

Financial Report for the Fiscal Period Ended January 31, 2025 (REIT)

March 17, 2025

REIT Issuer: ESCON JAPAN REIT Investment Corporation
 Securities Code: 2971
 Representative: Tadashi Ebihara, Executive Director

Stock Exchange Listing: TSE
 URL: <https://www.escon-reit.jp/>

Asset Management Company: ES-CON ASSET MANAGEMENT Ltd.
 Representative: Wataru Oori, President & Representative Director
 Inquiries: Kenichi Tanaka, General Manager of the Department of Finance and Control
 TEL: +81-3-6230-9338

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 Scheduled date of commencement of distribution payments: April 25, 2025
 Supplementary materials: Yes
 IR Conference: Yes (For institutional investors and analysts)

[Amounts are rounded down to the nearest million yen]

1. Status of Management and Assets for the Fiscal Period Ended January 31, 2025 (From August 1, 2024 to January 31, 2025)

(1) Management [% figures show the period-on-period increase (decrease)]

	Operating revenue		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
FP2025/1	2,794	(8.4)	1,439	9.6	1,253	7.1	1,252	7.2
FP2024/7	3,049	24.7	1,312	3.0	1,170	3.0	1,169	2.9

	Net income per unit*	Ratio of net income to unitholders' equity	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenue
	yen	%	%	%
FP2025/1	3,474	3.1	1.6	44.9
FP2024/7	3,299	2.9	1.5	38.4

* Net income per unit is calculated by dividing net income by the weighted average number of investment units based on the number of days (354,404 units for the fiscal period ended July 31, 2024, and 360,667 units for the fiscal period ended January 31, 2025) and rounded to the nearest whole number.

(2) Distributions

	Distribution per unit (excluding distribution in excess of earnings)	Total distributions (excluding distribution in excess of earnings)	Distribution in excess of earnings per unit	Total distributions in excess of earnings	Payout ratio	Ratio of distributions to net assets
	yen	million yen	yen	million yen	%	%
FP2025/1	3,474	1,252	—	—	100.0	3.1
FP2024/7	3,242	1,169	—	—	100.0	2.9

(3) Financial Position

	Total assets	Net assets	Ratio of unitholders' equity to total assets	Net assets per unit
	million yen	million yen	%	yen
FP2025/1	77,173	40,426	52.4	112,089
FP2024/7	76,770	40,343	52.6	111,857

(4) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
FP2025/1	1,997	(146)	(1,172)	6,558
FP2024/7	9,427	(9,244)	(73)	5,879

2. Management Status Forecasts for the Fiscal Period Ending July 31, 2025 (From February 1, 2025 to July 31, 2025), and the Fiscal Period Ending January 31, 2026 (From August 1, 2025 to January 31, 2026)

[% figures show the period-on-period increase (decrease)]

	Operating revenue		Operating income		Ordinary income		Net income		Distribution per unit (excluding distribution in excess of earnings)	Distribution in excess of earnings per unit
	million yen	%	million yen	%	million yen	%	million yen	%	yen	yen
FP2025/7	2,993	7.1	1,526	6.1	1,258	0.4	1,257	0.4	3,486	—
FP2026/1	3,064	2.4	1,571	2.9	1,266	0.7	1,265	0.7	3,510	—

(Reference) Estimated net income per unit: Estimated net income / Estimated the number of investment units at end of period

FP2025/7: 3,486 yen

FP2026/1: 3,510 yen

*** Others**

(1) Changes in Accounting Policies, Changes in Accounting Estimates, Restatements

- | | |
|---|----|
| (i) Changes in accounting policies accompanying amendments to accounting standards, etc.: | No |
| (ii) Changes in accounting policies other than (i): | No |
| (iii) Changes in accounting estimates: | No |
| (iv) Restatements | No |

(2) Total Number of Investment Units Issued and Outstanding

- (i) Total number of investment units issued and outstanding at end of period (including own investment units):
- (ii) Number of own investment units at end of period:

FP2025/1	360,667 units	FP2024/7	360,667 units
FP2025/1	— units	FP2024/7	— units

*For the number of investment units serving as the basis of calculation for net income per unit, refer to Notes to Per Unit Information on page 22.

(3) Rounding Processing

Unless otherwise specified in this document, monetary figures are rounded down to the nearest whole unit and ratios are rounded off to the first decimal place.

* This financial report has not been subjected to audit procedures by a certified public accountant or audit firm.

*** Special Note**

(Caution Concerning Forward-Looking Statements, etc.)

The outlook for management status and other forward-looking statements contained in this document are based on information currently available to and certain assumptions that are deemed reasonable by ESCON REIT. Accordingly, actual management status and other results may differ materially from these forward-looking statements due to a variety of factors. In addition, these forecasts do not intend to guarantee the amount of distribution.

For details on assumptions for the forecast figures above, refer to "Underlying Assumptions of the Operating Forecasts for the Fiscal Period ending July 31, 2025 (From February 1, 2025 to July 31, 2025), and the Fiscal Period Ending January 31, 2026 (From August 1, 2025 to January 31, 2026)" on page 7 and 8.

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1. Operations

(1) Operations

i. Overview of the current fiscal period

A. Brief background of the REIT

ESCON REIT was established on August 26, 2016, with ES-CON ASSET MANAGEMENT Ltd. (hereinafter the "Asset Manager") as the organizer, based on the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended; hereinafter the "Investment Trust Act"), and listed on the Real Estate Investment Trust Securities Market of Tokyo Stock Exchange, Inc. (hereinafter the "Tokyo Stock Exchange") on February 13, 2019 (securities code: 2971).

Afterwards ESCON REIT believes that, as population decline and concentration of population in major metropolitan areas continues, the demand to live in highly convenient major cities or areas with easy access to large cities will remain stable. Also, ESCON REIT believes that in order to support affluent lifestyles for people living in these areas, ESCON REIT requires commercial facility^{*1}, residence^{*2} and Assets aimed at creating a sustainable society, which is expected to solve diverse social issues in everyday life that affect local communities, such as declining birth rates, aging populations, environmental and energy issues, labor and education issues, and problems wrought by natural disasters. ESCON REIT defines these assets as "lifestyle-focused assets"^{*3} and invests in lifestyle-focused assets located mainly in the five major metropolitan areas^{*4}. Based on the above investment policy, ESCON REIT will seek to maximize unitholder value by aiming for more steady growth of assets under management.

ESCON REIT now owns 37 properties with a total acquisition price of 70,373 million yen as of the end of the current fiscal period.

- *1. "Commercial facility" refers to real estate which the floor area of each use of the building has the largest floor area for commercial tenants, such as retailers, restaurants, cafes, service providers and amusement facility operators. The same applies hereinafter.
- *2. "Residence" refers to real estate which each floor area of the building has the largest floor area for residential use, (however, assets aimed at creating a sustainable society are excluded. The same applies hereinafter.
- *3. "Lifestyle-focused assets" refers to commercial facilities, residences, and assets aimed at creating a sustainable society, and leasehold land. "Leasehold Land" refers to land leased by a third party which a building is owned by this third party. The same applies hereinafter.
- *4. The "Five major metropolitan areas" refers to the Hokkaido region, the Tokyo Metropolitan Area, the Chubu region, the Kinki region and the Kyushu region. The Hokkaido region refers to Hokkaido Prefecture, the Tokyo Metropolitan Area refers to Tokyo, Kanagawa, Saitama, Chiba, Ibaraki, Tochigi and Gunma Prefectures, the Chubu region refers to Aichi, Shizuoka, Mie, Nagano and Gifu Prefectures, the Kinki region refers to Osaka, Kyoto, Hyogo, Nara and Shiga Prefectures and the Kyushu region refers to Fukuoka, Kumamoto, Kagoshima, Miyazaki, Oita, Saga and Nagasaki Prefectures. The same applies hereinafter.

B. Operating environment and management performance

During the current fiscal period, the Japanese economy is gradually recovering, though still at a standstill in some parts. The real GDP growth rate (second preliminary figure) for the October to December 2024 period was 0.6% (2.2% annualized), marking the third consecutive quarter of positive growth.

The rises in prices of frequently purchased items, such as energy and food, have put additional strain on household finances, thereby undermining consumer confidence. However, employment and income environment has further improved. As a result, personal consumption has remained on a gradual upward trend in general.

As corporate earnings have also been trending upward, and business sentiment has stayed on a good level, capital spending is gradually increasing. Amid these circumstances, the Bank of Japan raised interest rates in January 2025 for the third time since Governor Kazuo Ueda took office. As the monetary policy normalizes, interest rates are increasing slowly but steadily, and the focus is on the timing of further hikes in policy interest rates.

In the real estate trading market, though some investors have shown caution due to the rises in the policy interest rates, market participants are keen to acquire properties against the backdrop of a continuously favorable funding environment and differences in interest rates between Japanese and overseas markets. As a result, the environment for acquiring properties continues to be challenging. Meanwhile, the J-REIT (real estate investment trust) market has been sluggish amid expectations for higher interest rates. In the one-year period from January 31, 2024 to January 31, 2025, the Tokyo Stock Exchange REIT Index (price return index) fell by 5.22%. As of January 31, 2025, the average expected dividend yield for all J-REITs was 5.06%, and the average price-to-NAV (net asset value) ratio was 0.82.

As for commercial facilities, as consumption trends remain stable and inbound demand increases, the performance has been solid, particularly that of stores selling essentials and mid- to low-priced products. Stable foot traffic is expected at shopping malls and outlet malls as well.

In this environment, ESCON REIT has continued to focus on creating an environment that will satisfy both customers visiting the commercial facilities it operates and tenants. As part of this effort, ESCON REIT has begun renovation work at tonarie Minami-senri with the aim of creating a facility that is more convenient and comfortable for local residents. ESCON REIT has also worked to secure stable revenue by taking measures to appropriately manage assets and increase revenue, including revising rents at the time of renewal of contracts and actively holding events that are in line with current trends.

As a result of the management activities described above, ESCON REIT owned 37 properties as of the end of the current fiscal period, and the occupancy rate remained high at 99.7%.

Moreover, in October 2024, in the 2024 GRESB Real Estate Assessment, ESCON REIT received a "One Star" in GRESB Rating, which is based on GRESB Overall Score and its quintile position relative to global participants. Furthermore, ESCON REIT also won a "Green Star" designation for the 4th consecutive year 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. ESCON REIT and the Asset Manager are promoting initiatives to reduce environmental impact and revitalize local communities, based on the recognition that ESG initiatives through the management of commercial facilities and other lifestyle-focused assets contribute to increasing unitholder value.

*1. The occupancy rate is calculated by the calculation formula below based on data as of the end of the fiscal period and rounded off to the nearest first decimal place.

Occupancy rate = Leased area / Leasable area *100

C. Procurement of funds

During the current fiscal period, in order to refinance 2,386 million yen in loans maturing on January 31, 2025, ESCON REIT borrowed the same amount of 2,386 million yen on the same date. In addition, to hedge against the risk of rising interest rates by seeking to fix interest rate payments, ESCON REIT entered into an interest rate swap contract for 2,386 million yen, which is the same amount as the borrowing mentioned above. As a result, the balance of interest-bearing debt as of the end of the current fiscal period was 33,091 million yen, and the ratio of interest-bearing debt to total assets (hereinafter, "LTV") became 42.9%.

ESCON REIT received an issuer rating of "A- (Stable)" from Rating and Investment Information, Inc.(R&I). ESCON REIT shall aim to improve further credibility while maintaining the flexibility of fund procurement and stable financial management.

