



**大江戸温泉リート投資法人**

Ooedo Onsen Reit Investment Corporation

Results of 10<sup>th</sup> Fiscal Period ended May 31, 2021

# Presentation Material

July 21, 2021

(Asset Manager) Ooedo Onsen Asset Management Co., Ltd.

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\* The photo on the front cover is a bath at Ooedo-Onsen Monogatari Kimitsu-no-mori.

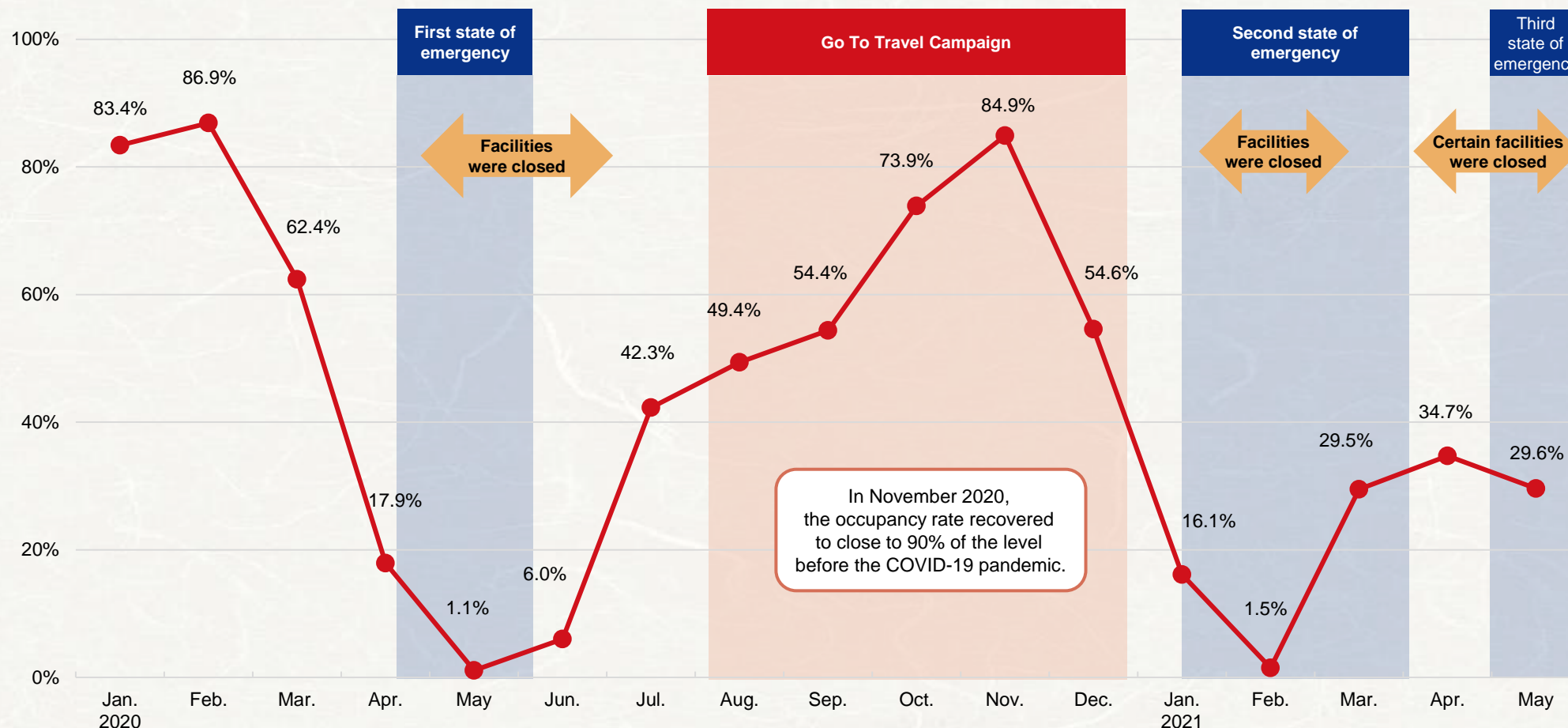


# I . Investment Highlights

# Impact of Novel Coronavirus Infectious Disease (COVID-19) (1)

The average room occupancy rate recovered to the level before the COVID-19 pandemic during the Go To Travel Campaign in 2020, but the rate has been low during the second state of emergency and the third state of emergency in 2021

## Operating of accommodation facilities (Note)



(Note 1) Unless otherwise specified, figures are rounded down to the nearest specified unit and percentage rates are rounded to the first decimal place in this material. The same applies hereinafter.

(Note 2) The state of emergency is the state of emergency in Tokyo.

# Impact of Novel Coronavirus Infectious Disease (COVID-19) (2)

While the room occupancy rate fell sharply, ADR rose about 10% year on year

## Results for the entire portfolio in the 10<sup>th</sup> period

Room occupancy rate  
28.1%

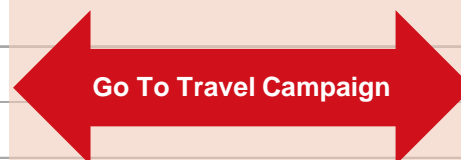
ADR  
29,889 yen

RevPAR  
8,398 yen

Sales  
2,473mn yen

## Closures of lodging facilities

Property No.	Property name	2020												2021					
		Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.
S-1	Ooedo-Onsen Monogatari Reoma Resort				4/26~6/30										1/19~3/18				(Note)
S-2	Ooedo-Onsen Monogatari Ise-shima				4/23~5/21										2/8~3/7				
S-3	Ito Hotel New Okabe				4/28~6/30										1/19~3/18				
S-4	Ooedo-Onsen Monogatari Atami				4/25~6/19										1/26~3/7				
S-5	Ooedo-Onsen Monogatari Toi Marine Hotel				4/14~6/30										1/19~3/18				
S-6	Ooedo-Onsen Monogatari Awara				4/26~6/30										1/19~3/18				
S-7	Ooedo-Onsen Monogatari Kamoshika-so				4/6~6/30										1/19~3/18				
S-8	Ooedo-Onsen Monogatari Ikaho				4/29~6/30										1/19~3/18				
S-9	Ooedo-Onsen Monogatari Kimitsu-no-mori				4/29~6/30										1/19~3/18				
S-10	Ooedo-Onsen Monogatari Nagasaki Hotel Seifu				4/26~6/19										1/26~3/7				(Note)
S-11	Ooedo-Onsen Monogatari Kounkaku				4/27~6/30										1/19~3/18	4/1~5/31			(Note)
S-12	Kinugawa Kanko Hotel				4/25~6/30										1/19~3/18				(Note)
S-13	Ooedo-Onsen Monogatari Kinosaki				4/26~6/19										2/8~3/7				(Note)
S-14	Ooedo-Onsen Monogatari Higashiyama Grand Hotel				4/29~6/30										1/19~3/18				



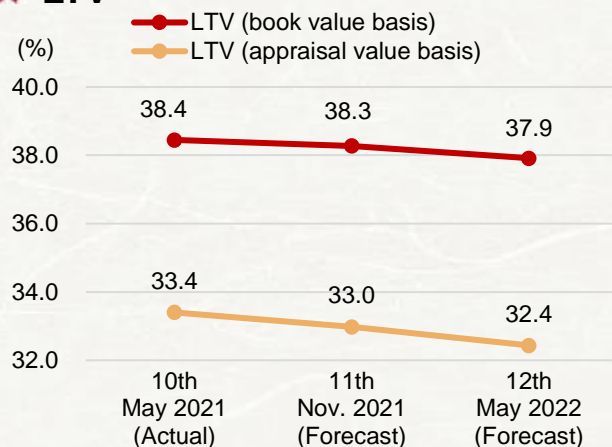
(Note) Facilities operated only on weekends (for customers who checked in on Friday, Saturday, and Sunday) from May 31 to July 1, 2021.

The periods enclosed by the blue line include state of emergency periods.

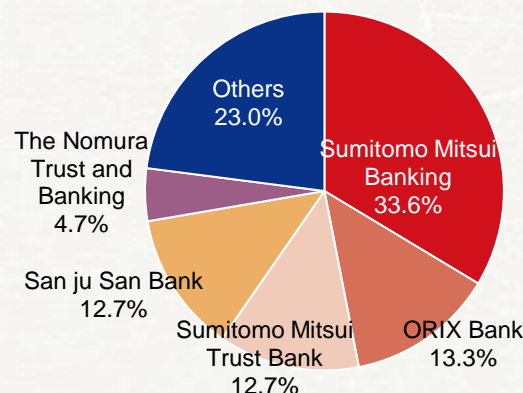
# Financial Status: Implementation of Refinancing

Amid the COVID-19 pandemic, we took out short-term loans for refinancing. LTV decreased further (38.4% on a book value basis and 33.4% on an appraisal value basis) due to scheduled repayments and the appropriation of some cash reserves for refinancing

## LTV



## Breakdown of lenders Number of syndicate lenders: 13



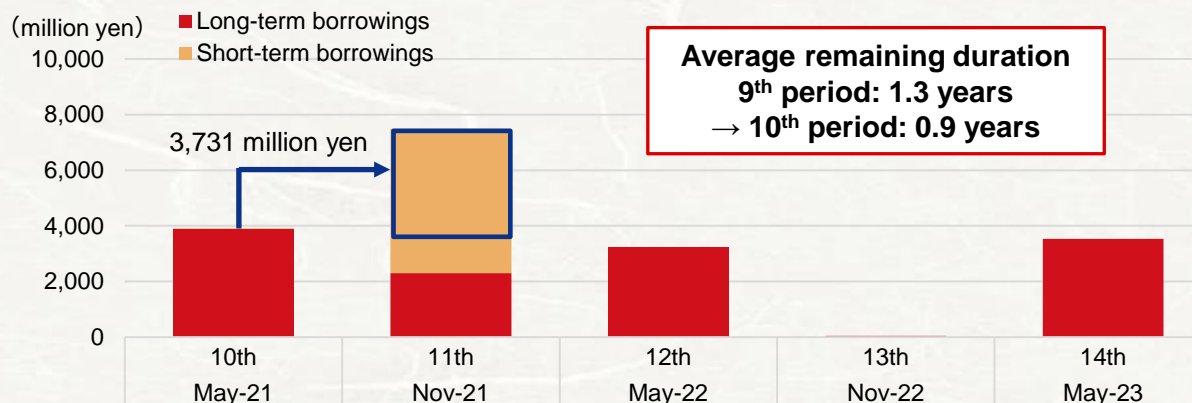
<Breakdown of others, which stand at 23.0%>

The Towa Bank	3.4%
The Iyo Bank	3.2%
The Tochigi Bank	3.1%
The First Bank of Toyama	3.1%
Fukoku Mutual Life Insurance	3.1%
The Bank of Fukuoka	2.6%
The Juhachi-Shinwa Bank	2.5%
The Bank of Kochi	1.9%

## Ratio of long-term borrowings



## Overview of maturity



# Forecast for the 10<sup>th</sup> Fiscal Period ended May 2021

Revenue and profits increased from the forecasts due to insurance income and a decrease in taxes and public dues.

Revenue and profits decreased from the previous period due to the absence of a gain on sale. DPU increased 48 yen from the forecast and decreased 26 yen from the previous period

(thousand yen)

Item	9th period (Actual)	10th period (Actual)	Difference	10th period (Forecast as of Jan. 20, 2021)	Difference
Operating revenue	Component ratio 1,358,755	Component ratio 1,348,319	-10,436	1,344,537	+3,782
Primary rent	1,230,390	1,230,417	+27	1,230,417	-
Fixed rent	100.0% 1,230,390	100.0% 1,230,417	+27	1,230,417	-
Variable rent	0.0% -	0.0% -	-	-	-
Secondary rent	104,852	112,310	+7,457	112,408	-98
Others	23,513	5,591	-17,921	1,711	+3,880
Lease operations revenue gain/loss	784,094	771,246	-12,847	767,048	+4,198
Operating income	594,331	593,501	-829	583,447	+10,053
Ordinary income	467,639	460,266	-7,373	449,090	+11,175
Net income	466,697	459,331	-7,366	448,090	+11,240
Excess cash distribution	3,059	4,236	1,176	4,236	-
Total distribution	469,752	463,633	-6,119	452,336	+11,296
Total units outstanding	235,347	235,347	-	235,347	-
DPU (yen)	1,996	1,970	-26	1,922	+48
(Excess cash distribution per unit)	13	18	+5	18	-
FFO per unit (yen)	3,803	3,860	+57	3,814	+46
NOI	1,228,018	1,218,997	-9,021	1,215,245	+3,751
Depreciation	444,170	449,227	+5,056	449,674	-446
CAPEX	175,941	99,281	-76,659	94,646	+4,634

(Note) As for the signs for each item of main factors for increase/decrease, "+" indicates those that lead to the increase in distribution per unit and "-" indicates those that lead to the decrease in distribution per unit. The same applies hereinafter.

Main factors for increase/decrease from forecast	(Note) (thousand yen)
• Increase in other operating income (fixed assets tax and city planning tax settlement for Reoma)	+2,096
• Increase in other operating revenue (Insurance revenue)	+1,775
• Decrease in tax and public charge	+2,372
• Increase in other expenses (Repairs covered by insurance)	-2,290
<b>Lease operations revenue gain/loss</b>	<b>+4,198</b>
• Decrease in selling, general and administration (unitholder-related fees))	+4,094
• Decrease in selling, general and administration (IR-related expenses, etc.)	+1,201
<b>Operating income</b>	<b>+10,053</b>
• Increase in finance-related expenses	+473
<b>Ordinary income</b>	<b>+11,175</b>

Main factors for increase/decrease from previous fiscal period	(thousand yen)
• Increase in secondary rent	+7,457
• Absence of gain on sale (part of land of Reoma Resort)	-15,785
• Decrease in other operating revenue (Insurance revenue)	-4,241
• Decrease in tax and public charge	+2,722
• Decrease in other expenses (Asbestos monitoring fee)	+1,387
• Decrease in other expenses (Repairs covered by insurance)	+1,197
• Increase in depreciation	-5,056
<b>Lease operations revenue gain/loss</b>	<b>-12,847</b>
• Decrease in asset management fees	+3,150
• Decrease in selling, general and administration (non-deductible consumption taxes)	+9,158
<b>Operating income</b>	<b>-829</b>
• Increase in finance-related expenses	-5,969
<b>Ordinary income</b>	<b>-7,373</b>

Main financial indicators	(million yen)
Total assets	37,122
Interest-bearing debt	14,271
Total liabilities	16,030
Total net assets	21,092
LTV (book value basis)	38.4%
NAV per unit	113,431 yen

# Priorities for the Time Being: Defense from COVID-19 (1)

## Determining risks on the assumption of the worst-case scenario and pursuing investment opportunities

Subject	Current Situation	Risk	Countermeasure/opportunity
Operation of facilities			
Situation	We still do not know when the COVID-19 pandemic will subside. In this environment, the elderly avoid going out, and the level of utilization of facilities on weekdays is low.	A resurgence of infections due to the Tokyo Olympics and COVID-19 variants, and continued avoidance of going out	A recovery in utilization due to vaccinations for the elderly and support for accommodation facilities from local governments, etc.
Measures against infections	We have taken measures against the infection with the help of external experts.	Clusters due to a rise in utilization and visitors	Making thorough measures to enhance safety known and development of a sense of security due to increasing vaccinations
Sponsor (Ooedo Onsen Monogatari Group)			
Corporate strength	As people continue to avoid going out, sponsor is reviewing the cost structure to improve the profit structure in anticipation of a recovery in demand.	The prolongation of a low level of utilization due to a resurgence of infections and the continued stay-at-home requests of the national and local governments	Achieving a recovery in utilization and revenue as early as possible by focusing on demand for domestic travel and offering affordable, nearby, and short stays
Securing rent	Sponsor is taking financial measures to secure funds (including securing a credit line) on the assumption of payments of fixed rent.	A decline in the ability to pay fixed rent and a reduction in rent in the event that low utilization at the sponsor is prolonged and depending on the financial situation	The risk related to securing fixed rent will be avoided if utilization recovers and financial measures work.
Finance (including refinancing)			
Financing cost	Refinancing periods are shortened and cost is increasing, reflecting the status of tenants and trends in the COVID-19 pandemic.	Bad credit condition due to the prolongation of effects of the COVID-19 pandemic and the prolongation of an added risk premium	Comfortable financing covenants Diverse fund-raising methods, including capital policies
Securing refinancing	November 2020: A debt reduction through refinancing using cash on hand May 2021: Borrowed the same amount from the existing lender through refinancing.	August and November, 2021: Borrowing the same amount from existing lenders could be affected.	Cash management that prioritizes stable finance, including longer borrowing periods on the assumption of an improvement in the situation of tenants, CAPEX control, and considering the sale of certain assets



## Priorities for the Time Being: Defense from COVID-19 (2)

Continuing to monitor tenants' operating and financial conditions and sharing information with lenders to complete refinancing

