

2. Management Status Forecasts for the Fiscal Period Ending July 31, 2026 (From February 1, 2026 to July 31, 2026), and the Fiscal Period Ending January 31, 2027 (From August 1, 2026 to January 31, 2027)

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

	Operating revenue		Operating income		Ordinary income		Net income		Distribution per unit (excluding distribution in excess of earnings)	Distribution in excess of earnings per unit
	million yen	%	million yen	%	million yen	%	million yen	%	yen	yen
FP2026/7	3,139	3.5	1,676	3.8	1,274	(2.3)	1,273	(2.3)	3,530	—
FP2027/1	3,152	0.4	1,683	0.4	1,286	1.0	1,285	1.0	3,565	—

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

FP2026/7: 3,530 yen

FP2027/1: 3,565 yen

*** Others**

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

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

(2) Total Number of Investment Units Issued and Outstanding

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

FP2026/1	360,667 units	FP2025/7	360,667 units
FP2026/1	— units	FP2025/7	— units

(ii) Number of own investment units at end of period:

*For the number of investment units serving as the basis of calculation for net income per unit, refer to “Notes to Per Unit Information” on page 23.

(3) Rounding Processing

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

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

*** Special Note**

(Caution Concerning Forward-Looking Statements, etc.)

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

For details on assumptions for the forecast figures above, refer to “Underlying Assumptions of the Operating Forecasts for the Fiscal Period ending July 31, 2026 (From February 1, 2026 to July 31, 2026), and the Fiscal Period Ending January 31, 2027 (From August 1, 2026 to January 31, 2027)” on pages 8 and 9.

Table of Contents

1. Operations	2
(1) Operations	2
(2) Investment Risk	9
2. Financial Statements	10
(1) Balance Sheets	10
(2) Statements of Income and Retained Earnings	12
(3) Statements of Unitholders' Equity	13
(4) Statements of Cash Dividend Distributions	14
(5) Statements of Cash Flows	15
(6) Notes on Going Concern Assumptions	16
(7) Notes on Matters Concerning Significant Accounting Policies	16
(8) Notes to Financial Statements	17
(9) Changes in Total Number of Investment Units Issued and Outstanding	25
3. Reference Information	26
(1) Portfolio Information	26
(2) Capital Expenditures	33

1. Operations

(1) Operations

i. Overview of the current fiscal period

A. Brief background of the REIT

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

Afterwards ESCON REIT believes that, as population decline and the concentration of population in major metropolitan areas continues, the demand to live in highly convenient major cities or surrounding areas with easy access to large cities will remain stable. Furthermore, 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 are 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 seeks to maximize unitholder value by aiming for the 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 facility” refers to real estate which the floor area of each use of the building has the largest floor area for commercial tenants, such as retailers, restaurants, cafes, service providers and amusement facility operators. The same applies hereinafter.
- *2. “Residence” refers to real estate which each floor area of the building has the largest floor area for residential use, (however, assets aimed at creating a sustainable society are excluded.) The same applies hereinafter.
- *3. “Lifestyle-focused assets” refer to commercial facilities, residences, and assets aimed at creating a sustainable society, and leasehold land. “Leasehold Land” refers to land leased by a third party which a building is owned by this third party. The same applies hereinafter.
- *4. The “Five major metropolitan areas” refer to the Hokkaido region, the Tokyo Metropolitan Area, the Chubu region, the Kinki region and the Kyushu region. The Hokkaido region refers to Hokkaido Prefecture, the Tokyo Metropolitan Area refers to Tokyo, Kanagawa, Saitama, Chiba, Ibaraki, Tochigi and Gunma Prefectures, the Chubu region refers to Aichi, Shizuoka, Mie, Nagano and Gifu Prefectures, the Kinki region refers to Osaka, Kyoto, Hyogo, Nara and Shiga Prefectures and the Kyushu region refers to Fukuoka, Kumamoto, Kagoshima, Miyazaki, Oita, Saga and Nagasaki Prefectures. The same applies hereinafter.

B. Operating environment and management performance

During the current fiscal period, the Japanese economy 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, and numerous transactions have been concluded, particularly for properties where rent increases are anticipated.

In the J-REIT market, the Tokyo Stock Exchange REIT Index recovered up to around 2,000 points 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	Asset 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.

$$\text{Occupancy rate} = (\text{Leased area} / \text{Leasable area}) * 100$$

C. 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.

D. 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.

E. Governance structure of ESCON REIT and the Asset Manager

The Asset Manager changed the organizational structure to a company with an Audit and Supervisory Committee on June 28, 2022, and based on the Compliance Declaration established on August 31, 2022 and the Management Philosophy established on September 26, 2022, the Asset Manager has implemented various measures, including compliance with the operational rules such as the operational flow for property acquisition and other activities, the rules for ordering real estate appraisal, various regulations and manuals, and the monitoring of the ordering operations of real estate appraisal by the Compliance 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.

ii. Outlook for next period

A. 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.

B. Internal growth in pursuit of lease revenue growth potential

ESCON REIT conducts satisfaction surveys on each tenant and the use of its facilities to residents living in the surrounding neighborhood of its owned assets to improve the management of its owned assets. Based on the results of these surveys, ESCON REIT will plan and 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, we 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.

C. External growth pursuing portfolio stability and growth potential

After thoroughly managing conflicts of interest, ESCON REIT will leverage its strong sponsor pipeline, including granting preferential negotiation rights related to owned real estate properties and support for the redevelopment of properties based on the real estate development capabilities of ES-CON JAPAN, 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 independent data on properties in addition to information from our sponsors ES-CON JAPAN and Chubu Electric Power Group, aiming to expand ESCON REIT's asset size, improve the quality of our portfolio, and achieve steady external growth.

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

D. Financial policy

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

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

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

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

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

iii. Significant subsequent events

A. Acquisition of an asset

The Asset Manager, to which ESCON REIT entrusts the management of its assets, decided as of 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	Trust beneficiary interests to real estate
Asset 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	JPY4,400 million
Appraisal value* ³	JPY4,910 million

*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 shall apply 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.

B. Execution of asset transfer contract

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

(unit: million yen)

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

*1 “Anticipated transfer 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 to be Transferred, with amounts less than one million yen rounded down. The transfer price does not include consumption tax, local consumption tax, or various expenses required for the transfer.