D. Performance and distributions

As a result of the management activities described above, ESCON REIT posted operating revenue of 2,794 million yen, operating income of 1,439 million yen, ordinary income of 1,253 million yen and net income of 1,252 million yen for the current fiscal period.

For distributions, ESCON REIT has decided to distribute an amount of 1,252 million yen as earnings distributions, which approximates the full revenue stipulated in Article 136, Paragraph 1 of the Investment Trust Act by applying the special measure of taxation for investment corporations (Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, as amended) in accordance with the distribution policy set forth in the Articles of Incorporation of ESCON REIT. As a result, distribution per investment unit amounted to 3,474 yen.

E. Governance structure of ESCON REIT and the Asset Manager

The Asset Manager changed the organizational structure to a company with an Audit and Supervisory Committee on June 28, 2022, and based on the Compliance Declaration established on August 31, 2022 and the Management Philosophy established on September 26, 2022, the Asset Manager has implemented various measures, including compliance with the operational rules such as the operational flow for property acquisition and other activities, the rules for ordering real estate appraisal, various regulations and manuals, and the monitoring of the ordering operations of real estate appraisal by the Compliance Dept., and the implementation of various training and assessment tests to continuously improve compliance systems related to conflicts of interest. Through these efforts, the Asset Manager has established a stronger governance system for the operation of the ESCON REIT.

In addition, the Board of Directors of ESCON REIT is now composed of one Executive Director and two Supervisory Directors who have no relationship of special interest with the Asset Manager.

As stated above, ESCON REIT and the Asset Manager are working to improve ESCON REIT's operational structure and are actively and continuously striving to improve the effectiveness of the governance structure.

The activities of the various meeting bodies of ESCON REIT and the Asset Manager during the current fiscal period are as follows.

I. Activities of the Board of Directors of ESCON REIT

The Board of Directors of ESCON REIT held the board of meeting six times during the current fiscal period, and Executive Director and two Supervisory Directors attended all six meetings.

No meetings were held to share information in advance and to explain the agenda items of the Board of Directors meetings in advance.

II. Activities of the Board of Directors and the Audit and Supervisory Committee of the Asset Manager

a. Activities of the Board of Directors

The Board of Directors of the Asset Manager held the board of meeting eight times during the current fiscal period, and all six members of Directors attended all eight meetings.

No meetings were held to share information in advance and to explain the agenda items of the Board of Directors meetings in advance.

b. Activities of the Audit and Supervisory Committee

The Audit and Supervisory Committee of the Asset Manager held the Audit and Supervisory Committee meeting six times during the current fiscal period, and all three Directors who are Audit and Supervisory Committee Members attended all six meetings.

III. Activities of the Compliance Committee of the Asset Manager

The Compliance Committee of the Asset Manager held four meetings during the current fiscal period, and all four members of the Compliance Committee, including the external members, attended all four meetings.

In addition, one separate meeting was held to share information in advance and to explain the agenda items at the Compliance Committee in advance.

IV. Activities of the Investment Management Committee of the Asset Manager

The Investment Management Committee of the Asset Manager held seven meetings during the current fiscal period, and all seven members, comprising the six Investment Management Committee members, including external members, and one Compliance Officer attended all seven meetings.

In addition, two separate meetings were held to share information in advance and to explain the agenda items at the Investment Management Committee in advance.

ii. Outlook for next period

A. Outlook for the overall management environment

It is believed that the Japanese economy in the near future will remain on a gradual recovery trend due to growth in personal consumption amid rises in salaries and improvements in employment environment and increases in corporate capital spending. The real estate market is expected to stay resilient with land prices in major urban areas on an upward trend for three consecutive years for both residential and commercial land. However, it is necessary to pay more attention than ever to the effects of rising prices, U.S. policy developments, situations in the Middle East, fluctuations in financial and capital markets, etc.

Under these circumstances, ESCON REIT will acquire and properly manage lifestyle-focused assets and conduct stable and sound financial operations to secure strong revenue and steadily increase asset values over the medium to long term.

B. Internal growth in pursuit of lease revenue growth potential

ESCON REIT conducts satisfaction surveys on each tenant and the use of its facilities to residents living in the surrounding neighborhood of its owned assets to improve the management of its owned assets. Based on the results of these surveys, ESCON REIT will plan and implements measures to improve the convenience and comfort of the facilities and the frequency of use, including latent needs, as well as to increase the recognition of the properties and the area, and aims to achieve steady internal growth of the assets it owns through the initiatives described in a. and b. below.

a. Initiatives to improve lease revenue

ESCON REIT aims to maintain and improve lease revenue for its entire portfolio by implementing appropriate operational management for each asset held, including early and optimal tenant attraction that takes into account the rental market and overall tenant composition as well as hosting events to increase foot traffic and lease revenue, regular review of maintenance and management expenses related to rental management, and initiatives to improve tenant and customer satisfaction.

b. Initiatives to increase asset value

ESCON REIT considers asset depreciation an inevitable issue when holding assets over the medium- to long-term due to the aging of owned assets as well as changes in the region/location and customer demand. In addition to routine cleaning and equipment maintenance, ESCON REIT aims to increase asset value by improving property competitiveness through repairs and renovations based on long-term repair plans, rebuilding and renovating assets in partnership with sponsors, and branding of assets held.

C. External growth pursuing portfolio stability and growth potential

After thoroughly managing conflicts of interest, ESCON REIT will leverage its strong sponsor pipeline, including granting preferential negotiation rights related to owned real estate properties and support for the redevelopment of properties based on the real estate development capabilities of ES-CON JAPAN Ltd. (hereinafter "ESCON JAPAN"), a comprehensive developer*, also will leverage various forms of support to its fullest, including provision of warehousing functions, same-boat investments, and environmental technology and energy cost reduction expertise, through partnership with the Chubu Electric Power Group (Chubu Electric Power, its subsidiaries, and affiliates, excluding ES-CON JAPAN, its subsidiaries, and affiliates; the same shall apply hereinafter). The Asset Manager aimed at enhancing its unique property acquisition network to actively acquire high-quality properties from third parties by continuously acquiring third party information on properties in addition to information from our sponsors ES-CON JAPAN and Chubu Electric Power Group, aiming to expand ESCON REIT's asset size, improve the quality of our portfolio, and achieve steady external growth.

* "Comprehensive developer" is a term used in this document to describe a developer that engages in a wide range of real estate development projects, including condominiums, standalone houses, commercial facilities, hotels, and logistics facilities; in other words, a developer that engages in development efforts comprehensively as a business.

D. Financial policy

ESCON REIT will raise funds to achieve stable and sound financial operations for the purpose of securing stable revenues and steadily improving the asset value over the medium- to long-term.

The issuance of new investment units will be determined based on the assessment of the current financial environment, taking into consideration the LTV, the dilution of rights of the existing unitholders and the potential decline in the transaction price of investment units, with the aim of expanding the scale of assets under management and improving their profitability.

When making loans and issuing investment corporation bonds (including short-term investment corporation bonds), ESCON REIT will raise funds in consideration of the balance between the mobility of financing and financial stability as well as the characteristics of acquired real estates. Specifically, ESCON REIT will examine the financing methods (loans, investment corporate bonds), the ratio of long-term debt, ratio of loans with fixed interest rates, the diversification of repayment dates and the need to provide security, among others.

For the LTV, ESCON REIT will set 50% as the upper limit, in principle, based on our policy of maintaining a conservative threshold.

ESCON REIT will also efficiently and appropriately manage cash by accurately assessing the financing needs of its portfolio through constant monitoring.

iii. Significant subsequent events

A. Acquisition of an asset

The Asset Manager, to which ESCON REIT entrusts the management of its assets, decided as of March 17, 2025 on the acquisition of the following asset, and ESCON REIT entered into a sales agreement of trust beneficial interest as of the same date. ES-CON JAPAN, the prospective seller, is considered an interested party under the Investment Trust Act. Accordingly, the Asset Manager has obtained the consent of ESCON REIT based on the approval of ESCON REIT's Board of Directors, which met today, in compliance with the Investment Trust Act.

In addition, since ES-CON JAPAN is also considered an interested party under the Asset Manager's internal regulations, namely, the Interested Party Transaction Rules, the Asset Manager has followed the decision-making procedures stipulated in them in acquiring the asset from ES-CON JAPAN.

Property name	Kohnan tonarie Yamatotakada (leasehold land)
Type of specified asset	Real estate trust beneficial interest
Property type	Commercial facility
Location	Yamatotakada City, Nara
Scheduled acquisition date	April 1, 2025
Scheduled seller	ES-CON JAPAN Ltd.
Scheduled acquisition price ^{*1}	1,145 million yen
Appraisal value ^{*2}	1,170 million yen (Date of value: February 28, 2025)

*1. "Scheduled acquisition price" states the sales price (rounded off to the nearest million yen) of the real estate trust beneficial interest stated in the relevant sales agreement of the Asset to be Acquired, and excluding consumption tax, local consumption tax and other acquisition-related costs.

*2 For details on the appraisal value, please refer to the "Notice Concerning Acquisition of a Domestic Real Estate Trust Beneficial Interest (Kohnan tonarie Yamatotakada (leasehold land))" announced today.

B. Borrowing

The Asset Manager decided as of March 17, 2025 on the following borrowing for the purpose of using the borrowed fund to finance the planned asset acquisition mentioned in "A. Acquisition of an asset" and related costs. ESCON REIT concluded an individual loan agreement as of the same date.

Type	Lender	Borrowing amount	Interest rate	Borrowing date	Repayment date	Repayment method	Remarks
Short-term borrowing	Mizuho Bank, Ltd.	1,160 million yen	Base rate (one month Japanese yen Tokyo Interbank Offered Rate) +0.20%	April 1, 2025	January 31, 2026	Bullet repayment	Unsecured/ Unguaranteed

iv. Outlook for the management status

ESCON REIT expects the management status for the fiscal periods ending July 31, 2025 and January 31, 2026 as shown below. For the assumptions about the management status, refer to "Underlying Assumptions of the Operating Forecasts the Fiscal Period ending July 31, 2025 (From February 1, 2025 to July 31, 2025), and the Fiscal Period ending January 31, 2026 (From August 1, 2025 to January 31, 2026)" on page 7 and 8.

	Operating revenue	Operating income	Ordinary income	Net income	DPU (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit	DPU (including distributions in excess of earnings)
17th fiscal period ending July 31, 2025	2,993million yen	1,526million yen	1,258million yen	1,257million yen	3,486 yen	—	3,486 yen
18th fiscal period ending January 31, 2026	3,064million yen	1,571million yen	1,266million yen	1,265million yen	3,510 yen	—	3,510 yen

* The forecast values above are calculated based on certain assumptions. Accordingly, actual operating revenue, operating income, ordinary income, net income, distribution per unit and distribution in excess of earnings per unit may change due to the future acquisition or sale of real estate, trends in the real estate market, and fluctuations in interest rates and changes in other circumstances surrounding ESCON REIT. The forecasts do not intend to guarantee the amount of these items.

