

Company name: ES-CON JAPAN Ltd.
 Representative: Takatoshi Ito, President & Representative Director
 (TSE 1st Section, code: 8892)
 Inquiries: Minoru Nakanishi,
 Senior Managing Director
 Tel: +81-3-6230-9308

Notice on Formation of Private Fund and Silent Partnership Investment

ES-CON JAPAN Ltd. (ES-CON JAPAN) announces that it will form the GK Keio Inagi Ekimae Development Project (the “SPC”) as rental apartment development funds and carry out silent partnership investment in the funds, following GK Kamikitadai Ekimae Development Project and GK Fujisawa Development Project (press release announced on September 25, 2020 *). Details are as follows.

1. Background and Overview of Silent Partnership Investment

The SPC will carry out the Keio Inagi Ekimae Development Project (the “Property”) and operate the Property as rental apartment after the completion of building. The SPC will grant preferential negotiation right (the “Preferential Negotiation Right”) to ES-CON JAPAN to let ES-CON JAPAN or a party designated by ES-CON JAPAN preferentially acquire the Property 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 Right for ES-CON Private REIT (tentative name).

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 continue to aim for a private REIT composition by utilizing know-how on condominium development, a strength the ES-CON JAPAN Group possesses.

2. Overview of the Property

Keio Inagi Ekimae Development Project

Type	Rental apartment
Location	3106-4 Higashinaganuma, Inagi-shi, Tokyo
Access	2-minute walk from Inagi Station on the Keio Sagami Line
Site area	320.46 m ²
Total floor area	1,506.18 m ² (planned)
Structure	RC, 7F (planned)
Asset size	800,000,000 yen (based on appraisal value assumed at the time of completion)

3. Overview of the SPC

GK Keio Inagi Ekimae Development

Name	GK Keio Inagi 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 Keio Inagi Ekimae Development Takafumi Inaba, Functional Manager

Capital	100,000 yen
Established	September 12, 2020
Relationship with ES-CON JAPAN Group	<ul style="list-style-type: none"> ES-CON JAPAN will carry out silent partnership investment of 20 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. 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 Right

GK Keio Inagi Ekimae Development

Contracting party	GK Keio Inagi Ekimae Development Project
Date of conclusion of contract	December 2, 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 May 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 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.

*For details on the Formation of private funds and silent partnership Investment in GK Kamikitadai Ekimae Development Project and GK Fujisawa Development Project, please refer to the "[Notice on Formation of Private Fund and Silent Partnership Investment](#)" announced on September 25, 2020.