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

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

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

*5 The transfer of the assets to be transferred 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 Scheduled transfer date March 27, 2026
- ③ Anticipated transferee Not disclosed*
- ④ Use of transfer 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 anticipated transferee is a domestic operating company. However, its name is not disclosed as ESCON REIT has not obtained its consent for disclosure.

A. Borrowings

ESCON REIT has executed the following borrowings to fund the acquisition of the real estate trust beneficiary interests described in “A. Acquisition of an asset” above, as well as related expenses. In addition, ESCON REIT plans to repay 2,300 million yen of these borrowings early upon the transfer of the real estate trust beneficiary interests described in “B. Conclusion of asset transfer contract” above.

Classification	Lender	Borrowing amount	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

iv. Outlook for the management status

ESCON REIT expects the management status for the fiscal periods ending July 31, 2026 and January 31, 2027 as shown below. For the assumptions about the management status, refer to “Underlying Assumptions of the Operating Forecasts for the Fiscal Period ending July 31, 2026 (From February 1, 2026 to July 31, 2026) and the Fiscal Period ending January 31, 2027 (From August 1, 2026 to January 31, 2027)” on pages 8 and 9.

	Operating revenue	Operating income	Ordinary income	Net income	DPU (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit	DPU (including distributions in excess of earnings)
19th fiscal period ending July 31, 2026	3,139 million yen	1,676 million yen	1,274 million yen	1,273 million yen	3,530 yen	—	3,530 yen
20th fiscal period ending January 31, 2027	3,152 million yen	1,683 million yen	1,286 million yen	1,285 million yen	3,565 yen	—	3,565 yen

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

Underlying Assumptions of the Operating Forecasts for the Fiscal Period ending July 31, 2026 (February 1, 2026 to July 31, 2026) and the Fiscal Period ending January 31, 2027 (From August 1, 2026 to January 31, 2027)

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> • 19th fiscal period: February 1, 2026 to July 31, 2026 (181 days) • 20th fiscal period: August 1, 2026 to January 31, 2027 (184 days)
Assets under management	<ul style="list-style-type: none"> • For the forecast of financial results, it is assumed that ESCON REIT will continue to own the real estate trust beneficiary interests in 39 properties already acquired up to the fiscal period ended January 31, 2026, in addition to real estate trust beneficiary interests acquired on February 27, 2026 (Compass Hotel Nagoya) for a purchase price of 4,400 million yen, and that ESCON REIT will transfer real estate trust beneficiary interests (four leasehold land properties) (“DRUG Yutaka Mukokamiueno (leasehold land),” “WELCIA Amagasaki Mukomotomachi (leasehold land),” “Cocokara Fine Neyagawakoen (leasehold land),” and “ENEOS Ikawadani SS (leasehold land)”) for a planned transfer price of 2,400 million yen on March 27, 2026. It is also assumed that there will be no changes made to the assets under management such as acquisition of new properties and/or disposition of portfolio properties, etc. until the end of the fiscal period ending January 31, 2027, excluding the acquisition and transfer of the above properties. • Changes may arise due to the acquisition of new properties other than the intended acquisition assets, disposition of portfolio properties, etc.
Operating revenue	<ul style="list-style-type: none"> • Real estate leasing revenue of the Acquired Assets is calculated based on lease contracts effective as of the date of this document, taking into account tenant and market trends and other factors. • Operating revenue is based on the assumption that tenants will pay their rents without delinquency. • “Compass Hotel Nagoya” is scheduled to undergo a temporary full closure during the fiscal period ending July 31, 2026 in connection with a rebranding. • Recognizing a gain on the sale of trust real estate of 89 million yen in the fiscal period ending July 31, 2026 is expected, related to the transfer of real estate trust beneficiary interests (four leasehold land properties) scheduled for March 27, 2026. • Utilities charges received are expected to be 326 million yen for the fiscal period ending July 31, 2026 and 361 million yen for the fiscal period ending January 31, 2027.
Operating expenses	<ul style="list-style-type: none"> • Of the real estate leasing business expenses, which are the major operating expenses, expenses excluding depreciation pertaining to the Acquired Assets are calculated based on past actual expenses and reflect variable factors. • Property taxes and city planning taxes for the Acquired Assets are expected to be 228 million yen for the fiscal period ending July 31, 2026 and 227 million yen for the fiscal period ending January 31, 2027. In general, when buying and selling real estate, the property taxes and city planning taxes are allocated based on the period of ownership and settled at the time of acquisition between the previous owner and the new owner. However, for ESCON REIT, since the amount of these taxes settled shall be included in the acquisition cost, the property taxes and city planning taxes for “Compass Hotel Nagoya” acquired as of February 27, 2026 will not be recorded as expenses for the fiscal period ending July 31, 2026 and for the fiscal period ending January 31, 2027. • Utilities charges are expected to be 318 million yen for the fiscal period ending July 31, 2026 and 346 million yen for the fiscal period ending January 31, 2027. • Expenses for repairing buildings are expected to be 56 million yen for the fiscal period ending July 31, 2026 and 51 million yen for the fiscal period ending January 31, 2027. As expenses for repairing buildings, the amount estimated based on the medium- and long-term repair plan created by the Asset Manager is accounted for. The actual repair expenses during a specific financial period may differ significantly from the expected amount, given that damage to buildings for unexpected reasons may give rise to emergency repair expenses, the amount generally varies considerably from fiscal period to fiscal period, and repair expenses do not fall under expenses that are regularly incurred. • Depreciation is calculated using the straight-line method inclusive of incidental expenses, etc. and is expected to amount to 246 million yen for the fiscal period ending July 31, 2026 and 258 million yen for the fiscal period ending January 31, 2027.
Non-operating expenses	<ul style="list-style-type: none"> • Non-operating expenses are estimated to be 408 million yen for the fiscal period ending July 31, 2026 and 405 million yen for the fiscal period ending January 31, 2027 as for interest expenses and other borrowing cost. • Non-operating expenses are based on the assumption that borrowing cost that is allowed to be expensed in a lump sum for both accounting and tax purposes will be expensed in a lump sum in each relevant period.