### List of borrowings due within a year (as of May 31, 2021)

Repayment date	Category	Balance (mn yen)	Lender	Initial drawdown date, etc.
August 31, 2021	Short-term	1,462	Sumitomo Mitsui Banking Corporation The Nomura Trust and Banking Co., Ltd.	December 2017 at time of PO Long term (three years)
August 31, 2021	Short-term	3,491	Sumitomo Mitsui Banking Corporation ORIX Bank Corporation San ju San Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited	September 2016 at time of IPO Long term (four years)
August 31, 2021	Short-term	240	Sumitomo Mitsui Banking Corporation	September 2016 at time of IPO Short term
November 30, 2021	Long-term	2,228	San ju San Bank, Ltd. The Tochigi Bank, Ltd. The First Bank of Toyama, Ltd. Fukoku Mutual Life Insurance Company The Bank of Kochi, Ltd. The Bank of Fukuoka, Ltd. The Juhachi-Shinwa Bank, Ltd.	December 2017 at time of PO Long term (four years)
May 31, 2022	Long-term	3,201	Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited ORIX Bank Corporation San ju San Bank, Ltd. The Towa Bank, Ltd. The Iyo Bank, Ltd. The Nomura Trust and Banking Co., Ltd. The Bank of Fukuoka, Ltd. The Juhachi-Shinwa Bank, Ltd.	December 2017 at time of PO Long term (three years)

# Forecast for the 11<sup>th</sup> Fiscal Period ending November 2021

Distributions per unit are expected to fall 65 yen from the previous forecast due to higher appraisal fees (fees for receiving reviewed ER) and finance-related expenses, offsetting a decrease in taxes and public dues. Revenue and profits are expected to decrease from the previous period due to increases in appraisal fees and selling, general and administration expenses

Item	9th period (Forecast)		10th period (Forecast)		11th period (Forecast as of Jan. 20, 2021)		
	Component ratio		Component ratio		Difference	Difference	
Operating revenue		1,348,319		1,343,055	-5,264	1,343,038	+16
Primary rent		1,230,417		1,230,417	-	1,230,417	-
Fixed rent	100.0%	1,230,417	100.0%	1,230,417	-	1,230,417	-
Variable rent	0.0%	-	0.0%	-	-	-	-
Secondary rent		112,310		112,339	+29	112,345	-5
Others		5,591		297	-5,294	275	+22
Lease operations revenue gain/loss		771,246		768,312	-2,933	763,914	+4,398
Operating income		593,501		577,715	-15,786	580,386	-2,671
Ordinary income		460,266		422,865	-37,400	437,940	-15,074
Net income		459,331		421,865	-37,465	436,940	-15,074
Excess cash distribution		4,236		4,236	-	4,236	-
Total distribution		463,633		425,978	-37,655	441,275	-15,297
Total units outstanding		235,347		235,347	-	235,347	-
DPU (yen) (Excess cash distribution per unit)		1,970 18		1,810 18	-160 -	1,875 18	-65 -
FFO per unit (yen)		3,860		3,718	-142	3,782	-64
NOI		1,218,997		1,220,166	+1,169	1,215,658	+4,508
Depreciation		449,227		453,330	+4,102	453,220	+110
CAPEX		99,281		150,000	+50,718	120,649	+29,350

(thousand yen)

Main factors for increase/decrease from forecast		(thousand yen)
• Decrease in tax and public charge		+4,750
<b>Lease operations revenue gain/loss</b>		<b>+4,398</b>
• Increase in appraisal fees (ER)		-6,440
<b>Operating income</b>		<b>-2,671</b>
• Increase in finance-related expenses, etc.		-12,402
<b>Ordinary income</b>		<b>-15,074</b>

Main factors for increase/decrease from previous fiscal period		(thousand yen)
• Decrease in other operating revenue (fixed assets tax and city planning tax settlement for Reoma)		-2,096
• Decrease in other operating revenue (Insurance revenue)		-3,211
• Decrease in tax and public charge		+2,785
• Decrease in other expenses (Repairs covered by insurance)		-3,211
• Increase in depreciation		-4,102
<b>Lease operations revenue gain/loss</b>		<b>-2,933</b>
• Increase in appraisal fees (ER)		-6,545
• Increase in selling, general and administration (unitholder-related fees))		-3,924
• Increase in selling, general and administration (IR-related expenses, etc.)		-1,701
<b>Operating income</b>		<b>-15,786</b>
• Increase in finance-related expenses, etc.		-20,965
<b>Ordinary income</b>		<b>-37,400</b>

Main financial indicators		(million yen)
Total assets		36,803
Interest-bearing debt		14,086
Total liabilities		15,753
Total net assets		21,050
LTV (book value basis)		38.3%

# Forecast for the 12<sup>th</sup> Fiscal Period ending May 2022

Ordinary income is expected to fall slightly from the 11th fiscal period, reflecting a decrease in fixed assets tax and city planning tax in secondary rent and the posting of expenses for the General Unitholders' Meeting, although a slight decrease in financial-related expenses is expected. Distributions per unit are expected to decline 11 yen from the 11th fiscal period

(thousand yen)

Item	11th period (Forecast)	12th period (Forecast)	Difference
Operating revenue	Component ratio 1,343,055	Component ratio 1,337,221	-5,833
Primary rent	1,230,417	1,230,166	-251
Fixed rent	100.0% 1,230,417	100.0% 1,230,166	-251
Variable rent	0.0% -	0.0% -	-
Secondary rent	112,339	106,780	-5,559
Others	297	275	-22
Lease operations revenue gain/loss	768,312	758,084	-10,228
Operating income	577,715	567,575	-10,140
Ordinary income	422,865	420,212	-2,653
Net income	421,865	419,212	-2,653
Excess cash distribution	4,236	4,236	-
Total distribution	425,978	423,389	-2,588
Total units outstanding	235,347	235,347	-
DPU (yen)	1,810	1,799	-11
(Excess cash distribution per unit)	18	18	-
FFO per unit (yen)	3,718	3,719	+1
NOI	1,220,166	1,212,822	-7,343
Depreciation	453,330	456,214	+2,884
CAPEX	150,000	180,000	+30,000

## Main factors for increase/decrease from previous fiscal period

	(thousand yen)
• Decrease in secondary rent	-5,559
• Increase in other operating revenue (Asbestos monitoring fee)	-1,514
• Increase in depreciation	-2,884

## Lease operations revenue gain/loss -10,228

• Decrease in asset management fees	+2,005
• Increase in expenses for General Unitholders' Meeting	-6,000
• Decrease in appraisal fees (ER)	+2,494

## Operating income -10,140

• Decrease in finance-related expenses	+7,486
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## Ordinary income -2,653

## Main financial indicators

	(million yen)
Total assets	36,612
Interest-bearing debt	13,880
Total liabilities	15,569
Total net assets	21,043
LTV (book value basis)	37.9%

## Changes in Key Indices

Distributions per unit for the 10th fiscal period came to 1,970 yen.

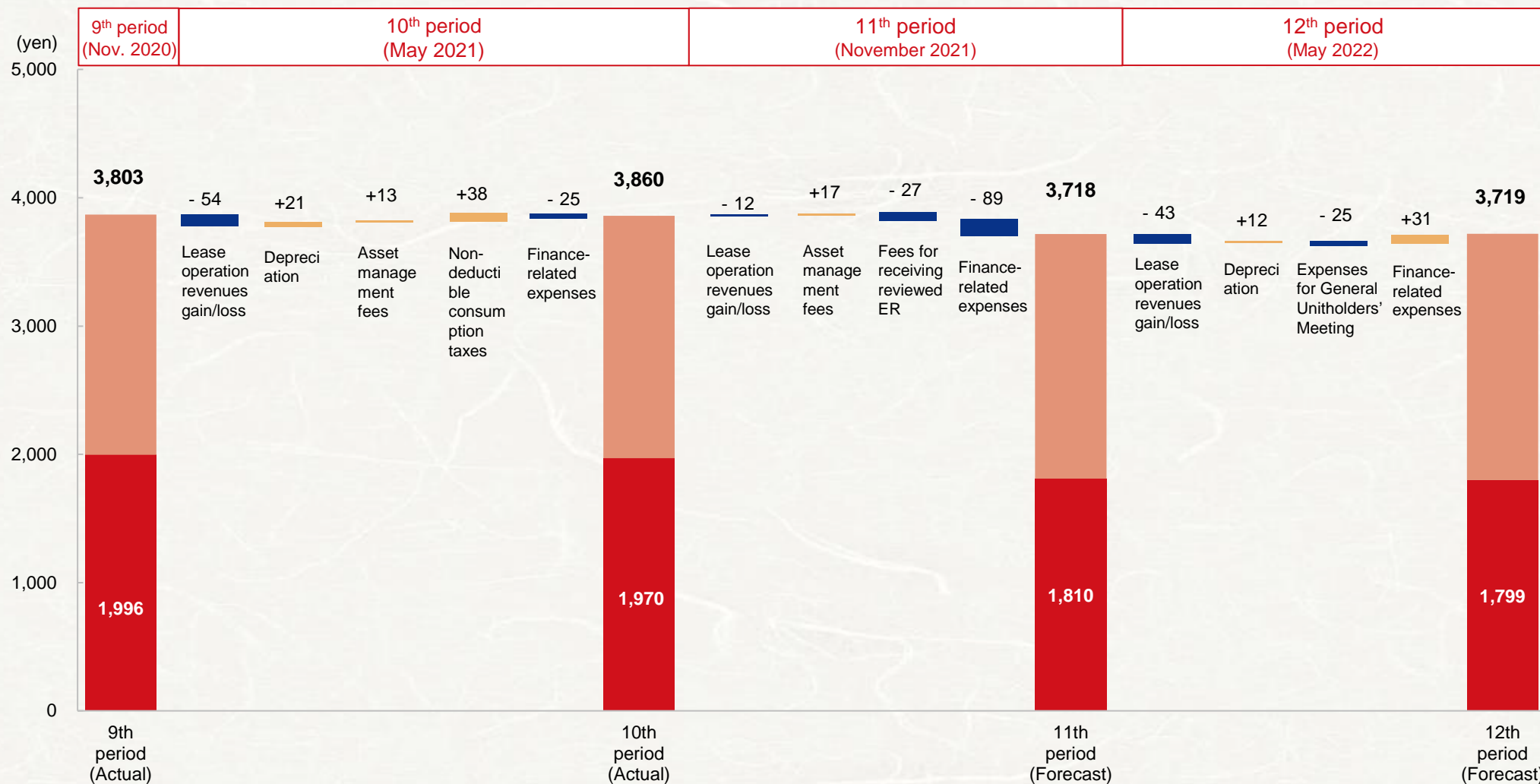
Forecasts for the 11th and 12th fiscal periods are based on the assumption that the variable rent amount will be zero under the impact of COVID-19

	9 <sup>th</sup> period (November 2020) Actual	10 <sup>th</sup> period (May 2021) Actual	11 <sup>th</sup> period (November 2021) Forecast	12 <sup>th</sup> period (May 2022) Forecast
DPU per unit	1,996 yen	1,970 yen	1,810 yen	1,799 yen
FFO per unit	3,803 yen	3,860 yen	3,718 yen	3,719 yen
LTV (book value basis)	38.6%	38.4%	38.3%	37.9%
LTV (appraisal value basis)	33.8%	33.4%	33.0%	32.4%
NAV per unit	112,115 yen	113,431 yen	114,545 yen	115,690 yen

(Note) Unrealized gain (Appraisal value – book value) were 5.6 billion yen at the end of the 10<sup>th</sup> fiscal period (up 0.3 billion yen from the end of the previous fiscal period).  
LTV (on an appraisal value basis) for the 11<sup>th</sup> and 12<sup>th</sup> fiscal periods is based on the assumption that appraisal value will remain unchanged.

# Major Factors for Increase/Decrease in DPU : Operation Focused on Stable Generation of Cash

Under the impact of COVID-19, FFO per unit is expected to decrease by around 10% and the payout ratio will be around 49%



(Note 1) The figures on the upper side and lower side of the bars show FFO per unit and distributions per unit, respectively.

(Note 2) As for the signs for each item, “+” indicates those that lead to the increase in distribution per unit and “-” indicates those that lead to the decrease in distribution per unit.



## Ⅱ . Investment Results

# Portfolio Data (1)

The appraisal values of Reoma Resort, Atami, and Awara declined slightly chiefly due to a review of CAPEX. The unrealized gain (appraisal value - book value) increased to 5.60 billion yen (up 0.32 billion period to period) at the end of the 10th period

Property No.	Property name	Location	Building age (years)	Number of rooms	Room occupancy rate (Note 1)	Acquisition price (million yen)	Appraisal value (million yen)	NOI (million yen)	NOI yield (Note 2)	After depreciation NOI yield (Note 2)	PML
S-1	Ooedo-Onsen Monogatari Reoma Resort	Kagawa Prefecture	29.9/30.2 (Note 3)	241	21.1%	9,756	8,850	315	6.5%	4.7%	1.9/1.6%
S-2	Ooedo-Onsen Monogatari Ise-shima	Mie Prefecture	41.2	83	46.4%	3,656	3,830	107	5.9%	3.0%	14.2%
S-3	Ito Hotel New Okabe	Shizuoka Prefecture	30.6	73	29.7% (Note 4)	2,657	2,810	72	5.5%	3.4%	12.0%
S-4	Ooedo-Onsen Monogatari Atami	Shizuoka Prefecture	47.4	76	44.4%	2,997	3,190	92	6.2%	4.0%	12.6%
S-5	Ooedo-Onsen Monogatari Toi Marine Hotel	Shizuoka Prefecture	46.7	64	29.2%	1,910	2,020	53	5.6%	2.4%	14.9%
S-6	Ooedo-Onsen Monogatari Awara	Fukui Prefecture	39.8	95	29.3%	1,901	1,980	65	6.9%	4.5%	14.9%
S-7	Ooedo-Onsen Monogatari Kamoshika-so	Tochigi Prefecture	25.3	60	21.7%	1,222	1,260	34	5.7%	3.4%	3.0%
S-8	Ooedo-Onsen Monogatari Ikaho	Gunma Prefecture	37.6	40	39.6%	1,299	1,370	35	5.5%	3.4%	1.0%
S-9	Ooedo-Onsen Monogatari Kimitsu-no-mori	Chiba Prefecture	25.2	41	43.7%	819	859	23	5.8%	3.6%	4.8%
S-10	Ooedo-Onsen Monogatari Nagasaki Hotel Seifu	Nagasaki Prefecture	38.9	100	33.2%	1,637	2,570	74	9.1%	6.5%	6.4%
S-11	Ooedo-Onsen Monogatari Kounkaku	Miyagi Prefecture	55.5	98	9.6% (Note 5)	1,040	1,220	41	7.9%	3.7%	3.9%
S-12	Kinugawa Kanko Hotel	Tochigi Prefecture	39.8	172	20.5%	3,870	6,130	172	8.9%	5.7%	2.1%
S-13	Ooedo-Onsen Monogatari Kinosaki	Hyogo Prefecture	52.6	103	41.2%	2,084	2,650	78	7.6%	5.5%	11.8%
S-14	Ooedo-Onsen Monogatari Higashiyama Grand Hotel	Fukushima Prefecture	56.7	123	23.1%	1,230	1,470	52	8.5%	3.9%	4.6%
Total/Average			39.5	1,369	28.1%	36,082	40,209	1,220	6.8%	4.3%	2.7%

(Note 1) Room occupancy rate is for the 10<sup>th</sup> period ended May 31, 2021 of the investment corporation.

(Note 2) (Average) NOI yield and (average) after depreciation NOI yield indicate annualized figures.

(Note 3) As for Building age and PML of Ooedo-Onsen Monogatari Reoma Resort, figures on the left indicate those of Hotel Reoma no Mori while figures on the right indicate those of New Reoma World.

(Note 4) The room occupancy rate of Ito Hotel New Okabe is a comprehensive figure including the rate of Surugatei, a property not owned by the investment corporation.

(Note 5) The room occupancy rate of Ooedo-Onsen Monogatari Kounkaku is a comprehensive figure including the rate of the Annex, a property not owned by the investment corporation.

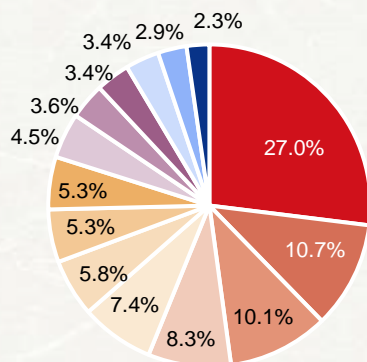
# Portfolio Data (2)

The investment ratio by facility remains unchanged.

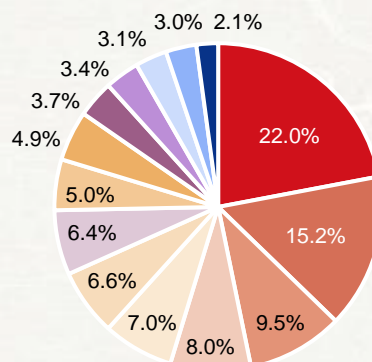
The investment ratio by region is distributed across the country, excluding Hokkaido and Okinawa

## Investment ratio by facility

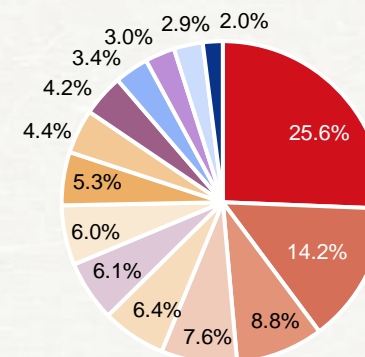
Acquisition price basis



Appraisal value basis



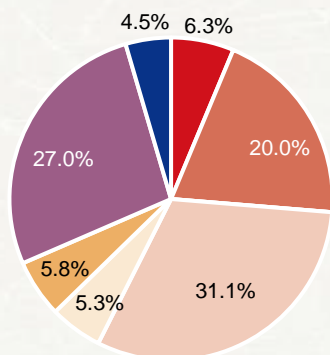
Rent income basis (Note)



(Note) Calculations were made based on the primary rent.

