Control System Improvement Room" in the Compliance Department of the Asset Management Company on June 1, 2020, understanding the importance of ESCON REIT's asset management business as an act of managing the funds of its unitholders and establishing an appropriate management system. We strive to strengthen the internal control system including the prevention system for conflict-of-interest transactions, which may occur at the time of transactions with interested parties, towards future business expansion based on the recognition that the Asset Management Company is an asset management company of ESCON JAPAN Group and ESCON JAPAN REIT is a REIT that conducts many transactions with interested parties, which is our robust business model, and operates high-quality real estate developed by ESCON Group while entrusting leasing and management to group companies.

● Others

① The asset manager participates in strengthening the ESG management implementation system at the sponsor

The sponsor acquired Green Star and 2 Star ratings in GRESB Real Estate Developer Assessment

② Launch of a unitholders' association system (the sponsor is also qualified for membership)

15 companies (approx. 24%) of J-REITs have introduced the unitholders' associations system

Sponsors are qualified for membership in 8 companies (approx. 13%) of the REITs

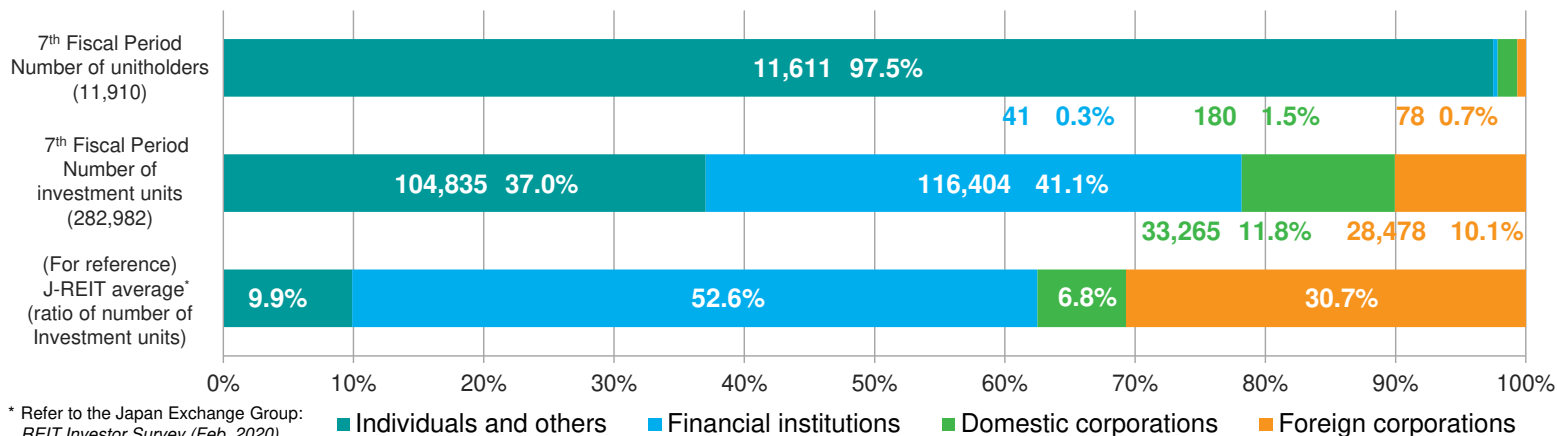
7. Status of Unitholders



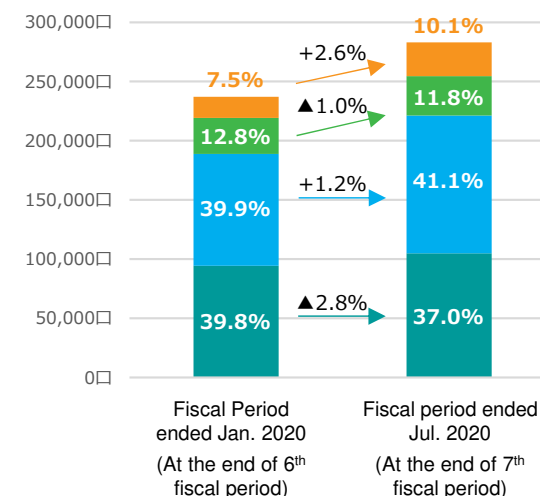
Status of Unitholders as at July 31, 2020

In addition to same-boat investment by Sponsor, ESCON REIT is highly trusted by the financial institutions that has close relations with.

Breakdown of number of unitholders and number of investment units by investor types



Change in share of investment units by unitholder category from the previous fiscal period



Top ten unitholders

Name	Number of units held	Ownership ratio
1. The Master Trust Bank of Japan, Ltd. (Trust account)	26,465	9.4%
2. Osaka co-sei Shinkin Bank	20,940	7.4%
3. Custody Bank of Japan, Ltd. (Trust Account)	16,661	5.9%
4. ES-CON Japan Ltd.	13,474	4.8%
5. Osaka Shoko Shinkin Bank	9,721	3.4%

Name	Number of units held	Ownership ratio
6. NISSEI BUILD KOGYO CO., LTD.	9,190	3.2%
7. The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	8,440	3.0%
8. Daido Shinyo Kumiai	5,815	2.1%
9. THE SAIKYO BANK, LTD.	4,950	1.7%
10. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd	4,867	1.7%
Total	120,523	42.6%