Item	Assumptions
Borrowings	<ul style="list-style-type: none"> • Total interest-bearing debt is 36,951 million yen at the end of the fiscal period ended January 31, 2026. • It is assumed that 2,300 million yen of the 4,600 million yen borrowings dated February 27, 2026, taken out in connection with the acquisition of the “Compass Hotel Nagoya,” will be repaid early upon the transfer of the aforementioned real estate trust beneficiary interests (four leasehold land properties) on March 27, 2026. • It is assumed that all borrowings maturing in the fiscal period ending July 31, 2026 and fiscal period ending January 31, 2027 will be refinanced. • Total interest-bearing liabilities are expected to be 39,251 million yen at the end of the period ending July 31, 2026 and at the end of the period ending January 31, 2027. • LTV ratio is expected to be approximately 47.2% at the end of the period ending July 31, 2026 and 47.0% at the end of the period ending January 31, 2027. LTV ratio: Total interest-bearing liabilities / Total assets *100
Number of investment units	<ul style="list-style-type: none"> • It is assumed that, in addition to the 360,667 units, no additional investment units will be issued before the end of the period ending January 31, 2027. • DPU (excluding distribution in excess of earnings) per unit for the end of period ending July 31, 2026 and at the end of period ending January 31, 2027 is calculated based on the anticipated number of investment units issued and outstanding totaling 360,667 units at the end of the period ending July 31, 2026 and at the end of period ending January 31, 2027.
DPU (excluding distributions in excess of earnings)	<ul style="list-style-type: none"> • DPU (excluding distribution in excess of earnings) is calculated based on the assumption that distributions will be conducted in accordance with the cash distribution policy provided in ESCON REIT’s Articles of Incorporation. • DPU (excluding distribution in excess of earnings) may vary due to various factors, such as fluctuation in rent revenue accompanying changes in assets under management, changes in tenants, etc. or incurrence of unexpected repairs.
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> • Even though it is possible for ESCON REIT to make cash distributions in excess of earnings in accordance with the Articles of Incorporation, ESCON REIT does not intend to make such cash distributions at this point in time when factoring in the ratio of capital expenditures to depreciation expenses and in order to maintain conservative financial management.
Others	<ul style="list-style-type: none"> • It is assumed that there will be no revision of laws and regulations, tax systems, accounting standards, listing rules of the Tokyo Stock Exchange, Inc., and rules of The Investment Trusts Association, Japan, etc. that will impact the forecasted figures above. • It is assumed that there will be no unforeseen material change in general economic trends, real estate market conditions, etc.

(2) Investment Risk

No disclosure necessary, since there have been no material changes from “Investment risk” in the most recent periodic securities report (submitted October 27, 2025, including subsequent amendment).

2. Financial Statements

(1) Balance Sheets

(Unit: thousand yen)

	Previous fiscal period 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 noncurrent assets	71,755,453	74,491,294
Total assets	78,398,731	80,999,578

(Unit: thousand yen)

	Previous fiscal period 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 trusts	2,661,860	2,661,778
Total non-current liabilities	24,187,160	27,312,078
Total liabilities	37,823,166	40,521,815
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	*1 40,477,762
Total liabilities and net assets	78,398,731	80,999,578

(2) 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
Operating revenue		
Leasing business revenue	*1 2,632,437	*1 2,650,666
Other leasing business revenue	*1 492,442	*1 381,599
Total operating revenue	3,124,880	3,032,265
Operating expenses		
Expenses related to leasing business	*1 1,179,781	*1 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

(3) Statements of Unitholders' Equity

Previous fiscal period (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

(4) 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
(Distributions per unit)	(3,886)	(3,615)
III. Retained earnings carried forward	184,252	122,236
Method of calculating the amount of distributions	<p>The cash distribution policy set out in Article 36, Paragraph 1 of the Articles of Incorporation of 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.</p> <p>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.</p> <p>Furthermore, ESCON REIT will not distribute cash in excess of earnings as provided in Article 36, Paragraph 2 of the Articles of Incorporation.</p>	<p>The cash distribution policy set out in Article 36, Paragraph 1 of the Articles of Incorporation of 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.</p> <p>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.</p> <p>Furthermore, ESCON REIT will not distribute cash in excess of earnings as provided in Article 36, Paragraph 2 of the Articles of Incorporation.</p>

(5) Statements of Cash Flows

(Unit: thousand yen)

	Previous fiscal period From February 1, 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 the trusts	65,294	21,147
Refund of tenant lease and guarantee deposits in the trusts	(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	*1 6,362,695

(6) Notes on Going Concern Assumptions

Not applicable.

(7) Notes on Matters Concerning Significant Accounting Policies

1. Method of depreciation and amortization of non-current assets	<p>(1) Property, plant and equipment (including assets in trust) The straight-line method is used. The useful lives of property, plant and equipment are as follows.</p> <ul style="list-style-type: none">• Buildings 2 to 64 years• Structures 9 to 63 years• Tools, furniture and fixtures 2 to 15 years <p>(2) Intangible assets The straight-line method is used.</p> <p>(3) Long-term prepaid expenses The straight-line method is used.</p>
2. Accounting standards for revenues and expenses	<p>(1) Standards for revenue recognition The following is a description of the ESCON REIT's main performance obligations with respect to revenues arising from contracts with customers and the normal time at which such performance obligations are satisfied (i.e., the normal time at which revenue is recognized).</p> <p>i. Sales of real estate For sales of real estate revenue is recognized when the customer (i.e., the buyer) obtains control of the real estate as a result of our fulfillment of the delivery obligations stipulated in the sales contract for the real estate.</p> <p>ii. Utilities charges received Utilities charges received are recorded as revenues according to the supply of electricity, water to the lessee as a customer, based on the lease contract of the real estate and other related agreements.</p> <p>(2) Accounting for property taxes For property taxes, city planning taxes, depreciable asset taxes on real estate holdings, the amounts corresponding to the current fiscal period are treated as expenses related to the leasing business. Consistent with the acquisition of real estate or trust beneficiary interests in real estate, the amount equivalent to property taxes and other expenses for the first year paid to the transferor as a settlement payment is not recorded as an expense and is included in the acquisition cost for the purchased real estate property. The amount equivalent to 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.</p>
3. Hedge accounting methods	<p>(1) Hedge accounting methods Special accounting treatment has been adopted because it meets the requirements for special treatment for interest rate swaps.</p> <p>(2) Hedge instruments and hedge items Hedge instrument: interest rate swaps Hedge item: interest on borrowings</p> <p>(3) Hedge policy ESCON REIT conducts derivative transactions for the purpose of hedging risks as defined in the ESCON REIT agreement based on the derivative management regulations.</p> <p>(4) Method for evaluating hedge efficacy The evaluation of effectiveness is omitted because the interest rate swap meets the requirements for special treatment.</p>

