

# 18th Financial Results

for the Fiscal Period Ended January 31, 2026



**ES CON JAPAN REIT Investment Corporation**

Securities Code: 2971

<https://www.escon-reit.jp/>

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# 1. Financial Highlights

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## Earnings Results 18th Fiscal Period

The effect of acquiring “Nine hours woman Shinjuku” and implementation of ongoing internal growth initiatives, such as event promotion and reducing various costs, has enabled ESCON REIT to absorb the increase in interest expenses caused by rising interest rates and to achieve a period-on-period profit increase on normalized basis, excluding one-time gains (penalty income) from the previous FP. DPU was JPY 3,615, JPY 105 higher than the initial forecast (as of September 12, 2025).

- **Distributions per unit (DPU): JPY 3,615** (Previous FP (actual) distribution ratio up JPY127) (up JPY 105 from initial forecast)
- **Occupancy rate\*: 99.0 %** Stable since listing
- **NAV per unit: JPY 132,548**

## DPU Forecast 19th and 20th Fiscal Period

**Although the projected DPU for the 19th FP is expected to decrease by JPY 85 compared to the previous FP due to factors such as property replacement costs, compared to the previous forecast the DPU is expected to be up JPY 8. Furthermore, the DPU for the 20th FP is expected to be up JPY 35 from the previous FP, indicating an upward trend in actual DPU, even after property replacement.**

- 19th FP (FY7/26) forecast: **DPU JPY 3,530** (up JPY 8 from previous actual)
- 20th FP (FY1/27) forecast: **DPU JPY 3,565** (up JPY 35 from 19th FP forecast)

## Progress of our Roadmap

### **Progress made from the 13th FP (FY7/23) to the 18th FP (FY1/26)**

#### **【Strengthen Governance system】**

- Established a new governance system and external experts verified asset replacement based on this new system. As a result, confirmed that there was no major issue with the system for managing conflicts of interest, and that preventive measures worked effectively.

#### **【External Growth】**

- In addition to asset replacements in the 15th and 18th FPs to improve the portfolio and strengthen its resilience, ESCON REIT acquired the Kohnan tonarie Yamatotakada (leasehold land) in the 17th FP. In addition, new asset types are also incorporated.

#### **【Internal Growth】**

- Promoted value enhancement based on the results of facility user satisfaction surveys, realized rent increases when the leases came up for renewals, reflecting amount of increases in land property tax on leasehold land properties, and steadily implemented cost reductions and other measures.

#### **【Financial Strategy】**

- Utilized leverage capacity in new asset acquisitions. In addition, ESCON REIT promoted diversification of repayment schedules and the inviting of new banks at the time of refinancing, while also partially implementing fixed-interest rates.
- Also focused on strengthening IR efforts aimed at individual investors.

## 2. Earnings Results

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# Earnings Results vs. previous period

In addition to the contribution of lease revenue from “Nine hours woman Shinjuku,” which was acquired in the current FP and full FP contribution of lease revenue from properties acquired during the previous FP, owing to factors such as the early implementation of repairs in the previous FP, ESCON REIT was able to absorb the increase in expenses, such as interest payments resulting from the rise in base interest rates. The FP ended with earnings that exceeded the previous FP’s actual revenue, excluding one-time penalty income from the previous FP. DPU was JPY 3,615, JPY 127 higher than the actual DPU in the previous FP.

## 18th -January 2026 Fiscal Period vs. previous period

(JPY million)

	17th Jul. 2025FP Actual (a)	18th Jan. 2026 FP Actual (b)	vs. previous period (b-a)
Operating revenue	3,124	<b>3,032</b>	-92
Operating income	1,668	<b>1,615</b>	-53
Ordinary income	1,402	<b>1,304</b>	-97
Net income	1,401	<b>1,303</b>	-97
DPU	JPY 3,886 (*JPY 3,488)	<b>JPY 3,615</b>	JPY-271 (* JPY +127)
Depreciation	214	<b>219</b>	+5
NOI after depreciation	1,945	<b>1,896</b>	-48
NOI yield after depreciation	5.5%	<b>5.1%</b>	-41bp* <sup>1</sup>
FFO* <sup>2</sup>	1,616	<b>1,523</b>	-92
Number of operating days	181 days	<b>184 days</b>	+3days

\* Adjusted DPU excluding penalty income received associated with the tenant move-outs from “SUROY MALL Nagamine”

## Main Change Factors of Net Income vs. previous period

(JPY million)

Change factors		Changes of items	Total
Operating revenue	• The absence of the one-time penalty income associated with tenant move-outs from SUROY MALL Nagamine	-143.7	-92.6
	• Increase in lease revenue from “Nine hours woman Shinjuku” acquisition	+16.2	
	• Increase in land lease revenue associated with revisions to rents	+3.9	
	• Increase in utility income	+26.2	
	• Full FP contribution from land lease revenue of properties acquired in the previous FP	+9.5	
	• Decrease in lease revenue and common charges associated with tenant move-outs from “SUROY MALL Nagamine”	-21.7	
	• Increase or decrease in various leasing business revenues	+17.0	
Operating expenses	• Decrease in repair expenses due to the accelerated implementation of repairs, etc. in the previous FP	+67.1	+39.4
	• Increase in utility expenses (Balance of utility charges (Net))	-13.2 (+13.0)	
	• Increase in loss on disposal of non-current assets	-5.0	
	• Increase in depreciation	-5.1	
	• Expenses of general meeting of unitholders, etc.	-4.4	
Non-operating income/ expenses, etc.	• Increase in interest expenses due to a rise in the base interest rate and new borrowing (JPY 2,700 mil.), etc.	-32.3	-44.7
	• Increase in financing-related expenses due to refinancing and new borrowing (JPY 2,700 mil.), etc.	-14.9	
	• Increase or decrease in other non-operating income/ expenses	+2.5	
Total			-97.9

Secured a level of revenue that substantially exceeded initial forecasts on account of revenue from “Nine hours woman Shinjuku,” which was acquired in the current FP, in addition to ongoing efforts to improve profitability such as reflecting the amount of increase in land property tax on leasehold land properties, improving profitability of utility charges received, upside in revenue from events, and efforts to reduce administrative expenses. As a result, the DPU was JPY 3,615, exceeding the previous forecast by JPY 105.

## 18th -January 2026 Fiscal Period vs. forecasts

(JPY million)

	18th Forecasts as of Sep. 12, 2025 (a)	18th Jan 2026 FP Actual (b)	vs. forecasts (b-a)
Operating revenue	3,022	<b>3,032</b>	+9
Operating income	1,569	<b>1,615</b>	+45
Ordinary income	1,266	<b>1,304</b>	+37
Net income	1,265	<b>1,303</b>	+37
DPU	JPY 3,510	<b>JPY 3,615</b>	JPY +105
Depreciation	218	<b>219</b>	+0
NOI after depreciation	1,863	<b>1,896</b>	+33
NOI yield after depreciation	5.2%	<b>5.1%</b>	-10bp
FFO	1,484	<b>1,523</b>	+38
Number of operating days	184 days	<b>184 days</b>	0 day

## Main Change Factors of Net Income vs. initial forecasts

(JPY million)

Change factors		Changes of items	Total
Operating revenue	• Increase in lease revenue from “Nine hours woman Shinjuku” acquisition	+16.2	+9.8
	• Downside of utility income	-15.5	
	• Upside in revenue from events	+7.3	
	• Upside in land lease revenue from properties	+2.2	
	• Increase or decrease in various leasing business revenues	-0.4	
Operating expenses	• Downside of utility expenses (Balance of utility charges (Net))	+26.5 (+10.9)	+35.6
	• Upside in repair expenses due to the accelerated implementation of repairs	-2.8	
	• Downside in reducing administrative expenses, etc.	+11.9	
Non-operating income/expenses, etc.	• Upside in interest expenses due to a rise in the base interest rate and a new borrowing (JPY 2,700 mil.), etc.	-6.9	-7.7
	• Increase in financing-related expenses due to new borrowing (JPY 2,700 mil.), etc.	-0.8	
Total			+37.7

## **3. Roadmap Review**

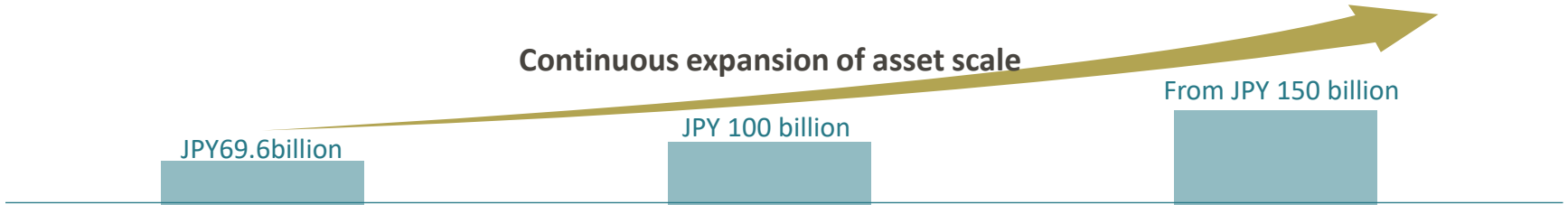
### **(FP ended July 31, 2023 to FP ended January 31, 2026)**

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## Vision

Aim to contribute to the revitalization of local communities and the development of social infrastructure through the expansion of our portfolio throughout Japan by investing in lifestyle-focused assets such as the “tonarie,” while targeting growth with continuous expansion of asset scale and stable improvement of distributions.

## Roadmap



	1st Phase (from FP7/23 to FP1/24) Regaining the trust of Stakeholder	2nd Phase (from FP7/24 to FP1/25) Improvement of Portfolio and Growth Stage	3rd Phase (from FP7/25 to FP1/26) Stable growth stage
Strengthen governance system	<ul style="list-style-type: none"> <li>Implement the new governance system</li> <li>Publicize the new management system</li> </ul>	Maintain and improve the new governance system	
External growth	Develop property information channels unique to the AM	Expand pipeline for external growth	
	Investment policy changes	Set new asset types	Incorporate new asset types
Internal growth	Review portfolio and Consider the property replacement	Incorporate assets for solving social issues	
	Survey and analyze facility user satisfaction	Review individual property management strategies	
	Consider branding strategy	Measures to improve facility user satisfaction	
	Implement measures to improve NOI (top-line increase, cost reduction)		
Financial strategy	Review existing contracts (lease, PM, BM, etc.)		
	Review and strengthen IR activities	Fix interest rates and reduce interest costs	
	Expand lender base		
	Strengthen financial base through PO		
		Consider issuing investment corporation bonds	
		Improve issuer rating	

## Progress

### ● Construction of the new governance system (examples of initiatives)

- ✓ In light of the Business Improvement Order issued by the FSA to the Asset Manager in 2022, ESCON REIT and the Asset Manager are implementing the below measures to ensure fair and appropriate business operations. Administrative sanctions were lifted in July 2023.

New Execution Structure (ESCON REIT)	<ul style="list-style-type: none"> <li>● Change to a structure in which Executive Directors are individuals who have no special interest in ESCON REIT or the ES-CON Group</li> </ul>								
	<table border="1"> <thead> <tr> <th>Title</th> <th>Name</th> </tr> </thead> <tbody> <tr> <td>Executive Director</td> <td>Tadashi Ebihara (Assumed in October 2023)</td> </tr> <tr> <td>Supervisory Director</td> <td>Satoshi Ugajin (Assumed in August 2016)</td> </tr> <tr> <td>Supervisory Director</td> <td>Rin Moriguchi (Assumed in October 2021)</td> </tr> </tbody> </table>	Title	Name	Executive Director	Tadashi Ebihara (Assumed in October 2023)	Supervisory Director	Satoshi Ugajin (Assumed in August 2016)	Supervisory Director	Rin Moriguchi (Assumed in October 2021)
	Title	Name							
	Executive Director	Tadashi Ebihara (Assumed in October 2023)							
Supervisory Director	Satoshi Ugajin (Assumed in August 2016)								
Supervisory Director	Rin Moriguchi (Assumed in October 2021)								

Establishment of Legal Compliance and Internal Control Systems	<ul style="list-style-type: none"> <li>● Changes in the composition of the Board of Directors (including acceptance of dispatched director from Chubu Electric Power)</li> <li>● Transition to a company with Audit and Supervisory Committee</li> <li>● Change of Members of the Investment Committee and Compliance Committee</li> </ul>
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Review of Business Operation Methods	<ul style="list-style-type: none"> <li>● Change in operational flow associated with acquisition/transfer, etc. of properties</li> <li>● Changes to the ordering work rules of real estate appraisal services</li> <li>● Improvement of the various regulations and the manuals</li> <li>● Strengthen monitoring of operations for the ordering of real estate appraisals by the Compliance Department</li> <li>● Training and awareness for the continuous improvement of the system for managing conflicts of interest</li> </ul>
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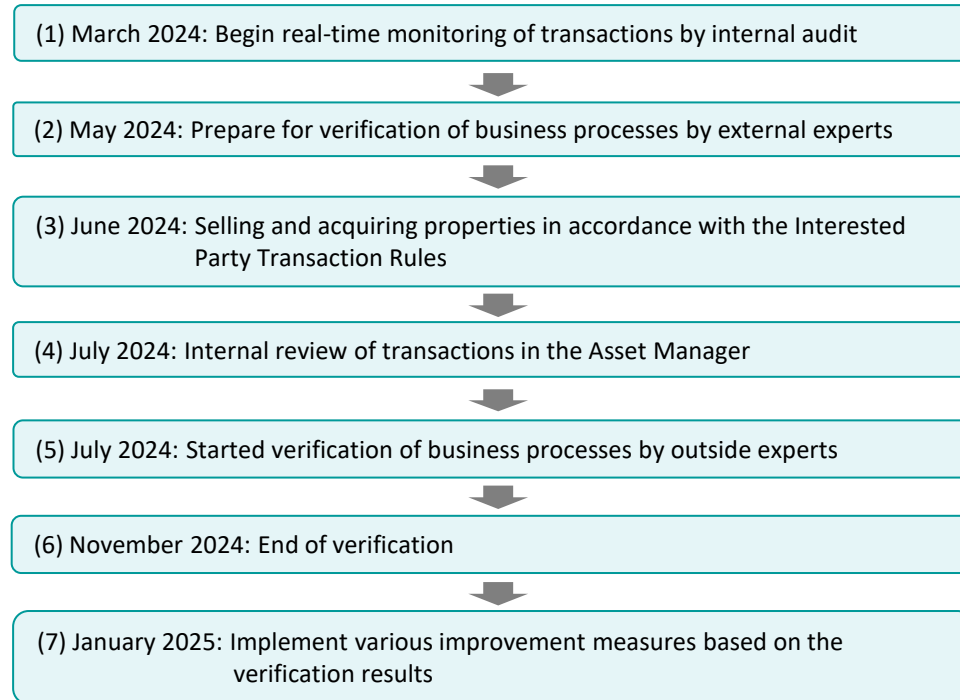
### ● Verification of new governance system

- ✓ Under the new governance structure, in June 2024, properties were acquired, and properties were transferred (including interested party transactions). ESCON REIT verified the related business processes with external experts.



◎ It was confirmed that there was no major issue with our system for managing conflicts of interest, and the preventive measures worked effectively.