Underlying Assumptions of the Operating Forecasts for the Fiscal Period ending July 31, 2025 (From February 1, 2025 to July 31, 2025), and the Fiscal Period Ending January 31, 2026 (From August 1, 2025 to January 31, 2026)

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> • 17th fiscal period: February 1, 2025 to July 31, 2025 (181 days) • 18th fiscal period: August 1, 2025 to January 31, 2026 (184 days)
Assets under management	<ul style="list-style-type: none"> • For the forecast of financial results, it is assumed that ESCON REIT will continue to own the real estate beneficiary interests in 37 properties already acquired up to the fiscal period ended January 31, 2025 (hereinafter the "Acquired Assets"), that ESCON REIT will acquire and continue to own the real estate trust beneficiary interest (one property) that is to be acquired as of April 1, 2025 for the planned acquisition price of 1,145 million yen as stated in the "Notice Concerning Acquisition of a Domestic Real Estate Trust Beneficial Interest (Kohnan tonarie Yamatotakada (leasehold land))" announced today (hereinafter the "Asset to be Acquired"), and that there will be no changes made to the assets under management such as acquisition of new properties and/or disposition of portfolio properties, etc. until the end of the fiscal period ending January 31, 2026. • Changes may arise due to the acquisition of new properties other than the intended acquisition assets, disposition of portfolio properties, etc.
Operating revenue	<ul style="list-style-type: none"> • Real estate leasing revenue of the Acquired Assets is calculated based on lease contracts effective as of the date of this document, taking into account tenant and market trends and other factors. In calculating real estate leasing revenue from the Asset to be Acquired, the content of the fixed-term business-use land lease agreement that was provided by the current owner is taken into account. • Operating revenue is based on the assumption that tenants will pay their rents without delinquency. • Operating revenue is based on the assumption that no gain/loss on sale of real estate will occur. • Utilities charges received are expected to be 350 million yen for the fiscal period ending July 31, 2025 and 394 million yen for the fiscal period ending January 31, 2026.
Operating expenses	<ul style="list-style-type: none"> • Of the real estate leasing business expenses, which are the major operating expenses, expenses excluding depreciation pertaining to the Acquired Assets are calculated based on past actual expenses and reflect variable factors. Expenses excluding depreciation relating to the Asset to be Acquired are calculated based primarily on various agreements to be newly concluded, such as a property management agreement and a trust fee agreement. • Property taxes and city planning taxes for the Acquired Assets are expected to be 225 million yen for the fiscal period ending July 31, 2025 and 225 million yen for the fiscal period ending January 31, 2026. In general, when buying and selling real estate, the property taxes and city planning taxes are allocated based on the period of ownership and settled at the time of acquisition between the previous owner and the new owner. However, for ESCON REIT, since the amount of these taxes settled shall be included in the acquisition cost, the property taxes and city planning taxes for the Asset to be Acquired in the fiscal period ending July 31, 2025 will not be recorded as expenses for the fiscal period ending July 31, 2025 and for the fiscal period ending January 31, 2026. Property taxes and city planning taxes for the Asset to be Acquired will be recorded as expenses from the fiscal period ending July 31, 2026, and 3 million yen is expected for each fiscal period. • Utilities charges are expected to be 361 million yen for the fiscal period ending July 31, 2025 and 393 million yen for the fiscal period ending January 31, 2026. • Expenses for repairing buildings are expected to be 93 million yen for the fiscal period ending July 31, 2025 and 76 million yen for the fiscal period ending January 31, 2026. As expenses for repairing buildings, the amount estimated based on the medium- and long-term repair plan created by the Asset Manager is accounted for. The actual repair expenses during a specific financial period may differ significantly from the expected amount, given that damage to buildings for unexpected reasons may give rise to emergency repair expenses, the amount generally varies considerably from fiscal period to fiscal period, and repair expenses do not fall under expenses that are regularly incurred. • Depreciation is calculated using the straight-line method inclusive of incidental expenses, etc. and is expected to amount to 216 million yen for the fiscal period ending July 31, 2025 and 221 million yen for the fiscal period ending January 31, 2026.
Non-operating expenses	<ul style="list-style-type: none"> • Non-operating expenses are estimated to be 271 million yen for the fiscal period ending July 31, 2025 and 310 yen for the fiscal period ending January 31, 2026 as for interest expenses and other borrowing cost. • Non-operating expenses are based on the assumption that borrowing cost that is allowed to be expensed in a lump sum for both accounting and tax purposes will be expensed in a lump sum in each relevant period.

Item	Assumptions
Borrowings	<ul style="list-style-type: none"> Total interest-bearing liabilities are expected to be 34,251 million yen as of July 31, 2025 and January 31, 2026 assuming that a short-term borrowing of 1,160 million yen will be conducted as of April 1, 2025 for the purpose of acquiring the Asset to be Acquired mentioned in Assets under management above. LTV ratio is expected to be approximately 43.7% at the end of the period ending July 31, 2025 and 43.7% at the end of the period ending January 31, 2026. LTV ratio: Total interest-bearing liabilities / Total assets *100
Number of investment units	<ul style="list-style-type: none"> It is assumed that, in addition to the 360,667 units, no additional investment units will be issued before the end of the period ending January 31, 2026. DPU (excluding distribution in excess of earnings) per unit for the end of period ending July 31, 2025 and at the end of period ending January 31, 2026 is calculated based on the anticipated number of investment units issued and outstanding totaling 360,667 units at the end of the end of period ending July 31, 2025 and at the end of period ending January 31, 2026.
DPU (excluding distributions in excess of earnings)	<ul style="list-style-type: none"> DPU (excluding distribution in excess of earnings) is calculated based on the assumption that distributions will be conducted in accordance with the cash distribution policy provided in ESCON REIT's Articles of Incorporation. DPU (excluding distribution in excess of earnings) may vary due to various factors, such as fluctuation in rent revenue accompanying changes in assets under management, changes in tenants, etc. or incurrence of unexpected repairs.
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> Even though it is possible for ESCON REIT to make cash distributions in excess of earnings in accordance with the Articles of Incorporation, ESCON REIT does not intend to make such cash distributions at this point in time when factoring in the ratio of capital expenditures to depreciation expenses and in order to maintain conservative financial management.
Others	<ul style="list-style-type: none"> It is assumed that there will be no revision of laws and regulations, tax systems, accounting standards, listing rules of the Tokyo Stock Exchange, Inc., and rules of The Investment Trusts Association, Japan, etc. that will impact the forecasted figures above. It is assumed that there will be no unforeseen material change in general economic trends, real estate market conditions, etc.

(2) Investment Risk

No disclosure necessary, since there have been no material changes from "Investment risk" in the most recent periodic securities report (submitted October 30, 2024, including subsequent amendment).

2. Financial Statements

(1) Balance Sheets

(Unit: thousand yen)

	Previous fiscal period As of July 31, 2024	Current fiscal period As of January 31, 2025
Assets		
Current assets		
Cash and deposits	2,412,756	2,727,886
Cash and deposits in trust	3,466,739	3,830,889
Operating accounts receivable	105,304	67,147
Prepaid expenses	85,872	82,564
Consumption taxes refund receivable	170,625	—
Other	26,139	—
Total current assets	6,267,438	6,708,488
Non-current assets		
Property, plant and equipment		
Buildings in trust	14,154,848	14,335,854
Accumulated depreciation	(1,282,888)	(1,482,949)
Buildings in trust, net	12,871,959	12,852,904
Structures in trust	140,530	140,530
Accumulated depreciation	(38,869)	(42,611)
Structures in trust, net	101,660	97,918
Tools, furniture and fixtures in trust	62,226	63,367
Accumulated depreciation	(26,618)	(32,616)
Tools, furniture and fixtures in trust, net	35,608	30,751
Land in trust	57,385,910	57,385,910
Construction in progress in trust	5,000	10,485
Total property, plant and equipment	70,400,138	70,377,970
Intangible assets		
Trademarks	394	341
Total intangible assets	394	341
Investment and other assets		
Leasehold and guarantee deposits	10,000	10,000
Long-term prepaid expenses	92,057	76,943
Deferred tax assets	18	7
Total investments and other assets	102,075	86,951
Total noncurrent assets	70,502,609	70,465,262
Total assets	76,770,047	77,173,751

(Unit: thousand yen)

	Previous fiscal period As of July 31, 2024	Current fiscal period As of January 31, 2025
Liabilities		
Current liabilities		
Operating accounts payable	146,747	262,536
Current portion of long-term borrowings	5,964,700	11,375,700
Accounts payable - other	37,760	64,703
Accrued expenses	164,784	168,738
Income taxes payable	990	684
Accrued consumption taxes	—	99,066
Advances received	343,186	409,120
Deposits received	35,154	2,755
Total current liabilities	6,693,322	12,383,305
Non-current liabilities		
Long-term borrowings	27,126,300	21,715,300
Tenant lease and guarantee deposits in trusts	2,607,150	2,648,277
Total non-current liabilities	29,733,450	24,363,577
Total liabilities	36,426,772	36,746,882
Net assets		
Unitholders' equity		
Unitholders' capital	39,173,828	39,173,828
Surplus		
Unappropriated retained earnings (undisposed loss)	1,169,446	1,253,039
Total surplus	1,169,446	1,253,039
Total unitholders' equity	40,343,275	40,426,868
Total net assets	*1 40,343,275	*1 40,426,868
Total liabilities and net assets	76,770,047	77,173,751

(2) Statements of Income and Retained Earnings

(Unit: thousand yen)

	Previous fiscal period From February 1, 2024 to July 31, 2024	Current fiscal period From August 1, 2024 to January 31, 2025
Operating revenue		
Leasing business revenue	*1 2,209,054	*1 2,408,141
Other leasing business revenue	*1 276,621	*1 386,099
Gain on sale of real estate properties	*2 563,532	—
Total operating revenue	3,049,207	2,794,240
Operating expenses		
Expenses related to leasing business	*1 972,252	*1 1,140,323
Loss on sale of real estate properties	*3 535,410	—
Asset management fees	137,799	141,787
Asset custodian fees	3,658	3,706
Administrative service fees	12,573	11,709
Remuneration for director (and other officers)	5,400	5,400
Taxes and public dues	20,539	7,780
Other operating expenses	48,879	44,333
Total operating expenses	1,736,513	1,355,040
Operating income	1,312,693	1,439,199
Non-operating income		
Interest income	26	492
Gain on forfeiture of unclaimed dividends	522	2,129
Interest on tax refund	—	372
Total non-operating income	548	2,994
Non-operating expenses		
Interest expenses	101,609	139,474
Financing fees	36,170	49,073
Investment unit issuance expenses	5,306	—
Total non-operating expenses	143,086	188,547
Ordinary income	1,170,155	1,253,646
Income before income taxes	1,170,155	1,253,646
Income taxes-current	994	759
Income taxes-deferred	(15)	11
Total income taxes	979	770
Net income	1,169,176	1,252,875
Retained earnings bought forward	270	164
Unappropriated retained earnings (undisposed loss)	1,169,446	1,253,039

(3) Statements of Unitholders' Equity

Previous fiscal period (From February 1, 2024 to July 31, 2024)

(Unit: thousand yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings (or undisposed loss)	Total surplus		
Balance at the beginning of the period	38,107,208	1,136,067	1,136,067	39,243,276	39,243,276
Changes of items during the period					
Issuance of new investment units	1,066,620	—	—	1,066,620	1,066,620
Dividends from surplus	—	(1,135,797)	(1,135,797)	(1,135,797)	(1,135,797)
Net income	—	1,169,176	1,169,176	1,169,176	1,169,176
Total changes of items during the period	1,066,620	33,379	33,379	1,099,999	1,099,999
Balance at the end of the period	*1 39,173,828	1,169,446	1,169,446	40,343,275	40,343,275

Current fiscal period (From August 1, 2024 to January 31, 2025)

(Unit: thousand yen)

