



8<sup>th</sup> Fiscal Period  
ended January 31,  
2021

ES CON JAPAN REIT Investment Corporation

Securities code: 2971

# Financial Results Presentation Material

ES CON JAPAN REIT 



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ES CON JAPAN REIT



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## Highlights for 8<sup>th</sup> Fiscal Period

The regional communities near our commercial facilities have given their enduring support for our properties particularly during COVID-19. In addition, ESCON REIT unit price is on average performing well on back of the stability of leasehold land long-term agreements as well.

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## Financial Results Summary And Features 8<sup>th</sup> Fiscal Period (ended January 31, 2021)

- **8<sup>th</sup> Fiscal Period DPU : 3,599 yen (increase by 110 yen or 3.2% from previous forecast of 3,489 yen).** COVID-19 impact was limited given that **previous forecasts were exceeded.**
- New rent reductions during 8<sup>th</sup> Fiscal Period: 3 tenants (17,000 yen).  
**100% collection rate of deferred rent payments** due to PM's meticulous efforts.

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## Earnings Forecast

Forecast for 9<sup>th</sup> Fiscal Period  
(ending July 31, 2021)  
Forecast for 10<sup>th</sup> Fiscal Period  
(ending January 31, 2022)

- **9<sup>th</sup> Fiscal Period DPU : 3,492 yen (increase by 92 yen or 2.7% from previous forecast of 3,400 yen).** △85 yen given that property/city planning taxes of 7<sup>th</sup> fiscal period PO acquisitions are accounted as expenses from 9<sup>th</sup> fiscal period onwards. +58 yen from the free transfer of the deck space of tonarie Yamatotakada. Possible DPU increase from collecting penalty fees etc.
- **10<sup>th</sup> Fiscal Period DPU : 3,315 yen** △176 yen due to costs for refinancing debt (first time since IPO). Expecting expenses for unitholders' meeting. Expecting higher occupancy if and when COVID-19 impacts subside.

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## Growth Strategy

- Prioritize securing distribution while paying close attention to the impact of COVID-19
- Take advantage of support from the sponsor, continue external growth centered, lifestyle-focused commercial facilities and their leasehold lands. We aim to achieve AUM of 100 billion yen over the medium term.
- Extra promotion of initiatives for ESG, such as the newly acquisition of DBJ Green Building Certification (three stars) for two properties

# 1. Highlights for 8<sup>th</sup> Fiscal Period





# Historical Unit Price

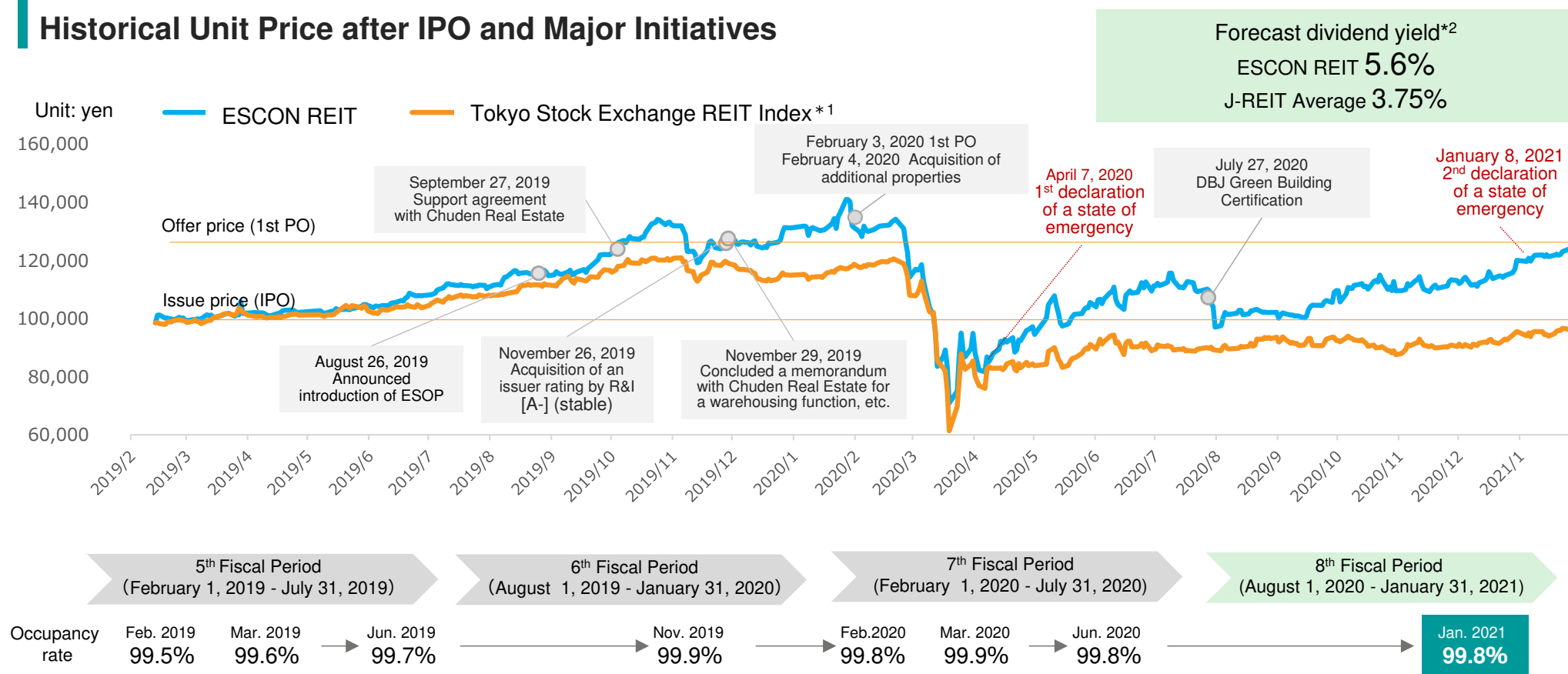
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Performance stability of ESCON REIT properties amid this prolonged pandemic helped ESCON REIT unit price to outperform the TSE REIT Index

February 13, 2019 (listing date) Issue price	February 3, 2020 1st PO price	July 31, 2020 Closing price	January 29, 2021 Closing price
101,000 yen	124,029 yen	97,000 yen	121,600 yen

## Historical Unit Price after IPO and Major Initiatives



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

\*2 The forecast dividend yield is calculated by dividing the sum total of the distributions forecasts for the fiscal periods ending July 31, 2021 and January 31, 2022 by the investment unit price (closing price) as at January 29, 2021. The average forecast dividend yield of all J-REITs is the market capitalization-weighted average forecast annualized dividend yield disclosed in the monthly REIT Report (for February 2021) of the Japan Exchange Group.



## 2. Financial Results Summary and Features





Impact of COVID-19 was limited as ESCON REIT business results surpassed forecasted results

### Financial highlights of the 8<sup>th</sup> Fiscal Period

#### Previous forecast and previous results

<b>DPU</b>	3,599 yen (+110 yen, +3.2%)	◀ 3,489 yen (forecast as at September 15, 2020)
<b>Occupancy Rate</b>	99.8%	◀ Occupancy rate at the end of 7 <sup>th</sup> Fiscal Period: 99.8% (as at July 31, 2020)
<b>LTV<sup>*1</sup></b>	43.5% (△0.1%)	◀ LTV at the end of 7 <sup>th</sup> Fiscal Period: 43.6% (as at July 31, 2020)
<b>NOI yield<sup>*2</sup></b>	NOI yield after depreciation as at January 31, 2021: 4.8% (NOI yield before depreciation: 5.3%)	

\*1 Based on total assets.

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



The performance exceeded initial forecast steadily : Net income +31 million yen,  
forecasted DPU +110 yen (+3.2%)

### Earnings Performance for the 8th Fiscal Period (ended January 31, 2021)

Unit: million yen

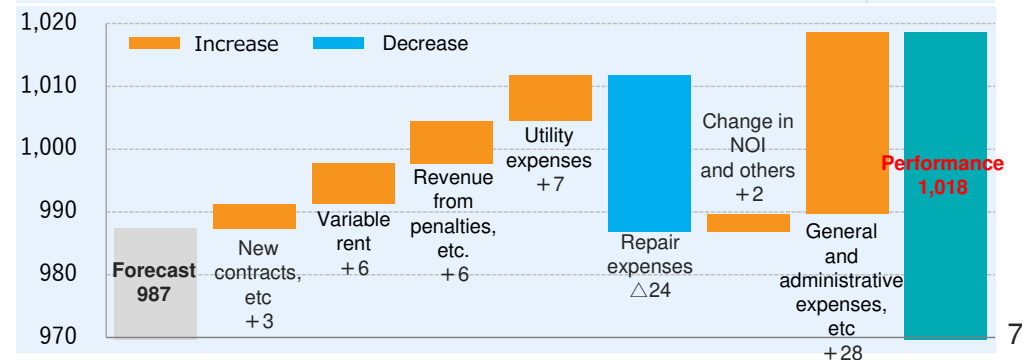
	7th Fiscal Period Performance ended July 31, 2020 (a)	8th Fiscal Period Forecast as at September 15, 2020 (b)	8th Fiscal Period Performance ended January 31, 2020 (c)	vs. previous period (c-a)	vs. forecast (c-b)
Operating revenues	1,902	1,913	<b>1,922</b>	20	9
Operating income	1,110	1,084	<b>1,111</b>	0	26
Ordinary income	971	988	<b>1,019</b>	48	31
Net income	970	987	<b>1,018</b>	48	31
DPU	3,430 yen	3,489 yen	<b>3,599 yen</b>	169 yen	110 yen
Depreciation	124	125	<b>125</b>	0	0
NOI after depreciation	1,245	1,266	<b>1,268</b>	23	2
NOI yield after depreciation	4.8%	4.8%	4.8%	0%	0%
Number of operating days	182 days	184 days	<b>184 days</b>	2 days	0 days

\*Property and city planning taxes on the three properties acquired in the 7<sup>th</sup> fiscal period will be accounted for as expenses from the 9<sup>th</sup> fiscal period onwards.

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

Unit: million yen

● New contracts, etc.	From new lease agreements and increased space/rent.	+3
● Variable rent	Increased percentage Sales-linked rent and sales events	+6
● Revenue from penalties, etc.	Penalty fees from vacating tenants. Benefitting from time lapse between receiving notice for contract termination and actual termination date.	+6
● Utility expenses	From reducing expenses by altering utilities agreement and gaining access to a water well in Asumigaoka Brand-New Mall.	+7
● Repair expenses	Expenditure on necessary repairs	△24
● Change in NOI and others		+2
● General and administrative expenses, etc	Actual results based on expected borrowing rates, IR expenses.	+28
Total (net income) vs. forecast		+31





# Impact of COVID-19 (Leasehold land)

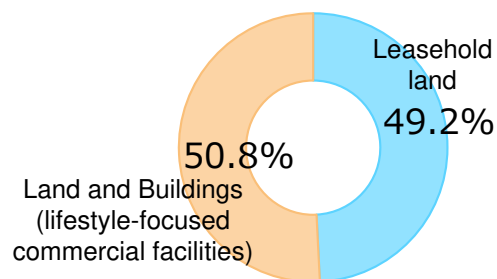


Received no requests from leasehold land tenants for rent payment extension or reduction during the 8<sup>th</sup> fiscal period due to a solid lineup of highly creditworthy tenants that are quite resilient against the impact of COVID-19

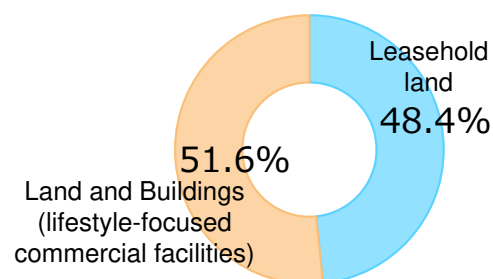
## Stability of leasehold lands

### Asset type\*

(Based on acquisition price)

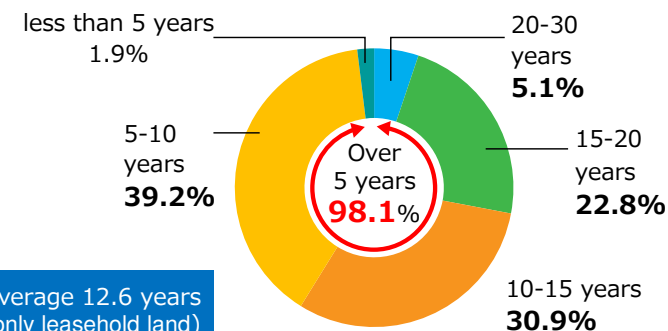


(Based on NOI after depreciation)



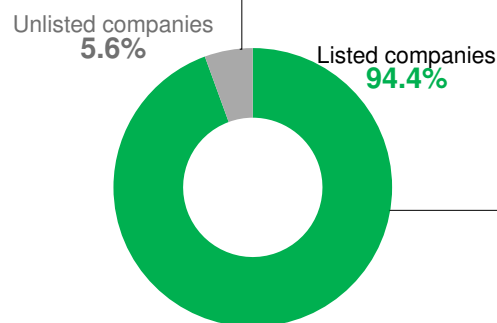
### Remaining lease term for leasehold land \*

(Based on leasable area)



### Leasehold land tenants\*

(Based on rent revenue)



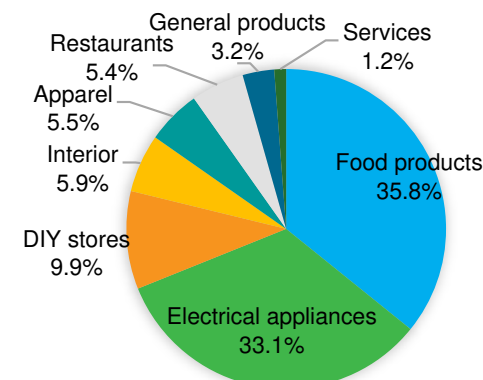
#### Leasehold land properties rented by unlisted companies

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

#### Leasehold land properties rented by listed companies

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

(Based on rent revenue)



\* The figures show the ratios as of January 31, 2021 (8th fiscal period performance). 23 leasehold lands includes 2 leasehold lands of Asumigaoka (No.17, No.18).