#### • Verification Process



## Progress

### ● Investment policy changes

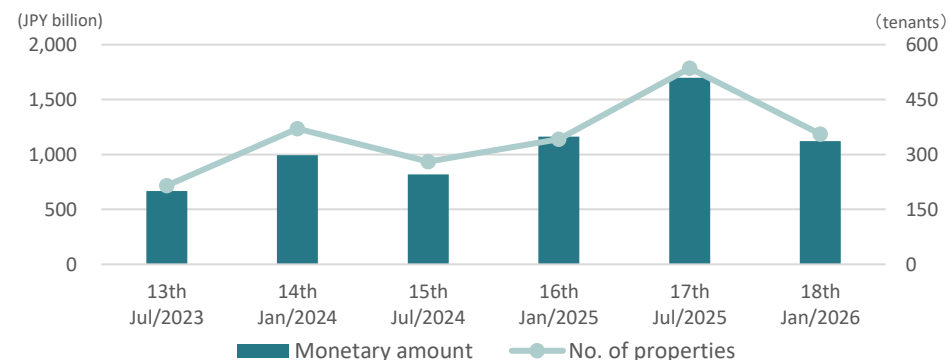
- ✓ In October 2023, ESCON REIT revised its “Investment Guidelines,” which define its investment policies, with the aim of building a portfolio that increases investment opportunities and pursues stability and growth.
- ✓ Maintain the stance of investing mainly in lifestyle-focused assets

	Before revision	After revision (From October 27, 2023)
Use of investment assets	<ul style="list-style-type: none"> <li>Commercial facilities: 80% or more</li> <li>Other uses: Less than 20%</li> </ul>	<ul style="list-style-type: none"> <li>Commercial facilities: 60% or more</li> <li>Residence: 20% or less</li> <li>Asset that contributes to the realization of sustainable society: 20% or less</li> </ul>
Investment area	<ul style="list-style-type: none"> <li>Four major metropolitan areas (Tokyo metropolitan area, Chukyo region, Kinki region, Fukuoka region): 75% or more</li> <li>Other area: Less than 25%</li> </ul>	<ul style="list-style-type: none"> <li>Focus on five major metropolitan areas (Hokkaido region, Tokyo metropolitan area, Chubu region, Kinki region, Kyushu region)</li> <li>Abolish investment ratio for target investment regions</li> </ul>
Leasehold land and land-to-building investment ratio	<ul style="list-style-type: none"> <li>Leasehold land: About 50%</li> <li>Land and Building: About 50%</li> </ul>	<ul style="list-style-type: none"> <li>Abolish leasehold land and land-to-building investment ratio</li> </ul>

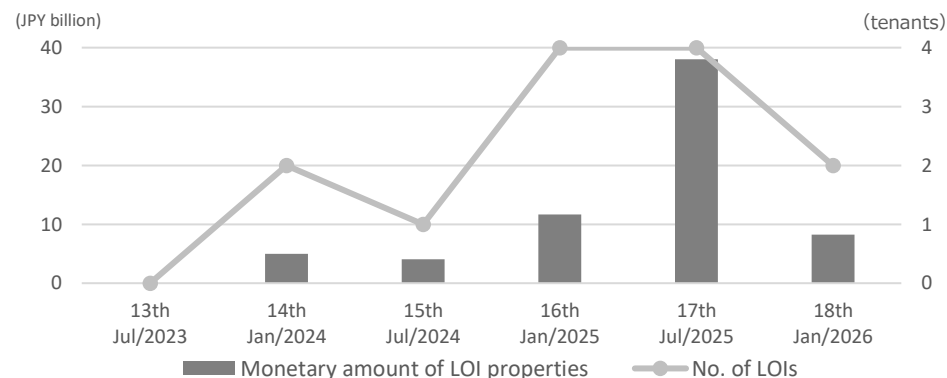
### ● Strengthening sourcing capabilities

- ✓ In June 2023, ESCON REIT newly established its Investment Marketing Dept., strengthening information collection regarding external properties. To drive new external growth, ESCON REIT will perform sourcing through the Asset Manager’s proprietary network.

#### • Properties for which information was collected



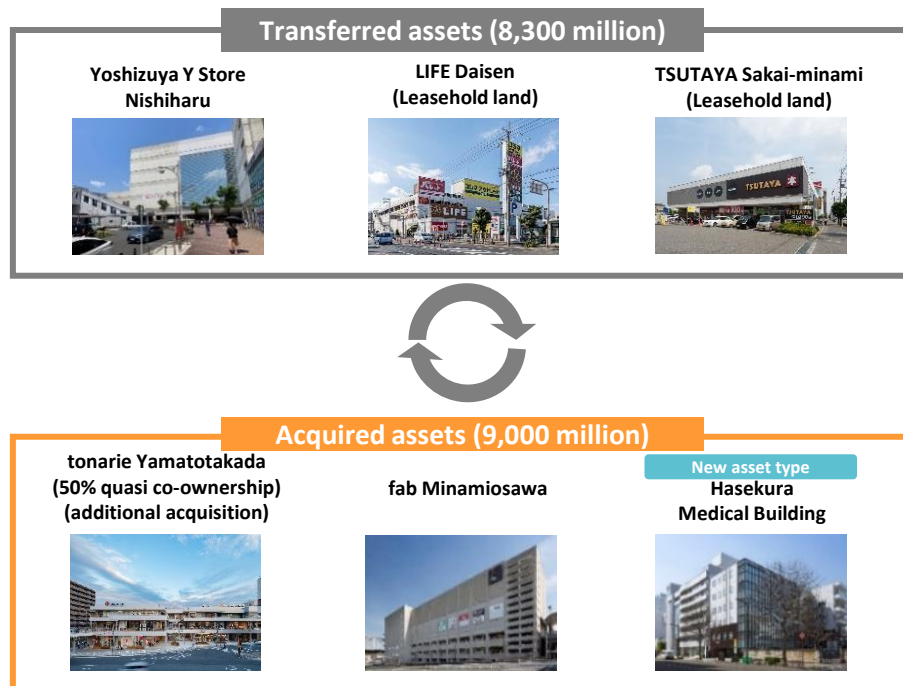
#### • Properties for which a Letter of Intent (LOI) has been submitted



## Progress

### ● Conducting asset replacement -1 (June 2024)

- ✓ In June 2024, ESCON REIT transferred three properties and acquired three properties, as below, to improve its portfolio. In addition, it added Hasekura Medical Building to become a new asset type as an acquired property.



### ● Acquisition of Kohnan tonarie Yamatotakada (leasehold land)

- ✓ In April 2025, acquired Kohnan tonarie Yamatotakada (leasehold land) from ES-CON JAPAN, the sponsor
- ✓ Pursued greater asset value for the overall area by owning this together with the adjacent tonarie Yamatotakada



### ● Conducting asset replacement -2 (December 2025 to March 2026)

- ✓ From December 2025, conducted asset replacement with the transfer of four leasehold land properties and the acquisition of two hotel properties (the four leasehold land properties are scheduled to be transferred on March 27, 2026)
- ✓ Replacing leasehold land (fixed rent) that is mature in terms of revenue, with hotels (variable rent) that contribute enhanced resilience to inflation bolsters portfolio resiliency



## Progress

### ● Facility user satisfaction surveys

- ✓ ESCON REIT regularly conducts facility user satisfaction surveys at each property to identify issues with properties and uses the findings to improve operations and enhance property value. Based on the results of the survey, ESCON REIT discussed and implemented measures to improve matters that were identified as issues.

### ● Facility user satisfaction survey implementation status

Facility	Satisfaction survey period	Examples of improvement measures
tonarie Minami-senri	14th Jan/2024	<ul style="list-style-type: none"> <li>• Large-scale renovation work</li> </ul>
Asumigaoka Brand-New Mall	15th Jul/2024	<ul style="list-style-type: none"> <li>• Providing rest area</li> <li>• Renovated flat parking lot</li> <li>• Renovated rooftop parking lot and enhanced drainage system</li> </ul>
tonarie Seiwadai	16th Jan/2025	<ul style="list-style-type: none"> <li>• Toilet repair</li> <li>• Landscape renewal</li> </ul>
tonarie Yamatotakada	17th Jul/2025	<ul style="list-style-type: none"> <li>• Outdoor terrace artificial turf installation</li> <li>• Countermeasures for direct sunlight in open-ceiling areas</li> <li>• Enhancement of parking lot convenience</li> <li>• Bench top replacement</li> </ul>
SUROY MALL Nagamine	17th Jul/2025	<ul style="list-style-type: none"> <li>• Conclusion of “Agreement on the Use of Evacuation Sites and Facilities During Disasters” with Kumamoto City</li> <li>• Exterior wall painting</li> <li>• Parking lot pavement repair</li> </ul>
tonarie Toga ・ Mikita	18th Jan/2026	<ul style="list-style-type: none"> <li>• Improvement measures now under consideration</li> </ul>

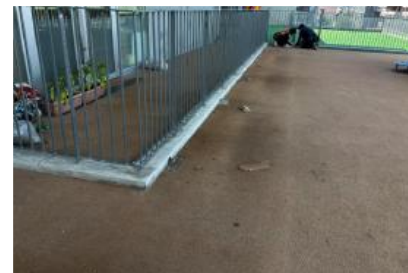
### ● Renovation work (tonarie Minami-senri)



### ● Parking lot pavement repair (SUROY MALL Nagamine)



### ● Outdoor terrace artificial turf installation (tonarie Yamatotakada)



## Progress

### Measures to address higher costs at leasehold land

- ✓ At leasehold land properties, the increase in land property tax has become an issue as revenue is generated from fixed rents. ESCON REIT therefore negotiated for revisions to rents in line with the increase in land property tax
- ✓ In a series of rent renegotiations, secured rent increases that exceeded the rise in land property tax since the property was acquired

### Status of rent revisions due to increases in land property taxes on leasehold land

	No. of rent revisions	Amount of rent increases by rent revisions
16th Jan/2025	2	JPY 2,599 thousand/year
17th Jul/2025	9	JPY 6,009 thousand/year
18th Jan/2026	2	JPY 10,407 thousand/year
<b>Total</b>	<b>13</b>	<b>JPY 19,015 thousand/year</b>

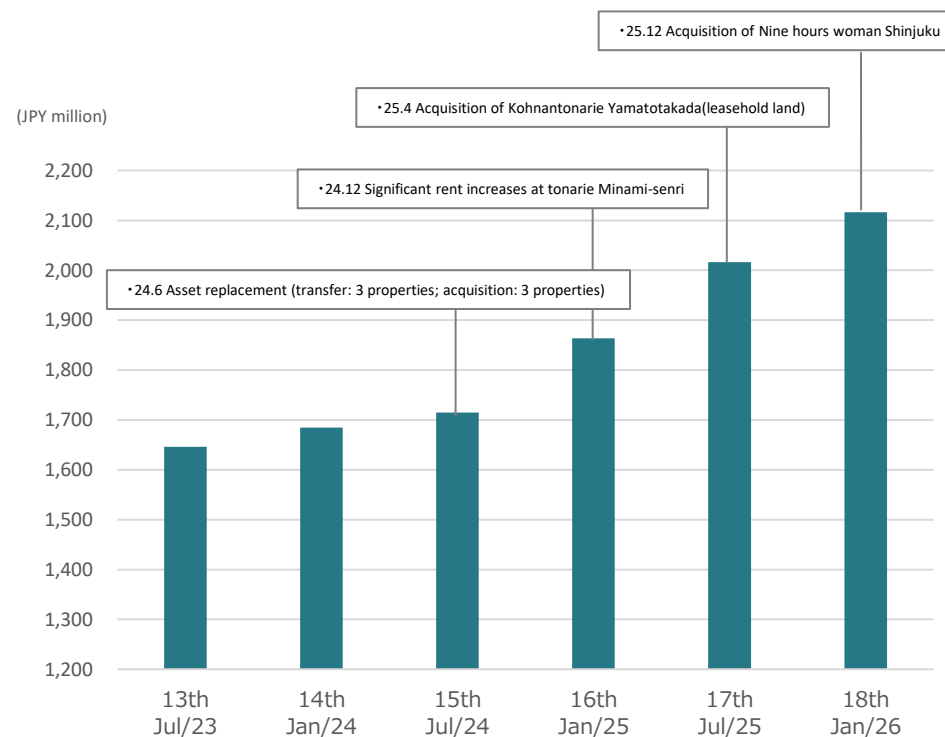


**Approximately 106% coverage of the increase in land property tax since acquisition**

### Initiatives on the increases in rents and cost reductions

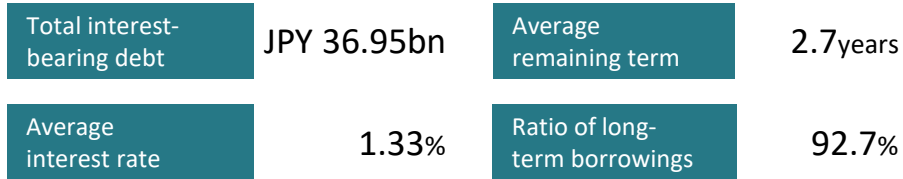
- ✓ ESCON REIT promoted increases in rents and growth in sales in entire facilities through attracting new tenants, negotiations at the time of recontracting and active holding of events. In addition, ESCON REIT made efforts at cost reductions, such as with utility charges
- ✓ In particular, with tonarie Minami-senri, significant rent increases were achieved in the 16th FP

### Trends in NOI (from 13th FP to 18th FP: Normalized basis\*)



## Progress

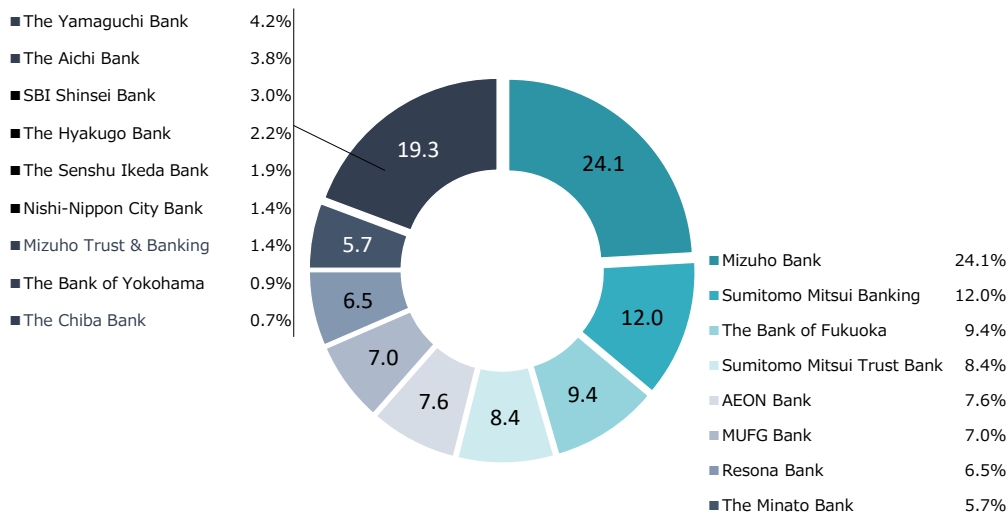
### Financial highlights (as of January 31, 2026)



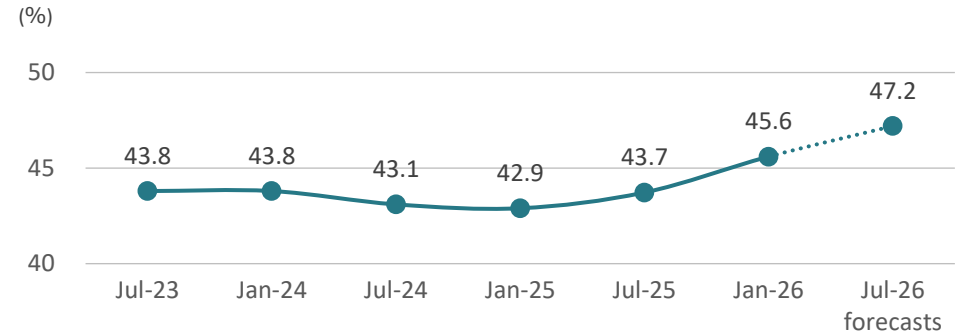
### Credit rating (R&I)



### Borrowing status



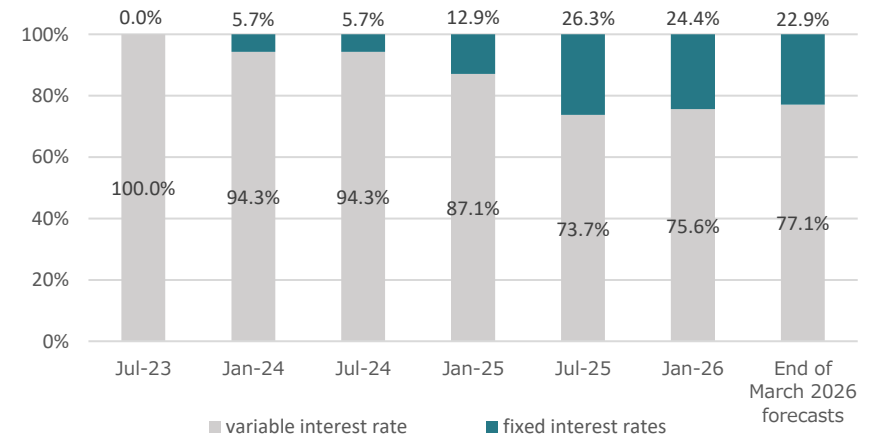
### LTV control



### Actions for investors and lenders

- ✓ ESCON REIT actively reached out to prospective new lenders multiple times and focused our effort on strengthening lender base. For the refinancing at the end of January 2025, ESCON REIT engaged SBI Shinsei Bank as a new bank, and for the refinancing at the end of July, ESCON REIT also engaged Nishi-Nippon City Bank as a new bank.