(Unit: thousand yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings (or undisposed loss)	Total surplus		
Balance at the beginning of the period	39,173,828	1,169,446	1,169,446	40,343,275	40,343,275
Changes of items during the period					
Dividends from surplus	—	(1,169,282)	(1,169,282)	(1,169,282)	(1,169,282)
Net income	—	1,252,875	1,252,875	1,252,875	1,252,875
Total changes of items during the period	—	83,593	83,593	83,593	83,593
Balance at the end of the period	*1 39,173,828	1,253,039	1,253,039	40,426,868	40,426,868

(4) Statements of Cash Dividend Distributions

(Unit: yen)

	Previous fiscal period From February 1, 2024 to July 31, 2024	Current fiscal period From August 1, 2024 to January 31, 2025
I . Unappropriated retained earnings	1,169,446,652	1,253,039,792
II . Distributions	1,169,282,414	1,252,957,158
(Distributions per unit)	(3,242)	(3,474)
III . Retained earnings carried forward	164,238	82,634
Method of calculating the amount of distributions	<p>The cash distribution policy set out in Article 36, Paragraph 1 of the Articles of Incorporation of ESON REIT stipulates that the amount of distributions shall not exceed the amount of profit and shall exceed the amount of equivalent to 90% of profit available for distribution as provided for in Article 67-15 of the Act on Special Measures Concerning Taxation.</p> <p>Based on this policy, ESCON REIT has decided to distribute 1,169,282,414 yen. It is roughly the full amount of revenue stipulated in Article 136, Paragraph 1 of the Investment Trust Act.</p> <p>Furthermore, ESCON REIT will not distribute cash in excess of earnings as provided in Article 36, Paragraph 2 of the Articles of Incorporation.</p>	<p>The cash distribution policy set out in Article 36, Paragraph 1 of the Articles of Incorporation of ESON REIT stipulates that the amount of distributions shall not exceed the amount of profit and shall exceed the amount of equivalent to 90% of profit available for distribution as provided for in Article 67-15 of the Act on Special Measures Concerning Taxation.</p> <p>Based on this policy, ESCON REIT has decided to distribute 1,252,957,158 yen. It is roughly the full amount of revenue stipulated in Article 136, Paragraph 1 of the Investment Trust Act.</p> <p>Furthermore, ESCON REIT will not distribute cash in excess of earnings as provided in Article 36, Paragraph 2 of the Articles of Incorporation.</p>

(5) Statements of Cash Flows

(Unit: thousand yen)

	Previous fiscal period From February 1, 2024 to July 31, 2024	Current fiscal period From August 1, 2024 to January 31, 2025
Cash Flows from Operating Activities		
Income before income taxes	1,170,155	1,253,646
Depreciation	201,410	209,853
Investment unit issuance expenses	5,306	—
Interest income	(26)	(492)
Interest expenses	101,609	139,474
Decrease (increase) in operating accounts receivable	(49,756)	38,157
Decrease (increase) in consumption taxes refund receivable	(170,625)	170,625
Decrease (increase) in prepaid expenses	2,872	3,307
Decrease (increase) in long-term prepaid expenses	42,592	15,113
Increase (decrease) in operating accounts payable	45,316	115,789
Increase (decrease) in accounts payable - other	(36,404)	29,691
Increase (decrease) in accrued expenses	(592)	3,578
Increase (decrease) in accrued consumption taxes	(27,080)	99,066
Increase (decrease) in advances received	12,146	65,934
Decrease in property, plant and equipment in trust due to sale	8,224,272	—
Others, net	8,415	(6,259)
Subtotal	9,529,610	2,137,485
Interest received	26	492
Interest paid	(101,372)	(139,097)
Income taxes paid	(680)	(1,065)
Net cash provided by operating activities	9,427,583	1,997,814
Cash Flows from Investing Activities		
Purchase of property, plant and equipment in trust	(9,354,715)	(187,630)
Proceeds from tenant lease and guarantee deposits in the trusts	400,363	70,403
Refund of tenant lease and guarantee deposits in the trusts	(290,342)	(29,276)
Net cash used in investing activities	(9,244,695)	(146,503)
Cash Flows from Financing Activities		
Proceeds from long-term borrowings	—	2,386,000
Repayments of long-term borrowings	—	(2,386,000)
Proceeds from issuance of investment units	1,061,313	—
Distributions paid	(1,135,197)	(1,172,030)
Net cash provided by (used in) financing activities	(73,884)	(1,172,030)
Net increase (decrease) in cash and cash equivalents	109,004	679,280
Cash and cash equivalents at the beginning of period	5,770,490	5,879,495
Cash and cash equivalents at the end of period	*1 5,879,495	*1 6,558,775

(6) Notes on Going Concern Assumptions

Not applicable.

(7) Notes on Matters Concerning Significant Accounting Policies

1. Method of depreciation and amortization of non-current assets	<p>(1) Property, plant and equipment (including assets in trust) The straight-line method is used. The useful lives of property, plant and equipment are as follows.</p> <ul style="list-style-type: none">• Buildings 2 to 64 years• Structures 9 to 63 years• Tools, furniture and fixtures 2 to 10 years <p>(2) Intangible assets The straight-line method is used.</p> <p>(3) Long-term prepaid expenses The straight-line method is used.</p>
2. Accounting for deferred assets	<p>Investment unit issuance expenses Fully expensed as incurred.</p>
3. Accounting standards for revenues and expenses	<p>(1) Standards for revenue recognition The following is a description of the ESCON REIT's main performance obligations with respect to revenues arising from contracts with customers and the normal time at which such performance obligations are satisfied (i.e., the normal time at which revenue is recognized).</p> <p>i. Sales of real estate For sales of real estate revenue is recognized when the customer (i.e., the buyer) obtains control of the real estate as a result of our fulfillment of the delivery obligations stipulated in the sales contract for the real estate.</p> <p>ii. Utilities charges received Utilities charges received are recorded as revenues according to the supply of electricity, water to the lessee as a customer, based on the lease contract of the real estate and other related agreements.</p> <p>(2) Accounting for property taxes For property taxes, city planning taxes, depreciable asset taxes on real estate holdings, the amounts corresponding to the current fiscal period are treated as expenses related to the leasing business. Consistent with the acquisition of real estate or trust beneficiary interests in real estate, the amount equivalent to property taxes and other expenses for the first year paid to the transferor as a settlement payment is not recorded as an expense and is included in the acquisition cost for the purchased real estate property. The amount equivalent to property taxes and other expenses included in the cost of acquisition of real estate and other assets in the previous fiscal period under review is 24,045 thousand yen. No amount equivalent to property taxes, etc. is included in the acquisition costs for real estate, etc. in the current fiscal period.</p>
4. Hedge accounting methods	<p>(1) Hedge accounting methods Special accounting treatment has been adopted because it meets the requirements for special treatment for interest rate swaps.</p> <p>(2) Hedge instruments and hedge items Hedge instrument: interest rate swaps Hedge item: interest on borrowings</p> <p>(3) Hedge policy ESCON REIT conducts derivative transactions for the purpose of hedging risks as defined in the ESCON REIT agreement based on the derivative management regulations.</p> <p>(4) Method for evaluating hedge efficacy The evaluation of effectiveness is omitted because the interest rate swap meets the requirements for special treatment.</p>

5. Scope of funds in the statements of cash flows	Funds (cash and cash equivalents) in the statements of cash flows consist of cash on hand, cash in trust, deposits and deposits in trust that can be withdrawn at any time, and short-term investments that are readily convertible into cash, with low risk of price fluctuations and with a maturity of less than three months.
6. Other items forming the basis for the preparation of financial statements	<p>(1) Accounting for trust beneficial interests in real estate as trust asset For trust beneficial interests in real estate held as trust assets, all assets and liabilities as well as all revenue and expense items associated with trust assets are accounted for under the respective account items of the balance sheets and Statement of Income and Retained Earnings. Included in the trust assets accounted for under the respective account items, the following items of significance are separately classified on the balance sheets.</p> <ul style="list-style-type: none"> i. Cash in trust and deposits in trust ii. Buildings in trust and structures in trust Tools, furniture and fixtures in trust and land in trust iii. Leasehold and guarantee deposits received in trust <p>(2) Accounting for non-deductible consumption taxes Non-deductible consumption taxes on non-current assets are included in the acquisition cost of individual assets.</p>

(8) Notes to Financial Statements

[Note to Balance Sheets]

(Unit: thousand yen)

	Previous fiscal period As of July 31, 2024	Current fiscal period As of January 31, 2025
*1. Minimum amount of net assets provided for in Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations	50,000	50,000

[Notes to Statements of Income and Retained Earnings]

(Unit: thousand yen)

	Previous fiscal period From February 1, 2024 to July 31, 2024	Current fiscal period From August 1, 2024 to January 31, 2025
*1. Description of income from real estate leasing operations		
A. Real estate leasing business revenue		
Leasing business revenue		
Lease revenue	1,078,846	1,298,136
Land lease revenue received	805,263	727,942
Common service fees	128,464	158,029
Other lease revenues	196,479	224,033
Total	2,209,054	2,408,141
Other leasing business revenues		
Utilities charges received	257,136	356,777
Other revenues	19,484	29,321
Total	276,621	386,099
Total real estate leasing business revenue	2,485,675	2,794,240
B. Real estate leasing business expenses		
Expenses related to leasing business		
Administrative expenses	221,747	277,880
Trust fees	9,167	10,164
Utilities charges	261,186	357,317
Non-life insurance premiums	13,307	9,870
Repair expenses	44,375	63,493
Taxes and public dues	209,851	199,096
Depreciation	201,191	209,799
Other leasing business expenses	11,425	12,701
Total expenses related to leasing business	972,252	1,140,323
C. Income from real estate leasing business (A - B)	1,513,422	1,653,917
*2 Detail of gain on sales of real estate properties		
TSUTAYA Sakai-minami (Leasehold land)		
Proceeds from sales of real estate property	974,780	—
Cost of real estate property sold	955,939	—
Other sales expenses	5,332	—
Gain on sales of real estate property	13,507	—
LIFE Daisen (Leasehold land)		
Proceeds from sales of real estate property	3,325,220	—
Cost of real estate property sold	2,758,189	—
Other sales expenses	17,006	—
Gain on sales of real estate property	550,024	—
*3 Detail of loss on sales of real estate property		
Yoshizuya Y Store Nishiharu		
Proceeds from sales of real estate property	4,000,000	—
Cost of real estate property sold	4,510,143	—
Other sales expenses	25,266	—
Loss on sales of real estate property	535,410	—

[Notes to Statements of Unitholders' Equity]

*1. Total number of investment units authorized and total number of investment units issued and outstanding

	Previous fiscal period From February 1, 2024 to July 31, 2024	Current fiscal period From August 1, 2024 to January 31, 2025
Total number of investment units authorized	10,000,000 units	10,000,000 units
Total number of investment units issued and outstanding	360,667 units	360,667 units

[Notes to Statements of Cash Flows]

*1. Relationship between the ending balance of cash and cash equivalents and the amounts of items posted in the balance sheets

(Unit: thousand yen)

	Previous fiscal period From February 1, 2024 to July 31, 2024	Current fiscal period From August 1, 2024 to January 31, 2025
Cash and deposits	2,412,756	2,727,886
Cash and deposits in trust	3,466,739	3,830,889
Cash and cash equivalents	5,879,495	6,558,775

[Notes to Financial Instruments]

1. Matters concerning the status of financial instruments

(1) Policies on financial instruments

ESCON REIT takes a balanced approach to raising funds through borrowings from financial institutions and the issuance of investment corporate bonds and investment units to contribute to the steady growth of assets under management as well as implementing an efficient and stable management style.