# Impact of COVID-19 (Lifestyle-focused commercial facilities)

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Number of new requests for rent payment extension and reduction are few even as the pandemic persists.  
Revenue at ESCON REIT's properties are stable compared to performance index of domestic commercial facilities

## Request for rent reduction/payment extension, terminations, new tenants\*1

New rent reduction requests	Number of requests and grants and amount	New payment extension requests	Collection rate of payment extension	Number of terminations or move-out	New tenants
8 tenants	3 tenants 17,000 yen	Nothing	100% (7 <sup>th</sup> FP)	3 tenants	4 tenants

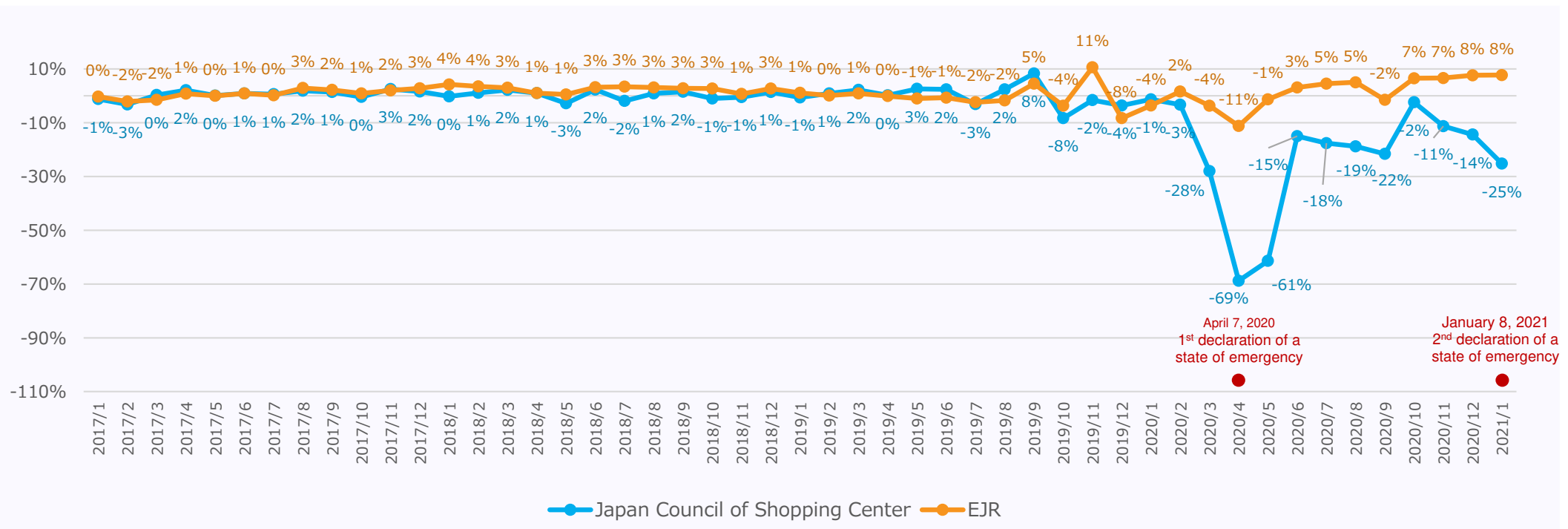
\*1 Residence building of Pare Marche Nishiharu (52 houses) is excluded.

## 9<sup>th</sup> Fiscal Period Snapshot \*1&2

Number of cancellation or move-out	New tenants
2 tenants	1 tenants

\*2: Current status of 9<sup>th</sup> Fiscal Period from Feb 1, 2021 to Mar 5, 2021.

## Net sales of owned properties\*3 compared to the same month last year



\*3 Calculated from gross sales of properties with their sales disclosed (excluding leasehold lands) that are comparable to the same month last year including figures for when ESCON REIT was not the property owner.  
(Reference) Japan Council of Shopping Center SC sales data investigation report

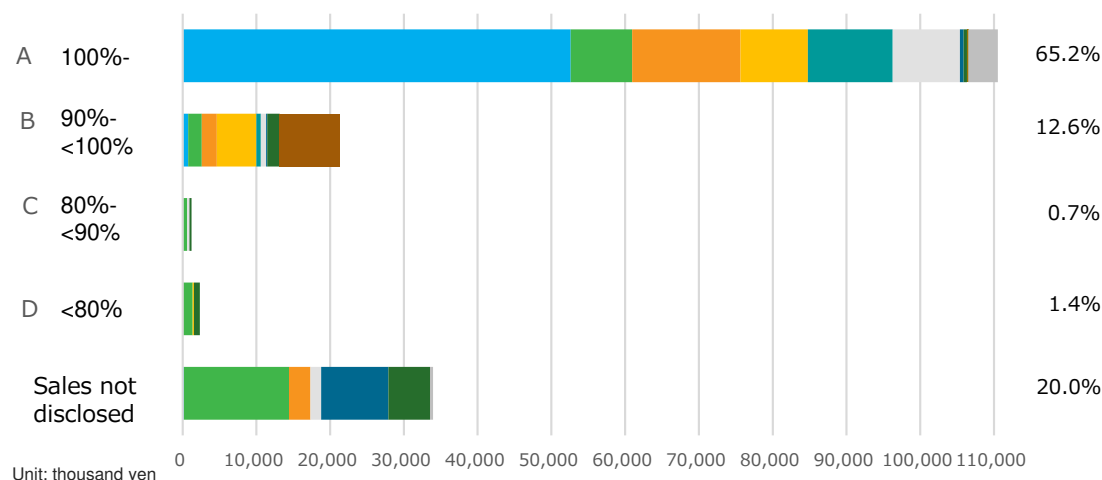




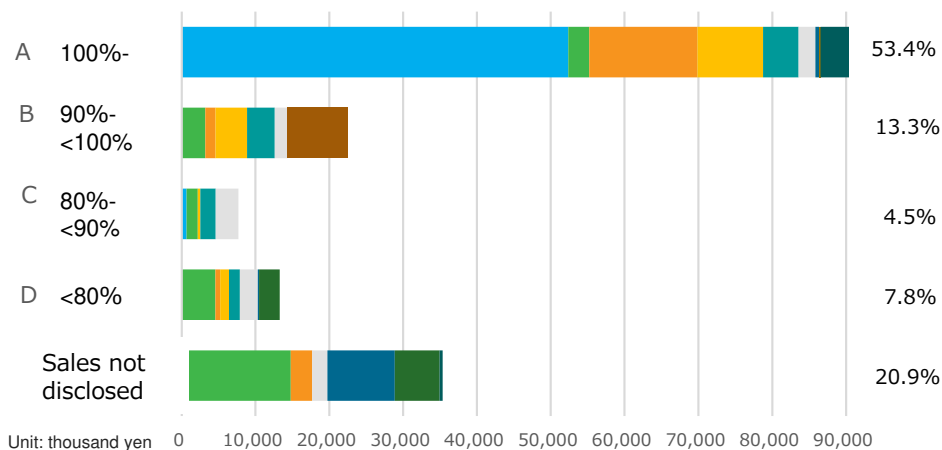
The impact of COVID-19 began to subside in the sales status of lifestyle-focused commercial facilities in the 8<sup>th</sup> fiscal period

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

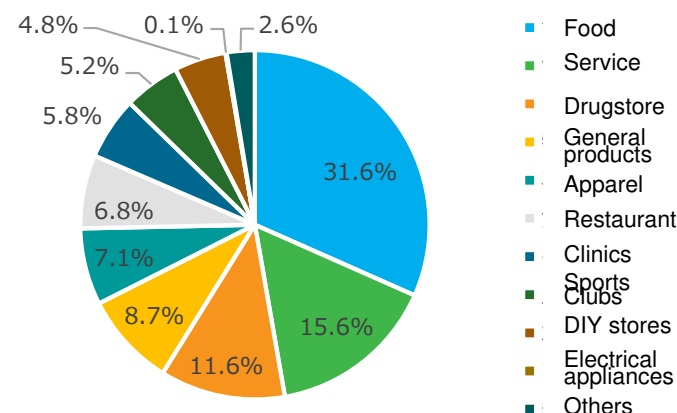
#### A comparison between the 8<sup>th</sup> Fiscal Period and the 7<sup>th</sup> Fiscal Period



#### A comparison between the 8<sup>th</sup> Fiscal Period and the 6<sup>th</sup> Fiscal Period



#### Category of all 259 tenants\*



\* Total number of tenants that includes rental housing (52 houses) of Pare Marche Nishiharu and excludes 23 leasehold lands.  
60 tenants did not disclose sales.

- Compared to the 7<sup>th</sup> fiscal period (ended Jul. 2020), about 65% of tenants outperformed their previous sales revenue targets
- Compared to the 6<sup>th</sup> fiscal period (ended Jan. 2020), about 53% of tenants outperformed their previous targets, marking a recovery to pre-COVID-19 levels. Business of core tenants (i.e. supermarkets and drugstores) is demonstrating stability and COVID-19 impacts seem to be subsiding.

# Impact of COVID-19 (Rent composition)



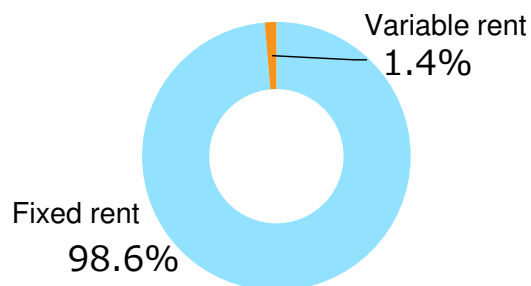
**Properties at fixed rents account for 98.6% while the variable rent ratio such as sales-linked rent is only 1.4% and less affected by the COVID-19 pandemic**

## Stability of rent composition

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

- Percentage of variable rents in rent revenues is extremely small
- Variable rents in the 7<sup>th</sup> fiscal period decreased by approx. 22% from the 6<sup>th</sup> fiscal period due to the impact of COVID-19, but in the 8<sup>th</sup> fiscal period, variable rents increased approx. 33% from the 7<sup>th</sup> fiscal period.
- Events were held with appropriate social-distancing in place and significantly increased compared to the previous fiscal period despite COVID-19.

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



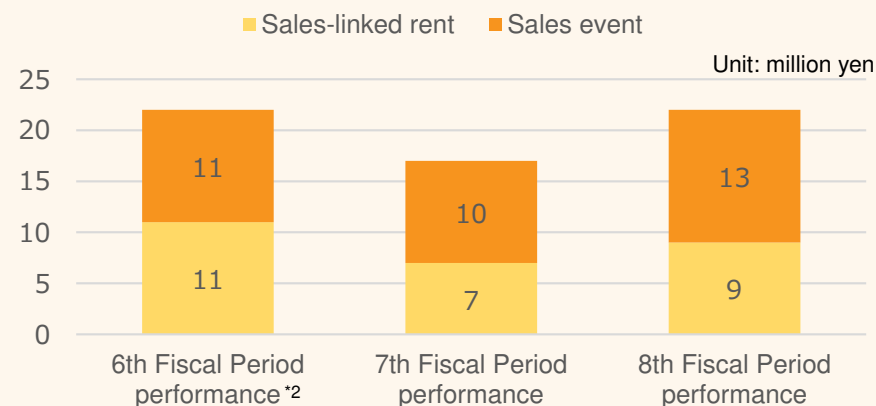
\*1 The variable rent includes rent linked with event revenues and sales.