### Fixed interest ratio



## Approach to Investor Relations for Individual Investors

### ● Enhance investor relations (IR) targeting individual unitholders

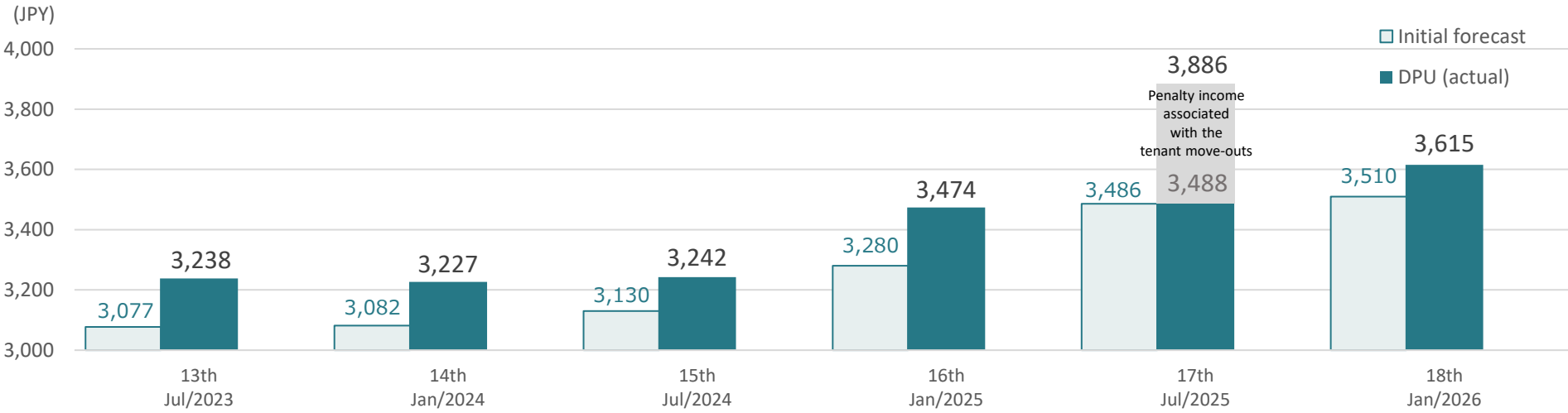
- ✓ While the ratio of individual investors in ESCON REIT significantly exceeds the J-REIT average, ESCON REIT are strengthening IR efforts for individual investors to further broaden our investor base.
- ✓ As a new initiative in the 18th FP, ESCON REIT held a briefing on J-REITs and to introduce itself for customers visiting Asumigaoka Brand-New Mall, the commercial property it owns.
- ✓ In addition to the above, ESCON REIT engages with investors in various ways, such as participating in events for individual investors.

### ● Recent IR Activities

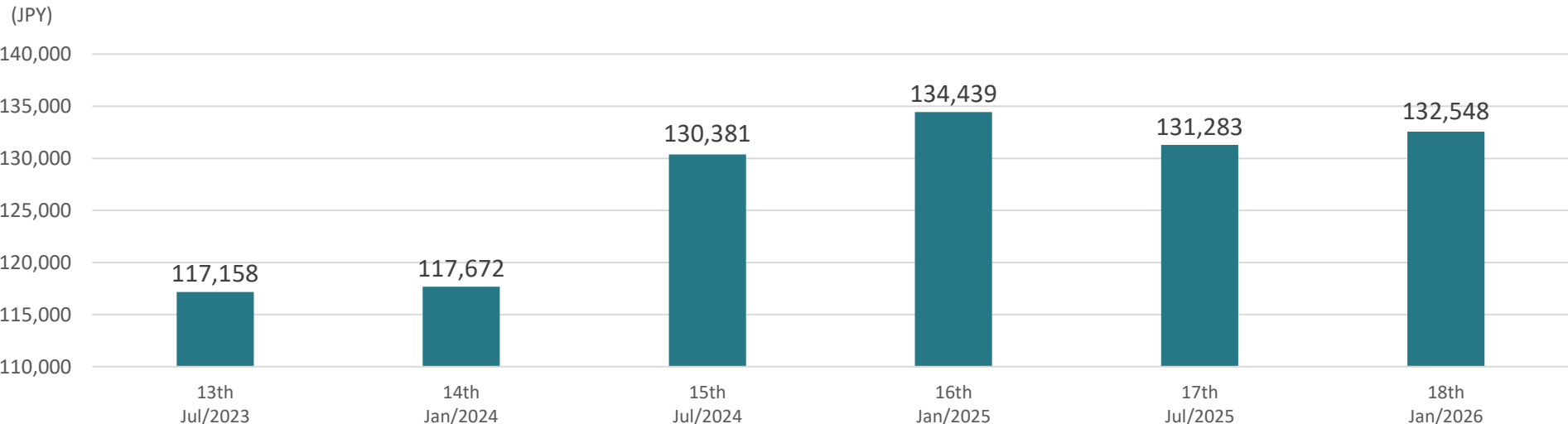
Event	Event date
J-REIT Fan PROGRAM 2025-26 Tokyo (Briefing for individual investors)	May 2025
Real Estate Fund Review Interview	June 2025
Study session for sales staff at major securities companies	July 2025
Appearance on Radio Nikkei Asaichi Market Square "Asazai"	July 2025
Briefing for individual investors (Asumigaoka Brand-New Mall)	October 2025
Daiwa J-REIT Caravan 2025 (Osaka) (Briefing for individual investors)	October 2025



## Trends in Change in Distribution per Unit (Compared to initial forecast)



## Trends in Net Asset Value per Unit



## 4. Future Initiatives

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## Issues Identified in ESCON REIT

### External Growth

- ✓ Assets under management are expected to remain at approximately JPY 76.0 billion on an acquisition price basis (projected for end-March 2026), making future external growth necessary
- ✓ The challenge lies in expanding investments in assets that contribute to inflation resilience, and those assets with potential for appreciation

### Internal Growth

- ✓ A high fixed rent ratio (estimated at over 90% even after completing various asset replacements), a major impact from cost increases
- ✓ Numerous mid- to long-term contracts, and few opportunities to eliminate rent gaps

### Financial Strategy

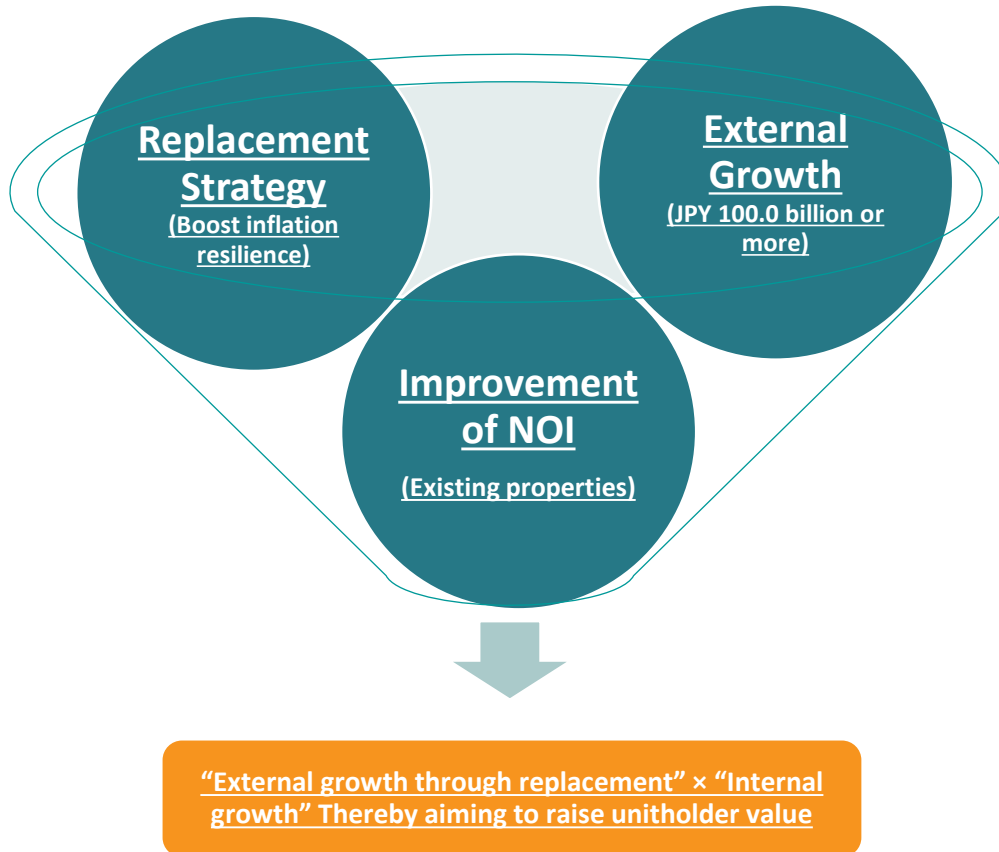
- ✓ A high proportion of loans with variable interest rates, and a significant impact from rising interest rates, while the cost of locking in fixed rates is increasing
- ✓ The remaining term of the borrowings is short, and there is also room for improvement in terms of spreading out the repayment schedule



**The necessity of conducting a more aggressive portfolio reorganization**

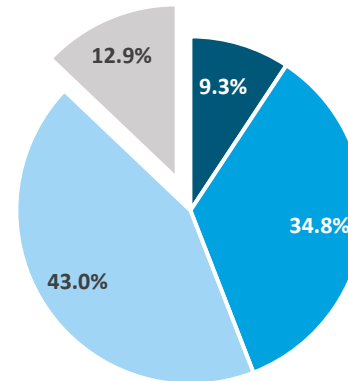
## Future Growth Strategy

- Continue with asset replacement strategy and expand investments into properties that support inflation resilience >>>  
**Medium-term goal: Grow assets under management to JPY 100.0 billion or more**
- Actively work to improve the NOI of existing properties and rebuild their value

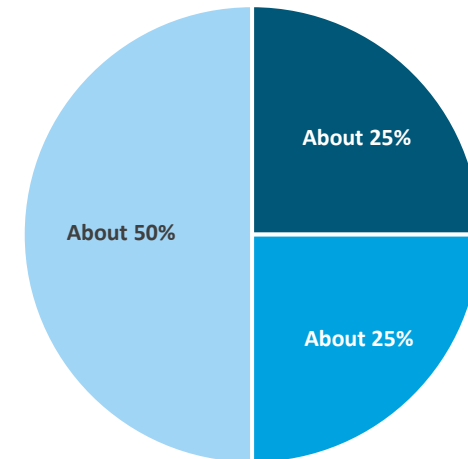


## ● Future portfolio image

**As of the end of March 2026\***



**Medium-term goal**



- Properties that contribute to strengthening inflation resilience
- Properties that increase in value over the medium-term
- Properties with stable NOI
- Properties that are candidates for sale

## Future Initiatives

### ● Revision of Investment Guidelines

- ✓ ESCON REIT will revise its Investment Guidelines that define its investment policy, as of March 17, 2026.
- ✓ Consolidating the investment allocation categories of “residence” and “assets aimed at creating a sustainable society” will enable more flexible allocation of asset types that help enhance inflation resilience, in line with market environment.

#### <Current investment ratio>

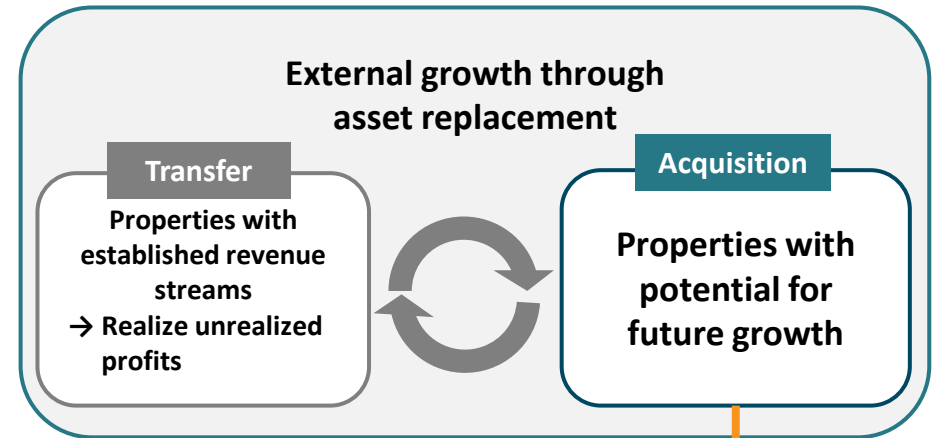
Commercial facilities	60% or more
Residence	20% or less
Assets aimed at creating a sustainable society	20% or less



#### <New investment ratio>

Commercial facilities	60% or more
Residence	40% or less
Assets aimed at creating a sustainable society	

### ● Promoting external growth through asset replacement



Expansion of investments into assets that contribute to strengthening inflation resilience (Hotels, residences, etc.)



Toward further portfolio enhancement and achieving assets under management of JPY 100.0 billion or more

## Examples of ES-CON JAPAN's Development Projects

- A general developer with residential development as its core business that engages in profit-earning real estate, redevelopment, and other multifaceted development projects in different cities
- Operating in six key regions across Japan: Tokyo, Osaka, Hokkaido, Nagoya, Kyushu and Okinawa
- Promotes facility development supporting daily life, such as operating the community-based commercial facility “tonarie” nationwide and developing the rental residence “TOPAZ”
- Creating new futures as a life developer shaping everyday living under the purpose “Ideal to Real,” for the future of society and local communities

### ● Lifestyle-focused commercial facilities



**tonarie Kitahiroshima**  
(Kitahiroshima City, Hokkaido)



**tonarie Tsukuba Square**  
(Tsukuba City, Ibaraki)

### ● Hotels



**Hokkaido Ballpark Hotel Project**  
(Kitahiroshima City, Hokkaido)



**RANDOR HOTEL Sapporo Heritage**  
(Sapporo City, Hokkaido)

### ● Mixed development



**Former Nagoya Racecourse Development Project**  
(Nagoya City, Aichi)

### ● Senior housing



**Masters Varus Hokkaido Ballpark**  
(Kitahiroshima City, Hokkaido)

## Future Initiatives (HOTEL)

### ● Compass Hotel Nagoya rebranding/renovation\*

- ✓ The Compass Hotel Nagoya, acquired on February 27, 2026, will from April 2026 undergo renovation work and a change in operator. Plans are for the hotel to open rebranded as “SONO MOON Nagoya (tentative name),” from around July 2026. [Click here for SONO homepage](#)
- ✓ This renovation and rebranding aim to maximize the property’s growth potential and capture upside potential by improving ADR and occupancy rates as a property with variable rent.

### ● Overview of rebranding and renovation

- To better capture inbound tourism business by switching to an operator with a strong international presence.
- To increase the number of triple rooms (with two beds) while reducing the number of double rooms to better cater to group guests, so as to increase the unit price per room.

Before		After		Increase/Decrease
Semi-double	50 rooms	Semi-double	50 rooms	—
Double	72 rooms	Double	16 rooms	-56 rooms
Twin/triple	7 rooms	Twin/triple	63 rooms	+56 rooms
Universal	1 room	Universal	1 room	—
<b>Total</b>	<b>130 rooms</b>	<b>Total</b>	<b>130 rooms</b>	<b>—</b>

	Anticipated effect of rebranding, etc <During stable occupancy (compared to 2025 actual)>
ADR	+ About 25%
Occupancy Rate	+ About 3pt
RevPAR	+ About 29%
GOP (Annual)	+ approx. JPY 100 million

(Projected rebranding work expense: approx. JPY 100 million)

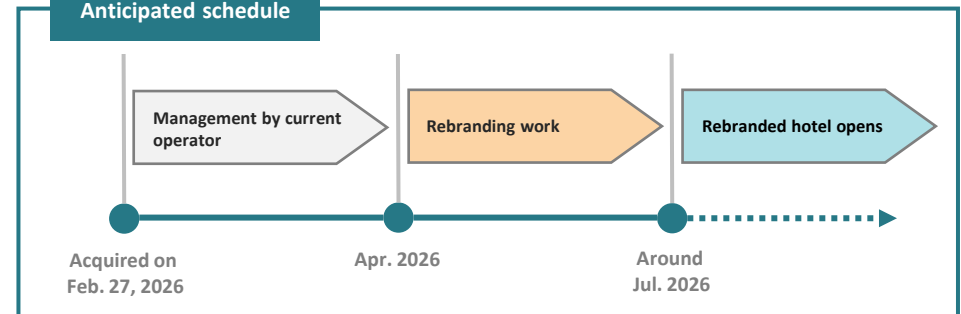
### <Post-renovation image>



Lobby

Triple room

### Anticipated schedule



## Future Initiatives (Commercial • Medical Building)

### ● Initiatives for rent increases

- ✓ Seize the opportunities to eliminate rent gaps at the timing of move-ins and outs of the tenants
- ✓ Promoting rent increase negotiations with core tenants
- ✓ Increase incidental income that utilizes vacant sections and spaces, etc.
- ✓ Increase customer drawing power at each store by changing facilities interior layout
- ✓ Utilization of partially returned location in leasehold land
- ✓ Review of leasehold land contracts (consideration of introducing CPI-linked rent, etc.)
- ✓ Early tenant recruitment for vacant sections

⇒A new tenant (a sports club) is scheduled to open in July 2026 in the large unit at SUROY MALL Nagamine that became vacant due to a move-out in the previous FP.