## Investment ratio by region

Acquisition price basis



- Tohoku
- Kanto
- Koushinetsu
- Tokai
- Hokuriku
- Kinki
- Shikoku
- Kyushu

- Ooedo-Onsen Monogatari Reoma Resort
- 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 Kamosika-so
- Ooedo-Onsen Monogatari Ikaho
- Ooedo-Onsen Monogatari Kimitsu-no-mori
- Ooedo-Onsen Monogatari Nagasaki Hotel Seifu
- Ooedo-Onsen Monogatari Kounkaku
- Kinugawa Kanko Hotel
- Ooedo-Onsen Monogatari Kinosaki
- Ooedo-Onsen Monogatari Higashiyama Grand Hotel



# Operating Results of Individual Properties (1)

At all facilities, the occupancy rate fell significantly from the same period in the previous fiscal year due to the impact of COVID-19, but ADR rose

## 1. Operating results of the accommodation sector

Property No.	Property name	Room occupancy rate (%)			ADR (yen)			RevPAR (yen)			Sales (million yen)		
		Previous corresponding period cumulative total	10th period cumulative Total	Change	Previous corresponding period cumulative total	10th period cumulative Total	Change	Previous corresponding period cumulative total	10th period cumulative Total	Change	Previous corresponding period cumulative total	10th period cumulative Total	Change
S-1	Ooedo-Onsen Monogatari Reoma Resort <Hotel Reoma-no-mori>	49.9	21.1	-57.7%	30,395	33,846	+11.4%	15,167	7,141	-52.9%	874	374	-57.1%
S-2	Ooedo-Onsen Monogatari Ise-shima	65.4	46.4	-29.1%	28,496	31,272	+9.7%	18,636	14,510	-22.1%	338	251	-25.7%
S-3	Ito Hotel New Okabe	60.9	29.7	-51.2%	25,387	28,843	+13.6%	15,460	8,566	-44.6%	363	189	-48.0%
S-4	Ooedo-Onsen Monogatari Atami	68.3	44.4	-35.0%	28,928	30,008	+3.7%	19,757	13,323	-32.6%	323	208	-35.6%
S-5	Ooedo-Onsen Monogatari Toi Marine Hotel	57.3	29.2	-49.0%	25,891	28,848	+11.4%	14,835	8,423	-43.2%	197	108	-44.8%
S-6	Ooedo-Onsen Monogatari Awara	51.1	29.3	-42.7%	26,118	27,120	+3.8%	13,346	7,946	-40.5%	295	153	-48.0%
S-7	Ooedo-Onsen Monogatari Kamoshika-so	40.4	21.7	-46.3%	25,970	26,041	+0.3%	10,491	5,650	-46.1%	137	69	-49.4%
S-8	Ooedo-Onsen Monogatari Ikaho	69.5	39.6	-43.0%	25,490	27,612	+8.3%	17,715	10,934	-38.3%	148	90	-39.4%
S-9	Ooedo-Onsen Monogatari Kimitsu-no-mori	71.0	43.7	-38.5%	21,896	26,723	+22.0%	15,546	11,677	-24.9%	174	111	-35.7%

## Operating Results of Individual Properties (2)

Property No.	Property name	Room occupancy rate (%)			ADR (yen)			RevPAR (yen)			Sales (million yen)		
		Previous corresponding period cumulative total	10th period cumulative Total	Change	Previous corresponding period cumulative total	10th period cumulative Total	Change	Previous corresponding period cumulative total	10th period cumulative Total	Change	Previous corresponding period cumulative total	10th period cumulative Total	Change
S-10	Ooedo-Onsen Monogatari Nagasaki Hotel Seifu	60.9	33.2	-45.5%	28,172	32,139	+14.1%	17,156	10,670	-37.8%	353	213	-39.8%
S-11	Ooedo-Onsen Monogatari Kounkaku	54.0	9.6	-82.2%	22,162	26,866	+21.2%	11,967	2,579	-78.4%	303	61	-79.7%
S-12	Kinugawa Kanko Hotel	49.3	20.5	-58.4%	28,117	28,700	+2.1%	13,861	5,883	-57.6%	575	213	-62.9%
S-13	Ooedo-Onsen Monogatari Kinosaki	69.8	41.2	-41.0%	29,271	30,888	+5.5%	20,431	12,725	-37.7%	457	265	-42.1%
S-14	Ooedo-Onsen Monogatari Higashiyama Grand Hotel	45.9	23.1	-49.7%	26,391	28,944	+9.7%	12,113	6,686	-44.8%	342	161	-52.9%
	Total	55.9	28.1	-49.7%	27,220	29,889	+9.8%	15,215	8,398	-44.8%	4,888	2,473	-49.4%

### 2. Operating results excluding the accommodation sector

Property No.	Property name	Number of guests			Sales (million yen)		
		Previous corresponding period cumulative total	10th period cumulative Total	Change	Previous corresponding period cumulative total	10th period cumulative Total	Change
S-1	Ooedo-Onsen Monogatari Reoma Resort <New Reoma World>	130,120	114,140	-12.3%	475	401	-15.6%

(Note) Number of guests is the total number of people using New Reoma World during the period.

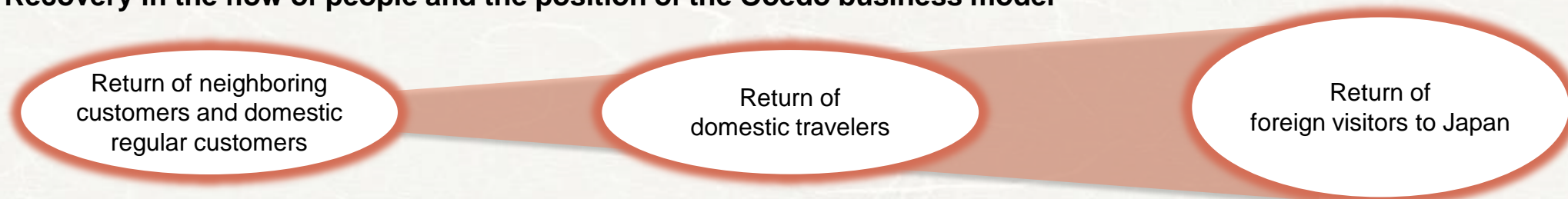


## **Ⅲ. Key Policies in Forthcoming Periods**

# Key Policies in Forthcoming Periods :To the Next Growth Stage, Overcoming Crisis

Expectations for recovery: Ooedo-Onsen Monogatari Group's facilities can precede demand recovery

Recovery in the flow of people and the position of the Ooedo business model



Features of the Ooedo model on the demand front and supply front

- **On the demand front: A short stay nearby at low prices for leisure time**  
Affordable prices, short distances that allow access by car, hot spring spas surrounded by nature
- **On the supply front: Services capable of providing both safety and security as well as liveliness**  
Taking thorough measures to prevent COVID-19 infections and providing a lively space



Demonstrated  
an early recovery  
in the autumn of last year

Strengths of properties owned and expectations

- Requirements in the post-coronavirus period **match the strengths of Ooedo-Onsen Monogatari** – Measures that are firmly established through the implementation of sponsor business models and that are also welcomed by customers
- Implement **COVID-19 measures** such as the prevention of infectious diseases and customer crowd control ~ Formation of infectious disease control project team by sponsors
- Hot springs surrounded by nature rather than populated cities with high risk
- Easily accessible by car

< Measures taken by the Ooedo-Onsen Monogatari Group >



# External Growth Strategy (1) : The Number of Properties in the Sponsor Pipeline Is Increasing Steadily

Forms the basis for stable revenue of the Investment Corporation in the medium to long term

Facilities acquired by the Ooedo Onsen Monogatari Group after the establishment of the Investment Corporation (March 2016)

August 2016 - **Acquired**



Ooedo-Onsen Monogatari Nagasaki Hotel Seifu  
(Nagasaki City, Nagasaki Prefecture)

October 2016 - **Acquired**



Ooedo-Onsen Monogatari Kounkaku  
(Osaki City, Miyagi Prefecture)

October 2016 -



Ooedo-Onsen Monogatari Masuya  
(Osaki City, Miyagi Prefecture)

April 2017 -



Ooedo-Onsen Monogatari Hotel Suiyotei  
(Atami City, Shizuoka Prefecture)

July 2017 -



Ooedo-Onsen Monogatari Beppu Seifu  
(Beppu City, Ooita Prefecture)

July 2017 -



Ooedo-Onsen Monogatari Gero Shin-kan  
(Gero City, Gifu Prefecture)

April 2018 -



Ooedo-Onsen Monogatari Nanki Kushimoto  
(Higashi Muro County, Wakayama Prefecture)

August 2018 -



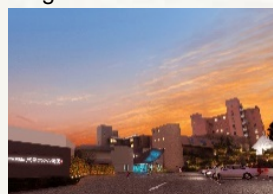
Ooedo-Onsen Monogatari Hotel Kisoji  
(Kiso County, Nagano Prefecture)

April 2019 -



Ooedo-Onsen Monogatari TAOYA Shima  
(Toba City, Mie Prefecture)

August 2019 -



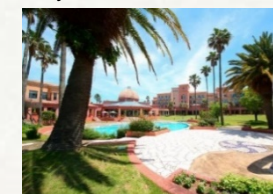
Ooedo-Onsen Monogatari Amakusa Hotel Kameya  
(Kamiamakusa City, Kumamoto Prefecture)

July 2020 -



Ooedo-Onsen Monogatari Shiomi-so  
(Murakami City, Niigata Prefecture)

July 2020 -



Saikaibashi Corazon Hotel  
(Sasebo City, Nagasaki Prefecture)

November 2020 -



Sendai Akiyu-onsen Iwanumaya  
(Sendai City, Miyagi Prefecture)

## Some of the other facilities of the Ooedo Onsen Monogatari Group



Tokyo Odaiba (Note)  
Ooedo-Onsen Monogatari  
(Fixed term land lease right for business purpose)  
(Koto-ku, Tokyo)



Ooedo-Onsen Monogatari Urayasu Mangekyo  
(Fixed term land lease right for business purpose)  
(Urayasu City, Chiba Prefecture)



Ooedo-Onsen Monogatari Minoh Kanko Hotel  
(Minoh City, Osaka Prefecture)



Minoh Onsen Spa Garden  
(Minoh City, Osaka Prefecture)



Hotel New Shiobara  
(Nasushiobara City, Tochigi Prefecture)



Ooedo-Onsen Monogatari Nikko Kirifuri  
(Nikko City, Tochigi Prefecture)



Yamashiro Onsen Yamashitaya  
(Kaga City, Ishikawa Prefecture)

(Note) The building on land leased for a fixed-term is owned by the sponsor. The facility will be closed on September 5, 2021 before the contract expires on December 31, 2021.

## External Growth Strategy (2) : Pipeline of Properties Other Than Those from the Sponsor

For the time being, by assessing risk and return in light of the effects of COVID-19, we examine properties for bridge finance, while obtaining and considering information on the sale of various types of properties such as hotels in urban areas and accommodation facilities targeting inbound customers as medium-to-long-term strategy

### Perspective on future external growth after COVID-19

- Urgently needed diversification of portfolio and risk
  - We examine adding locations in urban areas and investing in diverse business categories that will result in diverse tenants.
  - Target operators and facilities after the COVID-19 pandemic: Providing safe private space, safe and secure lively space
- Setting a sufficient rent payment ratio that allows for the maintenance of a relatively high fixed rent ratio

<Property information (excluding sponsor properties) in the 10<sup>th</sup> period (from Dec. 1, 2020 until May 31, 2021)>

		Ordinance -designated cities	Core cities	Other	Total
Onsen/Spa	Lodging	6	4	36	46
	Other (day trips, etc.)	0	0	1	1
Other lodgings		53	17	16	86
Entertainment, Amusement		0	0	0	0
Sports, beauty, health promotion facilities		0	0	0	0
Total		59	21	53	133

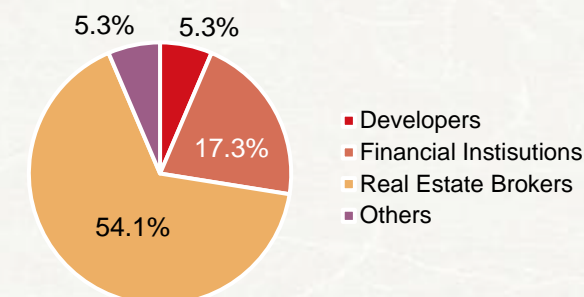
# External Growth Strategy (3)

We consider using a variety of bridge funding options and strive to achieve preferential negotiation rights

**Respond to changes in the market and seek the next growth opportunities while taking defensive actions**

- Opportunities for acquiring properties at good locations on the assumption of operator replacement
- Securing investment partners (bridge funds) amid global monetary easing

<By source>



<Progress of new acquisitions>

		(Pre COVID-19)	(Post COVID-19)	(Post COVID-19)	
		Final phase of acquisitions (including those with completed bridge financing) (Readjustment required in future)	Submission of LOI completed	Due diligence/ negotiations underway	Total
Onsen/Spa	Lodging	1	0	0	1
	Other (day trips, etc.)	1	0	0	1
Other lodgings		7	0	1	8
Entertainment, Amusement		1	0	0	1
Sports, beauty, health promotion facilities		0	0	0	0
Total		10	0	1	11

(Note) The number of properties as of June 30, 2021 is presented. The Investment Corporation has preferential negotiation rights to some of these properties. However, the Corporation may not be able to or is not obligated to acquire such properties.

# Internal Growth Strategy

Consider measures to improve profits in the short term and the medium-to-long term on the assumption of overcoming major difficulties caused by the pandemic

## Leasing and rent structure

- In addition to the leasing structure focusing on stability in the sponsor properties, variable rent is introduced in some properties with future upside potential. The basic strategy is “based on stability + partial variable.”
- Utilize variable rent structure more in the future according to the scale expansion of portfolio and an improvement in the degree of diversification of risks.

## Higher variable rents through improvements in facility performance

- Increase of variable rents through improvement in tenant performance [immediate future, short-to-medium term]
  - Collaboration with tenants at sponsor properties
    - Cooperation with and proposal of various measures to improve footfall
    - Improvement of GOP through control of costs including repair and maintenance expenses
  - Also consider the use of other arrangements at non-sponsor properties, such as minimum guarantee (fixed) + variable rent, to seize the upside of post-COVID recovery
- Utilization of variable rents drawing on new internal growth elements of diverse properties after scale expansion through external growth [medium-to-long term]
  - Inbound tourism market and facilities for utilizing leisure time in urban areas

Tapping into demand after restrictions due to COVID-19 are lifted

## Raising the level of rent revenue in the medium to long term through value-increasing investment

- Enhancement of internal cash flows generated from the difference between depreciation and CAPEX brought by the scale expansion of the portfolio
  - Measures to increase competitiveness that share the perspective with tenants and additional investments in new functions
  - Effective utilization of unused land and buildings
  - Pursuit of significant increase in value through investment in extension and an increase in the number of rooms in the medium to long terms



# Financial Strategy

## Implementation of flexible financial strategies while attaching importance to the establishment of a conservative financial base

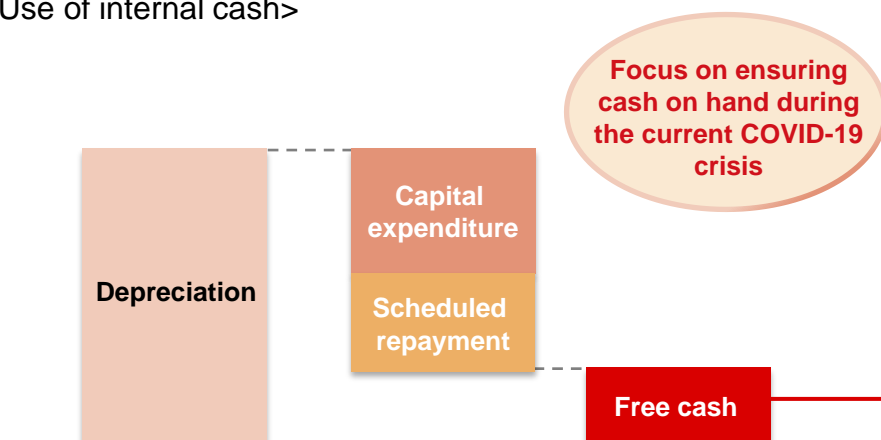
### Basic policy

- Conservative LTV control: Maintain a conservative level while targeting around 40% for the time being
- Flexible equity financing: Consider conducting equity financing, taking into account the medium- to long-term enhancement of the value of investment units and the dilution of distribution
- Promotion of the prolongation of average maturity of debt and the diversification of repayment periods: Reduction of refinancing risk
- Reduction and stability of debt costs: Reduction of costs and interest volatility risk through the diversification of financing methods and financing sources

### Future challenges

- Promotion of scale expansion and the diversification of risks in portfolio
  - Acquisition of a high credit rating and new financing methods, such as investment corporation bonds through the high credit rating
  - Agility and improved flexibility in short term LTV control
  - Improvement in the FFO payout ratio and expansion of free cash flows through an improvement of debt financing conditions (creation of free cash power for value-increasing investment)

<Use of internal cash>



- Unexpected expenditure
- Flexible acquisition of assets/LTV control
- Excess cash distribution

### Excess cash distribution policy

Assumes conducting, as necessary, excess cash distribution equivalent to the increase amount of the allowance for adjustment of temporary difference considering income taxes arising in line with the differences in accounts for tax and accounting purposes.