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	<p>(1) Accounting for trust beneficial interests in real estate as trust asset For trust beneficial interests in real estate held as trust assets, all assets and liabilities as well as all revenue and expense items associated with trust assets are accounted for under the respective account items of the balance sheets and Statement of Income and Retained Earnings. Included in the trust assets accounted for under the respective account items, the following items of significance are separately classified on the balance sheets.</p> <ul style="list-style-type: none"> i. Cash in trust and deposits in trust ii. Buildings in trust and structures in trust Tools, furniture and fixtures in trust and land in trust iii. Leasehold and guarantee deposits received in trust <p>(2) Accounting for non-deductible consumption taxes Non-deductible consumption taxes on non-current assets are included in the acquisition cost of individual assets.</p>

(8) Notes to Financial Statements
[Note to Balance Sheets]

(Unit: thousand yen)

	Previous fiscal period As of July 31, 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 revenues	223,411	224,294
Total	2,632,437	2,650,666
Other leasing business revenues		
Utilities charges received	332,169	358,427
Penalty income	146,366	4,227
Other revenues	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 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 does not enter into any derivative transactions.

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

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

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

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

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

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

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

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

(Unit: thousand yen)

	Carrying value	Fair value*1	Difference
(1) Current portion of long-term borrowings	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,” “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 the trusts” have been omitted since the balances are not material to the financial statements.

(Unit: thousand yen)

	Carrying value	Fair value*1	Difference
(1) Current portion of long-term borrowings	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 on Derivative Transactions]

1. Items for which hedge accounting does not apply

No applicable items for the previous fiscal period (July 31, 2025) and the current fiscal period (January 31, 2026).

2. Items for which hedge accounting applies

The previous fiscal period (July 31, 2025)

(Unit: thousand yen)

Hedge accounting methods	Type of derivative transaction	Main hedge eligibility	Contract amounts, etc.*1		Market price	Market price calculation method*2
				Those over 1 year		
Interest rate swap special treatment	Interest rate swap variable receipt/fixed payment	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. Items subject to special treatment for interest rate swaps are accounted for together with long-term borrowings, which are eligible for hedging, and as such the market value is listed in the market value for the long-term borrowings.

The current fiscal period (January 31, 2026)

(Unit: thousand yen)

Hedge accounting methods	Type of derivative transaction	Main hedge eligibility	Contract amounts, etc.*1		Market price	Market price calculation method*2
				Those over 1 year		
Interest rate swap special treatment	Interest rate swap variable receipt/fixed payment	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. Items subject to special treatment for interest rate swaps are accounted for together with long-term borrowings, which are eligible for hedging, and as such the market value is listed in the market value for the long-term borrowings.

[Notes to Deferred Income Taxes]

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

(Unit: thousand yen)

	Previous fiscal period As of July 31, 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 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. Revenues from contracts with customers mainly include revenues from sales of real estate and utility charges.

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

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. Revenues from contracts with customers mainly include revenues from sales of real estate and utility charges.

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

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

Previous fiscal period (From February 1, 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 (balance at the beginning of period)	—	—
Contract assets (balance at the end of period)	—	—
Contract liabilities (balance at the beginning of period)	—	—
Contract liabilities (balance at the end of period)	—	—

(2) Transaction prices allocated to remaining performance obligations

Not applicable.

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

[Notes to Per Unit Information]

	Previous fiscal period From February 1, 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 interests 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	Trust beneficiary interests to real estate
Asset 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	JPY4,400 million
Appraisal value*3	JPY4,910 million

*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. Conclusion of asset transfer contract

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

(unit: million yen)

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

*1 “Anticipated transfer 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 to be Transferred, with amounts less than one million yen rounded down. The transfer price does not include consumption tax, local consumption tax, or various expenses required for the transfer.

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

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

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

*5 The transfer of the assets to be transferred 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 Scheduled transfer date | March 27, 2026 |
| ③ Anticipated transferee | Not disclosed* |
| ④ Use of transfer 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 anticipated transferee is a domestic operating 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 “A. Acquisition of an asset” above, as well as related expenses. In addition, ESCON REIT plans to repay 2,300 million yen of these borrowings early upon the transfer of the real estate trust beneficiary interests described in “B. Conclusion of asset transfer contract” above.

Classification	Lender	Borrowing amount	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

(Disclosure Omissions)

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

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

Changes in the total amount of investment and the total number of investment units issued and outstanding for ESCON REIT in the past five years up to the end of the current fiscal period are as follows.

Date	Summary	Total number of investment units Issued and outstanding (units)		Total amount of investment (million yen)		Remarks
		Increase	Balance	Increase	Balance	
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.

3. Reference Information

(1) Portfolio Information

i. Status of investment

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

	Amount (million yen)	Ratio to total assets (%) *2	Amount (million yen)	Ratio to total assets (%) *2
Total liabilities	37,823	48.2	40,521	50.0
Total net assets	40,575	51.8	40,477	50.0

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

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

ii. Investment assets

A. Major investment securities

Not applicable.

B. Investment properties

Not applicable.