### ● Initiatives for cost reduction

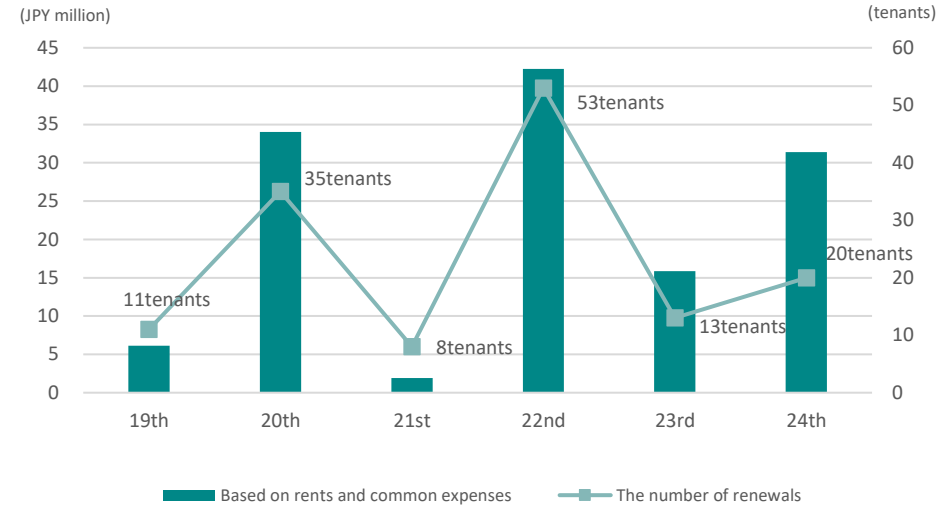
- ✓ Reduce electricity charges by switching power companies or through demand adjustments.
- ✓ Reduce running costs via equipment renewal and energy conservation measures.

### ● Promote value enhancement based on the results of facility user satisfaction surveys

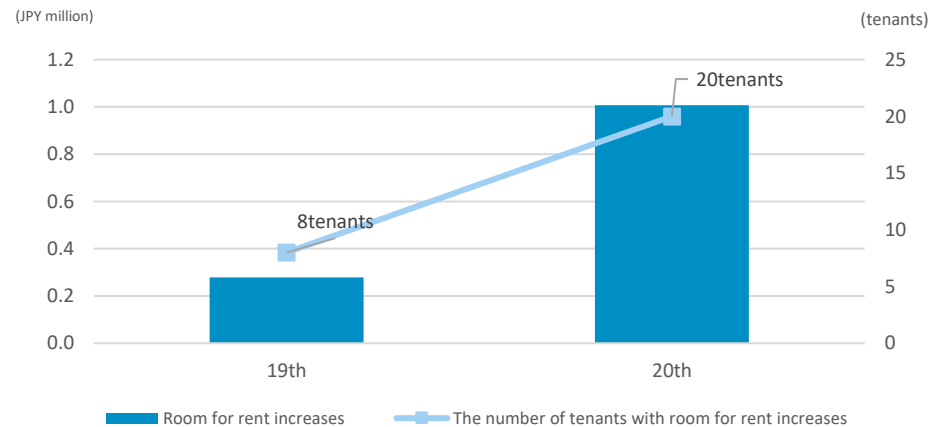
- ✓ Further growth in restaurant tenants
- ✓ Community space to increase, securing area for local interaction
- ✓ Number of events and other activities held to increase

⇒**Transition to long-stay facilities**

### • Future tenant contract renewals schedule (Total land and buildings \*Excluding leasehold land)



### • Tenant contract renewals and the number of tenants whose rents have room for increases in each property (Total land and buildings; \*Excluding leasehold land)



## Future Initiatives

### ● Spreading out/extending repayment schedule

✓ ESCON REIT will continue to work toward spreading out repayment schedules and extending loan terms when refinancing existing borrowings.

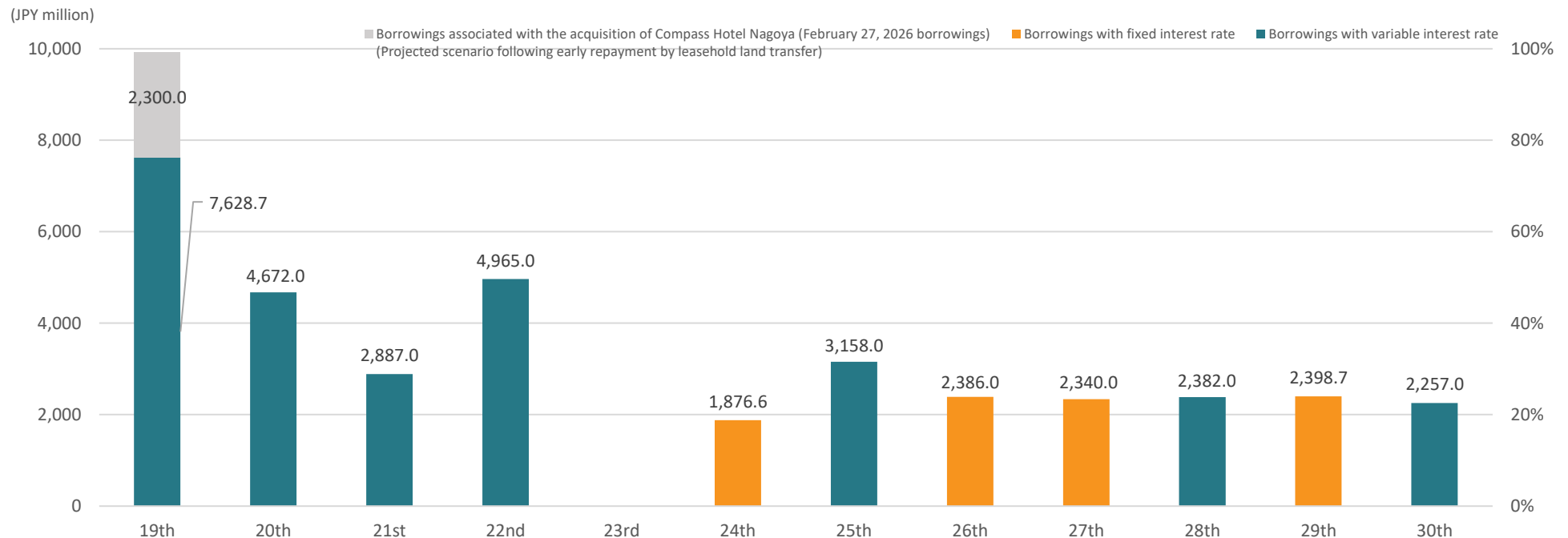
### ● Further enhancement of lender base

✓ When refinancing existing borrowings or implementing new borrowings, ESCON REIT aims to bolster its procurement base by further enhancing lender by inviting new banks.

### ● Continued promotion of IR for individual investors

✓ As the proportion of ESCON REIT's individual investors significantly exceeds the J-REIT average, ESCON REIT will continue to conduct proactive IR activities targeting individual investors with the aim of further expanding this investor base.

### ● Actions to fix interest rates on borrowings



## 5. Earnings Forecasts

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# Earnings Forecasts, 19th - July 2026 FP

DPU forecast: JPY 3,530, surpassing the previous forecast as underlying profitability remains firm. However, profit declined compared to the previous FP due to an increase in interest expenses resulting from rising interest rates, as well as initial costs in line with property replacement and the temporary closure of Compass Hotel Nagoya for its rebranding

## 19th - July 2026 Fiscal Period Forecasts

(JPY million)

	18th Jan. 2026 FP Actual (a)	19th Forecasts as of Sep. 12, 2025 (b)	19th Forecasts as of Mar. 17, 2026 (c)	vs. previous period (c-a)	vs. previous forecasts (c-b)
Operating revenue	3,032	3,012	<b>3,139</b>	+106	+126
Operating income	1,615	1,580	<b>1,676</b>	+60	+96
Ordinary income	1,304	1,271	<b>1,274</b>	-30	+2
Net income	1,303	1,270	<b>1,273</b>	-30	+2
DPU	JPY 3,615	JPY 3,522	<b>JPY 3,530</b>	JPY -85	JPY +8
Depreciation	219	224	<b>246</b>	+27	+22
NOI after depreciation	1,896	1,858	<b>1,890</b>	-6	+31
NOI yield after depreciation	5.1%	5.2%	<b>5.0%</b>	-10bp	-27bp
FFO	1,523	1,494	<b>1,430</b>	-93	-64
Number of operating days	184 days	181 days	<b>181 days</b>	-3 days	0 day

## Main Change Factors of Net Income vs. previous period

(JPY million)

Change factors		Changes of items	Total
Operating revenue	• Increase in lease revenue from two newly acquired hotel properties	+84.2	+106.7
	• Decrease in land lease revenue due to the transfer of four leasehold land properties	-39.3	
	• Gain on sales of real estate properties due to the transfer of four leasehold land properties	+89.3	
	• Decrease in utility income	-31.4	
	• Increase or decrease in various operating revenue	+3.9	
Operating expenses	• Increase in LM, PM, and BM rewards, etc.	-15.7	-45.9
	• Decrease in utility expenses (Balance of utility charges (Net))	+23.6 (-7.8)	
	• Increase in non-deductible consumption tax resulting from the sale, etc. of leasehold land properties	-14.9	
	• Increase in depreciation	-27.1	
Non-operating income/ expenses, etc.	• Increase or decrease in various operating expenses	-11.8	-91.3
	• Increases in interest expenses due to a rising base interest rate and new borrowings related to hotel acquisitions, etc.	-68.1	
	• Increase in financing-related expenses due to new borrowing and refinancing, etc.	-23.2	
Total			-30.5

## Main Change Factors of Net Income vs. previous forecasts

(JPY million)

Change factors		Changes of items	Total
Operating revenue	• Increase in lease revenue from two newly acquired hotel properties	+84.2	+126.0
	• Decrease in land lease revenue due to the transfer of four leasehold land properties	-39.3	
	• Gain on sales of real estate properties due to the transfer of four leasehold land properties	+89.3	
	• Downside of various operating revenue	-8.2	
Operating expenses /Non-operating income/ expenses, etc.	• Increase in non-deductible consumption tax resulting from the sale, etc. of leasehold land properties	-14.9	-123.3
	• Upside of depreciation	-22.8	
	• Increases in interest expenses due to a rising base interest rate and new borrowings related to hotel acquisitions, etc.	-53.7	
	• Increase in financing-related expenses due to new borrowing, etc.	-39.5	
	• Downside of various operating expenses, etc.	+7.6	
Total			+2.7

DPU forecast: JPY 3,565 and expectations for the upward trend to continue even after property replacement. By steadily accumulating higher revenue through internal growth such as with the full-year contribution from revenue following the rebranding of Compass Hotel Nagoya, proactively drawing in new tenants, and rent increases for existing tenants, ESCON REIT will offset the decline in gains on property sales recorded in the 19th FP and the increase in interest expenses resulting from the rising base interest rate.

## 20th - January 2027 Fiscal Period Forecasts

	(JPY million)		
	19th Forecasts as of Mar. 17, 2026 (a)	20th Forecasts as of Mar. 17, 2026 (b)	vs. previous period forecasts (b-a)
Operating revenue	3,139	<b>3,152</b>	+13
Operating income	1,676	<b>1,683</b>	+7
Ordinary income	1,274	<b>1,286</b>	+12
Net income	1,273	<b>1,285</b>	+12
DPU	JPY 3,530	<b>JPY 3,565</b>	JPY +35
Depreciation	246	<b>258</b>	+11
NOI after depreciation	1,890	<b>1,973</b>	+82
NOI yield after depreciation	5.0%	<b>5.1%</b>	+13bp
FFO	1,430	<b>1,544</b>	+113
Number of operating days	181 days	<b>184 days</b>	3 days

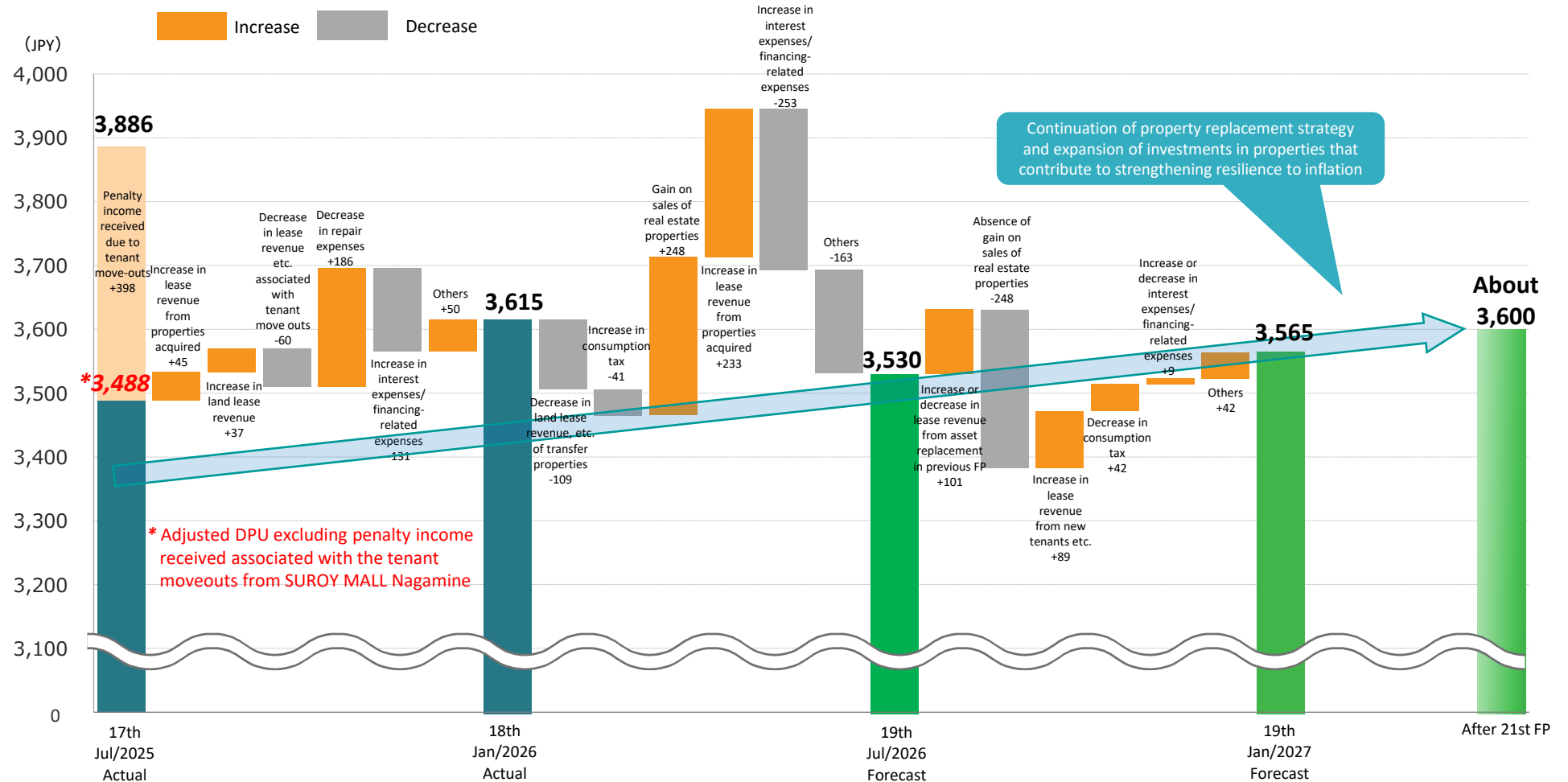
## Main Change Factors of Net Income vs. previous period forecasts

		(JPY million)	
	Change factors	Changes of items	Total
Operating revenue	• Full-year contribution of lease revenue from Compass Hotel Nagoya	+53.8	+13.8
	• Decrease in land lease revenue due to the transfer of four leasehold land properties	-17.3	
	• Increase in utility income	+34.4	
	• Absence of gain on sales of real estate properties resulting from the transfer of four leasehold land properties	-89.3	
	• Increase in lease revenue from new tenants, etc. on account of SUROY MALL Nagamine, and common charges	+16.7	
	• Increase in leasing business revenue from new tenants, etc.	+15.5	
Operating expenses	• Decrease in LM rewards	+8.6	-6.7
	• Increase in depreciation	-11.2	
	• Decrease in repair expenses	+5.4	
	• Increase in utility expenses (Balance of utility charges (Net))	-28.3 (+6.1)	
	• Decrease due to the absence of increasing factors for non-deductible consumption tax associated with the sale of leasehold land properties	+15.1	
	• Increase or decrease in various expenses	+3.7	
Non-operating income/ expenses, etc.	• Increase in interest expenses in line with a shift to long-term borrowings due to a rise in the base interest rate and new borrowing associated with hotel acquisition	-29.6	+5.5
	• Decrease in financing-related expenses due to the absence of fees associated with new borrowings and a reduction in the amount subject to refinancing	+33.0	
	• Increase in interest on ordinary deposits, etc.	+2.1	
		Total	+12.5

# Factors of Change in Distribution per Unit

17th to 20th Periods: Although interest expenses and various other costs rose significantly due to increases in the base interest rate amid an inflationary environment, ESCON REIT secured stable distributions through the steady implementation of measures such as property replacement, rent increases, and cost reductions. Going forward, ESCON REIT will continue its asset replacement strategy and expand investments in properties that enhance resilience to inflation, with the goal of achieving a DPU in the JPY 3,600 range as early as possible.

