

Report on the Management Structure and System of the Real Estate Investment Trust Securities Issuer and Related Parties

Real Estate Investment Trust Securities Issuer  
Oedo Onsen Reit Investment Corporation  
Representative: Takeshi Kirihara, Executive Director  
(Securities Code: 3472)

Asset Manager  
Oedo Onsen Asset Management Co., Ltd.  
Representative: Takeshi Kirihara, Chief Executive Officer  
Inquiries: TEL. +81-3-6262-5456

1. Basic Information

(1) Basic Policy Regarding Compliance

For Oedo Onsen Asset Management Co., Ltd. (the “**Asset Manager**”), “compliance” means not only strictly complying with all laws, ordinances, regulations, internal rules, and market rules related to the business of the Asset Manager, but also conducting sound and corporate activities with integrity while bearing social norms in mind. The Asset Manager has established its Compliance Regulations to ensure sound corporate management based on self-discipline, strictly complying with all laws, ordinances, and rules relating to its business, and performing sound and honest corporate activities by setting forth the basic matters regarding its compliance structure. An overview of the Compliance Regulations is as follows:

- The Asset Manager fully recognizes that a lack of thorough compliance may undermine the corporate management base of the Asset Manager; therefore, the Asset Manager’s basic policy is to position thorough compliance as a key task of corporate management.
- The Asset Manager recognizes that, as a company engaged in the financial instruments business, it is responsible for endeavoring to realize the business value of the Asset Manager that is required by society and will actively and continuously strive to ensure compliance in order to improve the quality and quantity of its business value by earning the trust of its customers.
- The Asset Manager has established (i) the Board of Directors, (ii) the Compliance Officer, and (iii) the Compliance Committee as its framework for compliance within the Asset Manager and has set forth the role of each organization as follows:

(i) Role of the Board of Directors

The Board of Directors decides on the establishment and amendment of the Compliance Regulations and other necessary internal rules as the decision-making organization for the basic policy regarding promotion of compliance and other basic matters.

The Board of Directors may request the Compliance Officer to report the progress of compliance promotion as appropriate.

(ii) Role of the Compliance Officer

The Compliance Officer organizes, plans, and promotes overall compliance as the department responsible for overseeing compliance. If the Compliance Officer determines that an issue in terms of compliance has arisen or is likely to arise, the Compliance Officer may give related departments necessary opinions or instructions. In addition, with respect to compliance, the Compliance Officer reports the progress of compliance promotion and other matters relating to the compliance of the Asset Manager's business to the Board of Directors at least once every three months.

(iii) Role of the Compliance Committee

The Compliance Committee deliberates and resolves matters relating to compliance and compliance systems as set forth in the Compliance Regulations, the Regulations of the Compliance Committee, and the Compliance Program.

- The Asset Manager recognizes that guidance and training on compliance fulfill an important function in ensuring thorough compliance and assigns the planning and implementation of such guidance and training to the Compliance Officer.
- Officers and employees must immediately report to the Compliance Officer if they become aware of any issues relating to compliance, such as the occurrence or possible occurrence of (A) any act in violation of laws and ordinances provided for in Article 199 (vii) of the Cabinet Office Ordinance on Financial Instruments Business, etc. (Cabinet Office Ordinance No. 52 of 2007, as amended; the same hereinafter), (B) any criminal complaint or accusation against the Asset Manager or its officers or employees, (C) any act that hinders or is likely to hinder sound and proper operation of the business of the Asset Manager and any other act similar thereto, and (D) any act that violates or is likely to violate other laws, ordinances, or regulations.

## (2) Unitholders

(As of May 31, 2023)

Name	Relationship with the Investment Corporation, the Asset Manager or the sponsor; background to contribution	Number of units	Ratio (%) (Note)
The Master Trust Bank of Japan, Ltd. (Trust Account)	N/A	25,246	10.72
Custody Bank of Japan, Ltd. (Trust Account)	N/A	23,640	10.04
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	N/A	10,393	4.41
Ooedo-Onsen Monogatari Co., Ltd.	Ooedo-Onsen Monogatari Co., Ltd. is a sponsor of Ooedo Onsen Reit Investment Corporation (the “ <b>Investment Corporation</b> ”) and the parent company that wholly owns the Asset Manager. On November 1, 2017, Ooedo-Onsen Monogatari Co., Ltd. entered into a sponsor support agreement (as amended) with the Investment Corporation, the Asset Manager and Ooedo-Onsen Monogatari Group Co., Ltd.	9,246	3.92
Japan Securities Finance Co.,LTD	N/A	3,157	1.34
YONEZAWA SHINKIN BANK	N/A	2,500	1.06
DFA INTERNATIONAL REAL ESTATE SECURITIES PORTFOLIO	N/A	2,305	0.97
Fuji-Izu Japan Agricultural Cooperatives	N/A	2,230	0.94
osaka shoko shinkin bank	N/A	2,000	0.84
Yukio Tanaka	N/A	1,950	0.82
Total of the top 10 unitholders		82,667	35.12

(Note) “Ratio” is the ratio of the number of investments units held to the total number of investment units issued and outstanding, rounded to the second decimal place.

(3) Major Shareholders of Asset Manager

(As of May 31, 2023)

Name	Relationship with the Investment Corporation, the Asset Manager or the sponsor; background to contribution	Number of shares	Ratio (%) (Note)
Ooedo-Onsen Monogatari Co., Ltd.	Please refer to “(2) Unitholders” above.	200	100.0
	Total held by one company	200	100.0

(Note) “Ratio” is the ratio of the number of shares held to the number of shares issued and outstanding.

(4) Investment Policy and Investment Targets

Please refer to “Chapter 1. Fund Information, Section 1. Situation of the Fund, 2. Investment Policy, (1) Investment Policy” of the semi-annual securities report for the 14th fiscal period (from December 1, 2022 to May 31, 2023) of the Investment Corporation submitted today.

(5) Matters concerning Investment in Overseas Real Estate

The Investment Corporation permits investment in overseas real estate in its articles of incorporation, and the Asset Manager has established rules pertaining to the acquisition of overseas real estate and the like; however, there are no specific plans to invest in overseas real estate as of the submission date of this report.

(6) Matters concerning the Sponsor

(i) Business Description of Ooedo-Onsen Monogatari Group

Ooedo-Onsen Monogatari Group (Note 1) was established in November 2001, opened Odaiba Tokyo Ooedo-Onsen Monogatari in Odaiba (Note 2), Tokyo in 2003, and since then has been advancing its business of operating Onsen and Spa-related facilities (Note 3). Since 2007, Ooedo-Onsen Monogatari Group has been developing the business of revitalizing Onsen and Spa-related facilities associated with leisure facilities, such as theme parks, focusing on *onsen ryokan* throughout Japan by utilizing its expertise in operating such facilities, and as of the submission date of this report, it operates 37 Onsen and Spa-related facilities (Note 4).

The Ooedo-Onsen Monogatari Group was acquired by Lone Star Funds (Note 5) on February 28, 2022, and since then, a corporation that belongs to the Fund has been operating as a parent company of the Asset Manager (Note 6).

As of the date of submission of this report, the Ooedo-Onsen Monogatari Group consists of seven companies in total, including Ooedo-Onsen Monogatari Hotels & Resorts Co., Ltd., Ooedo-Onsen Monogatari Co., Ltd. and consolidated subsidiaries including the Asset Manager. The Onsen and Spa-related facilities under ownership and operation of the Ooedo-Onsen Monogatari Group are owned and operated by Ooedo-Onsen Monogatari Hotels & Resorts Co., Ltd., although some of them are actually owned and operated by its subsidiaries (Note 7).

- (Note 1) “The Ooedo-Onsen Monogatari Group” consists of Ooedo-Onsen Monogatari Hotels & Resorts Co., Ltd., which is the Investment Corporation’s sponsor, and Ooedo-Onsen Monogatari Co., Ltd. (hereinafter occasionally referred to as “Sponsor”) and its consolidated subsidiaries (meaning subsidiaries provided for in Article 8, Paragraph 3 of the Ordinance on Terminology, Forms, and Preparation Methods of Financial Statements (Ordinance of the Ministry of Finance No. 59 of 1963, as amended), including the Asset Manager). The same applies hereinafter.
- (Note 2) With the termination of the fixed-term business-use land lease agreement under which the Tokyo Metropolitan government is the landowner, the facilities were closed following the end of their operation on September 5, 2021.
- (Note 3) “Onsen and spa-related facilities” refers to hot bath facilities (public bathing facilities which employ hot springs (onsen) (meaning hot water, mineral water, steam and other gases (not including natural gas mainly composed of hydrocarbons) that flow out from the ground; the same hereinafter) or other similar facilities; the same hereinafter) or other similar facilities; the same hereinafter) or ryokan (lodging of which main structure and facilities are Japanese style; the same hereinafter), hotels (lodging of which main structure and facilities are Western style; the same hereinafter), resort facilities (facilities to provide opportunities for sports or recreational activities during leisure time), amusement parks, or other leisure facilities (including multi-use facilities that contain the foregoing) that include onsen or hot baths as part of their core facilities. Onsen and spa-related facilities also refers to facilities as a whole, including not only buildings with onsen or hot baths, but also the buildings and sites that are adjacent to such buildings or operated as one facility. The same applies hereinafter. From the perspective of diversifying risks while ensuring portfolio returns, the Investment Corporation invests in rental housing and other accommodation facilities for residential purposes, in addition to the investments in hot spring, bathing and other related facilities, and other leisure facilities. The Investment Corporation has not owned accommodation facilities or made a resolution to acquire accommodation facilities for residential purposes (meaning rental housing, student apartments, company dormitories, serviced apartments, shared houses, elderly facilities and houses, and other facilities that are or can be used for residential purposes; the same hereinafter), as of the date of this document.
- (Note 4) Of the facilities operated by the Ooedo-Onsen Monogatari Group, Ooedo-Onsen Monogatari Reoma Resort, as well as Ooedo-Onsen Monogatari Minoh Kanko Hotel and Minoh Onsen Spa Garden, which are not assets owned by the Investment Corporation, are classified as one integrated facility. The same applies hereinafter.
- (Note 5) "Lone Star Funds" refers to Lone Star Global Acquisitions, Ltd. (registered as an investment advisor with the U.S. SEC), its subsidiaries/affiliates, and the funds for which they provide investment advice.
- (Note 6) “OOM Investments, LLC, which belongs to Lone Star Funds, acquired all shares in BCJ-29 Co., Ltd., a parent company of the Asset Manager, on February 28, 2022 and became a parent company of the Asset Manager. Moreover, equity interests in OOM Investments, LLC held by its employees are entirely owned by LSREF VI Hot Spring Designated Activity Company, an Ireland-based corporation established by Lone Star Funds, which also falls into a category of a parent company of the Asset Manager. OOM Investments, LLC implemented an organizational change on May 27, 2022 to increase social credibility and became OOM Investments Co., Ltd. Afterwards BCJ-29 Co., Ltd., a wholly owned subsidiary of OOM Investments Co., Ltd., and OOM Investments Co., Ltd. executed an absorption-type merger in which. OOM Investments Co., Ltd. becomes a company surviving the absorption-type merger and BCJ-29 Co., Ltd. becomes a company absorbed in the absorption-type merger, with an effective date of July 1, 2022.
- (Note 7) Among the facilities owned and operated by Ooedo-Onsen Monogatari Group, Ooedo-Onsen Monogatari Reoma Resort, which is an asset owned by the Investment Corporation, is operated by Reoma Unity Co., Ltd.; Ooedo-Onsen Monogatari Minoh Kanko Hotel and Minoh Onsen Spa Garden are owned and operated by Ooedo-Onsen Monogatari Hotels & Resorts Co., Ltd.; Yamashiro Onsen Yamashitaya is owned and operated by Yamashitaya Co., Ltd.; and Ooedo-Onsen Monogatari Nagayama is owned and operated by Katayamazu Ooedo-Onsen Monogatari Co., Ltd. Furthermore, Ooedo-Onsen Rainbow Co., Ltd. manages Onsen-related facilities. All the companies described above are consolidated subsidiaries of Ooedo-Onsen Monogatari Group.