C. Other major investment assets

a. Overview of assets owned

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

(As of January 31, 2026)

Property number	Property type* ¹	Property name	Location	Ownership formats* ²	Acquisition price (million yen) ^{*3}	Book value (million yen)	Appraisal value at the end of the period (million yen) ^{*4}	Investment ratio ^{*5}
11201	Commercial facilities	YAMADA DENKI Tecc Land Sapporo Shiroishi (Leasehold land)	Sapporo City, Hokkaido	Trust beneficiary interests	1,300	1,310	1,350	1.8
13101	Commercial facilities	Asumigaoka Brand-New Mall* ⁶	Chiba City, Chiba	Trust beneficiary interests	3,200	3,223	(1) 2,120	4.3
		Asumigaoka Brand-New Mall (Leasehold land) ^{*7}					(2) 164	
13102	Commercial facilities	Nishi-shiroi Ekimae Plaza	Shiroi City, Chiba	Trust beneficiary interests	451	454	475	0.6
13103	Commercial facilities	fab Minamiosawa	Hachioji City, Tokyo	Trust beneficiary interests	3,600	3,715	4,400	4.9
13201	Commercial facilities	K's Denki Oyumino (Leasehold land)	Chiba City, Chiba	Trust beneficiary interests	2,710	2,737	2,890	3.7
13202	Commercial facilities	Nitori Tsuchiura (Leasehold land)	Tsuchiura City, Ibaraki	Trust beneficiary interests	999	1,007	1,110	1.3
13203	Commercial facilities	Nitori Imaichi (Leasehold land)	Nikko City, Tochigi	Trust beneficiary interests	363	368	413	0.5
15201	Commercial facilities	MaxValu Kikyogaoka-higashi (Leasehold land)	Nabari City, Mie	Trust beneficiary interests	477	483	556	0.6
16101	Commercial facilities	tonarie Minami-senri	Suita City, Osaka	Trust beneficiary interests	7,200	7,567	10,900	9.7
16102	Commercial facilities	tonarie Seiwadai	Kawanishi City, Hyogo	Trust beneficiary interests	3,290	3,141	3,290	4.4
16103	Commercial facilities	tonarie Yamatotakada	Yamatotakada City, Nara	Trust beneficiary interests	8,208	8,026	8,200	11.1
16104	Commercial facilities	tonarie Toga・Mikita	Sakai City, Osaka	Trust beneficiary interests	6,986	6,713	7,230	9.4
16201	Commercial facilities	LAMU Kitatsumori (Leasehold land)	Osaka City, Osaka	Trust beneficiary interests	1,270	1,284	1,480	1.7
16202	Commercial facilities	K's Denki Nishi-kobe (Leasehold land)	Kobe City, Hyogo	Trust beneficiary interests	2,133	2,154	2,470	2.9
16203	Commercial facilities	Sanyo Marunaka Mitani (Leasehold land)	Kobe City, Hyogo	Trust beneficiary interests	1,430	1,443	1,560	1.9
16206	Commercial facilities	TRIAL Omihachiman (Leasehold land)	Omihachiman City, Shiga	Trust beneficiary interests	1,010	1,019	1,120	1.4
16207	Commercial facilities	Kusuri no Aoki Ikaruga (Leasehold land) ^{*8}	Ikoma District, Nara	Trust beneficiary interests	711	718	(1) 701 (2) 30	1.0
16208	Commercial facilities	DRUG Yutaka Mukokamiueno (Leasehold land)	Muko City, Kyoto	Trust beneficiary interests	460	464	477	0.6
16209	Commercial facilities	WELCIA Amagasaki Mukomotomachi (Leasehold land)	Amagasaki City, Hyogo	Trust beneficiary interests	565	571	580	0.8
16210	Commercial facilities	Cocokara Fine Neyagawakoen (Leasehold land)	Neyagawa City, Osaka	Trust beneficiary interests	702	709	722	0.9
16211	Commercial facilities	ENEOS Ikawadani SS (Leasehold land)	Kobe City, Hyogo	Trust beneficiary interests	530	535	531	0.7
16212	Commercial facilities	GEO Hikone Takamiya (Leasehold land)	Hikone City, Shiga	Trust beneficiary interests	300	304	300	0.4
16213	Commercial facilities	Kohnan tonarie Yamatotakada (Leasehold land)	Yamatotakada City, Nara	Trust beneficiary interests	1,145	1,165	1,180	1.5
18101	Commercial facilities	SUROY MALL Nagamine	Kumamoto City, Kumamoto	Trust beneficiary interests	4,600	4,582	3,960	6.2
18201	Commercial facilities	MrMAX Kasuga (Leasehold land)	Kasuga City, Fukuoka	Trust beneficiary interests	3,387	3,428	4,180	4.6
18202	Commercial facilities	UNIQLO Kasuga (Leasehold land)	Kasuga City, Fukuoka	Trust beneficiary interests	595	601	704	0.8
18203	Commercial facilities	Avail. Shimamura Kasuga (Leasehold land)	Kasuga City, Fukuoka	Trust beneficiary interests	863	874	1,160	1.2
18204	Commercial facilities	au-SoftBank Kasuga (Leasehold land)	Kasuga City, Fukuoka	Trust beneficiary interests	143	145	166	0.2
18205	Commercial facilities	Kura Sushi Kasuga (Leasehold land)	Kasuga City, Fukuoka	Trust beneficiary interests	261	264	314	0.4
18206	Commercial facilities	docomo Shop Kasuga (Leasehold land)	Kasuga City, Fukuoka	Trust beneficiary interests	160	163	187	0.2

Property number	Property type*1	Property name	Location	Ownership formats*2	Acquisition price (million yen) ^{*3}	Book value (million yen)	Appraisal value at the end of the period (million yen) ^{*4}	Investment ratio ^{*5}
18207	Commercial facilities	Konpira Maru Kasuga (Leasehold land)	Kasuga City, Fukuoka	Trust beneficiary interests	236	239	272	0.3
18208	Commercial facilities	One-Karubi Kasuga (Leasehold land)	Kasuga City, Fukuoka	Trust beneficiary interests	236	239	272	0.3
18209	Commercial facilities	Suke-san Kasuga (Leasehold land)	Kasuga City, Fukuoka	Trust beneficiary interests	401	405	431	0.5
18210	Commercial facilities	NAFCO Kasuga (Leasehold land)	Kasuga City, Fukuoka	Trust beneficiary interests	2,631	2,666	3,680	3.5
18211	Commercial facilities	K's Denki Kasuga (Leasehold land)	Kasuga City, Fukuoka	Trust beneficiary interests	1,487	1,506	1,980	2.0
19101	Commercial facilities	Fuji Grand Natalie	Hatsukaichi City, Hiroshima	Trust beneficiary interests	3,950	3,808	4,220	5.3
19201	Commercial facilities	K's Denki Kurashiki (Leasehold land)	Kurashiki City, Okayama	Trust beneficiary interests	2,121	2,136	2,470	2.9
33101	Other	Nine hours woman Shinjuku	Shinjuku Ward, Tokyo	Trust beneficiary interests	2,700	2,775	3,100	3.6
39101	Other	Hasekura Medical Building	Sendai City, Miyagi	Trust beneficiary interests	1,400	1,387	1,480	1.9
		Total			74,218	74,347	82,979	100.0

*1. "Property type" includes commercial facilities, residence, and other.