## Main Change Factors of Distribution per Unit



## 6. ESG Initiatives

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## Acquisition of Certifications

### GRESB\*1 Real Estate Assessment



GRESB  
REAL ESTATE  
☆☆☆☆☆ 2025

In the 2025 GRESB Real Estate Assessment, ESCON REIT received a “1 Star” in GRESB Rating. It also won a “Green Star” designation by achieving a score of 50% or higher both in “Management Component” that evaluates policies and organizational structure for ESG promotion, and “Performance Component” that assesses environmental performance and tenant engagement of properties owned.

### DBJ Green Building\*2 Certifications

ESCON REIT has obtained DBJ Green Building Certifications for a total of five properties.

Certified properties	Certification rank	Certified date
tonarie Toga・Mikita	2023 	July 27, 2023
tonarie Yamatotakada	2023 	July 27, 2023
tonarie Minami-senri	2023 	February 2, 2024
tonarie Seiwadai	2023 	February 2, 2024
Asumigaoka Brand-New Mall	2024 	July 9, 2024

## Initiative Theme

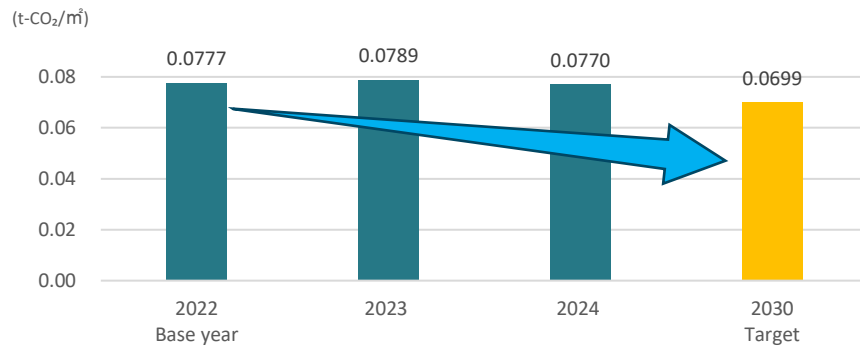
<b>Environment</b>	<ul style="list-style-type: none"> <li>● Establish environmental targets for 2030 for GHG emissions, energy consumption and water consumption</li> <li>● Formulate and work on specific measures tailored to the current conditions of each of our properties to achieve each of the targets</li> </ul>
<b>Social</b>	<ul style="list-style-type: none"> <li>● Continue to aim to create a facility that is the center of the local community and that can be used safely and comfortably by tenant employees and facility users</li> <li>● Further promote the creation of a comfortable working environment and structure for the Asset Manager’s executives and employees</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>● Continue to strive to maintain and improve the governance structure of the ESCON REIT and the Asset Manager for future asset acquisitions and transfers</li> </ul>

## E nvironment

### Environmental Targets

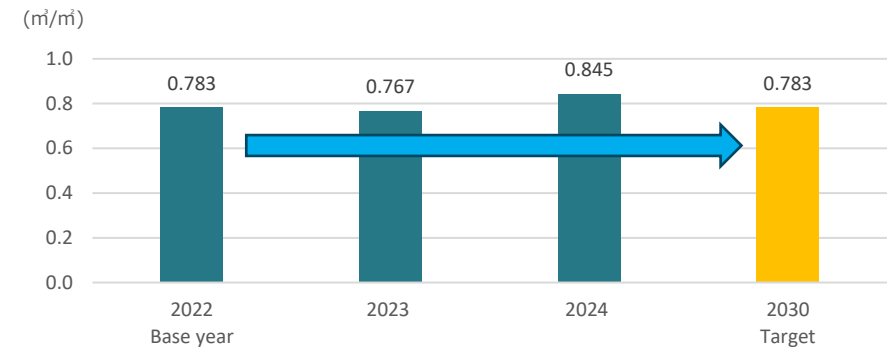
#### ● GHG emissions (Scope1, 2 and 3) reduction target

Key Indicator	2030 Target
GHG emissions Intensity (t-CO <sub>2</sub> /m <sup>2</sup> ) *	Reduce 10% by 2030



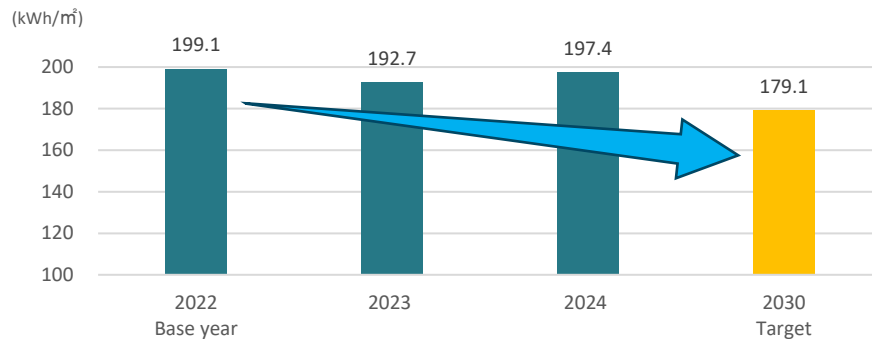
#### ● Water consumption management target

Key Indicator	2030 Target
Water consumption Intensity (m <sup>3</sup> /m <sup>2</sup> ) *	Maintain below base year



#### ● Energy consumption reduction target

Key Indicator	2030 Target
Energy Consumption Intensity (kWh/m <sup>2</sup> ) *	Reduce 10% by 2030



#### ● Considerations for achieving targets

Consideration	Property
Lighting replacement/ switching to LEDs	<ul style="list-style-type: none"> <li>Asumigaoka Brand-New Mall, fab Minamiosawa, tonarie Seiwadai, tonarie Toga · Mikita, Hasekura Medical Building</li> </ul>
Replacement of air conditioners	<ul style="list-style-type: none"> <li>tonarie Seiwadai, SUROY MALL Nagamine</li> </ul>
Outdoor unit cleaning	<ul style="list-style-type: none"> <li>Asumigaoka Brand-New Mall</li> </ul>

## Social

### Coexist and Cooperate with the Local Community

By holding a variety of events in 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.

#### ● Coexist and cooperate with the local community



First aid fair

(Asumigaoka Brand-New Mall)



Dementia awareness event

(tonarie Seiwadai)



#### Certified as dementia-friendly shopping center

ESCON REIT is working to create age-friendly communities, including older people with dementia. Some 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.



#### Participation in the “Child-raising Support Passport Project” (tonarie 4 facilities\*<sup>1</sup>)

ESCON REIT is participating in the “Child-raising Support Passport Project” which provides support for outings with infants and offers various discounts and other services for households with children, operated mainly by local governments with support from businesses and stores.

### Improve Safety and Comfort for Facility User and Tenants

#### ● Initiatives to Improve Safety and Comfort

- (i) For the comfort of those who are accompanied by children, ESCON REIT is introducing a nursing room in our facilities. (tonarie 4 facilities, Asumigaoka Brand-New Mall)
- (ii) With the aim of improving the workplace environment for tenant employees, ESCON REIT is installing and renovating resting rooms for tenant employees. (tonarie 4 facilities, Asumigaoka Brand-New Mall)

### Create a Comfortable Work Environment

#### ● Initiatives to improve the workplace environment for employees

##### Promoting Diverse Work Styles

- Support systems for childcare and nursing care (leave, leave of absence, shortened working hours, etc.)
- Establishment of in-house rules for work from home and staggered work schedules
- Overtime monitoring

##### Health management

- Conduct stress checks for executives and employees
- Annual periodic health checkups, introduction of health consultation system by industrial physicians

##### Employee Engagement Survey

- Implement of improvement measures based on the survey

#### ● Status of employees\*<sup>2</sup>

##### Number of qualified employees

ARES Certified Master	10 employees
Real Estate Transaction Agent	18 employees
Real Estate Appraiser	1 employee
Real Estate Consulting Master	3 employees

##### Years of experience in real estate securitization business

Less than 3 years	6 employees
From 3 to less than 10 years	7 employees
10 years or more	9 employees

##### Diversity

- Percentage of female executives and employees: 40.9%

## Governance

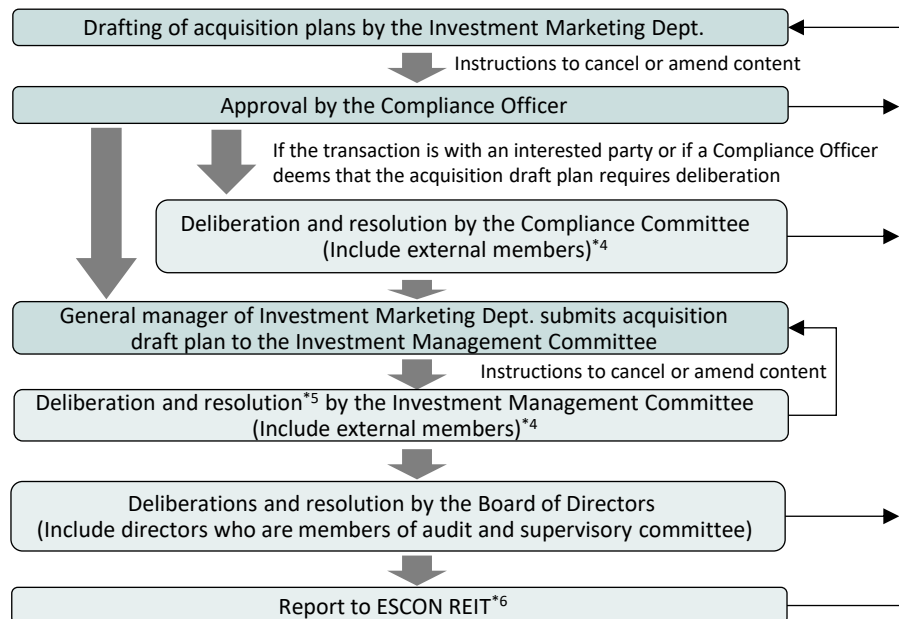
### Further Strengthening of Governance of the Asset Manager

#### Measures against conflict of interest

The Asset Manager takes measures to prevent conflicts of interest through the formulation of self-imposed rules and multi-layered checks in transactions with interested parties<sup>\*1</sup>.

Interested Party Transaction Rules (self-imposed rules)	
Acquisition/Transfer	Bridge or warehousing <sup>*2</sup> requests
<ul style="list-style-type: none"> <li>Acquisition price <math>\leq</math> Appraisal value by third party</li> <li>Transfer Price <math>\geq</math> Appraisal value by third party<sup>*3</sup></li> </ul>	<ul style="list-style-type: none"> <li>Confirm the necessity and appropriateness of the negotiation process and scheme at the time of LOI presentation</li> <li>Offer price at the time of LOI presentation and acquisition price <math>\leq</math> Appraisal value by third party</li> </ul>

#### Decision-making process for property acquisitions by ESCON REIT



### Status of Conferences of the ESCON REIT and the Asset Manager

#### Board of Directors of the ESCON REIT<sup>\*7</sup> (18th FP)

Title	Name	Attendance rate/Number of times held
Executive Director	Tadashi Ebihara	100% / 6
Supervisory Director	Satoshi Ugajin	100% / 6
Supervisory Director	Rin Moriguchi	100% / 6

#### Conferences of Asset Manager (18th FP)

Conferences	Number of directors and members	Attendance rate/Number of times held
Board of Directors <sup>*8</sup>	6	100% / 7
Audit and Supervisory Committee	3	100% / 6
Compliance Committee <sup>*9</sup>	4 <sup>*4</sup>	100% / 3
Investment Management Committee <sup>*10</sup>	6 + Compliance Officer <sup>*4</sup>	98% / 8

### Status of Training Programs

#### Status of Training Programs (18th FP)

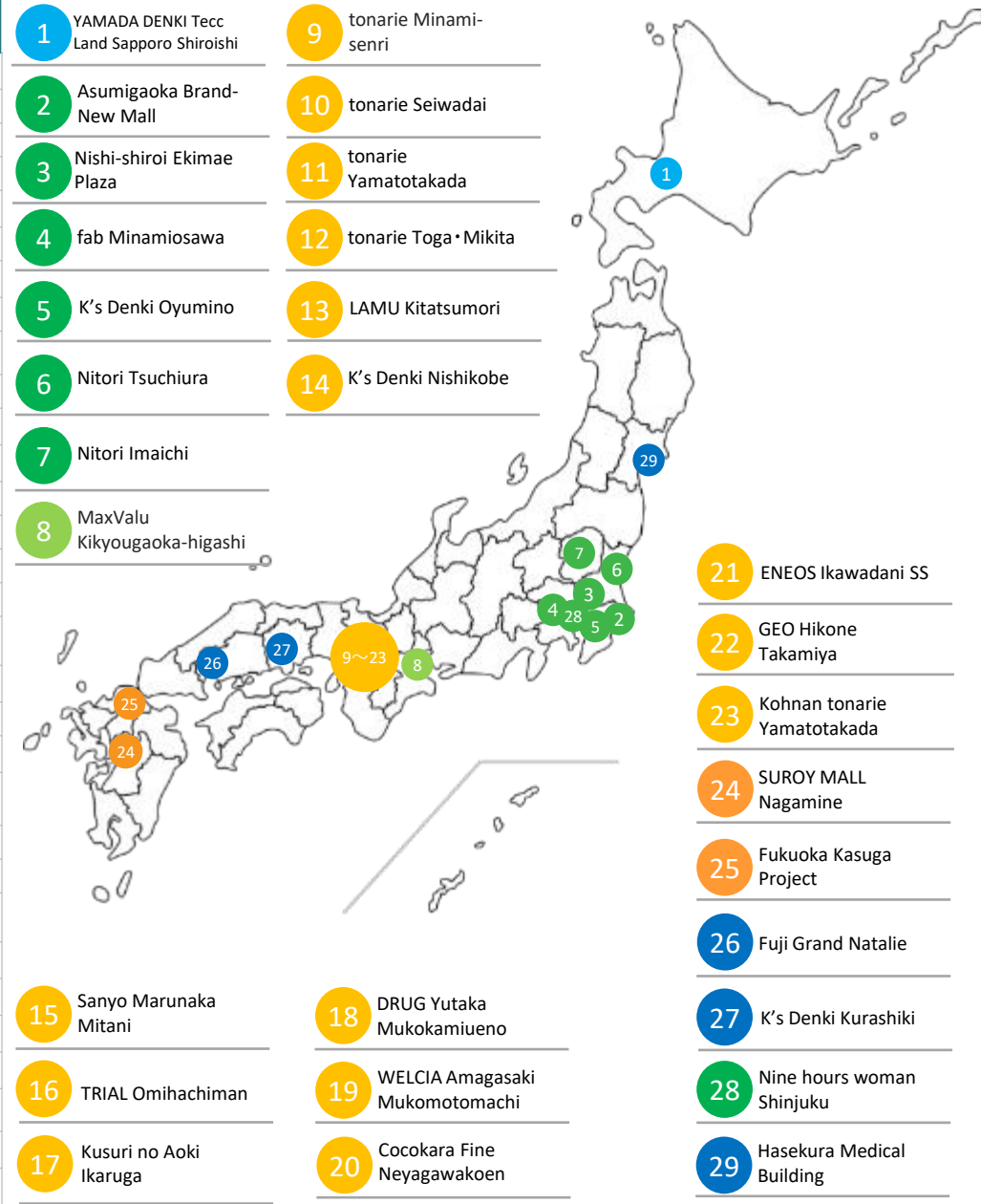
Item	Number of times held	Theme
Training organized by the Asset Manager	4 times	<ul style="list-style-type: none"> <li>Compliance</li> <li>Insider trading</li> <li>Conflict-of-interest transactions</li> <li>Money laundering</li> </ul>
ES-CON JAPAN Group common training	6 times	<ul style="list-style-type: none"> <li>Information security</li> <li>Financial instruments trading business</li> <li>Human rights</li> </ul>

