18th Fiscal Period
Semi-Annual Report

From: August 1, 2025
To: January 31, 2026

ESCON JAPAN REIT Investment Corporation

The Okura Prestige Tower 20F,
2-10-4 Toranomon, Minato-ku, Tokyo

To Our Unitholders

It is our sincere hope that this message finds all our unitholders well and prosperous.

We are pleased to announce that ESCON JAPAN REIT Investment Corporation (hereinafter, “ESCON REIT”) has successfully completed its 18th fiscal period (August 1, 2025 to January 31, 2026).

During the fiscal period, the Japanese economy maintained a moderate recovery, supported by steady capital investment, despite uncertainties such as concerns over U.S. trade policies and the transition to a rising interest rate environment. On the employment front, wage increases have continued at a high level, leading to expectations for the establishment of healthy inflation aimed at overcoming deflation. Under these circumstances, with an emphasis on the stability of its earnings foundation, ESCON REIT focused its efforts on strengthening its resistance to inflation as a Phase III measure of its roadmap, which was announced at the financial results briefing for the fiscal period ended January 2025. As part of these efforts, we sought to improve the quality of our portfolio through asset replacement by acquiring ESCON REIT’s first-ever hotel asset, “Nine hours woman Shinjuku.” In addition, regarding the management of existing properties, we pursued rent increases by negotiating with tenants whose current rents deviated from market levels to close those gaps at the time of renewing the leases, as well as through the introduction of percentage-based rents. At the same time, we achieved cost reductions through measures to improve utility costs by reviewing electricity rates and energy usage and worked to enhance profitability across the whole of ESCON REIT.

As a result of these efforts, the distribution per unit for the fiscal period under review reached 3,615 yen, exceeding the forecast of 3,510 yen.

Going forward, ESCON REIT aims to achieve steady growth in assets under management and maximize unitholder value through fair and appropriate operations, in cooperation with its sponsor, ES-CON JAPAN Ltd. (hereinafter “ES-CON JAPAN”), and its support company, Chubu Electric Power Co., Inc. (hereinafter “Chubu Electric Power”) and Chuden Real Estate Co., Inc., while maximizing the unique network of ES-CON ASSET MANAGEMENT Ltd (hereinafter the ”Asset Manager”) which serves as ESCON REIT’s asset management company.

We would appreciate the continued support and encouragement from our unitholders and other stakeholders.

I Asset Management Report

Overview of Asset Management

1. Trends in ESCON REIT's Management Status

Fiscal period		14th fiscal period From August 1, 2023 to January 31, 2024	15th fiscal period From February 1, 2024 to July 31, 2024	16th fiscal period From August 1, 2024 to January 31, 2025	17th fiscal period From February 1, 2025 to July 31, 2025	18th fiscal period From August 1, 2025 to January 31, 2026
Operating revenue	million yen	2,444	3,049	2,794	3,124	3,032
which consists of real estate lease revenue	million yen	2,444	2,485	2,794	3,124	3,032
Operating expenses	million yen	1,169	1,736	1,355	1,456	1,416
which consists of real estate lease expenses	million yen	947	972	1,140	1,179	1,135
Operating income	million yen	1,274	1,312	1,439	1,668	1,615
Ordinary income	million yen	1,136	1,170	1,253	1,402	1,304
Net income	million yen	1,135	1,169	1,252	1,401	1,303
Total assets	million yen	75,530	76,770	77,173	78,398	80,999
Period-on- period changes	%	(0.1)	1.6	0.5	1.6	3.3
Net assets	million yen	39,243	40,343	40,426	40,575	40,477
Period-on- period changes	%	—	2.8	0.2	0.4	(0.2)
Interest-bearing debt	million yen	33,091	33,091	33,091	34,251	36,951
Total amount of investment	million yen	38,107	39,173	39,173	39,173	39,173
Total number of investment units issued and outstanding	units	351,967	360,667	360,667	360,667	360,667
Net assets per unit*3	yen	111,497	111,857	112,089	112,501	112,230
Net income per unit*1	yen	3,227	3,299	3,474	3,886	3,615
Total distributions	million yen	1,135	1,169	1,252	1,401	1,303
Distribution per unit	yen	3,227	3,242	3,474	3,886	3,615
which consists of earnings distribution per unit	yen	3,227	3,242	3,474	3,886	3,615
which consists of distribution in excess of earnings per unit	yen	—	—	—	—	—
Ordinary income to total assets ratio*3	%	1.5	1.5	1.6	1.8	1.6
Annualized	%	3.0	3.1	3.2	3.6	3.2
Return on equity*3	%	2.9	2.9	3.1	3.5	3.2
Annualized	%	5.7	5.9	6.2	7.0	6.4
Equity ratio*3	%	52.0	52.6	52.4	51.8	50.0
Period-on- period changes		0.0	0.6	(0.2)	(0.6)	(1.8)
Payout ratio*3	%	100.0	100.0	100.0	100.0	100.0
[Other reference information]						
Days of operation	days	184	182	184	181	184
Number of investment properties at end of period	properties	38	37	37	38	39
Depreciation	million yen	187	201	209	214	219
Capital expenditures	million yen	73	66	187	321	149
Lease NOI (Net Operating Income) *3	million yen	1,684	1,714	1,863	2,159	2,116
FFO (Funds from Operations) *3	million yen	1,323	1,342	1,462	1,616	1,523
FFO per unit*3	yen	3,759	3,721	4,055	4,481	4,224
Loan to Value (LTV) at end of period*3	%	43.8	43.1	42.9	43.7	45.6

*1 "Net income per unit" is the amount obtained by dividing net income by the weighted average number of investment units based on the number of days and rounding to the nearest whole number.

*2 Unless otherwise stated, all figures are truncated, and percentages are rounded to the nearest first decimal place.

*3 Calculations are based on the following formulas:

Net assets per unit	Net assets / Total number of investment units issued and outstanding
Ordinary income to total assets ratio	Ordinary income / {(Total assets at beginning of period + Total assets at end of period) / 2} × 100
Return on equity	Net income / {(Net assets at beginning of period + Net assets at end of period) / 2} × 100
Equity ratio	Net assets at end of period / Total assets at end of period × 100
Payout ratio	Distribution per unit (excluding distribution in excess of earnings) / Net income per unit × 100 The payout ratio for the 15th fiscal period is calculated based on the following formula, as the number of investment units changed due to the capital increase during those periods. Total distributions (excluding distributions in excess of earnings) / Net income × 100
Lease NOI (Net Operating Income)	Real estate lease revenue - Real estate lease expenses + Depreciation
FFO (Funds from Operations)	Net income + Depreciation - Gain / loss on sales of real estate
FFO per unit	FFO / Total number of investment units issued and outstanding
Loan to Value (LTV) at end of period	Balance of interest-bearing debt at end of period / Total assets at end of period × 100

2. Status in Asset Management during the Current Fiscal Period

(1) Brief background of the REIT

ESCON REIT was established on August 26, 2016, with 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 the population declines and concentration of inhabitants 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 facilities*1, residences*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 39 properties with a total acquisition price of 74,218 million yen as of the end of the current fiscal period.

*1. “Commercial facilities” 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. “Residences” 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 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.

(2) Operating environment and management performance

During the current fiscal period, the Japanese economy maintained a gradual recovery buoyed by strong capital investments, despite uncertainties such as concerns over US trade policy and the shift toward rising interest rates. In terms of employment, as wage increases continue at a high level, expectations are that an improved employment and income environment and various policies will result in a boost to a gradual recovery going forward. The real estate investment market remains active, with strong investment appetite persisting among domestic and international investors even after the Bank of Japan’s additional interest rate hike. Consequently, a significant number of transactions have been executed, particularly for properties where rent increases are expected. In the J-REIT market, the Tokyo Stock Exchange REIT Index recovered to the 2,000-point level against the backdrop of favorable conditions in the real estate leasing market, mainly for office buildings, and the steady performance of domestic and international stocks.

In this environment, as part of “selective investments in properties that contribute to strengthening inflation resilience,” undertaken as part of the initiatives set forth in the Phase III (fiscal periods ended July 31, 2025 and January 31, 2026) of ESCON REIT’s roadmap, which was announced in the financial results for the fiscal period ended January 31, 2025, ESCON REIT has acquired “Nine hours woman Shinjuku” (described below), which will serve as ESCON REIT’s first city-center hotel asset. This property operates on a variable rent structure, allowing investors to directly benefit from the hotel’s increased revenue.

Furthermore, regarding the management of existing properties, ESCON REIT negotiated with tenants whose current rent levels had diverged from market rents to close the gap upon contract renewal and introduced commission-based rent structures. ESCON REIT also pursued rent increase negotiations for leasehold land properties. In addition, as part of cost-cutting measures, ESCON REIT implemented initiatives to reduce utility costs by reviewing electricity expenses and energy consumption, and strived to improve

ESCON REIT's overall profitability.

Acquired Assets

Property number	Property type	Property name	Location	Acquisition price (million yen)*	Acquisition date
33101	Other	Nine hours woman Shinjuku	Shinjuku-ku, Tokyo	2,700	December 1, 2025

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

As a result of the management activities described above, ESCON REIT managed 39 properties as of the end of the current fiscal period, the total acquisition cost was 74,218 million yen, and the occupancy rate stood at 99.0%*.
Moreover, in October 2025, in the 2025 GRESB Real Estate Assessment, ESCON REIT earned 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 obtained a "Green Star" designation for the 5th consecutive year obtaining a score higher than 50% of the points allocated to each component; "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.

* 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

(3) Procurement of funds

In the current fiscal period, ESCON REIT secured a new short-term borrowing of 2,700 million yen on December 1, 2025 to fund the acquisition of the aforementioned "Nine hours woman Shinjuku," and related expenses. Furthermore, on January 30, 2026, to fund the refinancing of 7,797 million yen in matured loans, ESCON REIT executed a long-term borrowing totaling 7,797 million yen on the same date. As a result, the balance of interest-bearing debt as of the end of the current fiscal period was 36,951 million yen, and the ratio of interest-bearing debt to total assets (hereinafter, "LTV") was 45.6%.
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.

(4) Performance and distributions

As a result of the management activities described above, ESCON REIT posted operating revenue of 3,032 million yen, operating income of 1,615 million yen, ordinary income of 1,304 million yen and net income of 1,303 million yen for the current fiscal period.
For distributions, ESCON REIT has decided to distribute an amount of 1,303 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 3,615 yen.

(5) 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 Department, and the implementation of various training and assessment tests to continuously improve compliance systems related to conflicts of interest. Through these initiatives, 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 meetings six times during the current fiscal period, and an Executive Director and two Supervisory Directors attended all six meetings.

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 meetings seven times during the current fiscal period, and all six members of Directors attended all seven meetings.

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 three meetings during the current fiscal period, and all four members of the Compliance Committee, including the external members, attended all three 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 eight 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 seven of the eight meetings, while the remaining meeting was attended by five Committee members and one Compliance Officer, for six in attendance.

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

3. Capital Increase

Changes for the past five years in the Unitholders' capital and the total number of issued and outstanding investment units for ESCON REIT through January 31, 2026, are as follows:

Date	Summary	Total number of investment units issued and outstanding (units)		Unitholders' capital (million yen)		Remarks
		Increase (decrease)	Balance	Increase (decrease)	Balance	
August 2, 2021	Capital increase through public offering	65,700	348,682	9,207	37,646	*1
August 24, 2021	Capital increase through third-party allotment	3,285	351,967	460	38,107	*2
June 11, 2024	Capital increase through third-party allotment	8,700	360,667	1,066	39,173	*3

*1 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.