Appendix





Balance Sheet



Unit: 1,000 yen	6 th Fiscal Period ended January 31, 2020	7 th Fiscal Period ended July 31, 2020
Assets		
Current assets		
Cash and deposits	1,362,862	1,179,889
Cash and deposits in trust	2,035,286	2,384,171
Operating accounts receivable	24,539	39,671
Prepaid expenses	38,315	48,504
Other	63	—
Total current assets	3,461,066	3,652,236
Noncurrent assets		
Property, plant and equipment		
Buildings in trust	5,171,132	8,881,071
Accumulated depreciation	△187,549	△307,258
Buildings, net	4,983,582	8,573,813
Structures in trust	128,715	128,715
Accumulated depreciation	△10,635	△14,031
Structures, net	118,080	114,684
Tools, furniture and fixtures in trust	5,368	11,823
Accumulated depreciation	△417	△1,443
Tools, furniture and fixtures in trust, net	4,951	10,379
Land in trust	36,837,448	43,636,242
Total property, plant and equipment	41,944,061	52,335,119
Intangible assets		
Trademarks	879	825
Other	6,700	5,883
Total intangible assets	7,579	6,709
Investment and other assets		
Lease and guarantee deposits	10,000	10,000
Long-term prepaid expenses	46,686	52,835
Deferred tax assets	1	8
Total investments and other assets	56,687	62,844
Total noncurrent assets	42,008,328	52,404,672
Deferred assets		
Organization expenses	17,059	11,372
Total deferred assets	17,059	11,372
Total assets	45,486,454	56,068,282

Unit: 1,000 yen	6 th Fiscal Period ended January 31, 2020	7 th Fiscal Period ended July 31, 2020
Liabilities		
Current liabilities		
Operating accounts payable	60,331	109,313
Accounts payable - other	47,695	9,747
Accrued expenses	100,334	102,257
Income taxes payable	624	776
Accrued consumption tax, etc.	13,343	53,340
Advances received	214,590	264,347
Deposits received	72	99
Total current liabilities	436,993	539,882
Noncurrent liabilities		
Long-term borrowings	19,820,000	24,430,000
Tenant lease and guarantee deposits in trust	1,404,497	1,688,139
Total noncurrent liabilities	21,224,497	26,118,139
Total liabilities	21,661,490	26,658,021

Net assets		
Unitholders' equity		
Unitholders' capital	22,941,238	28,439,581
Surplus		
Unappropriated retained earnings (undisposed loss)	883,725	970,678
Total surplus	883,725	970,678
Total unitholders' equity	23,824,964	29,410,260
Total net assets	23,824,964	29,410,260
Total liabilities and net assets	45,486,454	56,068,282



Profit and Loss Statement



ES CON JAPAN REIT

Unit: 1,000 yen

	6 th Fiscal Period ended January 31, 2020	7 th Fiscal Period ended July 31, 2020
Operating revenues		
Rent revenue-real estate	1,381,840	1,701,734
Other lease business revenue	162,247	200,608
Total operating revenue	1,544,087	1,902,342
Operating expenses		
Expenses related to rent business	434,141	656,673
Asset management fee	84,482	84,303
Asset custody fee	2,269	2,702
Administrative service fees	9,945	9,494
Directors' compensation	3,000	3,000
Taxes and public dues	7,324	8,107
Other operating expenses	39,451	27,283
Total operating expenses	580,615	791,565
Operating income	963,472	1,110,777
Non-operating income		
Interest income	12	14
Interest on tax refund	-	236
Total non-operating income	12	251
Non-operating expenses		
Interest expenses	52,123	61,215
Borrowing related expenses	20,919	52,666
Amortization of organization expenses	5,686	5,686
Investment unit issuance expenses	-	19,141
Other	1,159	1,160
Total non-operating expenses	79,888	139,870
Ordinary income	883,596	971,159
Income before income taxes	883,596	971,159
Income taxes-current	626	677
Income taxes adjustment	△1	△7
Total income taxes	625	670
Net income	882,971	970,488
Retained earnings bought forward	754	189
Unappropriated retained earnings (undisposed loss)	883,725	970,678

Income and Expenditure & Appraisal Value (as at the End of 7th Fiscal Period)

Property number	1 (ST-1)	2 (ST-2)	3 (SS-1)	4 (SS-2)	5 (SS-3)	6 (KT-1)	7 (KT-2)	8 (KT-3)	9 (KT-4)	10 (KS-1) LAMU
Property name	Asumigaoka Brand-New Mall	Nishi-shiroi Ekimae Plaza	K's Denki Oyumino (Leasehold land)	Nitori Tsuchiura (Leasehold land)	Nitori Imaichi (Leasehold land)	tonarie Minami-senri	tonarie Seiwadai	tonarie Yamatotakada (owership 50%)	tonarie Toga-Mikita (owership 50%)	Kitatsumori (Leasehold land)
Number of days of operation	182 days	182 days	182 days	182 days	182 days	182 days	182 days	179 days	179 days	182 days
Age of buildings (year)	19.9	20.3	-	-	-	15.8	12.8	1.8	1.3	-
Operating revenues	244,116	20,301	70,570	Not disclosed	Not disclosed	322,636	180,609	162,077	125,008	38,148
Rent revenue-real estate	173,882	16,961	70,570			271,846	151,560	133,206	108,837	38,148
Other lease business revenue	70,234	3,339	-			50,789	29,049	28,871	16,171	-
Expenses related to rent business	147,198	6,948	7,289			130,213	72,382	48,266	32,051	6,988
Taxes and public dues	24,215	1,365	6,739			23,358	13,036	-	-	6,238
Management fees	33,526	2,100	300			46,362	25,147	23,945	17,098	499
Insurance premium	464	134	-			312	342	494	251	-
Repair & maintenance	27,730	523	-			12,295	5,164	119	115	-
Other lease business expenses	61,260	2,825	250			47,885	28,691	23,706	14,586	250
Leasing NOI	96,918	13,353	63,281			192,423	108,227	113,810	92,957	31,160
Depreciation	17,960	827	-			13,462	24,452	21,694	16,864	-
Operating income	78,957	12,525	63,281			178,961	83,774	92,116	76,092	31,160
Book value at end of fiscal period	3,245,776	454,759	2,737,549	1,007,414	368,224	7,200,088	3,275,612	4,174,659	3,507,375	1,284,444
NOI yield before depreciation ^{*1}	6.0%	5.9%	4.6%	Not disclosed	Not disclosed	5.4%	6.6%	5.6%	5.4%	4.9%
NOI yield after depreciation ^{*1}	4.9%	5.5%	4.6%	Not disclosed	Not disclosed	5.0%	5.1%	4.5%	4.4%	4.9%