Event by a cell-phone company



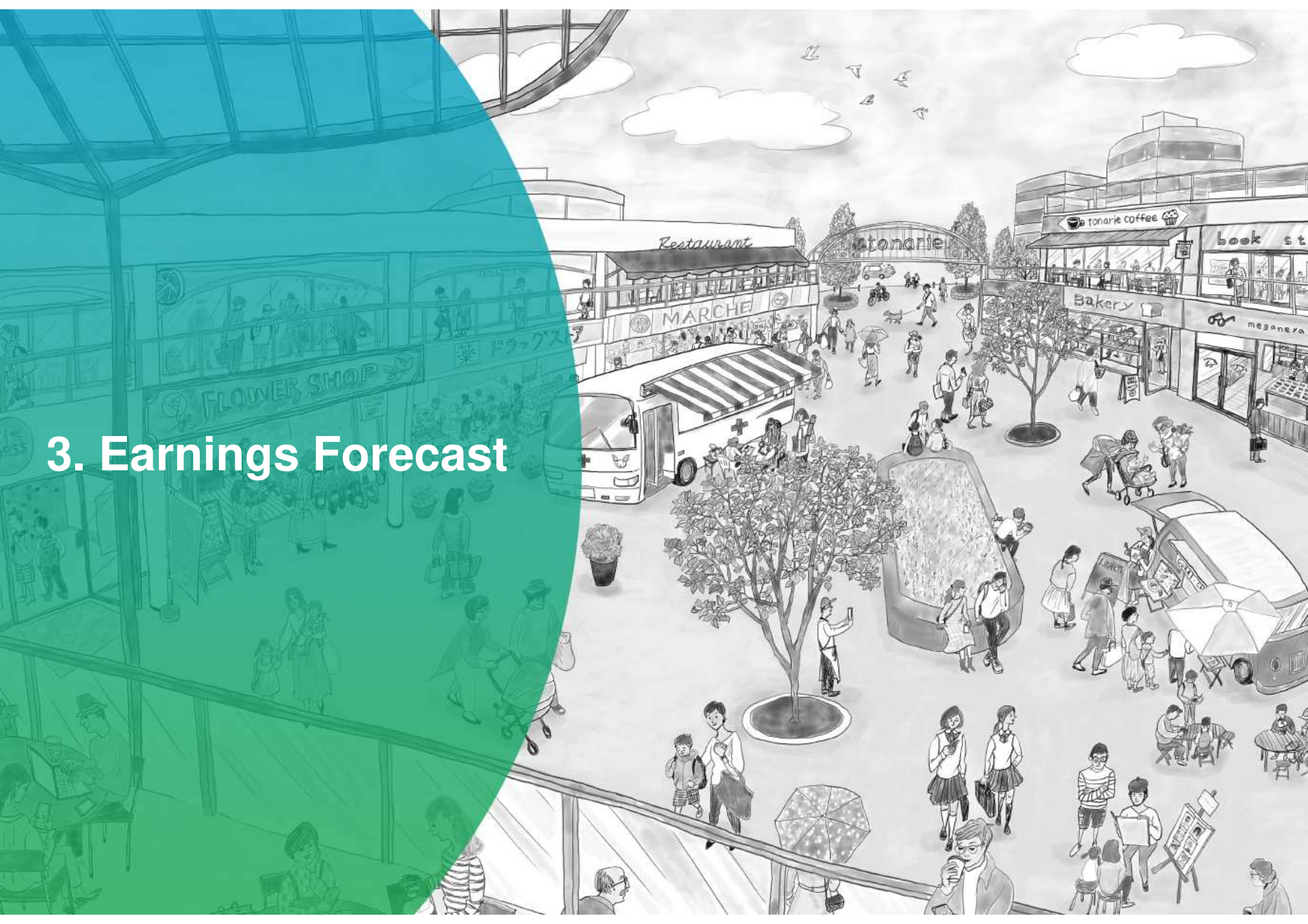
OMOIDE YOKOTYO



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



### 3. Earnings Forecast





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



**Continue conservative planning while being mindful of the impact of COVID-19**  
**Expecting +92 yen compared to previous forecast attributed to the transfer of the deck space at tonarie Yamatotakada to ESCON REIT at no cost**

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

Units: million yen

	9th Fiscal Period Forecast as at September 15, 2020 (a)	9th Fiscal Period Forecast as at March 12, 2021 (b)	vs. forecast (c-b)
Operating revenues	1,875	1,908	33
Operating income	1,058	1,084	25
Ordinary income	963	989	25
Net income	962	988	25
DPU	3,400 yen	3,492 yen	92 yen
Depreciation	126	126	0
NOI after depreciation	1,222	1,247	25
NOI yield after depreciation	4.7%	4.8%	0.1%
Number of operating days	181 days	181 days	0 days

## Premise of forecast

### Impact of and response to COVID-19

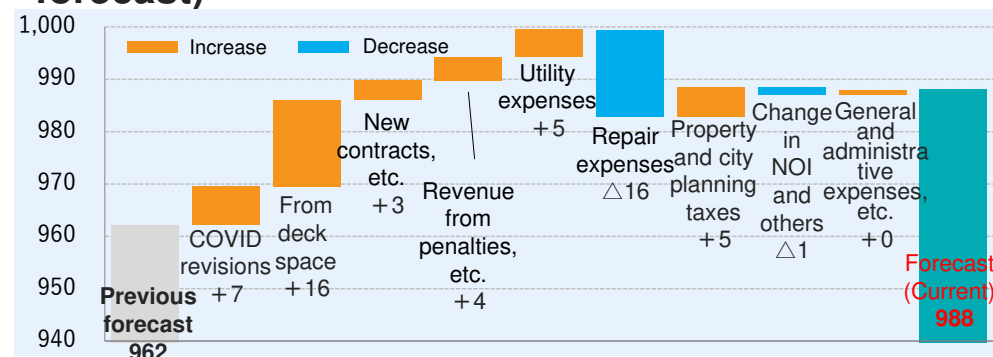
- 1 Despite the assumption that COVID-19 impact will gradually subside, ESCON REIT conservatively reduced rent rates in the forecast given that ESCON REIT assumes tenants will continue requests for rent reduction
- 2 Variable rents (sales-linked , sales event) is expected to be equivalent to the previous (8th) fiscal period
- 3 No positive factors are expected such as the progress of vacant lot leasing
- 4 Included rent decline from contract cancellation and move-out upon notification (excluded penalties for unconfirmed cases)

### Other impacts and responses

- 5 Accounted for 16 million yen revenue from the deck space of tonarie Yamatotakada transfer to ESCON REIT at no cost

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

Units: million yen







# Forecast for 10th Fiscal Period (ending January 31, 2022)



ESCON REIT expects further occupancy increase assuming that COVID-19 impacts will lessen 3,315 yen projected DPU after deducting refinancing costs and unitholders' meeting expenses

## Forecast for 10th Fiscal Period (ending January 31, 2022)

Units: million yen

	9th Fiscal Period Forecast as at March 12, 2021 (a)	10th Fiscal Period Forecast as at March 12, 2021 (b)	vs. forecast (b-a)
Operating revenues	1,908	1,909	0
Operating income	1,084	1,079	△4
Ordinary income	989	939	△49
Net income	988	938	△49
DPU	3,492 yen	3,315 yen	△177 yen*
Depreciation	126	128	2
NOI after depreciation	1,247	1,247	0
NOI yield after depreciation	4.8%	4.8%	△0.1%
Number of operating days	181 days	184 days	3 days

\* Revenue from tonarie Yamatotakada deck space accounted for the 9th fiscal period (equivalent to 58 yen in DPU).

Refinancing costs accounted for the 10th fiscal period (equivalent to 176 yen in DPU)

## Premise of forecast

### Impact of and response to COVID-19

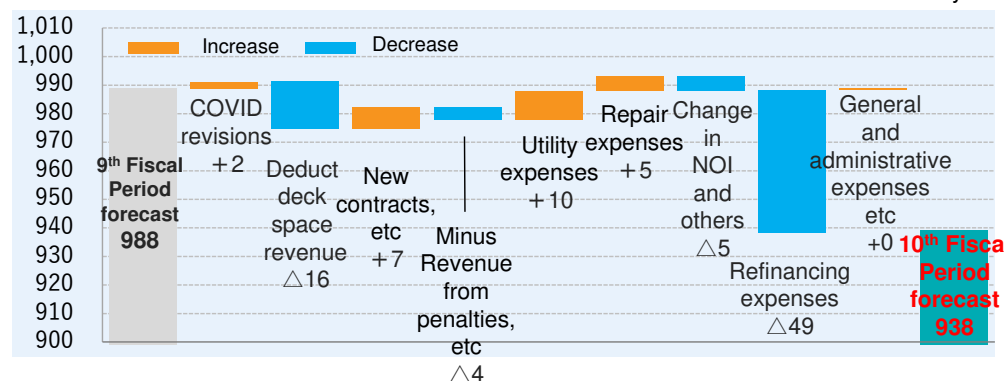
- 1 Not expecting any rent reductions assuming that COVID-19 impacts will subside
- 2 Variable rents (sales-linked , sales event) is expected to be equivalent to the previous (8th) fiscal period
- 3 Included new rent income from the progress of vacant lot leasing

### Other impacts and responses

- 4 Expecting new refinancing costs (first refinancing since IPO)
- 5 Oct. 2021 unitholders' meeting expenses

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

Units: million yen

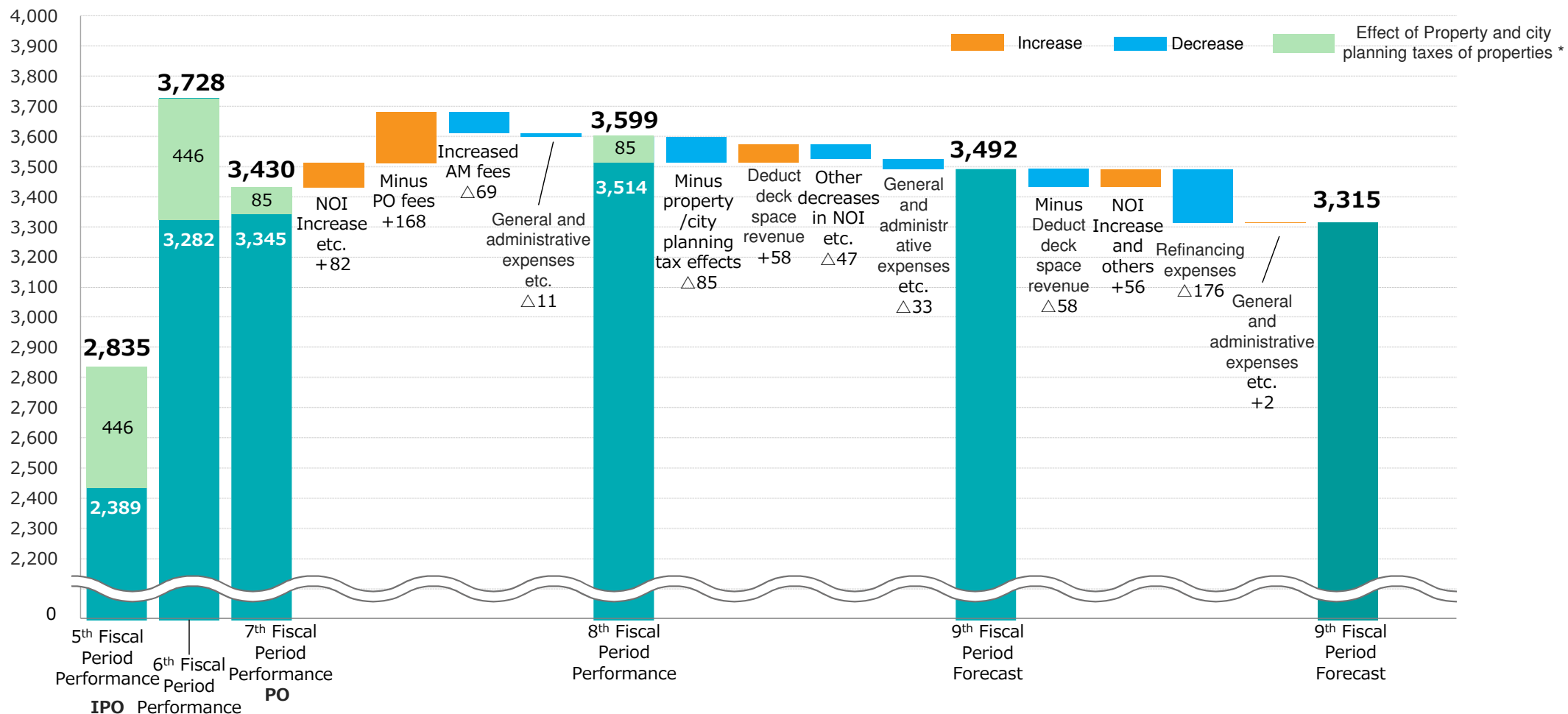




## Incorporating refinancing costs and COVID-19 impacts for the 9<sup>th</sup> and 10<sup>th</sup> fiscal period DPU forecasts

### Transition of distribution and main factors of forecast

Unit: yen



\* Property and city planning tax expense for purchased properties that is borne by the buyer will not be accounted for as an expense but as part of book value.  
 Property and city planning tax for 22 properties acquired in the 5<sup>th</sup> fiscal period were accounted for as an expense from the 7<sup>th</sup> fiscal period.  
 Property and city planning tax for 3 properties acquired in the 7<sup>th</sup> fiscal period will be accounted for as an expense from the 9<sup>th</sup> fiscal period.



