

ES CON JAPAN REIT



10th
Fiscal Period
(ended January 31, 2022)

ES CON JAPAN REIT Investment Corporation

Securities code : **2971**

Financial Results Presentation Material

ES CON JAPAN REIT 

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Highlights for 10th Fiscal Period

- Newly acquired 11 properties for 17.6 billion yen, increasing asset size to 38 properties worth 69.6 billion yen
- The regional communities near our commercial facilities have given their enduring support for our properties particularly during COVID-19
- In addition, ESCON REIT unit price is on average performing well on back of the stability of leasehold land long-term agreements as well

2

Financial Results Summary

10th Fiscal Period DPU : 3,593 yen (increase by 28 yen or 0.8% from previous forecast of 3,565 yen)

3

Earnings Forecast
Forecast for 11th Fiscal Period
(ending July 31, 2022)
Forecast for 12th Fiscal Period
(ending January 31, 2023)

- 11th Fiscal Period DPU 3,440yen
- 12th Fiscal Period DPU 3,276yen
(For the 12th fiscal period, refinancing has an impact of 140 yen in loan-related costs per unit)

4

Growth Strategy

- Aim to achieve AUM of 100 billion yen over the medium term
- Further strengthening of cooperation with sponsors and support companies, leveraging the support of both companies to achieve external growth
- ESG initiatives are further promoted through the formulation of materiality

ES CON JAPAN REIT



1. Overview of ESCON REIT



Profile

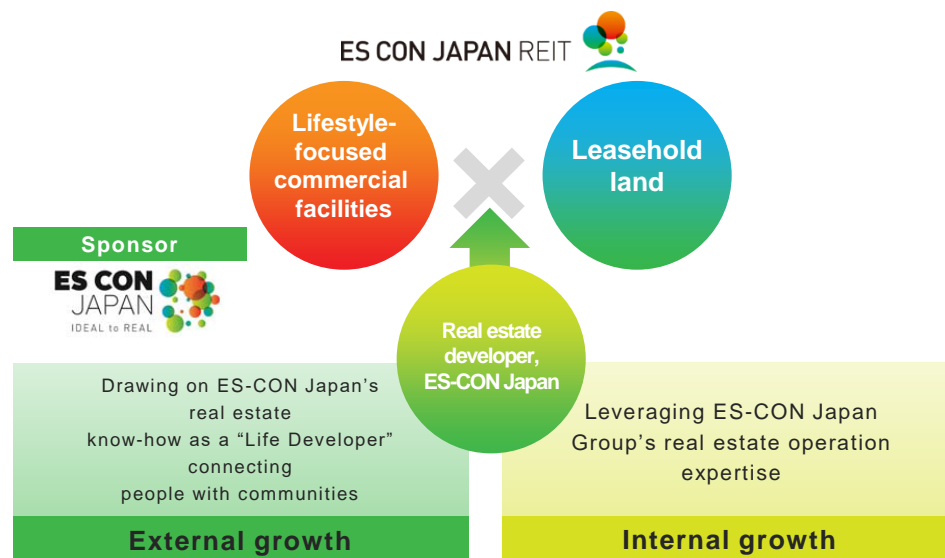
Trade name	ESCON JAPAN REIT Investment Corporation
Listing date	February 13, 2019 (Fiscal period ending January, July)
Sponsor	ES-CON JAPAN Ltd.
Supporter	Chubu Electric Power Co., Inc. Chuden Real Estate Co., Inc.
Main investment target	Lifestyle-Focused Commercial facilities Leasehold land
Credit Rating	R&I(Rating and Investment Information, Inc.) A – Stable
Asset Management Company	ES CON ASSET MANAGEMENT
Total number of investment units issued ^{※1}	351,967

Portfolio

Asset size (Acquisition price basis)	69.6 billion yen, 38 properties
Target investment areas (Acquisition price basis)	Four major metropolitan areas(Tokyo:11.1%, Kinki:49.4%, Chukyo:7.3%, Fukuoka:14.9%) Other areas:17.2%
Occupancy Rate	99.7%

Management Philosophy of ESCON REIT

ESCON REIT shares the same “Vision Concept” as ES-CON Japan Ltd. (“ES-CON Japan”) –be a “Life Developer” that develops not only buildings but also the lives of those who live in them while thinking of their happiness. By drawing on property development and management expertise of ES-CON Japan, we aim to maximize unitholder value through consistently expanding our AUM.



Supporter



中部電力



中電不動産

Chubu Electric Power Group delivers the energy that is indispensable to people's lives and also contributes to the development of society

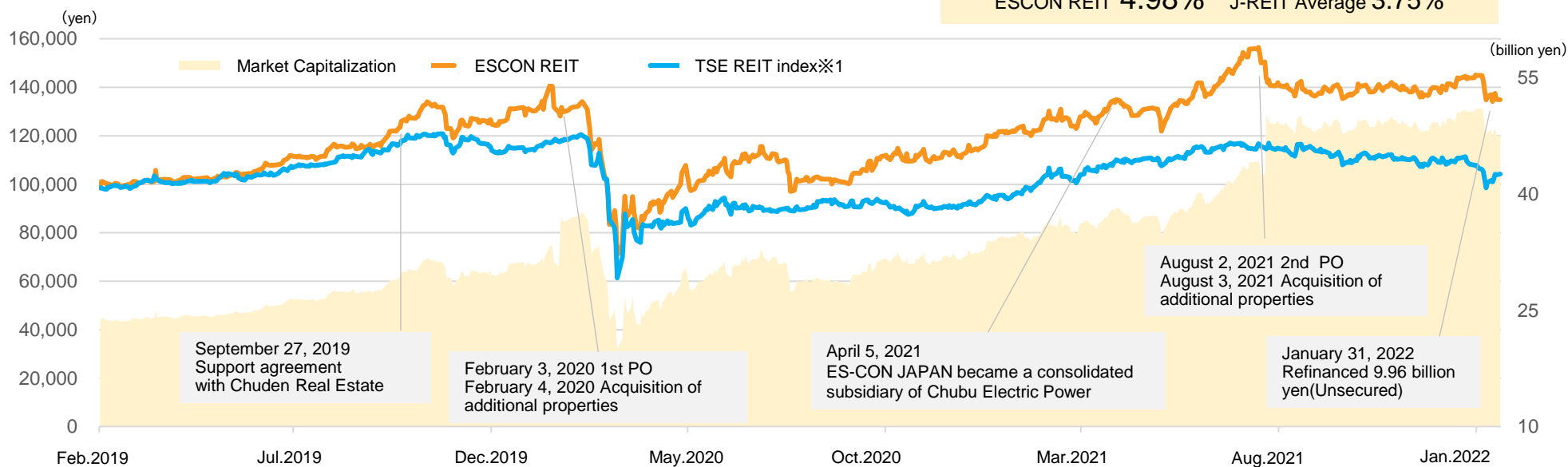


During the prolonged COVID-19 pandemic, the investment unit price remained steady

February 13, 2019 (listing date) Issue price	February 3, 2020 1st PO price	January 29, 2021 Closing price	August 2, 2021 2nd PO price	July 30, 2021 Closing price	January 31, 2022 Closing price
101,000 yen	124,029 yen	121,600 yen	145,282 yen	150,100 yen	134,900 yen

Historical Unit Price after IPO and Major Initiatives

Forecast dividend yield(※2)
ESCON REIT 4.98% J-REIT Average 3.75%



5th Fiscal Period 2019/2/1~2019/7/31	6th Fiscal Period 2019/8/1~2020/1/31	7th Fiscal Period 2020/2/1~2020/7/31	8th Fiscal Period 2020/8/1~2021/1/31	9th Fiscal Period 2021/2/1~2021/7/31	10th Fiscal Period 2021/8/1~2022/1/31
Occupancy Rate 99.7%	99.9%	99.8%	99.8%	99.5%	99.7%

※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, 2022 and January 31, 2023 by the investment unit price (closing price) as of January 31, 2022. 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 January 2022) of the Japan Exchange Group.

ES CON JAPAN REIT



2. 2nd PO Highlights

Overview of Last Offering and Acquired Assets



Implement external growth by seizing the opportunity and utilizing sponsor support that contributes to the improvement of unitholder value

Outline of second public offering

Launch date	July 9, 2021
Pricing date	July 19, 2021
Payment date	August 2, 2021
Number of new investment units issued	68,985 units
Issue price	145,282 yen
Total issue amount	About 10.0 billion yen

Overview of new acquired assets

	New acquired assets	Total of portfolio
Acquisition price	17.6 billion yen	69.6 billion yen
Appraisal value	18.0 billion yen	74.9 billion yen
Number of assets	11 assets	38 assets
Occupancy Rate ^{※1}	99.8%	99.6% 99.7%(as of January 31, 2022)
Appraisal NOI yield ^{※2}	5.0%	5.1%

※1 As of July 31, 2021 (May 31, 2021, for assets acquired in August 2021).

※2 Net operating income for the 1st fiscal period under the DCF method as stated in the real estate appraisal report with a price date of July 31, 2021 (May 31, 2021, for assets acquired in August 2021).

Three Lifestyle-Focused Commercial Facilities



tonarie Toga・Mikita
(ownership 50%)
(Sakai-shi, Osaka)



SUROY MALL Nagamine
(Kumamoto-shi, Kumamoto)



Fuji Grand Natalie
(Hatsukaichi-shi,
Hiroshima)

Eight Leasehold Land



TRIAL Omihachiman
(leasehold land)
(Omihachiman-shi, Shiga)



Kusuri no Aoki Ikaruga
(leasehold land)
(Ikoma-gun, Nara)



DRUG Yutaka Mukokamiueno
(leasehold land)
(Muko-shi, Kyoto)



WELCIA Amagasaki Mukomotomachi
(leasehold land)
(Amagasaki-shi, Hyogo)



Cocokara Fine Neyagawakoen
(leasehold land)
(Neyagawa-shi, Osaka)



ENEOS Ikawadani SS
(leasehold land)
(Kobe-shi, Hyogo)



GEO Hikone Takamiya
(leasehold land)
(Hikone-shi, Shiga)



YAMADA DENKI Tecc Land
Sapporo Shiroishi
(leasehold land)
(Sapporo-shi, Hokkaido)

★ Sponsor developed

These are properties where the sponsor acquired land or land and buildings directly or via investment equity in a silent partnership, developed the land, and then attracted tenants as a leasehold land owner, and properties where the sponsor constructed buildings and attracted tenants.

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3. Financial Results Summary and Features



Overview of 10th Fiscal Period



The performance exceeded initial forecast steadily : Net income +10 million yen,
forecasted DPU +28 yen (+0.8%)

Earnings Performance for the 10th Fiscal Period(ended January 31, 2022)

Unit : million yen

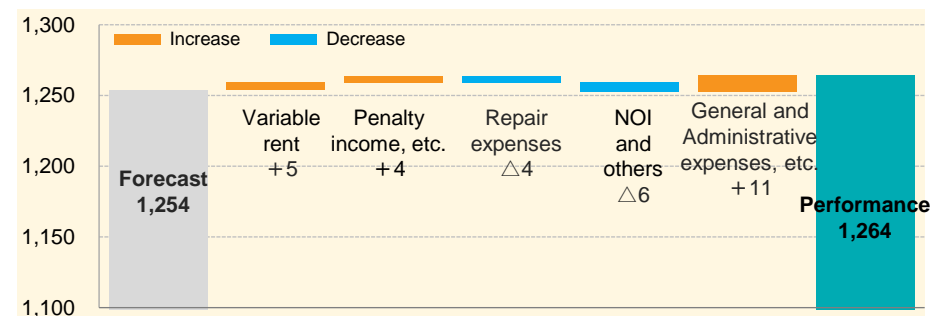
	9 th Fiscal Period Performance ended July 31,2021 (a)	10 th Fiscal Period Forecast As of September 15,2021 (b)	10 th Fiscal Period Performance ended January 31,2022 (c)	vs. Previous period (c-a)	vs. Forecast (c-b)
Operating revenues	1,910	2,469	2,476	565	7
Operating income	1,094	1,506	1,506	411	△0
Ordinary income	1,001	1,255	1,265	264	10
Net income	1,001	1,254	1,264	263	10
DPU	3,538 yen	3,565 yen	3,593 yen	55 yen	28 yen
Depreciation	126	176	174	48	△1
NOI after depreciation	1,255	1,684	1,682	427	△1
NOI yield after depreciation	4.9%	4.8%	4.8%	△0%	0%
Number of operating days	181 days	184 days	184 days	3 days	0 days

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

Unit : million yen

Variable rent	Increased percentage sales-linked rent and sales events	+ 5
Penalty income, etc.	Penalties from tenants who terminated their lease, construction insurance, etc.	+ 4
Repair expenses	Expenditure on necessary repairs	△4
NOI and others	Increase in utility expenses etc. Change in NOI and others	△6
General and Administrative expenses, etc.	Actual results based on expected borrowing rates, decrease in PO expenses	+ 11
Total (net income) vs. forecast		+ 10

Unit : million yen



Overview of Portfolio (Leasehold land)

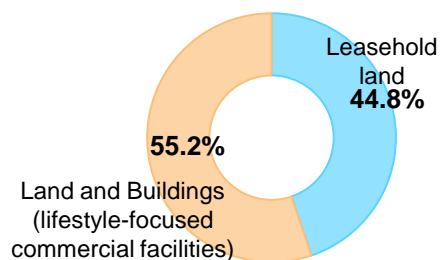


Stability through long-term remaining contract terms, high creditworthiness of tenants, and a tenant composition that is hard to be influenced by COVID-19