Property number	11 (KS-2)	12 (KS-3)	13 (KS-4)	14 (KS-5)	15 (TT-1)	16 (TS-1)	17 (FS-1~11)	18 (OS-1)	
Property name	K's Denki Nishikobe (Leasehold land)	Sanyo Marunaka (Leasehold land)	Tsutaya Sakai-minami (Leasehold land)	LIFE Daisen (Leasehold land)	Pare Marche Nishiharu	MaxValu Kikyogaoka-higashi (Leasehold land)	Fukuoka Kasuga Project (Leasehold land)	K's Denki Kurashiki (Leasehold land)	Total / Average
Number of days of operation	182 days	182 days	182 days	179 days	182 days	182 days	182 days	182 days	
Age of buildings (year)	-	-	-	-	25.9	-	-	-	14.0(Ave.)
Operating revenues	62,177	Not Disclosed	21,600	70,758	171,507	Not disclosed	266,315	1,902,342	1,701,734
Rent revenue-real estate	62,176		21,600	70,758	169,558		266,315		
Other lease business revenue	1		-	-	1,949		-		200,608
Expenses related to rent business	5,544		2,678	515	26,182		3,5450		532,542
Taxes and public dues	4,794		2,104	-	16,698		31,903		137,995
Management fees	499		300	294	5,977		1,980		160,031
Insurance premium	-		-	-	747		-		2,747
Repair & maintenance	-		-	-	289		-		46,236
Other lease business expenses	250		273	220	2,469		1,567		185,530
Leasing NOI	56,633		18,921	70,242	145,325		230,865		1,369,800
Depreciation	-		-	-	28,868		-		124,131
Operating income	56,633		18,921	70,242	116,457		230,865		1,245,669
Book value at end of fiscal period	2,154,463	1,443,034	955,939	2,758,189	4,610,740	483,542	10,537,198	2,136,105	52,335,119
NOI yield before depreciation ^{*1}	5.3%	Not disclosed	4.0%	5.2%	6.3%	Not disclosed	4.4%	Not disclosed	5.3%
NOI yield after depreciation ^{*1}	5.3%	Not disclosed	4.0%	5.2%	5.1%	Not disclosed	4.4%	Not disclosed	4.8%

	Property name	Acquisition price	Appraisal value		Difference (B) - (A)	NOI yield before depreciation ^{*2}	NOI yield after depreciation ^{*2}
			Jul. 31, 2019 (A)	Jan. 31, 2020 (B)			
1	Asumigaoka Brand-New Mall	3,200,000	3,310,000	3,340,000	30,000	6.4%	5.3%
	Asumigaoka Sushiro leasehold land		150,000	150,000	0		
	Asumigaoka McDonald's leasehold land		136,000	144,000	8,000		
2	Nishi-shiroi Ekimae Plaza	451,000	460,000	460,000	0	5.7%	5.3%
3	K's Denki Oyumino (Leasehold land)	2,710,000	2,860,000	2,870,000	10,000	4.7%	4.7%
4	Nitori Tsuchiura (Leasehold land)	999,477	1,080,000	1,090,000	10,000	5.4%	5.4%
5	Nitori Imaichi (Leasehold land)	363,362	405,000	405,000	0	6.0%	6.0%
6	tonarie Minami-senri	7,200,000	7,870,000	7,980,000	110,000	5.5%	5.1%
7	tonarie Seiwadai	3,290,759	3,400,000	3,400,000	0	5.9%	4.5%
8	tonarie Yamatotakada (owership50%)	4,150,000	4,205,000	4,065,000	△140,000	4.6%	3.6%
9	tonarie Toga-Mikita (owership50%)	3,490,000	3,555,000	3,560,000	5,000	4.9%	3.9%
10	LAMU Kitatsumori (Leasehold land)	1,270,000	1,480,000	1,480,000	0	4.9%	4.9%
11	K's Denki Nishikobe (Leasehold land)	2,133,429	2,470,000	2,470,000	0	5.3%	5.3%
12	Sanyo Marunaka Mitani (Leasehold land)	1,430,000	1,510,000	1,520,000	10,000	4.4%	4.4%
13	Tsutaya Sakai-minami (Leasehold land)	946,000	1,010,000	1,010,000	0	4.1%	4.1%
14	LIFE Daisen (Leasehold land)	2,733,000	3,050,000	3,060,000	10,000	4.9%	4.9%
15	Pare Marche Nishiharu	4,610,000	4,670,000	4,670,000	0	5.8%	4.6%
16	MaxValu Kikyogaoka-higashi(Leasehold land)	477,767	534,000	535,000	1,000	6.0%	6.0%
17	MrMAX Kasuga (Leasehold land)	3,387,444	3,870,000	3,900,000	30,000	4.4%	4.4%
18	UNIQLO Kasuga (Leasehold land)	595,000	654,000	662,000	8,000	4.0%	4.0%
19	Avail.Shimamura Kasuga (Leasehold land)	863,387	1,090,000	1,090,000	0	4.8%	4.8%
20	au-Softbank Kasuga (Leasehold land)	143,560	160,000	160,000	0	4.6%	4.6%
21	Kura Sushi Kasuga (Leasehold land)	261,340	301,000	302,000	1,000	4.8%	4.8%
22	docomo Shop Kasuga (Leasehold land)	160,900	181,000	182,000	1,000	4.7%	4.7%
23	Konpira Maru Kasuga (Leasehold land)	236,360	264,000	265,000	1,000	4.7%	4.7%
24	One-Karubi Kasuga (Leasehold land)	236,360	265,000	265,000	0	4.7%	4.7%
25	Suke-san Kasuga (Leasehold land)	401,000	421,000	422,000	1,000	4.5%	4.5%
26	NAFCO Kasuga (Leasehold land)	2,631,500	3,360,000	3,380,000	20,000	4.5%	4.5%
27	K's Denki Kasuga (Leasehold land)	1,487,390	1,820,000	1,820,000	0	4.4%	4.4%
28	K's Denki Kurashiki (Leasehold land)	2,121,000	2,430,000	2,440,000	10,000	5.0%	5.0%
	Total	51,980,038	56,971,000	57,097,000	126,000	5.1%	4.7%