*2 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.

*3 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.

<Changes in exchange prices for investment securities>

The following table shows the highest and lowest prices (closing prices) by fiscal period on the Real Estate Investment Trust Securities Market of the Tokyo Stock Exchange, where ESCON REIT's investment securities are listed.

Fiscal period	14th fiscal period	15th fiscal period	16th fiscal period	17th fiscal period	18th fiscal period
End of period	January 2024	July 2024	January 2025	July 2025	January 2026
Highest (yen)	122,500	129,000	123,800	127,900	133,300
Lowest (yen)	113,300	113,700	107,900	108,400	120,900

4. Distributions

During the current fiscal period, ESCON REIT decided to distribute a substantial amount of unappropriated retained earnings of 1,303 million yen in accordance with the distribution policy stipulated in the Articles of Incorporation of ESCON REIT. As a result, distribution per investment unit amounted to 3,615 yen.

Fiscal period	14th fiscal period From August 1, 2023 to January 31, 2024	15th fiscal period From February 1, 2024 to July 31, 2024	16th fiscal period From August 1, 2024 to January 31, 2025	17th fiscal period From February 1, 2025 to July 31, 2025	18th fiscal period From August 1, 2025 to January 31, 2026
Total amount of unappropriated retained earnings (thousand yen)	1,136,067	1,169,446	1,253,039	1,401,736	1,303,933
Retained earnings brought forward (thousand yen)	270	164	82	184	122
Total cash distributions (thousand yen)	1,135,797	1,169,282	1,252,957	1,401,551	1,303,811
Distribution per unit (yen)	3,227	3,242	3,474	3,886	3,615
Consisting of total earnings distributions (thousand yen)	1,135,797	1,169,282	1,252,957	1,401,551	1,303,811
Earnings distribution per unit (yen)	3,227	3,242	3,474	3,886	3,615
Consisting of total contribution refunds (thousand yen)	–	–	–	–	–
Contribution refund per unit (yen)	–	–	–	–	–
Total distributions from allowance for temporary difference adjustments out of total contribution refunds (thousand yen)	–	–	–	–	–
Distribution from allowance for temporary difference adjustments per unit out of per-unit contribution refund (yen)	–	–	–	–	–
Total distributions from capital reduction for tax purposes out of total contribution refunds (thousand yen)	–	–	–	–	–
Distribution from capital reduction for tax purposes per unit out of per-unit contribution refund (yen)	–	–	–	–	–

5. Future Management Policies and Issues to be Addressed

(1) Outlook for the overall management environment

Regarding the economic outlook for Japan, ESCON REIT anticipates moderate growth will continue as rising wages boost personal consumption and corporate capital investment for growth-oriented projects increases. Meanwhile, ESCON REIT believes it is necessary to closely monitor the impact of uncertainties in the overseas situation and economic trends, as well as fluctuations in financial markets.

ESCON REIT expects the real estate investment market to remain robust going forward, as the rental market continues to show strength against the backdrop of financial institutions maintaining an aggressive lending stance and a decline in the supply of new properties due to soaring construction costs.

Given our recognition of this environment, ESCON REIT has established a policy of working to strengthen its portfolio's resilience to inflation and improve profitability through asset replacement and external growth, while monitoring future trends in the real estate investment market.

Regarding external growth, ESCON REIT will actively pursue investment opportunities in real estate where rent increases are anticipated, while maintaining a selective investment approach. As for internal growth, ESCON REIT will continue to focus on stable operations and further improving profitability by raising rents in an inflationary environment, maintaining and improving occupancy rates, and controlling costs. In terms of financial management, amid rising interest rates, ESCON REIT will strive to build a sound financial foundation by appropriately controlling LTV and diversifying the repayment dates of its interest-bearing debt.

Through these initiatives, ESCON REIT will pursue a strategy of steady growth and aim to further maximize unitholder value.

(2) 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 implement 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.

Furthermore, in accordance with this policy, ESCON REIT will actively undertake value-enhancement projects for commercial facilities, incorporating the results of facility user satisfaction surveys and tenant satisfaction surveys to heighten the appeal of our properties.

(3) 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, a comprehensive developer*, also will leverage various forms of support to its fullest, including provision of warehousing functions, sponsor co-investments, environmentally friendly technologies, and expertise on energy cost reduction, 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 outside 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.

(4) Financial policy

ESCON REIT will raise funds to achieve stable and sound financial operations for the purpose of securing stable revenue 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.

6. Significant Subsequent Events

(1) Acquisition of an asset

The Asset Manager, to which ESCON REIT entrusts the management of its assets, decided as of February 10, 2026 on the acquisition of the following asset. ESCON REIT entered into a trust beneficiary interest sales contract as of the same date, and acquired the asset on February 27, 2026.

Property name	Compass Hotel Nagoya*1
Type of specified assets	Real estate trust beneficiary interests
Property type	Other (accommodation-focused hotel)
Location	Nagoya City, Aichi
Acquisition date	February 27, 2026
Seller	Nagoya-based hotel investments special purpose company
Acquisition price*2	4,400 million yen
Appraisal value*3	4,910 million yen

*1 At the time of acquisition, the property is operating under the name "Compass Hotel Nagoya." However, following the rebranding (which means the rebuilding or repositioning of a brand through a combination of measures such as a change in the hotel name, a change of operator, and the implementation of strategic capital expenditures (CAPEX). The same applies hereinafter.) scheduled to take place during the fiscal period ending July 31, 2026, the name is scheduled to be changed to "SONO MOON Nagoya (tentative name)." The same applies hereinafter.

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

*3 "Appraisal value" is set forth in the real estate appraisal report with a valuation date of December 1, 2025. ESCON REIT entrusts Tanizawa Sogo Appraisal Co., Ltd. with the appraisal of the above asset.

(2) Disposition of assets

The Asset Manager, to which ESCON REIT entrusts the management of its assets, decided as of February 10, 2026 on the disposition of the following assets. ESCON REIT entered into trust beneficiary interests sales contracts as of the same date, and disposed the assets as of March 27, 2026.

(unit: million yen)

<table>
<tr><th>Property name</th><th>Location</th><th>Property type</th><th>Disposition price*1</th><th>Book value*2</th><th>Disposition gain/loss*3</th></tr>
<tr><td>DRUG Yutaka Mukokamiueno
(Leasehold land)</td><td>Muko City, Kyoto</td><td>Commercial facility</td><td rowspan="4">2,400*4</td><td>472</td><td rowspan="4">89*4</td></tr>
<tr><td>WELCIA Amagasaki Mukomotomachi
(Leasehold land)</td><td>Amagasaki City,Hyogo</td><td>Commercial facility</td><td>577</td></tr>
<tr><td>Cocokara Fine Neyagawakoen
(Leasehold land)</td><td>Neyagawa City, Osaka</td><td>Commercial facility</td><td>718</td></tr>
<tr><td>ENEOS Ikawadani SS
(Leasehold land)</td><td>Kobe City, Hyogo</td><td>Commercial facility</td><td>541</td></tr>
<tr><td colspan="3">Total</td><td>2,400</td><td>2,310</td><td>89</td></tr>
</table>

*1 "Disposition price" is the total purchase price for the trust beneficiary interests (four properties) as stated in the trust beneficiary interest sales agreement relating to the Assets Disposed, rounded down to the nearest million yen. The disposition price does not include consumption tax, local consumption tax, and other disposition-related costs

*2 The “Book value” is the book value as of the disposition date (including related costs for the disposition), rounded down to the nearest million yen.

*3 The “Disposition gain/loss” is a reference figure calculated as the difference between the “Disposition price” and the “Book value”, which may differ from the actual Disposition gain/loss. Values are rounded down to the nearest million yen.

*4 As consent has not been obtained from the transferee for the disclosure of the individual disposition prices, “Disposition price” and “Disposition gain/loss” are presented as the total amount for the four properties. Each individual disposition price exceeds both the book value as of the disposition date and the appraisal value as of the end of the current fiscal period (January 31, 2026).

*5 The disposition of the Assets Disposed falls under the category of a forward commitment, etc., by an investment corporation as defined in the FSA’s Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc. (i.e., a contract executed in advance where payment for and delivery of the property occur after more than one month from the contract execution date, and other similar contracts).

①	Date of contract signing	February 10, 2026
②	Disposition date	March 27, 2026
③	Transferee	Not disclosed *
④	Use of disposition proceeds	The proceeds will be used to repay short-term borrowings.
⑤	Payment method	The full amount will be received in a lump sum upon delivery.

* The transferee is a domestic operating company (one company). However, its name is not disclosed as ESCON REIT has not obtained its consent for disclosure.

(3) Borrowings

ESCON REIT has executed the following borrowings to fund the acquisition of the real estate trust beneficiary interests described in “(1) Acquisition of an asset” above, as well as related expenses. In addition, ESCON REIT repaid 2,300 million yen of these borrowings early upon the disposition of the real estate trust beneficiary interests described in “(2) Disposition of assets” above.

Type	Lender	Borrowing amount (million yen)	Interest rate	Date of borrowing	Date of repayment	Repayment method	Summary
Short-term borrowings	Mizuho Bank, Ltd.	4,600	Base rate (one-month Japanese yen Tokyo Interbank Offered Rate (Japanese Bankers Association (JBA))) +0.20%	February 27, 2026	July 31, 2026	Bullet repayment	Unsecured/ Unguaranteed

Overview of ESCON REIT

1. Investment Status

	14th fiscal period ended January 31, 2024	15th fiscal period ended July 31, 2024	16th fiscal period ended January 31, 2025	17th fiscal period ended July 31, 2025	18th fiscal period ended January 31, 2026
Total number of investment units authorized (units)	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Total number of investment units issued and outstanding (units)	351,967	360,667	360,667	360,667	360,667
Total amount of investment (million yen)	38,107	39,173	39,173	39,173	39,173
Number of unitholders (people)	16,385	16,454	16,627	16,894	16,847

2. Matters Concerning Investment Units

The major unitholders as of January 31, 2026 are as follows:

Company name	Number of investment units held (units)	Ratio to total number of investment units issued and outstanding (%) *
Custody Bank of Japan, Ltd. (Trust Account)	34,507	9.6
The Master Trust Bank of Japan, Ltd. (Trust Account)	32,257	8.9
ES-CON JAPAN Ltd.	16,894	4.7
Osaka Co-sei Shinkin Bank	16,893	4.7
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	14,576	4.0
Chuden Real Estate Co., Inc.	8,700	2.4
Daido Shinkumi Bank	6,415	1.8
Kinkisangyo Shinkumi Bank	6,226	1.7
Osaka Shoko Shinkin Bank	5,487	1.5
Osaka Shinkin Bank	5,100	1.4
Total	147,055	40.8

* The "ratio to total number of investment units issued and outstanding" is rounded to the nearest first decimal place.

3. Matters Concerning Directors and Audit Firm

(1) The Executive Director, Supervisory Director and Audit Firm for the current fiscal period are as follows:

Title	Name	Major concurrent positions		Total remuneration for each officer during the current fiscal period (thousand yen)*2*3
Executive Director*1	Tadashi Ebihara	Tower Management Co., Ltd.	President & Representative Director	2,400
Supervisory Director*1	Satoshi Ugajin	Scala Inc.	Outside Director	3,000
	Rin Moriguchi	Momo-o, Matsuo & Namba Law Firm	Partner Attorney	
		Japan Eyewear Holdings Co., Ltd.	Audit & Supervisory Committee Member (Outside Director)	
Audit Firm	BDO Sanyu & Co.	―		9,800

*1 The Executive Director and the Supervisory Director does not own investment units of ESCON REIT in their own name, or in the name of others. In addition, the Supervisory Directors may be directors of corporations other than those listed above, but none of them, including those listed above, have any interest in ESCON REIT.