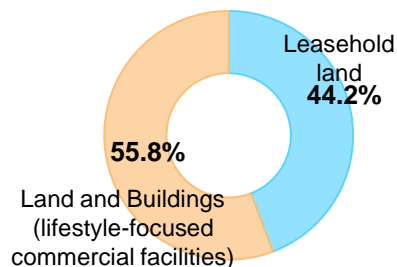
Overview of leasehold lands

Asset type

(Based on acquisition price)

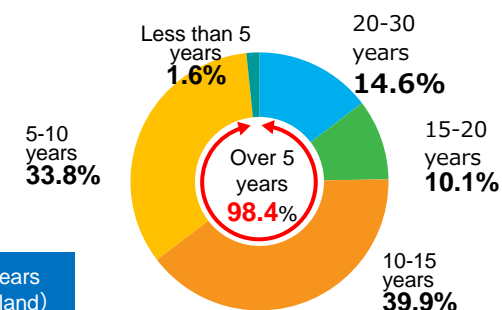


(Based on NOI after depreciation)*



Remaining lease term for leasehold land*

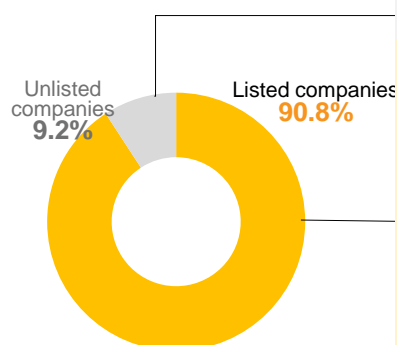
(Based on leasable area)



Average 13.2 years
(only leasehold land)

Leasehold land tenants*

(Based on rent revenue)



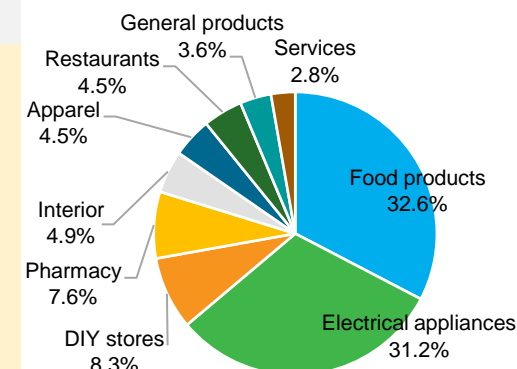
Leasehold land properties rented by unlisted companies

- 1 Tsutaya Sakai-minami (General products)
- 2 One-Karubi Kasuga (Restaurants)
- 3 Suke-san Kasuga (Restaurants)
- 4 TRIAL Omihachiman (Food products)
- 5 DRUG Yutaka Mukokamiueno (Pharmacy)
- 6 Ikaritombo Ikaruga (Services)

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 YAMADA DENKI Tecc Land Sapporo Shiroishi (Electrical appliances)
- 11 NAFCO Kasuga (DIY stores)
- 12 Kusuri no Aoki Ikaruga (Pharmacy)
- 13 WELCIA Amagasaki Mukomotomachi (Pharmacy)
- 14 Cocokara Fine Neyagawakoen (Pharmacy)
- 15 Nitori Tsuchiura (Interior)
- 16 Nitori Imaichi (Interior)
- 17 UNIQLO Kasuga (Apparel)
- 18 Avail.Shimamura Kasuga (Apparel)
- 19 Kura Sushi Kasuga (Restaurants)
- 20 Konpira Maru Kasuga (Restaurants)
- 21 McDonald's (Asumigaoka) (Restaurants)
- 22 Sushiro (Asumigaoka) (Restaurants)
- 23 au-Softbank Kasuga (Services)
- 24 docomo Shop Kasuga (Services)
- 26 ENEOS Ikawadani SS (Services)

(Based on rent revenue)



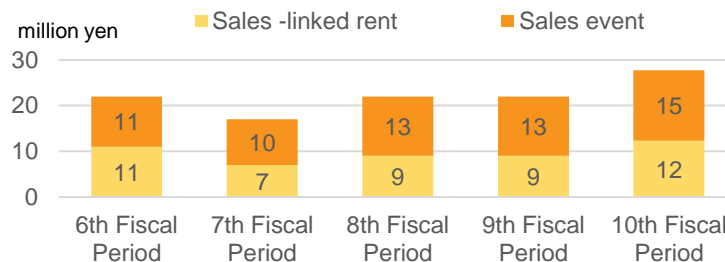
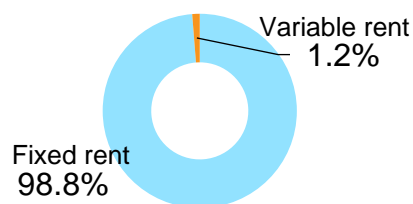
* The figures show the ratios as of January 31, 2022. 32 leasehold land includes 2 leasehold lands of Asumigaoka (No.21, No.22).



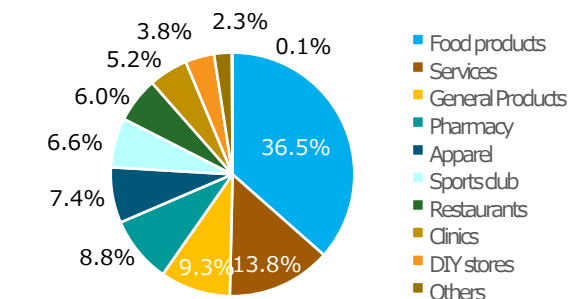
Stability of rent composition due to high fixed rent ratio and tenant composition that is less affected by the COVID-19 pandemic

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

(Ratio between fixed and variable rents at 38 properties including leasehold lands)



Category of tenants ※² (based on contract rent + common charges)

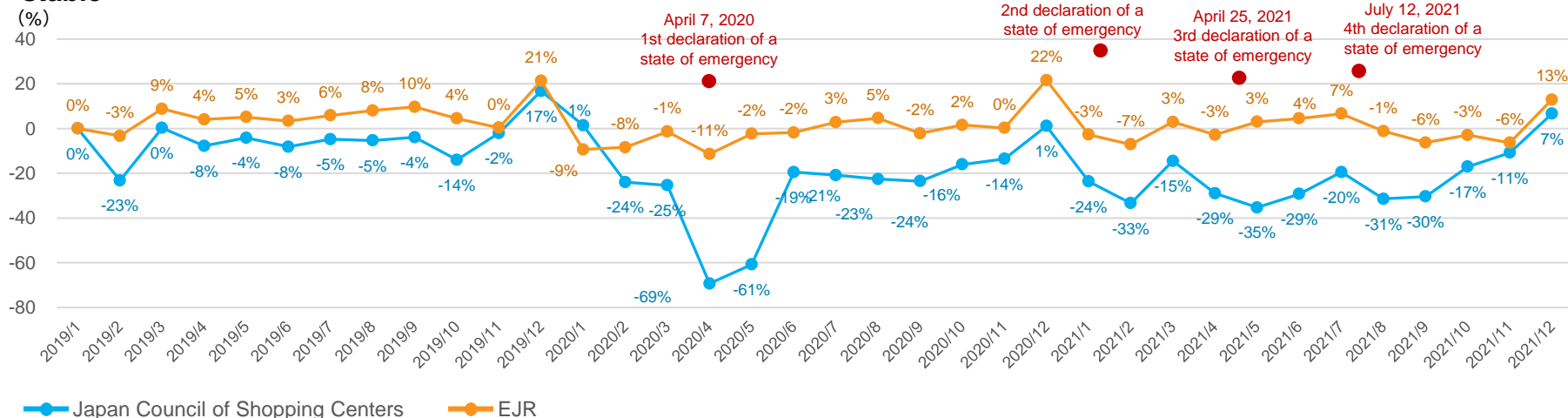


※² As of January 31, 2022

※¹ The variable rent includes rent linked with event revenues and sales

Comparison of sales per square meter of owned properties ※³ (percentage increase/decrease is calculated based on January 2019)

Compared to domestic shopping centers ※⁴ as a whole, sales of ESCON JAPAN REIT's commercial facilities have been stable



※³ "Owned properties" refers only to the group of properties held by ESCON JAPAN REIT for which sales figures can be disclosed.

※⁴ Refers to properties that fit the definition of a shopping center provided by the general incorporated association, Japan Council of Shopping Centers. Japan Council of Shopping Centers (<http://www.jcsc.or.jp/>)



Despite the prolonged COVID-19 pandemic, our lifestyle-focused commercial facilities are hard to the impact and operate stably

Request for rent reduction/payment extension, terminations, new tenants ※1

- ES-CON Property as a property management company talked individually with tenants and closely understood their status to minimize the impact of rent reduction
- Also, 31 leasehold land※2 are included in the table below. In the 7th fiscal year (period ending July 2020), we received requests from two leasehold land tenants in the food and beverage industry to reduce or exempt their land rent, but we did not agree to the reductions. Subsequently, there were no requests for termination, rent reduction, or payment extension from any of the leasehold land tenants

Fiscal Period	New rent reduction requests※3	Actual number of rent reduction and amount※3	New payment extension requests	Actual number of payment extension	Number of terminations or move-out※4 (tenant category)	New tenants※4 (tenant category)
7th Fiscal Period ended July 31, 2020	115 tenants (include payment extension requests)	52 tenants 4,705 thousand yen	— (included in New rent reduction requests)	16 tenants	2 tenants (Services 1 tenant) (Apparel 1 tenant)	3 tenants (Services 1 tenant) (Food products 1 tenant) (Restaurants 1 tenant)
8th Fiscal Period ended January 31, 2021	8 tenants	3 tenants 17 thousand yen	0 tenant	0 tenant	5 tenants (Services 1 tenant) (Restaurants 4 tenants)	5 tenants (Services 2 tenants) (Food products 1 tenant) (Restaurants 2 tenants)
9th Fiscal Period ended July 31, 2021	10 tenants	6 tenants 512 thousand yen	0 tenant	0 tenant	3 tenants (Food products 1 tenant) (General Products 1 tenant) (Apparel 1 tenant)	2 tenants (Food products 1 tenant) (General Products 1 tenant)
10th Fiscal Period ended January 31, 2022	6 tenants	7 tenants 782 thousand yen	0 tenant	0 tenant	3 tenants (General Products 2 tenants) (Restaurants 1 tenant)	5 tenants (Services 1 tenant) (Food 1 tenant) (General Products 3 tenants)

※1 Excluding rental housing of Pare Marche Nishiharu.

※2 Includes two lots with leasehold land in Asumigaoka Brand-New Mall. Ikaritombo Ikaruga and Kusuri no Aoki Ikaruga are considered as one property.

※3 "New rent reduction requests" indicate the number of tenants who received new requests for rent reduction during the period. The "Actual number of rent reduction and amount" indicates the number of tenants for whom rent reductions were performed during the period.

※4 "Number of terminations or move-out" indicates the number of tenants for which the contract with the relevant tenant expires before the end of the fiscal period, with the next day (the following fiscal period) as the cancellation date. In the case of the same tenant's change of business type involving a change of plot, the number of tenants is included in termination and new tenant attraction, respectively.

ES CON JAPAN REIT



4.Earnings Forecast



Forecast for 11th Fiscal Period (ending July 31, 2022)



Based on the details of a contract with a successor tenant (YOSHIZUYA COMPANY LIMITED) after existing major tenant of Pare Marche Nishiharu, we assume a distribution of 3,440 yen

Forecast for 11th Fiscal Period (ending July 31, 2022)

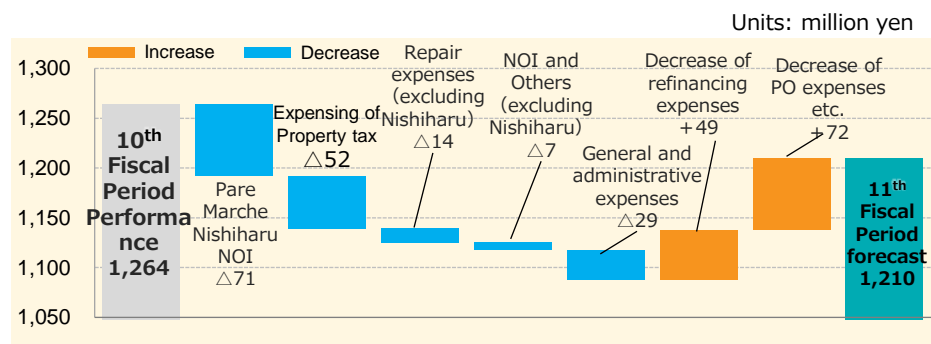
Units: million yen

	10 th Fiscal Period Performance As of January 31, 2022 (a)	11 th Fiscal Period Forecast as of March 16, 2022 (b)	vs. Previous period (b-a)
Operating revenues	2,476	2,420	△56
Operating income	1,506	1,330	△175
Ordinary income	1,265	1,211	△54
Net income	1,264	1,210	△53
DPU	3,593 yen	3,440 yen	△153 yen
Depreciation	174	175	△0
NOI after depreciation	1,682	1,536	△146
NOI yield after depreciation	4.8%	4.5%	△0.3%
Number of operating days	184 days	181 days	△3 days

Main reasons for fluctuation in net income (vs. Previous period)