< Overview of Ooedo-Onsen Monogatari Hotels & Resorts Co., Ltd. >

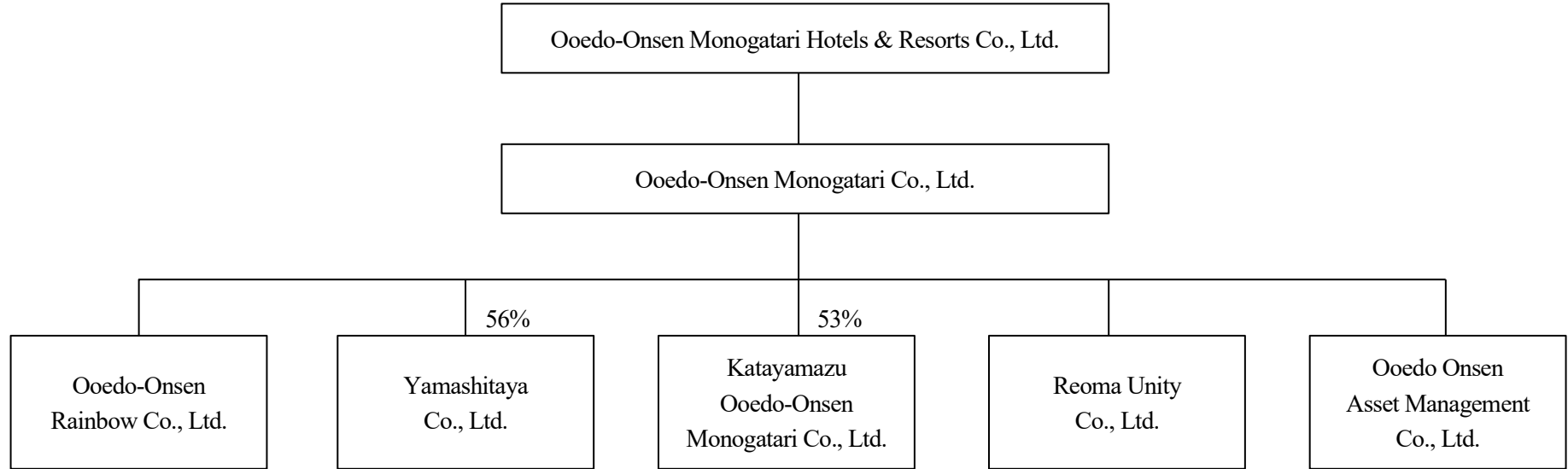
Trade name	Ooedo-Onsen Monogatari Hotels & Resorts Co., Ltd.
Head office address	7-16-21 Ginza, Chuo-ku, Tokyo
Representative	Mitsumasa Morita, Representative Director (Note 1)
Establishment	December 5, 2017 (founded in November 2001)
Capital	100 million yen (as of February 28, 2023)
Business details	Management and other operations of <i>ryokan</i> and hotels
Number of employees (Note 2)	1,202 (Note 3) (consolidated basis)
Performance and finances (Note 2) (fiscal period ended February 2023)	Consolidated net revenue of wholly owning parent company: 36,875 million yen Consolidated total assets of wholly owning parent company: 93,371 million yen Consolidated net assets of wholly owning parent company: 31,879 million yen

(Note 1) It has been resolved that Representative Director Mitsumasa Morita will be retire on August 31, 2023, and Keita Hashimoto, as its successor will be appointed as its new Representative Director on September 1, 2023, at its board of directors meeting on August 4, 2023.

(Note 2) Because the consolidated financial statements of Ooedo-Onsen Monogatari Hotels & Resorts Co., Ltd. for the fiscal year ending February 2023 has not been prepared, the figures for the fiscal year ending February 2023 related to the consolidated financial statements of OOM Investments Co., Ltd., which is a wholly owning parent company of Ooedo-Onsen Monogatari Hotels & Resorts Co., Ltd. and essentially a special purpose company whose purpose is to hold only the shares of Ooedo-Onsen Monogatari Hotels & Resorts Co., Ltd., are listed. The consolidated financial statements of OOM Investments Co., Ltd., have been audited in accordance with item (i) of paragraph (2) of Article 436 in the Companies Act by PricewaterhouseCoopers Aarata LLC. However, they have not undergone any audit conducted by a certified public accountant or auditing firm as required under the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended) and under the Companies Act because these laws do not require any such audit for these statements. The same applies hereinafter.

(Note 3) The figure is correct as of the end of February 2023, excluding non-regular employees, such as part-time workers.

Organization chart of Oedo-Onsen Monogatari Group



(Note) Corporations for which an investment ratio is not included are wholly owned by their parent companies.

(ii) Agreements on the Supply of Properties and Provision of Information with the Sponsor Company Group

The Investment Corporation and the Asset Manager have executed the Sponsor Support Agreement with the Sponsors dated November 1, 2017.

An overview of the Sponsor Support Agreement is as follows.

Overview of Sponsor Support Agreement

<p>i. Preferential provision of information on property owned by Ooedo-Onsen Monogatari Group and granting of preferential negotiation rights</p>	<ul style="list-style-type: none"><li>• If the Sponsors intend to sell real estate (meaning that provided for in the Investment Corporation’s articles of incorporation) located in Japan, owned or developed by Ooedo-Onsen Monogatari Group, and mainly used for <i>ryokan</i>, hotels, baths, resort facilities, amusement parks, or other leisure facilities (including multi-use facilities that contain the foregoing; the same applies in this overview of Sponsor Support Agreement) (including real estate that does not fit the Investment Corporation’s investment criteria; referred to in this overview of Sponsor Support Agreement as “<b>Investment-grade Real Estate</b>”), the Sponsors will, ahead of any third party, preferentially provide information on the Investment-grade Real Estate to the Investment Corporation and the Asset Manager, grant the Investment Corporation and the Asset Manager the right to preferentially negotiate for purchase and sale (referred to in this overview of Sponsor Support Agreement as “<b>Preferential Negotiation Right</b>”), or cause any other entity of the Ooedo-Onsen Monogatari Group that owns the Investment-grade Real Estate to grant the Investment Corporation and the Asset Manager Preferential Negotiation Rights. The Sponsors will not negotiate with any third party on the sale of the Investment-grade Real Estate and will not cause any other entity of the Ooedo-Onsen Monogatari Group that owns the Investment-grade Real Estate to negotiate on the sale of the Investment-grade Real Estate until Preferential Negotiation Rights extinguish as set out below in “Overview of Preferential Negotiation Rights.”</li></ul> <p>Overview of Preferential Negotiation Rights</p> <ul style="list-style-type: none"><li>• If Preferential Negotiation Rights are granted to the Investment Corporation and the Asset Manager in accordance with the provisions of the Sponsor Support Agreement, the Investment Corporation or the Asset Manager will reply to the person who granted Preferential Negotiation Rights (referred to in this overview of Sponsor Support Agreement as the “<b>Grantor of Preferential Negotiation Rights</b>”) within 10 banking business days (referred to in this overview of Sponsor Support Agreement as the “<b>Preferential Consideration Term</b>”) from the day of receiving information as stated above (not including the day of receipt) on whether it will acquire the Investment-grade Real Estate or not. If an extended period is separately agreed between the Grantor of Preferential Negotiation Rights and the Investment Corporation or the Asset Manager, the Preferential Consideration Term may be extended for the agreed period.</li><li>• If the Grantor of Preferential Negotiation Rights receives a reply from the Investment Corporation or the Asset Manager within the Preferential Consideration Term that it intends to acquire the Investment-grade Real Estate, the Grantor of Preferential Negotiation Rights will consult with the Investment Corporation or the Asset Manager in good faith regarding the conditions of sale for the Investment-grade Real Estate. If an agreement is reached, the Grantor of Preferential Negotiation Rights will sell the Investment-grade Real Estate to the Investment Corporation.</li><li>• Preferential Negotiation Rights will extinguish in the event that the Investment Corporation or the Asset Manager (i) does not reply to the Grantor of Preferential Negotiation Rights within the Preferential Consideration Term that it intends to make an acquisition, (ii) replies to the Grantor of Preferential Negotiation Rights that it does not intend to make an acquisition, or (iii) replies to the Grantor of Preferential Negotiation Rights that it intends to make an acquisition, but an agreement is not reached on the conditions of sale within 10 banking business days from the day the Grantor of Preferential Negotiation Rights receives the reply (not including the day of receipt) or within the extended period separately agreed between the Grantor of Preferential Negotiation Rights and the Investment Corporation or the Asset Manager.</li></ul>
---	---