*2 For the executive director and supervisory directors, the amounts paid for the current fiscal period, and for the fees paid to the audit firm, the amounts to be paid for the financial statement audit during the current fiscal period (estimated amount) have been disclosed.

*3 Fees paid to the audit firm includes remuneration for auditing the English version of the financial statements. Additional fees were not paid to other accounting firms in the same network.

(2) Policy on dismissal and non-reappointment of audit firm.

The dismissal of the audit firm shall be made in accordance with the provisions of the Investment Trust Act, and the non-reappointment of the audit firm shall be considered at a meeting of the Board of Directors of ESCON REIT, comprehensively considering the quality of the audit, audit fees, and other various circumstances.

4. Matters Concerning Liability Insurance Policies for Directors and Officers

Liability insurance policies for directors and officers that ESCON REIT has in place are as follows:

Scope of the Insured Persons	Summary of Contract
All executive and supervisory directors	<Summary of Accidents Covered by Insurance> ESCON REIT has entered into a liability insurance policy for directors and officers with an insurance company as stipulated in Article 116-3, Paragraph 1 of the Investment Trust Law, and the policy will cover certain damages to be borne by the insured person due to claims for damages arising from actions taken by the insured person based on his or her role as a director of ESCON REIT. <Premium contribution ratio> The premiums for all insured persons are fully paid by ESCON REIT. <Measures to ensure that the appropriate execution of duties is not compromised> Damages incurred by the insured person due to breach of trust, criminal or fraudulent acts, or acts committed with knowledge of violation of laws and regulations are not covered.

5. Asset Management Company, Asset Custodian, and Administrative Agents

As of January 31, 2026, the Asset Management Company, Asset Custodian, and Administrative Agents for ESCON REIT are as follows:

Classification	Company name
Asset Management Company	ES-CON ASSET MANAGEMENT Ltd.
Asset Custodian	Sumitomo Mitsui Trust Bank, Ltd.
Administrative Agent (Administrator of the Investors’ Registry)	Sumitomo Mitsui Trust Bank, Ltd.
Administrative Agent (Institutional Management)	Sumitomo Mitsui Trust Bank, Ltd.
Administrative Agent (Accounting Services)	Tokyo Kyodo Accounting Office Co., Ltd.

Status of Portfolio Assets

1. Composition of Assets

Asset type	Region	17th fiscal period As of July 31, 2025		18th fiscal period As of January 31, 2026	
		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	1.6
	Tokyo metropolitan area	11,518	14.7	14,282	17.6
	Chubu region	483	0.6	483	0.6
	Kinki region	35,859	45.7	35,819	44.2
	Kyushu region	15,111	19.3	15,119	18.7
	Other areas	7,362	9.4	7,331	9.1
Total real estate in trust		71,647	91.4	74,347	91.8
Deposits and other assets		6,751	8.6	6,652	8.2
Total assets		78,398	100.0	80,999	100.0

*1 "Total holdings" is based on the balance sheet amount as of the end of each fiscal period, truncated to the nearest million yen.
*2 The "Ratio to total assets" is rounded to the nearest first decimal place.

2. Major Assets

The following is a summary of the major assets (top 10 properties by book value) held by ESCON REIT as of January 31, 2026:

Property number	Property name	Book value (million yen)*1	Leasable area (m^2)*2	Leased area (m^2)*2	Occupancy rate (%)*3	Ratio to total real estate leasing revenue (%)	Primary use
16103	tonarie Yamatotakada	8,026	14,406.22	14,120.22	98.0	12.2	Commercial facility
16101	tonarie Minami-senri	7,567	7,527.87	7,458.92	99.1	21.7	Commercial facility
16104	tonarie Toga-Mikita	6,713	8,471.24	8,402.34	99.2	8.9	Commercial facility
18101	SUROY Mall Nagamine*4	4,582	12,622.98	10,449.17	82.8	5.3	Commercial facility
19101	Fuji Grand Natalie	3,808	28,543.96	28,543.96	100.0	Not disclosed *5	Commercial facility
13103	fab Minamiosawa	3,715	8,418.42	7,728.48	91.8	5.0	Commercial facility
18201	MrMax Kasuga (Leasehold land)	3,428	38,113.27	38,113.27	100.0	2.9	Commercial facility
13101	Asumigaoka Brand-New Mall	3,223	22,908.32	22,474.40	98.1	8.9	Commercial facility
	Asumigaoka Brand-New Mall (Leasehold land)		1,472.64	1,472.64	100.0		
16102	tonarie Seiwadai	3,141	8,798.01	8,717.16	99.1	6.1	Commercial facility
33101	Nine hours woman Shinjuku	2,775	787.03	787.03	100.0	0.5	Other
	Total	46,984	152,069.96	148,267.59	97.5	–	

*1 The "Book Value" is truncated to the stated value. The same applies hereinafter.
*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, 2026, based on the various lease agreements, reports prepared by property management companies, or building plans. In addition, the "Leased Area" for assets for which a master lease agreement has been concluded is the total area that has been leased to end tenants with sublease agreements. For the "Fuji Grand Natalie," Fuji Corporation has entered into a lease agreement for the whole building and is covered by the "leased area". The amounts are rounded off to the second decimal point.
*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 Regarding "SUROY MALL Nagamine," in the 17th fiscal period, Penalty income (143,703 thousand yen) resulting from tenant moveouts was posted. In the 18th fiscal period, because that unit remained vacant, there has been a fluctuation in real estate leasing business revenue, and the occupancy rate temporarily declined. The next tenant is scheduled to move in during the 19th fiscal period.
*5 The figure is not disclosed as consent has not been obtained from the lessee or other parties.

3. Real Estate Assets in the Portfolio

The following is a summary of assets held by ESCON REIT as of January 31, 2026:

Property number	Property name	Location	Type of ownership[*1]	Book value (million yen)	Appraisal value at end of period (million yen)[*2]
11201	YAMADA DENKI Tecc Land Sapporo Shiroishi (Leasehold land)	Sapporo City, Hokkaido	Trust beneficiary interest	1,310	1,350
13101	Asumigaoka Brand-New Mall[*3]	Chiba City, Chiba	Trust beneficiary interest	3,223	① 2,120 ② 164
	Asumigaoka Brand-New Mall (Leasehold land) [*4]				154
13102	Nishi-shiroi Ekimae Plaza	Shiroi City, Chiba	Trust beneficiary interest	454	475
13103	fab Minamiosawa	Hachioji City, Tokyo	Trust beneficiary interest	3,715	4,400
13201	K's Denki Oyumino (Leasehold land)	Chiba City, Chiba	Trust beneficiary interest	2,737	2,890
13202	Nitori Tsuchiura (Leasehold land)	Tsuchiura City, Ibaraki	Trust beneficiary interest	1,007	1,110
13203	Nitori Imaichi (Leasehold land)	Nikko City, Tochigi	Trust beneficiary interest	368	413
15201	MaxValu Kikyougaoka-higashi (Leasehold land)	Nabari City, Mie	Trust beneficiary interest	483	556
16101	tonarie Minami-senri	Suita City, Osaka	Trust beneficiary interest	7,567	10,900
16102	tonarie Seiwadai	Kawanishi City, Hyogo	Trust beneficiary interest	3,141	3,290
16103	tonarie Yamatotakada	Yamatotakada City, Nara	Trust beneficiary interest	8,026	8,200
16104	tonarie Toga-Mikita	Sakai City, Osaka	Trust beneficiary interest	6,713	7,230
16201	LAMU Kitatsumori (Leasehold land)	Osaka City, Osaka	Trust beneficiary interest	1,284	1,480
16202	K's Denki Nishi-kobe (Leasehold land)	Kobe City, Hyogo	Trust beneficiary interest	2,154	2,470
16203	Sanyo Marunaka Mitani (Leasehold land)	Kobe City, Hyogo	Trust beneficiary interest	1,443	1,560
16206	TRIAL Omihachiman (Leasehold land)	Omihachiman City, Shiga	Trust beneficiary interest	1,019	1,120
16207	Kusuri no Aoki Ikaruga (Leasehold land) [*5]	Ikoma District, Nara	Trust beneficiary interest	718	① 701 ② 30
16208	DRUG Yutaka Mukokamiueno (Leasehold land)	Muko City, Kyoto	Trust beneficiary interest	464	477
16209	WELCIA Amagasaki Mukomotomachi (Leasehold land)	Amagasaki City, Hyogo	Trust beneficiary interest	571	580
16210	Cocokara Fine Neyagawakoen (Leasehold land)	Neyagawa City, Osaka	Trust beneficiary interest	709	722
16211	ENEOS Ikawadani SS (Leasehold land)	Kobe City, Hyogo	Trust beneficiary interest	535	531
16212	GEO Hikone Takamiya (Leasehold land)	Hikone City, Shiga	Trust beneficiary interest	304	300
16213	Kohnan tonarie Yamatotakada (Leasehold land)	Yamatotakada City, Nara	Trust beneficiary interest	1,165	1,180
18101	SUROY MALL Nagamine	Kumamoto City, Kumamoto	Trust beneficiary interest	4,582	3,960
18201	MrMAX Kasuga (Leasehold land)	Kasuga City, Fukuoka	Trust beneficiary interest	3,428	4,180
18202	UNIQLO Kasuga (Leasehold land)	Kasuga City, Fukuoka	Trust beneficiary interest	601	704
18203	Avail.Shimamura Kasuga (Leasehold land)	Kasuga City, Fukuoka	Trust beneficiary interest	874	1,160
18204	au-SoftBank Kasuga (Leasehold land)	Kasuga City, Fukuoka	Trust beneficiary interest	145	166
18205	Kura Sushi Kasuga (Leasehold land)	Kasuga City, Fukuoka	Trust beneficiary interest	264	314
18206	docomo Shop Kasuga (Leasehold land)	Kasuga City, Fukuoka	Trust beneficiary interest	163	187
18207	Konpira Maru Kasuga (Leasehold land)	Kasuga City, Fukuoka	Trust beneficiary interest	239	272

Property number	Property name	Location	Type of ownership*1	Book value (million yen)	Appraisal value at end of period (million yen)*2
18208	One-Karubi Kasuga (Leasehold land)	Kasuga City, Fukuoka	Trust beneficiary interest	239	272
18209	Suke-san Kasuga (Leasehold land)	Kasuga City, Fukuoka	Trust beneficiary interest	405	431
18210	NAFCO Kasuga (Leasehold land)	Kasuga City, Fukuoka	Trust beneficiary interest	2,666	3,680
18211	K's Denki Kasuga (Leasehold land)	Kasuga City, Fukuoka	Trust beneficiary interest	1,506	1,980
19101	Fuji Grand Natalie	Hatsukaichi City, Hiroshima	Trust beneficiary interest	3,808	4,220
19201	K's Denki Kurashiki (Leasehold land)	Kurashiki City, Okayama	Trust beneficiary interest	2,136	2,470
33101	Nine hours woman Shinjuku	Shinjuku Ward, Tokyo	Trust beneficiary interest	2,775	3,100
39101	Hasekura Medical Building	Sendai City, Miyagi	Trust beneficiary interest	1,387	1,480
	Total			74,347	82,979

*1 "Trust beneficiary interest" represents trust beneficiary interest in mainly real estate.