# Investing Targets and Building of the Portfolio

Investments are made in a wide range of facilities for utilizing leisure time, particularly those related to onsen/spa, that provide consumers with an enjoyable and rich experience during their leisure time

## Ooedo Onsen Reit's Investing Targets



### Building of a portfolio as a REIT focused on facilities aiming at utilizing leisure time

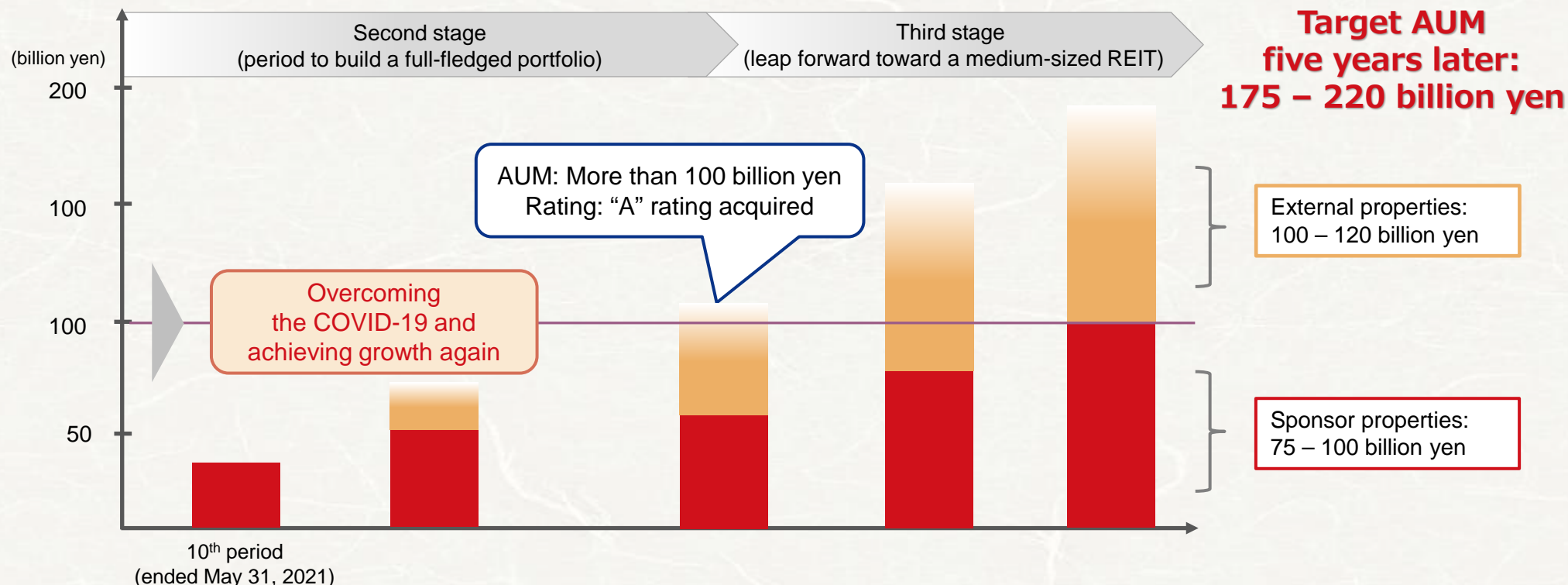
- With onsen/spa-related facilities as the focused targets,
- Taking note of consumption for services (experience-based consumption) for which demand is expected to increase both in Japan and among inbound tourists,
- Aim to build a portfolio focused on facilities aiming at utilizing leisure time, or facilities that provide consumers with a rich experience during their leisure time, that are supported by consumers.

### Building of a hybrid portfolio that satisfies both stability and growth

- Maintenance of stable operation exemplified by the Ooedo business model and the stable core portfolio centered on fixed rent and net lease
- Acquisition of new growth factors by incorporating ever-increasing inbound tourism demand, new types of accommodation, various leisure facilities, etc.

# Future Growth Targets

Enhancement of profitability and financial strength through the expansion of AUM  
 ~ Overcome the COVID-19 crisis and return to a growth path



DPU	1,970 yen	Around 2,500 yen	<b>Around 2,600 – 2,800 yen</b>
Market capitalization	19.5 billion yen	Around 50 billion yen	<b>Around 100 billion yen</b>
LTV (book value basis)	38.4%		Around 42 – 44%

(Note 1) The figures above are targets as of July 21, 2021, and are not guaranteed.

(Note 2) The market capitalization in the 10th period is calculated based on the closing price as of May 31, 2021.

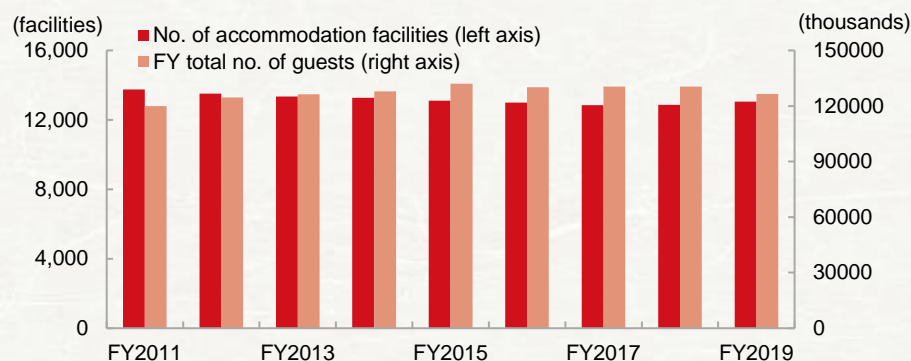


## **IV. Market Environment**

# Market Environment (1) : Stable Onsen/Spa-Related Market

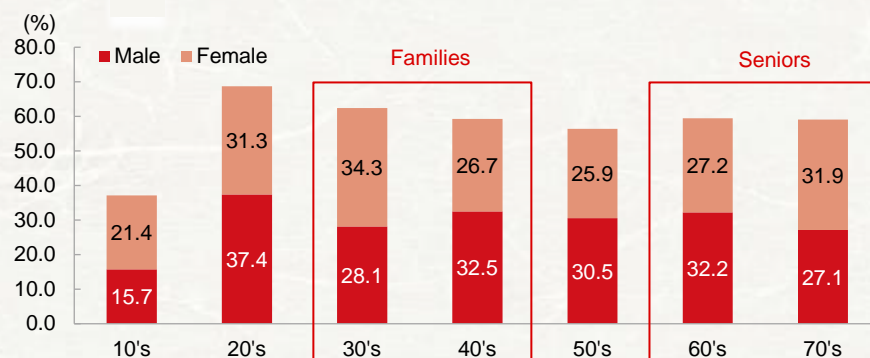
Market for onsen and spa-related facilities that forms the basis for the stability of the portfolio centered on properties operated by the sponsor

## 🌸 Trends in number of accommodation facilities and FY total number of guests



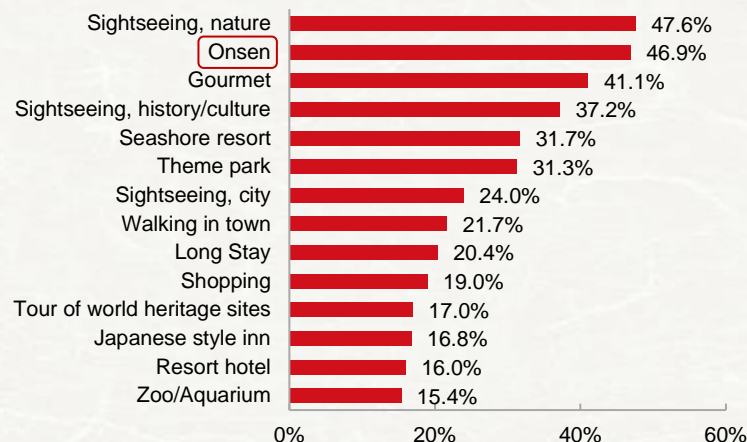
Source: Onsen Use (2010 – 2018), Nature Conservation Bureau, Ministry of the Environment

## 👤 Ratio of visits to onsen and spa facilities by age



Source: "White Paper of Leisure 2019" by Japan Productivity Center  
 (Note) The figures show the total ratios of visits by gender and age. The ratios do not add up to 100%. The figures are presented for each age group by gender by the asset manager after the respective ratios are accumulated, based on sourced data.

## 🦋 Type of trip desired in the next 1-2 years (multiple responses)



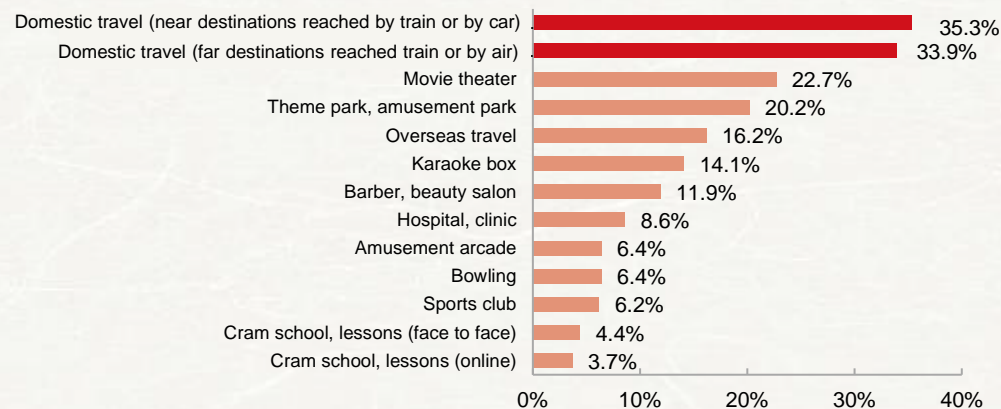
Source: JTBF Travel Intentions Survey (from "Annual Report on the Tourism Trends Survey 2020" by Japan Travel Bureau Foundation)

- The number of accommodation facilities' guests has been stable since FY2011 according to the Onsen Use Survey by the Ministry of the Environment.
- Families and the elderly have been creating a firm customer base and demand is also strong among people in their 20s.
- According to the Annual Report on the Tourism Trends Survey, "onsen" ranked top among types of trip respondents would like to try.

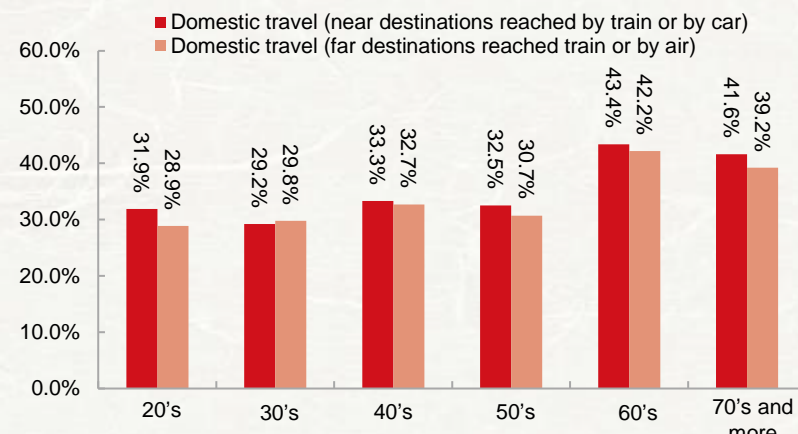
# Market Environment (2) : Future Leisure Market (1)

## Leisure Market after the COVID-19: Potential Demand for Domestic Travel

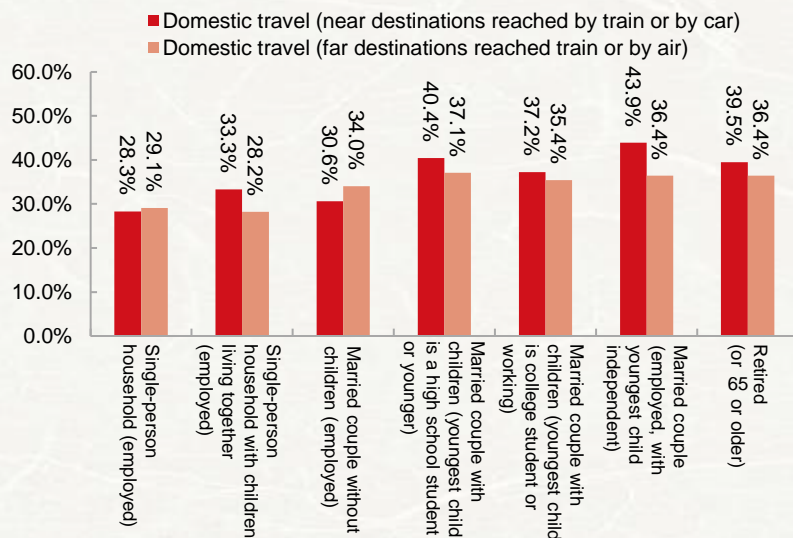
### Percentage of respondents who say frequency (of use) will increase after the pandemic subsides



### Percentage of respondents who say that the frequency of domestic travel will increase by age group



### Percentage of respondents who say that the frequency of domestic travel will increase by type of family



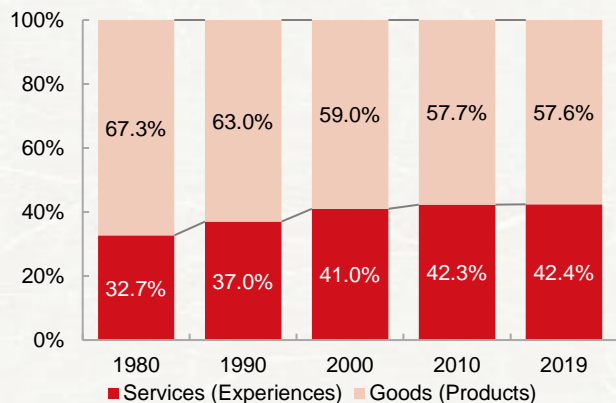
Source: All graphs are prepared by the Asset Manager based on the survey "Consumers' Vision of the World after the COVID-19 Pandemic: Expectations of a Recovery in Service-Oriented Consumption" of SMBC Nikko Securities Inc.

- The percentage of respondents who say the frequency of domestic travel will increase is larger than the percentages for any other leisure activities.
- The percentage of respondents who say the frequency of domestic travel will increase is high in all age groups. The percentage is particularly high among the elderly, who are the targets of the Investment Corporation.
- By family type, the percentage is particularly high for married couples who have children living together or whose children are independent.

# Market Environment (2) : Future Leisure Market (2)

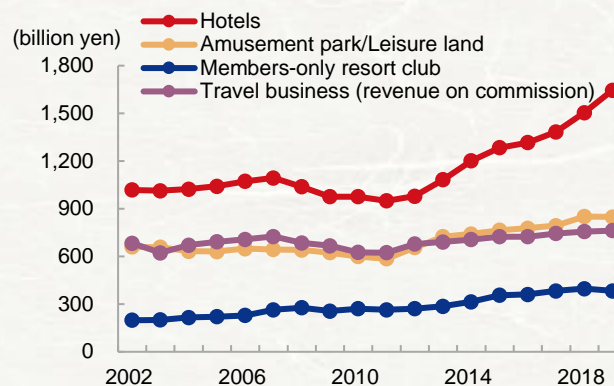
**Domestic demand: Expansion of consumption for services or experience-oriented activities means future potential of the leisure market both qualitatively and quantitatively**

## Trends in the consumption of services



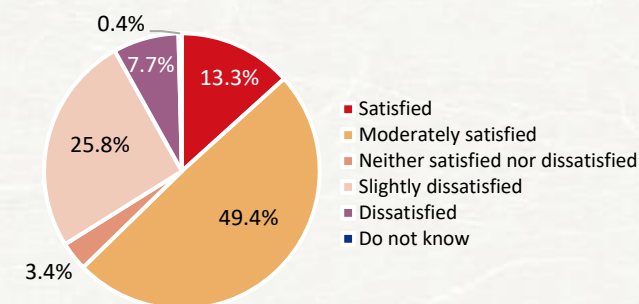
Source: A graph prepared by the Asset Manager based on "White Paper on Consumer Affairs 2020" by the Consumer Affairs Agency

## Trends in the leisure market



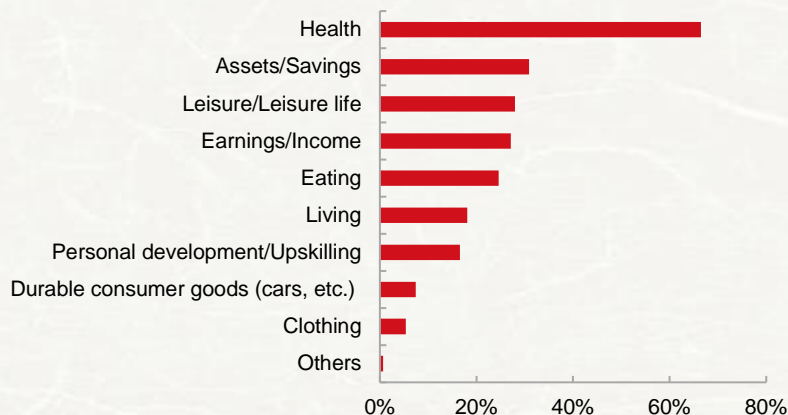
Source: "Annual Report on the Tourism Trends Survey 2020"

## Level of satisfaction in a variety of fields in current lives -Leisure/ leisure life



Source: Public Opinion Survey on the Life of the People (a survey conducted in June 2019)

## Priority matters in life



Source: Public Opinion Survey on the Life of the People (a survey conducted in June 2019)

- Data of the Consumer Affairs Agency also show a stable, increasing consumption trend for services.
- The leisure market centered on hotels has been expanding markedly in recent years.
- While "leisure" is ranked high in the public survey on "points of emphasis in one's future lifestyle," facilities that satisfy the needs remain insufficient.