	<p>Exemptions</p> <p>Preferential Negotiation Rights will not be granted in any of the following events:</p> <ul style="list-style-type: none"> <li>• When Investment-grade Real Estate is transferred within the Ooedo-Onsen Monogatari Group due to corporate restructuring or for any other reason;</li> <li>• When Investment-grade Real Estate is transferred to a fund in whose formation Ooedo-Onsen Monogatari Group was involved or to which Ooedo-Onsen Monogatari Group makes a silent partnership contribution, preferred equity investment, or other investment (in this case, Preferential Negotiation Rights will be granted to the fund by deeming the fund to be part of the Ooedo-Onsen Monogatari Group);</li> <li>• When Ooedo-Onsen Monogatari Group disposes of Investment-grade Real Estate pursuant to a request by an administrative agency;</li> <li>• When Ooedo-Onsen Monogatari Group has commenced discussions with a third party on the sale of Investment-grade Real Estate before acquiring the Investment-grade Real Estate;</li> <li>• When Ooedo-Onsen Monogatari Group grants Preferential Negotiation Rights to a third party based on an agreement with the third party that has been executed before the execution of the Sponsor Support Agreement;</li> <li>• In the event that Ooedo-Onsen Monogatari Group shares or has unit ownership of Investment-grade Real Estate with a third party, when Ooedo-Onsen Monogatari Group has agreed in advance to assign the Investment-grade Real Estate to the third party or to grant Preferential Negotiation Rights to the third party, or when it has not obtained the consent of the third party regarding the provision of information to the Investment Corporation or the Asset Manager;</li> <li>• In the event that Ooedo-Onsen Monogatari Group conducts joint ventures or joint development for Investment-grade Real Estate with a third party, when Ooedo-Onsen Monogatari Group has agreed in advance to assign the Investment-grade Real Estate to the third party or to grant Preferential Negotiation Rights to the third party, or when it has not obtained the consent of the third party regarding the provision of information to the Investment Corporation or the Asset Manager; or</li> <li>• When there is any other unavoidable reason.</li> </ul>
<p>ii. Mutual provision of information on property owned by a third party</p>	<ul style="list-style-type: none"> <li>• If the Sponsors become aware that the owner of Investment-grade Real Estate that is owned, developed, or managed by a third party is considering the sale of such real estate, they will, at their discretion, provide information on such Investment-grade Real Estate to the Investment Corporation and the Asset Manager on the condition that it obtains the prior approval of the seller, owner, and other relevant parties, and they will not provide the information to a third party (excluding the lenders and advisors of the Sponsors) until the information has been provided to the Investment Corporation and the Asset Manager. Further, if the Sponsors have been granted Preferential Negotiation Rights under an agreement with a third party that was executed before or after the execution of the Sponsor Support Agreement, and a third party designated by the Sponsors is able to obtain such rights, the Sponsors will endeavor to grant Preferential Negotiation Rights to the Investment Corporation. However, if the Investment-grade Real Estate conforms to the Sponsors' investment criteria, the Sponsors may consider the acquisition of the Investment-grade Real Estate ahead of the Investment Corporation and the Asset Manager.</li> <li>• If the Asset Manager becomes independently aware that the owner of real estate that is owned, developed, or managed by a third party is considering the sale of such real estate, and the real estate conforms to the Sponsors' investment criteria, the Asset Manager will endeavor to provide information on the real estate to the Sponsors ahead of any third party. Further, if the Investment Corporation or the Asset Manager has been granted Preferential Negotiation Rights under an agreement with a third party executed after the execution of the Sponsor Support Agreement, and a third party designated by itself, the Investment Corporation or the Asset Manager may be granted Preferential Negotiation Rights, the Investment Corporation or the Asset Manager will endeavor to grant Preferential Negotiation Rights to the Sponsors. However, if the real estate constitutes Investment-grade Real Estate, the Investment Corporation and the Asset Manager may consider the acquisition of the real estate ahead of the Sponsors.</li> </ul>

<p>iii. Provision of warehousing functions</p>	<ul style="list-style-type: none"> <li>• The Investment Corporation and the Asset Manager may request the Sponsors to, for the purpose of the future acquisition of Investment-grade Real Estate by the Investment Corporation, acquire and temporarily own (referred to in this overview of Sponsor Support Agreement as “<b>Warehousing</b>”) Investment-grade Real Estate owned by a third party after presenting to the Sponsors the expected acquisition date and the expected acquisition price or method of determining the acquisition price. In this case, the Sponsors will consider the request in good faith and reply to the Investment Corporation and the Asset Manager within 10 banking business days from the day of receiving the request (not including the day of receipt) on whether it will accept the request or not.</li> <li>• If the Sponsors provide notice of their intention to accept the request for Warehousing as set out above, the Sponsors, the Investment Corporation, and the Asset Manager will consult on details concerning the acquisition, ownership, and sale to the Investment Corporation associated with Warehousing. In accordance with the terms agreed upon through the consultation and, if necessary, upon obtaining the consent of the lender and other relevant persons, the Sponsors will implement Warehousing, acquire and own the Investment-grade Real Estate on their own accord, or endeavor to cause a special purpose company to which any other entity or sponsor of the Sponsors’ group makes a silent partnership contribution, preferred equity investment, or other investment (referred to in this overview of Sponsor Support Agreement as “<b>Warehousing SPC</b>”) to acquire and own the Investment-grade Real Estate. While owning Investment-grade Real Estate for Warehousing, the Sponsors will take full advantage of their business expertise and exert their best efforts to enhance the appeal of the Investment-grade Real Estate as agreed between the Investment Corporation and the Asset Manager.</li> <li>• If the Sponsors or any other entity of the Ooedo-Onsen Monogatari Group or Warehousing SPC acquire the Investment-grade Real Estate as set out above, the Sponsors may not, without obtaining the prior written consent of the Investment Corporation and the Asset Manager, propose the sale or any other manner of disposition of the Investment-grade Real Estate to a third party other than the Investment Corporation, cause any other entity of the Ooedo-Onsen Monogatari Group or Warehousing SPC to propose the sale or any other manner of disposition of the Investment-grade Real Estate, negotiate with a third party on the sale of the Investment-grade Real Estate, or cause any other entity of the Ooedo-Onsen Monogatari Group or Warehousing SPC that owns the Investment-grade Real Estate to negotiate on the sale of the Investment-grade Real Estate until the expected acquisition date presented by the Investment Corporation and the Asset Manager has passed. Further, if the Investment Corporation and the Asset Manager propose to acquire the Investment-grade Real Estate during such period, the Sponsors will sell the Investment-grade Real Estate to the Investment Corporation after the details of the sale of the real estate to be acquired are agreed upon among the Sponsors, the Investment Corporation, and the Asset Manager.</li> <li>• If it becomes difficult to acquire the real estate to be acquired at the expected acquisition date presented by the Investment Corporation and Asset Management Corporation, the Investment Corporation and the Asset Manager may notify the Sponsors of that fact and the desired acquisition date after extension. In this case, the Sponsors will not unreasonably refuse the extension of the expected acquisition date.</li> </ul>
<p>iv. Consultation regarding execution of lease agreements</p>	<ul style="list-style-type: none"> <li>• If the Asset Manager deems it necessary, the Asset Manager may propose the execution of a fixed-rent lease agreement or other type of lease agreement to the Sponsors, and the Sponsors will earnestly consider executing such lease agreement on their own accord or through another company of the Ooedo-Onsen Monogatari Group.</li> </ul>
<p>v. Cooperation related to investment strategy and property acquisition</p>	<ul style="list-style-type: none"> <li>• If the Sponsors are so requested by the Asset Manager (not including requests for cooperation that constitute investment management services or investment advisory and agency services), the Sponsors will, to the extent reasonable and not in violation of applicable laws and ordinances, provide (i) advice related to investment strategy by providing knowledge and information regarding <i>ryokan</i>, hotels, baths, resort facilities, amusement parks, other leisure facilities, lodgings, and the leisure industry and (ii) support related to the acquisition and management of Investment-grade Real Estate to the Investment Corporation and the Asset Manager. However, this section v. does not mean that the Asset Manager will grant all or part of its authority pertaining to asset management to the Sponsors.</li> </ul>

vi. Cooperation related to securing human resources	<ul style="list-style-type: none"> <li>• Ooedo-Onsen Monogatari Group will endeavor to the extent reasonable to secure the human resources that become necessary due to the growth of the Asset Manager and the Investment Corporation through such measures as seconding necessary human resources from Ooedo-Onsen Monogatari Group to the Asset Manager in order to transfer and develop the expertise in real estate administration and management necessary for the performance of the asset management services entrusted by the Investment Corporation, while respecting the identity of the Asset Manager.</li> </ul>
vii. Unitholders' special benefits plan (Note)	<ul style="list-style-type: none"> <li>• Following the execution date of the Sponsor Support Agreement, the Investment Corporation, the Asset Manager, and the Sponsors will consult about matters such as whether to introduce a unitholders' special benefits plan (referred to in this section vii. as the "<b>Special Benefits Plan</b>") for the purpose of providing unitholders with opportunities to experience the characteristics of the <i>ryokan</i>, hotels, baths, resort facilities, amusement parks, and other leisure facilities owned by the Investment Corporation or Ooedo-Onsen Monogatari Group and to enrich their understanding thereof, and about the details of the plan if it is introduced.</li> <li>• If, as part of the Special Benefits Plan, the Investment Corporation and the Asset Manager give preferential treatment to unitholders in order to allow them to widely use <i>ryokan</i>, hotels, baths, resort facilities, amusement parks, and other leisure facilities managed and operated by the Sponsors through such methods as giving them coupons that offer discounts of a certain amount or ratio off the accommodation charges when they stay at those facilities, then the Sponsors will cooperate through such means as issuing those coupons as agreed through consultation in good faith with the Investment Corporation and the Asset Manager.</li> <li>• The sharing of the expenses and the like arising from the introduction of the Special Benefits Plan will be determined upon separate agreement.</li> </ul>
viii. Acquisition and holding of investment units	<ul style="list-style-type: none"> <li>• If the Sponsors acquire investment units of the Investment Corporation, the Sponsors will endeavor to continue to hold those investment units of the Investment Corporation to the Invest Corporation and the Asset Manager.</li> <li>• If the Sponsors intend to sell all or part of the investment units of the Investment Corporation, the Sponsors will notify the Investment Corporation and the Asset Manager to that effect and consult in good faith.</li> </ul>
ix. License to use trademarks	<ul style="list-style-type: none"> <li>• Regarding the trademarks held by the Sponsors (including but not limited to registration no. 5694250; if registration of renewal of the duration of trademark rights was made, including registered trademarks after that registration of renewal; referred to in this section ix. as the "<b>Trademarks</b>"), the Sponsors will grant the Investment Corporation and the Asset Manager a non-exclusive license to use the Trademarks within the extent of the designated services thereof.</li> <li>• The Sponsors acknowledge that the Investment Corporation and the Asset Manager may state or include the Trademarks as statements of information or the like pertaining to the investment policy of the Investment Corporation or to the properties owned by the Investment Corporation that are named using the Trademarks in disclosure documents such as prospectuses, securities registration statements, and asset management reports and in IR media such as press releases, materials from presentations for analysts, and websites.</li> <li>• If it is discovered that a trademark similar to the Trademarks has been used and the trademark rights pertaining to the Trademarks have been infringed, the Sponsors will eliminate such infringement at their responsibility and cost, and the Investment Corporation and the Asset Manager will cooperate therein as requested by the Sponsors.</li> <li>• If the Sponsor Support Agreement terminates, the parties to the Sponsor Support Agreement will consult in good faith and determine upon agreement the handling of goods, assets, and the like that bear the Trademarks after the termination of the Sponsor Support Agreement. Furthermore, upon such consultation, the Sponsors will provide the Investment Corporation and the Asset Manager with a reasonable transition period necessary for ceasing the use of the Trademarks.</li> </ul>