## 4. Growth Strategy





## Consistent internal growth being promoted leveraging key strengths of commercial facilities deep rooted in local communities

### Example of internal growth (tonarie Seiwadai)

- Occupancy for 8<sup>th</sup> fiscal period increased to 100% from 99.1%
- Achieved internal growth by attracting new tenants, increasing leased floorspace and rent while minimizing duration of vacancy by leveraging key strengths of commercial facilities deep rooted in local communities
- Hosted events and workshops to stimulate and contribute to the local economy



Location	Kawanishi-shi, Hyogo
Land area	12,405.42m <sup>2</sup>
Acquisition price	3,290 million yen
Appraisal value	3,400 million yen



Aug. 2020  
HOLOHOLO KITCHEN  
lease



Oct. 2020  
DEMI DELI FARM  
lease



Dec. 2020  
SHADDY  
SARADAKAN  
lease renewal



Dec. 2020  
YAOYA Muscat  
lease renewal



Jan. 2021  
EDION lease renewal and  
additional leased space



Feb. 2021

Soroban Jyuku PICO  
lease renewal

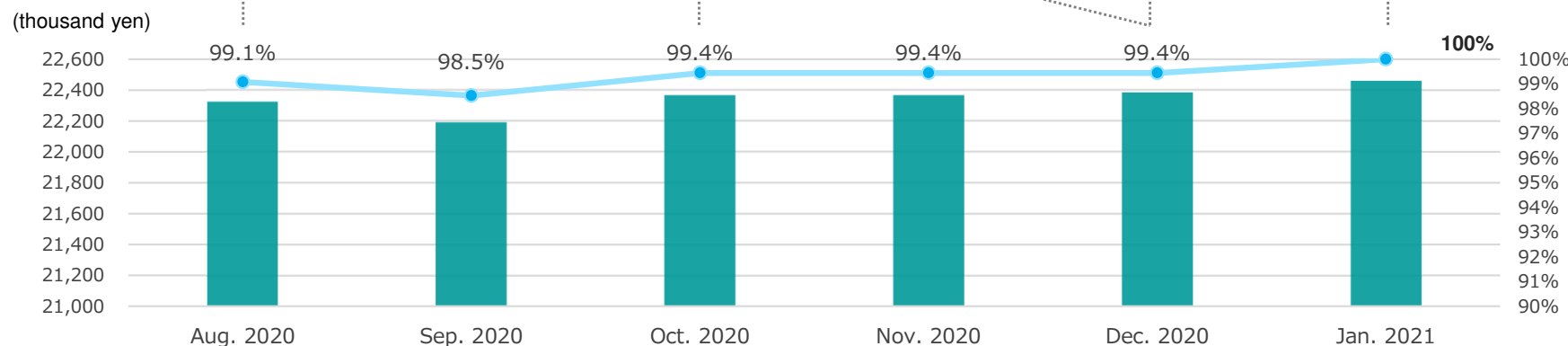


Acquisition of DBJ Green  
Building Certifications



Mar. 2021

Seiwadai Ochi Hoikuen  
(Nursery school) lease renewal



Fixed monthly rent      Occupancy rate

\* The diagram is based on rent receipts from tenants.



# Partnerships with Sponsor and Supporters



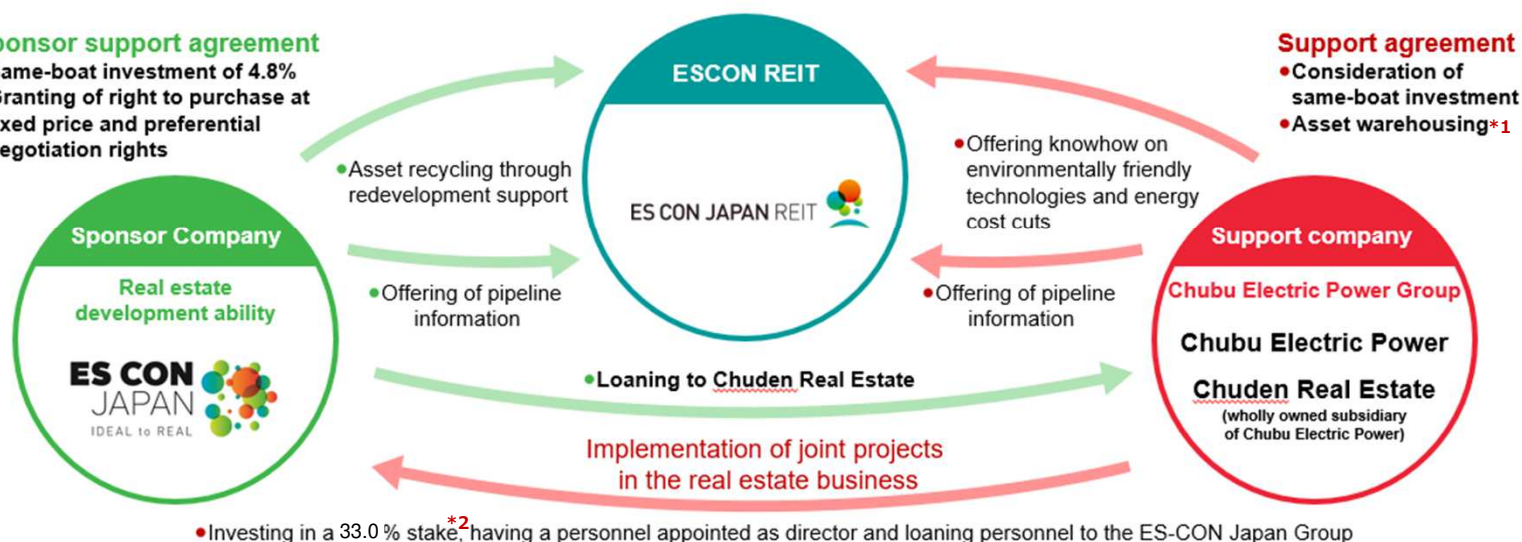
ESCON REIT will enhance its support system, including the provision of warehousing functions based on the support agreement with Chuden Real Estate.

## Support from sponsor and support companies

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

### Sponsor support agreement

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



\*1

On February 26, 2021, ESCON JAPAN REIT Investment Corporation, ES-CON ASSET MANAGEMENT, Ltd., the asset management company to which ESCON REIT entrusts the management of its assets (hereinafter, the "Asset Manager"), and Chuden Real Estate concluded an amended memorandum concerning the extension of duration of preferential negotiation rights for 5 properties.

\*2

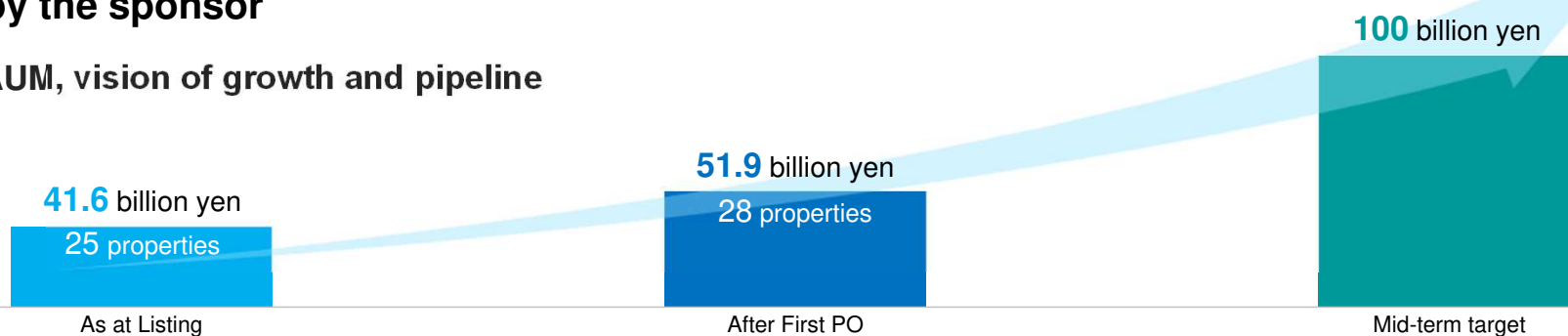
On February 24, 2021, ES-CON Japan announced the passing of a resolution at the board of directors meeting about an issue of new shares through third-party allotment to Chubu Electric Power. Upon execution of a third-party allotment scheduled for April 5, 2021, Chubu Electric Power is expected to become the parent company (Specified Associated Corporation), holding 51.5% of ES-CON JAPAN's voting rights. (This is an estimated ratio based on the total number of voting rights as of the end of December 2020.)





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

### Historical AUM, vision of growth and pipeline



### Current pipeline (Granting Right to purchase/Preferential negotiation rights) 22properties



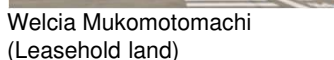
Chuden Real Estate  
(Warehousing)



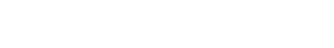
TRIAL Omihachiman  
(Leasehold land)



Chuden Real Estate  
(Warehousing)



Drug Yutaka Mukokamiueno  
(Leasehold land)



ES-CON JAPAN  
Ltd.



Welcia Mukomotomachi  
(Leasehold land)



Chuden Real Estate  
(Warehousing)



Chuden Real Estate  
(Warehousing)



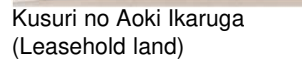
ES-CON JAPAN  
Ltd.



ES-CON JAPAN  
Ltd.



Chuden Real Estate  
(Warehousing)



Kusuri no Aoki Ikaruga  
(Leasehold land)

ES-CON  
JAPAN Ltd.



Other 14 properties\*

Leasehold lands:4 properties  
Land&Buildings:10 properties

\*Increase 5 properties

## 5. Financial Strategy







## Continue stable financial management

### Acquisition of Issuer Rating by R&I

「A-」 ( stable )

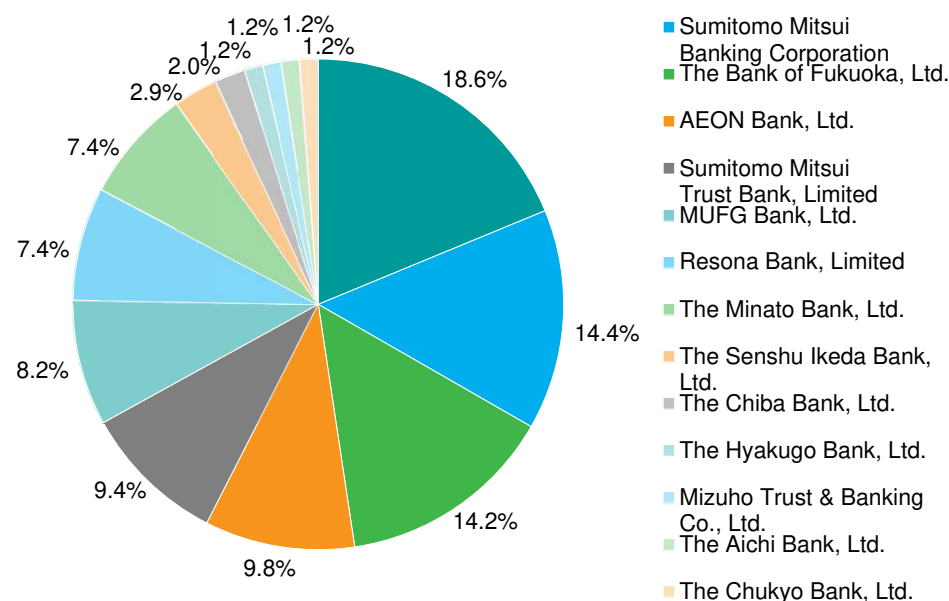
Acquisition of issuer credit rating in November 2019,  
rating maintained in November 2020

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

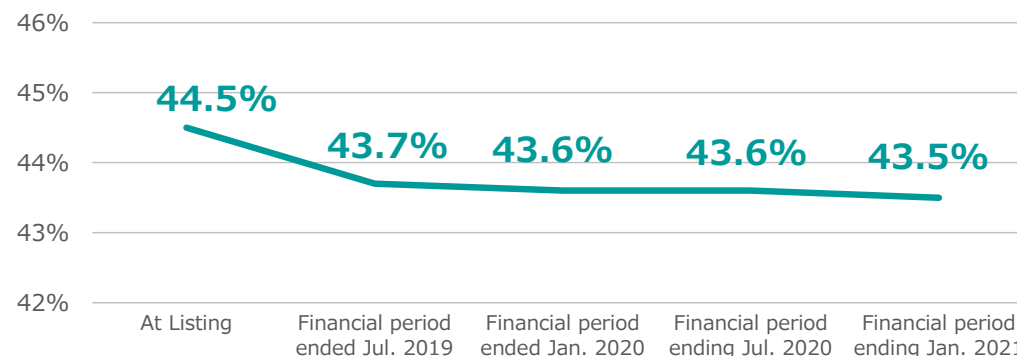
The Rating Outlook is Stable. Benefitting from the stable portfolio consisting of commercial facilities and leasehold land for which solid demand can be expected in large metropolitan areas, the impact of the coronavirus issue is limited. R&I will continue to observe the effect of the pandemic, and also keep an eye on developments in expansion of asset size and improvement in funding terms.

### Lender Mix

[As at January 31, 2021]



### LTV Control



### Financial Highlights

[As at January 31, 2021]

Total interest-bearing debt

24.4  
billion yen

Average remaining term

1.8  
years

Average Interest Rate

0.50%

Ratio of long-term borrowings

100%



## 6. ESG Strategy





## DBJ Green Building Certifications

### Acquisition of certifications

We have received DBJ Green Building Certification for two properties in February 2021 following the two properties in July 2020, and has obtained certification for a total of four properties.