# V. Appendix

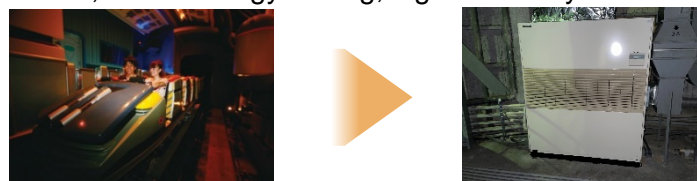


# ESG Initiatives

The Investment Corporation and the Asset Manager believe that ESG initiatives are important. We take the environment and society into consideration and are enhancing corporate governance.

## Environment

- **Replacement of air-conditioners with energy-saving ones**  
Replaced the air-conditioner for Space Ship 2056, an indoor roller coaster, with a energy-saving, high-efficiency one.



Ooedo-Onsen Monogatari Reoma Resort (New Reoma World)

- **Replacement of boilers and pumps for baths**  
Replaced boilers and pumps with energy-saving ones



Ooedo-Onsen Monogatari Ikaho (boiler)



Ooedo-Onsen Monogatari Nagasaki Hotel Seifu (pump)



- **Introduction of LED lighting (paid by tenants)**  
Lighting has been replaced with LED lighting at facilities one by one.



Ooedo-Onsen Monogatari Nagasaki Hotel Seifu (lobby)



Ooedo-Onsen Monogatari Nagasaki Hotel Seifu (guest room)



## Social

- **Helping acquire expertise**  
To enhance employees' skills and maintain and enhance their expertise, we help employees to obtain qualifications, including real estate transaction certification and ARES Certified Master.
- **Taking steps to prevent COVID-19 infections**  
To reduce the risk of COVID-19 infections, we have introduced remote work and online meetings.

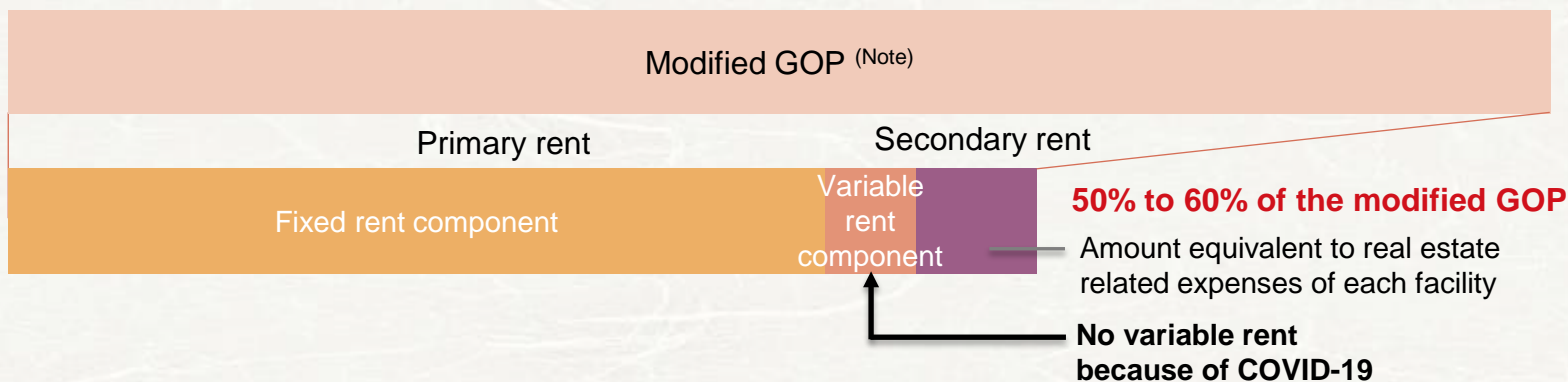
## Governance

- **Flow for careful decision making about transactions with interested parties**  
The attendance of external members at meetings of the Compliance Committee and the Investment Committee and the approval of those committees are required.
- **Same-boat investment of the sponsor**  
Ooedo-Onsen Monogatari Co., Ltd. holds 3.9% of the investment units issued by the Investment Corporation (as of May 31, 2021).
- **Asset Manager's own human resources playing a core role at the company**  
The President and Representative Director of the Asset Manager is a person who has already transferred to the Asset Manager. The department heads and those in higher positions have been hired to set up the Investment Corporation.

# Rent Structure

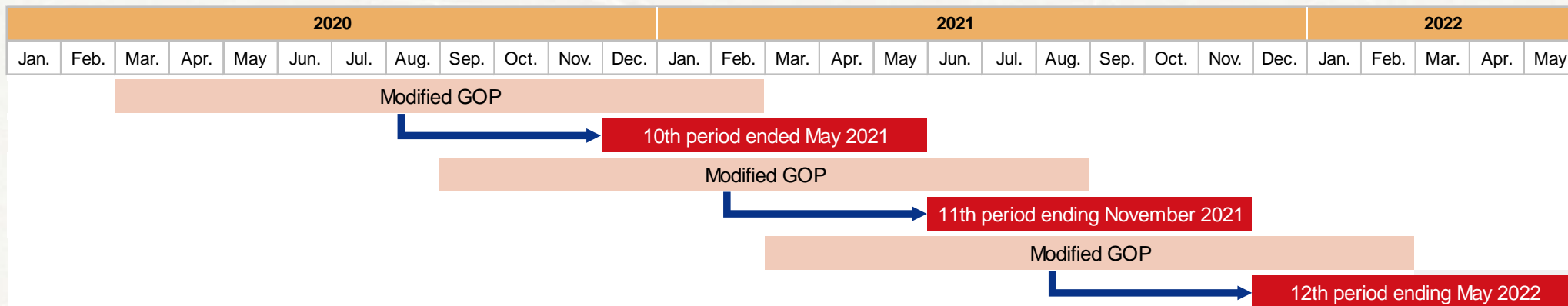
## Lease conditions for properties master-leased to the Ooedo-Onsen Monogatari Group

Contract period: **20** years  
 Non-cancellation period: **5-7** years  
 Rent revision: every **3** years



- Primary rent = Fixed rent component (monthly amount stipulated by each lease agreement of each facility) + variable rent component (Variable rent = Modified GOP for each facility × the fixed rate stipulated by each lease agreement)
- Secondary rent = The total of taxes and public dues that is liable for the Investment Corporation + nonlife insurance premiums + other expenses

### <Calculation period of variable rent>



(Note) "GOP" refers to gross operating profit, which is the amount remaining after deducting expenses arising directly from managing each facility, such as labor expenses and general and administrative expenses, from each facility's sales. "Modified GOP" is the amount remaining after deducting real estate-related expenses for the property to be borne by the tenant (including, but not limited to, taxes and public charges, non-life insurance premiums and land and house rent, but excluding an amount equivalent to Secondary rent) from the GOP of each facility for the Modified GOP Calculation Period. The same applies hereinafter.

# Appraisal Value

Property No.	Property name	Acquisition Price (million yen)	Book value (million yen)	Appraisal value (million yen)			Unrealized profits and losses (million yen)	Direct capitalization method			Discounted cash flow method					
				9th period Nov.30, 2020	10th period May 31, 2021	Change		Direct Cap Rate			Discount Rate			Terminal Cap Rate		
								9th period Nov.30, 2020	10th period May 31, 2021	valuation	9th period Nov.30, 2020	10th period May 31, 2021	valuation	9th period Nov.30, 2020	10th period May 31, 2021	valuation
S-1	Ooedo-Onsen Monogatari Reoma Resort	9,756	9,578	8,860	8,850	-10	-728	6.0%	6.0%	-	5.8%	5.8%	-	6.2%	6.2%	-
S-2	Ooedo-Onsen Monogatari Ise-shima	3,656	3,294	3,830	3,830	-	+535	5.6%	5.6%	-	5.4%	5.4%	-	5.8%	5.8%	-
S-3	Ito Hotel New Okabe	2,657	2,564	2,810	2,810	-	+245	5.1%	5.1%	-	4.9%	4.9%	-	5.3%	5.3%	-
S-4	Ooedo-Onsen Monogatari Atami	2,997	2,776	3,200	3,190	-10	+413	5.1%	5.1%	-	4.9%	4.9%	-	5.3%	5.3%	-
S-5	Ooedo-Onsen Monogatari Toi Marine Hotel	1,910	1,787	2,020	2,020	-	+232	5.6%	5.6%	-	5.4%	5.4%	-	5.8%	5.8%	-
S-6	Ooedo-Onsen Monogatari Awara	1,901	1,844	1,990	1,980	-10	+135	5.9%	5.9%	-	5.7%	5.7%	-	6.1%	6.1%	-
S-7	Ooedo-Onsen Monogatari Kamoshika-so	1,222	1,177	1,260	1,260	-	+82	5.3%	5.3%	-	5.1%	5.1%	-	5.5%	5.5%	-
S-8	Ooedo-Onsen Monogatari Ikaho	1,299	1,262	1,370	1,370	-	+107	5.3%	5.3%	-	5.1%	5.1%	-	5.5%	5.5%	-
S-9	Ooedo-Onsen Monogatari Kimitsu-no-mori	819	833	859	859	-	+25	5.3%	5.3%	-	5.1%	5.1%	-	5.5%	5.5%	-
S-10	Ooedo-Onsen Monogatari Nagasaki Hotel Seifu	1,637	1,609	2,570	2,570	-	+960	5.2%	5.2%	-	5.0%	5.0%	-	5.4%	5.4%	-
S-11	Ooedo-Onsen Monogatari Kounkaku	1,040	996	1,220	1,220	-	+223	5.5%	5.5%	-	5.3%	5.3%	-	5.7%	5.7%	-
S-12	Kinugawa Kanko Hotel	3,870	3,595	6,130	6,130	-	+2,534	5.2%	5.2%	-	5.0%	5.0%	-	5.4%	5.4%	-
S-13	Ooedo-Onsen Monogatari Kinosaki	2,084	2,105	2,650	2,650	-	+544	5.4%	5.4%	-	5.2%	5.2%	-	5.6%	5.6%	-
S-14	Ooedo-Onsen Monogatari Higashiyama Grand Hotel	1,230	1,177	1,470	1,470	-	+292	5.9%	5.9%	-	5.7%	5.7%	-	6.1%	6.1%	-
Total		36,082	34,605	40,239	40,209	-30	+5,603	-	-	-	-	-	-	-	-	-

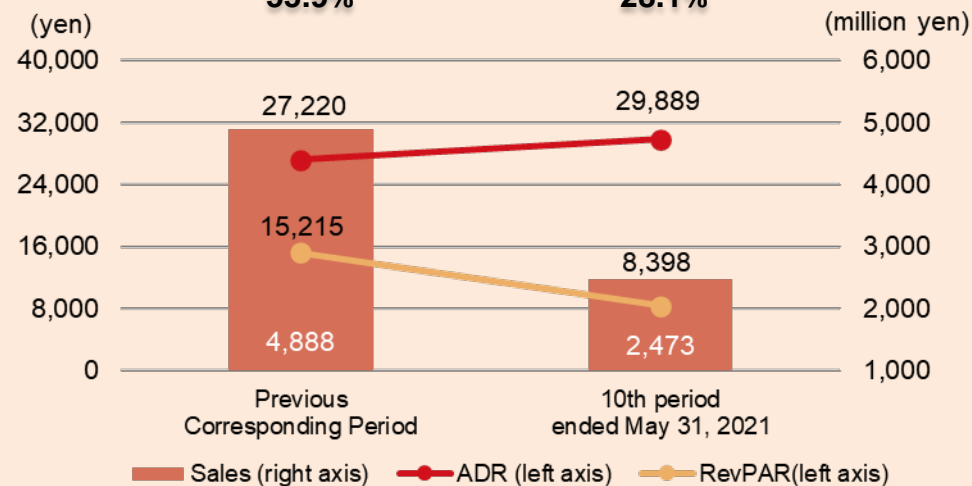
# Operating Results for the Entire Portfolio



<Cumulative comparison of 10<sup>th</sup> period and the same period of the previous year>

Room occupancy rate :  
55.9%

28.1%



## Portfolio operating results

	2020年							2021年					Cumulative total	Previous corresponding period cumulative total	10th period cumulative Total	Change
	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May				
Room occupancy rate	6.0%	42.3%	49.4%	54.4%	73.9%	84.9%	54.6%	16.1%	1.5%	29.5%	34.7%	29.6%	40.0%	55.9%	28.1%	-27.8%
ADR (yen)	24,150	27,554	37,930	27,475	27,768	32,437	33,405	30,542	21,813	31,386	25,360	27,069	30,294	27,220	29,889	+2,669
RevPAR (yen)	1,449	11,655	18,737	14,946	20,520	27,539	18,239	4,917	327	9,258	8,799	8,012	12,117	15,215	8,398	-6,817
Sales (million yen)	69	572	905	721	1,057	1,358	916	252	16	455	433	400	7,159	4,888	2,473	-2,414

# Introduction of Properties (1)

## S-1 Ooedo-Onsen Monogatari Reoma Resort



Location: Marugame City,  
Kagawa Prefecture

Site area: 665,403m<sup>2</sup> (Note)

Total floor area: 63,896m<sup>2</sup>

### Area characteristics (Note)

- Marugame City, where this facility is located, is in the Seisan area (West Sanuki). Many tourist spots are within easy access, including Marugame Castle, Kotohira-gu Shrine and the Seto-ohashi Bridge, etc., meaning local sightseeing and leisure can be enjoyed together with the facility.



(Note) Part of the land (area: 196,542.20m<sup>2</sup>) is leased from a third party (domestic corporation).

## S-2 Ooedo-Onsen Monogatari Ise-shima



Location: Shima City,  
Mie Prefecture

Site area: 9,637m<sup>2</sup>

Total floor area: 9,782m<sup>2</sup>

### Area characteristics

- Shima City is a large sightseeing spot in the Ise-Shima area. It includes Ise-jingu Shrine and a rias-style coastline.
- Ago-wan bay, where this facility is located, features many resort hotels and onsen ryokans that back onto the mountains and face the coast where the waves lap gently.



## S-3 Ito Hotel New Okabe



Location: Ito City,  
Shizuoka Prefecture

Site area: 2,945m<sup>2</sup>

Total floor area: 10,211m<sup>2</sup>

### Area characteristics

- Ito City, which is designated a City of International Tourism and Hot Springs Culture, bustles with the Izu Kogen Sakura Festival and the Anjinsai Festival. The Umi no Hanabi Taikai fireworks display on the last day of the Anjinsai Festival attracts crowds of around 170,000 people.
- Ito-Onsen, where this facility located is one of Japan's leading hot springs from the Heian Period.