*2. "Trust beneficiary interests" represent trust beneficiary interests in mainly real estate.

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

*4. The "Appraisal value at the end of the period" is based on the asset valuation methods and standards stipulated in the Articles of Incorporation of ESCON REIT and rules set by Investment Trusts Association, Japan, and the appraised values are stated in real estate appraisal reports prepared by real estate appraisers, with the valuation date being the end of the current fiscal period.

*5. "Investment ratio" indicates the proportion of each owned asset's acquisition price relative to the total acquisition price, rounded off to the nearest first decimal place.

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

*7. 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.

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

b. Overview of lease

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

(As of January 31, 2026)

Property number	Property name	Total number of tenants* ¹	Leasable area (m ²)* ²	Leased area (m ²)* ²	Occupancy rate (%) * ³	Real estate leasing business revenue (million yen) * ⁴	Ratio to total rent revenue (%)
11201	YAMADA DENKI Tecc Land Sapporo Shiroishi (Leasehold land)	1	8,154.00	8,154.00	100.0	Not disclosed* ⁷	Not disclosed* ⁷
13101	Asumigaoka Brand-New Mall	28	22,908.32	22,474.40	98.1	270	8.9
	Asumigaoka Brand-New Mall (Leasehold land)	1	1,472.64	1,472.64	100.0		
13102	Nishi-shiroi Ekimae Plaza	4	969.72	969.72	100.0	20	0.7
13103	fab Minamiosawa	11	8,418.42	7,728.48	91.8	151	5.0
13201	K's Denki Oyumino (Leasehold land)	1	23,379.50	23,379.50	100.0	70	2.3
13202	Nitori Tsuchiura (Leasehold land)	1	10,312.00	10,312.00	100.0	Not disclosed* ⁷	Not disclosed* ⁷
13203	Nitori Imaichi (Leasehold land)	1	10,236.00	10,236.00	100.0	Not disclosed* ⁷	Not disclosed* ⁷
15201	MaxValu Kikyogaoka-higashi (Leasehold land)	1	9,025.88	9,025.88	100.0	Not disclosed* ⁷	Not disclosed* ⁷
16101	tonarie Minami-senri	42	7,527.87	7,458.92	99.1	656	21.7
16102	tonarie Seiwadai	31	8,798.01	8,717.16	99.1	185	6.1
16103	tonarie Yamatotakada	64	14,406.22	14,120.22	98.0	371	12.2
16104	tonarie Toga・Mikita	31	8,471.24	8,402.34	99.2	268	8.9
16201	LAMU Kitatsumori (Leasehold land)	1	11,677.03	11,677.03	100.0	38	1.3
16202	K's Denki Nishi-kobe (Leasehold land)	1	9,787.68	9,787.68	100.0	62	2.1
16203	Sanyo Marunaka Mitani (Leasehold land)	1	9,610.80	9,610.80	100.0	Not disclosed* ⁷	Not disclosed* ⁷
16206	TRIAL Omihachiman (Leasehold land)	1	17,268.43	17,268.43	100.0	Not disclosed* ⁷	Not disclosed* ⁷
16207	Kusuri no Aoki Ikaruga (Leasehold land)* ⁵	2	8,486.85	8,486.85	100.0	Not disclosed* ⁷	Not disclosed* ⁷
16208	DRUG Yutaka Mukokamiueno (Leasehold land)	1	1,839.21	1,839.21	100.0	Not disclosed* ⁷	Not disclosed* ⁷
16209	WELCIA Amagasaki Mukomotomachi (Leasehold land)	1	1,491.47	1,491.47	100.0	Not disclosed* ⁷	Not disclosed* ⁷
16210	Cocokara Fine Neyagawakoen (Leasehold land)	1	2,728.00	2,728.00	100.0	Not disclosed* ⁷	Not disclosed* ⁷
16211	ENEOS Ikawadani SS (Leasehold land)	1	2,634.83	2,634.83	100.0	Not disclosed* ⁷	Not disclosed* ⁷
16212	GEO Hikone Takamiya (Leasehold land)	1	2,237.60	2,237.60	100.0	Not disclosed* ⁷	Not disclosed* ⁷
16213	Kohnan tonarie Yamatotakada (Leasehold land)	1	8,066.07	8,066.07	100.0	Not disclosed* ⁷	Not disclosed* ⁷
18101	SUROY MALL Nagamine* ⁶	22	12,622.98	10,449.17	82.8	159	5.3
18201	MrMAX Kasuga (Leasehold land)	1	38,113.27	38,113.27	100.0	86	2.9
18202	UNIQLO Kasuga (Leasehold land)	1	5,426.59	5,426.59	100.0	14	0.5
18203	Avail. Shimamura Kasuga (Leasehold land)	1	8,752.57	8,752.57	100.0	24	0.8
18204	au-SoftBank Kasuga (Leasehold land)	1	1,200.84	1,200.84	100.0	4	0.1
18205	Kura Sushi Kasuga (Leasehold land)	1	2,257.85	2,257.85	100.0	7	0.2

