

To All Concerned Parties

Investment Corporation
 ESCON JAPAN REIT Investment Corporation
 Representative: Satoshi Omori, Executive Director
 (Securities Code: 2971)

Asset Manager
 ES-CON ASSET MANAGEMENT Ltd.
 Representative: Satoshi Omori, President and Representative Director
 Inquiries: Yuki Yoshida, Chief Financial Officer of the Finance
 and Planning Department
 TEL: +81-3-6230-9338

Notice Concerning Debt Financing

ESCON JAPAN REIT Investment Corporation (hereinafter, “ESCON REIT”) announces today that it has decided to obtain debt financing (hereinafter, the “Borrowings”), as follows.

1. Details of Borrowings

Term* ¹	Lenders	Scheduled borrowing amount* ² (million yen)	Interest rate* ³	Scheduled drawdown date	Maturity date	Repayment method* ⁵	Remarks
Short-term borrowings	Syndicate of lenders arranged by Mizuho Bank, Ltd.	373	Base rate* ⁴ +0.20%	February 4, 2020	The last day of January, 2021	Bullet repayment	Secured / Unguaranteed* ⁶
Long-term borrowings		5,410 (Maximum)	Base rate* ⁴ +0.35%	February 4, 2020	The last day of January, 2024		

Notes

- * 1 “Short-term borrowings” refers to those with a maturity of one year or less from the drawdown date. “Long-term borrowings” refers to those with a maturity of more than one year from the drawdown date. The same shall apply hereafter.
- * 2 The borrowing amount described in the table above is the maximum amount and the actual amount of the Borrowings is subject to change by the time of drawdown considering the net proceeds from the issuance of new investment units through primary offering and through third-party allotment described in “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units” separately announced today.
- * 3 Loan fees and other charges to be paid to the above lenders are not included.
- * 4 “Base rate” refers to the Japanese yen Tokyo Interbank Offered Rate (TIBOR) published by the Japanese Bankers Association (JBA) TIBOR Administration.
- * 5 If certain requirements, such as advance notification in writing by ESCON REIT, are met during the period between the drawdown date of the Borrowings and the maturity date indicated above, ESCON REIT is eligible to repay the borrowed amounts either in whole or in part prior to the date of maturity.
- * 6 ESCON REIT has concluded a basic agreement on the Borrowings with the above lenders to acquire three properties announced in the press release “Notice Concerning Acquisition and Leasing of Real Estate Trust Beneficial Interest in Japan” as of today (hereinafter, the “Assets to be Acquired”), and based on the basic agreement, it will conclude an individual loan agreement with these lenders effective until immediately after the closing of the primary offering. In the individual loan agreement, a right of pledge will be established, with ESCON REIT as the pledger, on beneficiary rights already acquired and to be acquired by ESCON REIT, with some financial restrictions, such as maintaining certain financial indicator figures based on assets and liabilities.
- * The Borrowings are subject to conclusion of an agreement related to loans where the lenders are reasonably content to the terms and conditions and fulfillment of the entire conditions precedent that are separately prescribed.

2. Reason for Borrowings

The funds will partially be used for the acquisition of the Assets to be Acquired* and related expenses.

* For a summary of the Assets to be Acquired, please refer to “Notice Concerning Acquisition and Leasing of Real Estate Trust Beneficial Interest in Japan” announced today.

3. Total amount of loan proceeds, purpose of use and outlay date

(1) Total amount of loan proceeds

5,783 million yen (Maximum)

(2) Specific purpose of use of loan proceeds

The funds will partially be used for the acquisition of the Assets to be Acquired and related expenses.

(3) Scheduled outlay date

February 4, 2020

Disclaimer: This press release is prepared solely for the purpose of public disclosure concerning debt financing of ESCON REIT and does not constitute a solicitation for investment. Investors shall ensure that they read the prospectus for the issuance of new investment units and secondary offering of investment units prepared by ESCON REIT, including any amendments thereto, before making their investment decisions, which shall be made at their sole discretion and responsibility.

4. Status of interest-bearing debt after Borrowings (The “Planned Borrowing Amount”)

(million yen)

	Before Borrowings	After Borrowings	Change
Short-term borrowings	-	373	373
Long-term borrowings	19,820	24,681	4,861
Total borrowings	19,820	25,054	5,234
Investment corporation bonds	-	-	-
Total borrowings and investment corporation bonds	19,820	25,054	5,234
Other interest-bearing debt	-	-	-
Total interest-bearing debt	19,820	25,054	5,234

* “Planned Borrowing Amount” is calculated by ES-CON ASSET MANAGEMENT Ltd. upon factoring in the funds for the acquisition of the Assets to be Acquired and related expenses, the total remaining amount after determining the estimated amount of the net proceeds from the issuance of new investment units through the primary offering (based on the closing price in a regular trading session at the Tokyo Stock Exchange as of December 20 (Friday), 2019), and may differ from the total amount of loan proceeds (5,783 million yen). The actual borrowing amount will be determined after the issue amount of the primary offering has been decided and may differ depending on the total issue amount.

5. Other

The risks of the Borrowings are stated in the “Investment Risks” section in the Securities Registration Statement submitted today.

* Translation for reference purpose only. ESCON REIT has not published an English version of its Securities Registration Statement.

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