*1 NOI yields before and after depreciation represent ratios against the book value at the end of the fiscal period.

*2 Appraisal NOI yields before and after depreciation represent ratios against the acquisition price.



Portfolio / as at the End of Jul. 2020



No.	Property name	Area	Location	Asset type	Number of tenants	Acquisition price (million yen)	Appraisal value (million yen)
1 (ST-1)	Asumigaoka Brand-New Mall	Tokyo metropolitan area	Chiba-shi, Chiba	Land + building	31	3,200	3,634
2 (ST-2)	Nishi-shiroi Ekimae Plaza	Tokyo metropolitan area	Shiroi-shi, Chiba	Land + building	4	451	460
3 (SS-1)	K's Denki Oyumino (Leasehold land)	Tokyo metropolitan area	Chiba-shi, Chiba	Leasehold old land	1	2,710	2,870
4 (SS-2)	Nitori Tsuchiura (Leasehold land)	Tokyo metropolitan area	Tsuchiura-shi, Ibaraki	Leasehold old land	1	999	1,090
5 (SS-3)	Nitori Imaichi (Leasehold land)	Tokyo metropolitan area	Nikko-shi, Tochigi	Leasehold old land	1	363	405
6 (KT-1)	tonarie Minami-senri	Kinki metropolitan area	Suita-shi, Osaka	Land + building	45	7,200	7,980
7 (KT-2)	tonarie Seiwadai	Kinki metropolitan area	Kawanishi-shi, Hyogo	Land + building	34	3,290	3,400
8 (KT-3)	tonarie Yamatotakada (ownership 50%)	Kinki metropolitan area	Yamatotakada-shi, Nara	Land + building	63	4,150	4,065
9 (KT-4)	tonarie Toga・Mikita (ownership 50%)	Kinki metropolitan area	Sakai-shi, Osaka	Land + building	32	3,490	3,560
10 (KS-1)	LAMU Kitatsumori (Leasehold land)	Kinki metropolitan area	Osaka-shi, Osaka	Leasehold old land	1	1,270	1,480
11 (KS-2)	K's Denki Nishikobe (Leasehold land)	Kinki metropolitan area	Kobe-shi, Hyogo	Leasehold old land	1	2,133	2,470
12 (KS-3)	Sanyo Marunaka Mitani (Leasehold land)	Kinki metropolitan area	Kobe-shi, Hyogo	Leasehold old land	1	1,430	1,520
13 (KS-4)	Tsutaya Sakai-minami (Leasehold land)	Kinki metropolitan area	Sakai-shi, Osaka	Leasehold old land	1	946	1,010
14 (KS-5)	LIFE Daisen (Leasehold land)	Kinki metropolitan area	Sakai-shi, Osaka	Leasehold old land	1	2,733	3,060
15 (TT-1)	Pare Marche Nishiharu	Chukyo metropolitan area	Kitanagoya-shi, Aichi	Land + building	56	4,610	4,670
16 (TS-1)	MaxValu Kikyogaoka-higashi (Leasehold land)	Chukyo metropolitan area	Nabari-shi, Mie	Leasehold old land	1	477	535
17 (FS-1~11)	Fukuoka Kasuga Project (Leasehold land)	Fukuoka metropolitan area	Kasuga-shi, Fukuoka	Leasehold old land	11	10,404	12,448
18 (OS-1)	K's Denki Kurashiki (Leasehold land)	Other area	Kurashiki-shi, Okayama	Leasehold old land	1	2,121	2,440
					286	51,980	57,097

Point 1

Of the commercial facilities which account for 100% of the total portfolio (land + building or leasehold land), roughly 49% are leasehold land assets

Point 2

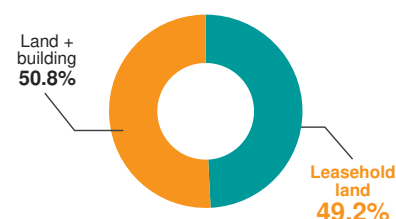
Approx. 95% of all portfolio assets are located in four major metropolitan areas.

Point 3

More than two-thirds of the portfolio asset were developed or rebranded by the sponsor.