Units: million yen

● Pare Marche Nishiharu NOI	Reflects the contract with the successor tenant from April 21, 2022 (not expected to backfill the vacant plot on the 3rd floor)	△71
● Property tax	Expensing of Property tax on properties acquired during the 10 th fiscal period (Decrease of effect of Property tax) etc.	△52
● Repair expenses	Increase in repair expenses (excluding Nishiharu)	△14
● NOI and Others	Increase in utility expenses, change in NOI and others (excluding Nishiharu)	△7
● General and administrative expenses	Increase in asset management fees etc. due to increases in asset	△29
● Refinancing expenses	Decrease of refinancing expenses in 10 th fiscal period	+49
● PO expenses	Decrease of PO expenses (included financing related expenses) in 10 th fiscal period etc.	+72
Total (net income) vs. Previous Period		△53





Forecast for 12th Fiscal Period (ending January 31, 2022)



Based on the details of a contract with a successor tenant (YOSHIZUYA COMPANY LIMITED) after existing major tenant of Pare Marche Nishiharu and repair expenses, we assume a distribution of 3,276 yen

Forecast for 12th Fiscal Period (ending January 31, 2023)

Units: million yen

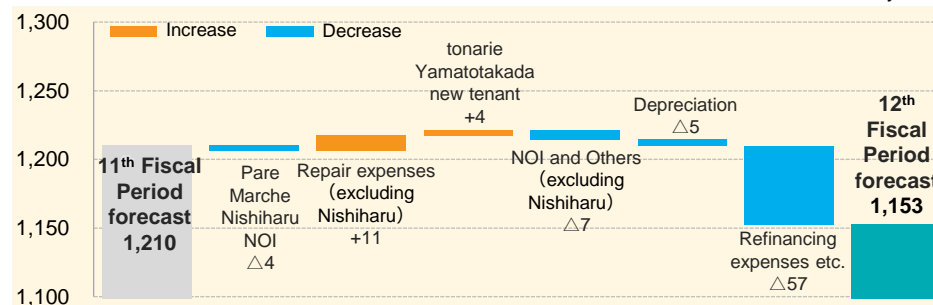
	11 th Fiscal Period Forecast as of March 16, 2022 (a)	12 th Fiscal Period Forecast as of March 16, 2022 (b)	vs. Previous forecast (b-a)
Operating revenues	2,420	2,444	24
Operating income	1,330	1,325	△4
Ordinary income	1,211	1,154	△57
Net income	1,210	1,153	△57
DPU	3,440 yen	3,276 yen	△164 yen
Depreciation	175	180	△5
NOI after depreciation	1,536	1,535	△0
NOI yield after depreciation	4.5%	4.4%	△0.1%
Number of operating days	181 days	184 days	3 days

Main reasons for fluctuation in net income (vs. Previous Forecast)

Units: million yen

● Pare Marche Nishiharu NOI	Reflects the contract with the successor tenant (not expected to backfill the vacant plot on the 3rd floor)	△4
● Repair expenses	Reduction in repair expenses due to advance construction in previous term (excluding Nishiharu)	+11
● tonarie Yamatotakada new tenant	Reflects the contract with the tonarie Yamatotakada new tenant (Rents expected to start accruing in late June)	+4
● NOI and Others	Increase in utility expenses, change in NOI and others (excluding Nishiharu)	△7
● Depreciation	Increase in depreciation	△5
● Refinancing expenses etc.	Increase in 9.86 billion yen Refinancing expenses in January 2023 and General and administrative expenses	△57
Total (net income) vs. Previous Forecast		△57

Units: million yen



After existing major tenant of Pare Marche Nishiharu, a new agreement was signed with YOSHIZUYA COMPANY LIMITED^{※1} to lease the whole commercial building

Overview of Pare Marche Nishiharu^{※2}

A commercial facility consisting of a supermarket, etc. directly connected to Nishiharu Station on the Meitetsu Inuyama Line



Location		Kitanagoya-shi, Aichi	Commercial building	
Land area	11,474.85m ²		5F	Restaurants, Services etc.
Total floor area	47,179.93m ²		4F	Household goods, Fitness etc.
Completion date	September, 1994		3F	No tenant
Acquisition price	4,610 million yen		2F	Drug store, Apparel, Shoes, Café etc.
Appraisal value	4,400 million yen		1F	Supermarkets etc.
Appraisal NOI yield	4.7%			
Building construction	Steel-framed reinforced concrete and steel-framed structure with a flat roof and 13 stories (5 stories in the commercial)			
Number of tenants	Commercial 1 + rental housing 55			

Leasing status due to vacating tenants

- In April 2021, a notice of non-renewal was received from the major tenant of the commercial building (who rented the whole commercial building) with a contract expiration date of April 20, 2022 (intending to continue only the first floor)
- In parallel negotiations with the existing tenants, we initiated leasing of the whole building with a focus on supermarket (the whole building renting scenario) and tenants occupying the first floor (Multi-Tenant Scenario)
 - We contacted local and national chain supermarket companies that are strong candidates for leasing, and received offers of rent terms from 4 companies (2 companies for whole building lease, 2 companies for 1st floor only)
 - [The whole building renting scenario] Of the two tenants, discussions continued with one company that proposed a rent level almost equal to that of the existing tenant as a strong candidate (however, subject to a change in the maintenance and management classification and the opening by a strong tenant of a new store on another floor).
 - [Multi-tenant scenario] Discussions continued with candidate tenants who have requested to open stores only on the first floor.
 - An application was received from one of the companies for the multi-tenant scenario to open a store on the first floor on December 22, 2021.
- Based on the leasing situation, we compared the expected revenues and expenses between the two scenarios (whole building renting and multi-tenant renting). It was found that the revenues and expenses of the former exceed those of the latter, so we are continuing our concrete discussions with potential tenants on the premise of leasing the whole commercial building.
- In March 2022, a lease agreement was signed with YOSHIZUYA COMPANY LIMITED to lease the whole commercial building. (If the third floor is subleased, the amount multiplied by the stipulated rent per tsubo will be added to the basic monthly rent)

^{※1} YOSHIZUYA COMPANY LIMITED is the core company of the Yoshizuya Group, which is headquartered in Tsushima City, Aichi Prefecture, and operates the Yoshizuya supermarket and Y Store food supermarket in Aichi, Gifu, and Mie prefectures (established in 1932, 50 million yen capital).

^{※2} The name of the commercial building is scheduled to change from "Pare Marche Nishiharu" to "Yoshizuya Nishiharu" after April 21, 2022.



Although tenants were attracted with no downtime, rent levels declined. Aiming to improve profitability by exploring and implementing multifaceted measures

Pare Marche Nishiharu Impact on income/expense forecast and future initiatives

- Targeting to improve profitability by promoting tenant leasing on the 3rd floor as soon as possible, through the improvement of the property value by repair work, etc. and the positive impact of the opening of a supermarket
- Under negotiation with existing tenants regarding collection of restoration costs
- Discussions are underway with a view to tenant leasing utilizing sponsor support and future asset replacement, etc.

Pare Marche Nishiharu 10th Fiscal Period Performance and 11th and 12th Fiscal Period Forecast

Units: million yen

	10 th Fiscal Period Performance	11 th Fiscal Period Performance	12 th Fiscal Period Performance	Difference between 11 th Fiscal Period and 10 th Fiscal Period b-a	Difference between 12 th Fiscal Period and 11 th Fiscal Period c-b	Main reasons for Difference
	a	b	c			
Number of operating days	184 days	181 days	184 days	+ 3 days	△3 days	
Rent revenue-real estate	161	121	114	△39	△7	10th fiscal period: Results (existing tenant rent) 11th fiscal period: Existing tenant rent from February 1, 2022 to April 20, 2022 New tenant rent from April 21, 2022 to July 31, 2022 12th fiscal period: New tenant rent (not expected to backfill the 3rd-floor area)
Expenses related to rent business	26	58	54	+ 31	△3	
Taxes and public dues	16	16	16	+0	△0	
Management fees	6	15	22	+9	+7	10th fiscal period: Existing tenant bear responsibility for maintenance and management, including building facilities, etc. 11th fiscal period: Change of burden classification based on new tenant contract from April 21 12th fiscal period: Burden classification based on the new tenant contract
Insurance premium	0	0	0	+0	+0	
Repair & maintenance	1	16	12	+14	△3	Same as management fee (burden classification change due to the new tenant contract) 11th fiscal period: Increase repairs with a view to promoting tenant leasing on the 3rd floor in line with tenant replacement
Others	2	9	2	+7	△6	
Leasing NOI	134	63	59	△71	△4	
Depreciation	29	30	32	+ 0	+ 1	
Operating income	104	33	27	△71	△6	

※ Includes revenue and expenditures for residential buildings

Operational status of owned properties



In March 2022, a new lease agreement for tonarie Yamatotakada with a new tenant (Akachan Honpo Co., Ltd.) was signed, and the occupancy rate is expected to increase from 93.3% to 99.4%

tonarie Yamatotakada (ownership 50%)

Lifestyle-focused commercial facilities with a supermarket as its anchor tenant, a one-minute walk from Yamatotakada Station on the Kintetsu Osaka Line via a deck

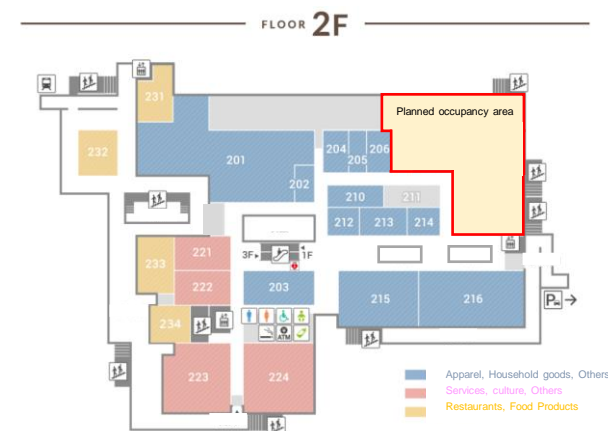


tonarie Yamatotakada (ownership 50%) and
Le JADE Yamatotakada Ekimae
(Integrated development by ES-CON JAPAN)

Location	Yamatotakada-shi, Nara
Land area	17,740.17m ²
Total floor area	19,609.54m ² (excluding Parking building)
Completion date	October, 2018
Acquisition price	4,150 million yen
Appraisal value	4,075 million yen
Appraisal NOI yield	4.9%
Building construction	Steel frame, alloy-plated steel sheet roofing, 3 floors
Number of tenants	63

- Rent is scheduled to commence in late June 2022 (contract period: approx. 6 years, already factored into earnings forecast). Even during the COVID-19 pandemic, the occupancy rate was able to be improved by the leasing capabilities of the property management company, ES-CON Property Ltd.
- In May 2021, the adjacent condominium developed by the sponsor (205 units sold out) began occupancy, which is expected to attract more family customers in the future.

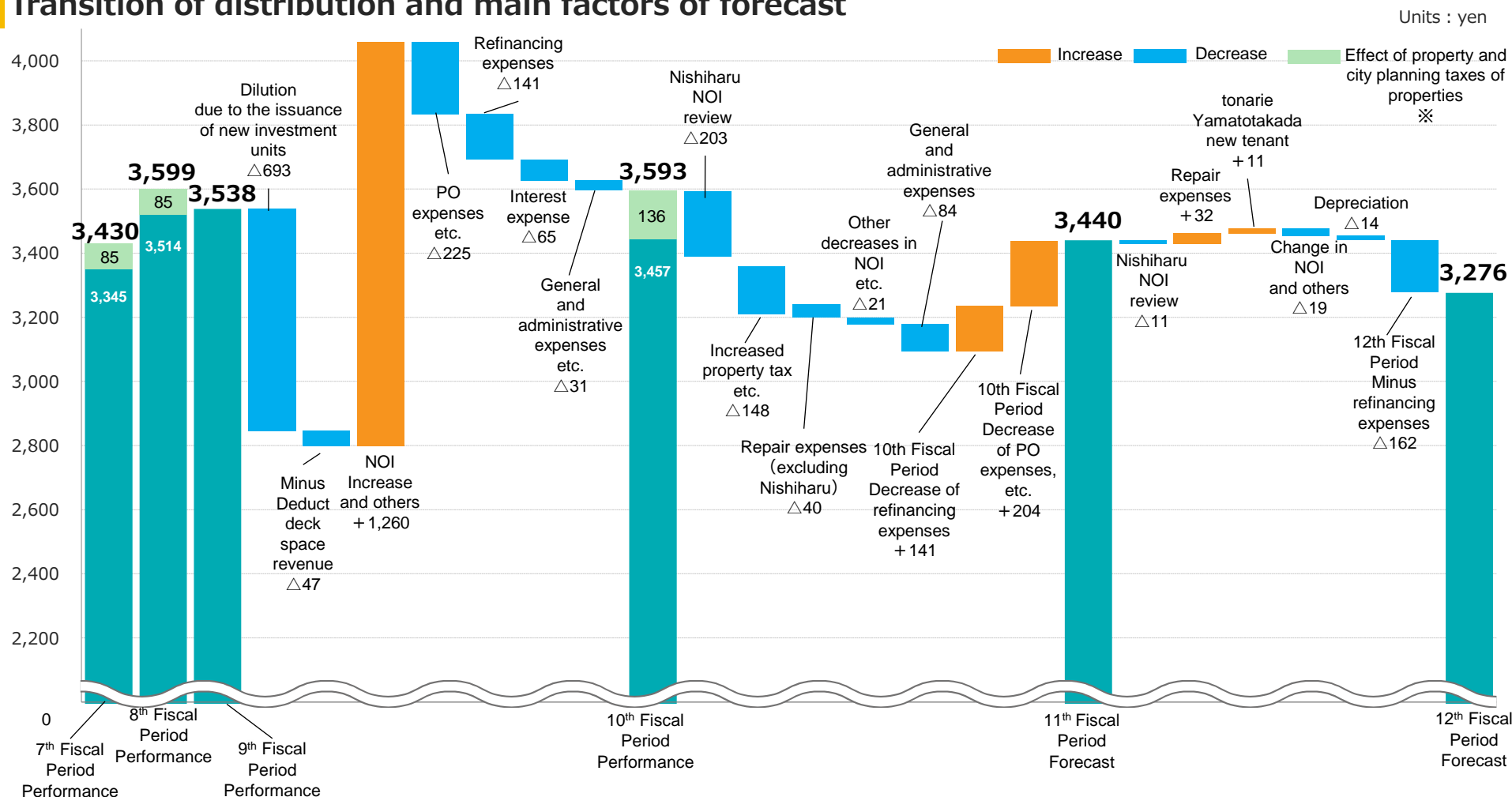
※ Although the REIT has acquired a 50% quasi co-ownership interest in the trust beneficiary right for the property, the above table and occupancy rate show the figures for the entire property.