*2 The "appraisal value at end of the period" is an appraisal value by a real estate appraiser based on the valuation methods and standards set forth in the Articles of Incorporation of ESCON REIT and rules set by the Investment Management Association of Japan, with the end of the fiscal period as the date of investigation.

*3 The "Appraisal value at 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.

*4 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.

*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, and the "Book value" is 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).

The following is a summary of the leasing business of the real estate properties owned by ESCON REIT.

Property number	Property name	17th fiscal period From February1, 2025 to July 31, 2025				18th fiscal period From August 1, 2025 to January 31, 2026			
		Total number of tenants (As of the end of the fiscal period) *1	Occupancy rate (As of the end of the fiscal period) (%) *2	Real estate leasing business revenue (During the fiscal period) (Million yen) *3	Percentage of total real estate leasing revenue (%)	Total number of tenants (As of the end of the fiscal period) *1	Occupancy rate (As of the end of the fiscal period) (%) *2	Real estate leasing business revenue (During the fiscal period) (Million yen) *3	Percentage of total real estate leasing revenue (%)
11201	YAMADA DENKI Tecc Land Sapporo Shiroishi (Leasehold land)	1	100.0	Not disclosed *6	Not disclosed *6	1	100.0	Not disclosed *6	Not disclosed *6
13101	Asumigaoka Brand-New Mall	30	98.3	254	8.2	28	98.1	270	8.9
	Asumigaoka Brand-New Mall (Leasehold land)	1	100.0			1	100.0		
13102	Nishi-shiroi Ekimae Plaza	4	100.0	20	0.6	4	100.0	20	0.7
13103	fab Minamiosawa	12	92.5	145	4.6	11	91.8	151	5.0
13201	K's Denki Oyumino (Leasehold land)	1	100.0	70	2.3	1	100.0	70	2.3
13202	Nitori Tsuchiura (Leasehold land)	1	100.0	Not disclosed *6	Not disclosed *6	1	100.0	Not disclosed *6	Not disclosed *6
13203	Nitori Imaichi (Leasehold land)	1	100.0	Not disclosed *6	Not disclosed *6	1	100.0	Not disclosed *6	Not disclosed *6
15201	MaxValu Kikyougaoka-higashi (Leasehold land)	1	100.0	Not disclosed *6	Not disclosed *6	1	100.0	Not disclosed *6	Not disclosed *6
16101	tonarie Minami-senri	43	100.0	648	20.7	42	99.1	656	21.7
16102	tonarie Seiwadai	31	99.1	183	5.9	31	99.1	185	6.1
16103	tonarie Yamatotakada	64	99.2	363	11.6	64	98.0	371	12.2
16104	tonarie Toga-Mikita	30	98.4	269	8.6	31	99.2	268	8.9
16201	LAMU Kitatsumori (Leasehold land)	1	100.0	38	1.2	1	100.0	38	1.3
16202	K's Denki Nishi-kobe (Leasehold land)	1	100.0	62	2.0	1	100.0	62	2.1
16203	Sanyo Marunaka Mitani (Leasehold land)	1	100.0	Not disclosed *6	Not disclosed *6	1	100.0	Not disclosed *6	Not disclosed *6
16206	TRIAL Omihachiman (Leasehold land)	1	100.0	Not disclosed *6	Not disclosed *6	1	100.0	Not disclosed *6	Not disclosed *6
16207	Kusuri no Aoki Ikaruga (Leasehold land)*4	2	100.0	Not disclosed *6	Not disclosed *6	2	100.0	Not disclosed *6	Not disclosed *6
16208	DRUG Yutaka Mukokamiueno (Leasehold land)	1	100.0	Not disclosed *6	Not disclosed *6	1	100.0	Not disclosed *6	Not disclosed *6
16209	WELCIA Amagasaki Mukomotomachi (Leasehold land)	1	100.0	Not disclosed *6	Not disclosed *6	1	100.0	Not disclosed *6	Not disclosed *6
16210	Cocokara Fine Neyagawakoen (Leasehold land)	1	100.0	Not disclosed *6	Not disclosed *6	1	100.0	Not disclosed *6	Not disclosed *6
16211	ENEOS Ikawadani SS (Leasehold land)	1	100.0	Not disclosed *6	Not disclosed *6	1	100.0	Not disclosed *6	Not disclosed *6
16212	GEO Hikone Takamiya (Leasehold land)	1	100.0	Not disclosed *6	Not disclosed *6	1	100.0	Not disclosed *6	Not disclosed *6
16213	Kohnan tonarie Yamatotakada (Leasehold land)	1	100.0	Not disclosed *6	Not disclosed *6	1	100.0	Not disclosed *6	Not disclosed *6

Property number	Property name	17th fiscal period From February1, 2025 to July 31, 2025				18th fiscal period From August 1, 2025 to January 31, 2026			
		Total number of tenants (As of the end of the fiscal period) *1	Occupancy rate (As of the end of the fiscal period) (%) *2	Real estate leasing business revenue (During the fiscal period) (Million yen) *3	Percentage of total real estate leasing revenue (%)	Total number of tenants (As of the end of the fiscal period) *1	Occupancy rate (As of the end of the fiscal period) (%) *2	Real estate leasing business revenue (During the fiscal period) (Million yen) *3	Percentage of total real estate leasing revenue (%)
18101	SUROY MALL Nagamine*5	23	84.3	321	10.3	22	82.8	159	5.3
18201	MrMAX Kasuga (Leasehold land)	1	100.0	84	2.7	1	100.0	86	2.9
18202	UNIQLO Kasuga (Leasehold land)	1	100.0	14	0.4	1	100.0	14	0.5
18203	Avail.Shimamura Kasuga (Leasehold land)	1	100.0	24	0.8	1	100.0	24	0.8
18204	au-SoftBank Kasuga (Leasehold land)	1	100.0	3	0.1	1	100.0	4	0.1
18205	Kura Sushi Kasuga (Leasehold land)	1	100.0	7	0.2	1	100.0	7	0.2
18206	docomo Shop Kasuga (Leasehold land)	1	100.0	4	0.1	1	100.0	4	0.2
18207	Konpira Maru Kasuga (Leasehold land)	1	100.0	6	0.2	1	100.0	6	0.2
18208	One-Karubi Kasuga (Leasehold land)	1	100.0	6	0.2	1	100.0	6	0.2
18209	Suke-san Kasuga (Leasehold land)	1	100.0	10	0.3	1	100.0	10	0.3
18210	NAFCO Kasuga (Leasehold land)	1	100.0	Not disclosed *6	Not disclosed *6	1	100.0	Not disclosed *6	Not disclosed *6
18211	K's Denki Kasuga (Leasehold land)	1	100.0	38	1.2	1	100.0	38	1.3
19101	Fuji Grand Natalie	1	100.0	Not disclosed *6	Not disclosed *6	1	100.0	Not disclosed *6	Not disclosed *6
19201	K's Denki Kurashiki (Leasehold land)	1	100.0	Not disclosed *6	Not disclosed *6	1	100.0	Not disclosed *6	Not disclosed *6
33101	Nine hours woman Shinjuku	–	–	–	–	1	100.0	16	0.5
39101	Hasekura Medical Building	6	100.0	50	1.6	6	100.0	51	1.7
	Total	274	99.1	3,124	100.0	271	99.0	3,032	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," Fuji Corporation has entered into a lease agreement for the whole building.

*2 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

*3 The "real estate leasing business revenue" is rounded off to the stated value.

*4 "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.

*5 Regarding "SUROY MALL Nagamine," in the 17th fiscal period, Penalty income (143,703 thousand yen) resulting from tenant moveouts was posted. In the 18th fiscal period, because that unit remained vacant, there has been a fluctuation in real estate leasing business revenue, and the occupancy rate temporarily declined. The next tenant is scheduled to move in during the 19th fiscal period.

*6 The figure is not disclosed as consent has not been obtained from the lessee or other parties.

4. Description of Renewable Energy Power Generation Facilities

Not applicable.

5. Description of Operating Rights of Public Facilities

Not applicable.

6. Description of Portfolio in Securities

Not applicable.

7. Summary of Outstanding Contracted Amount and Fair Value of Specified Transactions

The following is a summary of outstanding contracted amount and fair value of specified transactions of ESCON REIT as of January 31, 2026.

Classification	Type	Contract amounts (thousand yen) *1		Fair value (thousand yen)*2
			Due after 1 Year	
Non-market transactions	Interest Rate Swap Receive-floating/pay-fixed	9,001,300	9,001,300	―
Total		9,001,300	9,001,300	

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

*2 The transaction meets the requirements for Special Treatment under the Accounting Standard for Financial Instruments, and accordingly, the Fair Value is omitted.

8. Status of Other Assets

The trust beneficiary interests in real estate held by ESCON REIT are collectively listed in "3. Real Estate Assets in the Portfolio."

9. Asset Holdings by Country and Region

There are no applicable items for countries and regions other than Japan.

Capital Expenditures on Real Estate Holdings

1. Planned Capital Expenditures

With respect to the assets held (including investment assets acquired after the balance sheet date), the major construction projects currently planned that fall under the category of capital expenditures are as follows. A major construction project is reported when 1% or more of the book value exists at the end of the period. 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	Construction period	Estimated construction cost (million yen)		
				Total	Current fiscal period amount paid	Total amount of already paid
Nishi-shiroi Ekimae Plaza	Shiroi City, Chiba	Exterior wall repair work (east/south sides)	From December 2026 to January 2027	4	–	–
Compass Hotel Nagoya	Nagoya City, Aichi	Rebranding work	From April 2026 to June 2026	100	–	–

2. Capital Expenditures During the Fiscal Period

No major construction projects existed that fall under the category of capital expenditures conducted during the current fiscal period for the assets held as of January 31, 2026. A major construction project is reported when 1% or more of the book value exists at the end of the period.

3. Money Set Aside for Long-Term Repair Projects

Based on the long-term repair plans for each property, ESCON REIT has set aside the following reserve for repairs, which is intended to be used for future medium- to long-term repairs.

Business period	14th fiscal period From August 1, 2023 to January 31, 2024	15th fiscal period From February 1, 2024 to July 31, 2024	16th fiscal period From August 1, 2024 to January 31, 2025	17th fiscal period From February 1, 2025 to July 31, 2025	18th fiscal period From August 1, 2025 to January 31, 2026
Reserve balance at the beginning of fiscal period (million yen)	136	153	105	127	139
Amount accumulated during the fiscal period (million yen)	21	20	21	36	56
Amount reversed during the fiscal period (million yen)	5	67	–	23	67
Amount carried over to the next fiscal period (million yen)	153	105	127	139	128

Expenses and Liabilities

1. Breakdown of Operational Expenses

(Unit: thousand yen)

Item	17th fiscal period From February 1, 2025 to July 31, 2025	18th fiscal period From August 1, 2025 to January 31, 2026
Asset management fees*	196,731	198,726
Asset custody fees	3,749	3,795
Administrative agent fees	11,781	12,532
Directors' remuneration	5,400	5,400
Taxes and public dues	9,701	10,663
Other expenses	49,203	50,135
Total	276,567	281,253

* In addition to the amounts described above, "Asset management fees" includes 5,725 thousand yen in fees for property acquisitions that were included in the book value of individual investment properties in the 17th fiscal period and 27,000 thousand yen in the 18th fiscal period.

