

October 3, 2022

Company name: ES-CON JAPAN Ltd.
Representative: Takatoshi Ito, President &
Representative Director
(TSE Prime Market, code: 8892)

Notice on Compliance Office Establishment

ES-CON JAPAN Ltd. (ES-CON JAPAN) has established a Compliance Office effective October 1, 2022.

1. Background on the Establishment of the Compliance Office

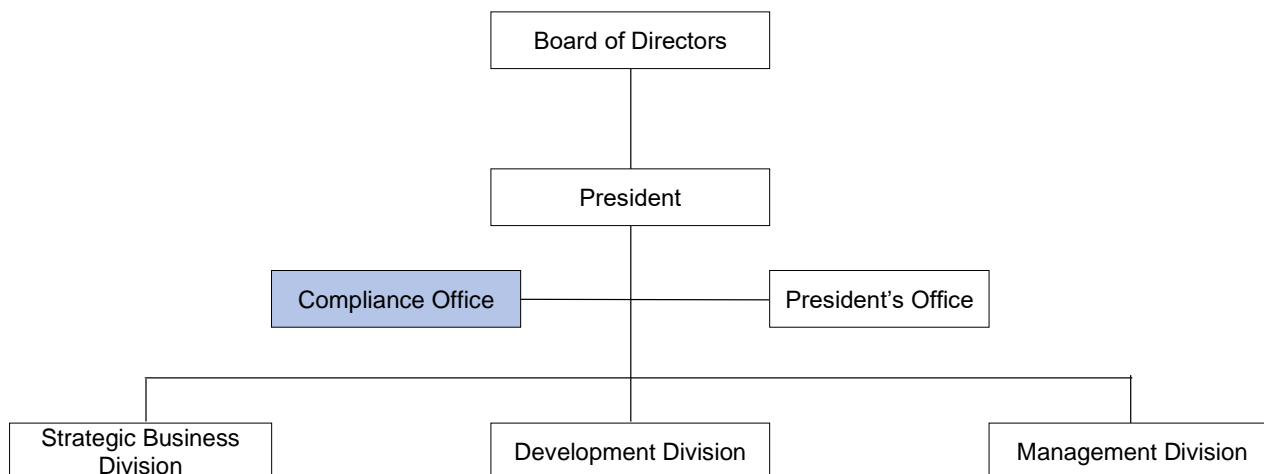
As per the “Notice Concerning Administrative Disposition Against ES-CON ASSET MANAGEMENT Ltd.” dated July 15, 2022, ES-CON ASSET MANAGEMENT Ltd. (hereinafter, “EAM”), a subsidiary of ES-CON JAPAN, was subject to an administrative disposition from the Commissioner of the Financial Services Agency. The measures in question include business suspension and business improvement orders. In response, EAM submitted a report on improved practices (hereinafter, “Business Improvement Report”), which was duly accepted by the Commissioner of the Financial Services Agency on August 15, 2022.

As the parent company of EAM and the main sponsor of ESCON JAPAN REIT Investment Corporation (hereinafter, “EJR”), for which EAM serves as asset manager, we take this administrative disposition with the utmost seriousness. Effective October 1, 2022 to prevent the recurrence of such incidents, ES-CON JAPAN established a Compliance Office directly under the President. The purpose of the Compliance Office is to strengthen legal compliance and internal control systems and to monitor every aspect of transactions with the parties in question, as well as establish a framework for managing any conflicts of interest that arise.

2. Purpose and Role of the Compliance Office

The newly established Compliance Office will report directly to the President and be led by a Compliance Officer (Kenji Fujita, Director and Head of President's Office). The Compliance Office will work to clarify management’s stance on legal compliance at ES-CON JAPAN and the ES-CON JAPAN Group as a whole and work to strengthen awareness of compliance management issues. Additionally, to address flaws in the management of conflicts of interest, the factor leading to the disposition against EAM, ES-CON JAPAN is planning to enact Rules for Sales and Purchases by Interested Parties. These rules will stipulate the necessary oversight to improve the framework for managing conflicts of interest in real estate transactions with ES-CON JAPAN and/or EJR and safeguard the interests of EJR unitholders from unjust impairment.

<Reference: Organization Chart (As of October 1, 2022)>



<Inquiries Concerning This Press Release>

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