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

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

- (five stars) Properties with the best class environmental and social awareness
- (four stars) Properties with exceptionally high environmental and social awareness
- (three stars) Properties with excellent environmental and social awareness
- (two stars) Properties with high environmental and social awareness
- (one stars) Properties with satisfactory environmental and social awareness



tonarie Yamatotakada



tonarie Toga・Mikita



tonarie Minami-senri



tonarie Seiwadai

## E Environment

### ● Introducing a groundwater membrane filtration system

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

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



### ● Installation of LED lighting

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



tonarie Yamatotakada



tonarie Minami-senri



tonarie Toga・Mikita



tonarie Seiwadai



Asumigaoka Brand-New Mall

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

## S Social

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

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



Year-end big lottery  
(tonarie Seiwadai)



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



2nd anniversary event  
(tonarie Yamatotakada)



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

### ● Contributions for communities



Dial 110 (emergency  
number) Day  
(tonarie  
Yamatotakada)



Supporting Japan for  
UNHCR  
(tonarie  
Yamatotakada)



Blood donation  
campaign  
(tonarie  
Seiwadai)



Mobile police stations  
(Asumigaoka Brand  
New Mall)



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



Received a certification of  
gratitude for social welfare  
activities from the  
Seiwadai Community  
Committee  
(tonarie Seiwadai)

#### tonarie Brand Concept

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



### ● Certified as dementia-friendly shopping center

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



### ● Initiatives for improving employees' work environment

① Operation of employee lounges for tenants (tonarie Minami-senri, tonarie Seiwadai, tonarie Toga・Mikita, tonarie Yamatotakada, Asumigaoka Brand-New Mall)

② Providing a workplace environment prioritized Work life balance (introduction of club activities, no overtime day, stress check, health consultation with the occupational physician)

### ● Improved convenience features through renovations

Conducted renovation work at Asumigaoka Brand-New Mall. Installed artificial green panels at the food court for a greener relaxing atmosphere. Installed illustrated panels for each season at the kid's corner. Revamped main plaza into an atrium and added nursing rooms for more relaxing experience.







## Start further strengthening of internal control

### G Governance

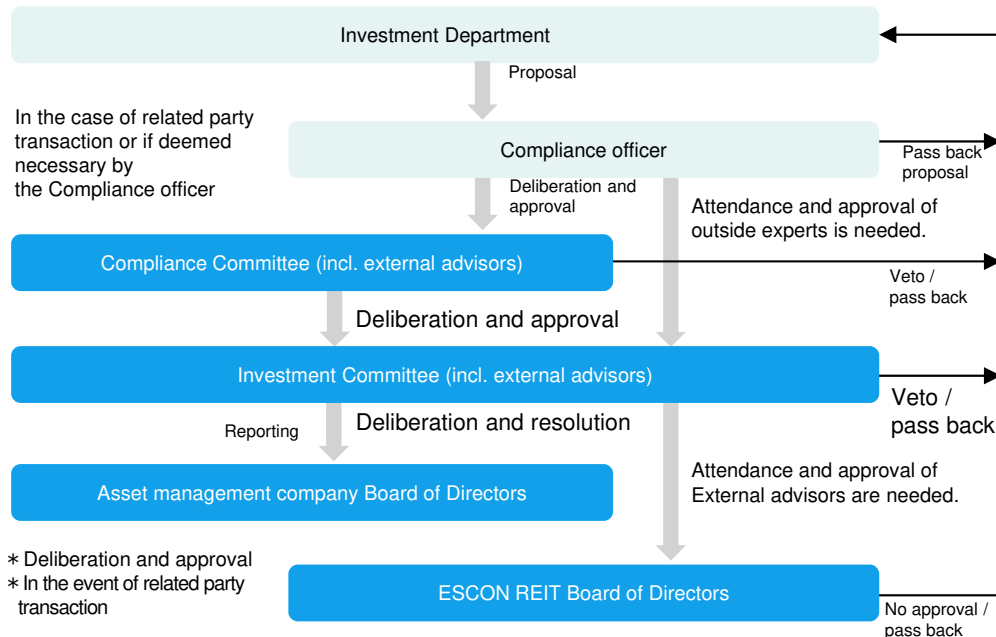
#### ● Governance structure to maximize unitholder value

##### Asset management fee linked to total assets and net income

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

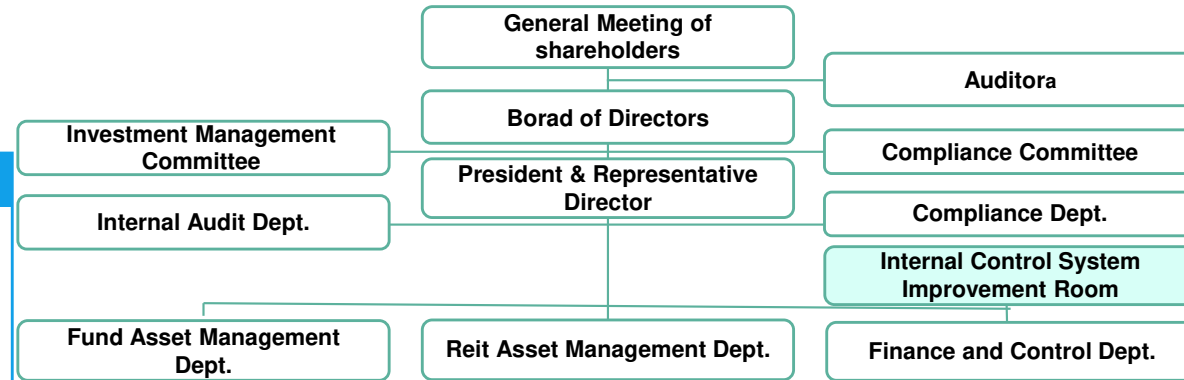
#### ● Decision-making process for property acquisitions

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



#### ● Compliance System

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



##### Establishment of "Internal Control System Improvement Room"

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

#### ● Others

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

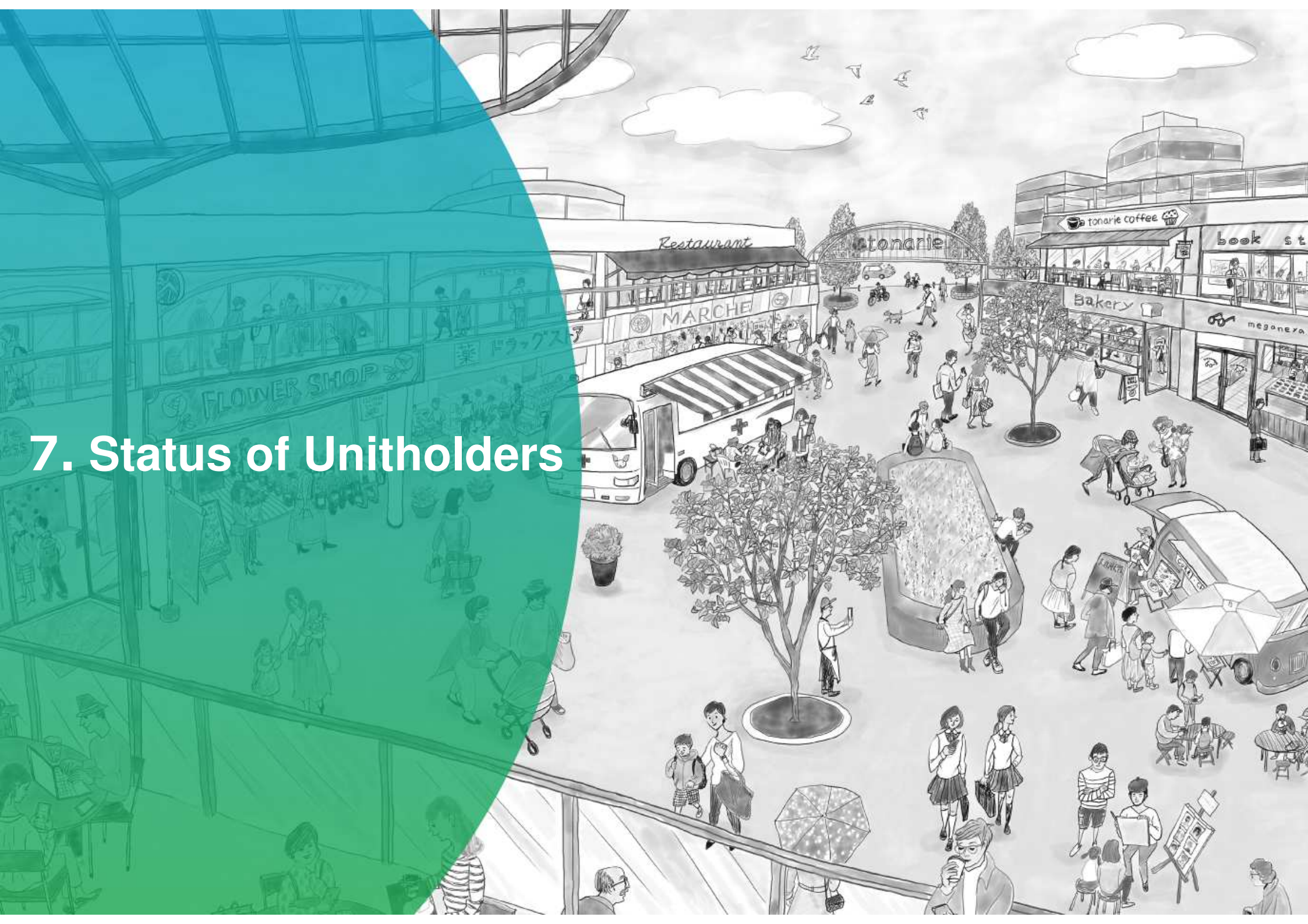
The sponsor acquired Green Star and 3 Star ratings in GRESB Real Estate Developer Assessment

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

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

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

## 7. Status of Unitholders

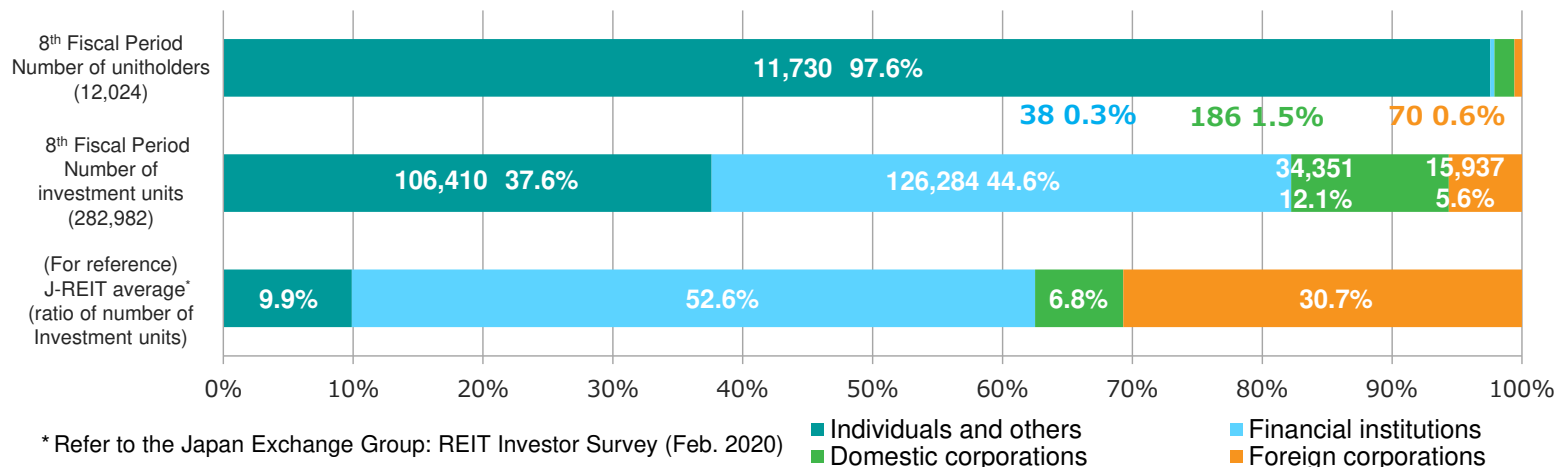


# Status of Unitholders as at January 31, 2021

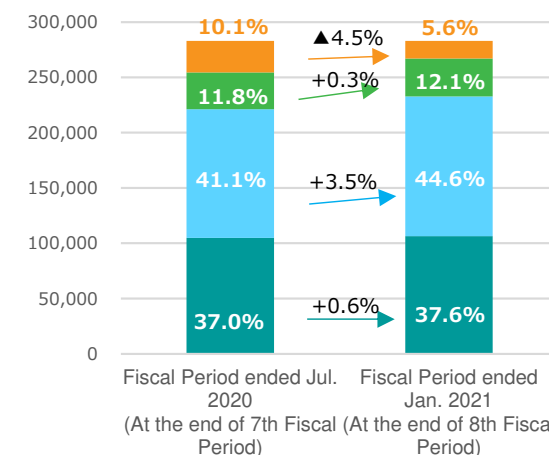


In addition to same-boat investment by Sponsor, ESCON REIT is highly trusted by the financial institutions that has close relations with.