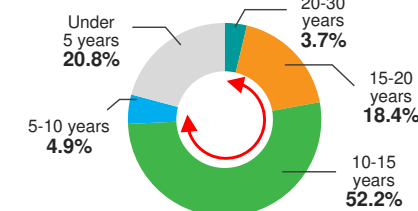
Asset type

Based on acquisition price



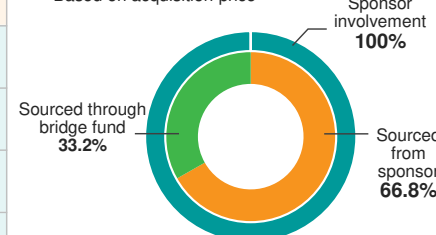
Remaining lease term

Based on leasable area



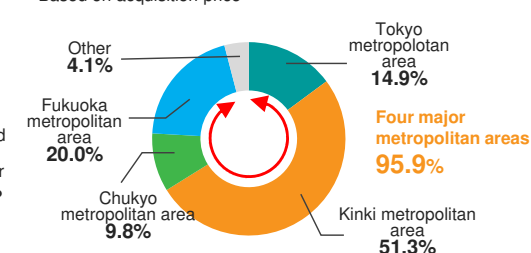
Sourcing channel

Based on acquisition price



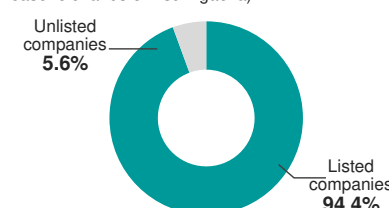
Geographical diversification

Based on acquisition price



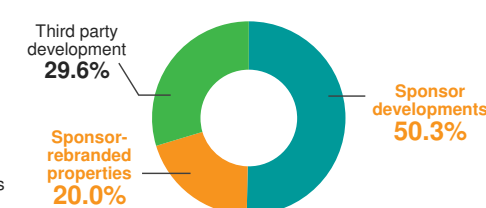
Leasehold land tenants

Based on land rent (incl. leasehold lands of Asumigaoka)



Ratio of Sponsor-developed properties

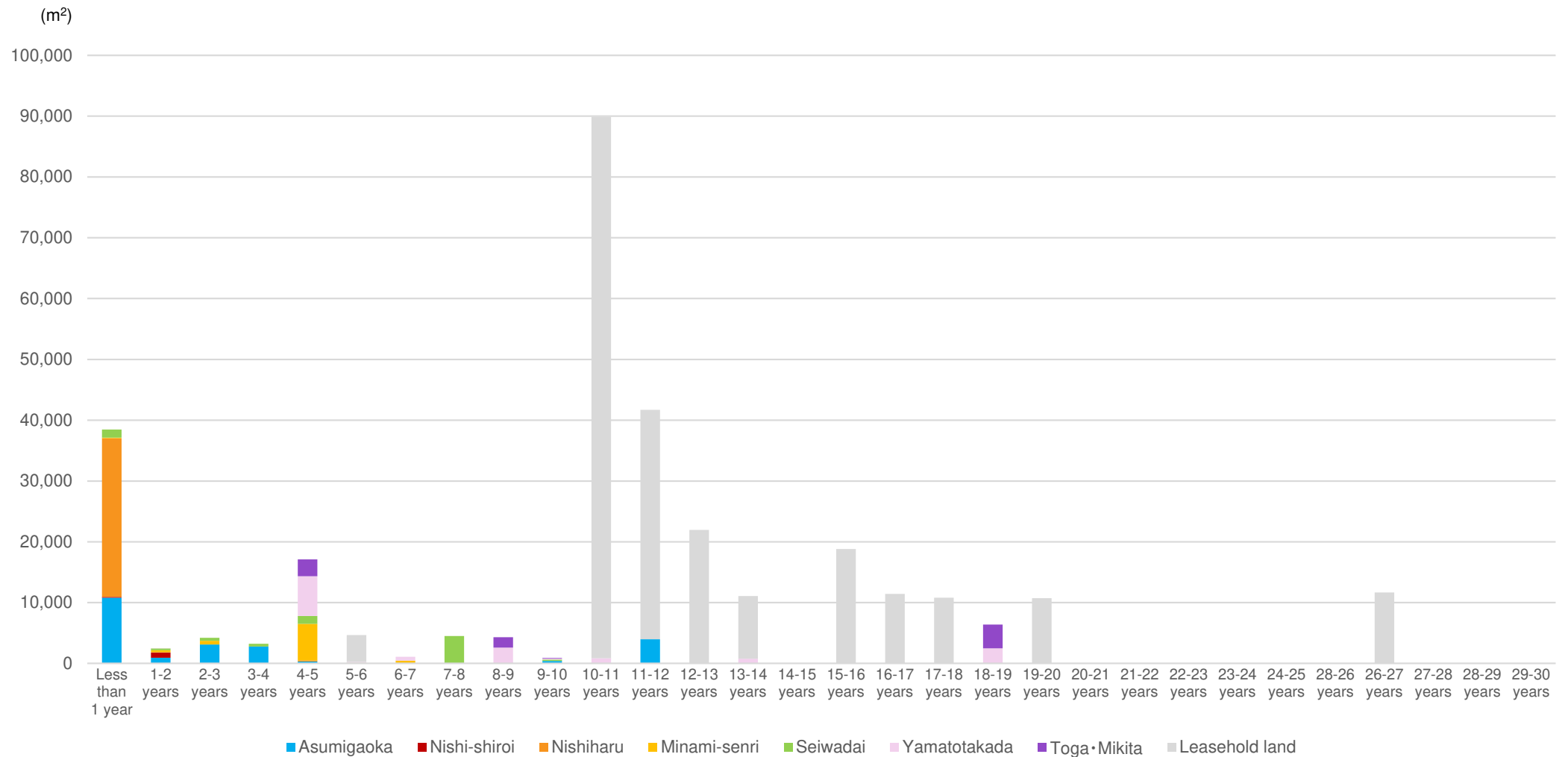
Based on acquisition price



* Sponsor-developed properties refer to land or buildings purchased by the sponsor either directly or through TK equity, and has either converted the land into leasehold land or has constructed a building and found a tenant for it.