When taking out borrowings from financial institutions and issuing investment corporate bonds, ESCON REIT will take into account the balance between the flexibility of financing, the financial stability and the nature of the acquired real estate assets. Specifically, ESCON REIT will examine the financing methods, the ratio of long-term loans, the ratio of fixed interest rates, the diversification of repayment dates and the need to provide security, among other factors. When borrowing funds, lenders will be limited to the qualified institutional investors specified in the Financial Instruments and Exchange Act (however, limited to the institutional investors specified in Article 67-15 of the Act on Special Measures Concerning Taxation).

The issuance of new investment units will be determined based on the assessment of the current financial environment and taking into consideration the LTV, the dilution of rights of the existing unitholders and potential decline in the transaction price of investment units, with the aim of expanding the scale of assets under management and improving their profitability.

ESCON REIT may engage in derivative transactions to hedge the interest volatility and other risks arising from its liabilities. In the current fiscal period, ESCON REIT did not enter into any derivative transactions.

(2) Description of financial instruments and associated risks, and the risk management system

Borrowings are taken out mainly for the purpose of raising funds to acquire assets and repay the borrowings. While the Company is exposed to risk of increasing interest rates on the borrowings upon refinancing and may not be able to refinance the borrowings, ESCON REIT works to mitigate the risks by diversifying the lenders, due dates and taking a balanced financing approach including the issuance of investment units. ESCON REIT also manages risks to its operation from rising interest rates through the close monitoring of fluctuations in interest rates and the appropriate control of LTV.

ESCON REIT conducts derivative transactions (interest rate swaps) to hedge the interest rate fluctuation risk of borrowings, to effectively fix interest paid on variable interest rate financing. For hedge accounting methods, hedge instruments and hedge targets, hedge policy, and the method of evaluating hedge efficacy, see above "(7) Notes on Matters Concerning Significant Accounting Policies 3. Hedge accounting methods" above.

For derivative transactions, risk management is conducted based on the Derivative Management Regulations stipulated by ESCON REIT.

(3) Supplementary explanation on matters concerning the fair value of financial instruments

Certain assumptions and other factors were used in calculating the fair value of financial instruments, and the results may differ due to different assumptions and other factors used in valuing the financial instruments. In "Notes on Derivative Transactions" below, contract amounts for derivative transactions do not in and of themselves indicate market risk associated with derivative transactions.

2. Matters concerning the fair value, etc. of financial instruments

Balance sheet amounts, fair value and their differences as of July 31, 2024 are as follows: Notes to "Cash and deposits" and "Cash and deposits in trust" are not disclosed since the fair value of these instruments approximates book value due to short term nature of these instruments. Fair value for "tenant lease and guarantee deposits in the trusts" have been omitted since the balances are not material to the financial statements.

(Unit: thousand yen)

	Carrying value	Fair value* ¹	Difference
(1) Current portion of long-term borrowings	5,964,700	5,964,700	—
(2) Long-term borrowings	27,126,300	27,156,060	29,760
Total liabilities	33,091,000	33,120,760	29,760
(3) Derivative transactions	—	—	—

Balance sheet amounts, fair value and their differences as of January 31, 2025 are as follows: Notes to "Cash and deposits" and "Cash and deposits in trust" are not disclosed since the fair value of these instruments approximates book value due to short term nature of these instruments. Fair value for "tenant lease and guarantee deposits in the trusts" have been omitted since the balances are not material to the financial statements.

(Unit: thousand yen)

	Carrying value	Fair value* ¹	Difference
(1) Current portion of long-term borrowings	11,375,700	11,375,700	—
(2) Long-term borrowings	21,715,300	21,755,207	39,907
Total liabilities	33,091,000	33,130,907	39,907
(3) Derivative transactions	—	—	—

*1. The method used in calculating the fair value of the financial instruments and derivative transactions

(1) Current portion of long-term borrowings, (2) Long-term borrowings

The borrowings have floating interest rates and interest is adjusted to the current market rates and accordingly, the fair value of the borrowings should approximate the carrying value of the borrowings. For long-term borrowings with floating interest rates that meet the conditions for special treatment of interest rate swaps, the sum of the principal and interest accounted for as a single unit with the interest rate swap is discounted by applying a reasonably estimated interest rate from borrowings with similar terms.

(3) Derivative transactions

For details on derivative transactions, refer to "Notes on Derivative Transactions"

*2. Scheduled redemption of loans after the closing date (July 31, 2024)

(Unit: thousand yen)

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Long-term borrowings	5,964,700	12,725,700	7,559,000	4,965,000	1,876,600	—
Total	5,964,700	12,725,700	7,559,000	4,965,000	1,876,600	—

Scheduled redemption of loans after the closing date (January 31, 2025)

(Unit: thousand yen)

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Long-term borrowings	11,375,700	9,600,700	7,852,000	1,876,600	2,386,000	—
Total	11,375,700	9,600,700	7,852,000	1,876,600	2,386,000	—

[Notes on Derivative Transactions]

1. Items for which hedge accounting does not apply

No applicable items for the previous fiscal period (July 31, 2024) and the current fiscal period (January 31, 2025).

2. Items for which hedge accounting applies

The previous fiscal period (July 31, 2024)

(Unit: thousand yen)

Hedge accounting methods	Type of derivative transaction	Main hedge eligibility	Contract amounts, etc.* ¹		Market price	Market price calculation method
				Those over 1 year		
Interest rate swap special treatment	Interest rate swap variable receipt/fixed payment	Long-term borrowings	1,876,600	1,876,600	*2	—
Total			1,876,600	1,876,600		

*1. Contract amounts for interest rate swaps transactions are based on notional principal.

*2. Items subject to special treatment for interest rate swaps are accounted for together with long-term borrowings, which are eligible for hedging, and as such the market value is listed in the market value for the long-term borrowings.

The current fiscal period (January 31, 2025)

(Unit: thousand yen)

Hedge accounting methods	Type of derivative transaction	Main hedge eligibility	Contract amounts, etc.*1		Market price	Market price calculation method
				Those over 1 year		
Interest rate swap special treatment	Interest rate swap variable receipt/fixed payment	Long-term borrowings	4,262,600	4,262,600	*2	—
Total			4,262,600	4,262,600		

*1. Contract amounts for interest rate swaps transactions are based on notional principal.

*2. Items subject to special treatment for interest rate swaps are accounted for together with long-term borrowings, which are eligible for hedging, and as such the market value is listed in the market value for the long-term borrowings.

[Notes to Deferred Income Taxes]

1. Significant components of the deferred tax assets and deferred tax liabilities are as follows:

(Unit: thousand yen)

	Previous fiscal period As of July 31, 2024	Current fiscal period As of January 31, 2025
(Deferred tax assets)		
Unpaid business tax not included in deductible expenses	18	7
Total deferred tax assets	18	7
(Net deferred tax assets)	18	7

2. Reconciliation of significant differences between the statutory tax rate and the effective tax rate after applying deferred income tax accounting

(Unit: %)

	Previous fiscal period As of July 31, 2024	Current fiscal period As of January 31, 2025
Effective statutory tax rate	31.46	31.46
(Adjustments)		
Distribution payments included in tax deductible expenses	(31.44)	(31.44)
Others	0.06	0.04
Effective tax rate	0.08	0.06

[Notes to Real Estate for Lease]

ESCON REIT owns commercial facilities and real estate for lease, the principal use of which is leasehold land. The carrying value, changes during the period and fair value at the end of the period of these properties are as follows.

(Unit: thousand yen)

		Previous fiscal period From February 1, 2024 to July 31, 2024	Current fiscal period As of August 1, 2024 to January 31, 2025
Carrying value*1	Balance at the beginning of the period	69,470,886	70,400,138
	Changes during the period *2	929,252	(22,168)
	Balance at the end of the period	70,400,138	70,377,970
Fair value at the end of the period *3		78,250,500	79,691,800

*1. The carrying value is calculated by deducting accumulated depreciation from the acquisition cost including incidental costs associated with the acquisition.

*2. Of the changes during the period, the increase in the previous fiscal period was mainly due to the acquisition of four properties (totaling 9,288,578 thousand yen), including tonarie Yamatotakada (50% quasi co-ownership), while the decrease was mainly due to the transfer of three properties (totaling 8,224,272 thousand yen), including Yoshizuya Y Store Nishiharu, and depreciation (201,191 thousand yen). The increase in the current fiscal period was mainly due to capital expenditures for some properties, including tonarie Minami-senri etc. (187,630 thousand yen in total), while the decrease was mainly due to depreciation (209,799 thousand yen).

*3. The fair value at the end of the period was determined by an outside real estate appraisers.

Profit and loss of real estate for lease are as described in "Notes to Statements of Income and Retained Earnings."

[Notes to Revenue Recognition]

1. Breakdown of revenue from contracts with customers

Previous fiscal period (From February 1, 2024 to July 31, 2024)

(Unit: thousand yen)

	Revenue from contracts with customers ^{*1}	Sales to external customers ^{*3}
Income from sales of real estate, etc.	8,300,000	563,532
Utilities charges received ^{*2}	257,136	257,136
Other	—	2,228,538
Total	8,557,136	3,049,207

*1. Leasing business income subject to ASBJ Statement No. 13 "Accounting Standard for Lease Transactions" is not included in "Revenue from contracts with customers", because the accounting standard for revenue recognition does not apply to such income. Revenues from contracts with customers mainly include revenues from sales of real estate and utility charges.

*2. Utilities charges received are recorded as revenues based on the use of electricity, water and other utilities by the lessee and is in accordance with agreements with the lessee.

*3. For the sales of real estate and other assets, in accordance with Article 48, Paragraph 2 of the Regulation on Accountings of Investment Corporations (Cabinet Office Order No. 47 of 2006), gain or loss on sales of real estate properties shall be recorded in the Statements of Income and Retained Earnings, is represented as the amount of revenues from the sales of real estate properties less the cost of real estate property sold and other sales expenses related to the sales of real estate properties. As ESCON REIT records gain on sales of real estate properties as operating revenue and loss on sales of real estate properties as operating expenses, and the table above only shows the amount of gain on sales of real estate properties.

Current fiscal period (From August 1, 2024 to January 31, 2025)

(Unit: thousand yen)

	Revenue from contracts with customers ^{*1}	Sales to external customers
Income from sales of real estate, etc.	—	—
Utilities charges received ^{*2}	356,777	356,777
Other	—	2,437,462
Total	356,777	2,794,240

*1. Leasing business income subject to ASBJ Statement No. 13 "Accounting Standard for Lease Transactions" is not included in "Revenue from contracts with customers", because the accounting standard for revenue recognition does not apply to such income. Revenues from contracts with customers mainly include revenues from sales of real estate and utility charges.

*2. Utilities charges received are recorded as revenues based on the use of electricity, water and other utilities by the lessee and is in accordance with agreements with the lessee.

2. Underlying information to understand the revenue from contracts with customers

Previous fiscal period (From February 1, 2024 to July 31, 2024)

As described in the Notes on Matters Concerning Significant Accounting Policies.

Current fiscal period (From August 1, 2024 to January 31, 2025)

As described in the Notes on Matters Concerning Significant Accounting Policies.