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



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



## Top ten unitholders

Name	Number of units held	Ownership ratio
1. The Master Trust Bank of Japan, Ltd. (Trust account)	29,441	10.4%
2. Custody Bank of Japan, Ltd. (Trust Account)	21,726	7.7%
3. Osaka co-sei Shinkin Bank	20,940	7.4%
4. ES-CON Japan Ltd.	13,474	4.8%
5. Osaka Shoko Shinkin Bank	9,721	3.4%

Name	Number of units held	Ownership ratio
6. NISSEI BUILD KOGYO CO., LTD.	9,190	3.2%
7. The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	8,476	3.0%
8. Daido Shinyo Kumiai	5,815	2.1%
9. THE SAIKYO BANK, LTD.	4,950	1.7%
10. Kinki Sangyo Credit Union	4,864	1.7%
<b>Total</b>	<b>128,597</b>	<b>45.4%</b>



# Appendix





Unit: 1,000 yen

Unit: 1,000 yen	7 <sup>th</sup> Fiscal Period ended July 31, 2020	8 <sup>th</sup> Fiscal Period ended January 31, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	1,179,889	1,298,221
Cash and deposits in trust	2,384,171	2,465,876
Operating accounts receivable	39,671	35,268
Prepaid expenses	48,504	43,656
Other	3,652,236	3,843,022
Total current assets		
Noncurrent assets		
Property, plant and equipment	8,881,071	8,901,715
Buildings in trust	△307,258	△427,603
Accumulated depreciation	8,573,813	8,474,111
Buildings, net	128,715	128,715
Structures in trust	△14,031	△17,427
Accumulated depreciation	114,684	111,288
Structures, net	11,823	16,337
Tools, furniture and fixtures in trust	△1,443	△2,743
Accumulated depreciation	10,379	13,593
Tools, furniture and fixtures in trust, net	43,636,242	43,636,242
Land in trust	52,335,119	52,235,236
Total property, plant and equipment		
Intangible assets	825	771
Trademarks	5,883	5,066
Other	6,709	5,838
Total intangible assets		
Investment and other assets	10,000	10,000
Lease and guarantee deposits	52,835	32,472
Long-term prepaid expenses	8	16
Deferred tax assets	62,844	42,489
Total investments and other assets	52,404,672	52,283,564
Total noncurrent assets		
Deferred assets	11,372	5,686
Organization expenses	11,372	5,686
Total deferred assets	56,068,282	56,132,273

Unit: 1,000 yen	7 <sup>th</sup> Fiscal Period ended July 31, 2020	8 <sup>th</sup> Fiscal Period ended January 31, 2021
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	109,313	94,796
Current portion of long-term borrowings	—	9,960,000
Accrued expenses	9,747	49,352
Income taxes payable	102,257	124,417
Accrued consumption tax, etc.	776	944
Advances received	53,340	28,506
Deposits received	264,347	265,264
Total current liabilities	99	2,220
Noncurrent liabilities	539,882	10,525,502
Long-term borrowings		
Tenant lease and guarantee deposits in trust	24,430,000	14,470,000
Total noncurrent liabilities	1,688,139	1,678,567
Total liabilities	26,118,139	16,148,567
Current liabilities	26,658,021	26,674,069
<b>Net assets</b>		
Unitholders' equity		
Unitholders' capital	28,439,581	28,439,581
Surplus		
Unappropriated retained earnings (undisposed loss)	970,678	1,018,621
Total surplus	970,678	1,018,621
Total unitholders' equity	29,410,260	29,458,203
Total net assets	29,410,260	29,458,203
Total liabilities and net assets	56,068,282	56,132,273



# Profit and Loss Statement



Unit: 1,000 yen

	7 <sup>th</sup> Fiscal Period ended July 31, 2020	8 <sup>th</sup> Fiscal Period ended January 31, 2021
Operating revenues		
Rent revenue-real estate	1,701,734	1,714,073
Other lease business revenue	200,608	208,432
Total operating revenue	1,902,342	1,922,505
Operating expenses		
Expenses related to rent business	656,673	653,550
Asset management fee	84,303	104,085
Asset custody fee	2,702	2,770
Administrative service fees	9,494	9,500
Directors' compensation	3,000	3,000
Taxes and public dues	8,107	7,142
Other operating expenses	27,283	30,924
Total operating expenses	791,565	810,973
Operating income	1,110,777	1,111,531
Non-operating income		
Interest income	14	16
Interest on tax refund	236	-
Total non-operating income	251	16
Non-operating expenses		
Interest expenses	61,215	61,155
Borrowing related expenses	52,666	23,989
Amortization of organization expenses	5,686	5,686
Investment unit issuance expenses	19,141	-
Other	1,160	1,206
Total non-operating expenses	139,870	92,037
Ordinary income	971,159	1,019,510
Income before income taxes	971,159	1,019,510
Income taxes-current	677	947
Income taxes adjustment	△7	△8
Total income taxes	670	939
Net income	970,488	1,018,571
Retained earnings bought forward	189	50
Unappropriated retained earnings (undisposed loss)	970,678	1,018,621



# Appendix

## Income and Expenditure & Appraisal Value (as at the End of 8th Fiscal Period)

ES CON JAPAN REIT



Unit: 1,000 yen

Property number	1 (ST-1)	2 (ST-2)	3 (SS-1)	4 (SS-2)	5 (SS-3)	6 (KT-1)	7 (KT-2)	8 (KT-3)	9 (KT-4)	10 (KS-1) LAMU
Property name	Asumigaoka Brand-New Mall	Nishi-shiroi Ekimae Plaza	K's Denki Oyumino (Leasehold land)	Nitori Tsuchiura (Leasehold land)	Nitori Imaichi (Leasehold land)	tonarie Minami-senri	tonarie Seiwadai	tonarie Yamatotakada (owership 50%)	tonarie Toga-Mikita (owership 50%)	Kitatsumori (Leasehold land)
Number of days of operation	184 days	184 days	184 days	184 days	184 days	184 days	184 days	184 days	184 days	184 days
Age of buildings (year)	20.4	20.8	-	-	-	16.3	13.3	2.3	1.8	-
Operating revenues	243,726	20,086	70,570	Not disclosed	Not disclosed	328,314	183,798	174,563	128,969	38,148
Rent revenue-real estate	179,678	17,002	70,570			274,082	151,183	139,382	111,697	38,148
Other lease business revenue	64,047	3,083	-			54,231	32,614	35,181	17,271	-
Expenses related to rent business	141,949	6,672	7,288			130,969	72,979	48,949	31,341	6,986
Taxes and public dues	24,212	1,365	6,738			23,358	13,024	-	-	6,236
Management fees	31,988	2,100	300			45,475	25,432	23,426	16,492	500
Insurance premium	459	131	-			312	339	508	258	-
Repair & maintenance	18,584	187	-			14,106	6,439	566	663	-
Other lease business expenses	66,704	2,887	250			47,717	27,744	24,447	13,928	250
Leasing NOI	101,776	13,414	63,282			197,344	110,819	125,614	97,627	31,162
Depreciation	18,290	833	-			13,970	24,475	21,695	16,864	-
Operating income	83,486	12,581	63,282			183,374	86,344	103,918	80,762	31,162
Book value at end of fiscal period	3,239,151	453,926	2,737,549	1,007,414	368,224	7,193,620	3,252,924	4,153,526	3,490,510	1,284,444
NOI yield before depreciation <sup>*1</sup>	6.3%	5.9%	4.6%	Not disclosed	Not disclosed	5.5%	6.8%	6.0%	5.6%	4.8%
NOI yield after depreciation <sup>*1</sup>	5.1%	5.5%	4.6%	Not disclosed	Not disclosed	5.1%	5.3%	5.0%	4.6%	4.8%

Property number	11 (KS-2)	12 (KS-3)	13 (KS-4)	14 (KS-5)	15 (TT-1)	16 (TS-1)	17 (FS-1~11)	18 (OS-1)	
Property name	K's Denki Nishikobe (Leasehold land)	Sanyo Marunaka (Leasehold land)	Tsutaya Sakai-minami (Leasehold land)	LIFE Daisen (Leasehold land)	Pare Marche Nishiharu	MaxValu Kikyogaoka-higashi (Leasehold land)	Fukuoka Kasuga Project (Leasehold land)	K's Denki Kurashiki (Leasehold land)	Total / Average
Number of days of operation	184 days	184 days	184 days	184 days	184 days	184 days	184 days	184 days	
Age of buildings (year)	-	-	-	-	26.4	-	-	-	14.5(Ave.)
Operating revenues	62,176	Not Disclosed	21,600	72,000	165,918	Not disclosed	266,315	Not disclosed	1,922,505
Rent revenue-real estate	62,176		21,600	72,000	163,923		266,315		1,714,073
Other lease business revenue	-		-	-	1,995		-		208,432
Expenses related to rent business	5,543		2,676	572	26,303		35,445		528,509
Taxes and public dues	4,793		2,104	-	16,697		31,898		137,964
Management fees	500		300	300	5,569		1,980		156,364
Insurance premium	-		-	-	742		-		2,753
Repair & maintenance	-		-	-	881		-		41,426
Other lease business expenses	250		272	272	2,413		1,567		190,001
Leasing NOI	56,632		18,923	71,427	139,614		230,870		1,393,996
Depreciation	-		-	-	28,910		-		125,041
Operating income	56,632		18,923	71,427	110,703		230,870		1,268,955
Book value at end of fiscal period	2,154,463	1,443,034	955,939	2,758,189	4,585,469	483,542	10,537,198	2,136,105	52,235,236
NOI yield before depreciation <sup>*1</sup>	5.2%	Not disclosed	3.9%	5.2%	6.1%	Not disclosed	4.4%	Not disclosed	5.3%
NOI yield after depreciation <sup>*1</sup>	5.2%	Not disclosed	3.9%	5.2%	4.8%	Not disclosed	4.4%	Not disclosed	4.8%

No.	Property name	Acquisition price	Appraisal value		Difference (B) - (A)	NOI yield before depreciation <sup>*2</sup>	NOI yield after depreciation <sup>*2</sup>
			Jul. 31, 2019 (A)	Jan. 31, 2020 (B)			
1	Asumigaoka Brand-New Mall	3,200,000	3,340,000	3,360,000	20,000	6.5%	5.4%
	Asumigaoka Sushiro leasehold land		150,000	150,000	0		
	Asumigaoka McDonald's leasehold land		144,000	144,000	0		
2	Nishi-shiroi Ekimae Plaza	451,000	460,000	465,000	5,000	5.7%	5.4%
3	K's Denki Oyumino (Leasehold land)	2,710,000	2,870,000	2,870,000	0	4.7%	4.7%
4	Nitori Tsuchiura (Leasehold land)	999,477	1,090,000	1,090,000	0	5.4%	5.4%
5	Nitori Imaichi (Leasehold land)	363,362	405,000	406,000	1,000	6.0%	6.0%
6	tonarie Minami-senri	7,200,000	7,980,000	7,990,000	10,000	5.5%	5.1%
7	tonarie Seiwadai	3,290,759	3,400,000	3,400,000	0	5.9%	4.4%
8	tonarie Yamatotakada (owership50%)	4,150,000	4,065,000	4,045,000	-20,000	4.7%	3.7%
9	tonarie Toga - Mikita (owership50%)	3,490,000	3,560,000	3,560,000	0	4.9%	3.9%
10	LAMU Kitatsumori (Leasehold land)	1,270,000	1,480,000	1,480,000	0	4.9%	4.9%
11	K's Denki Nishikobe (Leasehold land)	2,133,429	2,470,000	2,470,000	0	5.3%	5.3%
12	Sanyo Marunaka Mitani (Leasehold land)	1,430,000	1,520,000	1,520,000	0	4.4%	4.4%
13	Tsutaya Sakai-minami (Leasehold land)	946,000	1,010,000	1,020,000	10,000	4.1%	4.1%
14	LIFE Daisen (Leasehold land)	2,733,000	3,060,000	3,060,000	0	4.9%	4.9%
15	Pare Marche Nishiharu	4,610,000	4,670,000	4,400,000	-270,000	5.4%	4.2%
16	MaxValu Kikyogaoka-higashi(Leasehold land)	477,767	535,000	536,000	1,000	6.0%	6.0%
17	MrMAX Kasuga (Leasehold land)	3,387,444	3,900,000	3,910,000	10,000	4.4%	4.4%
	UNIQLD Kasuga (Leasehold land)	595,000	662,000	663,000	1,000	4.0%	4.0%
	Avail.Shimamura Kasuga (Leasehold land)	863,387	1,090,000	1,100,000	10,000	4.8%	4.8%
	au-Softbank Kasuga (Leasehold land)	143,560	160,000	160,000	0	4.6%	4.6%
	Kura Sushi Kasuga (Leasehold land)	261,340	302,000	303,000	1,000	4.8%	4.8%
	docomo Shop Kasuga (Leasehold land)	160,900	182,000	182,000	0	4.7%	4.7%
	Konpira Maru Kasuga (Leasehold land)	236,360	265,000	265,000	0	4.7%	4.7%
	One-Karubi Kasuga (Leasehold land)	236,360	265,000	265,000	0	4.7%	4.7%
	Suke-san Kasuga (Leasehold land)	401,000	422,000	422,000	0	4.5%	4.5%
	NAFCO Kasuga (Leasehold land)	2,631,500	3,380,000	3,390,000	10,000	4.5%	4.5%
18	K's Denki Kasuga (Leasehold land)	1,487,390	1,820,000	1,830,000	10,000	4.4%	4.4%
	K's Denki Kurashiki (Leasehold land)	2,121,000	2,440,000	2,440,000	0	5.0%	5.0%
Total		51,980,038	57,097,000	56,896,000	-201,000	5.1%	4.6%