x. Other support	<ul style="list-style-type: none"> <li>• If the Sponsors are so requested by the Investment Corporation and the Asset Manager (not including requests that constitute investment management services or investment advisory and agency services), the Sponsors will provide training for officers and employees of the Asset Manager and other necessary support to the Asset Manager to the extent reasonable and not in violation of applicable laws and ordinances. However, this section x. does not mean that the Asset Manager will grant all or part of its authority pertaining to asset management to the Sponsors.</li> </ul>
xi. Remuneration	<ul style="list-style-type: none"> <li>• The Investment Corporation, the Asset Manager, and the Sponsors will not pay remuneration to each other for the services provided for in sections i. to x. above unless otherwise agreed by the parties to the Sponsor Support Agreement.</li> </ul>

(Note) The unitholders' special benefits plan was abolished from the 11th fiscal period ended November 30, 2021, with the last delivery of coupons that offer discounts related to the use of relevant facilities to the unitholders as listed or recorded on the unitholders registry as of May 31, 2021.

(iii) Division or Overlapping of the Investments of the Sponsor Company Group and the Investment Corporation

Ooedo-Onsen Monogatari Group, the sponsor of the Investment Corporation, operates Onsen and Spa-related facilities as its major business. However, as part of that business, Ooedo-Onsen Monogatari Group holds ryokan, hotels, baths, resort facilities, amusement parks, and other leisure facilities (including multi-use facilities that contain the foregoing) directly or through its subsidiaries, on which point it overlaps with the investment and asset management of the Investment Corporation.

However, among the facilities operated by Ooedo-Onsen Monogatari Group, such as ryokan, hotels, baths, resort facilities, amusement parks, and other leisure facilities, Ooedo-Onsen Monogatari Group's policy will be to, as appropriate, sell those that meet the acquisition criteria of the Investment Corporation to the Investment Corporation, operate those facilities in principle, and endeavor to expand the acquisition of facilities for which enhanced added value as Onsen and Spa-related facilities can be expected.

Through this type of relationship, the Investment Corporation considers that the Investment Corporation, the Asset Manager, and Ooedo-Onsen Monogatari Group will be able to divide their respective roles, complement each other, and create a cooperative environment where each company contributes to enhancing the value of the others in terms of "holding" and "operation."

2. Management Structure, etc., of the Investment Corporation and of the Asset Manager

(1) Investment Corporation

(i) Officers of the Investment Corporation (as of the submission date of this report)

Please refer to "Chapter 2. Detailed Information on the Investment Corporation, Section 1. Additional Information on the Investment Corporation, 2. Officers" of the semi-annual securities report for the 14th fiscal period (from December 1, 2022 to May 31, 2023) of the Investment Corporation submitted today.

(ii) Reason for Election, Reason for Concurrently Holding Another Position and Measures for Relationships Involving a Conflict of Interests of Officers of the Investment Corporation Who Concurrently Hold the Position of Officer or Employee at the Asset Manager

Name	Title at the Asset Manager	Reason for Election and Reason for Concurrently Holding Another Position	Measures for Relationships Involving a Conflict of Interest
Takeshi Kirihara	Representative and Chief Executive Officer	<p>Mr. Takeshi Kirihara is selected as candidate for Executive Director because he has experience in investment management operations as a person responsible for portfolio assets amounting to 1.2 trillion yen at Nomura Real Estate Development Co., Ltd. and its group companies, and experience leading investment management of assets amounting to 180 billion yen at Star Asia Investment Management Co., Ltd.</p> <p>He is also in a position with in-depth knowledge of the status of asset management as Representative Director of the Asset Manager with which the Investment Corporation entrusts asset management.</p> <p>Because Mr. Takeshi Kirihara is in a position to fully understand the Investment Corporation's asset management situation as the representative and as a chief executive officer of the Asset Manager, by having him concurrently hold the position of president and representative director of the Asset Manager and executive director of the Investment Corporation, cooperation with the Investment Corporation will be further strengthened and flexible decision making at the Investment Corporation will be possible. Further, we believe that through this concurrent holding of positions, appropriate and reasonable management will be possible, because information will be shared between the Investment Corporation and the Asset Manager and the Asset Manager will be able to promptly report to the meeting of the Investment Corporation's board of directors.</p>	<p>In the transactional relationship between the Investment Corporation and the Asset Manager, only the delegation of asset management services is planned. An amendment, termination, etc., of an asset management agreement must be approved by a board of directors meeting or at a general meeting of unitholders in accordance with the provisions of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended; the "Investment Trusts Act") or of the asset management agreement. Also, the regulations of the Investment Corporation's board of directors states that a director with special interests is not entitled to vote on a resolution of a board of directors meeting. External attorneys and certified public accountants assume the office of supervisory director of the Investment Corporation and supervise the directors' execution of business. Further, regulations for preventing a conflict of interest under the Companies Act apply to the Asset Manager, and the Asset Manager establishes, as internal rules, regulations on trade with interested persons, etc., to prevent a conflict of interest regarding trade between an interested person, etc., and the Investment Corporation. Each transaction between the Investment Corporation and an interested person, etc., of the Asset Manager needs to be examined by the compliance officer and needs to be deliberated and resolved by the Investment Committee and the Compliance Committee, each with a third party attending as an external member without an interest in the Asset Manager. Attendance by an external member is required for each of the Investment Committee and the Compliance Committee, and these committees are each structured such that proposals cannot be approved without an external member's approval. In addition, after deliberation and resolution by the board of directors, the transaction is reported to the Investment Corporation's board of directors meeting, and certain transactions are presented for approval to the Investment Corporation's board of directors.</p>

(iii) Existence of a Relationship Involving a Conflict of Interest Due to Another Position Concurrently Held by an Officer of the Investment Corporation and Similar Matters (excluding the details stated in (ii) above)

Not applicable.

Although Mr. Kentaro Suzuki, a supervisory director of the Investment Corporation, also serves as a supervisory director of Marubeni Private Reit Inc. and concurrently holds a positions related to another investment corporations, after comprehensively taking into consideration his legal and actual roles and functions, we judged that a concern about a potential conflict of interest will likely not arise.

(2) Asset Manager

(i) Officers of the Asset Manager (as of the submission date of this report)

Please refer to “Chapter 2. Detailed Information on the Investment Corporation, Section 4. Related Corporations, 1. Overview of the Asset Manager, (4) Officers” of the semi-annual securities report for the 14th fiscal period (from December 1, 2022 to May 31, 2023) of the Investment Corporation submitted today.

(ii) Employees of the Asset Manager (as of the submission date of this report)

	Number of employees	Concurrent posts at seconding company (if any)
Total number of secondees	-	None
Non-secondees	9	-
Total number of employees of the Asset Manager (Note)	9	None

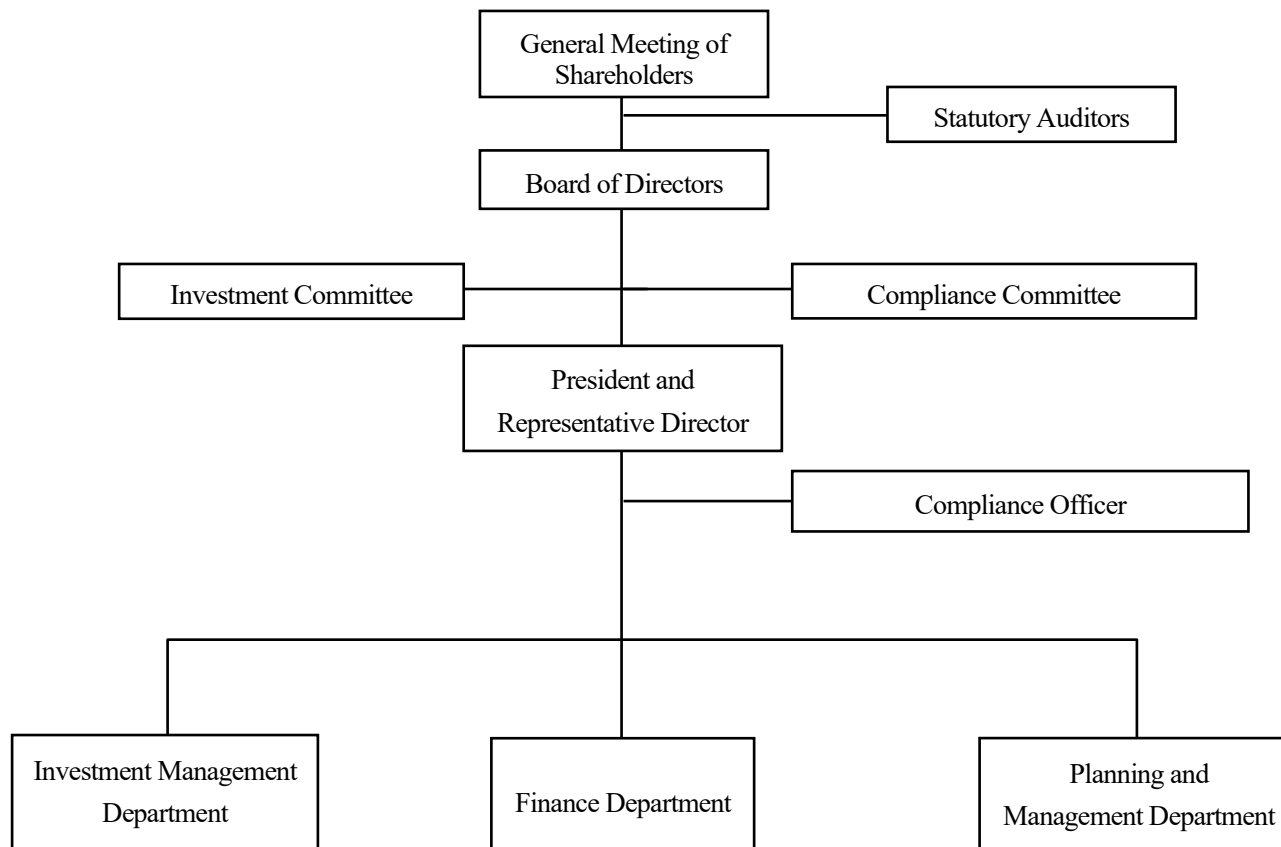
(Note) In the “total number of employees of the Asset Manager,” the directors stated in “(i) Officers of the Asset Manager (as of the submission date of this report)” above are not included. And Temporary employees are not included in the total number of employees of the Asset Manager.