Property number	Property name	Total number of tenants*1	Leasable area (m ²) *2	Leased area (m ²) *2	Occupancy rate (%) *3	Real estate leasing business revenue (million yen) *4	Ratio to total rent revenue (%)
18206	docomo Shop Kasuga (Leasehold land)	1	1,358.76	1,358.76	100.0	4	0.2
18207	Konpira Maru Kasuga (Leasehold land)	1	1,983.48	1,983.48	100.0	6	0.2
18208	One-Karubi Kasuga (Leasehold land)	1	1,983.48	1,983.48	100.0	6	0.2
18209	Suke-san Kasuga (Leasehold land)	1	3,126.16	3,126.16	100.0	10	0.3
18210	NAFCO Kasuga (Leasehold land)	1	33,928.37	33,928.37	100.0	Not disclosed ^{*7}	Not disclosed ^{*7}
18211	K's Denki Kasuga (Leasehold land)	1	16,961.48	16,961.48	100.0	38	1.3
19101	Fuji Grand Natalie	1	28,543.96	28,543.96	100.0	Not disclosed ^{*7}	Not disclosed ^{*7}
19201	K's Denki Kurashiki (Leasehold land)	1	11,433.38	11,433.38	100.0	Not disclosed ^{*7}	Not disclosed ^{*7}
33101	Nine hours woman Shinjuku	1	787.03	787.03	100.0	16	0.5
39101	Hasekura Medical Building	6	2,459.17	2,459.17	100.0	51	1.7
	Total	271	380,847.16	377,044.79	99.0	3,032	100.0

- *1. The "total number of tenants" are reported based on data as of the closing date. For properties under a pass-through type master lease contract, the "total number of tenants" is reported based on end tenants. For "Fuji Grand Natalie" facility, Fuji Corporation has entered into a lease agreement for the whole building.
- *2. "Leasable area" is the total area considered available for lease in the acquired assets (if the acquired asset is leasehold lands, such lands) as of January 31, 2026, based on the various lease agreements, reports prepared by property management companies, or building plans. "Leased area" is the total leased area indicated in each lease agreement as of the closing date. In addition, the Leased Area for assets for which a master lease agreement has been concluded is the total area that has actually been leased to end tenants with sublease agreements, etc. However, for "Fuji Grand Natalie," which has a lease agreement with Fuji Corporation, the "leased area" of the lease agreement. The area is rounded off to the second decimal place, respectively.
- *3. The "occupancy rate" is calculated by the calculation formula below based on data as of the closing date and rounded off to the nearest first decimal place.
Occupancy rate = (Leased area / Leasable area) *100
- *4. The "real estate leasing business" revenue is rounded off to the stated value.
- *5. "Kusuri no Aoki Ikaruga (Leasehold land)" has fixed-term business-use land lease agreements with two lessees, Kusuri no Aoki Co., Ltd., and Ikaritombo Co., Ltd. Each figure is the sum of the figures for the two lessees.
- *6 Regarding "SUROY MALL Nagamine," in the 17th fiscal period, Penalty income (143,703 thousand yen) resulting from tenant moveouts was poseted. 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.
- *7. The figure is not disclosed as consent has not been obtained from the lessee or other parties.

c. Summary of appraisals, etc.

The following is a summary of respective real estate appraisal reports on owned assets commissioned by ESCON REIT to each of the below listed appraisal institutions. The appraisal reports represent the judgment and opinion of the appraiser as of a specific point in time and they do not guarantee the validity, accuracy, or the possibility of trading a property at its appraised value. Furthermore, these appraisers have no special interest relationship with ESCON REIT or the Asset Manager.

Property number	Property type	Property name	Appraiser	Appraisal value (million yen) *1	Cost approach value (million yen)	Value based on direct capitalization method (million yen)	Cap rate (%)	Value based on DCF method (million yen)	Discount rate (%)	Terminal cap rate (%)
11201	Commercial facilities	YAMADA DENKI Tecc Land Sapporo Shiroishi (Leasehold land)	The Tanizawa Sogo Appraisal Co., Ltd.	1,350	—	—	—	1,350	4.4	—
13101	Commercial facilities	Asumigaoka Brand-New Mall*2	The Tanizawa Sogo Appraisal Co., Ltd.	(1) 2,120 (2) 164	(1) 2,410 (2) 211	(1) 2,010 (2) 167	(1) 4.7 (2) 4.8	(1) 2,170 (2) 163	(1) 4.8 (2) until 5FY: 4.7 from 6FY to 10FY: 4.8 11FY: 4.9	① 4.9 ② 5.0
		Asumigaoka Brand-New Mall (Leasehold land)		154	—	—	—	154	until 1st month: 4.2 from 2nd month: 4.3	—
13102	Commercial facilities	Nishi-shiroi Ekimae Plaza	Daiwa Real Estate Appraisal Co., Ltd.	475	364	479	5.1	473	4.9	5.3
13103	Commercial facilities	fab Minamiosawa	Daiwa Real Estate Appraisal Co., Ltd.	4,400	4,240	4,540	4.1	4,340	3.9	4.3
13201	Commercial facilities	K's Denki Oyumino (Leasehold land)	JLL Morii Valuation & Advisory KK	2,890	—	—	—	2,890	4.7	—
13202	Commercial facilities	Nitori Tsuchiura (Leasehold land)	JLL Morii Valuation & Advisory KK	1,110	—	—	—	1,110	5.3	—
13203	Commercial facilities	Nitori Imaichi (Leasehold land)	JLL Morii Valuation & Advisory KK	413	—	—	—	413	5.6	—
15201	Commercial facilities	MaxValu Kikyougakohigashi (Leasehold land)	JLL Morii Valuation & Advisory KK	556	—	—	—	556	5.6	—
16101	Commercial facilities	tonarie Minami-senri	The Tanizawa Sogo Appraisal Co., Ltd.	10,900	11,900	10,700	4.0	11,000	4.3	4.4
16102	Commercial facilities	tonarie Seiwadai	Daiwa Real Estate Appraisal Co., Ltd.	3,290	2,270	3,280	5.4	3,290	5.2	5.6
16103	Commercial facilities	tonarie Yamatotakada	JLL Morii Valuation & Advisory KK	8,200	6,970	8,300	4.8	8,090	4.6	5.0
16104	Commercial facilities	tonarie Toga・Mikita	Daiwa Real Estate Appraisal Co., Ltd.	7,230	4,390	7,260	4.5	7,210	4.3	4.7
16201	Commercial facilities	LAMU Kitatsumori (Leasehold land)	JLL Morii Valuation & Advisory KK	1,480	—	—	—	1,480	4.3	—
16202	Commercial facilities	K's Denki Nishikobe (Leasehold land)	JLL Morii Valuation & Advisory KK	2,470	—	—	—	2,470	4.6	—
16203	Commercial facilities	Sanyo Marunaka Mitani (Leasehold land)	JLL Morii Valuation & Advisory KK	1,560	—	—	—	1,560	4.6	—
16206	Commercial facilities	TRIAL Omihachiman (Leasehold land)	JLL Morii Valuation & Advisory KK	1,120	—	—	—	1,120	4.6	—
16207	Commercial facilities	Kusuri no Aoki Ikaruga (Leasehold land) *3	JLL Morii Valuation & Advisory KK	(1) 701 (2) 30	—	—	—	(1) 701 (2) 30	5.2	—
16208	Commercial facilities	DRUG Yutaka Mukokamiueno (Leasehold land)	JLL Morii Valuation & Advisory KK	477	—	—	—	477	4.4	—
16209	Commercial facilities	WELCIA Amagasaki Mukomotomachi (Leasehold land)	The Tanizawa Sogo Appraisal Co., Ltd.	580	—	—	—	580	until 4FY: 4.0 from 5FY: 4.1	—
16210	Commercial facilities	Cocokara Fine Neyagawakoen (Leasehold land)	The Tanizawa Sogo Appraisal Co., Ltd.	722	—	—	—	722	until 2FY: 4.1 from 3FY: 4.2	—
16211	Commercial facilities	ENEOS Ikawadani SS (Leasehold land)	The Tanizawa Sogo Appraisal Co., Ltd.	531	—	—	—	531	until 4FY: 4.2 from 5FY: 4.3	—