3. Information about the relationship between the satisfaction of performance obligations under contracts with customers and cash flows from such contracts, and the amount and timing of revenue expected to be recognized in subsequent periods from the contracts with customers that exist at the end of the current fiscal period

(1) Balance of contract assets and contract liabilities

(Unit: thousand yen)

	Previous fiscal period From February 1, 2024 to July 31, 2024	Current fiscal period From August 1, 2024 to January 31, 2025
Receivables from contracts with a customer (at the beginning of the period)	43,596	63,561
Receivables from contracts with a customer (at the end of the period)	63,561	54,735
Contract assets (balance at the beginning of period)	—	—
Contract assets (balance at the end of period)	—	—
Contract liabilities (balance at the beginning of period)	—	—
Contract liabilities (balance at the end of period)	—	—

(2) Transaction prices allocated to remaining performance obligations

Not applicable.

For utility charges income, ESCON REIT recognizes revenues for the amount in accordance with paragraph 19 of the Guidance on Accounting Standard for Revenue Recognition since ESCON REIT is entitled to receive an amount from customers (lessees) which directly corresponds to the portion completed by the end of the period. Accordingly, the provisions of paragraph 80-22(2) of the Accounting Standard for Revenue Recognition have been applied and the transaction price allocated to the remaining performance obligations has not been included in the notes to transaction prices.

[Notes to Per Unit Information]

	Previous fiscal period From February 1, 2024 to July 31, 2024	Current fiscal period From August 1, 2024 to January 31, 2025
Net assets per unit	111,857 yen	112,089 yen
Net income per unit	3,299 yen	3,474 yen

Net income per unit is calculated by dividing net income by the weighted average number of investment units based on the number of days during the period and rounded to the nearest whole number.

Diluted net income per unit is not stated because there are no dilutive investment units.

* The basis for calculating net income per unit is as follows:

	Previous fiscal period From February 1, 2024 to July 31, 2024	Current fiscal period From August 1, 2024 to January 31, 2025
Net income (thousand yen)	1,169,176	1,252,875
Amount not attributable to common unitholders (thousand yen)	—	—
Net income for common investment units (thousand yen)	1,169,176	1,252,875
Average number of investment units during the period (Units)	354,404	360,667

[Notes to Significant Subsequent Events]

1. Acquisition of an asset

The Asset Manager, to which ESCON REIT entrusts the management of its assets, decided as of March 17, 2025 on the acquisition of the following asset, and ESCON REIT entered into a sales agreement of trust beneficial interest as of the same date.

ES-CON JAPAN, the prospective seller, is considered an interested party under the Investment Trust Act. Accordingly, the Asset Manager has obtained the consent of ESCON REIT based on the approval of ESCON REIT's Board of Directors, which met today, in compliance with the Investment Trust Act.

In addition, since ES-CON JAPAN is also considered an interested party under the Asset Manager's internal regulations, namely, the Interested Party Transaction Rules, the Asset Manager has followed the decision-making procedures stipulated in them in acquiring the asset from ES-CON JAPAN.

Property name	Kohnan tonarie Yamatotakada (leasehold land)
Type of specified asset	Real estate trust beneficial interest
Property type	Commercial facility
Location	Yamatotakada City, Nara
Scheduled acquisition date	April 1, 2025
Scheduled seller	ES-CON JAPAN Ltd.
Scheduled acquisition price ^{*1}	1,145 million yen
Appraisal value ^{*2}	1,170 million yen (Date of value: February 28, 2025)

*1. "Scheduled acquisition price" states the sales price (rounded off to the nearest million yen) of the real estate trust beneficial interest stated in the relevant sales agreement of the Asset to be Acquired, and excluding consumption tax, local consumption tax and other acquisition-related costs.

*2 For details on the appraisal value, please refer to the "Notice Concerning Acquisition of a Domestic Real Estate Trust Beneficial Interest (Kohnan tonarie Yamatotakada (leasehold land))" announced today.

2. Borrowing

The Asset Manager decided as of March 17, 2025 on the following borrowing for the purpose of using the borrowed fund to finance the planned asset acquisition mentioned in "1. Acquisition of an asset" and related costs. ESCON REIT concluded an individual loan agreement as of the same date.

Type	Lender	Borrowing amount	Interest rate	Borrowing date	Repayment date	Repayment method	Remarks
Short-term borrowing	Mizuho Bank, Ltd.	1,160 million yen	Base rate (one month Japanese yen Tokyo Interbank Offered Rate) +0.20%	April 1, 2025	January 31, 2025	Bullet repayment	Unsecured/Unguaranteed

(Disclosure Omissions)

Disclosure of notes regarding lease transactions is omitted because such disclosure in the financial report is not considered to be significant.

(9) Changes in Total Number of Investment Units Issued and Outstanding

Changes in the total amount of investment and the total number of investment units issued and outstanding for ESCON REIT since its establishment to January 31, 2025, are as follows.

Date	Summary	Total number of investment units Issued and outstanding (units)		Total amount of investment (million yen)		Remarks
		Increase	Balance	Increase	Balance	
February 3, 2020	Capital increase through public offering	43,792	280,792	5,236	28,177	*1
February 26, 2020	Capital increase through third-party allotment	2,190	282,982	261	28,439	*2
August 2, 2021	Capital increase through public offering	65,700	348,682	9,207	37,646	*3
August 24, 2021	Capital increase through third-party allotment	3,285	351,967	460	38,107	*4
June 11, 2024	Capital increase through third-party allotment	8,700	360,667	1,066	39,173	*5

*1. ESCON REIT issued new investment units through a public offering with offer price per unit 124,029 yen (issue price of 119,576 yen) for the purpose of raising funds to acquire specified assets.

*2. ESCON REIT issued new investment units through a third-party allotment with issue price per unit 119,576 yen, for the purpose of raising funds for the future acquisition of specific assets or repayment of loans.

*3. ESCON REIT issued new investment units through a public offering with offer price per unit 145,282 yen (issue price of 140,141 yen) for the purpose of raising funds to acquire specified assets.

*4. ESCON REIT issued new investment units through a third-party allotment with issue price per unit 140,141 yen, for the purpose of raising funds for the future acquisition of specific assets or repayment of loans.

*5. ESCON REIT issued new investment units through a third-party allotment with issue price per unit 122,600 yen for the purpose of raising funds to acquire specified assets.

3. Reference Information

(1) Portfolio Information

i . Status of investment

Asset type	Region	15th fiscal period As of July 31, 2024		16th fiscal period As of January 31, 2025	
		Total holdings (million yen) ^{*1}	Ratio to total assets (%) ^{*2}	Total holdings (million yen) ^{*1}	Ratio to total assets (%) ^{*2}
Real estate in trust	Hokkaido region	1,310	1.7	1,310	1.7
	Tokyo metropolitan area	11,482	15.0	11,463	14.9
	Chubu region	483	0.6	483	0.6
	Kinki region	34,575	45.0	34,616	44.9
	Kyushu region	15,121	19.7	15,109	19.6
	Other areas	7,425	9.7	7,394	9.6
Total real estate in trust		70,400	91.7	70,377	91.2
Deposits and other assets		6,369	8.3	6,795	8.8
Total assets		76,770	100.0	77,173	100.0

	Amount (million yen)	Ratio to total assets (%) ^{*2}	Amount (million yen)	Ratio to total assets (%) ^{*2}
Total liabilities	36,426	47.4	36,746	47.6
Total net assets	40,343	52.6	40,426	52.4

*1. The total amount owned is based on the amount on the balance sheets as of the end of the fiscal period and rounded down to the nearest million yen.

*2. The ratio to total assets is rounded off to the nearest first decimal place.

ii . Investment assets

A. Major investment securities

Not applicable.

B. Investment properties

Investment real estate, together with assets held through trust beneficiary interests, are collectively recorded in "C. Other major investment assets" below.

C. Other major investment assets

a. Overview of assets owned

The overview of real estate, which is the trust asset of trust beneficial interests owned by ESCON REIT.

(As of January 31, 2025)

Property number	Property name	Location	Ownership formats ¹⁾	Acquisition price (million yen) ²⁾	Book value (million yen) ³⁾	Appraisal value at the end of the period (million yen) ⁴⁾	Appraiser
11201	YAMADA DENKI Tecc Land Sapporo Shiroishi (Leasehold land)	Sapporo City, Hokkaido	Trust beneficiary interests	1,300	1,310	1,350	The Tanizawa Sogo Appraisal Co., Ltd.
13101	Asumigaoka Brand-New Mall ⁵⁾	Chiba City, Chiba	Trust beneficiary interests	3,200	3,151	(1) 3,290	The Tanizawa Sogo Appraisal Co., Ltd.
	Asumigaoka Brand-New Mall (Leasehold land) ⁶⁾					(2) 164 151	
13102	Nishi-shiroi Ekimae Plaza	Shiroi City, Chiba	Trust beneficiary interests	451	454	489	Daiwa Real Estate Appraisal Co., Ltd.
13103	fab Minamiosawa	Hachioji City, Tokyo	Trust beneficiary interests	3,600	3,744	4,400	Daiwa Real Estate Appraisal Co., Ltd.
13201	K's Denki Oyumino (Leasehold land)	Chiba City, Chiba	Trust beneficiary interests	2,710	2,737	2,880	JLL Morii Valuation & Advisory KK
13202	Nitori Tsuchiura (Leasehold land)	Tsuchiura City, Ibaraki	Trust beneficiary interests	999	1,007	1,100	JLL Morii Valuation & Advisory KK
13203	Nitori Imaichi (Leasehold land)	Nikko City, Tochigi	Trust beneficiary interests	363	368	411	JLL Morii Valuation & Advisory KK
15201	MaxValu Kikyogaoka-higashi (Leasehold land)	Nabari City, Mie	Trust beneficiary interests	477	483	554	JLL Morii Valuation & Advisory KK
16101	tonarie Minami-senri	Suita City, Osaka	Trust beneficiary interests	7,200	7,389	11,100	The Tanizawa Sogo Appraisal Co., Ltd.
16102	tonarie Seiwadai	Kawanishi City, Hyogo	Trust beneficiary interests	3,290	3,166	3,380	Daiwa Real Estate Appraisal Co., Ltd.
16103	tonarie Yamatotakada	Yamatotakada City, Nara	Trust beneficiary interests	8,208	8,083	8,130	JLL Morii Valuation & Advisory KK
16104	tonarie Toga・Mikita	Sakai City, Osaka	Trust beneficiary interests	6,986	6,771	7,210	Daiwa Real Estate Appraisal Co., Ltd.
16201	LAMU Kitatsumori (Leasehold land)	Osaka City, Osaka	Trust beneficiary interests	1,270	1,284	1,480	JLL Morii Valuation & Advisory KK
16202	K's Denki Nishi-kobe (Leasehold land)	Kobe City, Hyogo	Trust beneficiary interests	2,133	2,154	2,470	JLL Morii Valuation & Advisory KK
16203	Sanyo Marunaka Mitani (Leasehold land)	Kobe City, Hyogo	Trust beneficiary interests	1,430	1,443	1,550	JLL Morii Valuation & Advisory KK
16206	TRIAL Omihachiman (Leasehold land)	Omihachiman City, Shiga	Trust beneficiary interests	1,010	1,019	1,110	JLL Morii Valuation & Advisory KK
16207	Kusuri no Aoki Ikaruga (Leasehold land) ⁷⁾	Ikoma District, Nara	Trust beneficiary interests	711	718	(1) 702 (2) 29	JLL Morii Valuation & Advisory KK
16208	DRUG Yutaka Mukokamiueno (Leasehold land)	Muko City, Kyoto	Trust beneficiary interests	460	464	477	JLL Morii Valuation & Advisory KK
16209	WELCIA Amagasaki Mukomotomachi (Leasehold land)	Amagasaki City, Hyogo	Trust beneficiary interests	565	571	578	The Tanizawa Sogo Appraisal Co., Ltd.
16210	Cocokara Fine Neyagawakoen (Leasehold land)	Neyagawa City, Osaka	Trust beneficiary interests	702	709	721	The Tanizawa Sogo Appraisal Co., Ltd.
16211	ENEOS Ikawadani SS (Leasehold land)	Kobe City, Hyogo	Trust beneficiary interests	530	535	531	The Tanizawa Sogo Appraisal Co., Ltd.
16212	GEO Hikone Takamiya (Leasehold land)	Hikone City, Shiga	Trust beneficiary interests	300	304	303	The Tanizawa Sogo Appraisal Co., Ltd.
18101	SUROY MALL Nagamine	Kumamoto City, Kumamoto	Trust beneficiary interests	4,600	4,572	4,190	JLL Morii Valuation & Advisory KK
18201	MrMAX Kasuga (Leasehold land)	Kasuga City, Fukuoka	Trust beneficiary interests	3,387	3,428	4,010	The Tanizawa Sogo Appraisal Co., Ltd.
18202	UNIQLO Kasuga (Leasehold land)	Kasuga City, Fukuoka	Trust beneficiary interests	595	601	685	The Tanizawa Sogo Appraisal Co., Ltd.
18203	Avail.Shimamura Kasuga (Leasehold land)	Kasuga City, Fukuoka	Trust beneficiary interests	863	874	1,130	The Tanizawa Sogo Appraisal Co., Ltd.
18204	au-SoftBank Kasuga (Leasehold land)	Kasuga City, Fukuoka	Trust beneficiary interests	143	145	162	The Tanizawa Sogo Appraisal Co., Ltd.
18205	Kura Sushi Kasuga (Leasehold land)	Kasuga City, Fukuoka	Trust beneficiary interests	261	264	306	The Tanizawa Sogo Appraisal Co., Ltd.