The details of the contract with the successor tenant of Pare Marche Nishiharu, refinancing costs, and other costs are incorporated into the 11th fiscal period and 12th fiscal period forecasts for distribution

Transition of distribution and main factors of forecast



※ Property and city planning tax expense for purchased properties that is borne by the buyer will not be accounted for as an expense but as part of book value.
 Property and city planning tax for 3 properties acquired in the 7th fiscal period were accounted for as an expense from the 9th fiscal period.
 Property and city planning tax for 11 properties acquired in the 10th fiscal period will be accounted for as an expense from the 11th fiscal period.

ES CON JAPAN REIT



5. Growth Strategy



Future operating policy

Asset Scale Expansion

Aim to increase unitholder value over the medium to long term by expanding asset scale through public offerings leveraging sponsor support

ESG Policies Promotion

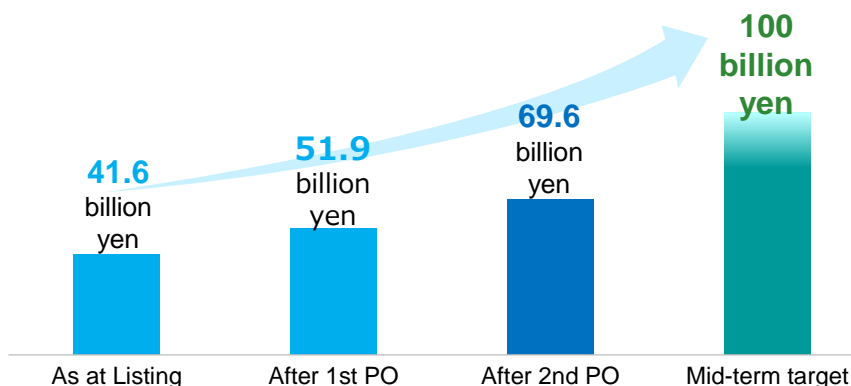
Strengthen initiatives utilizing the support of Chubu Electric Power Group
Promote initiatives to address materiality (Key Issues)

Improve stability of Financial Management

R&I 「A-」(stable)
Aim to improve the rating further
Longer borrowing period and diversification of borrowing period

Inclusion in the Global Fund Index

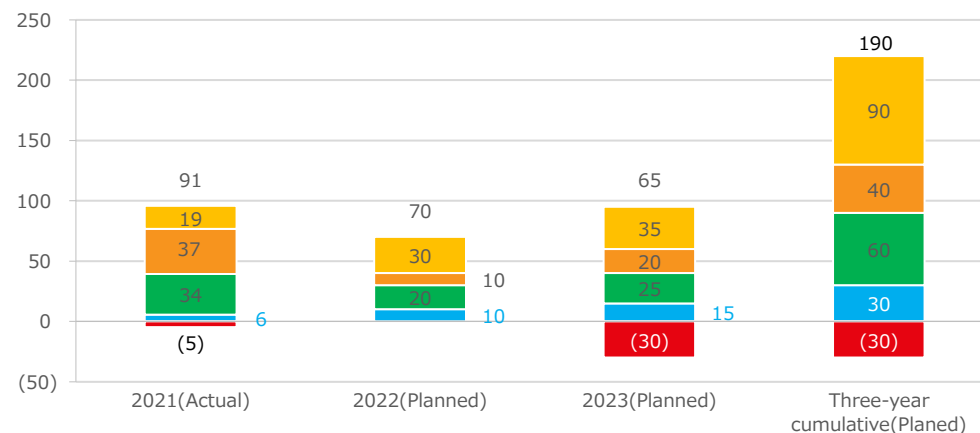
The FTSE EPRA Nareit index announced the relaxation of the criteria for market capitalization inclusion in June 2021.
ESCON REIT plans to start preparing English annual report with the aim of inclusion



Growth with sponsor's investment plans and asset circulation model

【Sponsor's Investment plans】

(billion yen)



■ Amount recovered

■ Investment in long-term revenue generating real estate

■ Investment in development of revenue generating real estate

■ Investment in other development

■ Investment in medium-term revenue generating real estate

● Sponsor's basic business strategy policy

- Gross investment during three-year period of the medium-term management plan: 220 billion yen (Net investment: 190 billion yen)
- The full-year plan is steady through the sale of retail properties and others to REITs
- In 2022 and 2023, sponsor will strengthen profitability by developing a multifaceted development business that includes retail, hotels, rental condominiums, and offices.

● Our External Growth



- Acquire property information by leveraging sponsors to expand asset scale
- Granting of right to purchase at fixed price and preferential negotiation rights
- Asset warehousing
- Asset recycling through redevelopment support



Further expansion of support system by making ES-CON JAPAN a consolidated subsidiary of Chubu Electric Power

Support from sponsor and support companies

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



Pipeline Support

Retention of preferential negotiation rights for a total of 13 (included 3 Leasehold lands) properties

ESCON REIT

ES CON JAPAN REIT



Support agreement

- Asset warehousing
- From July 1, 2021, 2 Chuden Real Estate staff loaned to ES CON ASSET MANAGEMENT

Support Company

Chubu Electric Power Group
Chubu Electric Power
Chuden Real Estate

(wholly owned subsidiary Of Chubu Electric Power)

- Loaning to Chuden Real Estate

Implementation of joint projects in the real estate business

- Investing in a 51.5% ※ stake, having a personnel appointed as director and loaning personnel to the ES-CON Japan Group

Further synergies from becoming a consolidated subsidiary

Benefits expected by ESCON JAPAN REIT

Support for growth toward an asset scale of 100 billion yen

Utilization of Chubu Electric Power Group operations, such as reduction in utility costs

Improvement of credit worthiness and financing ability

Securing and broadening the Asset Manager's human resources

Strengthening of ESG initiatives

Expected synergies for the sponsor group

Realization of "new forms of community"

Large redevelopments in city centers and front of train stations

Large-scale urban development

※On April 5, 2021, a capital increase through a third-party allotment was executed, and Chubu Electric Power became a further parent company (Specified Associated Corporation) of the parent company of the Asset Manager, holding 51.5% of the voting rights of ES-CON JAPAN (the percentage expected based on the total number of voting rights as of the end of December 2021).

ES CON JAPAN REIT



6. Financial Strategy



Achieved longer borrowing period and diversification of borrowing period through the 2nd public offering

Acquisition of Issuer Rating by R&I

「A-」 (stable)

Acquisition of issuer credit rating in November 2019,
rating maintained in November 2021

(Followings are referenced from the press release of R&I)

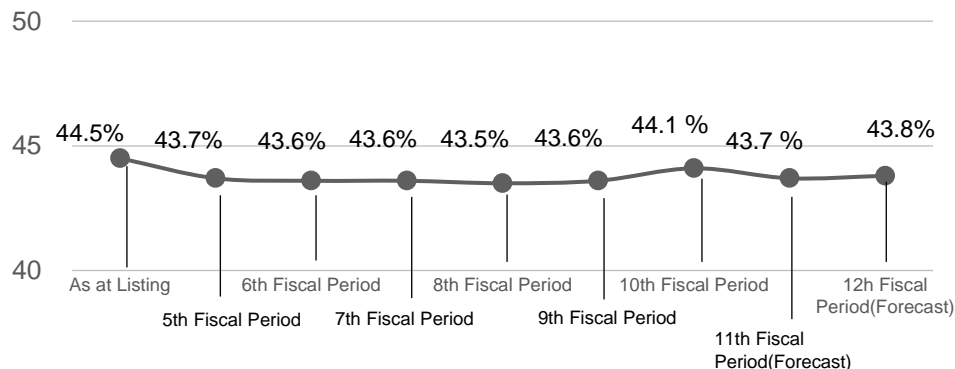
The Rating Outlook is Stable. Benefitting from the stable portfolio consisting of commercial facilities and leasehold land for which solid demand can be expected in large metropolitan areas, the impact of the coronavirus issue is limited. We will monitor whether they could deepen cooperation with the Chubu Electric Power Group and further expand the asset size and improvement of financing.

Financial Highlights

[As of January 31, 2021]

Total interest-bearing debt	33.44 billion yen	Average remaining term	3.0year
Average Interest Rate	0.50%	Ratio of long-term borrowings	98.9%

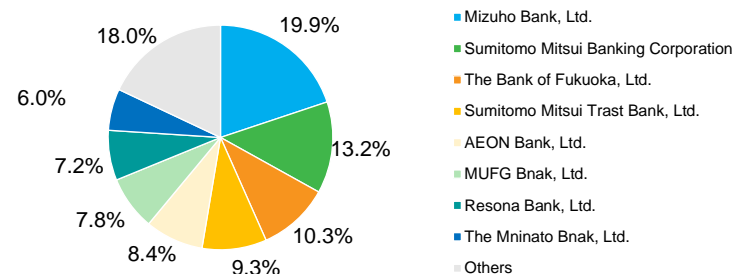
LTV Control



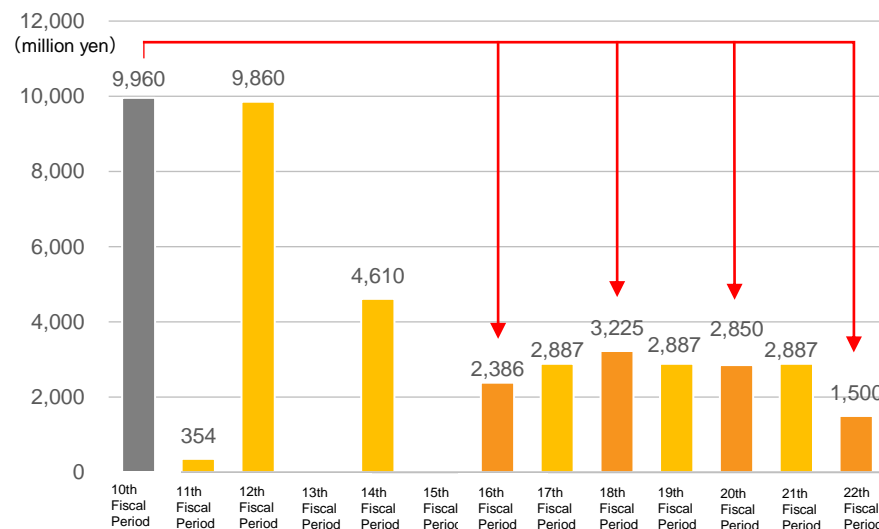
Unsecuring Existing Loans

On January 14, 2022, all of the REIT's existing loans were unsecured as a result of the release of all security interests on existing loans

Lender Mix



Debt repayment schedule



ES CON JAPAN REIT



7.ESG Strategy

Formulation of materiality (Key Issues)



	Key Issues	Policy	Direction/Measures	Relevant SDGs
E Environment	<ul style="list-style-type: none"> Reduce environmental impact 	<ul style="list-style-type: none"> Aim to improve the efficiency of energy consumption and reduce greenhouse gas emissions in the portfolio 	<ul style="list-style-type: none"> Continue to install LED lighting in common areas of facilities Introduction of groundwater membrane filtration system 	
	<ul style="list-style-type: none"> Acquire external certifications 	<ul style="list-style-type: none"> Strive to reduce environmental impact by obtaining environmental certifications and evaluations 	<ul style="list-style-type: none"> Continue efforts for GRESB certification Continue efforts to achieve DBJ Green Building Certification 	
	<ul style="list-style-type: none"> Take environmental issues into consideration through collaboration with tenants 	<ul style="list-style-type: none"> Aim to introduce green lease clauses in cooperation with tenants 	<ul style="list-style-type: none"> Consider introducing green lease clauses in new lease agreements (re-signing) 	
S Social	<ul style="list-style-type: none"> Coexist and cooperate with the local community 	<ul style="list-style-type: none"> Through contributions to the local community, aim to solve social issues and enhance local value. 	<ul style="list-style-type: none"> Host events with the participation of residents and tenants Efforts to certify as shopping districts supporting dementia 	
	<ul style="list-style-type: none"> Improve safety and comfort for customers and tenants 	<ul style="list-style-type: none"> Aim to contribute to the local community by creating and maintaining safe and secure spaces 	<ul style="list-style-type: none"> Create new on-site breastfeeding areas Decorate tenant employee lounges 	
	<ul style="list-style-type: none"> Create a comfortable work environment 	<ul style="list-style-type: none"> Promote the creation of a favorable work environment to ensure employees' health and a fulfilling social life 	<ul style="list-style-type: none"> Conduct employee satisfaction surveys Create a work environment that emphasizes work-life balance 	
G Governance	<ul style="list-style-type: none"> Further strengthen governance 	<ul style="list-style-type: none"> To prevent fraud and corruption as an organization, promote clarification of governance structure and reinforcement of the system 	<ul style="list-style-type: none"> Strengthen governance systems Enhance compliance training 	
	<ul style="list-style-type: none"> Disclose information to stakeholders 	<ul style="list-style-type: none"> Foster a relationship of trust with stakeholders through proactive information disclosure and dialogue 	<ul style="list-style-type: none"> Further enhance non-financial information disclosure 	

※This materiality has been developed with reference to the relevant SDGs



E Environment

Reduce environmental impact

● 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.