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

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



No.	Property name	Area	Location	Asset type	Number of tenants	Acquisition price (million yen)	Appraisal value (million yen)
1 (ST-1)	Asumigaoka Brand-New Mall	Tokyo metropolitan area	Chiba-shi, Chiba	Land + building	31	3,200	3,360 294 (Leasehold land)
2 (ST-2)	Nishi-shiroi Ekimae Plaza	Tokyo metropolitan area	Shiroi-shi, Chiba	Land + building	4	451	465
3 (SS-1)	K's Denki Oyumino (Leasehold land)	Tokyo metropolitan area	Chiba-shi, Chiba	Leasehold land	1	2,710	2,870
4 (SS-2)	Nitori Tsuchiura (Leasehold land)	Tokyo metropolitan area	Tsuchiura-shi, Ibaraki	Leasehold land	1	999	1,090
5 (SS-3)	Nitori Imaichi (Leasehold land)	Tokyo metropolitan area	Nikko-shi, Tochigi	Leasehold land	1	363	406
6 (KT-1)	tonarie Minami-senri	Kinki metropolitan area	Suita-shi, Osaka	Land + building	45	7,200	7,990
7 (KT-2)	tonarie Seiwadai	Kinki metropolitan area	Kawanishi-shi, Hyogo	Land + building	33	3,290	3,400
8 (KT-3)	tonarie Yamatotakada (ownership 50%)	Kinki metropolitan area	Yamatotakada-shi, Nara	Land + building	63	4,150	4,045
9 (KT-4)	tonarie Toga・Mikita (ownership 50%)	Kinki metropolitan area	Sakai-shi, Osaka	Land + building	32	3,490	3,560
10 (KS-1)	LAMU Kitatsumori (Leasehold land)	Kinki metropolitan area	Osaka-shi, Osaka	Leasehold land	1	1,270	1,480
11 (KS-2)	K's Denki Nishikobe (Leasehold land)	Kinki metropolitan area	Kobe-shi, Hyogo	Leasehold land	1	2,133	2,470
12 (KS-3)	Sanyo Marunaka Mitani (Leasehold land)	Kinki metropolitan area	Kobe-shi, Hyogo	Leasehold land	1	1,430	1,520
13 (KS-4)	Tsutaya Sakai-minami (Leasehold land)	Kinki metropolitan area	Sakai-shi, Osaka	Leasehold land	1	946	1,020
14 (KS-5)	LIFE Daisen (Leasehold land)	Kinki metropolitan area	Sakai-shi, Osaka	Leasehold land	1	2,733	3,060
15 (TT-1)	Pare Marche Nishiharu	Chukyo metropolitan area	Kitanagoya-shi, Aichi	Land + building	53	4,610	4,400
16 (TS-1)	MaxValu Kikyogaoka-higashi (Leasehold land)	Chukyo metropolitan area	Nabari-shi, Mie	Leasehold land	1	477	536
17 (FS-1~11)	Fukuoka Kasuga Project (Leasehold land)	Fukuoka metropolitan area	Kasuga-shi, Fukuoka	Leasehold land	11	10,404	12,490
18 (OS-1)	K's Denki Kurashiki (Leasehold land)	Other area	Kurashiki-shi, Okayama	Leasehold land	1	2,121	2,440
					<b>282</b>	<b>51,980</b>	<b>56,896</b>

**Point 1**

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

**Point 2**

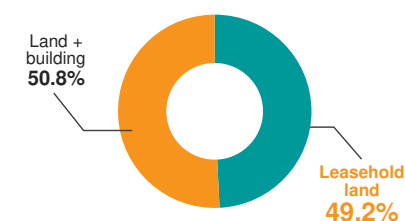
Approx. 95% of all portfolio assets are located in four major metropolitan areas.

**Point 3**

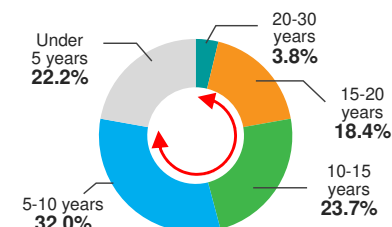
More than two-thirds of the portfolio asset were developed or rebranded by the sponsor.

**Asset type**

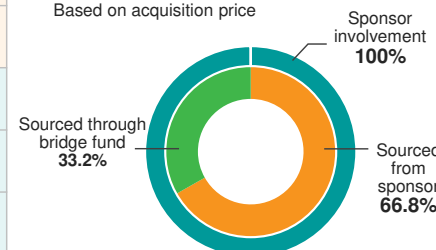
Based on acquisition price

**Remaining lease term**

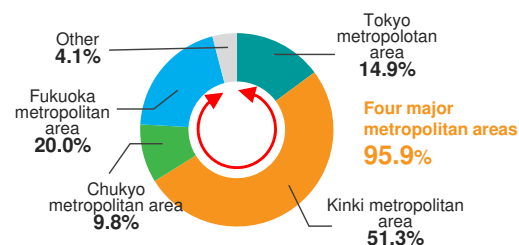
Based on leasable area

**Sourcing channel**

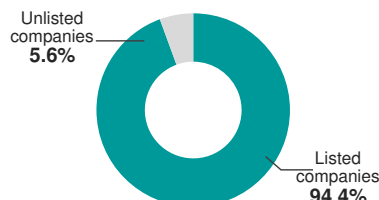
Based on acquisition price

**Geographical diversification**

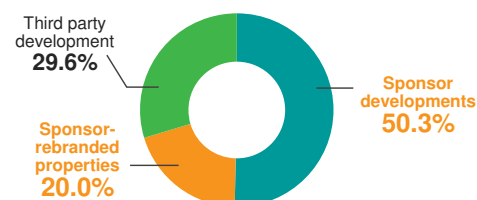
Based on acquisition price

**Leasehold land tenants**

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

**Ratio of Sponsor-developed properties**

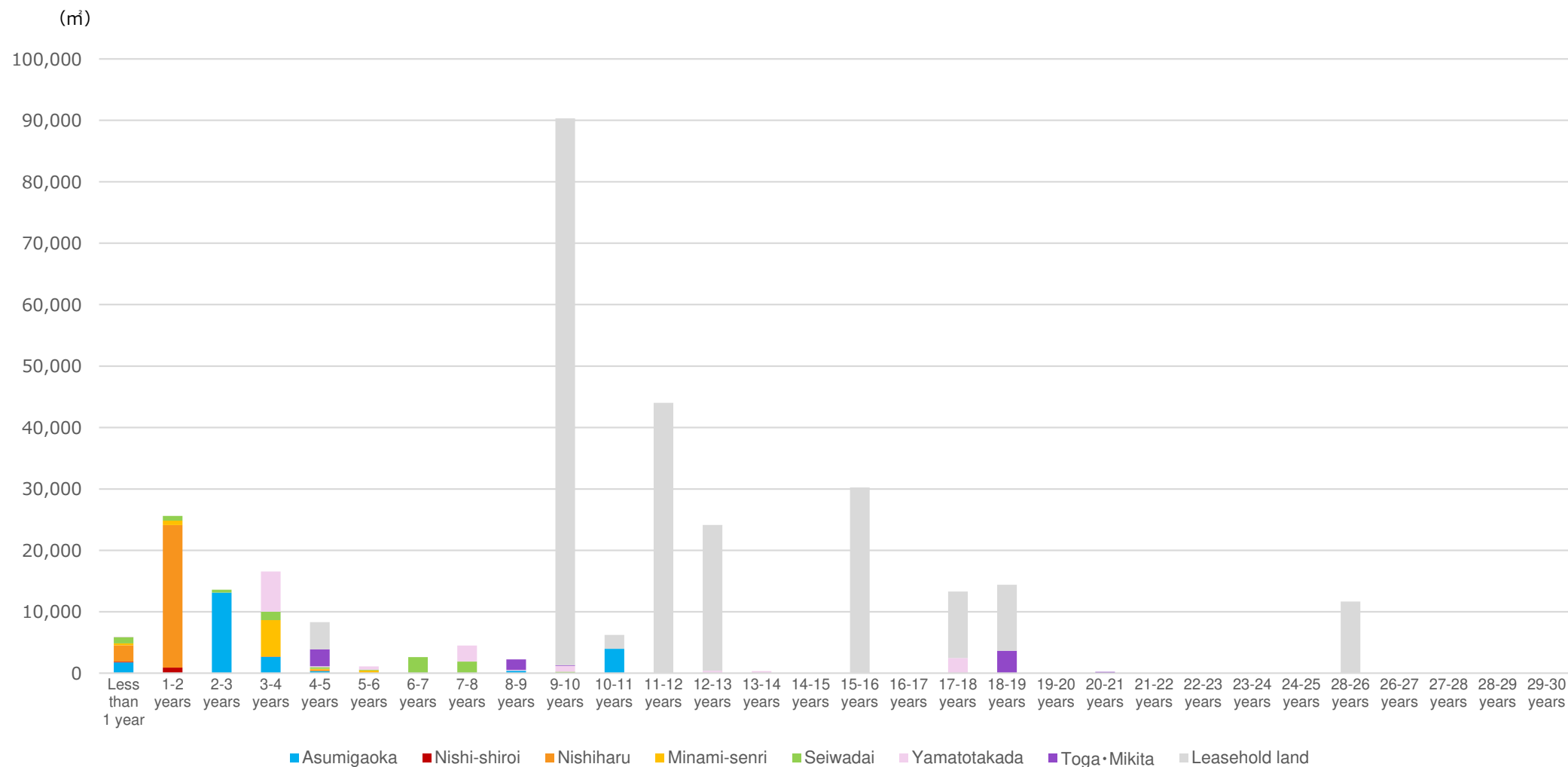
Based on acquisition price



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



## Remaining lease term (based on leasable space)

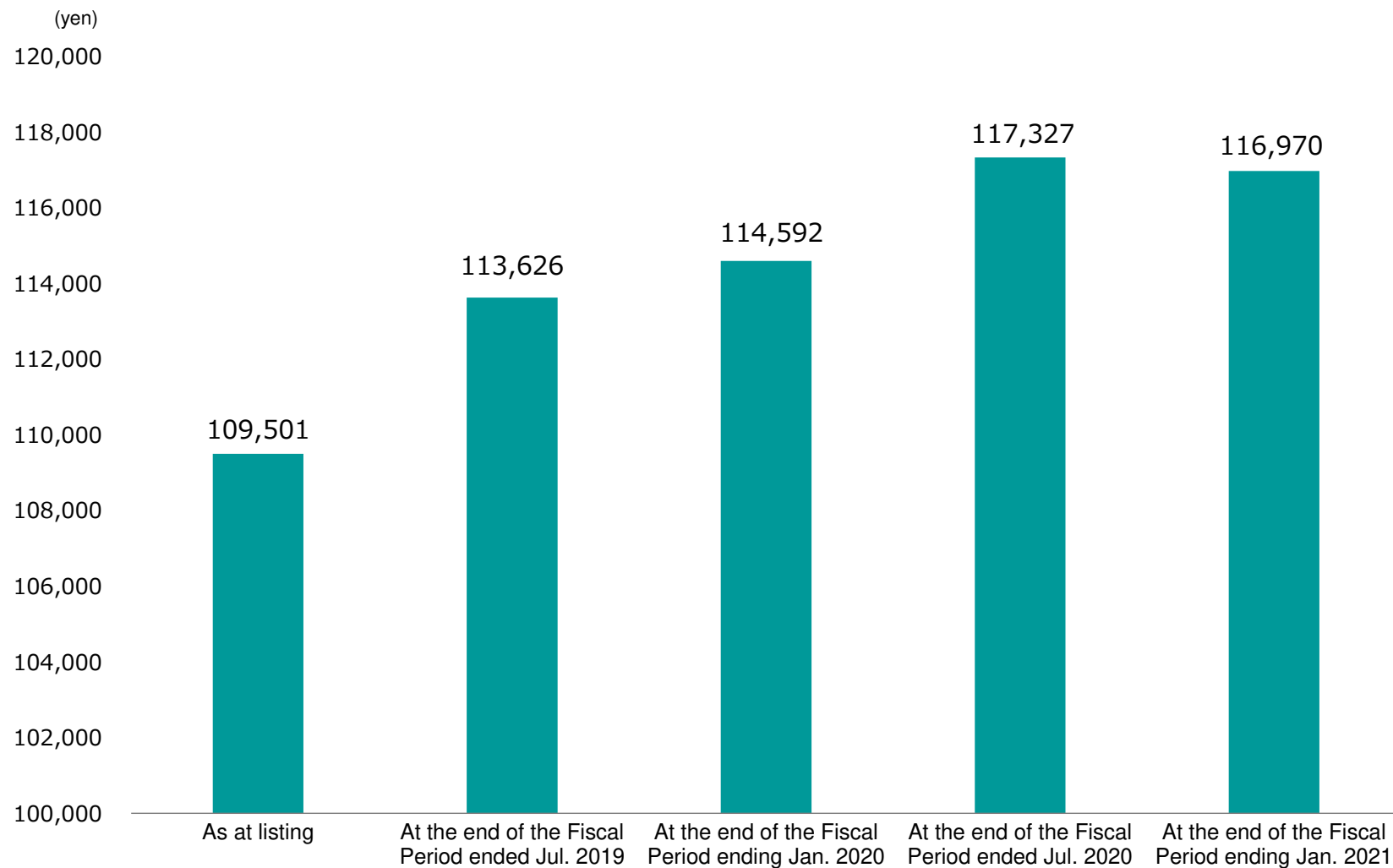


\* The figures show the remaining lease term as of January 31, 2021.