Property number	Property name	Location	Ownership formats ^{*1}	Acquisition price (million yen) ^{*2}	Book value (million yen) ^{*3}	Appraisal value at the end of the period (million yen) ^{*4}	Appraiser
18206	docomo Shop Kasuga (Leasehold land)	Kasuga City, Fukuoka	Trust beneficiary interests	160	163	183	The Tanizawa Sogo Appraisal Co., Ltd.
18207	Konpira Maru Kasuga (Leasehold land)	Kasuga City, Fukuoka	Trust beneficiary interests	236	239	266	The Tanizawa Sogo Appraisal Co., Ltd.
18208	One-Karubi Kasuga (Leasehold land)	Kasuga City, Fukuoka	Trust beneficiary interests	236	239	266	The Tanizawa Sogo Appraisal Co., Ltd.
18209	Suke-san Kasuga (Leasehold land)	Kasuga City, Fukuoka	Trust beneficiary interests	401	405	423	The Tanizawa Sogo Appraisal Co., Ltd.
18210	NAFCO Kasuga (Leasehold land)	Kasuga City, Fukuoka	Trust beneficiary interests	2,631	2,666	3,500	The Tanizawa Sogo Appraisal Co., Ltd.
18211	K's Denki Kasuga (Leasehold land)	Kasuga City, Fukuoka	Trust beneficiary interests	1,487	1,506	1,880	The Tanizawa Sogo Appraisal Co., Ltd.
19101	Fuji Grand Natalie	Hatsukaichi City, Hiroshima	Trust beneficiary interests	3,950	3,848	4,190	Daiwa Real Estate Appraisal Co., Ltd.
19201	K's Denki Kurashiki (Leasehold land)	Kurashiki City, Okayama	Trust beneficiary interests	2,121	2,136	2,460	JLL Morii Valuation & Advisory KK
39101	Hasekura Medical Building	Sendai City, Miyagi	Trust beneficiary interests	1,400	1,410	1,480	Japan Real Estate Institute
	Total			70,373	70,377	79,691	

*1. Trust beneficiary interests represent trust beneficiary interests in mainly real estate.

*2. The "Acquisition price" is the purchase prices of each trust beneficiary interest as stated in each sales agreement, rounded down to the nearest million yen. Therefore, the "Acquisition price" may not equal to the total portfolio. The purchase price does not include consumption tax, local consumption tax, and other acquisition-related costs.

*3. The book value is rounded down to the stated value.

*4. The appraisal value at the end of the period is an appraisal value by a real estate appraiser based on the Articles of Incorporation of ESCON REIT and rules set by the Investment Trusts Association, Japan, with the end of the fiscal period as the date of investigation.

*5. The "Appraisal value at the end of the period" for "Asumigaoka Brand New Mall" indicates the value of the retail building as (1) and the separate building (the building acquired free of charge from Akindo Sushiro Co. The same applies hereinafter) as (2), respectively.

*6. For "Asumigaoka Brand-New Mall (Leasehold land)," a fixed-term business-use land lease agreement has been concluded with McDonald's Holdings Company (Japan), Ltd. The same applies below.

*7. "Kusuri no Aoki Ikaruga (Leasehold land)" has fixed-term business-use land lease agreements with two lessees, Kusuri no Aoki Co., Ltd. and Ikaritombo Co., Ltd, and the "Acquisition price" and "Book value" are the sum of the amounts for the two lessees. In addition, "Appraisal value at the end of period" shows the portion pertaining to Kusuri no Aoki Co., Ltd. as (1) and the portion pertaining to Ikaritombo Co., Ltd. as (2).

b. Overview of lease

The total number of tenants, leasable area, leased area, occupancy rate, real estate leasing business revenue and ratio to total rent revenue of the real estate owned are as follows.

(As of January 31, 2025)

Property number	Property name	Total number of tenants ^{*1}	Leasable area (m ²) ^{*2}	Leased area (m ²) ^{*2}	Occupancy rate (%) ^{*2+3}	Real estate leasing business revenue (million yen) ^{*4}	Ratio to total rent revenue (%)
11201	YAMADA DENKI Tecc Land Sapporo Shiroishi	1	8,154.00	8,154.00	100.0	Not disclosed ^{*6}	Not disclosed ^{*6}
13101	Asumigaoka Brand-New Mall	29	22,908.32	22,818.11	99.6	268	9.6
	Asumigaoka Brand-New Mall (Leasehold land)	1	1,472.64	1,472.64	100.0		
13102	Nishi-shiroi Ekimae Plaza	4	969.72	969.72	100.0	20	0.7
13103	fab Minamiosawa	12	8,418.42	7,783.62	92.5	147	5.3
13201	K's Denki Oyumino (Leasehold land)	1	23,379.50	23,379.50	100.0	70	2.5
13202	Nitori Tsuchiura (Leasehold land)	1	10,312.00	10,312.00	100.0	Not disclosed ^{*6}	Not disclosed ^{*6}
13203	Nitori Imaichi (Leasehold land)	1	10,236.00	10,236.00	100.0	Not disclosed ^{*6}	Not disclosed ^{*6}
15201	MaxValu Kikyogaoka-higashi (Leasehold land)	1	9,025.88	9,025.88	100.0	Not disclosed ^{*6}	Not disclosed ^{*6}
16101	tonarie Minami-senri	44	7,529.86	7,529.86	100.0	443	15.9
16102	tonarie Seiwadai	31	8,798.01	8,717.16	99.1	177	6.4
16103	tonarie Yamatotakada	62	14,406.21	14,104.31	97.9	377	13.5
16104	tonarie Toga ・ Mikita	31	8,471.24	8,471.24	100.0	270	9.7
16201	LAMU Kitatsumori (Leasehold land)	1	11,677.03	11,677.03	100.0	38	1.4
16202	K's Denki Nishi-kobe (Leasehold land)	1	9,787.68	9,787.68	100.0	62	2.2
16203	Sanyo Marunaka Mitani (Leasehold land)	1	9,610.80	9,610.80	100.0	Not disclosed ^{*6}	Not disclosed ^{*6}
16206	TRIAL Omihachiman (Leasehold land)	1	17,268.43	17,268.43	100.0	Not disclosed ^{*6}	Not disclosed ^{*6}
16207	Kusuri no Aoki Ikaruga (Leasehold land) ⁵	2	8,486.78	8,486.78	100.0	Not disclosed ^{*6}	Not disclosed ^{*6}
16208	DRUG Yutaka Mukokamiueno (Leasehold land)	1	1,839.21	1,839.21	100.0	Not disclosed ^{*6}	Not disclosed ^{*6}
16209	WELCIA Amagasaki Mukomotomachi (Leasehold land)	1	1,491.47	1,491.47	100.0	Not disclosed ^{*6}	Not disclosed ^{*6}
16210	Cocokara Fine Neyagawakoen (Leasehold land)	1	2,728.00	2,728.00	100.0	Not disclosed ^{*6}	Not disclosed ^{*6}
16211	ENEOS Ikawadani SS (Leasehold land)	1	2,634.83	2,634.83	100.0	Not disclosed ^{*6}	Not disclosed ^{*6}
16212	GEO Hikone Takamiya (Leasehold land)	1	2,237.60	2,237.60	100.0	Not disclosed ^{*6}	Not disclosed ^{*6}
18101	SUROY MALL Nagamine	24	12,622.98	12,622.98	100.0	191	6.8
18201	MrMAX Kasuga (Leasehold land)	1	38,113.27	38,113.27	100.0	84	3.0
18202	UNIQLO Kasuga (Leasehold land)	1	5,426.59	5,426.59	100.0	13	0.5
18203	Avail.Shimamura Kasuga (Leasehold land)	1	8,752.57	8,752.57	100.0	23	0.9
18204	au-SoftBank Kasuga (Leasehold land)	1	1,200.84	1,200.84	100.0	3	0.1
18205	Kura Sushi Kasuga (Leasehold land)	1	2,257.85	2,257.85	100.0	7	0.3
18206	docomo Shop Kasuga (Leasehold land)	1	1,358.76	1,358.76	100.0	4	0.2
18207	Konpira Maru Kasuga (Leasehold land)	1	1,983.48	1,983.48	100.0	6	0.2
18208	One-Karubi Kasuga (Leasehold land)	1	1,983.48	1,983.48	100.0	6	0.2

Property number	Property name	Total number of tenants ^{*1}	Leasable area (m ²) ^{*2}	Leased area (m ²) ^{*2}	Occupancy rate (%) ^{*2*3}	Real estate leasing business revenue (million yen) ^{*4}	Ratio to total rent revenue (%)
18209	Suke-san Kasuga (Leasehold land)	1	3,126.16	3,126.16	100.0	10	0.4
18210	NAFCO Kasuga (Leasehold land)	1	33,928.37	33,928.37	100.0	Not disclosed ^{*6}	Not disclosed ^{*6}
18211	K's Denki Kasuga (Leasehold land)	1	16,961.48	16,961.48	100.0	37	1.3
19101	Fuji Grand Natalie	1	28,543.96	28,543.96	100.0	Not disclosed ^{*6}	Not disclosed ^{*6}
19201	K's Denki Kurashiki (Leasehold land)	1	11,433.38	11,433.38	100.0	Not disclosed ^{*6}	Not disclosed ^{*6}
39101	Hasekura Medical Building	6	2,459.17	2,459.17	100.0	50	1.8
	Total	273	371,995.97	370,888.21	99.7	2,794	100.0

- *1. The total number of tenants is reported based on data as of the closing date. For properties under a pass-through type master lease contract, the total number of tenants is reported based on end tenants. For "Fuji Grand Natalie" facility, Fuji Corporation has entered into a lease agreement for the whole building.
- *2. Leasable area is the total area considered available for lease in the acquired assets (if the acquired asset is leasehold lands, such lands) as of January 31, 2025, based on the various lease agreements, reports prepared by property management companies, or building plans. "Leased area" is the total leased area indicated in each lease agreement as of the closing date. In addition, the Leased Area for assets for which a master lease agreement has been concluded is the total area that has actually been leased to end tenants with sublease agreements, etc. However, for "Fuji Grand Natalie," which has a lease agreement with Fuji Corporation, the "leased area" of the lease agreement. The area is rounded off to the second decimal place, respectively.
- *3. The occupancy rate is calculated by the calculation formula below based on data as of the closing date and rounded off to the nearest first decimal place.
Occupancy rate = Leased area / Leasable area * 100
- *4. The real estate leasing business revenue is rounded off to the stated value.
- *5. "Kusuri no Aoki Ikaruga (Leasehold land)" has fixed-term business-use land lease agreements with two lessees, Kusuri no Aoki Co., Ltd., and Ikaritombo Co., Ltd. Each figure is the sum of the figures for the two lessees.
- *6. The figure is not disclosed as consent has not been obtained from the lessee or other parties.

c. Summary of appraisals, etc.