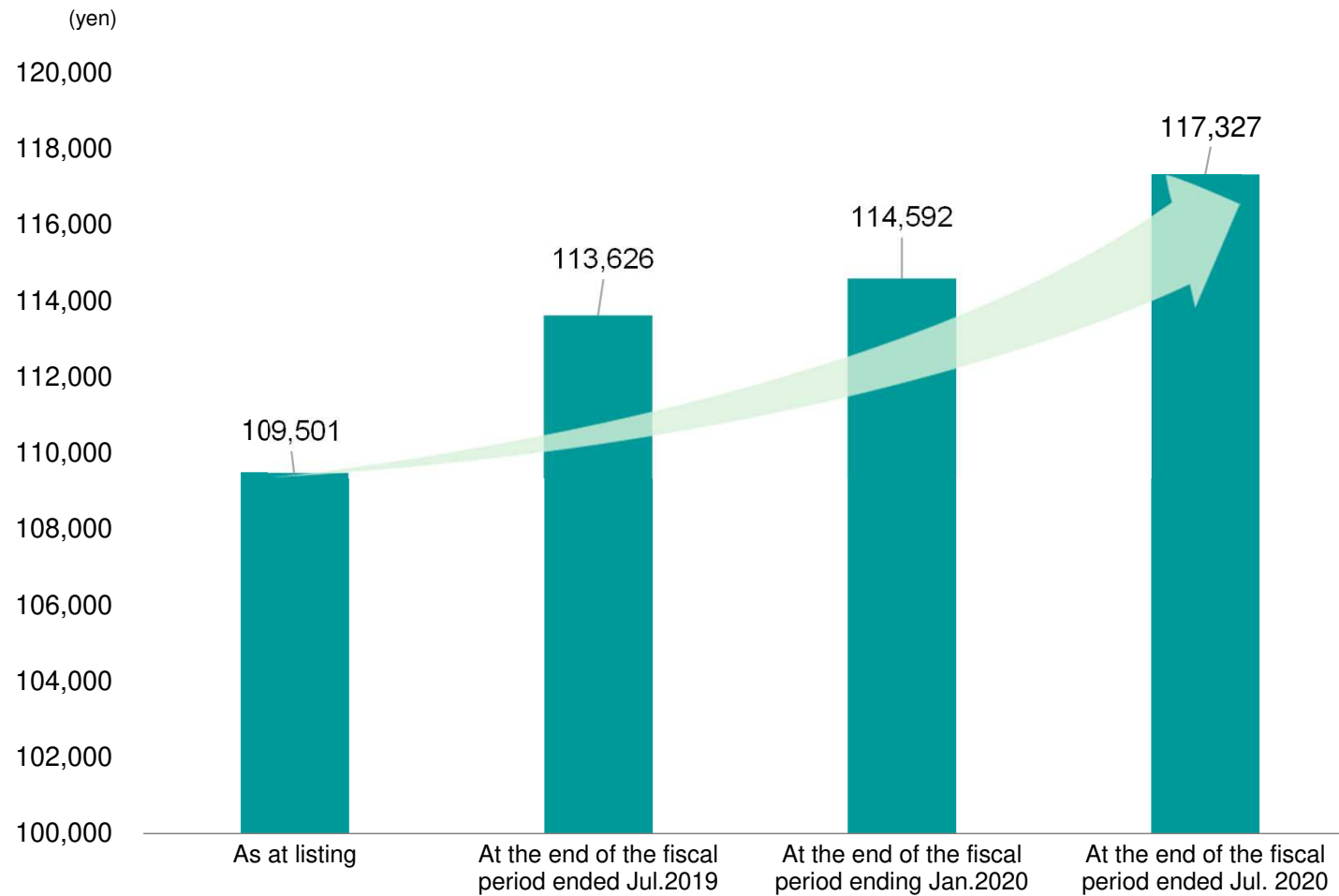
Remaining lease term (based on leasable space)



* The figures show the remaining lease term as of July 31, 2020.