(iii) Management Structure of the Investment Corporation and Asset Manager

(A) Management Structure of the Asset Manager

a. Organizational Structure of Business Operations

The organizational structure of business operations of the Asset Manager is as follows.





b. Structure of Division of Duties among Each Organization of the Asset Manager

The structure of the division of duties among each organization related to the asset management of the Investment Corporation is as follows.

Organization name	Outline of duties
Board of Directors	<ol style="list-style-type: none"> <li>1. Deliberation and resolution of matters related to corporate management of the Asset Manager</li> <li>2. Deliberation and resolution of matters related to operation and asset management of the Investment Corporation               <ol style="list-style-type: none"> <li>a. Deliberation and resolution of matters submitted after being resolved by the Investment Committee</li> <li>b. Deliberation and resolution of matters submitted after being resolved by the Compliance Committee</li> <li>c. Deliberation and resolution of any other matters related to operation and asset management of the Investment Corporation</li> </ol> </li> </ol>
Investment Management Department	<ol style="list-style-type: none"> <li>1. Duties related to formulation of investment policy, management policy, and investment criteria of investment assets of the Investment Corporation</li> <li>2. Duties related to planning of the investment management plan of the Investment Corporation</li> <li>3. Duties related to asset acquisition of the Investment Corporation</li> <li>4. Duties related to transfer of assets owned by the Investment Corporation</li> <li>5. Duties related to lease of assets owned by the Investment Corporation</li> <li>6. Duties related to operation and management of assets owned by the Investment Corporation</li> <li>7. Duties related to insurance agreements pertaining to assets owned by the Investment Corporation</li> <li>8. Duties related to reporting of management status of assets owned by the Investment Corporation</li> <li>9. Any other duties incidental to any of the preceding items</li> </ol>
Finance Department	<ol style="list-style-type: none"> <li>1. Duties related to formulation of the financing plan of the Investment Corporation</li> <li>2. Duties related to issuance of investment units of the Investment Corporation</li> <li>3. Duties related to borrowing or any other financing of the Investment Corporation</li> <li>4. Duties related to response to the unitholders or the like of the Investment Corporation</li> <li>5. Duties related to management of surplus funds of the Investment Corporation</li> <li>6. Duties related to timely disclosure to stock exchanges by the Investment Corporation and voluntary disclosure by the Investment Corporation</li> <li>7. Any other duties incidental to any of the preceding items</li> </ol>

<p>Planning and Management Department</p>	<ol style="list-style-type: none"> <li>1. Duties related to formulation of the management strategy, investment policy and management policy of the Investment Corporation</li> <li>2. Duties related to formulation of the asset management plan</li> <li>3. Duties related to budget planning and execution management of the Investment Corporation</li> <li>4. Duties related to organizational management of the Investment Corporation</li> <li>5. Duties related to statutory disclosure by the Investment Corporation</li> <li>6. Duties related to accounting of the Investment Corporation</li> <li>7. Duties related to account settlement and taxation of the Investment Corporation</li> <li>8. Duties related to information systems and information security of the Asset Manager</li> <li>9. Duties related to accounting of the Asset Manager</li> <li>10. Duties related to organizational management of the Asset Manager</li> <li>11. Duties related to business management such as general affairs and personnel affairs of the Asset Manager</li> <li>12. Duties related to handling of complaints or the like against the Asset Manager</li> <li>13. Any other duties incidental to any of the preceding items</li> </ol>
<p>Compliance Officer</p>	<ol style="list-style-type: none"> <li>1. Planning and amendment or abolishment of the internal rules of the Asset Manager, various decision-making pertaining to asset management operations, compliance with laws and regulations pertaining to the overall business process, or any other confirmation, monitoring and instruction from the viewpoint of compliance</li> <li>2. Duties related to advance examination of the matters to be put before the various deliberative bodies of the Asset Manager</li> <li>3. Duties related to advance examination of various written approvals of the Asset Manager</li> <li>4. Planning and management of the compliance program of the Asset Manager</li> <li>5. Supervisory duties related to risk management of the Asset Manager</li> <li>6. Duties related to internal audit of the Asset Manager</li> <li>7. Any other duties incidental to any of the preceding items</li> </ol>

Additionally, overviews of the Investment Committee and the Compliance Committee are as follows.

c. Investment Committee

Committee members	The Representative and Chief Executive Officer, the Directors, the Chief Compliance Officer, the manager of each department, and one or more external members (elected by the Board of Directors from among real estate appraisers who do not have interests in the Asset Manager) (note)
Matters for deliberation and resolution	<ol style="list-style-type: none"> <li>1. Deliberation and resolution of important matters regarding the management policy of the Asset Manager</li> <li>2. Deliberation and resolution of matters regarding the acquisition, disposition, and management of assets related to the financial instruments business conducted by the Asset Manager (limited to the matters determined by the Investment Committee)</li> <li>3. Deliberation and resolution regarding the amendment or abolition of the Regulations of the Investment Committee of the Asset Manager</li> </ol>
Deliberation and resolution method	<ul style="list-style-type: none"> <li>• A meeting of the Investment Committee is convened when a majority of members of the Investment Committee with voting rights are present; provided, however, that a meeting of the Investment Committee cannot be convened if the Chief Compliance Officer and an external member of the Investment Committee are not present.</li> <li>• Notwithstanding the foregoing, a meeting of the Investment Committee may be convened if, in an urgent and unavoidable situation, material damage may occur to the Asset Manager or its customers unless a meeting is immediately convened.</li> <li>• Resolutions of the Investment Committee are adopted by a majority of the members of the Investment Committee present at the meeting (including approval by external members); provided, however, that any member of the Investment Committee who has a special interest in the matter subject to such resolution cannot participate in the vote.</li> </ul>

(Note) As of the date on which this report is issued, one real estate appraiser who does not have an interest in the Asset Manager is elected as an external member of the Investment Committee.

d. Compliance Committee

Committee members	The Representative and Chief Executive Officer, the Directors, the Chief Compliance Officer, the manager of each department, and one or more external members (elected by the Board of Directors from among attorneys and certified public accountants who do not have interests in the Asset Manager) (note)
Matters for deliberation and resolution	<ol style="list-style-type: none"> <li>1. Deliberation and resolution of matters regarding transactions with interested persons, etc. set forth in the regulations on trade with interested persons, etc. which the Asset Manager has established as its internal rules</li> <li>2. Deliberation and resolution of important matters regarding the risk management of the Asset Manager</li> <li>3. Deliberation and resolution of matters regarding the amendment or abolition of the Compliance Regulations or the Regulations of the Compliance Committee of the Asset Manager</li> <li>4. Deliberation and resolution of important matters regarding the handling of complaints, etc. against the Asset Manager.</li> <li>5. Deliberation and resolution of matters regarding which the Chief Compliance Officer requests deliberation or resolution.</li> </ol>
Deliberation and resolution method	<ul style="list-style-type: none"> <li>• A meeting of the Compliance Committee is convened when a majority of members of the Compliance Committee; provided, however, that a meeting of the Compliance Committee cannot be convened if the Chief Compliance Officer and an external member of the Compliance Committee are not present.</li> <li>• Notwithstanding the foregoing, a meeting of the Compliance Committee may be convened if, in an urgent and unavoidable situation, material damage may occur to the Asset Manager or its customers unless a meeting is immediately convened.</li> <li>• Resolutions of the Compliance Committee are adopted by a majority of the members of the Compliance Committee present at the meeting (including approval by the Chief Compliance Officer and external members); provided, however, that any member of the Compliance Committee who has a special interest in the matter subject to such resolution cannot participate in the vote.</li> </ul>

(Note) As of the date on which this report is issued, one attorney-at-law who does not have an interest in the Asset Manager is elected as an external member of the Investment Committee.

(3) Approaches, etc., to Transactions Involving a Conflict of Interest

The Asset Manager has set out an outline of rules for transactions conducted with itself or with an Interested Person, Etc., (defined in item (ii) below) when conducting a transaction relating to asset management services (these rules, the Rules On Transactions With Interested Persons, Etc.) as follows:

(i) General Principles

When outsourcing the acquisition, disposition, lease, or intermediation of sale and purchase of managed assets; when outsourcing of property management services; or when outsourcing repair work, construction work, etc., for real estate or any other managed asset (collectively, in this section (3), “**Transactions With Interested Persons, Etc.**”) to an Interested Person, Etc., the provisions of the Financial Instruments and Exchange Act; the Investment Trusts Act; the Order for Enforcement of the Act on Investment Trusts and Investment Corporations (Cabinet Order No. 180 of 2000, as amended; the “**Investment Trusts Act Enforcement Order**”); the Ordinance for Enforcement of the Act on Investment Trusts and Investment Corporations (Ordinance of the Prime Minister’s Office No. 129 of 2000, as amended; the “**Investment Trusts Act Enforcement Ordinance**”); and the regulations on transactions with Interested Persons, Etc., must be complied with. In addition, the Compliance Officer must, in advance, examine compliance with the Financial Instruments And Exchange Act; the Investment Trusts Act; the Building Lots and Buildings Transaction Business Act (Act No. 176 of 1952, as amended; the “**Building Lots And Buildings Transaction Business Act**”); other applicable laws and regulations; the rules of the Investment Trusts Association, Japan; the Articles of Incorporation and the Operational Guidelines of the Investment Corporation, and the Management Practical Guidelines of the Asset Manager; and all other internal regulations, etc., of the Asset Manager, as well as examine risk management and compliance-related issues.