# Appendix

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# Portfolio Map -1 (as of January 31, 2026)

	Property name	Area	Location	Asset type	Tenants	Occupancy Rate (%)
1	YAMADA DENKI Tecc Land Sapporo Shiroishi	Hokkaido	Sapporo City, Hokkaido	Leasehold land	1	100.0
2	Asumigaoka Brand-New Mall	Tokyo metropolitan	Chiba City, Chiba	Land and Building	28	98.1
				Leasehold land	1	100.0
3	Nishi-shiroi Ekimae Plaza		Shiroi City, Chiba	Land and Building	4	100.0
4	fab Minamiosawa		Hachioji City, Tokyo	Land and Building	11	91.8
5	K's Denki Oyumino		Chiba City, Chiba	Leasehold land	1	100.0
6	Nitori Tsuchiura		Tsuchiura City, Ibaraki	Leasehold land	1	100.0
7	Nitori Imaichi		Nikko City, Tochigi	Leasehold land	1	100.0
8	MaxValu Kikyougauka-higashi	Chubu	Nabari City, Mie	Leasehold land	1	100.0
9	tonarie Minami-senri	Kinki	Suita City, Osaka	Land and Building	42	99.1
10	tonarie Seiwadai		Kawanishi City, Hyogo	Land and Building	31	99.1
11	tonarie Yamatotakada		Yamatotakada City, Nara	Land and Building	64	98.0
12	tonarie Toga・Mikita		Sakai City, Osaka	Land and Building	31	99.2
13	LAMU Kitatsumori		Osaka City, Osaka	Leasehold land	1	100.0
14	K'sDenki Nishikobe		Kobe City, Hyogo	Leasehold land	1	100.0
15	Sanyo Marunaka Mitani		Kobe City, Hyogo	Leasehold land	1	100.0
16	TRIAL Omihachiman		Omihachiman City, Shiga	Leasehold land	1	100.0
17	Kusurino Aoki Ikaruga		Ikoma District, Nara	Leasehold land	2	100.0
18	DRUG Yutaka Mukokamiueno		Muko City, Kyoto	Leasehold land	1	100.0
19	WELCIA Amagasaki Mukomotomachi		Amagasaki City, Hyogo	Leasehold land	1	100.0
20	Cocokara Fine Neyagawakoen		Neyagawa City, Osaka	Leasehold land	1	100.0
21	ENEOS Ikawadani SS		Kobe City, Hyogo	Leasehold land	1	100.0
22	GEO Hikone Takamiya		Hikone City, Shiga	Leasehold land	1	100.0
23	Kohnan tonarie Yamatotakada	Yamatotakada City, Nara	Leasehold land	1	100.0	
24	SUROY MALL Nagamine	Kyushu	Kumamoto City, Kumamoto	Land and Building	22	82.8
25	Fukuoka Kasuga Project		Kasuga City, Fukuoka	Leasehold land	11	100.0
26	Fuji Grand Natalie	Other area	Hatsukaichi City, Hiroshima	Land and Building	1	100.0
27	K's Denki Kurashiki		Kurashiki City, Okayama	Leasehold land	1	100.0
28	Nine hours woman Shinjuku	Tokyo metropolitan	Shinjuku ward, Tokyo	Land and Building	1	100.0
29	Hasekura Medical Building	Other area	Sendai City, Miyagi	Land and Building	6	100.0
	<b>Total</b>				<b>271</b>	<b>99.0</b>



**Commercial facilities**



1. YAMADA DENKI Tecc Land Sapporo Shiroishi



2. Asumigaoka Brand-New Mall



3. Nishi-shiroi Ekimae Plaza



4. fab Minamiosawa



5. K's Denki Oyumino



6. Nitori Tsuchiura



7. Nitori Imaichi



8. MaxValu Kikyogaoka-higashi



9. tonarie Minami-senri



10. tonarie Seiwadai



11. tonarie Yamatotakada



12. tonarie Toga・Mikita



13. LAMU Kitatumori



14. K's Denki Nishikobe



15. Sanyo Marunaka Mitani



16. TRIAL Omihachiman



17. Kusuri no Aoki Ikaruga



18. DRUG Yutaka Mukokamiueno



19. WELCIA Amagasaki Mukomotomachi



20. Cocokara Fine Neyagawakoen



21. ENEOS Ikawadani SS



22. GEO Hikone Takamiya



23. Kohnan tonarie Yamatotakada



24. SUROY MALL Nagamine



25. Fukuoka Kasuga Project



26. Fuji Grand Natalie



27. K's Denki Kurashiki

Assets aimed at creating a sustainable society



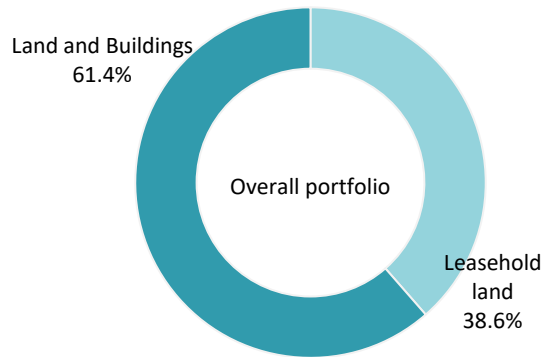
28. Nine hours woman Shinjuku



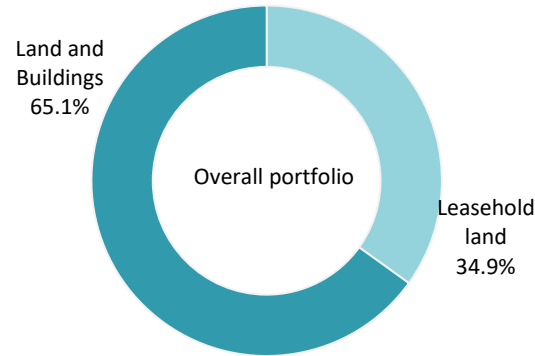
29. Hasekura Medical Building

## “Land and Buildings” and “Leasehold Land”

Based on acquisition price

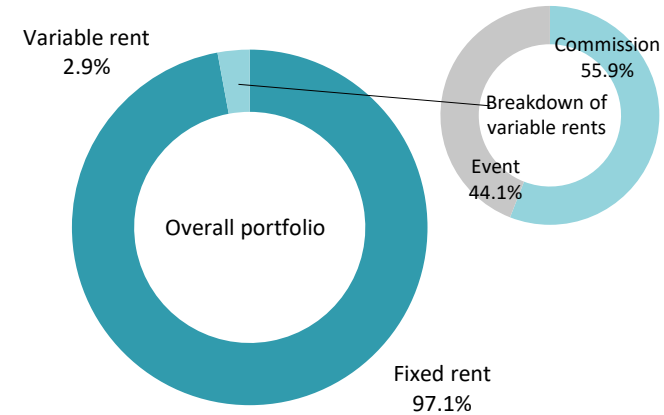


Based on NOI after depreciation



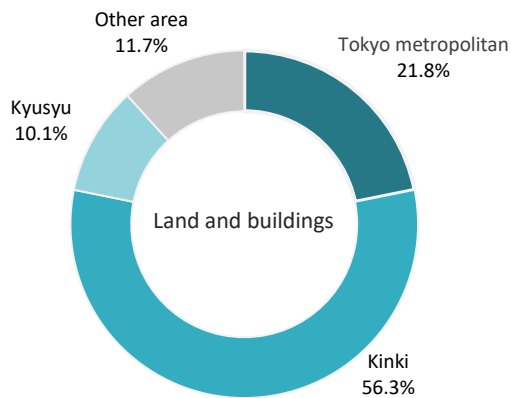
## Fixed and Variable Rents

Based on leasing revenue

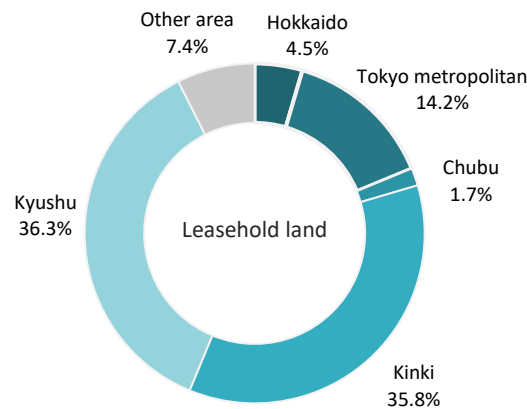


## Regions

Based on acquisition price

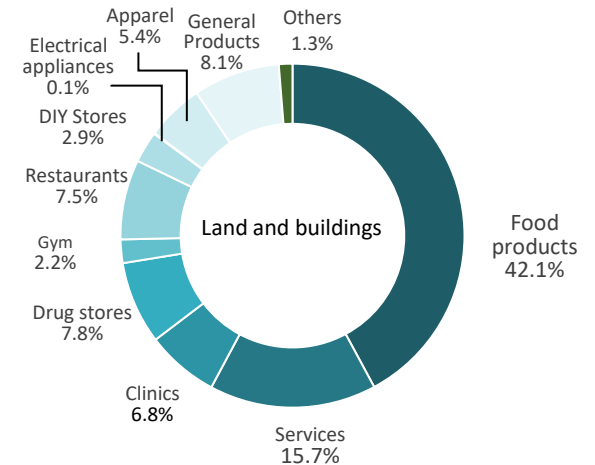


Based on acquisition price



## Tenants

Based on contract rent + common charges



## Balance Sheets

	17th FP (Jul/25)	18th FP (Jan/26)
<b>Assets</b>		
Current assets		
Cash and deposits	2,697,492	2,451,053
Cash and deposits in trust	3,786,111	3,911,642
Operating accounts receivable	78,544	63,821
Prepaid expenses	81,129	75,361
Other	—	6,404
Total current assets	6,643,278	6,508,283
Non-current assets		
Property, plant and equipment		
Buildings in trust	14,660,926	15,289,148
Accumulated depreciation	-1,687,143	-1,897,280
Buildings in trust, net	12,973,782	13,391,867
Structures in trust	142,858	147,898
Accumulated depreciation	-46,372	-50,395
Structures in trust, net	96,486	97,503
Tools, furniture and fixtures in trust	64,018	83,748
Accumulated depreciation	-38,059	-43,150
Tools, furniture and fixtures in trust, net	25,959	40,597
Land in trust	58,551,232	60,817,438
Total property, plant and equipment	71,647,460	74,347,407
Intangible assets		
Trademarks	287	233
Total intangible assets	287	233
Investment and other assets		
Leasehold and guarantee deposits	10,000	10,000
Long-term prepaid expenses	97,690	133,643
Deferred tax assets	15	10
Total investments and other assets	107,705	143,654
Total non-current assets	71,755,453	74,491,294
Total assets	78,398,731	80,999,578

(JPY thousand)

	17th FP (Jul/25)	18th FP (Jan/26)
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	215,196	193,441
Short-term borrowings	—	2,700,000
Current portion of long-term borrowings	12,725,700	9,600,700
Accounts payable	17,682	69,272
Accrued expenses	229,446	233,887
Income tax payable	493	—
Accrued consumption tax	28,377	—
Advances received	418,686	412,276
Deposits received	422	159
Total current liabilities	13,636,005	13,209,737
Non-current liabilities		
Long-term borrowings	21,525,300	24,650,300
Tenant lease and guarantee deposits in trusts	2,661,860	2,661,778
Total non-current liabilities	24,187,160	27,312,078
Total liabilities	37,823,166	40,521,815
<b>Net assets</b>		
Unitholders' equity		
Unitholders' capital	39,173,828	39,173,828
Surplus		
Unappropriated retained earnings (undisposed loss)	1,401,736	1,303,933
Total surplus	1,401,736	1,303,933
Total unitholders' equity	40,575,565	40,477,762
Total net assets	40,575,565	40,477,762
Total liabilities and net assets	78,398,731	80,999,578



## Statements of Income and Retained Earnings

(JPY thousand)

	17th FP (Jul/25)	18th FP (Jan/26)
Operating revenue		
Leasing business revenue	2,632,437	2,650,666
Other leasing business revenue	492,442	381,599
Total operating revenue	3,124,880	3,032,265
Operating expenses		
Expenses related to leasing business	1,179,781	1,135,634
Asset management fees	196,731	198,726
Asset custody fees	3,749	3,795
Administrative service fees	11,781	12,532
Remuneration for director (and other officers)	5,400	5,400
Taxes and public dues	9,701	10,663
Other operating expenses	49,203	50,135
Total operating expenses	1,456,349	1,416,888
Operating income	1,668,531	1,615,377
Non-operating income		
Interest income	2,770	5,787
Gain on forfeiture of unclaimed dividends	1,171	650
Total non-operating income	3,941	6,437
Non-operating expenses		
Interest expenses	203,079	235,466
Financing fees	66,829	81,763
Total non-operating expenses	269,909	317,230
Ordinary income	1,402,563	1,304,584
Income before income taxes	1,402,563	1,304,584
Income taxes-current	917	830
Income taxes-deferred	-7	4
Total income taxes	909	835
Net income	1,401,653	1,303,749
Retained earnings bought forward	82	184
Unappropriated retained earnings (undisposed loss)	1,401,736	1,303,933

## Repair Expenses, Capex and Depreciation

### Actual

(JPY thousand)

	17th FP (Jul/25)	18th FP (Jan/26)
Repair expenses	120,564	53,390
Capex	321,092	149,071
Main items	tonarie Minami-senri Renewal construction 176,188 Asumigaoka Brand-New Mall Rooftop parking lot waterproofing construction 76,666	tonarie Minami-senri Kitchen ventilation fans renewal 20,220 Floor tile replacement work 16,416 SUROY MALL Nagamine Building-A exterior wall painting work 12,659
Depreciation	214,670	219,785

### Forecast

(JPY thousand)

	19th FP (Jul/26)	20th FP (Jan/27)
Repair expenses	56,521	51,025
Capex	392,825	253,916
Main items	Compass Hotel Nagoya Rebranding work 100,000 SUROY MALL Nagamine Building-B boiler-related work 38,089	Asumigaoka Brand-New Mall Power transformer and distribution equipment replacement work 32,031 tonarie Seiwadai Work to waterproof and renew the rooftop parking lot 30,685
Depreciation	246,961	258,249

# Income and Expenditure by Property (Fiscal Period Ended January 31, 2026)

(JPY thousand)

Property name	YAMADA DENKI Tecc Land Sapporo Shiroishi (Leasehold Land)	Asumigaoka Brand-New Mall	Nishi-shiroi Ekimae Plaza	fab Minamiosawa	K's Denki Oyumino (Lease hold land)	Nitori Tsuchiura (Leasehold land)	Nitori Imaichi (Leasehold land)	MaxValu Kikyogaoka-higashi (Leasehold land)	tonarie Minami-senri	tonarie Seiwadaï	tonarie Yamatotakada	tonarie Toga・Mikita	LAMU Kitatsumori (Leasehold land)	K's Denki Nishikobe (Leasehold land)	Sanyo Marunaka Mitani (Leasehold land)
Operating days	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184
Age of buildings (year)	-	25.4	25.8	24.2	-	-	-	-	21.3	18.3	7.3	6.8	-	-	-
Operating revenue	Not disclosed	270,698	20,407	151,664	70,767	Not disclosed	Not disclosed	Not disclosed	656,906	185,042	371,027	268,744	38,148	62,176	Not disclosed
Leasing business revenue		190,850	17,062	111,385	70,767				583,613	147,956	303,099	229,272	38,148	62,176	
Other		79,848	3,345	40,278	-				73,292	37,086	67,927	39,472	-	-	
Expenses related to leasing business		167,463	6,865	65,235	7,615				162,492	78,874	144,851	89,265	6,987	5,543	
Taxes and public dues		23,857	1,327	7,349	7,065				28,921	12,504	24,310	14,636	6,237	4,793	
Management fees		39,489	1,810	18,701	300				50,149	27,962	50,612	33,415	500	500	
Insurance premium		2,017	92	1,487	-				1,149	880	1,433	1,102	-	-	
Repair expenses		17,104	366	2,990	-				11,421	3,043	4,437	836	-	-	
Other		84,993	3,268	34,705	250				70,851	34,483	64,057	39,275	250	250	
Leasing NOI		28,117	103,234	13,542	86,428				63,151	26,679	10,609	14,453	494,413	106,167	
Depreciation	-	21,710	1,108	19,933	-	-	-	-	26,718	29,903	41,655	33,174	-	-	-
Operating income	28,117	81,524	12,433	66,495	63,151	26,679	10,609	14,453	467,694	76,264	184,520	146,305	31,161	56,632	30,858
Capex	-	17,875	1,820	11,177	-	-	-	-	53,924	17,947	18,864	7,252	-	-	-
NCF	28,117	85,359	11,722	75,251	63,151	26,679	10,609	14,453	440,488	88,220	207,311	172,227	31,161	56,632	30,858