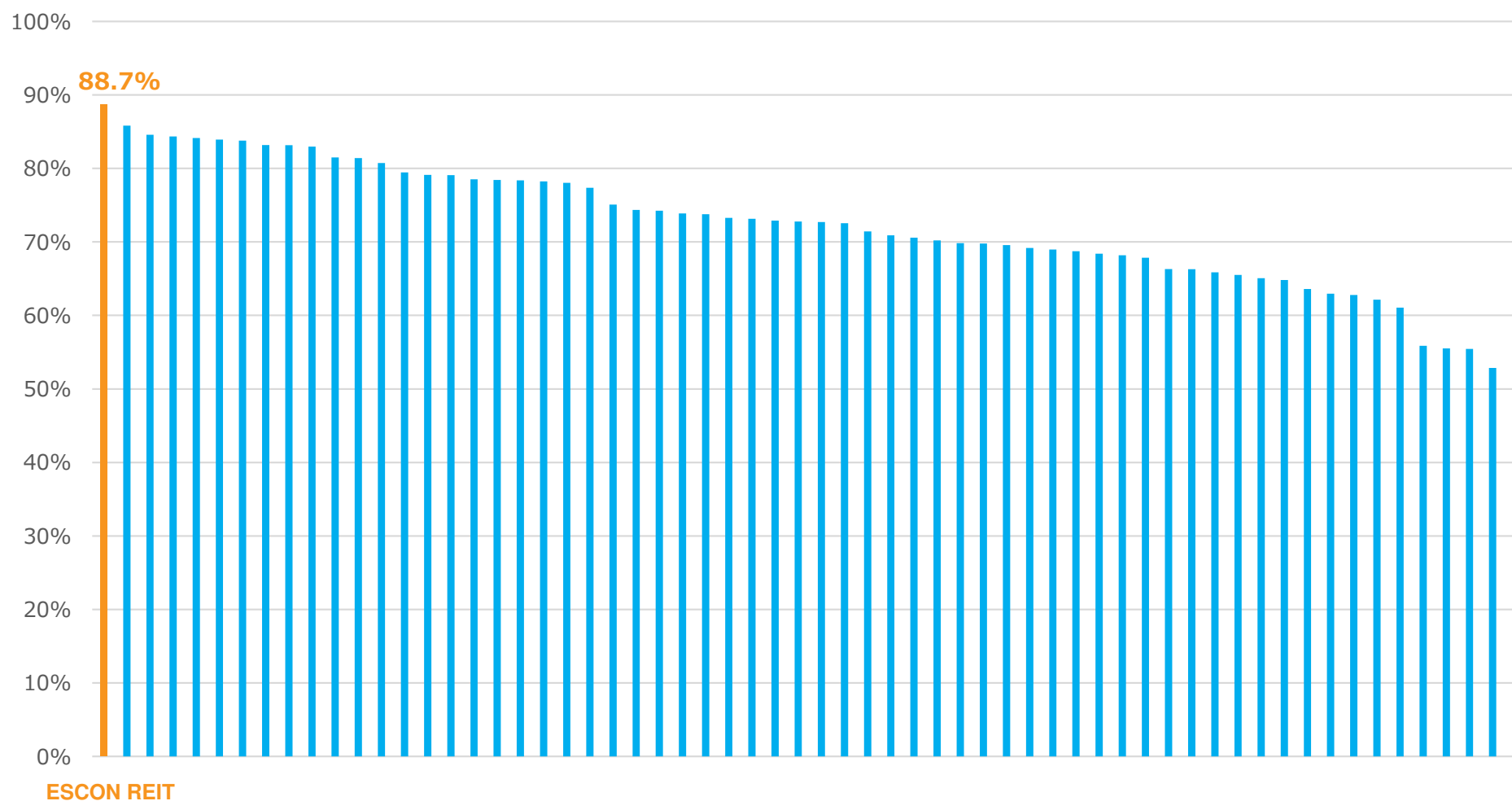
NAV per unit



* (Net book asset value + Unrealized profits – Distribution) / Total number of investment units issued and outstanding at each time



FFO Payout ratio



*1FFO payout ratio :Total distribution amount ÷(net income + depreciation expense), with reference to the most recent fiscal period of each J-REIT.

*2Excluding J-REITs that have yet to financial results (For other companies, data based on the information disclosed by June 2020 are used).

*3Based on book value as of July 31, 2020.

Property taxes and city planning taxes in FY2020 for 3 properties purchased during the 7th fiscal period were recorded on the book value at the time of purchase and are not accounted for as an expense.

Outline of Sponsor and Support Companies



Outline of ES-CON JAPAN (Sponsor company)

Company name	ES-CON JAPAN Ltd.
Representative	Takatoshi Ito, President and Representative Director
Established	April 18, 1995
Capital	6,275 million yen (as of Dec. 31, 2019)
Number of employees	234 (consolidated, as of Dec. 31, 2019)
Sales	72,106 million yen (fiscal year ended Dec. 31, 2019)
Listed market	First Section of the Tokyo Stock Exchange

Recent main action by ES-CON JAPAN

- Jan. Acquired naming rights for the Hokkaido Nippon-Ham Fighters' new stadium
- Feb. Acquired a land for new business (Uchiage Takatsuka-cho, Neyagawa-shi ,commercial)
Opened "tonarie Utsunomiya", community-based shopping center in Tokyo metropolitan area
- Mar. (Tentative name) Nagoya-shi Higashi-ku Shirakabe 4-chome II joint project with Chuden Real Estate
Funding of 3 billion yen by ESG/SDGs assessment loan
(Tentative name) Suita-shi Fujishirodai 5-chome joint project with Chuden Real Estate
- Apr. Acquired a commercial facility "Lions Square Kawaguchi"
- May Acquired environmental management system (EMS) EcoAction 21 certification
- Jul. Commercial facility "Soyoka Fujimino" acquired Certification for CASBEE for Real Estate
- Aug. (Tentative name) Ichinomiya-shi Hachiman 4-chome joint project and (Tentative name) Kakegawa-shi Minami 1-chome joint project with Chuden Real Estate
- Sep. Hokkaido Office opened and started operation on Sep.1, and Fukuoka Office renamed to Kyushu Office



Outline of Chubu Electric Power (Support company)

Name	Chubu Electric Power Co.,Inc.
Representative	President and Director, Kingo Hayashi
Established	May 1, 1951
Capital	430.7 billion yen (as of March 31, 2020)
Number of employee	28,448 (as of March 31, 2020)
Sales	3,065 billion yen (Fiscal year ended Mach 31, 2020)
Listed market	First Section of the Tokyo Stock Exchange

Outline of Chuden Real Estate (Support company)

Name	Chuden Real Estate Co.,Inc.
Representative	President and Representative Director Yutaka Watanabe
Established	April 20, 1957
Capital	100 million yen (as of July 1, 2020)
Number of employee	598 (as of July 1, 2020)
Shareholder	Chubu Electric Power Co., Inc. (100%) (as of July 1, 2020)

Development Cases of Sponsor Company



ES CON JAPAN REIT

Business development and development cases of ES-CON JAPAN

- Launched a new logistic facility brand “LOGITRES”. Developed the 1st project “LOGITRES Tojo”, and acquired the land for development of the 2nd project in the same area on Oct. 2019
- Reinforce efforts for logistic land development business by land readjustment in Koga-shi, Fukuoka as the next core business candidate
- Work on rental apartment and office building projects, etc. and plan to engage in various development projects to establish the next core business as a general developer

Commercial development business



tonarie Utsunomiya
(Utsunomiya-shi, Tochigi)



Lions Square Kawaguchi
(Kawaguchi-shi, Saitama)



Tsukuba Project
(Tsukuba-shi, Ibaraki)



Oh ! Me OtsuTerrace
(Otsu-shi, Shiga)



Large scale development



Fukuoka Kasuga project
(Kasuga-shi, Fukuoka)

Logistics development business



LOGITRES Tojo (Kato-shi, Hyogo)

Land readjustment business



Koga Genboen Land Readjustment Project
(Koga-shi, Fukuoka)





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

In August 2018, we concluded a capital and business partnership agreement with Chubu Electric Power, becoming an equity method affiliate of Chubu Electric Power (which holds 33.3% of voting rights of our company).

