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 (TSE 1st Section, code: 8892)
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Notice on Formation of Private Fund and Silent Partnership Investment

ES-CON JAPAN Ltd. (ES-CON JAPAN) announces that a decision was made to form the GK Kamikitadai Ekimae Development Project and GK Fujisawa Development Project (the “SPCs”) as rental apartment development funds in cooperation with Nisshin Fudosan Company, Limited (Shinjuku-ku, Tokyo; President & Representative Director: Takashi Sakairi) and carry out silent partnership investment in the funds. Details are as follows.

1. Background and Overview of Silent Partnership Investment

The SPCs will carry out the Kamikitadai Ekimae Development Project and Fujisawa Development Project (the “Properties”) and operate the Properties as rental apartments after the completion of buildings. The SPCs will grant preferential negotiation rights (the “Preferential Negotiation Rights”) to ES-CON JAPAN to let ES-CON JAPAN or a party designated by ES-CON JAPAN preferentially acquire the Properties during a certain period.

In 2021, ES-CON JAPAN Group plans to form and commence operation of a private real estate investment corporation (private REIT (ES-CON Private REIT (tentative name))) with ES-CON Asset Management Ltd. (EAM), a consolidated subsidiary of ES-CON JAPAN, as the party entrusted with asset management, and ES-CON JAPAN is scheduled to exercise the Preferential Negotiation Rights for ES-CON Private REIT (tentative name).

The land for the Properties will be acquired by Nisshin Fudosan Company, Limited and then transferred to the SPCs after approval and licenses related to development and construction are obtained. The initiative will be the first fund formation project in the collaborative securitization business with ES-CON JAPAN Group and Nisshin Group Holdings Company, Limited (Shinjuku-ku, Tokyo; President & Representative Director: Yuki Yoshi Tsutsumi; TSE 1st Section code: 8881).

Under this project, EAM will be entrusted with arrangement, and both Reonas Investment Corporation (Chiyoda-ku, Tokyo; President & Representative Director: Akihiko Sato) and EAM will be entrusted with asset management (advisory and agency).

Even under the current uncertain circumstances amid the COVID-19 crisis, the rental apartment market remains strong, and ES-CON JAPAN believes that stable needs can continue to be expected. ES-CON JAPAN aims to form a private REIT as its new initiative by utilizing know-how on condominium development, a strength the ES-CON JAPAN Group possesses.

2. Overview of the Properties

Kamikitadai Ekimae Development Project

Type	Rental apartment
Location	1-2 Kamikitadai, Higashiyamato-shi, Tokyo specific address is undecided
Access	1-minute walk from Kamikitadai Station on the Tama Toshi Monorail Line
Site area	894.34 m ²
Total floor area	3,042.56 m ² (planned)
Structure	RC, 9F (planned)
Asset size	1,500,000,000 yen (based on appraisal value assumed at the time of completion)

Fujisawa Development Project

Type	Rental apartment
Location	1-1 Kawana, Fujisawa-shi, Kanagawa specific address is undecided
Access	9-minute walk from Fujisawa Station on the JR Tokaido Line and Odakyu Line 10-minute walk from Fujisawa Station on the Enoshima Electric Railway
Site area	1,119.13 m ²
Total floor area	2,064.52 m ² (planned)
Structure	RC, 5F (planned)
Asset size	1,210,000,000 yen (based on appraisal value assumed at the time of completion)

3. Overview of the SPCs

GK Kamikitadai Ekimae Development Project

Name	GK Kamikitadai Ekimae Development Project
Location of head office	Inside Silsphere Accounting Firm, 1-6-15 Hirakawacho, Chiyoda-ku, Tokyo
Title and name of representative	Representative: General Incorporated Association Kamikitadai Ekimae Development Takafumi Inaba, Functional Manager
Capital	100,000 yen
Established	August 24, 2020
Relationship with ES-CON JAPAN Group	<ul style="list-style-type: none"> • ES-CON JAPAN will carry out silent partnership investment of 52.5 million yen in the SPC. • ES-CON JAPAN will acquire the Preferential Negotiation Rights as described in 4. below. • ES-CON JAPAN will be entrusted with construction management from the SPC in cooperation with Nisshin Fudosan Company, Limited. • EAM will be entrusted with fund formation arrangement for the SPC. • EAM will be entrusted with asset management (advisory and agency) for the SPC in cooperation with Reonas Investment Corporation.