# Introduction of Properties (1)

## S-1 : Ooedo-Onsen Monogatari Reoma Resort (Hotel Reoma-no-mori)

	2020年							2021年					Cumulative total
	Jun.	Jul.	Aug.	Sep.	Oct	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	
Room occupancy rate	-	31.6%	47.2%	51.5%	75.9%	87.5%	53.4%	7.5%	3.5%	19.9%	23.5%	17.3%	35.1%
ADR (yen)	-	34,705	52,437	33,262	29,041	34,644	35,685	39,192	19,198	36,909	27,801	32,938	35,238
RevPAR (yen)	-	10,966	24,750	17,129	22,042	30,313	19,055	2,939	671	7,344	6,533	5,698	12,368
Sales (million yen)	0	92	208	145	198	260	166	27	4	64	59	51	1,279

Previous corresponding period cumulative total	10th period cumulative Total	Change
49.9%	21.1%	-28.8%
30,395	33,846	+3,451
15,167	7,141	-8,026
874	374	-499

## S-2 : Ooedo-Onsen Monogatari Ise-shima

	2020年							2021年					Cumulative total
	Jun.	Jul.	Aug.	Sep.	Oct	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	
Room occupancy rate	46.2%	55.1%	51.3%	64.4%	82.0%	90.5%	72.5%	41.7%	8.0%	48.4%	57.1%	47.2%	55.7%
ADR (yen)	23,026	29,957	41,044	28,905	30,502	36,091	36,777	31,510	24,826	34,219	26,538	26,126	31,686
RevPAR (yen)	10,638	16,506	21,055	18,614	25,011	32,662	26,663	13,139	1,986	16,561	15,153	12,331	17,649
Sales (million yen)	30	48	61	52	76	95	78	38	5	48	43	36	617

Previous corresponding period cumulative total	10th period cumulative Total	Change
65.4%	46.4%	-19.0%
28,496	31,272	+2,776
18,636	14,510	-4,126
338	251	-87

## S-3 : Ito Hotel New Okabe

	2020年							2021年					Cumulative total
	Jun.	Jul.	Aug.	Sep.	Oct	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	
Room occupancy rate	-	36.0%	46.1%	58.1%	62.3%	75.1%	56.9%	14.3%	-	26.3%	38.7%	39.1%	38.0%
ADR (yen)	-	24,530	34,374	23,627	26,534	33,013	33,553	32,246	-	31,011	23,362	24,530	28,769
RevPAR (yen)	-	8,830	15,846	13,727	16,530	24,792	19,091	4,611	-	8,155	9,041	9,591	10,932
Sales (million yen)	0	32	57	49	63	91	71	17	0	30	33	35	483

Previous corresponding period cumulative total	10th period cumulative Total	Change
60.9%	29.7%	-31.2%
25,387	28,843	+3,456
15,460	8,566	-6,894
363	189	-174

# Introduction of Properties (2)

## S-4 Ooedo-Onsen Monogatari Atami



Location: Atami City, Shizuoka Prefecture  
 Site area: 2,053㎡  
 Total floor area: 8,469㎡

### Area characteristics

- Atami City, at the base of the Izu Peninsula, has been designated a City of International Tourism and Hot Springs Culture with its many tourist attractions, including Sun Beach (famous for the Atami Kaijo fireworks display) and “Omiya no Matsu” pine tree, etc. In recent years, it has been in the limelight again as an onsen resort that is “low-cost, near, for short stay” destination from the Tokyo metropolitan area.
- Atami-onsen, where this facility is located is one of Japan’s leading hot spring sightseeing areas.



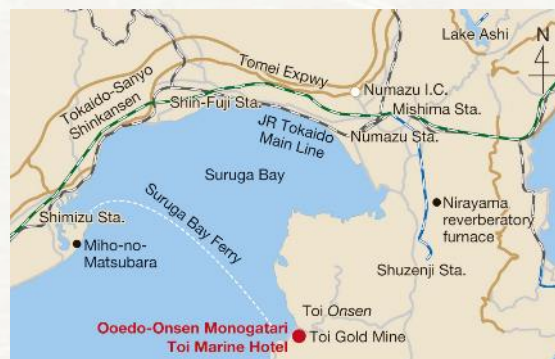
## S-5 Ooedo-Onsen Monogatari Toi Marine Hotel



Location: Izu City, Shizuoka Prefecture  
 Site area: 2,911㎡  
 Total floor area: 6,125㎡

### Area characteristics

- Izu City is the Izu Peninsula’s largest city located in the west of the central part of the peninsula. Facing Suruga Bay to the west and surrounded by the Mount Amagi range to the south, it is rich in natural, historical, and onsen tourist attractions.
- Toi-onsen, where this facility is located is the oldest hot spring in west Izu area. It is famous for “Toi gold mine” from Edo period collecting many sight seeing visitors.



## S-6 Ooedo-Onsen Monogatari Awara



Location: Awara City, Fukui Prefecture  
 Site area: 13,263㎡  
 Total floor area: 14,132㎡

### Area characteristics

- Awara City is a scenic area facing the Japan Sea, surrounded by abundant nature. The Mikuni fishing port, which is well-known for Echizen crab, Tojinbo, a tourist attraction that is famous nationwide, and Eihei-ji Temple are close by, and the tourist industry centered on Awara Onsen is flourishing.
- Awara onsen, where this facility is located is called an inner parlor of Kansai region together with Kaga onsen resort area composed of adjacent Yamashiro, Yamanaka, Katayamazu onsen, etc. .



## Introduction of Properties (2)

### S-4 : Ooedo-Onsen Monogatari Atami

	2020年							2021年					Cumulative total
	Jun.	Jul.	Aug.	Sep.	Oct	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	
Room occupancy rate	14.8%	53.8%	63.8%	66.1%	83.4%	90.5%	62.0%	31.2%	-	67.6%	53.2%	48.6%	53.3%
ADR (yen)	23,765	26,858	40,545	28,450	28,535	33,309	35,840	27,686	-	30,824	26,285	26,877	30,773
RevPAR (yen)	3,517	14,449	25,867	18,805	23,798	30,144	22,220	8,638	-	20,837	13,983	13,062	16,402
Sales (million yen)	8	37	65	48	64	78	59	23	0	53	36	34	511

Previous corresponding period cumulative total	10th period cumulative Total	Change
68.3%	44.4%	-23.9%
28,928	30,008	+1,080
19,757	13,323	-6,434
323	208	-115

### S-5 : Ooedo-Onsen Monogatari Toi Marine Hotel

	2020年							2021年					Cumulative total
	Jun.	Jul.	Aug.	Sep.	Oct	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	
Room occupancy rate	-	45.8%	69.0%	54.5%	64.3%	78.1%	56.0%	14.6%	-	24.2%	39.9%	38.2%	40.7%
ADR (yen)	-	25,537	44,844	27,502	26,689	30,104	32,233	30,984	-	30,328	24,892	26,149	30,596
RevPAR (yen)	-	11,695	30,942	14,988	17,161	23,511	18,050	4,523	-	7,339	9,931	9,988	12,452
Sales (million yen)	0	25	65	31	38	51	40	10	0	15	21	21	321

Previous corresponding period cumulative total	10th period cumulative Total	Change
57.3%	29.2%	-28.1%
25,891	28,848	+2,957
14,835	8,423	-6,412
197	108	-88

### S-6 : Ooedo-Onsen Monogatari Awara

	2020年							2021年					Cumulative total
	Jun.	Jul.	Aug.	Sep.	Oct	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	
Room occupancy rate	-	35.9%	45.9%	41.4%	61.0%	83.3%	53.2%	13.2%	-	30.2%	45.9%	31.1%	37.0%
ADR (yen)	-	25,577	34,152	24,362	25,796	30,843	30,671	29,536	-	27,318	22,862	25,901	27,990
RevPAR (yen)	-	9,182	15,675	10,085	15,735	25,692	16,316	3,898	-	8,250	10,493	8,055	10,356
Sales (million yen)	0	29	49	31	52	82	54	13	0	26	33	26	400

Previous corresponding period cumulative total	10th period cumulative Total	Change
51.1%	29.3%	-21.8%
26,118	27,120	+1,002
13,346	7,946	-5,400
295	153	-142



# Introduction of Properties (3)

## S-7 Ooedo-Onsen Monogatari Kamoshika-so



Location: Nasushiobara City, Tochigi Prefecture

Site area: 7,734㎡

Total floor area: 5,947㎡

### Area characteristics

- Since ancient times, many onsen villages have taken shape in the mountains and valleys around Nasushiobara City, including the Shiobara Hot Springs Area, Itamuro Onsen, etc. Hunter Mountain Shiobara, where meadows, skiing and autumnal leaves can be enjoyed, is nearby.
- Shiobara onsen resort area, where this facility is located is popular with its six different hot springs dating back 1,200 years ago.



## S-8 Ooedo-Onsen Monogatari Ikaho



Location: Shibukawa City, Gunma Prefecture

Site area: 6,805㎡

Total floor area: 5,177㎡

### Area characteristics

- Shibukawa City is a regional city located in the center of Gunma Prefecture and it has long prospered as a transportation hub. Nature and onsen tourism is also a major industry.
- Ikaho onsen, where this facility is located is one of the representing hot springs of Kita-Kanto region as an inner parlor of Tokyo and is famous for “muddy gold spring” and transparent “white silver spring”.



## S-9 Ooedo-Onsen Monogatari Kimitsu-no-mori



Location: Kimitsu City, Chiba Prefecture

Site area: 57,069㎡

Total floor area: 8,660㎡

### Area characteristics

- Kimitsu City is located in the middle of Chiba Prefecture, and with significantly improvements in access by car from Chiba, Tokyo and Yokohama in the past few years due to the completion of the Tateyama Expressway and the Tokyo Bay Aqualine, an influx of visitors is expected.
- Inland Boso peninsula, where this facility is located is expected good demand of tourism with popular sight seeing spots in surrounding areas.



## Introduction of Properties (3)

### S-7 : Ooedo-Onsen Monogatari Kamoshika-so

	2020年							2021年					Cumulative total
	Jun.	Jul.	Aug.	Sep.	Oct	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	
Room occupancy rate	-	32.1%	42.4%	45.1%	55.1%	71.4%	32.0%	7.8%	-	24.8%	32.8%	30.8%	31.4%
ADR (yen)	-	26,613	31,335	24,716	25,799	26,638	25,998	27,342	-	25,971	22,520	29,443	26,617
RevPAR (yen)	-	8,542	13,286	11,146	14,215	19,019	8,319	2,132	-	6,440	7,386	9,068	8,357
Sales (million yen)	0	17	27	22	30	39	17	4	0	13	15	18	207

Previous corresponding period cumulative total	10th period cumulative Total	Change
40.4%	21.7%	-18.7%
25,970	26,041	+71
10,491	5,650	-4,841
137	69	-68

### S-8 : Ooedo-Onsen Monogatari Ikaho

	2020年							2021年					Cumulative total
	Jun.	Jul.	Aug.	Sep.	Oct	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	
Room occupancy rate	-	89.0%	68.3%	69.2%	79.0%	89.3%	49.0%	21.3%	-	28.1%	73.8%	62.6%	52.8%
ADR (yen)	-	24,836	29,681	27,644	28,585	32,003	34,836	22,246	-	33,407	24,499	24,747	28,179
RevPAR (yen)	-	22,104	20,272	19,129	22,582	28,578	17,069	4,738	-	9,387	18,080	15,491	14,878
Sales (million yen)	0	30	26	25	33	40	23	6	0	12	25	21	246

Previous corresponding period cumulative total	10th period cumulative Total	Change
69.5%	39.6%	-29.9%
25,490	27,612	+2,122
17,715	10,934	-6,781
148	90	-58

### S-9 : Ooedo-Onsen Monogatari Kimitsu-no-mori

	2020年							2021年					Cumulative total
	Jun.	Jul.	Aug.	Sep.	Oct	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	
Room occupancy rate	-	58.7%	80.6%	68.5%	80.1%	87.1%	74.9%	24.9%	-	39.2%	64.6%	55.1%	53.2%
ADR (yen)	-	23,079	36,307	24,943	25,229	27,318	29,301	30,376	-	27,116	22,835	25,698	27,313
RevPAR (yen)	-	13,547	29,263	17,085	20,208	23,793	21,946	7,563	-	10,629	14,751	14,159	14,530
Sales (million yen)	0	18	39	26	32	37	33	12	0	16	23	24	266

Previous corresponding period cumulative total	10th period cumulative Total	Change
71.0%	43.7%	-27.3%
21,896	26,723	+4,827
15,546	11,677	-3,869
174	111	-62

# Introduction of Properties (4)

## S-10 Ooedo-Onsen Monogatari Nagasaki Hotel Seifu



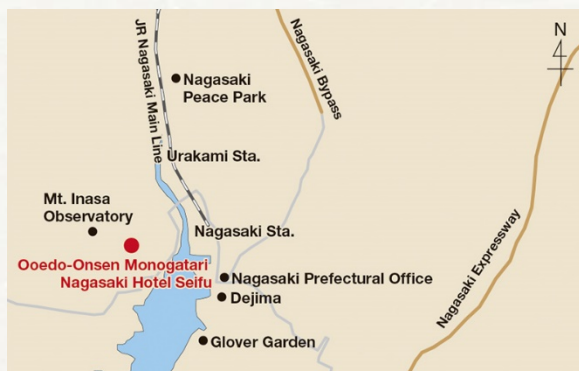
Location: Nagasaki City,  
Nagasaki Prefecture

Site area: 5,092㎡

Total floor area: 11,114㎡

### Area characteristics

- Nagasaki City is a tourist city with abundant tourism resources such as having been registered in the World Heritage List as “Sites of Japan’s Meiji Industrial Revolution: Iron and Steel, Shipbuilding and Coal Mining” in 2015.
- The Inasayama where the facility stands is famous for night views and has been certified by General incorporated association YAKEI Convention & Visitors Bureau as one of the three new greatest night view spots along with Monaco and Hong Kong.



## S-11 Ooedo-Onsen Monogatari Kounkaku



Location: Osaki City,  
Miyagi Prefecture

Site area: 11,829㎡

Total floor area: 10,843㎡

### Area characteristics

- Narukoonsenkyo where the facility is located has nearly 400 spring sources, with 9 types of spring water out of only 11 found in Japan. It is a hot spring site boasting ample volume of water.
- Temporary bus services (“Momiji-go”) are operated during every autumn color season from Naruko Onsen Station to Nakayamadaira-Onsen Station via Naruko Valley.



## S-12 Kinugawa Kanko Hotel



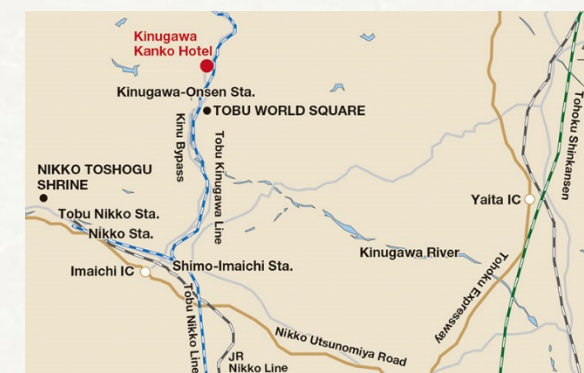
Location: Nikko City,  
Tochigi Prefecture

Site area: 6,719㎡

Total floor area: 22,402㎡

### Area characteristics

- Nikko City is located northwest of Tochigi Prefecture and is a hot spring tourist destination with tourism resources including domestically and internationally well-known Nikko Toshogu Shrine and Lake Chuzenji.
- Kinugawa Onsen where the facility is located is a hot spring resort around Tokyo which was rapidly developed during and after the period of high economic growth.



## Introduction of Properties (4)

### S-10 : Oedo-Onsen Monogatari Nagasaki Hotel Seifu

	2020年							2021年					Cumulative total
	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	
Room occupancy rate	20.7%	72.8%	42.8%	61.9%	81.1%	93.0%	73.3%	17.5%	-	37.8%	44.3%	23.2%	47.7%
ADR (yen)	27,186	27,203	33,097	28,152	29,676	34,596	35,344	31,463	-	32,547	29,088	27,544	31,008
RevPAR (yen)	5,627	19,803	14,165	17,426	24,067	32,174	25,907	5,506	-	12,302	12,885	6,390	14,790
Sales (million yen)	18	67	47	57	83	107	87	18	0	40	42	22	595

Previous corresponding period cumulative total	10th period cumulative Total	Change
60.9%	33.2%	-27.7%
28,172	32,139	+3,967
17,156	10,670	-6,486
353	213	-140

### S-11 : Oedo-Onsen Monogatari Kounkaku

	2020年							2021年					Cumulative total
	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	
Room occupancy rate	-	29.6%	41.2%	44.1%	68.5%	70.2%	38.2%	9.0%	-	8.9%	-	-	26.0%
ADR (yen)	-	21,220	24,994	21,423	24,903	28,572	28,660	24,746	-	21,331	-	-	25,249
RevPAR (yen)	-	6,281	10,297	9,447	17,058	20,057	10,948	2,227	-	1,898	-	-	6,564
Sales (million yen)	0	25	40	36	71	79	44	9	0	7	0	0	313

Previous corresponding period cumulative total	10th period cumulative Total	Change
54.0%	9.6%	-44.4%
22,162	26,866	+4,704
11,967	2,579	-9,388
303	61	-241

### S-12 : Kinugawa Kanko Hotel

	2020年							2021年					Cumulative total
	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	
Room occupancy rate	-	27.3%	31.0%	48.8%	78.7%	89.6%	43.5%	9.3%	-	18.2%	21.7%	28.6%	33.2%
ADR (yen)	-	26,735	31,662	26,517	27,882	30,719	31,573	30,189	-	27,482	24,682	27,524	28,801
RevPAR (yen)	-	7,298	9,815	12,940	21,943	27,524	13,734	2,807	-	5,001	5,355	7,871	9,561
Sales (million yen)	0	44	58	75	138	167	84	17	0	30	32	48	697

Previous corresponding period cumulative total	10th period cumulative Total	Change
49.3%	20.5%	-28.8%
28,117	28,700	+583
13,861	5,883	-7,978
575	213	-362

# Introduction of Properties (5)

## S-13 Ooedo-Onsen Monogatari Kinosaki



Location: Toyooka City, Hyogo Prefecture  
 Site area: 11,350㎡  
 Total floor area: 10,602㎡

### Area characteristics

- Kinosaki Onsen represented by stone bridges over a small river and streets lined with willow trees is one of Japan's most famous onsen resorts, where guests can enjoy seven public hot springs.
- The facility is located a little more than 10 minutes on foot from JR Kinosaki Onsen Station and bus services (public hot spring tour bus) to the hot spring quarter are available after 5 p.m.