(ii) Scope of Interested Persons, Etc.

An Interested Party, Etc., means a person falling under an item between (A) through (E) below:

- (A) a parent juridical person, etc., of the Investment Corporation set out in Article 31-4 (3) of the Financial Instruments and Exchange Act or the subsidiary juridical person, etc., set out in Article 31-4 (4) of the Financial Instruments and Exchange Act
- (B) a shareholder of the Asset Manager
- (C) an Interested Person, Etc., set out in Article 201(1) of the Investment Trusts Act, Article 123 of the Investment Trusts Act Enforcement Order, or Article 244-3 of the Investment Trusts Act Enforcement Ordinance
- (D) a special purpose company, etc., (in this section (3), an “**SPC**”) with whom a person falling under an item between (A) through (C) above has entered into a discretionary investment contract set out in Article 2(8)(xii)(b) of the Financial Instruments and Exchange Act (including a special purpose company set out in the Asset Securitization Act and a stock company and a limited liability company set out in the Companies Act)
- (E) an SPC, etc., for which the aggregate amount invested by a person falling under item (A) or (B) above constitutes a majority of the total amount invested in that SPC

(iii) Criteria for Transactions With Interested Persons, Etc.

(A) Acquisition of Managed Assets

- a. When acquiring real estate, leasehold rights in real estate, surface rights, or beneficial interests in trust the principal of which is ownership of real estate, leasehold rights in real estate, or surface rights (collectively “**Target Assets**” in this item (A) and item (B) below) from an Interested Person, Etc., the acquisition price is not permitted to exceed the appraisal value based on an appraisal conducted by a real property appraiser (includes juridical persons; the same hereinafter) that does not constitute an Interested Person, Etc. However, an acquisition price of up to 110% of the appraisal value is permissible if there are reasonable grounds for acquiring that Target Asset at a price higher than the appraisal value. In such case, the appropriateness of acquiring that Target Asset at a price higher than the appraisal value must be explained to the Investment Committee, Compliance Committee and Board of Directors of the Asset Manager and the board of directors of the Investment Corporation, and a resolution obtained. Note that the appraisal value is for the price of the Target Asset itself, and does not include taxes, acquisition expenses, trust establishment costs, reserve funds of the trust account, trust income, the pro-rated portion of fixed asset taxes, and other such costs.
- b. Furthermore, when acquiring specified assets other than Target Assets from Interested Persons, Etc., the current market value will be used where possible; otherwise, the price will be determined in accordance with the preceding item a.
- c. If the acquisition of specified assets from an Interested Person, Etc. under item a. or b. above is determined, it must be disclosed immediately through registration on the “Timely Disclosure network” (simply, “**TDnet**”) operated by Tokyo Stock Exchange, Inc. (“**Tokyo Stock Exchange**”) in accordance with the Rules on Timely Disclosure that have been separately established.

(B) Disposition of Managed Assets

- a. When disposing a Target Asset to an Interested Person, Etc., the disposition price is not permitted to fall below the appraisal value based on an appraisal conducted by a real property appraiser that does not constitute an Interested Person, Etc. However, a disposition price at the minimum of 90% of the appraisal value is permissible if there are reasonable grounds for transferring that Target Asset at a price lower than the appraisal value. In such case, the appropriateness of disposition that Target Asset at a price lower than the appraisal value must be explained to the Investment Committee, Compliance Committee and Board of Directors of the Asset Manager and the board of directors of the Investment Corporation, and a resolution obtained. Note that the appraisal value is for the price of the Target Asset itself, and does not include taxes, expenses required for the sale, trust establishment costs, reserve funds of the trust account, trust income, the pro-rated portion of fixed asset taxes, and other such costs.
- b. When disposing specified assets other than Target Assets to Interested Persons, Etc., the current market value will be used where possible; otherwise, the price will be determined in accordance with the preceding Item a. above.
- c. If the disposition of specified assets to an Interested Person, Etc. under item a. or b. above is determined, it must be disclosed immediately through registration on TDnet in accordance with the Rules on Timely Disclosure that have been separately established.

- (C) Lease of Managed Assets
- a. When leasing real estate or other managed assets to or from an Interested Person, Etc. (including when newly leasing the same in connection with the acquisition of real estate, leasehold rights in real estate, surface rights, or beneficial interests in trust the principal of which is ownership of real estate, leasehold rights in real estate, or surface rights; or when succeeding a lease agreement), such lease must be conducted on the terms and conditions determined to be appropriate after investigating the market prices, the prices in the surrounding areas, and other similar matters.
  - b. If the lease of real estates or other managed assets to or from an Interested Person, Etc. under item a. above is determined, it must be disclosed immediately through registration on TDnet in accordance with the Rules on Timely Disclosure that have been separately established.
- (D) Outsourcing Intermediation of Sale, Purchase, or Lease
- a. When outsourcing the intermediation of the sale or purchase of specified assets to an Interested Person, Etc., the remuneration must be within the range of remuneration set out in the Building Lots And Buildings Transaction Business Act and must be determined in consideration of the sales price level, the difficulty of the relevant intermediation services, and other similar matters.
  - b. When outsourcing the intermediation of the lease of specified assets to an Interested Person, Etc., the remuneration must be within the range of remuneration set out in the Building Lots And Buildings Transaction Business Act and must be determined in consideration of the rent level, the difficulty of the relevant intermediation services, and other similar matters.
  - c. If the intermediation of the sale, purchase, or lease of specified assets to an Interested Person, Etc. under item a. or b. above is determined, it must be disclosed immediately through registration on TDnet in accordance with the Rules on Timely Disclosure that have been separately established.
- (E) Outsourcing Property Management Services, etc.
- a. When outsourcing property management services, etc. to an Interested Person, Etc., that Interested Person, Etc.'s track record, trustworthiness, and other similar matters must be investigated, and the service fee must be determined in consideration of the market level, the details and total volume of the services to be provided, and other similar matters.
  - b. When acquiring a property for which property management services are already being provided by an Interested Person, Etc., the property management services after the acquisition can also be provided by the Interested Person, Etc. on an outsourcing basis. In this case, however, the service fee must be negotiated and determined in consideration of the matters similar to those set out in item a. above.
  - c. If the outsourcing of property management services, etc. to an Interested Person, Etc. under item a. or b. above is determined, it must be disclosed immediately through registration on TDnet in accordance with the Rules on Timely Disclosure that have been separately established.
- (F) Outsourcing Repair or Construction Work, etc. on Real Estate or Other Managed Assets
- a. When outsourcing construction work, etc. to an Interested Person, Etc., such outsourcing must be conducted on the terms and conditions determined to be appropriate after comparing and considering the estimated prices and details, etc. provided by a third party. However, such comparison and consideration will not be necessary in the case of a transaction of less than 1 million yen or an ongoing transaction of less than 5 million yen per year.
  - b. When outsourcing construction work to an Interested Person, Etc. based on item a. above, each instance of construction work must be disclosed in the asset management report for each fiscal period.

(iv) Decision-Making Structure concerning the Investment Management

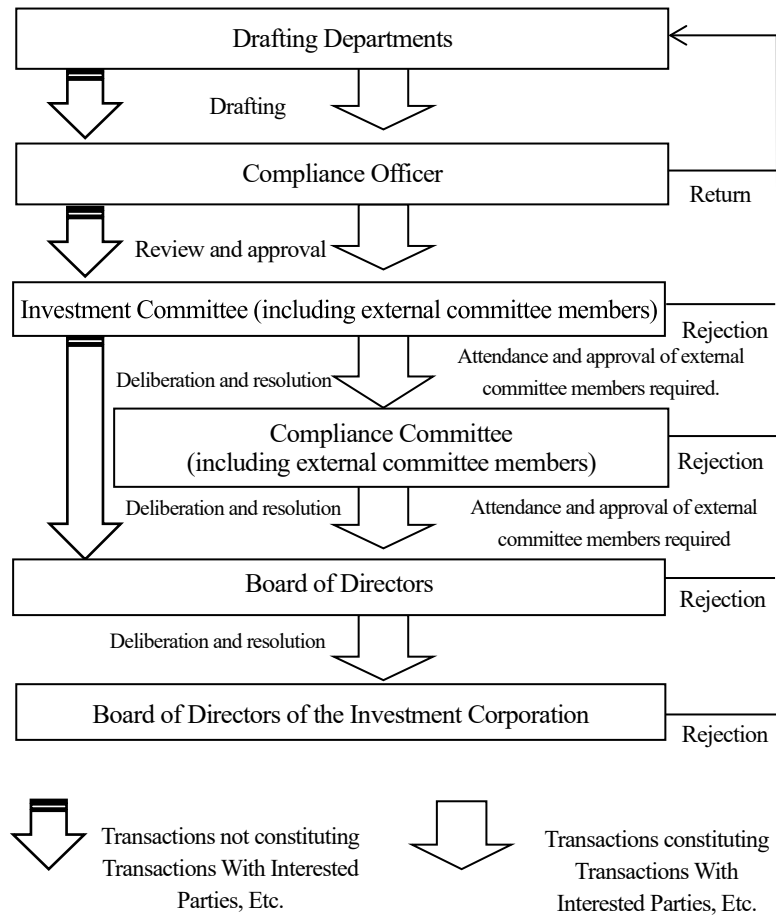
The Investment Management Department's manager and the Investment Management Department's officers and employees that handle the acquisition, disposition, other operations concerning, and administration of the Investment Corporation's assets under the leadership of the Investment Management Department's manager ("**Investment Management Staff**") must, in acquiring assets for the Investment Corporation, select investment grade assets by conducting due diligence for each transaction as set out in the Management Practical Guidelines. After conducting the selection, the acquisition of assets is determined in accordance with the below procedures. The below procedures apply mutatis mutandis to determining a disposition of assets.

