

January 16, 2023

To All Concerned Parties

Investment Corporation
ESCON JAPAN REIT Investment Corporation
Representative: Atsumu Sasaki, Executive Director
(Securities Code: 2971)

Asset Management Company
ES-CON ASSET MANAGEMENT Ltd.
Representative: Takeharu Kagiya
President and Representative Director
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Notice Concerning the Conclusion of a Compensation Agreement

ESCON JAPAN REIT Investment Corporation (hereinafter, “ESCON REIT”) hereby announces that ESCON REIT and its asset manager, ES-CON Asset Management (hereinafter, the “Asset Manager”) have concluded an agreement (hereinafter, the “Agreement”) today regarding compensation for damages caused by the Asset Manager’s breach of fiduciary duty of loyalty.

1. Details of This Matter

As announced in the "Notice Concerning ESCON REIT’s Response Concerning Liability Claims Against the Asset Manager" dated December 16, 2022, concerning the amount of damages that ESCON REIT had identified as having been caused by the Asset Manager’s breach of fiduciary duty of loyalty, ESCON REIT decided not to file a suit against the Asset Manager to pursue liability, based on the Asset Manager’s the declaration of its intent to compensate ESCON REIT for the full amount of damages by the end of January 2023, subject to the completion of necessary preparations, including the provision of funds and confirmation that there are no legal problems.

2. ESCON REIT’s Response

The Asset Manager has completed the preparations necessary for the payment of compensation, and therefore, ESCON REIT has concluded this Agreement with the Asset Manager under which the Asset Manager will compensate ESCON REIT for the full amount of the damages. A summary of the Agreement is as follows.

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| • Date of conclusion of this agreement | January 16, 2023 |
| • Amount of compensation | 666 million yen |
| • Deadline for payment of compensation | January 31, 2023 |

3. Recording of Extraordinary Income and Future Outlook

(1) Amount

According to the conclusion of the Agreement, ESCON REIT will record the compensation for damages received of 666 million yen as extraordinary income for the fiscal period ending January 31, 2023 (August 1, 2022 to January 31, 2023).

(2) Revision of Earnings Performance and Distribution Forecasts for the Fiscal Period Ending January 31, 2023

As a result of the recording of the above extraordinary income and the additional settlement of unsettled past real estate transactions, along with a close examination of the current status of investment management concerning properties held by ESCON REIT, there will be revisions earnings performance and distribution forecasts for the fiscal period ending January 31, 2023 (August 1, 2022 to January 31, 2023). For details, please refer to “Notice Concerning Revisions of Earnings Performance and Distribution Forecasts for the Fiscal Period Ending January 31, 2023”.

【URL of ESCON REIT: <https://www.escon-reit.jp/en/index.html>】