2. Status of Borrowings

The status of borrowings as of January 31, 2026 is as follows:

Classification	Lender	Date of borrowing	Balance at beginning of fiscal period (thousand yen)	Balance at end of fiscal period (thousand yen)	Average interest rate *2 (%)	Date of Repayment	Repayment Method	Use of funds	Summary
Short-term borrowings	Mizuho Bank, Ltd.	December 1,2025	–	2,700,000	0.947	July 31, 2026	Bullet repayment	*3	Unsecured/ Unguaranteed
	Total of short-term borrowings		–	2,700,000					
Long-term borrowings	Sumitomo Mitsui Banking Corporation	August 3, 2021	500,000	500,000	1.244	July 31, 2026	Bullet repayment	*3	Unsecured/ Unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		400,000	400,000					
	MUFG Bank, Ltd.		400,000	400,000					
	The Yamaguchi Bank, Ltd.		400,000	400,000					
	Resona Bank, Limited		350,000	350,000					
	Mizuho Bank, Ltd.		337,000	337,000					
	The Hyakugo Bank, Ltd.		300,000	300,000					
	The Minato Bank, Ltd.		200,000	200,000					
	Mizuho Bank, Ltd.	August 3, 2021	737,000	737,000	1.294	July 31, 2027	Bullet repayment	*3	Unsecured/ Unguaranteed
	Aichi Bank, Ltd.		500,000	500,000					
	AEON Bank, Ltd.		400,000	400,000					
	The Yamaguchi Bank, Ltd.		400,000	400,000					
	The Bank of Yokohama, Ltd.		350,000	350,000					
	The Minato Bank, Ltd.		300,000	300,000					
	MUFG Bank, Ltd.		200,000	200,000					
	Sumitomo Mitsui Banking Corporation	January 31, 2022	882,500	–	1.141	January 31, 2026	Bullet repayment	*4	Unsecured/ Unguaranteed
	The Bank of Fukuoka, Ltd.		540,000	–					
	Sumitomo Mitsui Trust Bank, Limited		500,000	–					
	AEON Bank, Ltd.		500,000	–					

Classification	Lender	Date of borrowing	Balance at beginning of fiscal period (thousand yen)	Balance at end of fiscal period (thousand yen)	Average interest rate *2 (%)	Date of Repayment	Repayment Method	Use of funds	Summary
Long-term borrowings	MUFG Bank, Ltd.		500,000	–					
	Mizuho Bank, Ltd.		177,000	–					
	The Minato Bank, Ltd.		125,000	–					
	Sumitomo Mitsui Banking Corporation	January 31, 2022	882,500	882,500	1.244	January 31, 2027	Bullet repayment	*4	Unsecured/ Unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		500,000	500,000					
	AEON Bank, Ltd.		500,000	500,000					
	MUFG Bank, Ltd.		500,000	500,000					
	The Senshu Ikeda Bank, Ltd.		250,000	250,000					
	Mizuho Bank, Ltd.		217,000	217,000					
	Mizuho Bank, Ltd.	January 31, 2022	1,000,000	1,000,000	1.294	January 31, 2028	Bullet repayment	*4	Unsecured/ Unguaranteed
	The Yamaguchi Bank, Ltd.		500,000	500,000					
	AEON Bank, Ltd.	January 31, 2023	1,000,000	–	1.191	January 31, 2026	Bullet repayment	*4	Unsecured/ Unguaranteed
	MUFG Bank, Ltd.		1,000,000	–					
	Resona Bank, Limited		750,000	–					
	The Bank of Fukuoka, Ltd.		715,000	–					
	Sumitomo Mitsui Banking Corporation		441,250	–					
	Mizuho Bank, Ltd.		416,250	–					
	Sumitomo Mitsui Trust Bank, Limited		250,000	–					
	The Bank of Fukuoka, Ltd.	January 31, 2023	715,000	715,000	1.244	January 31, 2027	Bullet repayment	*4	Unsecured/ Unguaranteed
	Sumitomo Mitsui Banking Corporation		441,250	441,250					
	Mizuho Bank, Ltd.		416,250	416,250					
	Sumitomo Mitsui Trust Bank, Limited		250,000	250,000					
	Sumitomo Mitsui Banking Corporation	January 31, 2023	882,500	882,500	1.344	January 31, 2028	Bullet repayment	*4	Unsecured/ Unguaranteed
	Mizuho Bank, Ltd.		832,500	832,500					
	The Minato Bank, Ltd.		750,000	750,000					
	Sumitomo Mitsui Trust Bank, Limited		500,000	500,000					
	The Yamaguchi Bank, Ltd.		250,000	250,000					
	The Senshu Ikeda Bank, Ltd.		250,000	250,000					
	Aichi Bank, Ltd.	January 31, 2024	600,000	600,000	1.044	July 31, 2026	Bullet repayment	*4	Unsecured/ Unguaranteed
	The Hyakugo Bank, Ltd.		500,000	500,000					
	Mizuho Bank, Ltd.		393,700	393,700					
	The Bank of Fukuoka, Ltd.		250,000	250,000					

Classification	Lender	Date of borrowing	Balance at beginning of fiscal period (thousand yen)	Balance at end of fiscal period (thousand yen)	Average interest rate *2 (%)	Date of Repayment	Repayment Method	Use of funds	Summary
Long-term borrowings	Resona Bank, Limited		100,000	100,000					
	Mizuho Trust & Banking Co., Ltd.		100,000	100,000					
	Sumitomo Mitsui Trust Bank, Limited		98,000	98,000					
	Mizuho Bank, Ltd.	January 31, 2024	422,600	422,600	1.166	January 31, 2029	Bullet repayment	*4	Unsecured/ Unguaranteed
	AEON Bank, Ltd.		400,000	400,000					
	The Minato Bank, Ltd.		300,000	300,000					
	The Bank of Fukuoka, Ltd.		250,000	250,000					
	The Senshu Ikeda Bank, Ltd.		200,000	200,000					
	Sumitomo Mitsui Trust Bank, Limited		104,000	104,000					
	Resona Bank, Limited		100,000	100,000					
	Mizuho Trust & Banking Co., Ltd.		100,000	100,000					
	The Bank of Fukuoka, Ltd.	January 31, 2025	990,000	990,000	1.580	January 31, 2030	Bullet repayment	*4	Unsecured/ Unguaranteed
	Resona Bank, Limited		750,000	750,000					
	The Chiba Bank, Ltd.		250,000	250,000					
	Mizuho Bank, Ltd.		171,000	171,000					
	The Minato Bank, Ltd.		125,000	125,000					
	SBI Shinsei Bank, Limited		100,000	100,000					
	Mizuho Bank, Ltd.	July 31, 2025	540,000	540,000	1.800	July 31, 2030	Bullet repayment	*4	Unsecured/ Unguaranteed
	SBI Shinsei Bank, Limited		400,000	400,000					
	Resona Bank, Limited		350,000	350,000					
	Aichi Bank, Ltd.		300,000	300,000					
	Mizuho Trust & Banking Co., Ltd.		300,000	300,000					
	The Nishi-Nippon City Bank, Ltd.		250,000	250,000					
	Sumitomo Mitsui Trust Bank, Limited		200,000	200,000					
	SBI Shinsei Bank, Limited	July 31, 2025	600,000	600,000	1.938	July 31, 2031	Bullet repayment	*4	Unsecured/ Unguaranteed
	Mizuho Bank, Ltd.		540,700	540,700					
	Sumitomo Mitsui Banking Corporation		400,000	400,000					
	The Minato Bank, Ltd.		310,000	310,000					
	Sumitomo Mitsui Trust Bank, Limited		298,000	298,000					
	The Nishi-Nippon City Bank, Ltd.		250,000	250,000					
	Resona Bank, Limited	January 30, 2026	–	750,000	1.181	July 31, 2029	Bullet repayment	*4	Unsecured/ Unguaranteed
	AEON Bank, Ltd.		–	500,000					

Classification	Lender	Date of borrowing	Balance at beginning of fiscal period (thousand yen)	Balance at end of fiscal period (thousand yen)	Average interest rate *2 (%)	Date of Repayment	Repayment Method	Use of funds	Summary
Long-term borrowings	MUFG Bank, Ltd.		−	500,000					
	Sumitomo Mitsui Banking Corporation		−	473,750					
	The Bank of Fukuoka, Ltd.		−	451,000					
	Sumitomo Mitsui Trust Bank, Limited		−	270,000					
	Mizuho Bank, Ltd.		−	213,250					
	AEON Bank, Ltd.	January 30, 2026	−	500,000	1.691	January 31, 2031	Bullet repayment	*4	Unsecured/ Unguaranteed
	MUFG Bank, Ltd.		−	500,000					
	Sumitomo Mitsui Banking Corporation		−	425,000					
	The Bank of Fukuoka, Ltd.		−	402,000					
	Sumitomo Mitsui Trust Bank, Limited		−	240,000					
	Mizuho Bank, Ltd.		−	190,000					
	The Minato Bank, Ltd.		−	125,000					
	AEON Bank, Ltd.	January 30, 2026	−	500,000	1.741	January 31, 2032	Bullet repayment	*4	Unsecured/ Unguaranteed
	MUFG Bank, Ltd.		−	500,000					
	Sumitomo Mitsui Banking Corporation		−	425,000					
	The Bank of Fukuoka, Ltd.		−	402,000					
	Sumitomo Mitsui Trust Bank, Limited		−	240,000					
	Mizuho Bank, Ltd.		−	190,000					
	Total of Long-term borrowings		34,251,000	34,251,000					
Total borrowings			34,251,000	36,951,000					

*1 "Long-term borrowings" includes debts which are scheduled for repayment within one year.
*2 The "average interest rate" is the weighted average for the fiscal period, rounded to the nearest third decimal place. For borrowings with interest rate swap transactions which were entered into for the purpose of avoiding interest rate fluctuation risk, the fixed interest rate that considers the impact of the interest rate swap is shown.
*3 The funds will be used to purchase trust beneficiary interests in real estate (including incidental expenses).
*4 The funds have been used to refinance the long-term borrowings.

3. Status of Investment Corporation Bonds

Not applicable.

4. Status of Short-term Investment Corporation Bonds

Not applicable.

5. Status of New Investment Unit Acquisition Rights

Not applicable

Status of Acquisition and Sale during the Period

1. Status of Acquisition and Disposition of Properties and Asset-Backed Securities, Infrastructure Assets, and Infrastructure Related Asset

Property number	Type of assets	Property name	Acquisition		Disposition			
			Date of acquisition	Acquisition price (million yen) *	Date of disposition	Disposition price (million yen) *	Book value (million yen)	Gain (loss) on sale (million yen)
33101	Trust beneficiary interests	Nine hours woman Shinjuku	December 1, 2025	2,700	―	―	―	―
	Total			2,700	―	―	―	―

* "Acquisition price" and "Disposition price" are the amounts that do not include the various expenses required in the acquisition or disposition of the property, that is, the transaction price of the real estate stated in the trust beneficiary interests sale and purchase agreement. The amount is rounded down to the nearest million yen. The same applies hereinafter.

2. Transactions of Other Assets

Not applicable.

3. Review on Value of Specified Assets Properties

(1) Real estate

Acquisition or Disposition	Property number	Property name	Date of transaction	Type of assets	Acquisition price or Disposition price (million yen)	Appraisal value (million yen) *	Appraisal agency	Date of value appraised
Acquisition	33101	Nine hours woman Shinjuku	December 1, 2025	Trust beneficiary interests	2,700	3,100	Japan Real Estate Institute	November 1, 2025

* Appraisal value shown above is based on "Real estate appraisal standards, Chapter 3, Appraisal of the value of real estate that is subject to securitization."