Take environmental issues into consideration through collaboration with tenants

● Consider the introduction of green lease clauses

A green lease refers to a voluntary agreement between a real estate owner and a tenant to reduce the environmental impact of real estate, such as energy conservation, and improve the workplace environment through a contract or memorandum of understanding, and refers to putting the agreed-upon details into practice.

Not only will both parties gain benefits such as cost reduction, improvement of the working environment, and enhancement of real estate value, but also the global environmental burden can be reduced through energy savings.

This REIT will work with tenants going forward to promote the introduction of green lease clauses.

Acquisition of certifications

● DBJ Green Building ※1 Certifications

We have obtained certification for a total of five properties.

Certified properties	Certification rank	Certified date
tonarie Toga・Mikita	2020 	July 27, 2020
tonarie Yamatotakada	2020 	July 27, 2020
tonarie Minami-senri	2020 	February 19, 2021
tonarie Seiwadai	2020 	February 19, 2021
Asumigaoka Brand New Mall	2021 	July 9, 2021

※1 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. There are five levels of certification ranks as follows.

● GRESB ※2 Real Estate Assessment

In the 2021 GRESB Real Estate Assessment, ESCON REIT received a "2 Stars" in GRESB Rating, which is based on GRESB Overall Score and its quintile position relative to global participants. It also won a "Green Star" designation by achieving high performance 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.



※2 GRESB is an annual benchmarking assessment to measure ESG (Environmental, 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). Currently, 140 Investor Members (with more than \$47 trillion in assets under management) use GRESB data for their investment decision-making and engagement with investees, and several institutions from Japan including Government Pension Investment Fund (GPIF) utilize GRESB Assessment results.



S Social

Coexist and cooperate with the local community

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.

tonarie Brand Concept

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



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



Rice-cake pounding event
(tonarie Yamatotakada)



Tanabata bamboo
decorations
(tonarie Seiwadai)



A display of oni (demon)
mask paper plate art
(tonarie Seiwadai)



A live talk show called the
“New Year's Comedy Pearl
Coming of Age Ceremony”
(tonarie Yamatotakada)

● 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.



● Contributions for communities



Dementia supporter courses
(tonarie Minami-senri)



Supporting Japan for UNHCR
(tonarie Yamatotakada)



Blood donation campaign
(tonarie Seiwadai)



Campaign to eradicate
remittance fraud (tonarie
Seiwadai)

Improve safety and comfort for customers and tenants

● Facilities renewal for improved safety and comfort

(1) For the comfort of those who are accompanied by children, we are introducing a breastfeeding room in our facilities.

(2) With the aim of improving the workplace environment for tenant employees, we are installing and renovating resting rooms for tenant employees.

(tonarie Minami-senri, tonarie Seiwadai, Asumigaoka Brand-New, tonarie Toga・Mikita, tonarie Yamatotakada)



Resting rooms for
tenant employees
(tonarie Toga・
Mikita)



Breastfeeding room
(tonarie
Yamatotakada)

Create a comfortable workplace environment

● Initiatives to improve the workplace environment for employees

We are promoting the creation of a workplace environment that gives an asset management company work-life balance. (Conducting employee satisfaction surveys, no-overtime days, stress checks, the introduction of health consultations by industrial physicians, etc.)



G Governance

Further strengthening of Governance

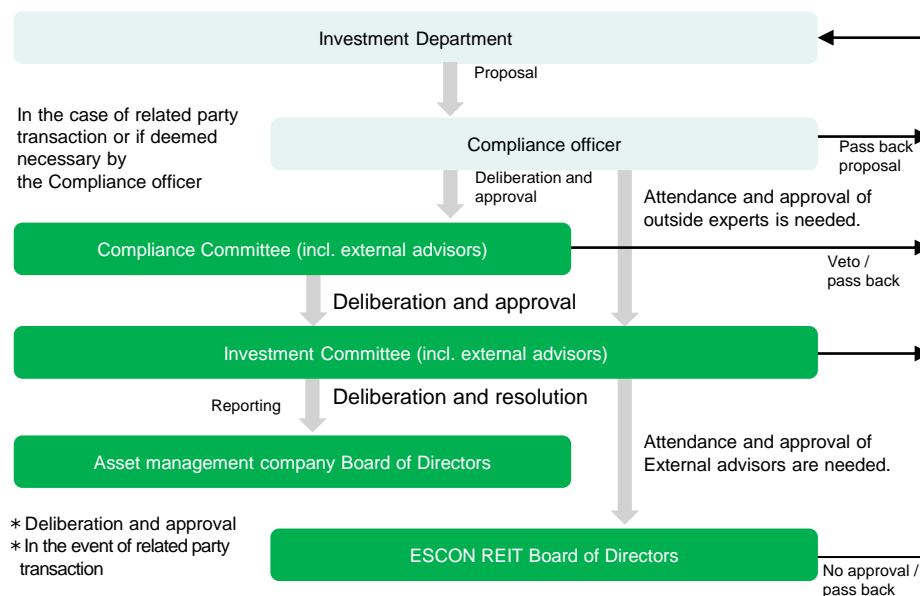
● Governance structure to maximize unitholder value

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.



● Strengthening of Compliance System

The Asset Management Company 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. The Asset Management company strengthens compliance system, 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.

Also, each fiscal year, in our Compliance Program Implementation Plan, we clarify compliance-related issues and improvement measures, and have introduced a framework for working toward the resolution of these issues.

● Enhance compliance training

We conduct compliance training at the time of hiring and several times a year to improve officers' and employees' understanding and awareness of compliance and to foster a compliance-oriented organizational culture.

Disclose information to stakeholders

We acknowledge the importance of disclosing not only management and financial information, but also non-financial information, and proactively promote the disclosure of such information.

Others

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

14 companies (approx. 23%) of J-REITs have introduced the unitholders' associations system

Sponsors are qualified for membership in 6 companies (approx. 9.8%) of the REITs

ES CON JAPAN REIT



8. Status of Unitholders

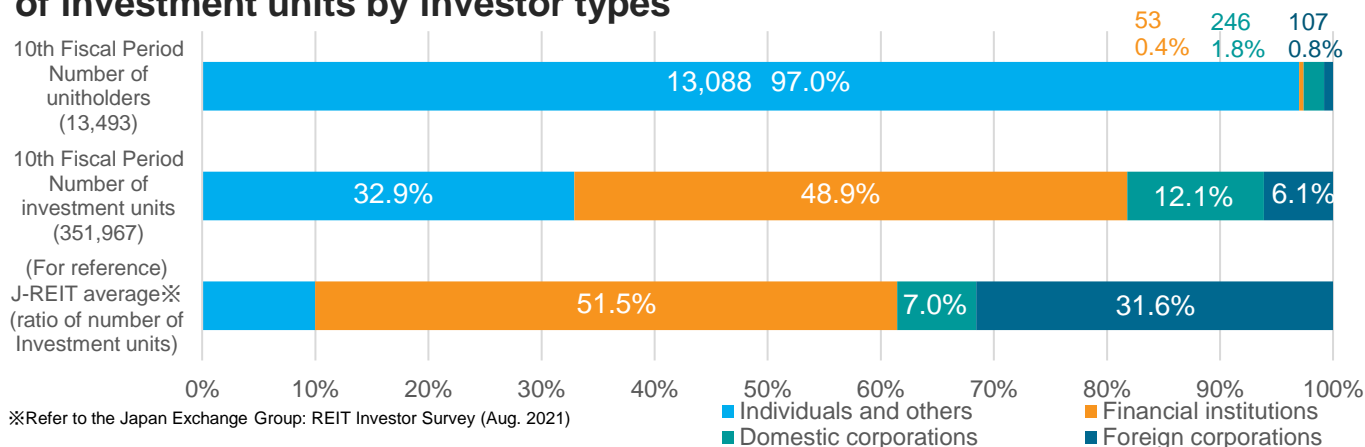


Status of unitholders as of January 31, 2022

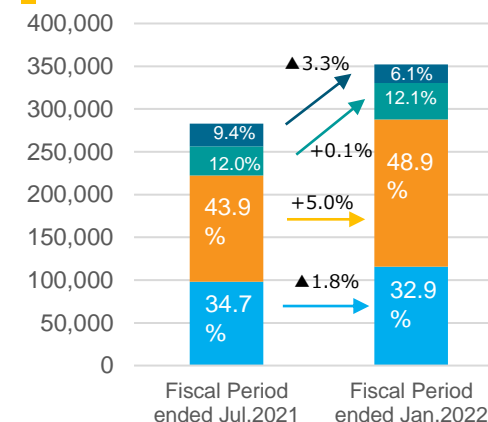


In addition to same-boat investment by Sponsor, ESCON REIT is highly trusted by the financial institutions that has close relations with

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)	46,239	13.1%
2. Custody Bank of Japan, Ltd.(Trust Account)	29,190	8.3%
3. Osaka co-sei Shinkin Bank	20,940	5.9%
4. ES-CON Japan Ltd.	16,894	4.8%
5. Nomura Trust Bank (Trust account)	13,440	3.8%

Name	Number of units held	Ownership ratio
6. Osaka Shoko Shinkin Bank	9,199	2.6%
7. NISSEI BUILD KOGYO CO., LTD.	9,190	2.6%
8. Daido Shinyo Kumiai	6,415	1.8%
9. Kinkisangyo Shinkumi Bank	6,226	1.8%
10. Custody Bank of Japan, Ltd. (securities trust investment account)	5,285	1.5%
Total	163,018	46.3%

ES CON JAPAN REIT



Appendix



Balance Sheet



Units : 1,000 yen

	9 th Fiscal Period ended July 31, 2021	10 th Fiscal Period ended January 31, 2022
Assets		
Current assets		
Cash and deposits	1,380,368	2,091,168
Cash and deposits in trust	2,405,085	3,417,259
Operating accounts receivable	41,590	45,438
Receivable consumption tax, etc.	–	315,296
Prepaid expenses	44,587	60,122
Other	260	1,577
Total current assets	3,871,893	5,930,863
Noncurrent assets		
Property, plant and equipment		
Buildings in trust	8,924,115	12,449,202
Accumulated depreciation	△548,580	△717,071
Buildings, net	8,375,534	11,732,131
Structures in trust	145,289	145,289
Accumulated depreciation	△20,889	△24,417
Structures, net	124,400	120,871
Tools, furniture and fixtures in trust	21,661	30,304
Accumulated depreciation	△4,646	△7,013
Tools, furniture and fixtures in trust, net	17,015	23,291
Land in trust	43,636,242	57,914,000
Total property, plant and equipment	52,153,193	69,790,294
Intangible assets		
Trademarks	718	664
Other	4,249	3,432
Total intangible assets	4,967	4,097
Investment and other assets		
Lease and guarantee deposits	10,000	10,000
Long-term prepaid expenses	21,485	105,193
Deferred tax assets	9	19
Total investments and other assets	31,494	115,213
Total noncurrent assets	52,189,656	69,909,604
Current assets	56,061,549	75,840,468

	9 th Fiscal Period ended July 31, 2021	10 th Fiscal Period ended January 31, 2022
Liabilities		
Current liabilities		
Operating accounts payable	81,951	92,630
Short-term borrowings	–	354,000
Current portion of long-term borrowings	9,960,000	9,860,000
Accrued money	12,771	61,119
Accrued expenses	122,324	128,228
Accrued income tax, etc.	803	1,011
Accrued consumption tax, etc.	24,178	–
Advances received	269,096	340,676
Deposits received	114	1,894
Total current liabilities	10,471,241	10,839,560
Noncurrent liabilities		
Long-term borrowings	14,470,000	23,231,000
Tenant lease and guarantee deposits in trust	1,679,518	2,397,951
Total noncurrent liabilities	16,149,518	25,628,951
Total liabilities	26,620,759	36,468,511
Net assets		
Unitholders' equity		
Unitholders' capital	28,439,581	38,107,208
Surplus		
Unappropriated retained earnings (undisposed loss)	1,001,208	1,264,747
Total surplus	1,001,208	1,264,747
Total unitholders' equity	29,440,790	39,371,956
Total net assets	29,440,790	39,371,956
Total liabilities and net assets	56,061,549	75,840,468