## S-14 Ooedo-Onsen Monogatari Higashiyama Grand Hotel



Location: Aizuwakamatsu City, Fukushima Prefecture  
 Site area: 12,451㎡ (Note)  
 Total floor area: 16,665㎡ (Note)

### Area characteristics

- Aizuwakamatsu City is located in the west of Fukushima Prefecture with scenic natural landscape surrounded by Mt. Bandai, Lake Inawashiro and such.
- Tour bus services going around major tourist spots such as Higashiyama Onsen and Tsurugajo Castle are operated from the JR Aizuwakamatsu Station.

(Note) The areas include leasing sections.



## Introduction of Properties (5)

### S-13 : Ooedo-Onsen Monogatari Kinosaki

	2020年							2021年					Cumulative total	Previous corresponding period cumulative total	10th period cumulative Total	Change
	Jun.	Jul.	Aug.	Sep.	Oct	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May				
Room occupancy rate	14.3%	52.2%	68.5%	62.4%	77.3%	87.8%	69.6%	31.2%	6.2%	65.5%	43.5%	27.9%	50.9%	69.8%	41.2%	-28.6%
ADR (yen)	24,461	29,282	39,121	29,817	28,153	36,387	33,963	29,181	22,301	33,599	26,331	27,356	31,860	29,271	30,888	+1,617
RevPAR (yen)	3,497	15,285	26,797	18,605	21,762	31,947	23,638	9,104	1,382	22,007	11,453	7,632	16,216	20,431	12,725	-7,706
Sales (million yen)	12	54	93	65	83	115	86	33	4	76	39	25	689	457	265	-192

### S-14 : Ooedo-Onsen Higashiyama Grand Hotel

	2020年							2021年					Cumulative total	Previous corresponding period cumulative total	10th period cumulative Total	Change
	Jun.	Jul.	Aug.	Sep.	Oct	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May				
Room occupancy rate	-	39.8%	48.2%	52.6%	79.2%	88.7%	48.2%	12.3%	-	14.5%	29.2%	32.4%	37.3%	45.9%	23.1%	-22.8%
ADR (yen)	-	28,163	32,075	25,317	26,993	31,191	32,816	33,258	-	28,787	23,647	26,269	28,873	26,391	28,944	+2,553
RevPAR (yen)	-	11,208	15,460	13,316	21,378	27,666	15,817	4,090	-	4,174	6,904	8,511	10,769	12,113	6,686	-5,427
Sales (million yen)	0	47	64	53	90	111	65	17	0	16	27	33	528	342	161	-180

### S-1 : Ooedo-Onsen Monogatari Reoma Resort (New Reoma Resort)

	2020年							2021年					Cumulative total	Previous corresponding period cumulative total	10th period cumulative Total	Change
	Jun.	Jul.	Aug.	Sep.	Oct	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May				
Number of guests	-	13,137	39,357	33,960	39,480	59,940	42,079	8,609	2,073	27,656	17,952	15,771	300,014	130,120	114,140	-15,980
Sales (million yen)	0	55	165	131	159	215	144	30	7	99	64	54	1,128	475	401	-74,091

# Financial Indices

Indices	9th period (Nov. 30, 2020)	10th period (May 31, 2021)	Calculation formula
Ordinary income	467 mn yen	460 mn yen	
Net income	466 mn yen	459 mn yen	
Depreciation	444 mn yen	449 mn yen	
CAPEX	175 mn yen	99 mn yen	
Total assets	37,428 mn yen	37,122 mn yen	
Total net assets	21,102 mn yen	21,092 mn yen	
BPS (Total net assets/unit)	89,666 yen	89,622 yen	
Unit price (End of each period)	68,500 yen	83,100 yen	
Total units outstanding	235,347 units	235,347 units	
Total distribution	469 mn yen	463 mn yen	
DPU	1,996 yen	1,970 yen	
Distribution yield	5.8%	4.8%	DPU (annualized)/Unit price as of end of period
FFO	895 mn yen	908 mn yen	Net income + Depreciation – profit or loss on sale of real estate
FFO per unit	3,803 yen	3,860 yen	
FFO multiple	9.0x	10.7x	Unit price as of end of period/FFO per unit (annualized)
PER	17.3x	21.2x	Unit price as of end of period/Net income per unit (average during the periods, annualized)
PBR	0.8x	0.9x	Unit price as of end of period/Net assets per unit
ROA	1.2%	1.2%	Ordinary income/Average of total assets during the period
Annualized	2.5%	2.5%	
ROE	2.2%	2.2%	Net income/Average of total net assets during the period
Annualized	4.4%	4.4%	
NAV	26,385 mn yen	26,695 mn yen	Total net assets + Total appraisal value - Total book value - Total liabilities
NAV per unit	112,115 yen	113,431 yen	
NAV multiple	0.6x	0.7x	Unit price as of end of period/NAV per unit
Interest-bearing debt	14,457 mn yen	14,271 mn yen	
LTV (book value basis)	38.6%	38.4%	Interest-bearing debt/Total assets
LTV (appraisal value basis)	33.8%	33.4%	Interest-bearing debt/(Total assets + Total appraisal value - Total book value)
Operating days	183 days	182 days	

# Balance Sheet

	(thousand yen)	
	9th period (period ended Nov. 30, 2020)	10th period (period ended May 31, 2021)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	2,245,992	2,356,485
Prepaid expenses	140,140	101,517
Other	6,546	6,866
<b>Total current assets</b>	<b>2,392,678</b>	<b>2,464,869</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings	26,667,147	26,761,904
Accumulated depreciation	-3,239,601	-3,686,238
Buildings, net	23,427,545	23,075,666
Structures	10,979	10,979
Accumulated depreciation	-1,616	-1,986
Structures, net	9,362	8,992
Machinery and equipment	600	600
Accumulated depreciation	-97	-115
Machinery and equipment, net	502	484
Tools, furniture and fixtures	5,772	9,972
Accumulated depreciation	-1,402	-2,042
Tools, furniture and fixtures, net	4,370	7,930
Land	11,208,770	11,208,770
<b>Total property, plant and equipment</b>	<b>34,650,550</b>	<b>34,301,844</b>
<b>Intangible assets</b>		
Leasehold right	305,228	303,751
Software	1,347	544
<b>Total intangible assets</b>	<b>306,575</b>	<b>304,296</b>
<b>Investments and other assets</b>		
Deferred tax assets	16	15
Long-term prepaid expenses	68,483	41,499
Lease and guarantee deposits	10,089	10,089
<b>Total investments and other assets</b>	<b>78,589</b>	<b>51,605</b>
<b>Total non-current assets</b>	<b>35,035,715</b>	<b>34,657,746</b>
<b>Total assets</b>	<b>37,428,394</b>	<b>37,122,615</b>

	(thousand yen)	
	9th period (period ended Nov. 30, 2020)	10th period (period ended May 31, 2021)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Operating accounts payable	118,701	8,045
Short-term loans payable	1,487,480	5,193,060
Current portion of long-term loans payable	6,194,120	5,509,515
Accounts payable - other	82,190	83,234
Accrued expenses	8,190	7,482
Income taxes payable	940	932
Accrued consumption taxes	34,980	34,830
Advances received	246,412	247,064
Other	7,260	6,973
<b>Total current liabilities</b>	<b>8,180,276</b>	<b>11,091,139</b>
<b>Non-current liabilities</b>		
Long-term loans payable	6,776,000	3,569,375
Tenant leasehold and security deposits	1,230,692	1,230,692
Asset retirement obligations	138,691	139,096
<b>Total non-current liabilities</b>	<b>8,145,384</b>	<b>4,939,164</b>
<b>Total liabilities</b>	<b>16,325,661</b>	<b>16,030,303</b>
<b>Net assets</b>		
<b>Unitholders' equity</b>		
Unitholders' capital	20,653,023	20,653,023
<b>Deduction from unitholders' capital</b>		
Allowance for temporary difference adjustment	-17,116	-20,175
<b>Total deduction from unitholders' capital</b>	<b>-17,116</b>	<b>-20,175</b>
<b>Unitholders' capital, net</b>	<b>20,638,731</b>	<b>20,638,731</b>
<b>Surplus</b>		
Unappropriated retained earnings (undisposed loss)	466,826	459,464
<b>Total surplus</b>	<b>466,826</b>	<b>459,464</b>
<b>Total unitholders' equity</b>	<b>21,102,733</b>	<b>21,092,312</b>
<b>Total net assets</b>	<b>21,102,733</b>	<b>21,092,312</b>
<b>Total liabilities and net assets</b>	<b>37,428,394</b>	<b>37,122,615</b>



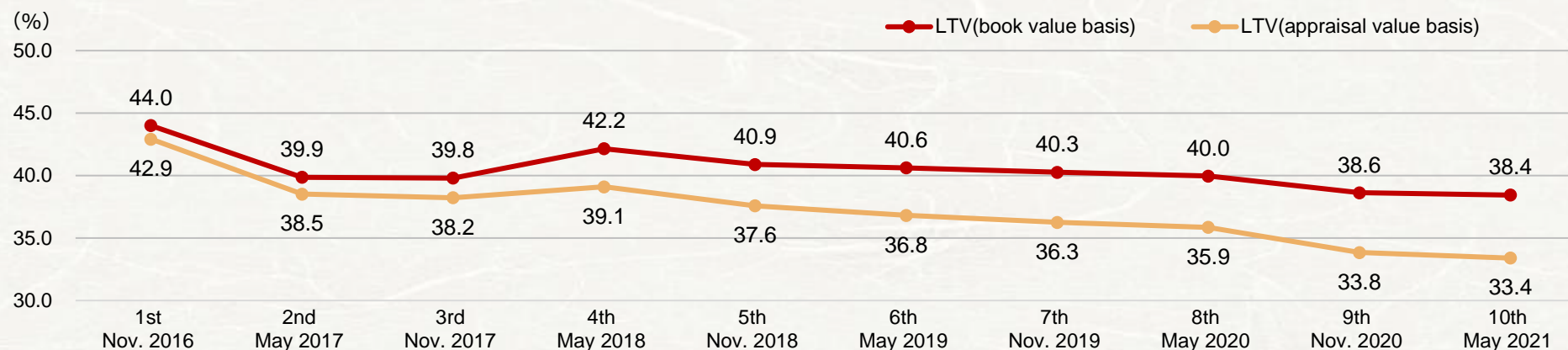
# Statement of Income

(thousand yen)

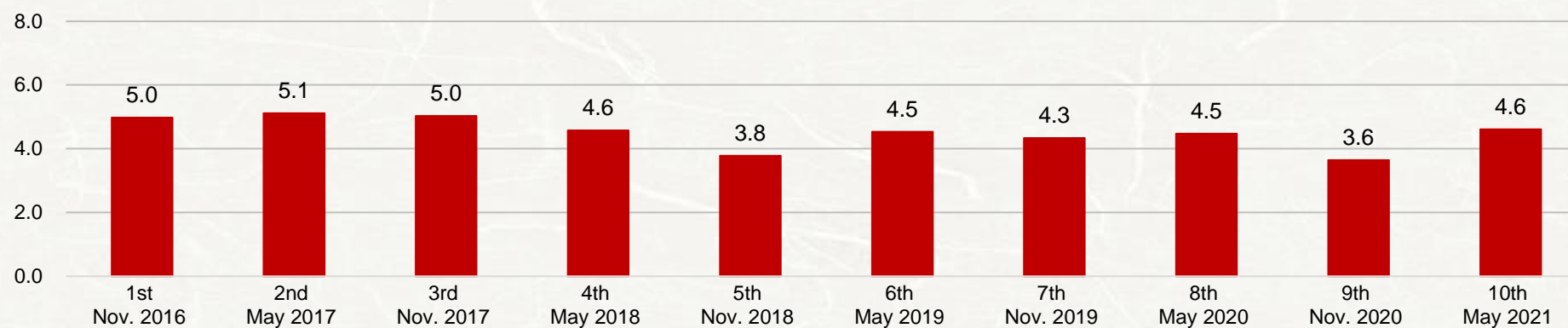
	9th period (from June 1, 2020 to November 30, 2020)	10th period (from Dec. 1, 2020 to May 31, 2021)
Operating revenue		
Lease business revenue	1,342,970	1,348,319
Gain on sales of real estate properties	15,785	-
Total operating revenue	1,358,755	1,348,319
Operating expenses		
Expenses related to rent business	574,661	577,073
Asset management fee	122,870	119,720
Asset custody fee	1,720	1,676
Administrative service fees	17,258	17,032
Directors' compensations	3,600	3,600
Other operating expenses	44,313	35,716
Total operating expenses	764,424	754,817
Operating income	594,331	594,331
Non-operating income		
Interest income	10	11
Reversal of distributions payable	1,212	637
Total non-operating income	1,222	648
Non-operating expenses		
Interest expenses	54,683	50,927
Borrowing related expenses	73,230	82,956
Total non-operating expenses	127,914	133,884
Ordinary income	467,639	460,266
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	-	-
Total extraordinary losses	-	-
Income before income taxes	467,639	460,266
Income taxes - current	942	934
Income taxes - deferred	-0	0
Total income taxes	942	935
Net income	466,697	459,331
Retained earnings brought forward	128	133
Unappropriated retained earnings (undisposed loss)	466,826	459,464

# Finance-Related Data

## Trends in LTV



## Trends in DSCR



(Note) DSCR is calculated based on (operating income + depreciation + amortization of leasehold + gain (loss) on sale of real estate) / (scheduled repayments + interest expenses). Payment before maturity, the amount paid off on due date, and reductions due to refinancing are excluded.

# Debt Status

## List of lenders

(as of May 31, 2021)

	Lender	Balance (mn yen)	Interest rate (%)	Drawdown date	Repayment date	Security
Short term	Sumitomo Mitsui Banking Corporation The Nomura Trust and Banking Co., Ltd.	1,462	Base rate (JBA 3-month Yen TIBOR) + 0.50%	November 30, 2020	August 31, 2021	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation ORIX Bank Corporation San ju San Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited	3,491	Base rate (JBA 3-month Yen TIBOR) + 0.70%	May 31, 2021	August 31, 2021	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	240	Base rate (JBA 1-month Yen TIBOR) + 0.70%	May 31, 2021	August 31, 2021	Unsecured and unguaranteed
Long term	Sumitomo Mitsui Banking Corporation	447	Base rate (JBA 3-month Yen TIBOR) + 1.25%	September 1, 2016	May 31, 2023	Unsecured and unguaranteed
	San ju San Bank, Ltd. The Tochigi Bank, Ltd. The First Bank of Toyama, Ltd. Fukoku Mutual Life Insurance Company The Bank of Kochi, Ltd. The Bank of Fukuoka, Ltd. The Juhachi-Shinwa Bank, Ltd.	2,228	Base rate (JBA 3-month Yen TIBOR) + 0.80%	December 4, 2017	November 30, 2021	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited ORIX Bank Corporation San ju San Bank, Ltd. The Towa Bank, Ltd. The Iyo Bank, Ltd. The Nomura Trust and Banking Co., Ltd. The Bank of Fukuoka, Ltd. The Juhachi-Shinwa Bank, Ltd.	3,201	Base rate (JBA 3-month Yen TIBOR) + 0.65%	May 31, 2019	May 31, 2022	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited ORIX Bank Corporation San ju San Bank, Ltd. The Towa Bank, Ltd. The Iyo Bank, Ltd. The Nomura Trust and Banking Co., Ltd. The Bank of Fukuoka, Ltd. The Juhachi-Shinwa Bank, Ltd.	3,201	Base rate (JBA 3-month Yen TIBOR) + 0.80%	May 31, 2019	May 31, 2023	Unsecured and unguaranteed
<b>Total</b>		<b>14,271</b>				

# Ooedo-Onsen Monogatari Group (1)

“At any time, lightheartedly, repeatedly, onsen with a festive atmosphere and filled with smiles,” is the catchphrase Ooedo-Onsen Monogatari Group uses in its business operations. The group aims to revitalize the onsen ryokan industry by continuously acquiring onsen and spa-related facilities throughout the country and rolling out the Ooedo business model to provide customers with high-quality services at an affordable price, and to help them enjoy the sense of openness and festivity of onsen.