(2) Other

Not applicable.

4. Transactions with Interested Parties

(1) Sales transactions with interested parties

Not applicable.

(2) Fees and expenses

Classification	Total amount of fees (A) (thousand yen)	Breakdown of transactions with interested parties		Percentage of total amount paid (B/A) (%)
		Payment recipient	Amount paid (B) (thousand yen)	
Electricity charges	294,745	Chubu Electric Power Miraiz Co., Inc.	163,831	55.6
		CD Energy Direct Co., Ltd.	74,134	25.2
Administrative expenses	251,389	ES-CON PROPERTY Ltd. *2	147,741	58.8

*1 The term "Interested Parties" refers to parties that have entered into an asset management agreement with ESCON REIT as defined in Article 123 of the Enforcement Order for the Act on Investment Trusts and Investment Corporations and Article 26, Paragraph 1, Item 27 of the Regulations Concerning Management Reports for Investment Trusts and Investment Corporations of the Investment Management Association of Japan.

*2 In addition to the amount described above, 2,432 thousand yen of construction management fee and other related costs were recorded as assets.

5. Transactions with the Asset Management Company Concerning Businesses Operated Concurrently by the Asset Management Company

Although the Asset Manager has operations to perform transactions classified as Building Lots and Buildings Transaction Business as of January 31, 2026, the Asset Manager was not involved in any applicable transactions. In addition, the Asset Manager had no transactions classified as Type I Financial Instruments Business, Type II Financial Instruments Business and Specified Joint Real Estate Ventures.

Accounting Status

1. Status of Assets, Liabilities, Capital, and Profit/Loss

Please refer to “II Balance Sheets,” “III Statements of Income and Retained Earnings,” “IV Statements of Unitholders’ Equity,” “V Statements of Cash Dividend Distributions,” “VI Statements of Cash Flows” and “VII Notes.”

Information being reported in the previous fiscal period on the Balance Sheets, Statements of Income and Retained Earnings, Statements of Unitholders’ Equity, Notes to Financial Statements and Statements of Cash Distributions is for only information purposes and is not subject to an audit by the Independent Auditor in the current fiscal period pursuant to the provisions of Article 130 of the Act on Investment Trusts and Investment Corporations.

In addition, information regarding the current fiscal period on Statements of Cash Flows is for only information purposes and is not subject to an audit by the Independent Auditor pursuant to the provisions of Article 130 of the Act on Investment Trusts and Investment Corporations.

2. Changes in Method to Calculate Depreciation Expenses

Not applicable.

3. Changes in Method to Evaluate Properties and Infrastructure Assets Expenses

Not applicable.

4. Status of Beneficiary Certificates of Investment Trust Established by ESCON REIT

Not applicable.

Others

1. Notices

(1) General Meeting of Unitholders

On October 26, 2025, the ESCON REIT's 8th general meeting of unitholders was held. A summary of the items approved at the general meeting of unitholders is as follows:

Date of approval	Item	Description
October 26, 2025	Election of one Executive Director	Tadashi Ebihara was appointed as Executive Director
	Election of one Substitute Executive Director	Yoshio Kato was appointed as Substitute Executive Director
	Election of two Supervisory Directors	Satoshi Ugajin and Rin Moriguchi were appointed as Supervisory Directors.
	Election of one Substitute Supervisory Director	Hiroyasu Sato was appointed as Substitute Supervisory Director.

(2) Board of Directors of Investment Corporation

Not applicable.

(3) Other information deemed to be important

Not applicable.

2. Other

In this document, unless otherwise stated, figures are truncated to the nearest whole unit and percentages are rounded off.

3. Disclosures Regarding Overseas Real Estate Holding Companies

Not applicable.

4. Disclosures Regarding Real Estate Held by Overseas Real Estate Holding Companies

Not applicable.

II Balance Sheets

(Unit: thousand yen)

	Previous fiscal period (reference) As of July 31, 2025	Current fiscal period As of January 31, 2026
Assets		
Current assets		
Cash and deposits	2,697,492	2,451,053
Cash and deposits in trust	3,786,111	3,911,642
Operating accounts receivable	78,544	63,821
Prepaid expenses	81,129	75,361
Other	—	6,404
Total current assets	6,643,278	6,508,283
Non-current assets		
Property, plant and equipment		
Buildings in trust	14,660,926	15,289,148
Accumulated depreciation	(1,687,143)	(1,897,280)
Buildings in trust, net	12,973,782	13,391,867
Structures in trust	142,858	147,898
Accumulated depreciation	(46,372)	(50,395)
Structures in trust, net	96,486	97,503
Tools, furniture and fixtures in trust	64,018	83,748
Accumulated depreciation	(38,059)	(43,150)
Tools, furniture and fixtures in trust, net	25,959	40,597
Land in trust	58,551,232	60,817,438
Total property, plant and equipment	71,647,460	74,347,407
Intangible assets		
Trademarks	287	233
Total intangible assets	287	233
Investment and other assets		
Leasehold and guarantee deposits	10,000	10,000
Long-term prepaid expenses	97,690	133,643
Deferred tax assets	15	10
Total investments and other assets	107,705	143,654
Total non-current assets	71,755,453	74,491,294
Total assets	78,398,731	80,999,578

(Unit: thousand yen)

		Previous fiscal period (reference) As of July 31, 2025	Current fiscal period As of January 31, 2026
Liabilities			
Current liabilities			
Operating accounts payable		215,196	193,441
Short-term borrowings		—	2,700,000
Current portion of long-term borrowings		12,725,700	9,600,700
Accounts payable - other		17,682	69,272
Accrued expenses		229,446	233,887
Income taxes payable		493	—
Accrued consumption taxes		28,377	—
Advances received		418,686	412,276
Deposits received		422	159
Total current liabilities		13,636,005	13,209,737
Non-current liabilities			
Long-term borrowings		21,525,300	24,650,300
Tenant lease and guarantee deposits in trust		2,661,860	2,661,778
Total non-current liabilities		24,187,160	27,312,078
Total liabilities		37,823,166	40,521,815
Net assets			
Unitholders' equity			
Unitholders' capital		39,173,828	39,173,828
Surplus			
Unappropriated retained earnings (undisposed loss)		1,401,736	1,303,933
Total surplus		1,401,736	1,303,933
Total unitholders' equity		40,575,565	40,477,762
Total net assets	*1	40,575,565	40,477,762
Total liabilities and net assets		78,398,731	80,999,578

III Statements of Income and Retained Earnings

(Unit: thousand yen)

		Previous fiscal period (reference) From February 1, 2025 to July 31, 2025	Current fiscal period From August 1, 2025 to January 31, 2026
Operating revenue			
Leasing business revenue	*1	2,632,437	2,650,666
Other leasing business revenue	*1	492,442	381,599
Total operating revenue		3,124,880	3,032,265
Operating expenses			
Expenses related to leasing business	*1	1,179,781	1,135,634
Asset management fees		196,731	198,726
Asset custodian fees		3,749	3,795
Administrative service fees		11,781	12,532
Remuneration for director (and other officers)		5,400	5,400
Taxes and public dues		9,701	10,663
Other operating expenses		49,203	50,135
Total operating expenses		1,456,349	1,416,888
Operating income		1,668,531	1,615,377
Non-operating income			
Interest income		2,770	5,787
Gain on forfeiture of unclaimed dividends		1,171	650
Total non-operating income		3,941	6,437
Non-operating expenses			
Interest expenses		203,079	235,466
Financing fees		66,829	81,763
Total non-operating expenses		269,909	317,230
Ordinary income		1,402,563	1,304,584
Income before income taxes		1,402,563	1,304,584
Income taxes-current		917	830
Income taxes-deferred		△7	4
Total income taxes		909	835
Net income		1,401,653	1,303,749
Retained earnings bought forward		82	184
Unappropriated retained earnings (undisposed loss)		1,401,736	1,303,933

IV Statements of Unitholders' Equity

Previous fiscal period (reference) (From February 1, 2025 to July 31, 2025)

(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	1,253,039	1,253,039	40,426,868	40,426,868
Changes of items during the period					
Dividends from surplus	―	(1,252,957)	(1,252,957)	(1,252,957)	(1,252,957)
Net income	―	1,401,653	1,401,653	1,401,653	1,401,653
Total changes of items during the period	―	148,696	148,696	148,696	148,696
Balance at the end of the period	*1 39,173,828	1,401,736	1,401,736	40,575,565	40,575,565

Current fiscal period (From August 1, 2025 to January 31, 2026)

(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	1,401,736	1,401,736	40,575,565	40,575,565
Changes of items during the period					
Dividends from surplus	―	(1,401,551)	(1,401,551)	(1,401,551)	(1,401,551)
Net income	―	1,303,749	1,303,749	1,303,749	1,303,749
Total changes of items during the period	―	(97,802)	(97,802)	(97,802)	(97,802)
Balance at the end of the period	*1 39,173,828	1,303,933	1,303,933	40,477,762	40,477,762

V Statements of Cash Dividend Distributions

(Unit: yen)

	Previous fiscal period From February 1, 2025 to July 31, 2025	Current fiscal period From August 1, 2025 to January 31, 2026
I. Unappropriated retained earnings	1,401,736,214	1,303,933,441
II. Distributions	1,401,551,962	1,303,811,205
［Distribution per unit］	[3,886]	[3,615]
III. Retained earnings carried forward	184,252	122,236
Method of calculating the amount of distributions	The cash distribution policy set out in Article 36, Paragraph 1 of the Articles of Incorporation of ESCON 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. Based on this policy, ESCON REIT has decided to distribute 1,401,551,962 yen. It is roughly the full amount of revenue stipulated in Article 136, Paragraph 1 of the Investment Trust Act. Furthermore, ESCON REIT will not distribute cash in excess of earnings as provided in Article 36, Paragraph 2 of the Articles of Incorporation.	The cash distribution policy set out in Article 36, Paragraph 1 of the Articles of Incorporation of ESCON 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. Based on this policy, ESCON REIT has decided to distribute 1,303,811,205 yen. It is roughly the full amount of revenue stipulated in Article 136, Paragraph 1 of the Investment Trust Act. Furthermore, ESCON REIT will not distribute cash in excess of earnings as provided in Article 36, Paragraph 2 of the Articles of Incorporation.