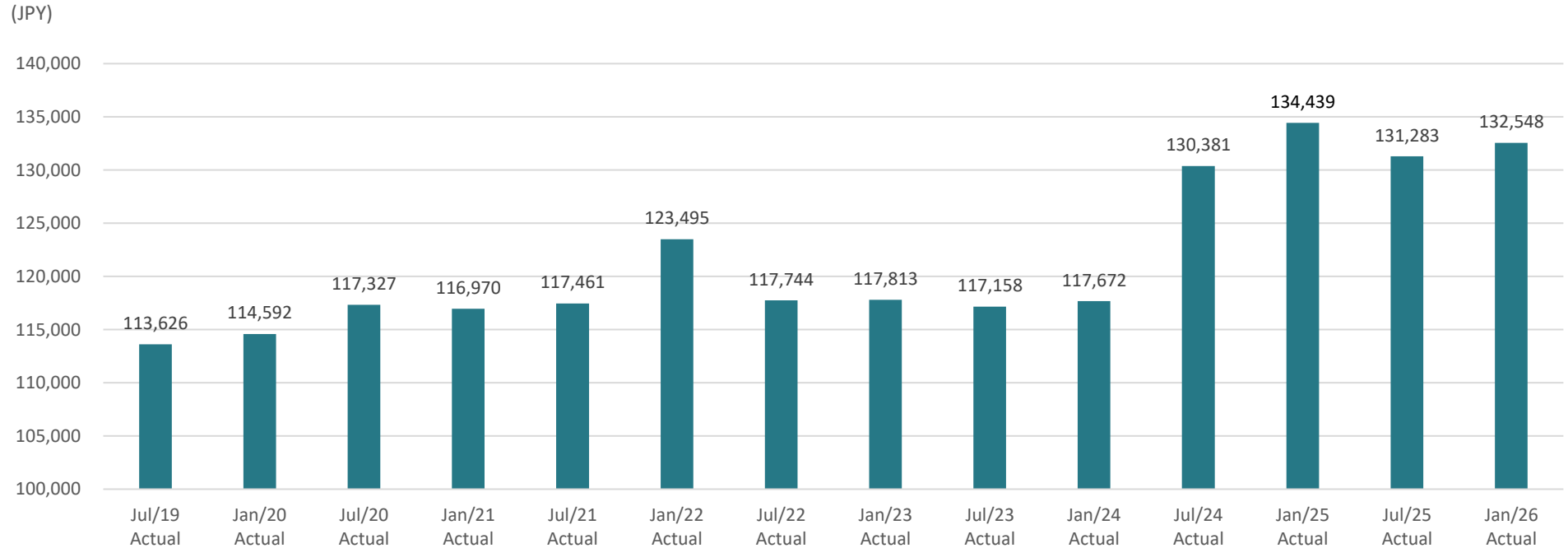
  

Property name	TRIAL Omihachiman (Leasehold Land)	Kusuri no Aoki Ikaruga (Leasehold Land)	DRUG Yutaka Mukokamiueno (Leasehold Land)	WELCIA Amagasaki Mukomotomachi (Leasehold Land)	Cocokara Fine Neyagawakoen (Leasehold Land)	ENEOS Ikawadani SS (Leasehold Land)	GEO Hikone Takamiya (Leasehold Land)	Kohnan tonarie Yamatotakada (Leasehold land)	SUROY MALL Nagamine	Fukuoka Kasuga Project (Leasehold land)	Fuji Grand Natalie	K's Denki Kurashiki (Leasehold land)	Nine hours woman Shinjuku	Hasekura Medical Building	Total/Average
Operating days	184	184	184	184	184	184	184	184	184	184	184	184	62	184	
Age of buildings (year)	-	-	-	-	-	-	-	-	18.5	-	26.7	-	3.8	12.9	17.4
Operating revenue	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	159,794	272,641	Not disclosed	Not disclosed	16,253	51,165	3,032,265
Leasing business revenue									126,736	272,641			16,253	43,874	2,650,666
Other									33,057	-			-	7,291	381,599
Expenses related to leasing business									72,953	45,652			293	13,589	915,849
Taxes and public dues									14,347	41,250			-	3,593	225,168
Management fees									15,849	2,847			200	2,040	251,389
Insurance premium									1,008	-			88	212	11,399
Repair expenses									13,009	-			-	180	53,390
Other									28,738	1,555			5	7,562	374,502
Leasing NOI									21,953	18,462			10,127	11,708	14,821
Depreciation	-	-	-	-	-	-	-	-	12,240	-	19,968	-	1,948	11,422	219,785
Operating income	21,953	18,462	10,127	11,708	14,821	12,156	6,916	24,410	74,600	226,988	84,184	53,235	14,010	26,153	1,896,631
Capex	-	-	-	-	-	-	-	-	20,209	-	-	-	-	-	149,071
NCF	21,953	18,462	10,127	11,708	14,821	12,156	6,916	24,410	66,631	226,988	104,153	53,235	15,959	37,576	1,967,345

# Appraisal Value (as of January 31, 2026)

Property name	Acquisition price	Appraisal value		Difference (B) – (A)	Appraisal NOI yield before depreciation <sub>1</sub>	Appraisal NOI yield after depreciation <sub>1</sub>	Discount Rate	Property name	Acquisition price	Appraisal value		Difference (B) – (A)	Appraisal NOI yield before depreciation <sub>1</sub>	Appraisal NOI yield after depreciation <sub>1</sub>	Discount Rate
		Jul. 31, 2025 (A)	Jan. 31, 2026 (B)							Jul. 31, 2025 (A)	Jan. 31, 2026 (B)				
YAMADA DENKI Tecc Land Sapporo Shiroishi	1,300	1,350	1,350	-	4.4%	4.4%	4.4%	WELCIA Amagasaki Mukomotomachi (Leasehold land)	565	579	580	1	4.2%	4.2%	until 4FY: 4.0% from 5FY: 4.1%
Asumigaoka Brand-New Mall (1) <sup>*2*</sup>		2,220	2,120	-100			4.8%	Cocokara Fine Neyagawakoen (Leasehold land)	702	721	722	1	4.3%	4.3%	until 2FY: 4.1% from 3FY: 4.2%
Asumigaoka Brand-New Mall (2) <sup>*2</sup>	3,200	164	164	-	5.9%	4.5%	until 5FY: 4.7% from 6 to 10FY: 4.8% 11FY: 4.9%	ENEOS Ikawadani SS (Leasehold land)	530	531	531	-	4.7%	4.7%	Until 4FY: 4.2% from 5FY: 4.3%
Asumigaoka McDonald's (Leasehold land)		153	154	1			1st month: 4.2% from 2nd month: 4.3%	GEO Hikone Takamiya (Leasehold land)	300	301	300	-1	4.8%	4.8%	4.3%
Nishi-shiroi Ekimae Plaza	451	471	475	4	5.9%	5.4%	4.9%	Kohnan tonarie Yamatotakada (Leasehold land)	1,145	1,180	1,180	-	3.8%	3.8%	4.5%
fab Minamosawa	3,600	4,390	4,400	10	4.9%	3.8%	3.9%	SUROY MALL Nagamine	4,600	4,190	3,960	-230	4.4%	3.8%	5.0%
K's Denki Oyumino (Leasehold land)	2,710	2,890	2,890	-	4.7%	4.7%	4.7%	MrMAX Kasuga (Leasehold land)	3,387	4,090	4,180	90	4.4%	4.4%	4.5%
Nitori Tsuchiura (Leasehold land)	999	1,100	1,110	10	5.4%	5.4%	5.3%	UNIQLO Kasuga (Leasehold land)	595	696	704	8	4.0%	4.0%	4.6%
Nitori Imaichi (Leasehold land)	363	412	413	1	6.0%	6.0%	5.6%	Avail.Shimamura Kasuga (Leasehold land)	863	1,140	1,160	20	4.8%	4.8%	4.6%
MaxValu Kikyogaoka-higashi (Leasehold land)	477	556	556	-	6.2%	6.2%	5.6%	au-SoftBank Kasuga (Leasehold land)	143	164	166	2	4.7%	4.7%	4.6%
tonarie Minami-senri	7,200	10,900	10,900	-	13.8%	13.0%	4.3%	Kura Sushi Kasuga (Leasehold land)	261	311	314	3	4.7%	4.7%	4.6%
tonarie Seiwadai	3,290	3,290	3,290	-	5.7%	3.9%	5.2%	docomo Shop Kasuga (Leasehold land)	160	186	187	1	4.7%	4.7%	4.6%
tonarie Yamatotakada	8,208	8,130	8,200	70	4.9%	3.9%	4.6%	Konpira Maru Kasuga (Leasehold land)	236	270	272	2	4.6%	4.6%	4.6%
tonarie Toga・Mikita	6,986	7,210	7,230	20	4.9%	3.9%	4.3%	One-Karubi Kasuga (Leasehold land)	236	271	272	1	4.7%	4.7%	4.6%
LAMU Kitatsumori (Leasehold land)	1,270	1,480	1,480	-	4.9%	4.9%	4.3%	Suke-san Kasuga (Leasehold land)	401	429	431	2	4.4%	4.4%	4.6%
K's Denki Nishikobe (Leasehold land)	2,133	2,470	2,470	-	5.3%	5.3%	4.6%	NAFCO Kasuga (Leasehold land)	2,631	3,600	3,680	80	4.5%	4.5%	4.5%
Sanyo Marunaka Mitani (Leasehold land)	1,430	1,560	1,560	-	4.4%	4.4%	4.6%	K's Denki Kasuga (Leasehold land)	1,487	1,960	1,980	20	4.4%	4.4%	4.5%
TRIAL Omihachiman (Leasehold land)	1,010	1,120	1,120	-	4.4%	4.4%	4.6%	Fuji Grand Natalie	3,950	4,190	4,220	30	5.3%	4.2%	4.8%
Kusuri no Aoki Ikaruga (Leasehold land)	711	731	731	0	5.3%	5.3%	5.2%	K's Denki Kurashiki (Leasehold land)	2,121	2,460	2,470	10	5.0%	5.0%	4.6%
DRUG Yutaka Mukokamiueno (Leasehold land)	460	477	477	-	4.5%	4.5%	4.4%	Nine hours woman Shinjuku <sup>*3</sup>	2,700	3,100	3,100	-	3.8%	3.4%	3.6%
								Hasekura Medical Building	1,400	1,480	1,480	-	4.8%	3.2%	4.3%
								<b>Total<sup>*4</sup></b>	<b>74,218</b>	<b>82,923</b>	<b>82,979</b>	<b>56</b>	<b>5.7%</b>	<b>5.1%</b>	
									<b>71,518</b>	<b>79,823</b>	(Reference) Acquisition price and appraisal value as of July 31, 2025 disclosed in the 17th FP				

## Trends in Net Asset Value Per Unit

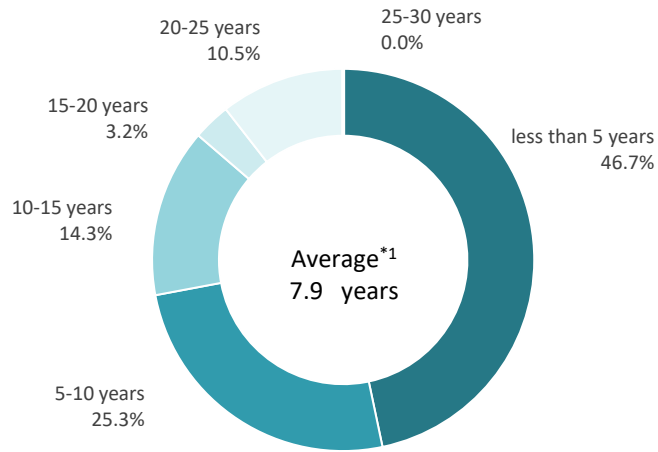


## Trends in Portfolio Occupancy Rate

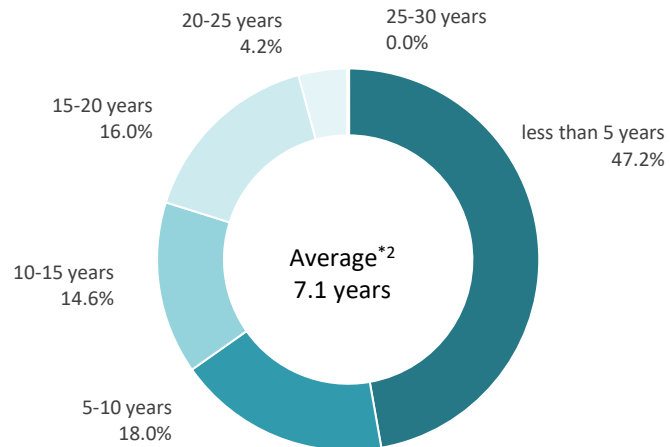
8th FP from Aug. 1, 2020 to Jan. 31, 2021	9th FP from Feb. 1, 2021 to Jul. 31, 2021	10th FP from Aug. 1, 2021 to Jan. 31, 2022	11th FP from Feb. 1, 2022 to Jul. 31, 2022	12th FP from Aug. 1, 2022 to Jan. 31, 2023	13th FP from Feb. 1, 2023 to Jul. 31, 2023	14th FP from Aug. 1, 2023 to Jan. 31, 2024	15th FP from Feb. 1, 2024 to Jul. 31, 2024	16th FP from Aug. 1, 2024 to Jan. 31, 2025	17th FP from Feb. 1, 2025 to Jul. 31, 2025	18th FP from Aug. 1, 2025 to Jan. 31, 2026
99.8%	99.5%	99.7%	99.9%	100%	99.9%	99.3%	99.8%	99.7%	99.1%	99.0%