GK Fujisawa Development Project

Name	GK Fujisawa Development Project
Location of head office	Inside Silsphere Accounting Firm, 1-6-15 Hirakawacho, Chiyoda-ku, Tokyo
Title and name of representative	Representative: General Incorporated Association Fujisawa Development Takafumi Inaba, Functional Manager
Capital	100,000 yen
Established	August 24, 2020
Relationship with ES-CON JAPAN Group	<ul style="list-style-type: none"> • ES-CON JAPAN will carry out silent partnership investment of 52.5 million yen in the SPC. • ES-CON JAPAN will acquire the Preferential Negotiation Rights as described in 4. below. • ES-CON JAPAN will be entrusted with construction management from the SPC in cooperation with Nisshin Fudosan Company, Limited. • EAM will be entrusted with fund formation arrangement for the SPC. • EAM will be entrusted with asset management (advisory and agency) for the SPC in cooperation with Reonas Investment Corporation.

4. Details of the Preferential Negotiation Rights

GK Kamikitadai Ekimae Development Project

Contracting party	GK Kamikitadai Ekimae Development Project
Date of conclusion of contract	September 23, 2020
Main content of agreement	ES-CON JAPAN or a party designated by ES-CON JAPAN can preferentially acquire the Properties if certain requirements are fulfilled during the period until September 30, 2025. (ES-CON JAPAN plans to exercise the Preferential Negotiation Rights for ES-CON Private REIT (tentative name).)
SPC asset management	Reonas Investment Corporation ES-CON Asset Management Ltd.
SPC arrangement	ES-CON Asset Management Ltd.

GK Fujisawa Development Project

Contracting party	GK Fujisawa Development Project
Date of conclusion of contract	September 25, 2020
Main content of agreement	ES-CON JAPAN or a party designated by ES-CON JAPAN can preferentially acquire the Properties if certain requirements are fulfilled during the period until September 30, 2023. (ES-CON JAPAN plans to exercise the Preferential Negotiation Rights for ES-CON Private REIT (tentative name).)
SPC asset management	Reonas Investment Corporation ES-CON Asset Management Ltd.
SPC arrangement	ES-CON Asset Management Ltd.

5. Overview of Companies

Overview of EAM

Name	ES-CON Asset Management Ltd.
Location of head office	The Okura Prestige Tower 20F, 2-10-4 Toranomon, Minato-ku, Tokyo
Representative	Satoshi Omori, President & Representative Director
Line of business	<ul style="list-style-type: none"> • Asset management for listed REITs and ES-CON JAPAN REIT • Investment management and advisory agency concerning real estate funds • Arrangement for real estate funds • Type II financial instruments business
Capital	100,000,000 yen
Established	July 2014

Overview of Nisshin Fudosan Company, Limited

Name	Nisshin Fudosan Company, Limited
Location of head office	5-8-1 Shinjuku, Shinjuku-ku, Tokyo
Representative	Takashi Sakairi, President & Representative Director
Line of business	• Planning and sales of condominiums
Capital	480,000,000 yen
Established	August 2018

Overview of Nisshin Group Holdings Company, Limited

Name	Nisshin Group Holdings Company, Limited
Location of head office	5-8-1 Shinjuku, Shinjuku-ku, Tokyo
Representative	Yukiyoshi Tsutsumi, President & Representative Director
Line of business	<ul style="list-style-type: none"> • Planning and sales of condominiums (Nisshin Fudosan Company, Limited) • Construction (overall work including construction of condominiums and civil engineering work) (Tada Corporation) • Management of condominiums and rental apartments (Nisshin Kanzai Co., Ltd.) • Real estate securitization (Nisshin Fudosan Investment Advisors, Inc.), etc.
Capital	10.1 billion yen
Listing exchange	First Section of the Tokyo Stock Exchange
Established	March 1975

Overview of Reonas Investment Corporation

Name	Reonas Investment Corporation
Location of head office	Hitotsubashi Building 3F, 2-6-3 Hitotsubashi, Chiyoda-ku, Tokyo
Representative	Akihiko Sato, President & Representative Director
Line of business	<ul style="list-style-type: none"> • Formation and operation of funds investing in solar power plants • Formation and operation of real estate funds • Type II financial instruments business • Investment advisory and agency
Capital	100,000,000 yen
Established	May 2018

6. Impact on Financial Results

There will be minimal impact on the consolidated financial results of ES-CON JAPAN Group.