VI Statements of Cash Flows

(Unit: thousand yen)

		Previous fiscal period From February 1, 2025 to July 31, 2025	Current fiscal period From August 1, 2025 to January 31, 2026
Cash Flows from Operating Activities			
Income before income taxes		1,402,563	1,304,584
Depreciation		214,723	219,839
Interest income		(2,770)	(5,787)
Interest expenses		203,079	235,466
Decrease (increase) in operating accounts receivable		(11,396)	14,722
Decrease (increase) in consumption taxes refund receivable		—	(5,949)
Decrease (increase) in prepaid expenses		1,435	5,768
Decrease (increase) in long-term prepaid expenses		(20,746)	(35,953)
Increase (decrease) in operating accounts payable		(47,340)	(21,754)
Increase (decrease) in accounts payable - other		(49,802)	51,721
Increase (decrease) in accrued expenses		60,560	2,568
Increase (decrease) in accrued consumption taxes		(70,689)	(28,377)
Increase (decrease) in advances received		9,566	(6,410)
Others, net		(273)	6,432
Subtotal		1,688,910	1,736,870
Interest received		2,770	5,787
Interest paid		(202,931)	(233,593)
Income taxes paid		(1,108)	(1,324)
Net cash provided by operating activities		1,487,640	1,507,739
Cash Flows from Investing Activities			
Purchase of property, plant and equipment in trust		(1,486,220)	(2,926,882)
Proceeds from tenant lease and guarantee deposits in trust		65,294	21,147
Refund of tenant lease and guarantee deposits in trust		(51,710)	(21,229)
Net cash used in investing activities		(1,472,637)	(2,926,964)
Cash Flows from Financing Activities			
Proceeds from short-term borrowings		1,160,000	2,700,000
Repayments of short-term borrowings		(1,160,000)	—
Proceeds from long-term borrowings		4,738,700	7,797,000
Repayments of long-term borrowings		(3,578,700)	(7,797,000)
Distributions paid		(1,250,174)	(1,401,683)
Net cash provided by (used in) financing activities		(90,174)	1,298,316
Net increase (decrease) in cash and cash equivalents		(75,171)	(120,908)
Cash and cash equivalents at the beginning of period		6,558,775	6,483,604
Cash and cash equivalents at the end of period	*1	6,483,604	6,362,695

VII Notes

[Basis of Presenting Financial Statements]

The accompanying financial statements have been prepared in accordance with the provisions set forth in the Investment Trusts Act, the Financial Instruments and Exchange Act of Japan and other related accounting regulations, and in conformity with accounting principles generally accepted in Japan (hereinafter, "Japanese GAAP"), which are different in certain aspects as to the application and disclosure requirements from International Financial Reporting Standards or accounting principles generally accepted in the United States of America.

The accompanying financial statements are the translation of the financial statements presented in the securities report of ESCON REIT submitted to the Kanto local Finance Bureau, which have been prepared in compliance with Japanese GAAP, translated into English.

Amounts less than one thousand yen have been omitted. As a result, the totals presented in the accompanying financial statements in yen do not necessarily agree with the sums of the individual amounts. ESCON REIT does not have subsidiaries and thus does not prepare consolidated financial statements.

The accounting periods of ESCON REIT are six-month periods ending at the end of January and the end of July of each year.

[Notes on Going Concern Assumptions]

Not applicable.

[Notes on Matters Concerning Significant Accounting Policies]

1. Method of depreciation and amortization of non-current assets	(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. ・Buildings 2 to 64 years ・Structures 9 to 63 years ・Tools, furniture and fixtures 2 to 15 years (2) Intangible assets The straight-line method is used. (3) Long-term prepaid expenses The straight-line method is used.
2. Accounting standards for revenue and expenses	(1) Standards for revenue recognition The following is a description of the ESCON REIT's main performance obligations with respect to revenue 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). i. Sales of real estate Sales of real estate revenue are recognized when the customer (i.e., the buyer) obtains control of the real estate as a result of fulfilling the delivery obligations stipulated in the sales contract for the real estate. ii. Utilities charges received Utilities charges received are recorded as revenue 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. (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 expenses and is included in the acquisition cost for the purchased real estate property. The amount equivalent to fixed asset tax, etc. included in the cost of acquisition of real estate, etc. for the previous fiscal period was 4,815 thousand yen. The amount equivalent to fixed asset tax, etc. included in the cost of acquisition of real estate, etc. for the current fiscal period was 577 thousand yen.

3. Hedge accounting methods	(1) Hedge accounting methods Special accounting treatment has been adopted since the instrument meets the requirements for special treatment for interest rate swaps. (2) Hedge instruments and hedge items Hedge instrument: interest rate swaps Hedge item: interest on borrowings (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. (4) Method for evaluating hedge efficacy The evaluation of effectiveness is omitted since the interest rate swap meets the requirements for special treatment.
4. 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.
5. Other items forming the basis for the preparation of financial statements	(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. i. Cash in trust and deposits in trust ii. Buildings in trust, structures in trust Tools, furniture and fixtures in trust, land in trust and construction in progress in trust iii. Leasehold and guarantee deposits received in trust (2) Accounting for non-deductible consumption taxes Non-deductible consumption taxes on non-current assets are included in the acquisition cost of individual assets.

[Note to Unapplied Accounting Standards]

Accounting standard for leases etc.

・“Accounting Standard for Leases” (Accounting Standards Board of Japan (hereinafter “ASBJ”) Statement No.34 issued on September 13, 2024)

・“Implementation Guidance on Accounting Standard for Leases” (ASBJ Guidance No.33 issued on September 13, 2024)

1. Overview

As part of the efforts to ensure consistency between Japanese GAAP and international accounting standards, the ASBJ reviewed the Accounting Standard for Leases to recognize assets and liabilities for all leases held by a lessee, with international accounting standards taken into consideration. Accordingly, the ASBJ issued the Accounting Standard for Leases etc. that adopts only the key provisions of IFRS 16 that is based on the single accounting model. The revision aims to be simple and highly convenient, and to make unnecessary adjustments in principle to the non-consolidated financial statements that apply IFRS 16 Accounting Standard for Leases, etc.

Regarding the method for allocating the lease expenses in the lessee’s accounting treatment, using the same approach as IFRS 16, a single accounting model is applied for recording the depreciation associated with the right-of-use-assets and the amount equivalent to the interest on the lease liabilities for all leases regardless of whether the lease is a finance lease or an operating lease.

2. Scheduled date of application

From the beginning of the fiscal period ending January 31, 2028.

3. Impact of applying the accounting standards

The impact on applying the "Accounting Standard for Leases" etc. is currently under evaluation.

[Note to Balance Sheets]

(Unit: thousand yen)

	Previous fiscal period As of July 31, 2025	Current fiscal period As of January 31, 2026
*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, 2025 to July 31, 2025	Current fiscal period From August 1, 2025 to January 31, 2026
*1. Description of income from real estate leasing operations		
A. Real estate leasing business revenue		
Leasing business revenue		
Lease revenue	1,502,399	1,504,394
Land lease revenue received	746,413	759,800
Common service fees	160,213	162,178
Other lease revenue	223,411	224,294
Total	2,632,437	2,650,666
Other leasing business revenue		
Utilities charges received	332,169	358,427
Penalty income	146,366	4,227
Other revenue	13,907	18,944
Total	492,442	381,599
Total real estate leasing business revenue	3,124,880	3,032,265
B. Real estate leasing business expenses		
Expenses related to leasing business		
Administrative expenses	245,927	251,389
Trust fees	9,566	9,791
Utilities charges	328,441	341,676
Non-life insurance premiums	10,788	11,399
Repair expenses	120,564	53,390
Taxes and public dues	225,198	225,168
Depreciation	214,670	219,785
Other leasing business expenses	24,624	23,034
Total expenses related to leasing business	1,179,781	1,135,634
C. Income from real estate leasing business (A - B)	1,945,099	1,896,631

[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, 2025 to July 31, 2025	Current fiscal period From August 1, 2025 to January 31, 2026
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, 2025 to July 31, 2025	Current fiscal period From August 1, 2025 to January 31, 2026
Cash and deposits	2,697,492	2,451,053
Cash and deposits in trust	3,786,111	3,911,642
Cash and cash equivalents	6,483,604	6,362,695

[Notes to Lease Transactions]

Operating lease transactions (Lessor)

Future minimum lease revenue under existing non-cancelable lease agreements

(Unit: thousand yen)

	Previous fiscal period As of July 31, 2025	Current fiscal period As of January 31, 2026
Within a year	3,086,916	2,908,884
Over a year	19,257,790	18,403,083
Total	22,344,706	21,311,968

[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, but not engage in speculative 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 “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, 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 trust" 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	12,725,700	12,725,700	—
(2) Long-term borrowings	21,525,300	21,708,123	182,823
Total liabilities	34,251,000	34,433,823	182,823
(3) Derivative transactions	—	—	—

Balance sheet amounts, fair value and their differences as of January 31, 2026 are as follows: Notes to "Cash and deposits" and "Cash and deposits in trust" and "Short-term borrowings" 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 trust" has 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	9,600,700	9,600,700	—
(2) Long-term borrowings	24,650,300	24,674,817	24,517
Total liabilities	34,251,000	34,275,517	24,517
(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, 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	12,725,700	7,559,000	4,965,000	1,876,600	4,726,000	2,398,700
Total	12,725,700	7,559,000	4,965,000	1,876,600	4,726,000	2,398,700

Scheduled redemption of loans after the closing date (January 31, 2026)

(Unit: thousand yen)

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Long-term borrowings	9,600,700	7,852,000	1,876,600	5,544,000	4,722,000	4,655,700
Total	9,600,700	7,852,000	1,876,600	5,544,000	4,722,000	4,655,700

[Notes to Securities]

Previous fiscal period From February 1, 2025 to July 31, 2025	Current fiscal period From August 1, 2025 to January 31, 2026
Not applicable.	Not applicable.

[Notes on Derivative Transactions]

1. Transactions for which hedge accounting has not been applied
   No applicable transactions for the previous fiscal period (July 31, 2025) and the current fiscal period (January 31, 2026).

2. Transactions for which hedge accounting has been applied
   The previous fiscal period (July 31, 2025)

(Unit: thousand yen)

Hedge accounting methods	Type of derivative transaction	Main hedged item	Contract amount*1		Fair value	Fair value calculation method *2
				Due after 1 year		
Special treatment for interest rate swaps	Interest rate swap receive floating/pay fixed	Long-term borrowings	9,001,300	9,001,300	–	–
Total			9,001,300	9,001,300		

*1. Contract amounts for interest rate swaps transactions are based on notional principal.
*2. Derivative transactions that are subject to special treatment for interest rate swaps are accounted for together with long-term borrowings that are the hedged items and the fair value is included in the fair value of those long-term borrowings.

The current fiscal period (January 31, 2026)

(Unit: thousand yen)

Hedge accounting methods	Type of derivative transaction	Main hedged item	Contract amount*1		Fair value	Fair Value calculation method *2
				Due after 1 year		
Special treatment for interest rate swaps	Interest rate swap receive floating/pay fixed	Long-term borrowings	9,001,300	9,001,300	–	–
Total			9,001,300	9,001,300		

*1. Contract amounts for interest rate swaps transactions are based on notional principal.
*2. Derivative transactions that are subject to special treatment for interest rate swaps are accounted for together with long-term borrowings that are the hedged items and the fair value is included in the fair value of those long-term borrowings.

[Notes to Retirement Benefits]

Previous fiscal period From February 1, 2025 to July 31, 2025	Current fiscal period From August 1, 2025 to January 31, 2026
Not applicable.	Not applicable.

[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, 2025	Current fiscal period As of January 31, 2026
(Deferred tax assets)		
Unpaid business tax not included in deductible expenses	15	10
Total deferred tax assets	15	10
(Net deferred tax assets)	15	10

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, 2025	Current fiscal period As of January 31, 2026
Effective statutory tax rate	31.46	31.46
(Adjustments)		
Distribution payments included in tax deductible expenses	(31.44)	(31.44)
Others	0.04	0.04
Effective tax rate	0.06	0.06

[Notes to Equity Gains (Losses) of Affiliated Companies]

Previous fiscal period From February 1, 2025 to July 31, 2025	Current fiscal period From August 1, 2025 to January 31, 2026
Not applicable.	Not applicable.

[Notes to Transactions with Related Parties]

1. Parent company and major institutional investors

Previous fiscal period (From February 1, 2025 to July 31, 2025)
Not applicable.

Current fiscal period (From August 1, 2025 to January 31, 2026)
Not applicable.

2. Affiliated companies

Previous fiscal period (From February 1, 2025 to July 31, 2025)
Not applicable.

Current fiscal period (From August 1, 2025 to January 31, 2026)
Not applicable.