Property number	Property type	Property name	Appraiser	Appraisal value (million yen) *1	Cost approach value (million yen)	Value based on direct capitalization method (million yen)	Cap rate (%)	Value based on DCF method (million yen)	Discount rate (%)	Terminal cap rate (%)
16212	Commercial facilities	GEO Hikone Takamiya (Leasehold land)	The Tanizawa Sogo Appraisal Co., Ltd.	300	—	—	—	300	4.3	—
16213	Commercial facilities	Kohnan tonarie Yamatotakada (Leasehold land)	JLL Morii Valuation & Advisory KK	1,180	—	—	—	1,180	4.5	—
18101	Commercial facilities	SUROY MALL Nagamine	JLL Morii Valuation & Advisory KK	3,960	5,000	4,030	5.2	3,890	5.0	5.4
18201	Commercial facilities	MrMAX Kasuga (Leasehold land)	The Tanizawa Sogo Appraisal Co., Ltd.	4,180	—	—	—	4,180	4.5	—
18202	Commercial facilities	UNIQLO Kasuga (Leasehold land)	The Tanizawa Sogo Appraisal Co., Ltd.	704	—	—	—	704	4.6	—
18203	Commercial facilities	Avail.Shimamura Kasuga (Leasehold land)	The Tanizawa Sogo Appraisal Co., Ltd.	1,160	—	—	—	1,160	4.6	—
18204	Commercial facilities	au-SoftBank Kasuga (Leasehold land)	The Tanizawa Sogo Appraisal Co., Ltd.	166	—	—	—	166	4.6	—
18205	Commercial facilities	Kura Sushi Kasuga (Leasehold land)	The Tanizawa Sogo Appraisal Co., Ltd.	314	—	—	—	314	4.6	—
18206	Commercial facilities	docomo Shop Kasuga (Leasehold land)	The Tanizawa Sogo Appraisal Co., Ltd.	187	—	—	—	187	4.6	—
18207	Commercial facilities	Konpira Maru Kasuga (Leasehold land)	The Tanizawa Sogo Appraisal Co., Ltd.	272	—	—	—	272	4.6	—
18208	Commercial facilities	One-Karubi Kasuga (Leasehold land)	The Tanizawa Sogo Appraisal Co., Ltd.	272	—	—	—	272	4.6	—
18209	Commercial facilities	Suke-san Kasuga (Leasehold land)	The Tanizawa Sogo Appraisal Co., Ltd.	431	—	—	—	431	4.6	—
18210	Commercial facilities	NAFCO Kasuga (Leasehold land)	The Tanizawa Sogo Appraisal Co., Ltd.	3,680	—	—	—	3,680	4.5	—
18211	Commercial facilities	K's Denki Kasuga (Leasehold land)	The Tanizawa Sogo Appraisal Co., Ltd.	1,980	—	—	—	1,980	4.5	—
19101	Commercial facilities	Fuji Grand Natalie	Daiwa Real Estate Appraisal Co., Ltd.	4,220	5,690	4,190	5.0	4,230	4.8	5.2
19201	Commercial facilities	K's Denki Kurashiki (Leasehold land)	JLL Morii Valuation & Advisory KK	2,470	—	—	—	2,470	4.6	—
33101	Other	Nine hours woman Shinjuku	Japan Real Estate Institute	3,100	2,340	3,150	3.8	3,050	3.6	3.9
39101	Other	Hasekura Medical Building	Japan Real Estate Institute	1,480	1,470	1,490	4.5	1,470	4.3	4.6
Total				82,979	—	—	—	82,816	—	—

*1. The date of "Appraisal value" in each case is January 31, 2026. The "Appraisal value" is the amount indicated in the appraisal report, rounded down to the nearest million yen. Consequently, the total of the "Appraisal value" may not equal the overall total.

*2. In "Asumigaoka Brand-New Mall," the "Appraisal value," "Cost approach value," "Value based on direct capitalization method," "Cap rate," "Value based on DCF method," "Discount rate," and "Terminal cap rate" are listed separately for the commercial building as (1) and the separate building as (2).

*3. "Kusuri no Aoki Ikaruga (Leasehold land)" has fixed-term business-use land lease agreements with two lessees, Kusuri no Aoki Co., Ltd., and Ikaritombo Co., Ltd., and "Appraisal value" and "Value based on DCF method" show the portion pertaining to Kusuri no Aoki Co., Ltd. as (1) and the portion pertaining to Ikaritombo Co., Ltd. as (2).

(2) Capital Expenditures

i. Planned capital expenditures

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	—	—

ii. Capital expenditures during the 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.