## Remaining Lease Term as of Jan. 2026

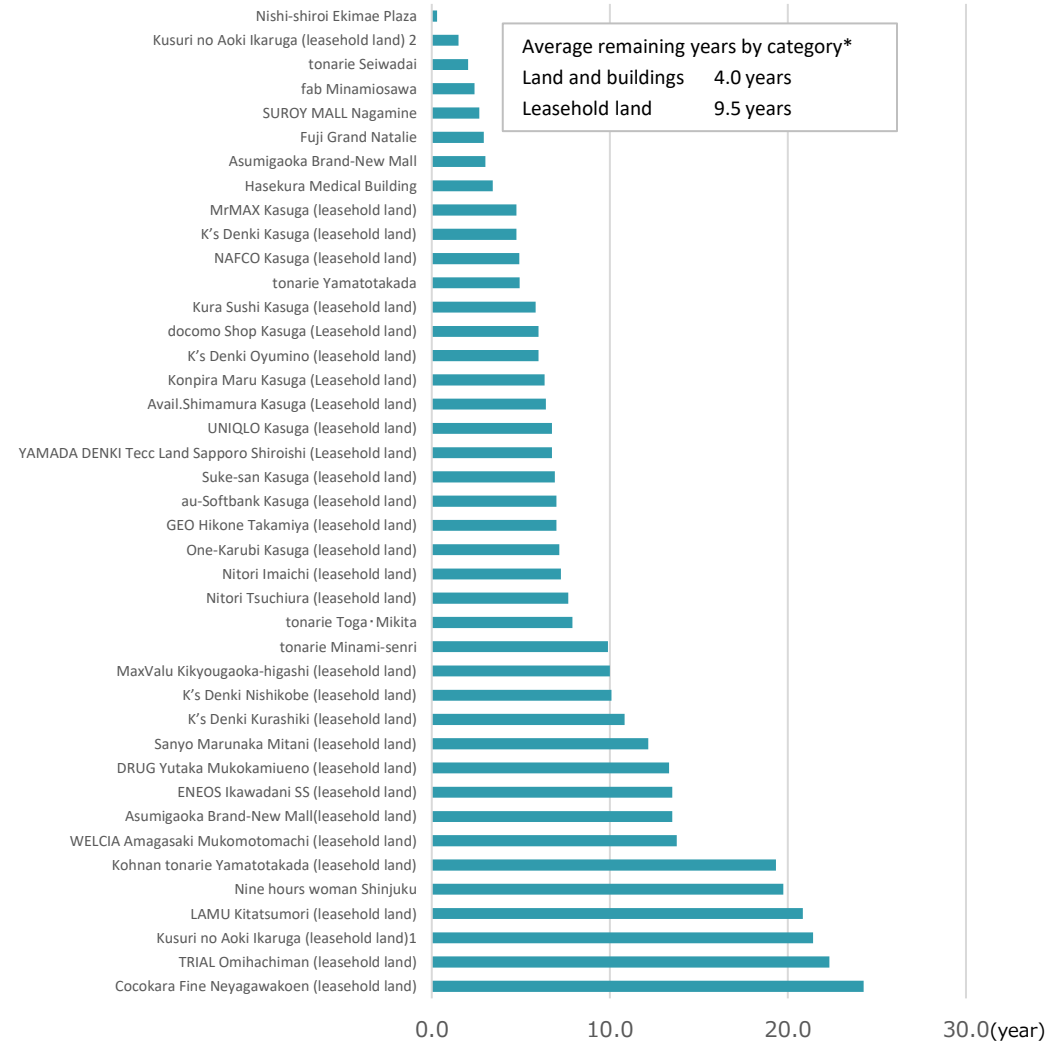
Based on leasable area



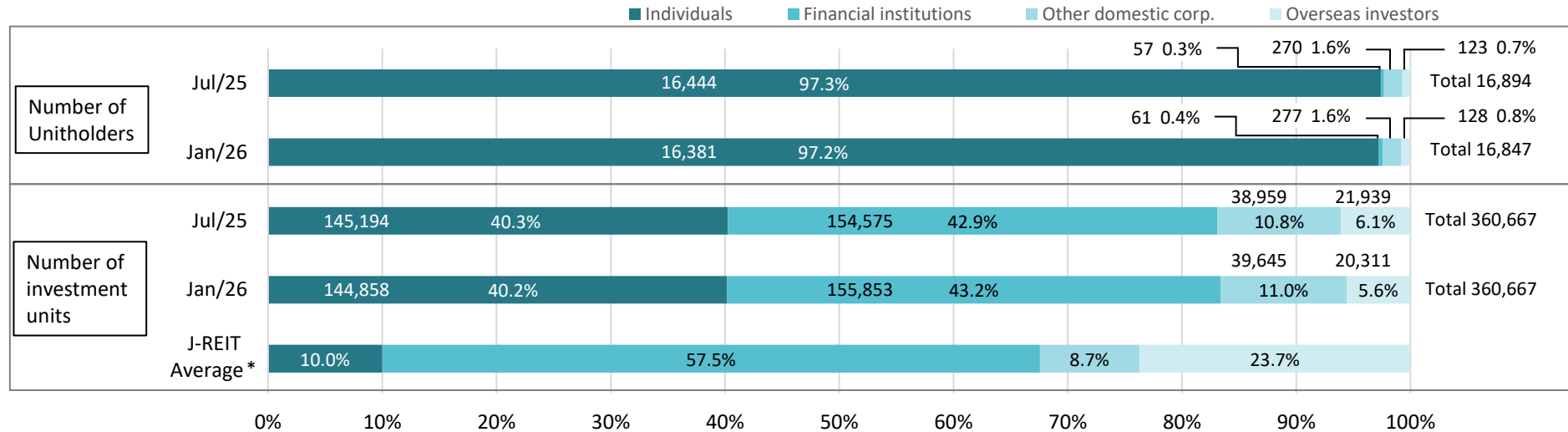
Based on contract rent + common charges



Based on leasable area by property\*3



## Unitholders by Type

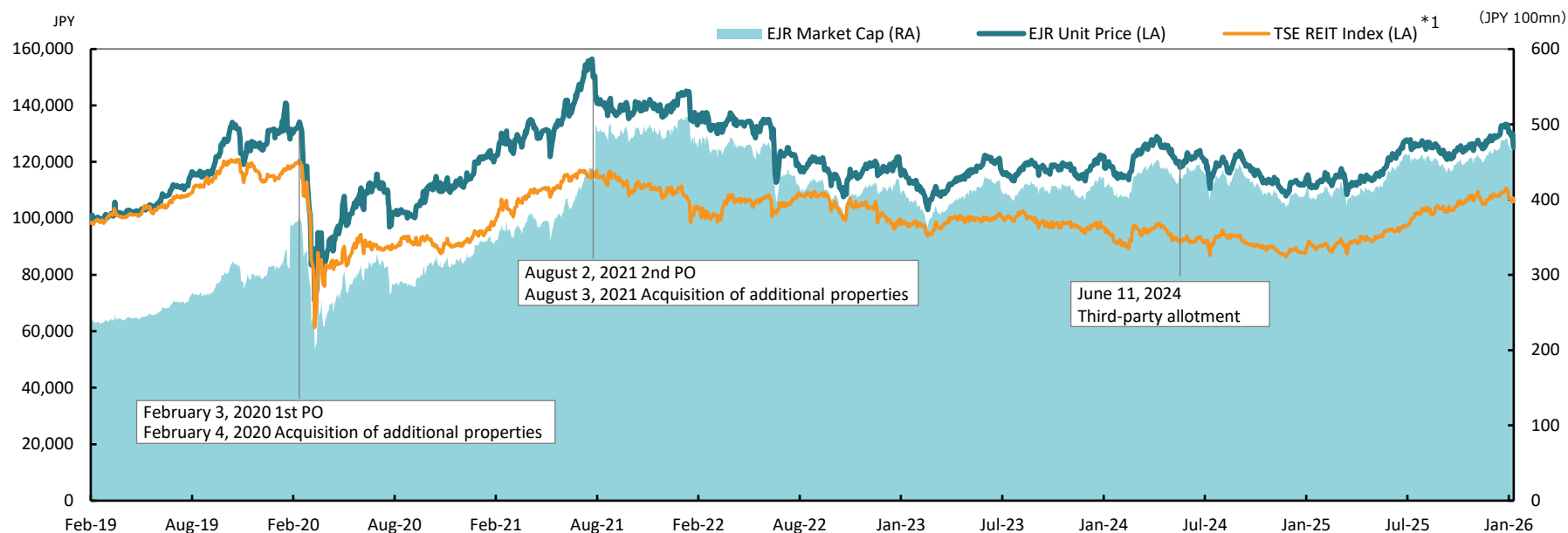


## Top Ten Unitholders

Rank	Unitholders	Number of units held	Ownership ratio
1	Custody Bank of Japan, Ltd. (Trust Account)	34,507	9.6%
2	The Master Trust Bank of Japan, Ltd. (Trust account)	32,257	8.9%
3	ES-CON JAPAN Ltd.	16,894	4.7%
4	Osaka Co-sei Shinkin Bank	16,893	4.7%
5	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	14,576	4.0%
6	Chuden Real Estate Co., Inc.	8,700	2.4%
7	Daido Shinyo Kumiai	6,415	1.8%
8	Kinkisangyo Shinkumi Bank	6,226	1.7%
9	Osaka Shoko Shinkin Bank	5,487	1.5%
10	Osaka Shinkin Bank	5,100	1.4%
<b>Total</b>		<b>147,055</b>	<b>40.8%</b>

- **17,119** units held by ES-CON Group as sponsors (including 16,894 units held by ES-CON JAPAN, and 225 units held by ES-CON Living Service, a subsidiary of ES-CON JAPAN)
- **8,700** units held by Chuden Real Estate as a support company  
→ **25,819 units (7.2%) held by Chubu Electric Power group**

## Unit Price Trend



Feb 13, 2019 (listing date) Issue price	Feb. 3, 2020 1st PO Issue price	Aug. 2, 2021 2nd PO Issue price	Jun.11 2024 Third-party allotment Issue price	Jul. 31, 2024	Jan. 31, 2025	Jul. 31, 2025	Jan. 31, 2026
101,000	124,029	145,282	122,600	118,600	111,700	124,300	125,100

## Forecast Dividend Yield

Forecast dividend yield\*2    EJR **5.67** %    J-REITs Average 4.51 %

## Overview of ESCON REIT

Trade name	ESCON JAPAN REIT Investment Corporation
Listing date	February 13, 2019 (Fiscal period ending January, July)
Sponsor	ES-CON JAPAN Ltd. (Consolidated Subsidiaries of Chubu Electric Power Co., Inc.)
Supporters	Chubu Electric Power Co., Inc. Chuden Real Estate Co., Inc.
Main Investment Targets	Lifestyle-Focused Commercial facilities
Credit Rating	R&I (Rating and Investment Information, Inc.) A- Stable
Asset Management Company	ES-CON ASSET MANAGEMENT Ltd.
Total number of investment units issued	360,667

## Overview of Portfolio

Assets Under Management (Acquisition price basis)	39properties、JPY 74.2billion
Target Investment Areas (Acquisition price basis)	Hokkaido region 1.8%, Tokyo metropolitan area 18.9% , Chubu region 0.6%, Kinki region 48.4%, Kyushu region 20.2%, Other area 10.1%
Occupancy Rate	99.0 %

## IR Contacts

IR	The Department of Finance and Control, ES-CON ASSET MANAGEMENT
Email	ir@econam.jp
Phone	+81-3-6230-9338
Address	The Okura Prestige Tower 20F, 2-10-4, Toranomon, Minato-ku, Tokyo, 105-0001, Japan

## Asset Management Company

Company name	ES-CON ASSET MANAGEMENT Ltd.
Representative	Wataru Orii President & Representative Director
Founded	July 30, 2014
Capital Funds	JPY 100 million
Shareholder	ES-CON JAPAN Ltd. 100%
Types of businesses	Asset Management Business
Licenses	<ul style="list-style-type: none"> <li>Real Estate Transactions: Tokyo Metropolitan Governor (3) No. 97008</li> <li>Financial Instruments Business: Kanto Local Finance Bureau Registration No. 2825</li> <li>Discretionary Transaction Agent License: Minister of Land, Infrastructure, Transport and Tourism, Certification No. 105</li> </ul>
Memberships	The Investment Trusts Association, Japan

## Page 3

- \* The "Occupancy rate" is calculated by the calculation formula below based on data as of January 31, 2026 and rounded to the first decimal place. The same applies below.  
Occupancy rate = Leased area / Leasable area × 100

## Page 5

- \*1 bp: Basis point (1bp = 0.01%). The same applies below.
- \*2 "FFO" = (Net income + Depreciation - Gain or loss on sales of real estate properties). The same applies below.

## Page 13

- \* "NOI" is calculated using figures on a going-concern basis (before depreciation) and does not include the JPY 143 million in penalty income resulting from a major tenant move-out at SUROY MALL Nagamine in the FP ended July 31, 2025.

## Page 19

- \* These figures are estimates calculated on the assumption that the transfer of the four leasehold land properties will be completed as scheduled on March 27, 2026.

## Page 22

- \* The renovation and rebranding details listed here are scheduled as of today, and are subject to change without future notice. In addition, the figures listed on this page have been calculated based on the renovations and rebranding currently planned as of today. However, if the renovation and rebranding are not carried out as planned, there is a possibility of significant changes.

## Page 30

- \*1 GRESB is an annual benchmarking assessment to measure ESG (Environment, Social and Governance) integration of real estate companies and funds, as well as the name of organization which runs the assessment. It was founded in 2009 by a group of major European pension funds who played leading roles in launching Principles for Responsible Investment (PRI).
- \*2 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").

## Page 31

- Each figure is aggregated for a January–December period each year. The aggregation targets include only the land and building properties owned by ESCON REIT in the base year 2022 for which data is available, excluding the Yoshizuya Y Store Nishiharu which was transferred in 2024. Properties that were transferred or acquired during each aggregation period are not included.

## Page 32

- \*1 The four properties owned by ESCON REIT, namely tonarie Minami-senri, tonarie Seiwadai, tonarie Yamatotakada, and tonarie Toga-Mikita. The same applies below.
- \*2 All 22 full-time employees as of January 31, 2026 are subject. Part-time executives and employees, as well as temporary employees, are not included.

## Page 33

- \*1 Interested parties are those defined in the Asset Manager's Interested Party Transaction Rules.
- \*2 Those in which a third parties other than the interested parties are the subject are called "bridges" and those in which the interested parties are the subject are called "warehousing".
- \*3 When transferring assets under management to an interested party at a price less than the appraisal value, it must be possible to explain the reasonableness of the gap between the appraisal value and the transfer price, and the reason why it was determined that the transfer should be implemented (including the basis for determining the reasonableness of the gap between the transfer price and the appraisal value) must be explained in the timely disclosure of the transfer.
- \*4 In the case of a transaction with an interested party, 4 directors who are not members of the committee are also required to attend the meeting.
- \*5 If the property falls under the category of healthcare facilities (which refer to serviced housing for the elderly set forth in Article 5 of the Act on Securement of Stable Supply of Elderly Persons' Housing, paid nursing homes set forth in Article 29 of the Act on Social Welfare for the Elderly, or elderly group homes for those with dementia based on Paragraph 6 of Article 5-2 of the same law), the Investment Management Committee will obtain a report on the property from an external expert prior to the resolution and make an investment decision based on the report after obtaining advice from the external expert as necessary.
- \*6 If the acquisition draft plan constitutes a transaction with an interested party under the Investment Trust Law, prior approval from ESCON REIT's Board of Directors should be obtained.
- \*7 No meetings were held to share information in advance and to explain the agenda items of the Board of Directors meetings in advance.
- \*8 No meetings were held to share information in advance and to explain the agenda items of the Board of Directors meetings in advance.
- \*9 Apart from Compliance Committee, one separate meeting was held for the purpose of prior information sharing and prior explanation of agenda items at Compliance Committee.
- \*10 The Investment Management Committee met 8 times during the 18th FP, of which 7 meetings were attended by all 6 Investment Management Committee members and one Compliance Officer and 1 meeting was attended by 5 Investment Management Committee members and one Compliance Officer. In addition, apart from Investment Management Committee, 1 separate meeting was held for the purpose of prior information sharing and prior explanation of agenda items at Investment Management Committee.

## Page 41

- \*1 The "Appraisal NOI yield before depreciation" is the ratio of the net operating revenue for the first period under the DCF method as stated in the real estate appraisal reports with a valuation date of January 31, 2026, to the acquisition price, and the "Appraisal NOI yield after depreciation" is the ratio of the net operating revenue under the DCF method as stated in the same real estate appraisal reports excluding depreciation to the acquisition price, rounded to one decimal place. Depreciation used to calculate the appraisal NOI yield after depreciation is the annualized depreciation for the fiscal period ending July 2026 for assets owned as of January 31, 2026 (depreciation for capital expenditures for the fiscal period ending July 2026 is not taken into account).
- \*2 The "Appraisal value" of "Asumigaoka Brand-New Mall" is listed separately for the commercial building as (1) and the separate building (which refers to the building that was acquired without consideration from Akindo Sushiro Co., Ltd. on April 30, 2024.) as (2).
- \*3 The appraisal value "2025/7/31 (A)" listed for Nine hours woman Shinjuku is the appraisal value listed on the real estate appraisal reports with a valuation date of November 1, 2025.
- \*4 The appraisal value "2025/7/31 (A)" listed for the portfolio total is the total of the appraisal values "2025/7/31 (A)" listed for each owned asset, and does not match the disclosed total appraisal value of JPY 79,823 million for the assets owned by ESCON REIT as of July 31, 2025.

## Page 43

- \*1 Average remaining lease term based on leasable areas as of January 31, 2026, rounded to first decimal place.
- \*2 Average remaining lease term based on contract rents and common charges as of January 31, 2026, rounded to first decimal place.
- \*3 Average remaining lease term based on leasable area for each property as of January 31, 2026, rounded to first decimal place.

## Page 44

- \* J-REIT's Average - Refer to the Japan Exchange Group: REIT Investor Survey (December 25, 2025)

## Page 45

- \*1 Benchmarked the closing price on the IPO date of ESCON REIT.
- \*2 The forecast dividend yield is calculated by dividing the sum total of the distributions forecasts for 19th FP and 20th FP by the investment unit (closing price) as of January 31, 2026. The average forecast dividend yield of all J-REITs is the market capitalization-weighted average forecast annualized dividend yield disclosed in the REIT monthly Report (for January, 2026) of the Japan Exchange Group.

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