3. Sibling companies

Previous fiscal period (From February 1, 2025 to July 31, 2025)
Not applicable.

Current fiscal period (From August 1, 2025 to January 31, 2026)
Not applicable.

4. Directors and major individual unitholders

Previous fiscal period (From February 1, 2025 to July 31, 2025)
Not applicable.

Current fiscal period (From August 1, 2025 to January 31, 2026)
Not applicable.

[Notes to Asset Retirement Obligations]

Previous fiscal period From February 1, 2025 to July 31, 2025	Current fiscal period From August 1, 2025 to January 31, 2026
Not applicable.	Not applicable.

[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, 2025 to July 31, 2025	Current fiscal period From August 1, 2025 to January 31, 2026
Carrying value*1	Balance at the beginning of the period	70,377,970	71,647,460
	Changes during the period *2	1,269,490	2,699,946
	Balance at the end of the period	71,647,460	74,347,407
Fair value at the end of the period *3		79,823,000	82,979,300

*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 current fiscal period was mainly due to the acquisition of Kohnan tonarie Yamatotakada (leasehold land) (1,165,128 thousand yen), while the decrease was mainly due to depreciation (214,670 thousand yen). The increase in the current fiscal period was mainly due to the acquisition of Nine hours woman Shinjuku (2,777,810 thousand yen), while the decrease was mainly due to depreciation (219,785 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, 2025 to July 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	332,169	332,169
Other	—	2,792,711
Total	332,169	3,124,880

*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. Revenue from contracts with customers mainly includes revenue from sales of real estate and utility charges.

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

Current fiscal period (From August 1, 2025 to January 31, 2026)

(Unit: thousand yen)

	Revenue from contracts with customers*1	Sales to external customers
Income from sales of real estate, etc.	—	—
Utilities charges received*2	358,427	358,427
Other	—	2,673,838
Total	358,427	3,032,265

*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. Revenue from contracts with customers mainly includes revenue from sales of real estate and utility charges.

*2. Utilities charges received are recorded as revenue 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, 2025 to July 31, 2025)
As described in the "Notes on Matters Concerning Significant Accounting Policies."

Current fiscal period (From August 1, 2025 to January 31, 2026)
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, 2025 to July 31, 2025	Current fiscal period From August 1, 2025 to January 31, 2026
Receivables from contracts with a customer (at the beginning of the period)	54,735	68,003
Receivables from contracts with a customer (at the end of the period)	68,003	47,207
Contract assets (at the beginning of period)	—	—
Contract assets (at the end of period)	—	—
Contract liabilities (at the beginning of period)	—	—
Contract liabilities (at the end of period)	—	—

(2) Transaction prices allocated to remaining performance obligations
Not applicable.
For utility charges income, ESCON REIT recognizes revenue 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.

[Note to Segment Information]
(Segment information)
This information is omitted since ESCON REIT operates in a single segment of the real estate leasing business.

(Relevant information)
Previous fiscal period (From February 1, 2025 to July 31, 2025)

1. Information by product and service
This information is omitted since operating revenue from external customers in a single product/service category exceeds 90% of operating revenue in the statements of income and retained earnings.

2. Information by Region
(1) Net sales
Not applicable since there are no sales to external customers outside Japan.

(2) Property, plant, and equipment
Not applicable since there is no property, plant and equipment located outside Japan.

3. Information by major customer

(Unit: thousand yen)

Customer	Operating revenue	Related Segment
ES-CON JAPAN Ltd.*	1,717,426	Real estate leasing business

* ESCON REIT leases Asumigaoka Brand-New Mall, tonarie Minami-senri, tonarie Seiwadai, tonarie Yamatotakada and tonarie Toga-Mikita to ES-CON JAPAN under pass-through master lease agreement, and ES-CON JAPAN subleases these to sublessees.

Current fiscal period (From August 1, 2025 to January 31, 2026)

1. Information by product and service

This information is omitted since operating revenue from external customers in a single product/service category exceeds 90% of operating revenue in the statements of income and retained earnings.

2. Information by Region

(1) Net sales

Not applicable since there are no sales to external customers outside Japan.

(2) Property, plant, and equipment

Not applicable since there is no property, plant and equipment located outside Japan.

3. Information by major customer

(Unit: thousand yen)

Customer	Operating revenue	Related Segment
ES-CON JAPAN Ltd.*	1,749,926	Real estate leasing business

* ESCON REIT leases Asumigaoka Brand-New Mall, tonarie Minami-senri, tonarie Seiwadai, tonarie Yamatotakada and tonarie Toga-Mikita to ES-CON JAPAN under pass-through master lease agreement, and ES-CON JAPAN subleases these to sublessees.

[Notes to Per Unit Information]

	Previous fiscal period From February 1, 2025 to July 31, 2025	Current fiscal period From August 1, 2025 to January 31, 2026
Net assets per unit	112,501 yen	112,230 yen
Net income per unit	3,886 yen	3,615 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, 2025 to July 31, 2025	Current fiscal period From August 1, 2025 to January 31, 2026
Net income	(thousand yen)	1,401,653	1,303,749
Amount not attributable to common unitholders	(thousand yen)	—	—
Net income for common investment units	(thousand yen)	1,401,653	1,303,749
Average number of investment units during the period	(units)	360,667	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 February 10, 2026 on the acquisition of the following asset. ESCON REIT entered into a trust beneficiary interest sales contract as of the same date, and acquired the asset on February 27, 2026.

Property name	Compass Hotel Nagoya*1
Type of specified assets	Real estate trust beneficiary interests
Property type	Other (accommodation-focused hotel)
Location	Nagoya City, Aichi
Acquisition date	February 27, 2026
Seller	Nagoya-based hotel investments special purpose company
Acquisition price*2	4,400 million yen
Appraisal value*3	4,910 million yen

*1 At the time of acquisition, the property is operating under the name “Compass Hotel Nagoya.” However, following the rebranding (which means the rebuilding or repositioning of a brand through a combination of measures such as a change in the hotel name, a change of operator, and the implementation of strategic capital expenditures (CAPEX).) scheduled to take place during the fiscal period ending July 31, 2026, the name is scheduled to be changed to “SONO MOON Nagoya (tentative name).”

*2 “Acquisition price” states the sales price (rounded down to the nearest million yen) of the real estate trust beneficial interest stated in the relevant sales agreement of the acquired asset, and excluding consumption tax, local consumption tax and other acquisition-related costs.

*3 “Appraisal value” is set forth in the real estate appraisal report with a valuation date of December 1, 2025. ESCON REIT entrusts Tanizawa Sogo Appraisal Co., Ltd. with the appraisal of the above asset.

2. Disposition of assets

The Asset Manager, to which ESCON REIT entrusts the management of its assets, decided as of February 10, 2026 on the disposition of the following assets. ESCON REIT entered into trust beneficiary interests sales contracts as of the same date, and disposed the assets as of March 27, 2026.

(unit: million yen)

Property name	Location	Property type	Disposition price*1	Book value*2	Disposition gain/loss*3
DRUG Yutaka Mukokamiueno (Leasehold land)	Muko City, Kyoto	Commercial facility	2,400*4	472	89*4
WELCIA Amagasaki Mukomotomachi (Leasehold land)	Amagasaki City, Hyogo	Commercial facility		577	
Cocokara Fine Neyagawakoen (Leasehold land)	Neyagawa City, Osaka	Commercial facility		718	
ENEOS Ikawadani SS (Leasehold land)	Kobe City, Hyogo	Commercial facility		541	
Total			2,400	2,310	89

*1 “Disposition price” is the total purchase price for the trust beneficiary interests (four properties) as stated in the trust beneficiary interest sales agreement relating to the Assets Disposed, rounded down to the nearest million yen. The disposition price does not include consumption tax, local consumption tax, and other disposition-related costs.

*2 The “Book value” is the book value as of the disposition date (including related costs for the disposition), rounded down to the nearest million yen.

*3 The “Disposition gain/loss” is a reference figure calculated as the difference between the “Disposition price” and the “Book value”, which may differ from the actual disposition gain/loss. Values are rounded down to the nearest million yen.

*4 As consent has not been obtained from the transferee for the disclosure of the individual disposition prices, “Disposition price” and “Disposition gain/loss” are presented as the total amount for the four properties. Each individual disposition price exceeds both the book value as of the disposition date and the appraisal value as of the end of the current fiscal period (January 31, 2026).

*5 The disposition of the Assets Disposed falls under the category of a forward commitment, etc., by an investment corporation as defined in the FSA’s Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc. (i.e., a contract executed in advance where payment for and delivery of the property occur after more than one month from the contract execution date, and other similar contracts).

① Date of contract signing　February 10, 2026
② Disposition date　March 27, 2026
③ Transferee　Not disclosed *
④ Use of disposition proceeds　The proceeds will be used to repay short-term borrowings.
⑤ Payment method　The full amount will be received in a lump sum upon delivery.

* The transferee is a domestic operating company (one company). However, its name is not disclosed as ESCON REIT has not obtained its consent for disclosure.

3．Borrowings

ESCON REIT has executed the following borrowings to fund the acquisition of the real estate trust beneficiary interests described in “1. Acquisition of an asset” above, as well as related expenses. In addition, ESCON REIT repaid 2,300 million yen of these borrowings early upon the disposition of the real estate trust beneficiary interests described in “2. Disposition of assets” above.

Type	Lender	Borrowing amount (million yen)	Interest rate	Date of borrowing	Date of repayment	Repayment method	Summary
Short-term borrowings	Mizuho Bank, Ltd.	4,600	Base rate (one-month Japanese yen Tokyo Interbank Offered Rate (Japanese Bankers Association (JBA))) +0.20%	February 27, 2026	July 31, 2026	Bullet repayment	Unsecured/ Unguaranteed

Independent Auditor's Report

To the Board of Directors
ESCON JAPAN REIT Investment Corporation

<Audit of Financial Statements>

Opinion

We have audited the accompanying financial statements of ESCON JAPAN REIT Investment Corporation (the Company), which comprise of the balance sheet as of January 31, 2026, and the statements of income and retained earnings, unitholders' equity, cash dividend distributions, and cash flows for the six-month period then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of January 31, 2026, and its financial performance and cash flows for the six-month period then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to the audit of the financial statements in Japan, including those applicable to financial statement audits of public interest entities, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises information included in the Semiannual Report and excludes the financial statements and our auditor's report thereon. Management is responsible for the preparation and presentation of the other information. The Supervisory Directors are responsible for overseeing the Executive Director's performance of their duties with regard to the design, implementation and monitoring of the reporting process in preparing the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, based on our audit consider whether the other information is materially inconsistent with the financial statements, or otherwise appears to be materially misstated.

If, based on our procedures, we conclude that there is a material misstatement in the other information, we are required to report any findings.

We have no findings to report on the other information.

Responsibilities of Management and Supervisory Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing matters related to going concern, as required by accounting principles generally accepted in Japan.

The Supervisory Directors are responsible for overseeing the Executive Director's performance regarding the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the financial statements is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Executive Director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Executive Director with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

<Fee-related Information>

Fees paid or payable to our firm and to other BDO member firms for audit and non-audit services provided to the Company are disclosed in "3. Matters Concerning Directors and Audit Firm" included in "Overview of ESCON REIT" of the Semi-Annual Report.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and the designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

BDO Sanyu & Co.
Osaka, Japan

April 28, 2026

鳥居 陽

Akira Torii
Designated Engagement Partner
Certified Public Accountant

西川 賢治

Kenji Nishikawa
Designated Engagement Partner
Certified Public Accountant