The following is a summary of the real estate appraisal reports on owned assets, which the Asset Manager entrusted to The Tanizawa Sogo Appraisal Co., Ltd, JLL Morii Valuation & Advisory K.K., DAIWA Real Estate Appraisal Co., Ltd and Japan Real Estate Institute. The appraisal reports represent the judgment and opinion of the appraiser as of a specific point in time and they do not guarantee the validity, accuracy, or the possibility of trading a property at its appraised value. Furthermore, these appraisers have no special interest relationship with ESCON REIT or the Asset Manager.

Property number	Property type	Property name	Appraiser	Appraisal value (million yen) ^{*1}	Estimated value (million yen)	Value based on direct capitalization method (million yen)	Cap rate (%)	Value based on DCF method (million yen)	Discount rate (%)	Terminal cap rate (%)
11201	Commercial facilities	YAMADA DENKI Tecc Land Sapporo Shiroishi (Leasehold land)	The Tanizawa Sogo Appraisal Co., Ltd.	1,350	—	—	—	1,350	4.4	—
13101	Commercial facilities	Asumigaoka Brand-New Mall ^{*2}	The Tanizawa Sogo Appraisal Co., Ltd.	(1) 3,290 (2) 164	(1) 3,090 (2) 210	(1) 3,220 (2) 165	(1) 4.7 (2) 4.8	(1) 3,320 (2) 163	(1) 4.8 (2) until 7FY: 4.7 from 8FY to 10FY: 4.8 11FY: 4.9	① 4.9 ② 5.0
		Asumigaoka Brand-New Mall (Leasehold land)		151	—	—	—	151	until 2FY: 4.2 from 3FY: 4.3	—
13102	Commercial facilities	Nishi-shiroi Ekimae Plaza	Daiwa Real Estate Appraisal Co., Ltd.	489	329	494	5.2	487	5.0	5.4
13103	Commercial facilities	fab Minamiosawa	Daiwa Real Estate Appraisal Co., Ltd.	4,400	4,090	4,530	4.1	4,340	3.9	4.3
13201	Commercial facilities	K's Denki Oyumino (Leasehold land)	JLL Morii Valuation & Advisory KK	2,880	—	—	—	2,880	4.7	—
13202	Commercial facilities	Nitori Tsuchiura (Leasehold land)	JLL Morii Valuation & Advisory KK	1,100	—	—	—	1,100	5.3	—
13203	Commercial facilities	Nitori Imaichi (Leasehold land)	JLL Morii Valuation & Advisory KK	411	—	—	—	411	5.6	—
15201	Commercial facilities	MaxValu Kikyogaoka-higashi (Leasehold land)	JLL Morii Valuation & Advisory KK	554	—	—	—	554	5.6	—
16101	Commercial facilities	tonarie Minami-senri	The Tanizawa Sogo Appraisal Co., Ltd.	11,100	10,900	10,700	4.0	11,200	4.3	4.4
16102	Commercial facilities	tonarie Seiwadai	Daiwa Real Estate Appraisal Co., Ltd.	3,380	2,280	3,390	5.4	3,370	5.2	5.6
16103	Commercial facilities	tonarie Yamatotakada	JLL Morii Valuation & Advisory KK	8,130	7,160	8,250	4.8	8,010	4.6	5.0
16104	Commercial facilities	tonarie Toga • Mikita	Daiwa Real Estate Appraisal Co., Ltd.	7,210	4,360	7,270	4.6	7,190	4.4	4.8
16201	Commercial facilities	LAMU Kitatsumori (Leasehold land)	JLL Morii Valuation & Advisory KK	1,480	—	—	—	1,480	4.3	—
16202	Commercial facilities	K's Denki Nishi-kobe (Leasehold land)	JLL Morii Valuation & Advisory KK	2,470	—	—	—	2,470	4.6	—
16203	Commercial facilities	Sanyo Marunaka Mitani (Leasehold land)	JLL Morii Valuation & Advisory KK	1,550	—	—	—	1,550	4.6	—
16206	Commercial facilities	TRIAL Omihachiman (Leasehold land)	JLL Morii Valuation & Advisory KK	1,110	—	—	—	1,110	4.6	—
16207	Commercial facilities	Kusuri no Aoki Ikaruga (Leasehold land) ^{*3}	JLL Morii Valuation & Advisory KK	(1) 702 (2) 29	—	—	—	(1) 702 (2) 29	5.2	—
16208	Commercial facilities	DRUG Yutaka Mukokamiyeno (Leasehold land)	JLL Morii Valuation & Advisory KK	477	—	—	—	477	4.4	—
16209	Commercial facilities	WELCIA Amagasaki Mukomotomachi (Leasehold land)	The Tanizawa Sogo Appraisal Co., Ltd.	578	—	—	—	578	until 5FY: 4.0 from 6FY: 4.1	—
16210	Commercial facilities	Cocokara Fine Neyagawakoen (Leasehold land)	The Tanizawa Sogo Appraisal Co., Ltd.	721	—	—	—	721	until 3FY: 4.1 from 4FY: 4.2	—
16211	Commercial facilities	ENEOS Ikawadani SS (Leasehold land)	The Tanizawa Sogo Appraisal Co., Ltd.	531	—	—	—	531	until 5FY: 4.2 from 6FY: 4.3	—

Property number	Property type	Property name	Appraiser	Appraisal value (million yen) ^{*1}	Estimated value (million yen)	Value based on direct capitalization method (million yen)	Cap rate (%)	Value based on DCF method (million yen)	Discount rate (%)	Terminal cap rate (%)
16212	Commercial facilities	GEO Hikone Takamiya (Leasehold land)	The Tanizawa Sogo Appraisal Co., Ltd.	303	—	—	—	303	4.3	—
18101	Commercial facilities	SUROY MALL Nagamine	JLL Morii Valuation & Advisory KK	4,190	4,970	4,340	5.2	4,120	5.0	5.4
18201	Commercial facilities	MrMAX Kasuga (Leasehold land)	The Tanizawa Sogo Appraisal Co., Ltd.	4,010	—	—	—	4,010	4.5	—
18202	Commercial facilities	UNIQLO Kasuga (Leasehold land)	The Tanizawa Sogo Appraisal Co., Ltd.	685	—	—	—	685	4.6	—
18203	Commercial facilities	Avail.Shimamura Kasuga (Leasehold land)	The Tanizawa Sogo Appraisal Co., Ltd.	1,130	—	—	—	1,130	4.6	—
18204	Commercial facilities	au-SoftBank Kasuga (Leasehold land)	The Tanizawa Sogo Appraisal Co., Ltd.	162	—	—	—	162	4.6	—
18205	Commercial facilities	Kura Sushi Kasuga (Leasehold land)	The Tanizawa Sogo Appraisal Co., Ltd.	306	—	—	—	306	4.6	—
18206	Commercial facilities	docomo Shop Kasuga (Leasehold land)	The Tanizawa Sogo Appraisal Co., Ltd.	183	—	—	—	183	4.6	—
18207	Commercial facilities	Konpira Maru Kasuga (Leasehold land)	The Tanizawa Sogo Appraisal Co., Ltd.	266	—	—	—	266	4.6	—
18208	Commercial facilities	One-Karubi Kasuga (Leasehold land)	The Tanizawa Sogo Appraisal Co., Ltd.	266	—	—	—	266	4.6	—
18209	Commercial facilities	Suke-san Kasuga (Leasehold land)	The Tanizawa Sogo Appraisal Co., Ltd.	423	—	—	—	423	4.6	—
18210	Commercial facilities	NAFCO Kasuga (Leasehold land)	The Tanizawa Sogo Appraisal Co., Ltd.	3,500	—	—	—	3,500	4.5	—
18211	Commercial facilities	K's Denki Kasuga (Leasehold land)	The Tanizawa Sogo Appraisal Co., Ltd.	1,880	—	—	—	1,880	4.5	—
19101	Commercial facilities	Fuji Grand Natalie	Daiwa Real Estate Appraisal Co., Ltd.	4,190	5,620	4,180	5.0	4,190	4.8	5.2
19201	Commercial facilities	K's Denki Kurashiki (Leasehold land)	JLL Morii Valuation & Advisory KK	2,460	—	—	—	2,460	4.6	—
39101	Other	Hasekura Medical Building	Japan Real Estate Institute	1,480	1,460	1,490	4.5	1,470	4.3	4.6
Total				79,691	—	—	—	79,528	—	—

- *1. The date of "appraisal value" in each case is January 31, 2025. The "appraisal value" is the amount indicated in the appraisal report, rounded down to the nearest million yen. Consequently, the total of the "appraisal value" may not equal the overall total.
- *2. In "Asumigaoka Brand-New Mall," the "Appraisal value," "Estimated value," "Value based on direct capitalization method," "Cap rate," "Value based on DCF method," "Discount rate," and "Terminal cap rate" are listed separately for the commercial building as (1) and the separate building as (2).
- *3. "Kusuri no Aoki Ikaruga (Leasehold land)" has fixed-term business-use land lease agreements with two lessees, Kusuri no Aoki Co., Ltd., and Ikaritombo Co., Ltd, and "Appraisal value" and "Value based on DCF method" show the portion pertaining to Kusuri no Aoki Co., Ltd. as (1) and the portion pertaining to Ikaritombo Co., Ltd. as (2).

(2) Capital Expenditures

i . Planned capital expenditures

A schedule of major capital expenditures for renovation work, etc. currently planned for the assets held as of January 31, 2025 is shown below. Please note that the projected construction amounts below include the portion to be treated as expenses for accounting purposes.

Property name	Location	Purpose of construction	Scheduled construction period	Estimated construction cost (million yen)		
				Total	Current fiscal period amount paid	Total amount of already paid
tonarie Minami-senri	Suita City, Osaka	Renovation work (2nd term)	From January 2025 to April 2025	206	10	10
Asumigaoka Brand-New Mall	Chiba City, Chiba	Full water proofing work on the rooftop parking lot	From February 2025 to April 2025	81	—	—

ii . Capital expenditures during the period

Repair work applicable to the capital expenditure in current fiscal period on the assets owned as of January 31, 2025 is shown below.

Property name	Location	Purpose of construction	Construction period	Construction cost (million yen)
tonarie Minami-senri	Suita City, Osaka	Renovation work (1st term)	From September 2024 to January 2025	95