Demonstrating synergies through the capital and business partnership with Chubu Electric Power Group

The capital and business partnership with Chubu Electric Group



Mutually complementary business area

Nagoya Office opened in March 2019.
Business developed in both regions (Chubu and Kansai)



Making effective use of real estate owned by Chubu Electric Power Group

Started a project jointly with Chuden Real Estate on the real estate that Chuden Real Estate owns in Ichinomiya-shi, Aichi



Joint research and implementation of next generation smart houses, connected homes, etc.

Start joint development for the next generation at the site in Fujishirodai, Suita-shi, Osaka (where National Cerebral and Cardiovascular Center used to be), on which a joint project will be conducted with Chuden Real Estate



Promoting joint projects

5 joint projects have conducted with Chuden Real Estate
4 projects in Chubu area (Shirakabe, Shirakabe II, Nishi-Ichinomiya, Kakegawa)
1 project in Kinki area (Fujishirodai, Suita-shi)



Prospective buyers for our real estate development projects

Sale of properties owned by the Company to Chuden Real Estate through warehousing method (support contract concluded among Chuden Real Estate, EJIR and ES-CON ASSET MANAGEMENT in Sep. 2019)



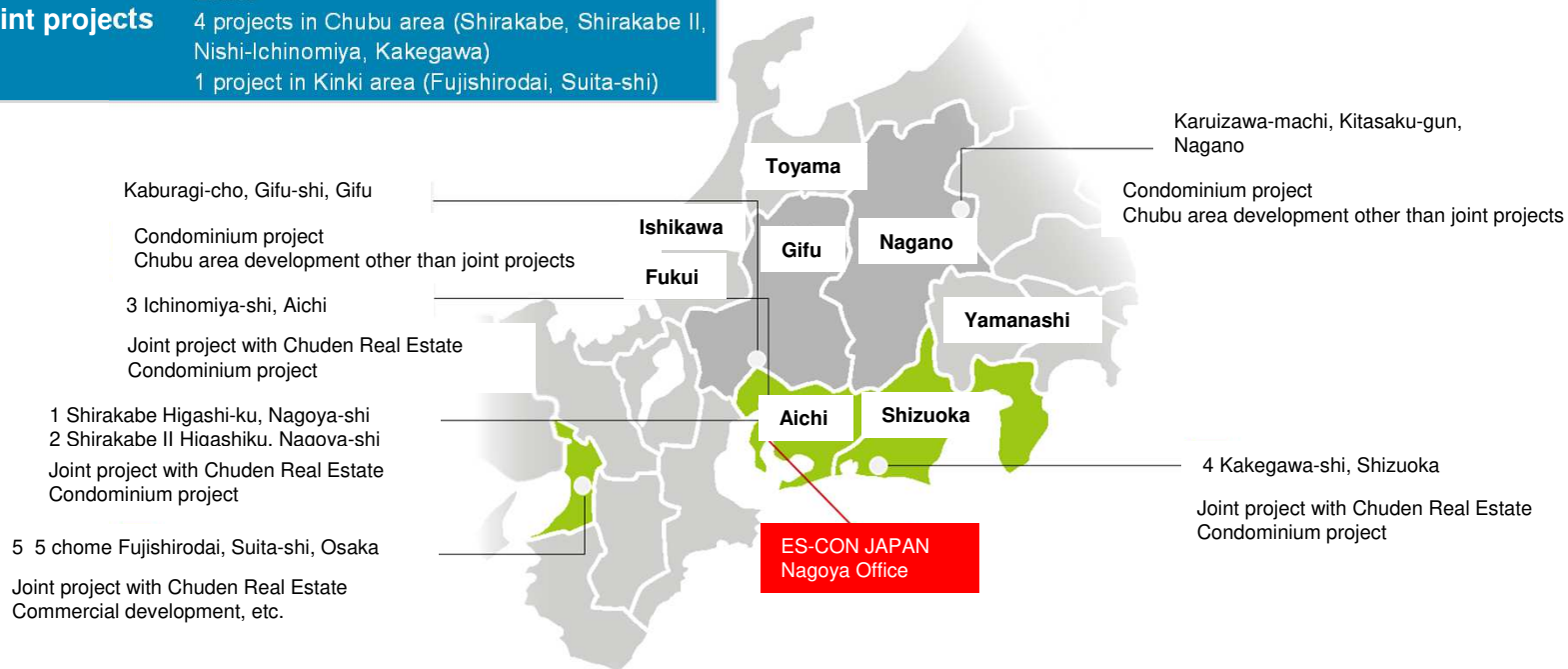
Exchange of human resources

Two of the Company's employees were seconded to Chuden Real Estate from April 2019, and one person from Chubu Electric was named director in March 2019. Chuden Real Estate employees seconded to the Group for training



Respect for autonomy

Continued business development utilizing the Company's characteristic speed



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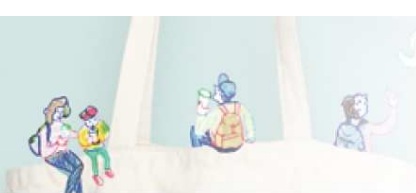
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ES CON JAPAN REIT