Profit and Loss Statement



Units : 1,000 yen

	9 th Fiscal Period ended July 31, 2021	10 th Fiscal Period ended January 31, 2022
Operating revenues		
Rent revenue-real estate	1,703,816	2,230,463
Other lease business revenue	207,013	246,164
Total operating revenue	1,910,829	2,476,628
Operating expenses		
Expenses related to rent business	655,322	794,032
Asset management fee	102,495	105,335
Asset custody fee	2,771	3,514
Administrative service fees	9,402	11,492
Directors' compensation	3,000	2,769
Taxes and public dues	8,109	12,649
Other operating expenses	35,158	40,268
Total operating expenses	816,259	970,061
Operating income	1,094,570	1,506,567
Non-operating income		
Interest income	16	17
Other	—	1
Total non-operating income	16	18
Non-operating expenses		
Interest expenses	61,897	84,845
Borrowing related expenses	23,920	132,374
Amortization of organization expenses	5,686	—
Investment unit issuance expenses	—	22,247
Other	1,230	1,230
Total non-operating expenses	92,734	240,697
Ordinary income	1,001,852	1,265,888
Income before income taxes	1,001,852	1,265,888
Income taxes-current	806	1,168
Income taxes adjustment	6	△10
Total income taxes	812	1,158
Net income	1,001,039	1,264,729
Retained earnings bought forward	169	18
Unappropriated retained earnings (undisposed loss)	1,001,208	1,264,747



Income and Expenditure



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)	11 (KS-2)	12 (KS-3)	13 (KS-4)	14 (KS-5)	15 (KS-6)
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 (ownership 50%)	tonarie Toga-Mikita	LAMU Kitatsumori (Leasehold land)	K's Denki Nishikobe (Leasehold land)	Sanyo Marunaka (Leasehold land)	Tsutaya Sakai-minami (Leasehold land)	LIFE Daisen (Leasehold land)	TRIAL Omihachiman (Leasehold Land)
Number of days of operation	184	184	184	184	184	184	184	184	184 ※2	184	184	184	184	184	182
Age of buildings (year)	21.4	21.8	—	—	—	17.3	14.3	3.3	2.8	—	—	—	—	—	—
Operating revenues	244,451	21,481	70,570	Not disclosed	Not Disclosed	328,114	184,625	167,738	257,554	38,148	62,177	Not Disclose	21,600	72,000	Not Disclose
Rent revenue-real estate	180,253	16,983	70,570			274,196	152,279	138,013	222,062	38,148	62,176		21,600	72,000	
Other lease business revenue	64,198	4,498	—			53,918	32,346	29,724	35,492	—	1		—	—	
Expenses related to rent business	133,702	8,087	7,288			132,314	70,214	62,937	72,428	6,986	5,543		2,676	4,980	
Taxes and public dues	23,891	1,338	6,738			23,186	12,778	11,941	7,275	6,236	4,793		2,104	4,408	
Management fees	31,949	2,125	300			47,139	25,126	23,582	33,394	500	500		300	300	
Insurance premium	464	132	—			299	342	509	400	—	—		—	—	
Repair & maintenance	9,255	1,331	—			13,997	3,326	478	1,341	—	—		—	—	
Other lease business expenses	68,141	3,160	250			47,690	28,642	26,425	30,017	250	250		272	272	
Leasing NOI	110,748	13,394	63,282			195,799	114,410	104,800	185,126	31,161	56,633		18,923	67,019	
Depreciation	18,906	832	—			14,293	24,923	21,831	32,809	—	—		—	—	
Operating income	91,842	12,561	63,282			181,506	89,487	82,969	152,316	31,161	56,633		18,923	67,019	
Book value at end of fiscal period	3,214,364	452,260	2,737,549	1,007,414	368,224	7,174,072	3,211,440	4,126,503	6,962,915	1,284,444	2,154,463	1,443,034	955,939	2,758,189	1,019,016
NOI yield before depreciation*1	6.8%	5.9%	4.6%	Not disclosed	Not disclosed	5.4%	7.1%	5.0%	5.3%	4.8%	5.2%	Not disclosed	3.9%	4.8%	Not disclosed
NOI yield after depreciation*1	5.7%	5.5%	4.6%	Not disclosed	Not disclosed	5.0%	5.5%	4.0%	4.3%	4.8%	5.2%	Not disclosed	3.9%	4.8%	Not disclosed

Property number	16 (KS-7)	17 (KS-8)	18 (KS-9)	19 (KS-10)	20 (KS-11)	21 (KS-12)	22 (TT-1)	23 (TS-1)	24 (FS-1-11)	25 (OT-1)	26 (OT-2)	27 (OS-1)	28 (OS-2)	Total/ Average
Property name	Kusuri no Aoki Ikaruga (Leasehold Land)	DRUG Yutaka Mukokamiueno (Leasehold Land)	WELCIA Amagasaki Mukomotomachi (Leasehold Land)	Cocokara Fine Niyagawakoen (Leasehold Land)	ENEOS Ikawadani SS (Leasehold Land)	GEO Hikone Takamiya (Leasehold Land)	Pare Marche Nishiharu	MaxValu Kikyougaka-higashi (Leasehold land)	Fukuoka Kasuga Project (Leasehold land)	SUROY MALL Nagamine	Fuji Grand Natalie	K's Denki Kurashiki (Leasehold land)	YAMADA DENKI Tecco Land Sapporo Shiroishi (Leasehold Land)	
Number of days of operation	182	182	182	182	182	182	184	184	184	182	182	184	182	
Age of buildings (year)	—	—	—	—	—	—	27.4	—	—	14.5	22.7	—	—	16.2(average)
Operating revenues	Not disclosed	Not Disclosed	Not disclosed	Not Disclosed	Not disclosed	Not Disclosed	161,021	Not Disclose	266,315	172,518	Not disclosed	Not Disclosed	Not Disclose	2,476,628
Rent revenue-real estate							159,456		266,315	148,167				2,230,463
Other lease business revenue							1,564		—	24,351				246,164
Expenses related to rent business							26,596		35,445	32,532				619,645
Taxes and public dues							16,215		31,898	—				160,263
Management fees							6,112		1,980	12,365				192,137
Insurance premium							748		—	920				4,488
Repair & maintenance							1,335		—	738				31,804
Other lease business expenses							2,183		1,567	18,508				230,952
Leasing NOI							134,425		230,870	139,986				1,856,982
Depreciation							29,554		—	11,171				174,386
Operating income							104,870		230,870	128,815				1,682,596
Book value at end of fiscal period	718,269	464,956	571,393	709,317	535,849	304,134	4,552,106	483,542	10,537,198	4,628,409	3,968,287	2,136,105	1,310,888	69,790,294
NOI yield before depreciation*1	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	5.9%	Not disclosed	4.3%	6.1%	Not disclosed	Not disclosed	Not disclosed	5.3%
NOI yield after depreciation*1	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	4.6%	Not disclosed	4.3%	5.6%	Not disclosed	Not disclosed	Not disclosed	4.8%

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

※2 Of the properties, 50% interest was acquired on August 3, 2021, but due to the minimal impact, the calculation is based on 100% interest and 184 days of operation.



Appraisal Value(as at the end of 10th Fiscal Period)



Units: 1,00 yen

№	Property name	Acquisition price	Appraisal value		Difference (B) – (A)	NOI yield before depreciation ※2	NOI yield before depreciation ※2
			Jul. 31, 2021 (A)※1	Jan. 31, 2022 (B)			
1	Asumigaoka Brand-New Mall	3,200,000	3,380,000	3,380,000	0	6.6%	5.4%
	Asumigaoka Sushiro (Leasehold land)		150,000	150,000	0		
	Asumigaoka McDonald's (Leasehold land)		146,000	146,000	0		
2	Nishi-shiroi Ekimae Plaza	451,000	468,000	468,000	0	5.8%	5.4%
3	K's Denki Oyumino (Leasehold land)	2,710,000	2,870,000	2,880,000	10,000	4.7%	4.7%
4	Nitori Tsuchiura (Leasehold land)	999,477	1,090,000	1,090,000	0	5.4%	5.4%
5	Nitori Imaichi (Leasehold land)	363,362	407,000	407,000	0	6.0%	6.0%
6	tonarie Minami-senri	7,200,000	7,990,000	8,010,000	20,000	5.5%	5.1%
7	tonarie Seiwadai	3,290,759	3,400,000	3,400,000	0	6.0%	4.4%
8	tonarie Yamatotakada (ownership50%)	4,150,000	4,060,000	4,075,000	15,000	4.9%	3.8%
9	tonarie Toga・Mikita	6,986,000	3,560,000	7,120,000	3,560,000	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	1,520,000	1,530,000	10,000	4.4%	4.4%
13	Tsutaya Sakai-minami (Leasehold land)	946,000	1,020,000	1,030,000	10,000	4.1%	4.1%
14	LIFE Daisen (Leasehold land)	2,733,000	3,060,000	3,060,000	0	4.9%	4.9%
15	TRIAL Omihachiman (Leasehold Land)	1,010,000	1,090,000	1,100,000	10,000	4.4%	4.4%
16	Kusuri no Aoki Ikaruga (Leasehold Land)	711,000	729,900	730,200	300	5.3%	5.3%
17	DRUG Yutaka Mukokamiueno (Leasehold Land)	460,000	477,000	477,000	0	4.5%	4.5%
18	WELCIA Amagasaki Mukomotomachi (Leasehold Land)	565,000	577,000	577,000	0	4.2%	4.2%
19	Cocokara Fine Neyagawakoen (Leasehold Land)	702,000	716,000	716,000	0	4.3%	4.3%

№	Property name	Acquisition price	Appraisal value		Difference (B) – (A)	NOI yield before depreciation ※2	NOI yield before depreciation ※2
			Jul. 31, 2021 (A)※1	Jan. 31, 2022 (B)			
20	ENEOS Ikawadani SS (Leasehold Land)	530,000	531,000	531,000	0	4.7%	4.7%
21	GEO Hikone Takamiya (Leasehold Land)	300,000	306,000	306,000	0	4.8%	4.8%
22	Pare Marche Nishiharu	4,610,000	4,400,000	4,400,000	0	4.7%	3.5%
23	MaxValu Kikyogaoka-higashi (Leasehold land)	477,767	539,000	539,000	0	6.1%	6.1%
24	MrMAX Kasuga (Leasehold land)	3,387,444	3,910,000	3,930,000	20,000	4.4%	4.4%
	UNIQLO Kasuga (Leasehold land)	595,000	665,000	668,000	3,000	4.0%	4.0%
	Avail.Shimamura Kasuga (Leasehold land)	863,387	1,100,000	1,100,000	0	4.8%	4.8%
	au-Softbank Kasuga (Leasehold land)	143,560	160,000	160,000	0	4.6%	4.6%
	Kura Sushi Kasuga (Leasehold land)	261,340	304,000	304,000	0	4.8%	4.8%
	docomo Shop Kasuga (Leasehold land)	160,900	182,000	182,000	0	4.7%	4.7%
	Konpira Maru Kasuga (Leasehold land)	236,360	265,000	265,000	0	4.7%	4.7%
	One-Karubi Kasuga (Leasehold land)	236,360	265,000	265,000	0	4.7%	4.7%
	Suke-san Kasuga (Leasehold land)	401,000	422,000	423,000	1,000	4.5%	4.5%
25	NAFCO Kasuga (Leasehold land)	2,631,500	3,400,000	3,420,000	20,000	4.5%	4.5%
	K's Denki Kasuga (Leasehold land)	1,487,390	1,830,000	1,840,000	10,000	4.4%	4.4%
	SUROY MALL Nagamine	4,600,000	4,640,000	4,650,000	10,000	5.5%	5.0%
	Fuji Grand Natalie	3,950,000	4,070,000	4,100,000	30,000	5.2%	4.2%
27	K's Denki Kurashiki (Leasehold land)	2,121,000	2,440,000	2,440,000	0	5.0%	5.0%
28	YAMADA DENKI Tecc Land Sapporo Shiroishi(Leasehold Land)	1,300,000	1,330,000	1,330,000	0	4.4%	4.4%
Total		69,604,038	71,419,900	75,149,200	3,729,300	5.1%	4.6%

※1 The appraisal date of No.9(ownership 50%), No.15~No.21, No.25, No.26, No.28 is May 31, 2021.