- (A) Each proposal for acquiring assets is drafted after mutual consultation and in accordance with laws, ordinances, regulations, and the like; the Management Practical Guidelines; the asset management plan; and other regulations by the Investment Management Staff; the Planning and Supervision Department's manager; and the Planning and Supervision Department's officers and employees that handle budget proposals, executive supervision, and other operations for the Investment Corporation under the leadership of the Planning and Supervision Department's manager.
- (B) The drafting department presents each drafted proposal for acquiring assets to the compliance officer, and the compliance officer examines the proposal to check whether there is a breach of laws, ordinances, regulations, or the like and whether there is any other compliance-related issue.
- (C) Once a proposal for acquiring assets has been approved by the compliance officer, it is presented to the Investment Committee.
- (D) If a proposal for acquiring assets approved by a resolution of the Investment Committee applies to a Transaction With Interested Parties, Etc., it is presented to the Compliance Committee.
- (E) Each proposal for acquiring assets approved by a resolution of the Compliance Committee that applies to a Transaction With Interested Parties, Etc. and each proposal for acquiring assets approved by a resolution of the Investment Committee that does not apply to a Transaction With Interested Parties, Etc. is presented to the Board of Directors.
- (F) If a proposal for acquiring assets approved by a resolution of the Board of Directors applies to a Transaction With Interested Parties, Etc., it is presented to the Investment Corporation's board of directors meeting.
- (G) If a proposal for acquiring assets approved by a resolution of the Board of Directors does not apply to a Transaction With Interested Parties, Etc., the Investment Management Staff shall, without delay, make a report to that effect to the officers of the Investment Corporation at the Investment Corporation's board of directors meeting.
- (H) Each proposal that is not approved by the compliance officer and each proposal that is rejected at the Investment Corporation's board of directors meeting or by the Asset Manager's Board of Directors, Compliance Committee, or Investment Committee is returned to the drafting department.

(Note) If a proposal for acquiring assets applies to a Transaction With Interested Parties, Etc. set out in Article 201-2 of the Investment Trusts Act, then the consent of the Investment Corporation that has obtained the approval of the Investment Corporation's board of directors is required in advance.



Decision-making process concerning the acquisition and disposition of assets



(v) Reason for Adopting the Management Structure

(A) Role Played by the Board of Directors of the Asset Manager with respect to Transactions involving Conflicts of Interest

Of the three directors who constitute the Board of Directors, one concurrently holds a post at Oedo-Onsen Monogatari Hotels & Resorts Co., Ltd., which is the sponsor of the Asset Manager. Therefore, considering it necessary to ensure fairness and transparency in transactions between Interested Parties, Etc. of the Asset Manager and the Investment Corporation, the Asset Manager has established the Rules On Transactions With Interested Parties, Etc., which are voluntary rules, stipulating that for certain Transactions With Interested Parties, Etc., (i) the Compliance Officer will examine whether there are any issues regarding compliance beforehand, (ii) the price will be subject to certain conditions, and (iii) the Investment Corporation will disclose the transaction.

Furthermore, approval of the Compliance Committee and the Board of Directors is required for the revision of the rules.

(B) External Members of the Committees

a. Investment Committee

Mr. Katsumi Oochi, a real property appraiser, holds a post as an external member who does not have an interest in the Asset Manager. Mr. Oochi is expected to participate in the committee and offer a broad perspective based on his knowledge and experience as a real estate expert, and he is expected to contribute to the enhancement of governance by exerting an influence on decision-making as a third party who can carry out checks and balances.

Title, full-time / part-time	Name	Brief career profile		Concurrent posts
Member of Investment Committee	Katsumi Oochi	September 1998	Opened Oochi Real Estate Appraisal Office	Kabushiki Kaisha Oochi Real Estate Appraisal Office, Representative Director
		April 2002	Tokyo Summary Court, member of civil conciliation committee (current post)	
		April 2005	Land Appraisal Committee of the Ministry of Land, Infrastructure and Transport, Tokyo's 23 wards, executive secretary (current post)	
		April 2013	Established Kabushiki Kaisha Oochi Real Estate Appraisal Office Japan Association of Real Estate Appraisers, land price survey committee, vice chairman (current post)	
		April 2014	Director of Meguro Tax Office, National Tax Agency (current post)	
		April 2017	Executive Director of Appraisal Committee, Tokyo Regional Court (current post)	

b. Compliance Committee

Ms. Kana Takahashi, an attorney, holds a post as an external member who does not have an interest in the Asset Manager. With his knowledge and experience as an attorney-at-law, Mr. Dai is expected to confirm the appropriateness of prices in transactions with interested parties based on the Rules On Transactions With Interested Parties, Etc. in relation to the Investment Corporation's acquisition, disposition, and management of managed assets, and he is expected to contribute to the enhancement of governance by exerting an influence on decision-making as a third party who can carry out checks and balances.

Title, full-time / part-time	Name	Brief career profile		Concurrent posts
Member of Compliance Committee	Kana Takahashi	September 2007	Attorney at law admitted in Japan Entered Mori Hamada & Matsumoto (Law Office)	HIFUMI Law, counsel attorney matsuri technologies Inc., external statutory auditor
		January 2011	Went on loan to Mitsui Fudosan Investment Advisors, Inc.	
		May 2014	Completed New York University School of Law (LL.M)	
		May 2016	Attorney at law admitted in New York State	
		August 2016	Entered Chugai Pharmaceutical Co., Ltd.	
		November 2018	Entered HIFUMI Law (current post)	

(C) Chief Compliance Officer

The Chief Compliance Officer is responsible for overseeing compliance-related matters and supervises such tasks as organizing, planning, and promoting overall compliance and developing an internal compliance structure.

Title, full-time / part-time	Name	Brief career profile		Concurrent posts
Chief Compliance Officer (Full-time)	Shuichi Kato	September 2007	Attorney at law admitted in Japan Entered Takeo Hasegawa Law Office	Not applicable
		December 2008	Entered Karikura Law Office	
		December 2018	Entered Nippon Angels Investment Co., Ltd.	
		March 2020	Nippon Angels Investment Co., Ltd., General Manager of Compliance Department	
		January 2022	Entered Yokohama Office of Law Office S	
		May 2023	Entered Ooedo Onsen Asset Management Co., Ltd. Chief Compliance Officer (current post)	

3. Transactions with Sponsor Companies

(1) Transactions with Interested Parties, Etc.

(i) Type of Transactions: Acquisition of Assets, Etc.

The status of the transactions with Interested Parties, Etc. (Note) during the 14th fiscal period (from December 1, 2022 to May 31, 2023) is as follows.

Category	Sales and purchase amount, etc.	
	Purchase amount, etc.	Sales amount, etc.
Total amount	-	1,767,808 thousand yen (100%)
Breakdown of the status of the transactions with Interested Parties, Etc.		
Ooedo-Onsen Monogatari Hotels & Resorts Co., Ltd.	-	1,767,808 thousand yen (100%)
Sum	-	1,767,808 thousand yen (100%)

(Note) Interested Parties, Etc., provided for in Article 123 of the Investment Trusts Act Enforcement Order and in Article 26 and 27 of the Rules on Investment Reports, etc. for Investment Trusts and Investment Corporations of the Investment Trusts Association, Japan, is the Interested Parties, Etc. of the Asset Manager with which the Investment Corporation has concluded an asset management agreement. The same applies hereinafter.

(ii) Type of Transactions: Lease Transaction

A summary of the transactions pertaining to leases with Interested Parties, Etc. during the 14th fiscal period (from December 1, 2022 to May 31, 2023) is as follows.

Name of lessee	Property name	Total rent revenue (yen in thousands)	Ratio out of total transaction amount (%)
Oedo-Onsen Monogatari Hotels & Resorts Co., Ltd.	Oedo-Onsen Monogatari Ise-shima Ito Hotel New Okabe Oedo-Onsen Monogatari Atami Oedo-Onsen Monogatari Toi Marine Hotel Oedo-Onsen Monogatari Awara Oedo-Onsen Monogatari Ikaho Oedo-Onsen Monogatari Kimitsu-no-mori Oedo-Onsen Monogatari Kounkaku Kinugawa Kanko Hotel Oedo-Onsen Monogatari Kinosaki Oedo-Onsen Monogatari Higashiyama Grand Hotel	633,588	70.3
Reoma Unity Co., Ltd.	Oedo-Onsen Monogatari Reoma Resort	267,623	29.7
Oedo-Onsen Monogatari Co., Ltd.	Oedo-Onsen Monogatari Higashiyama Grand Hotel	275	0.0

(iii) Type of Transactions: Delegation of Property Management Services, etc.

A summary of the transactions pertaining to the delegation of property management services or the like with Interested Parties, etc. for the 14th fiscal period (from December 1, 2022 to May 31, 2023) is as follows.

Name of delegatee	Property name	Main delegated services	Service fee (yen in thousands)	Ratio out of total transaction amount (%)
Ooedo-Onsen Monogatari Hotels & Resorts Co., Ltd.	Ooedo-Onsen Monogatari Ise-shima Ito Hotel New Okabe Ooedo-Onsen Monogatari Atami Ooedo-Onsen Monogatari Toi Marine Hotel Ooedo-Onsen Monogatari Awara Ooedo-Onsen Monogatari Ikaho Ooedo-Onsen Monogatari Kimitsu-no-mori Ooedo-Onsen Monogatari Kounkaku Kinugawa Kanko Hotel Ooedo-Onsen Monogatari Kinosaki Ooedo-Onsen Monogatari Higashiyama Grand Hotel	Property management services	10,347	83.8
Reoma Unity Co., Ltd.	Ooedo-Onsen Monogatari Reoma Resort	Property management services	2,000	16.2

(2) Status of Property Acquisition, Etc.

The status of acquisition and the like of properties from Interested Parties, Etc., special purpose companies (or subsidiaries) whose decision-making bodies are controlled by Interested Parties, Etc., and any persons otherwise having a special relationship to the Investment Corporation (“**Persons With Special Interests**”) during the 14th fiscal period (from December 1, 2022 to May 31, 2022) of the Investment Corporation is as follows. In the below tables, the company name or name is indicated next to (i); the relationship with Persons With Special Interests is indicated next to (ii); and the transfer background, reason for the transfer, and similar information are indicated next to (iii).