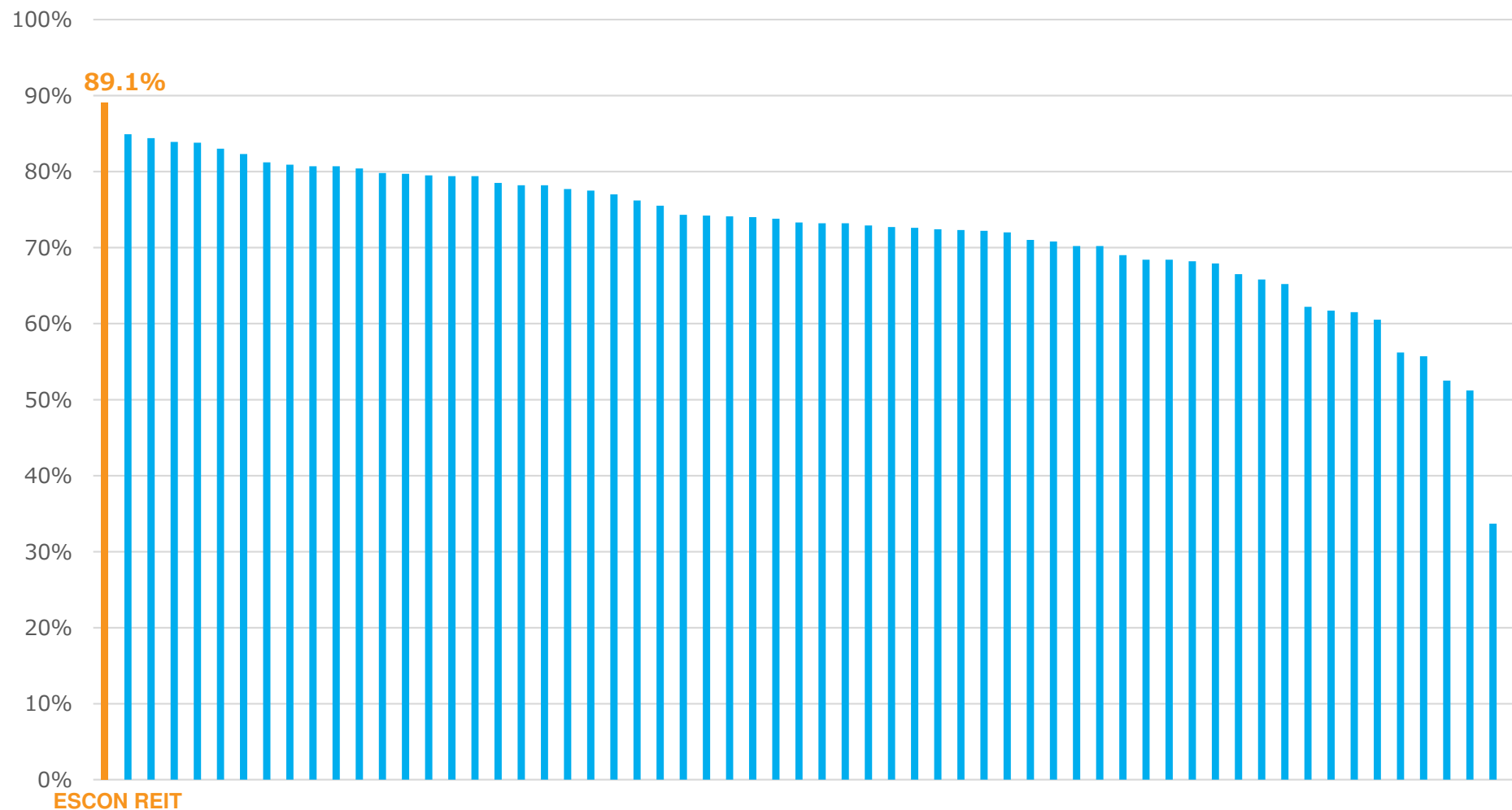
## NAV per unit



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



### FFO Payout ratio



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

\*2 Excluding J-REITs that have yet to financial results (For other companies, data based on the information disclosed by January 2021 are used).

\*3 Based on book value as of January 31, 2021.

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

# Outline of Sponsor and Support Companies



## Outline of ES-CON JAPAN (Sponsor company)

Company name	ES-CON JAPAN Ltd.
Representative	Takatoshi Ito, President and Representative Director
Established	April 18, 1995
Capital	6,284 million yen (as of Dec. 31, 2020)
Number of employees	278 (consolidated, as of Dec. 31, 2020)
Sales	77,308 million yen (fiscal year ended Dec. 31, 2020)
Listed market	First Section of the Tokyo Stock Exchange

## Outline of Chubu Electric Power (Support company)

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

## Outline of Chuden Real Estate (Support company)

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

## Recent main action by ES-CON JAPAN

2020	
Jan.	Acquired naming rights for the Hokkaido Nippon-Ham Fighters' new stadium
Feb.	Acquired a land for new business (Uchiage Takatsuka-cho, Neyagawa-shi, commercial) Opened "tonarie Utsunomiya", community-based shopping center in Tokyo metropolitan area
Mar.	(Tentative name) Nagoya-shi Higashi-ku Shirakabe 4-chome II joint project with Chuden Real Estate Funding of 3 billion yen by ESG/SDGs assessment loan (Tentative name) Suita-shi Fujishirodai 5-chome joint project with Chuden Real Estate
Apr.	Acquired a commercial facility "Lions Square Kawaguchi"
May	Acquired environmental management system (EMS) EcoAction 21 certification
Jul.	Commercial facility "Soyoka Fujimino" acquired Certification for CASBEE for Real Estate
Aug.	(Tentative name) Ichinomiya-shi Hachiman 4-chome joint project and (Tentative name) Kakegawa-shi Minami 1-chome joint project with Chuden Real Estate Hokkaido Office opened and started operation on Sep.1, and Fukuoka Office renamed to Kyushu Office
Sep.	Originated a private placement fund and contributed TK equity (Kamikitadai Station project and Fujisawa project)
Oct.	Started sale of ossuary usage rights and related management business Acquired Suoy Mall Nagamine
Nov.	Obtained GRESB Real Estate Assessment 3 Stars and Green Star in Development Benchmark category Completed ZEH Builder Certificate for ESCON HOME and ESCON Craft
Dec.	3.5 billion yen ESG/SDG-assessed fund-raising for Tsukuba Creo Square. Obtained preferential negotiation rights as the partner company for the Hokkaido JR Kitahiroshima station Nishi-guchi Area Revitalization Project Originated a private placement fund and contributed TK equity (Keio Inagi Station project)
2021	
Jan.	Notice on new executive officer appointments and new directors and division management personnel Opening of tonarie Yokkaichi, the neighborhood shopping center Originated a private placement fund and contributed TK equity (Odakyu Isehara Ekimae Sakuradai project)
Feb.	<b>Notice of third-party allotment to Chubu Electric *</b> Announcement of "IDEAL to REAL 2023", the fourth medium-term management plan

\* Upon execution of a third-party allotment scheduled for April 5, 2021, Chubu Electric Power is expected to become the parent company (Specified Associated Corporation), holding 51.5% of ES-CON JAPAN's voting rights. (This is an estimated ratio based on the total number of voting rights as of the end of December 2020.)



# Development Cases of Sponsor Company



## Business development and development cases of ES-CON JAPAN

- Acquired commercial facilities deep-rooted in local communities nationwide in addition to for-sale condominiums. Development policy is to conduct development projects with a strong connection to the surrounding community
- Launched a new logistic facility brand “LOGITRES”. Developed the 1st project “LOGITRES Tojo” and acquired the land for development of the 2nd project in the same area on Oct. 2019. Reinforce efforts for logistic land development business by land readjustment in Koga-shi, Fukuoka as the next core business candidate
- Work on rental apartment and office building projects, etc. and plan to engage in various development projects to establish the next core business as a general developer
- Started sale of ossuary usage rights and related management business

### Commercial development business



Tsukuba Project (Tsukuba-shi, Ibaraki)

### Logistics development business



LOGITRES Tojo (Kato-shi, Hyogo)

### Land readjustment business



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

### Columbarium



Ryomon (Minato-ku, Tokyo)

- Participating in a large-scale development of “Hokkaido Ball Park F Village (total site 36.7ha) with “ES CON Field”, the new home stadium for the Nippon Ham Fighters
- Obtained preferential negotiation rights as a partner company of the JR Hokkaido Kitahiroshima Ekimae Nishi-guchi Area Revitalization Project

### Completion image of the Hokkaido Nippon Ham Fighters baseball stadium



Participating in the urban development project near the Hokkaido Nippon Ham Fighters baseball stadium, Acquired naming rights for new stadium「ES CON FIELD HOKKAIDO」. It is scheduled to open in 2023.

### Completion image of station area



JR Hokkaido Kitahiroshima Ekimae Nishiguchi Area Revitalization Project (city-owned land)

- A Ekimae Plaza 11,509.58㎡
- B 2-1 Kitahiroshima-shi, Sakaecho 5,514.00㎡
- C 5-2 Kitahiroshima-shi, Hokushincho 3,395.02㎡
- D 1-1-2 Kitahiroshima-shi, Hokushincho 3,396.00㎡





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

- In August 2018, we concluded a capital and business partnership agreement with Chubu Electric Power, becoming an equity method affiliate of Chubu Electric Power. Two and a half years have passed since then.
- In various situations, synergies through the capital and business partnership with Chubu Electric Group have been realized
- In February 2021, ES-CON Japan announced the notice of third-party allotment to Chubu Electric. Upon execution of a third-party allotment scheduled for April 5, 2021, Chubu Electric Power is expected to become the parent company (Specified Associated Corporation).

### The capital and business partnership with Chubu Electric Group



#### Mutually complementary business area

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



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

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



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

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



#### Promoting joint projects

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

8 chome Kogane-machi, Gifu-shi, Gifu

New project

Kaburagi-cho, Gifu-shi, Gifu

Condominium project  
Chubu area development other than joint projects

3 Ichinomiya-shi, Aichi

Joint project with Chuden Real Estate  
Condominium project

1

Shirakabe Higashi-ku, Nagoya-shi

2

Shirakabe II Higashiku, Nagoya-shi

Joint project with Chuden Real Estate  
Condominium project

5

5 chome Fujishirodai, Suita-shi, Osaka

Joint project with Chuden Real Estate  
Commercial development, etc.



#### Prospective buyers for our real estate development projects

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



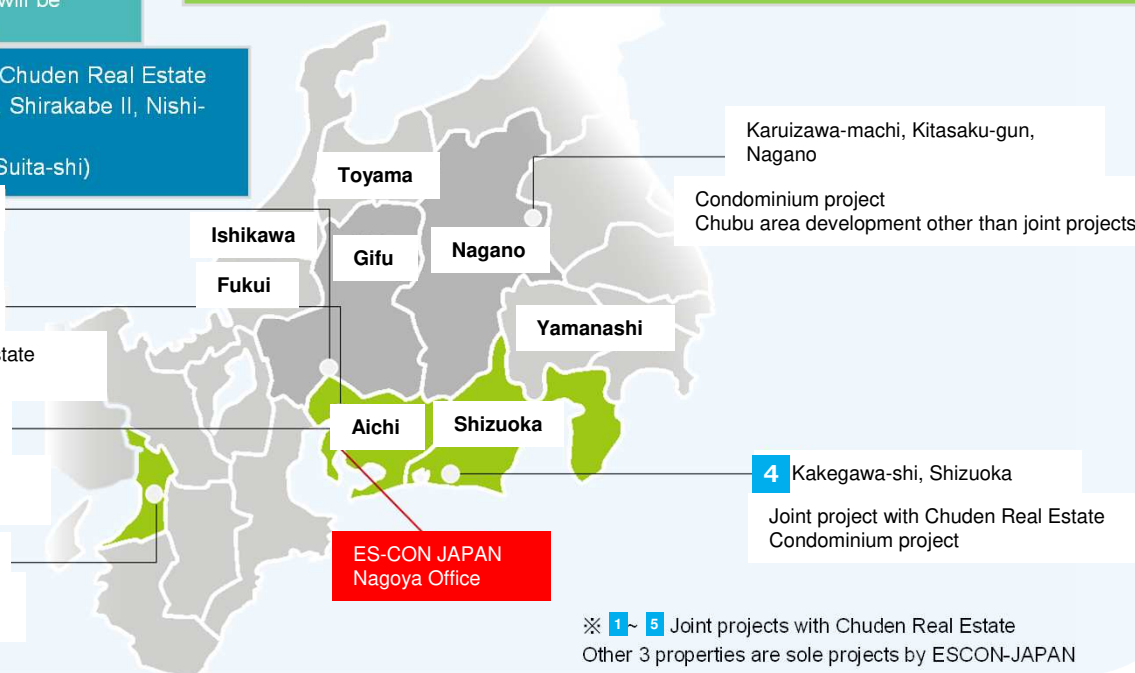
#### Exchange of human resources

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



#### Respect for autonomy

Continued business development utilizing the Company's characteristic speed





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