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

Portfolio (as of January 31, 2022)



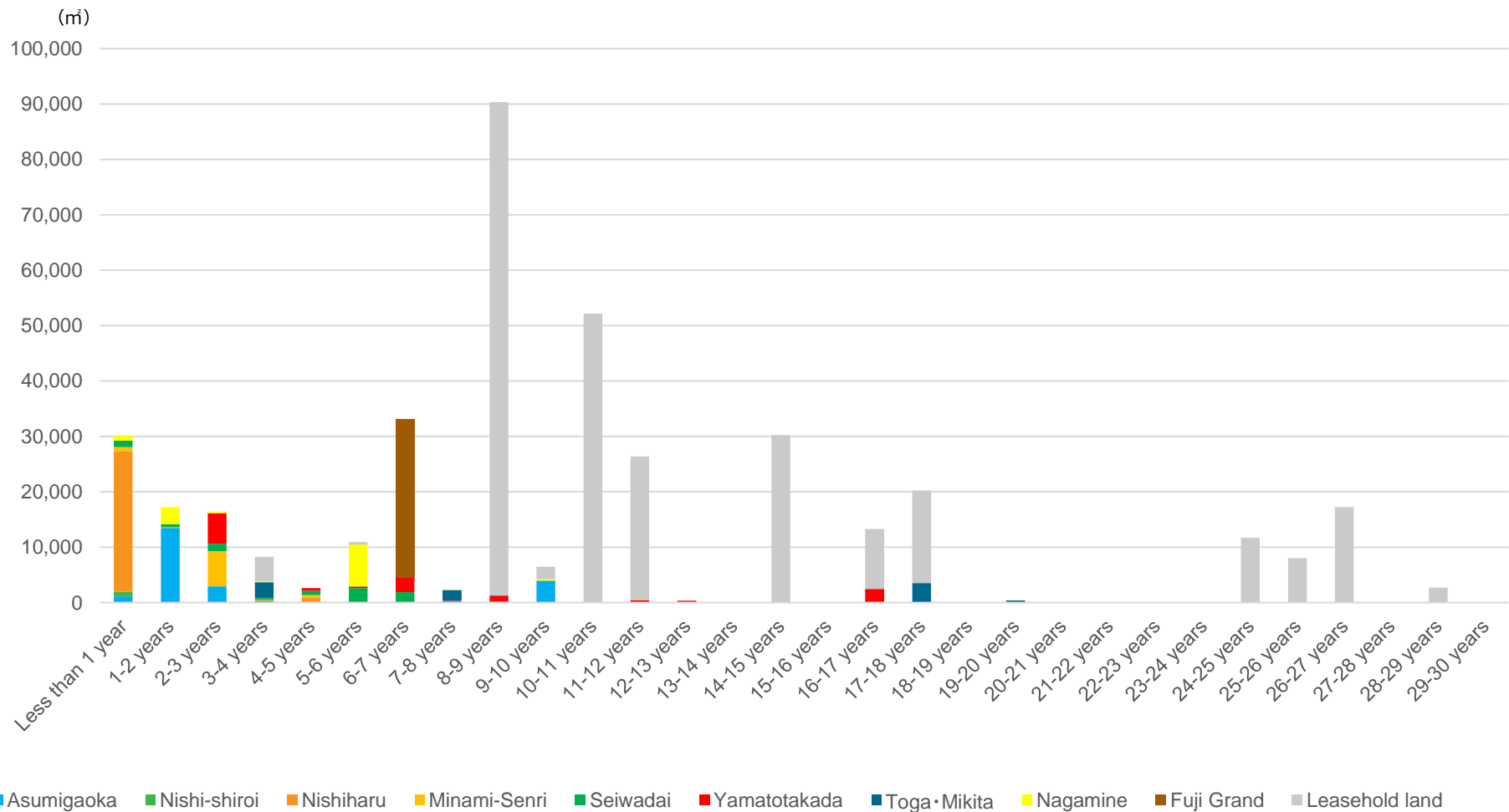
No.	Property name	Area	Location	Asset type	Number of tenants	Acquisition price (million yen)	Appraisal value (million yen)※1
1 (ST-1)	Asumigaoka Brand-New Mall	Tokyo metropolitan area	Chiba-shi, Chiba	Land + building	32	3,200	3,380 (Leasehold land) 296
2 (ST-2)	Nishi-shiroi Ekimae Plaza	Tokyo metropolitan area	Shiroi-shi, Chiba	Land + building	4	451	468
3 (SS-1)	K's Denki Oyumino (Leasehold land)	Tokyo metropolitan area	Chiba-shi, Chiba	Leasehold land	1	2,710	2,880
4 (SS-2)	Nitori Tsuchiura (Leasehold land)	Tokyo metropolitan area	Tsuchiura-shi, Ibaraki	Leasehold land	1	999	1,090
5 (SS-3)	Nitori Imaichi (Leasehold land)	Tokyo metropolitan area	Nikko-shi, Tochigi	Leasehold land	1	363	407
6 (KT-1)	tonarie Minami-senri	Kinki metropolitan area	Suita-shi, Osaka	Land + building	45	7,200	8,010
7 (KT-2)	tonarie Seiwadai	Kinki metropolitan area	Kawanishi-shi, Hyogo	Land + building	33	3,290	3,400
8 (KT-3)	tonarie Yamatotakada (ownership 50%)	Kinki metropolitan area	Yamatotakada-shi, Nara	Land + building	63	4,150	4,075
9 (KT-4)	tonarie Toga-Mikita	Kinki metropolitan area	Sakai-shi, Osaka	Land + building	32	6,986	7,120
10 (KS-1)	LAMU Kitatsumori (Leasehold land)	Kinki metropolitan area	Osaka-shi, Osaka	Leasehold land	1	1,270	1,480
11 (KS-2)	K's Denki Nishikobe (Leasehold land)	Kinki metropolitan area	Kobe-shi, Hyogo	Leasehold land	1	2,133	2,470
12 (KS-3)	Sanyo Marunaka Mitani (Leasehold land)	Kinki metropolitan area	Kobe-shi, Hyogo	Leasehold land	1	1,430	1,530
13 (KS-4)	Tsutaya Sakai-minami (Leasehold land)	Kinki metropolitan area	Sakai-shi, Osaka	Leasehold land	1	946	1,030
14 (KS-5)	LIFE Daisen (Leasehold land)	Kinki metropolitan area	Sakai-shi, Osaka	Leasehold land	1	2,733	3,060
15 (KS-6)	TRIAL Omihachiman (Leasehold Land)	Kinki metropolitan area	Omihachiman-shi, Shiga	Leasehold land	1	1,010	1,110
16 (KS-7)	Kusuri no Aoki Ikaruga (Leasehold Land)	Kinki metropolitan area	Ikoma-gun, Nara	Leasehold land	2	711	730
17 (KS-8)	DRUG Yutaka Mukokamiueno (Leasehold Land)	Kinki metropolitan area	Muko-shi, Kyoto	Leasehold land	1	460	477
18 (KS-9)	WELCIA Amagasaki Mukomotomachi (Leasehold Land)	Kinki metropolitan area	Amagasaki-shi, Hyogo	Leasehold land	1	565	577
19 (KS-10)	Cocokara Fine Neyagawakoen (Leasehold Land)	Kinki metropolitan area	Neyagawa-shi, Osaka	Leasehold land	1	702	716
20 (KS-11)	ENEOS Ikawadani SS (Leasehold Land)	Kinki metropolitan area	Kobe-shi, Hyogo	Leasehold land	1	530	531
21 (KS-12)	GEO Hikone Takamiya (Leasehold Land)	Kinki metropolitan area	Hikone-shi, Shiga	Leasehold land	1	300	306
22 (TT-1)	Pare Marche Nishiharu	Chukyo metropolitan area	Kitanogoya-shi, Aichi	Land + building	56	4,610	4,400
23 (TS-1)	MaxValu Kikyogauaka-higashi (Leasehold land)	Chukyo metropolitan area	Nabari-shi, Mie	Leasehold land	1	477	539
24 (OT-1)	SUROY MALL Nagamine	Other area	Kumamoto-shi, Kumamoto	Land + building	24	4,600	4,650
25 (OT-2)	Fuji Grand Natalie	Other area	Hatsukaichi-shi, Hiroshima	Land + building	1	3,950	4,100
26 (OS-1)	K's Denki Kurashiki (Leasehold land)	Other area	Kurashiki-shi, Okayama	Lease hold land	1	2,121	2,440
27 (OS-2)	YAMADA DENKI Tecc Land Sapporo Shiroishi (Leasehold Land)	Other area	Sapporo-shi, Hokkaido	Leasehold land	1	1,300	1,330
28 (FS-1-11)	Fukuoka Kasuga Project (Leasehold land)	Fukuoka metropolitan area	Kasuga-shi, Fukuoka	Leasehold land	11	10,404	12,557
Total(as at the end of January 31, 2022)					320	69,604	75,149

※1 The appraisal value of tonarie Yamatotakada is based on the fact that the acquired property is a 50% quasi-co-ownership interest in a trust beneficiary right and is not 100% of the appraisal value of the property concerned.



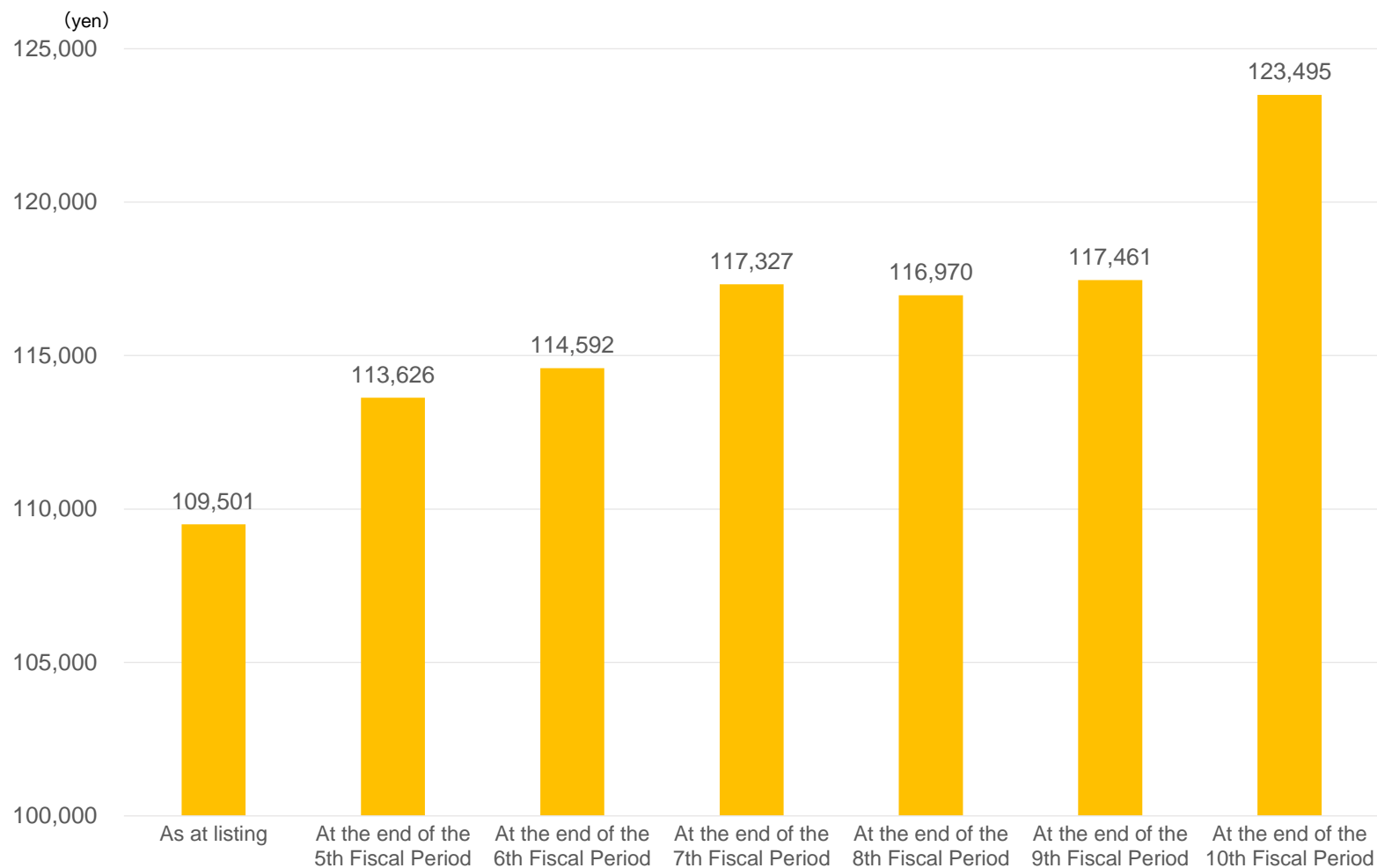


Remaining lease term (based on leasable space)



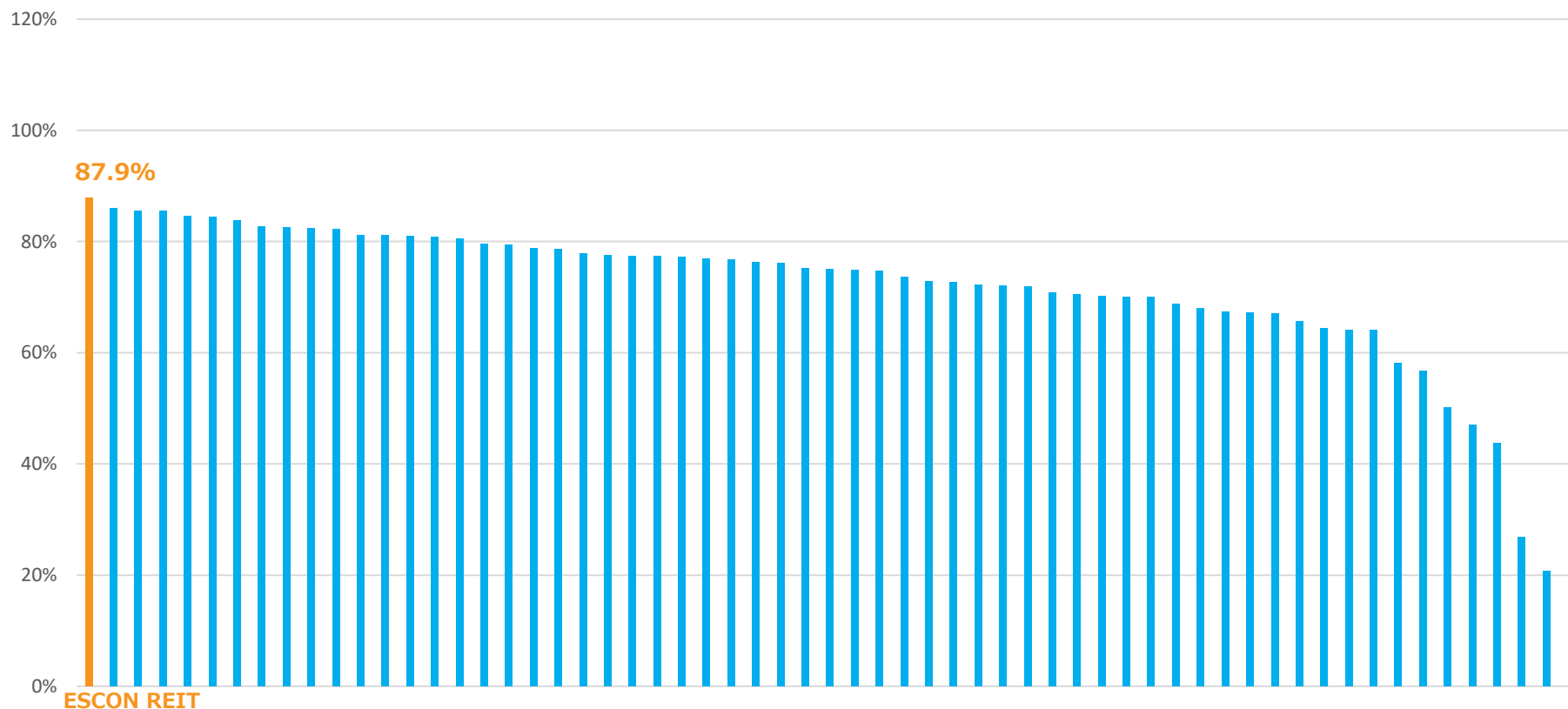
* The figures show the remaining lease term as of January 31, 2022.