(Transfer of Property)

Property name (location)	Investment Corporation	Transferee	Transfer Price	Transfer Time
Ooedo-Onsen Monogatari Kinosaki (Toyooka-shi, Hyogo) (70% co-ownership interest)	<p>(iii) In the midst of the prolonged Corona disaster, the Investment Corporation conducted transfer activities of owned properties as a definitive measure for increasing cash on hand, for the purpose of reducing the risk of refinancing for borrowings which the Investment Corporation considers as an immediate issue, restoring flexibility in loan-to-value ratio (LTV), achieving improvements in the terms and conditions for funding, and promoting portfolio diversification and risk dispersion through the acquisition of new properties from sellers other than the Sponsor in tandem with the reduction of said risk.</p> <p>Consequently, the Investment Corporation decided to transfer the property on the left, after considering that the asset disposal scale corresponds to refinancing in the future, that there is a certain degree of unrealized gains for securing distributions, and that they are scheduled to be renovated which will require the handling of the down period and a fair amount of capital expenditure.</p> <p>Ooedo-Onsen Monogatari Kinosaki were acquired by the Investment Corporation in December 2017. As of the valuation date (May 31, 2022), its appraisal value was 2,650,000,000 yen. Although the transfer price of Ooedo-Onsen Monogatari Kinosaki is below the appraisal value, the Investment Corporation determined the transfer price at the said level because the transaction is in conformance with the Rules On Transactions With Interested Parties, Etc. of the Asset Manager, because the transfer price is higher than the purchase price presented by a third party who has no interests in the relevant parties and because the Asset Manager evaluated the transfer price as appropriate.</p>	<p>(i) Ooedo-Onsen Monogatari Hotels &amp; Resorts Co., Ltd.</p> <p>(ii) Parent company of the Asset Manager</p>	1,762,250 thousand yen (Note)	February 2023

(Note) In the transaction involving the said property, 30% co-ownership interest was transferred as of November 30, 2022, and 70% co-ownership interest was transferred as of February 28, 2023. The transfer price stated in this document is the amount equivalent to 70% of the sale price specified in the sales contract for the said property.

#### 4. Others

##### (1) Selection Policy for and Overview of Real Estate Appraisal Agencies

###### (i) Selection Policy

The real estate appraisal agencies are selected from among agencies recognized to have strong appraisal capabilities, such as those with proven track records in appraisal in the J-REIT market, comprehensively taking into consideration suitability, reliability, independence, appropriateness of costs, transparency, number of real estate appraisers, and other factors for each individual case.

###### (ii) Overview

An overview of the real estate appraisal agencies for the owned assets as of May 31, 2023, is as follows.

Property name	Overview of real estate appraisal agencies			
	Name	Address	Number of real estate appraisers	Reason for selection
Oedo-Onsen Monogatari Ise-shima Oedo-Onsen Monogatari Kimitsu-no-mori Oedo-Onsen Monogatari Kounkaku Kinugawa Kanko Hotel Oedo-Onsen Monogatari Higashiyama Grand Hotel	Japan Real Estate Institute	TOKYO TORANOMON GLOBAL SQUARE, 1-3-1 Toranomom, Minato-ku, Tokyo	271	This agency was selected in consideration of being a major agency in the industry as well as other factors, such as its proven track record in providing appraisal services in the J-REIT market, staff, fee level, internal review systems, and appraisal value reliability.
Oedo-Onsen Monogatari Reoma Resort Ito Hotel New Okabe Oedo-Onsen Monogatari Atami Oedo-Onsen Monogatari Toi Marine Hotel Oedo-Onsen Monogatari Awara Oedo-Onsen Monogatari Ikaho	Rich Appraisal Institute Co., Ltd.	Prairie-Ginza Building, 1-14-4, Ginza, Chuo-ku, Tokyo	13	This agency was selected in consideration of being a major agency in the industry as well as other factors, such as its proven track record in providing appraisal services in the J-REIT market, staff, fee level, internal review systems, and appraisal value reliability.

##### (2) Selection Policy for and Overview of Engineering Report Preparation Agency

###### (i) Selection Policy

The engineering report preparation agencies are selected from among agencies recognized to have strong capabilities in preparing engineering reports, such as those with proven track records in preparing engineering reports in the J-REIT market, comprehensively taking into consideration suitability, reliability, independence, appropriateness of costs, ability to meet deadlines, and other factors for each individual case.



(ii) Overview

An overview of the engineering report preparation agencies for the owned assets as of May 31, 2023, is as follows.

Property name	Overview of engineering report preparation agencies			
	Name	Address	Description of business	Reason for selection
Oedo-Onsen Monogatari Ise-shima Ito Hotel New Okabe	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	Shin-Tokyo Building, 3-3-1, Marunouchi, Chiyoda-ku, Tokyo	Preparing engineering reports, structural design consulting, and the like	This agency was selected in view of its knowledge, experience, reliability, track record in providing appraisal services, and other factors, such as its track records of services in the J-REIT market, its knowledge of the hotel and <i>ryokan</i> industry, and its track record of accepting reports.
Oedo-Onsen Monogatari Reoma Resort Oedo-Onsen Monogatari Atami Oedo-Onsen Monogatari Toi Marine Hotel Oedo-Onsen Monogatari Awara Oedo-Onsen Monogatari Ikaho Oedo-Onsen Monogatari Kimitsu-no-mori	JAIC	Shibuya Takugin Buidling 5F, 1-13-9, Shibuya, Shibuya-ku, Tokyo	Engineering reports, legal compliance investigations, seismic capacity evaluations, and building confirmation for additions and repairs	This agency was selected in view of its knowledge, experience, reliability, track record in providing appraisal services, and other factors, such as its track records of services in the J-REIT market, its knowledge of the hotel and <i>ryokan</i> industry, and its track record of accepting reports.
Kinugawa Kanko Hotel	Daiwa Real Estate Appraisal Co. Ltd.	Orix Honmachi Building 11F, 1-4-1 Nishihonmachi, Nishi-ku, Osaka	Real estate appraisal, first- class architect office, compensation consultant, soil contamination investigation, and the like	This agency was selected in view of its knowledge, experience, reliability, track record in providing appraisal services, and other factors, such as its track records of services in the J-REIT market, its knowledge of the hotel and <i>ryokan</i> industry, and its track record of accepting reports.
Oedo-Onsen Monogatari Kounkaku Oedo-Onsen Monogatari Higashiyama Grand Hotel	Tokio Marine dR Co., Ltd.	Otemachi First Square West Tower 23F, 1-5- 1 Otemachi, Chiyoda- ku, Tokyo	Comprehensive risk management, real estate due diligence, soil contamination investigation, structural calculation sheet review. And the like	This agency was selected in view of its knowledge, experience, reliability, track record in providing appraisal services, and other factors, such as its track records of services in the J-REIT market, its knowledge of the hotel and <i>ryokan</i> industry, and its track record of accepting reports.

(3) Other Transactions Involving Potential Conflicts of Interests

Not applicable.

(4) Status of IR-Related Activities

(i) IR Schedule

The IR schedule of the Investment Corporation is as follows.

- Last month of accounting period: May and November
- Publication of financial results (*Kessan-Tanshin*): July and January
- Financial results briefing: July and January
- Dispatch of asset management report: August and February

The *Kessan-Tanshin*, as well as materials for financial results briefings, asset management reports, securities reports, and other reports, are published on the Investment Corporation's website as appropriate.

Furthermore, in addition to disclosure on its website, the Investment Corporation will endeavor to broaden its investor base by holding meetings (such as in-person visits and conferences) and property tours for institutional investors, and for individual investors, by actively disclosing information through activities such as IR seminars or IR fairs aimed at individual investors.

(ii) Information Disclosure Structure

Regarding the asset management of the Investment Corporation, the Asset Manager will disclose information to its investors promptly, accurately, and fairly, always from the viewpoint of investors, and will establish and maintain a system for collecting information that should be disclosed to investors. Regarding information related to the Asset Manager, the Investment Corporation, and the management of the Investment Corporation, the Asset Manager has established its Rules on Timely Disclosure that provide for matters related to timely information disclosure in case such information arises or is decided with the aim of disclosing that information to investors in a timely and appropriate manner.

The Finance Department is responsible for the timely disclosure of the Asset Manager, and the Chief Financial Officer is the person responsible for handling information related to timely disclosure. Furthermore, the Chief Compliance Officer is responsible for checking the contents of timely disclosure and other compliance-related matters. In addition, in making timely disclosure, the person responsible for handling information and the Chief Compliance Officer will seek advice from law firms, accounting firms, and the like as necessary and give full consideration to legal compliance.

(iii) Information Disclosure Process

The process for timely disclosure in the Asset Manager is as follows.

- (A) If an officer or employee anticipates that a matter constituting grounds for timely disclosure will arise or be decided, they will immediately consult with the person responsible for handling information and receive his or her instructions.
- (B) If the person responsible for handling information is consulted with as described in (A) above or anticipates that a matter constituting grounds for timely disclosure will arise or be decided, that person will immediately draft materials for timely disclosure as necessary and make disclosure in accordance with the Regulations on Division of Duties and the Timely Disclosure Manual established separately. Furthermore, the person responsible for handling information may assign preparation of drafts of materials for timely disclosure to each department's officers and employees as necessary.

Timely disclosure will be made by registration on TDnet. Furthermore, after confirming disclosure on TDnet, materials for timely disclosure will be published on the Investment Corporation's website without delay. The disclosure of information not constituting causes for which timely disclosure is required under the Securities Listing Regulations established by Tokyo Stock Exchange and other rules will also be made appropriately in accordance with the purpose of the timely disclosure. In addition, the decision of whether to post the disclosure materials to the press club of the Tokyo Stock Exchange (Kabuto Club), the press club of the Ministry of Land, Infrastructure, Transport and Tourism, and the press club for construction trade publications of the Ministry of Land, Infrastructure, Transport and Tourism will be made at the judgement of the person responsible for handling information.

(5) Development of Structure for Exclusion of Antisocial Forces

The Asset Manager has established approaches for the exclusion of antisocial forces in its Rules on Countermeasures to Antisocial Forces based on the basic policy of the Compliance Regulations and takes a firm stance as an entire organization against antisocial forces.

When departments responsible for each task or business conduct a new transaction, they will confirm beforehand that the transaction partner does not constitute an antisocial force in accordance with the credit investigation guidelines pertaining to the exclusion of antisocial forces; for existing transaction partners, if questionable conduct or transactions are expected directly or indirectly, the Asset Manager will report to its President and Representative Director and the Chief Compliance Officer and decide whether to continue transactions after fully taking social risks into consideration.

End.