

September 11, 2023

To All Concerned Parties

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 ESCON JAPAN REIT Investment Corporation
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 (Securities Code: 2971)

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**Notice Concerning Revisions of Earnings Performance and Distribution Forecasts
 for the Fiscal Period Ending July 31, 2023**

ESCON JAPAN REIT Investment Corporation (hereinafter, “ESCON REIT”) announces that it has revised the forecasts for earnings performance and distributions of ESCON REIT for the fiscal period ending July 31, 2023 (February 1, 2023 to July 31, 2023) announced in the “Financial Report for the Fiscal Period Ended January 31, 2023 (REIT)” on March 17, 2023 as described below.

1. Revision of earnings performance and distributions forecasts

Revision of earnings performance and distributions forecasts for the fiscal period ending July 31, 2023 (February 1, 2023 to July 31, 2023)

	Operating revenue	Operating income	Ordinary income	Net income	DPU (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit
Previous forecast (A)	2,507 million yen	1,204 million yen	1,084 million yen	1,083 million yen	3,077 yen	—
Revised forecast (B)	2,497 million yen	1,255 million yen	1,140 million yen	1,139 million yen	3,238 yen	—
Variance (C) = (B) - (A)	(10) million yen	50 million yen	56 million yen	56 million yen	161 yen	—
Variance ratio (C) / (A)	(0.4)%	4.2%	5.2%	5.2%	5.2%	—

(Reference) Expected number of issued investment units as of July 31, 2023: 351,967

(Notes) *1 The earnings performance forecast for the fiscal period ending July 31, 2023 is the currently forecasted figures calculated under the assumptions stated in the Attachment 1 “Underlying Assumptions of the Operating Forecasts for the Fiscal Period ending July 31, 2023”. As a result, the actual operating revenues, operating income, ordinary income, net income, distributions per unit (excluding distributions in excess of earnings) and distributions in excess of earnings per unit may vary. In addition, the forecast does not guarantee the amount of distributions or distributions in excess of earnings.

*2 ESCON REIT may revise the above forecasts in the event that the difference between the forecasts and actual results are expected to exceed a certain threshold.

*3 Amounts are rounded down to the nearest whole unit, and percentages are rounded to first decimal place.

2. Reasons for the revision and announcement

As a result of a close examination of the earnings performance of the properties owned in the fiscal period ending July 31, 2023, the balance of utilities charges improved from the initial forecast due to factors such as reduced electricity consumption, and real estate leasing business expenses such as repair expenses and other operating expenses such as legal fees are expected to be less than the amount initially estimated to be necessary.

As a result, distribution forecasts for the fiscal period ending July 31, 2023 (February 1, 2023 to July 31, 2023) announced on March 17, 2023 will be revised due the expected difference of more than 5% distribution forecasts per unit.

The impact on the forecasts for earnings performance and distributions for the fiscal period ending January 31, 2024 is currently under close examination, but we recognize that the impact will be negligible. The results of a close examination are scheduled to be announced in the “Financial Report for the Fiscal Period Ended July 31, 2023 (REIT)” on September 14, 2023.

[Attachment 1]

Underlying Assumptions of the Operating Forecasts for the Fiscal Period ending July 31, 2023

Item	Assumptions
Calculation period	◆ 13 th fiscal period: February 1, 2023 to July 31, 2023 (181 days)
Assets under management	◆ Total assets under management for the period ending July 31, 2023 are estimated to be 69,585 million yen.
Operating revenue	<ul style="list-style-type: none"> ◆ Real estate leasing revenue 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. ◆ Operating revenue is based on the assumption that no gain/loss on sale of real estate will occur.
Operating expenses	<ul style="list-style-type: none"> ◆ Of the real estate leasing business expenses which are the major operating expense, expenses excluding depreciation, are calculated based on past actual expenses, and reflect variable factors. ◆ Property taxes and city planning taxes are expected to be 217 million yen for the fiscal period ending July 31, 2023 ◆ Depreciation is calculated using the straight-line method inclusive of incidental expenses, etc. and is expected to amount to 183 million yen in the fiscal period ending July 31, 2023 ◆ In accordance with accounting standards for impairment of non-current assets, it is assumed that no impairment loss will be recognized.
Non-operating expenses	◆ Non-operating expenses for the period ending July 31, 2023 are estimated to be 115 million yen, of which 114 million yen is for interest expenses and other borrowing cost.
Borrowings	<ul style="list-style-type: none"> ◆ It is assumed that interest-bearing liabilities at the end of period ending July 31, 2023 will be 33,091 million yen. ◆ LTV ratio is expected to be approximately 43.8% at the end of the period ending July 31, 2023. The following formula was used to calculate LTV ratio: $\text{LTV ratio} = \text{Total interest-bearing liabilities} / \text{Total assets} \times 100$
Number of investment units	◆ DPU (excluding distribution in excess of earnings) per unit for the period ending July 31, 2023 is calculated based on the anticipated number of investment units issued and outstanding totaling 351,967 units at the end of the period ending July 31, 2023.
DPU (excluding distributions in excess of earnings)	◆ 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.
Distributions in excess of earnings per unit	◆ 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.