NAV per unit





FFO Payout ratio



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

*2 For other companies, data based on the information disclosed by December 2021 are used.

*3 Based on book value as of January 31, 2022.

Property taxes and city planning taxes in FY2021 for 11 properties purchased during the 10th 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	16,519 million yen (as of Dec. 31, 2021)
Number of employees	344 (consolidated, as of Dec. 31, 2021)
Sales	79,017 million yen (fiscal year ended Dec. 31, 2021)
Listed market	First Section of the Tokyo Stock Exchange

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, 2021)
Number of employee	3,092 (as of March 31, 2021)
Sales	2,935 billion yen (Fiscal year ended March 31, 2021)
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, 2021)
Number of employee	571 (as of July 1, 2021)
Shareholder	Chubu Electric Power Co., Inc. (100%) (as of July 1, 2021)

Recent main action by ES-CON JAPAN

2021	
Aug.	Investment and Business Participation in the Commercial Complex Value-add Project in Hawaii Public opening of "Le JADE Hokkaido Ballpark" Real estate sales business "GRAND CREA Ichinomiya" began selling in lots Originated a private placement fund and contributed TK equity (Yokohama Bandobashi Development Project LLC) Acquisition of New Project Site (Repro Shimbashi)
Sep.	Establish commitment lines Acquisition of apartment for rent (Sol Plaza Sakai) Investment in U.S Real Estate Investment Fund
Oct.	Real estate sales business "Le JADE bio Makuahihongo" began selling in lots Originated a private placement fund and contributed TK equity (Kawasaki Minami-Machi Zengyoji ekimae Resi REIT Project LLC) Real estate sales business "Le JADE Kyoto Shijo Omiya" began selling in lots Acquisition of certifications GRESB Real Estate Assessment "2 stars" and "Green Star" Condominium "Le JADE Okurayama" awarded the 2021 Good Design Award Acquisition of New Project Site (Murokawa, Nishinomiya city) Completion of acquisition of (Shares of) Picasso and 7 group companies (becoming subsidiaries)
Nov.	Acquisition of New Project Site (Higashi 9, Kita 5, Higashi-Ku, Sapporo City) Real estate sales business "Le JADE Yao Sakuragaoka" began selling in lots and acquired a certification [ZEH-M Oriented]. Lifestyle-focused shopping center "tonarie Minami-senri Annex" is established Acquisition of New Project Site (Nishi-Tokorozawa 1, Tokorozaka City/Hagoromo 1, Tachikawa City) Acquisition of New Project Site in Kita-Hiroshima for the "West Exit Area Revitalization Project" Acquisition of apartment for rent (Toumei Apartment Esaka) Acquisition of New Project Site (Fukuroi Eki Mae)
Dec.	Acquisition of New Project Site ((Tentative) LOGITRES Narashino Shibazono) Real estate sales business "Le JADE Kamishinjo" began selling in lots Real estate sales business "Le JADE Takatsuki Minamimatsubara The Front" began selling in lots Real estate sales business "Le JADE Times Core Kawagoe", "Le JADE Kawagoe The Residence" began selling in lots Formulation of "IDEAL COMPASS" quality control guidelines for condominiums Acquisition of New Project Site (Shin-Yokohama, Kouhoku-Ku) Acquisition of apartment for rent (AMITY Tsukaguchi) Business alliance with Serendix Inc. Acquisition of New Project Site ((Tentative) Distribution facility development project in Hashima City, Gifu Prefecture) Acquisition of New Project Site ((Tentative) LOGITRES Sano)
2022	
Jan.	Acquisition of New Project Site (Tanimachi 5, Chuo-Ku, Osaka City) Condominium "Le JADE Senri Aoyamada" awarded "Osaka Environmentally Friendly Architecture Award, Residential Division" Real estate sales business "Le JADE Sapporo Motomachi" began selling in lots Completion of acquisition of (Shares of) FUEL Inc.(becoming a subsidiary) Acquisition of New Project Site (Harima-Cho, Abeno-Ku, Osaka city) Acquisition of New Project Site (Senba-Higashi, Mino City)



Business development and development cases of ES-CON JAPAN

- Condominium business: 1,062 units have been delivered in the fiscal year ending December 2021, with a stable supply of 1,200 units planned for 2022 and beyond.
- Commercial development project : ES-CON JAPAN develops and operates neighborhood shopping centers (NSCs) as part of our commercial development business. ES-CON JAPAN launched the tonarie brand of commercial facilities; 9 tonarie facilities are currently in operation.
- Logistics development project, Large scale urban development project, Land readjustment project : ES-CON JAPAN launched the new LOGITRES brand of logistics facilities and developed its first project, LOGITRES Tojo. Second project LOGITRES Tojo 2 is being developed in the same area as the first project. In 2021, ES-CON JAPAN acquired 4 sites for logistics. As this is a candidate for our next core business, our current policy is to further strengthen these initiatives.
- Other projects : ES-CON JAPAN is also engaged in revitalization projects for lease condominiums, office buildings and other properties and plan to actively carry out various development projects in order to establish its next core business as a general developer.

Condominium project



Grand Le JADE Shirakabe Getsuro-no-Tei
(Aichi)
(joint project with Chuden Real Estate)



Le JADE Tsukuba Station Front
(Ibaraki)



tonarie Minami-senri Annex
(Osaka)



tonarie Yokkaichi
(Mie)

Logistics development project



LOGITRES Tojo (Hyogo)

Large scale urban development project



The Station West Exit Area Revitalization Project
at Kita-Hiroshima Station
(Hokkaido)

Land readjustment project



Koga Genboen Land Readjustment Project
(Fukuoka)

Development Cases of Sponsor Company



Tsukuba (Tsukuba-shi, Ibaraki) Project

(integrated condominium and commercial facility development in the Tsukuba station area)

- Redevelopment on the former sites of large-scale commercial facilities, the Seibu Department Stores' Tsukuba store and Aeon Tsukuba Ekimae store, inside Tsukuba CREO located in front of the station
- ES-CON JAPAN acquired three facilities, CREO, Q't and MOG, and are currently promoting the integrated development of these facilities in the area around Tsukuba Station. Grand opening scheduled for fall 2022.
- Along with the commercial facility, we will develop the "Le JADE Tsukuba Station Front" condominium and conduct integrated development of the station area in a manner that contributes to local revitalization and benefits local residents.

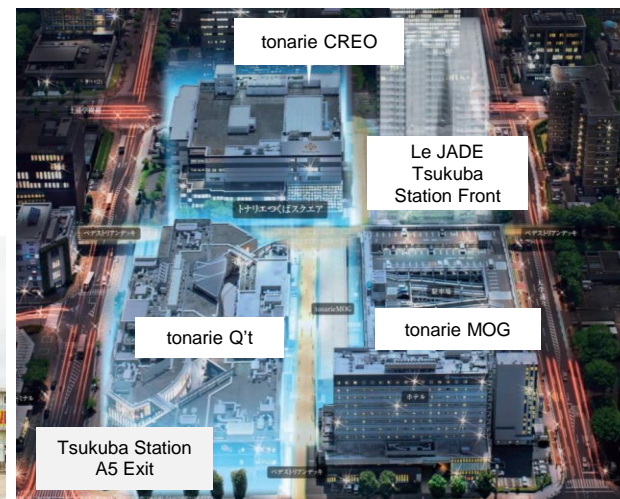
tonarie CREO



tonarie Q't



tonarie MOG



HOKKAIDO BALL PARK and JR Kita-Hiroshima Station "West Exit Area Revitalization Project"

- January 2020: Participated in urban development around the new Hokkaido Nippon Ham Fighters baseball stadium, and acquired naming rights for the stadium. "ES CON FIELD HOKKAIDO" is scheduled to open in 2023.
- Public opening of Le JADE Hokkaido Ballpark, the sponsor's first condominium for sale in Hokkaido, in a section of the HOKKAIDO BALLPARK F VILLAGE in Kita-Hiroshima City, Hokkaido.
- March 2021: Concluded a partner agreement for the Station West Exit Area Revitalization Project at Kita-Hiroshima Station in Hokkaido. In addition to the development of the HOKKAIDO BALLPARK F VILLAGE (total development area: approximately 36.7 ha), the project will also develop the area around Kita-Hiroshima Station, which will serve as an access point to F VILLAGE. In the future, the sponsor will be involved in real estate development and urban development in the area adjacent to the ballpark, covering an area of approximately 9,400 m².



Exterior image of New stadium and Condominium



Exterior image of New stadium



Kita-Hiroshima station located



Completion image of station area

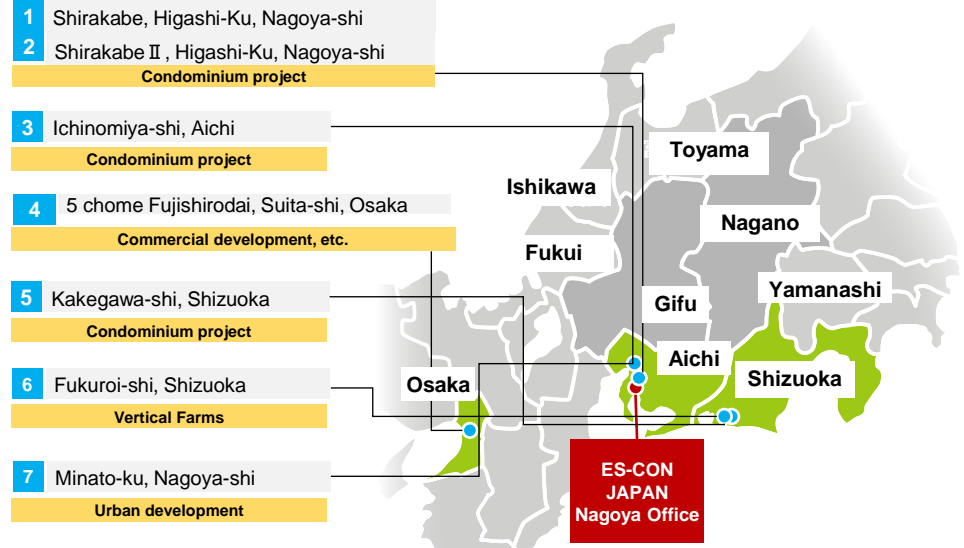


Overview of capital and business partnership with Chubu Electric Power Co., Ltd.

Further synergies from ES-CON JAPAN Ltd. becoming a consolidated subsidiary of Chubu Electric Power Co., Inc.

	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) Most recently, they have begun business in new areas, including the construction and operation of vertical farms (Fukuroi-shi, Shizuoka) and a large-scale urban development (Minato-ku, Nagoya-shi)
	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
	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, ES-CON REIT 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. Two employees were transferred from Chuden Real Estate to ES-CON Asset Management on July 1, 2021
	Respect for autonomy	Continued business development utilizing the Company's characteristic speed

Overview of joint project with Chubu Electric Power Co., Ltd.



6 Fukuroi-shi, Shizuoka

ES-CON JAPAN Ltd, Chubu Electric Power Co., Inc. and Spread Co., Ltd. have entered into an investor agreement regarding the establishment of TSUNAGU Community Farm LLC ("new company") which will construct and operate vertical farms. The aim is to start construction of Techno Farm Fukuroi which will be the world's largest automated vertical farm, utilizing fully artificial light and capable of producing 10 tons of lettuce per day. It is hoped that such facilities will help resolving issues that society faces, such as the growing consumer need for food 'safety and security,' decrease in the number of farmers owing to the declining birthrate and aging population, and food supply instability due to frequent abnormal weather events.



7 Minato-ku, Nagoya-shi

A group of companies led by Chubu Electric Power has been selected as a potential contractor for a mixed-use development project after the Asian Games, using the site of the Nagoya Racecourse where the Asian Games will be held. The project aims to create a next-generation urban development that connects diverse people who will help each other to solve various issues facing society and foster happiness together. (ES-CON JAPAN is participating in a group of companies represented by Chubu Electric Power. ES-CON JAPAN plans to be involved in the development of complex commercial facilities.)



This presentation material has been prepared solely for the purpose of providing information, and not for soliciting investments in certain products.

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