## Overview

Company Name	Ooedo-Onsen Monogatari Hotels & Resorts Co., Ltd.
Capital	100 million yen (as of February 1, 2021)
Address	1-9-4 Nihonbashi-honcho, Chuo-ku, Tokyo
Establishment	December 5, 2017 (founded in November 2001)
Representative	Representative Director Mitsumasa Morita
No. of Employees	1,408 (as of July 31, 2020, excluding fixed-term employees) *The total number of employees on a group-wide basis

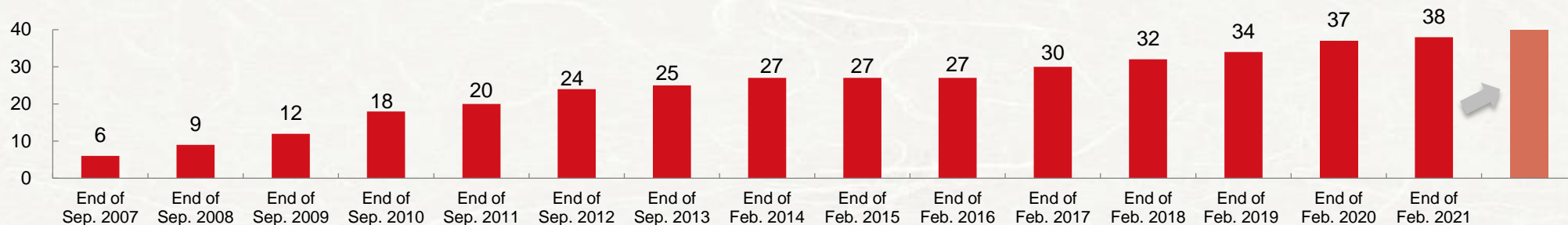
### Financial Results (Feb. 2020)

Consolidated Net Sales: 50,810 million yen  
Consolidated Total Assets: 80,971 million yen  
Net Assets: 19,321 million yen

### Businesses

- Reinvigorating onsen ryokan, hotels, spa-related facilities, theme parks around the country
- We started with the onsen theme park, “Ooedo-Onsen Monogatari,” which has an Edo culture theme. As of Feb. 29, 2020, we operate 37 onsen and spa-related facilities

## Trends in number of facilities





# “Ooedo Business Model” with Stable Operations and Sustainable Growth (1)

Ooedo business model achieving both high quality and reasonable price

## Provision of services that lead to the creation of repeat customers

### Services created from a customer perspective

- Well-thought-out **onsen facilities** and merchandising facilities
- Buffet-style restaurants** that offer more than 100 different dishes in total every morning and evening
- Continuous efforts to attract more guests with **in-facility entertainment** (including popular theater shows, etc.)

## Application of a unique corporate-owned chain operation (Ooedo business model)

### Efficient operation

- Adoption of a **centralized purchasing system** for foodstuffs, fixings and amenities
- Detailed programs for cost management
- Efficient placement of staff members

### Marketing programs to maximize customer reach

- Measures to attract more customers led by the headquarters of the Ooedo-Onsen Monogatari Group
- Efforts to attract more customers by utilizing **in-house facilities** such as reservation centers

High-quality service

+

Affordable price



Ongoing support from a wide-ranging customer base centered on the senior age group



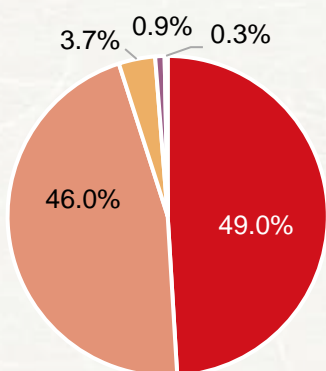
# “Ooedo Business Model” with Stable Operations and Sustainable Growth (2)

Maintaining high customer satisfaction and room occupancy rates surpassing the industry average despite the impact of COVID-19 since March

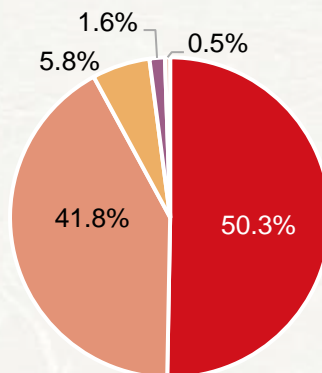
**Ooedo-Onsen Monogatari Group hotel guest questionnaire (conducted from December 1, 2020 to May 31, 2021)**

**Trends in average monthly occupancy rates for each type of accommodation facility**

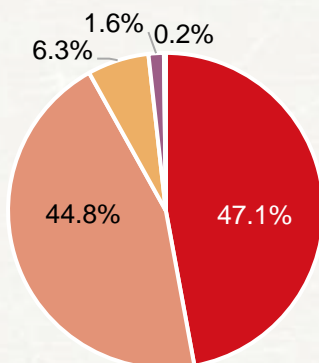
<Overall satisfaction >



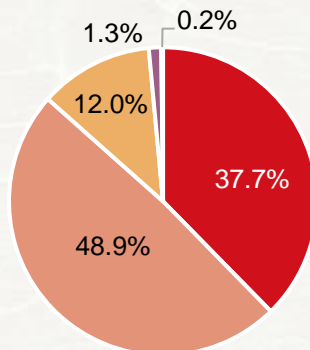
<Meal (breakfast and dinner)>



<Onsen>

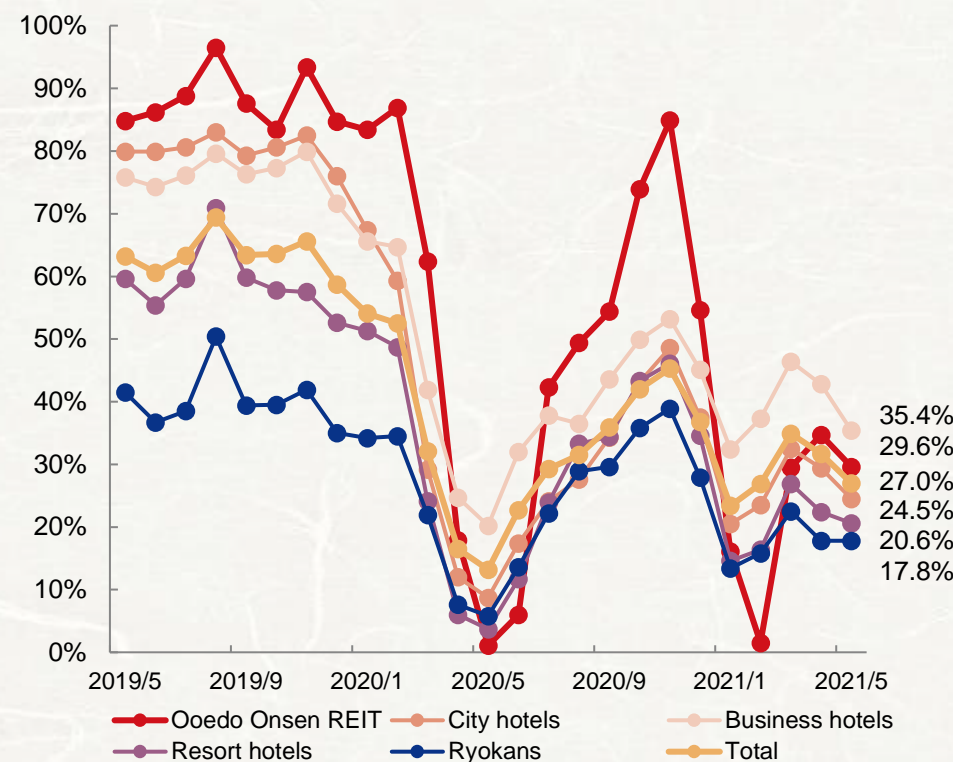


<Type of services inside the facility>



Very satisfied Satisfied Fair Unsatisfied Very unsatisfied

(Note) Due to a change in aggregation method, data at the end of February 2021 is aggregated.



(Note) All facilities held by the Investment Corporation have been successively and temporarily closed since April 2020 due to the spread of COVID-19

Source: Data on city hotels, business hotels, resort hotels, ryokan and all types of accommodation are compiled by the asset manager based on a statistical survey on trips with accommodation conducted by the Ministry of Land, Infrastructure, Transport and Tourism.

# Measures Against COVID-19 Taken by the Ooedo-Onsen Monogatari Group

Providing hot spring trips where everyone can feel relieved: Promises of Ooedo-Onsen Monogatari

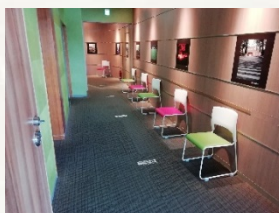
Japanese people have enjoyed hot spring trips since ancient times for relaxation. The Ooedo-Onsen Monogatari Group promises to provide spaces and services for people to feel relieved, especially in the current difficult times.

- The Group **conforms to the guidelines** of the government and industry and takes measures to prevent COVID-19 at the highest level, with more than 200 activities.
- **Ooedo Safety and Security Project Team** has been established in the Group, which ensures efforts made at each facility and provides employee training.
- The Group appointed **outside physicians of infectious** as advisors and add or renew the Group's measures against infectious diseases and new, safer activities as appropriate.

## 1. Promises at **restaurants**

Safety and security, and full satisfaction  
Enjoy a buffet in a new style.

- Distance maintained of 1.5 meters between tables.
- Disposable plastic gloves are distributed by our staff at the entrance for guests to wear while selecting food and drinks.
- Food boards, plates, tongs, and other shared utensils are disinfected with alcohol every 15 minutes and frequently replaced, etc.



Footprint stickers placed every two meters in front of restaurants

## 2. Promises at **baths**

Safety and security, and relaxing spaces  
Enjoy a luxurious hot spring experience.

- Guests are notified about crowded hours of baths and are guided to select a different time.
- Changing rooms are ventilated 24 hours/day. Windows are kept open for more ventilation.
- The number of people using a sauna together is limited, etc.

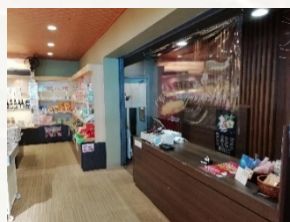


Slippers stored in a bag

## 3. Promises of **facility staff members**

Safety and security, and sincere hospitality  
Ooedo staff members help create exclusive, special memories.

- All workers inside the facilities wear masks.
- In-room amenities and fixtures are disinfected with alcohol and thoroughly wiped.
- Bedclothes in guest rooms are stored in tightly closed bags to prevent being touched after use, taken to a bedclothes storage room, and washed, etc.



Blocking shields in front of a store

## 4. Requests for **guests**

To enjoy a wonderful experience at Ooedo-Onsen Monogatari, each guest is requested to do the following.

- Take their temperature and fill in a survey sheet when arriving at a facility.
- Refrain from coughing or sneezing in the presence of other guests. Have good manners and refrain from loud conversations, etc.



Alcohol hand sanitizers placed in different places

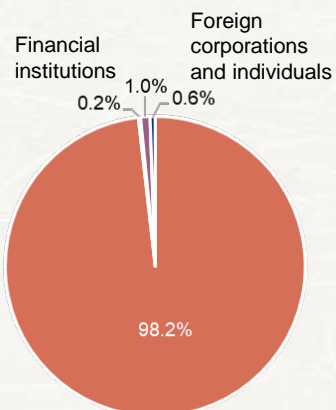


# Unitholders Breakdown

## Ratio by number of unitholders

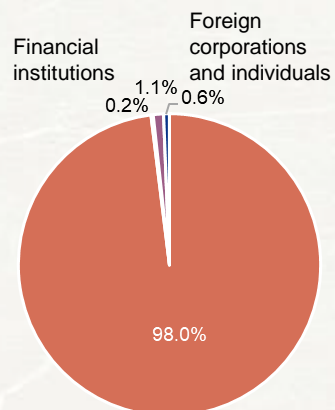
<End of 9<sup>th</sup> fiscal period>

19,352 unitholders

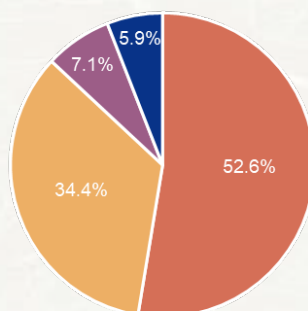
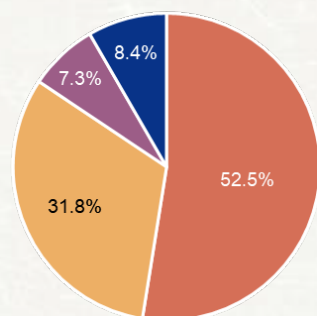


<End of 10<sup>th</sup> fiscal period>

19,296 unitholders



## Ratio by number of investment units



■ Individuals  
■ Financial institutions (Incl. securities companies)  
■ Other domestic corporations  
■ Foreign corporations and individuals

## Top 10 unitholders

Rank	Name	Number of units held	Ratio
1	The Master Trust Bank of Japan, Ltd. (Trust Account)	25,743	10.9%
2	Custody Bank of Japan, Ltd. (Trust Account)	16,008	6.8%
3	Ooedo-Onsen Mongatari Co., Ltd.	9,246	3.9%
4	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	8,317	3.5%
5	Custody Bank of Japan, Ltd. (Securities Investment Trust Account)	4,517	1.9%
6	Nomura Securities Co., Ltd.	3,668	1.6%
7	Individual	3,491	1.5%
8	YONEZAWA SHINKIN BANK	3,000	1.3%
9	Banshu Shinkin BANK	2,880	1.2%
10	Morgan Stanley MUFG Securities Co., Ltd.	2,643	1.1%
Total		79,513	33.8%

# Unitholder Benefit Program

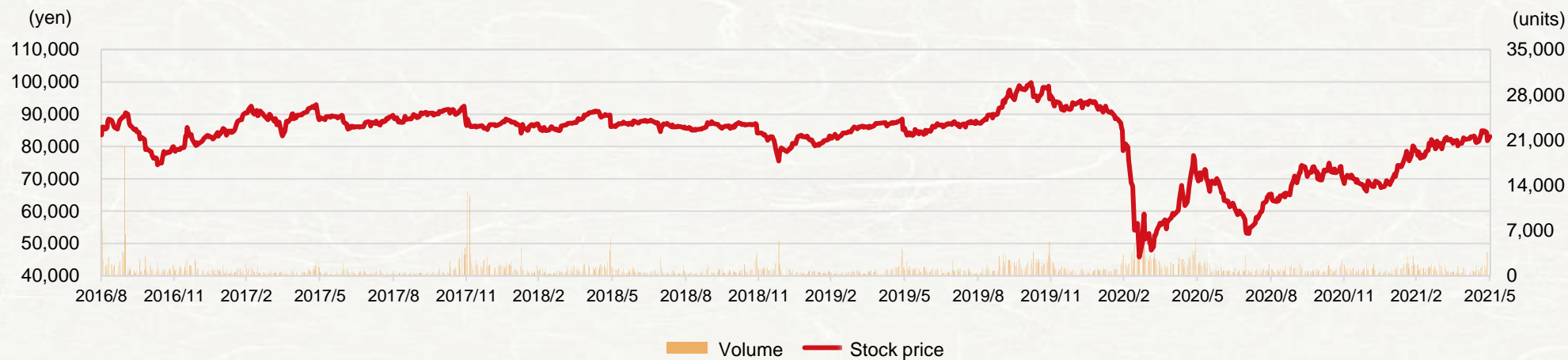
**Provide unitholders opportunity to experience facilities held by the Investment Corporation and to deepen unitholders' understanding of those facilities.**

<p>Commencement period and target unitholders</p>	<p>Targets unitholders listed or recorded on Unitholders' Registry as of May 31, 2021 (record date), end of 10th fiscal period.</p>	
<p>Eligible persons</p>	<p>The program is also available for those other than unitholders with coupons transferred from unit holders (not registered)</p>	
<p>Benefits</p>	<p>Coupons offering discounts of 1,000 yen per coupon from the accommodation fee for applicable facilities on weekdays (excluding specified dates) will be sent</p> <p>① Unitholders holding 5 units or more and less than 10 units      <u>1 coupon    Equivalent to 1,000 yen</u>          ② Unitholders holding 10 units or more                                      <u>2 coupons    Equivalent to 2,000 yen</u></p> <p>Coupons can be used together with other discount coupons, etc. provided by Oedo-Onsen Monogatari Group</p>	
<p>Applicable facilities</p>	<p>Onsen and spa-related facilities that are owned by the Investment Corporation in each fiscal period and leased by Oedo-Onsen Monogatari Group</p> <p><b>&lt;Facilities applicable&gt;</b>          Oedo-Onsen Monogatari Reoma Resort, 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 Kamoshika-so, Oedo-Onsen Monogatari Ikaho, Oedo-Onsen Monogatari Kimitsu-no-mori, Oedo-Onsen Monogatari Nagasaki Hotel Seifu, Oedo-Onsen Monogatari Kounkaku, Kinugawa Kanko Hotel, Oedo-Onsen Monogatari Kinosaki and Oedo-Onsen Monogatari Higashiyama Grand Hotel &lt;14 facilities in total&gt;</p>	
<p>Schedule of sending and period of validity</p>	<p>Coupons will be sent each year in mid-February for fiscal periods ended in November and in mid-August for fiscal periods ended in May</p> <p>① When coupons are sent in mid-February: Valid for 1 year from March 1st to the last day of the following February          ② When coupons are sent in mid-August: Valid for 1 year from September 1st to the last day of the following August</p>	

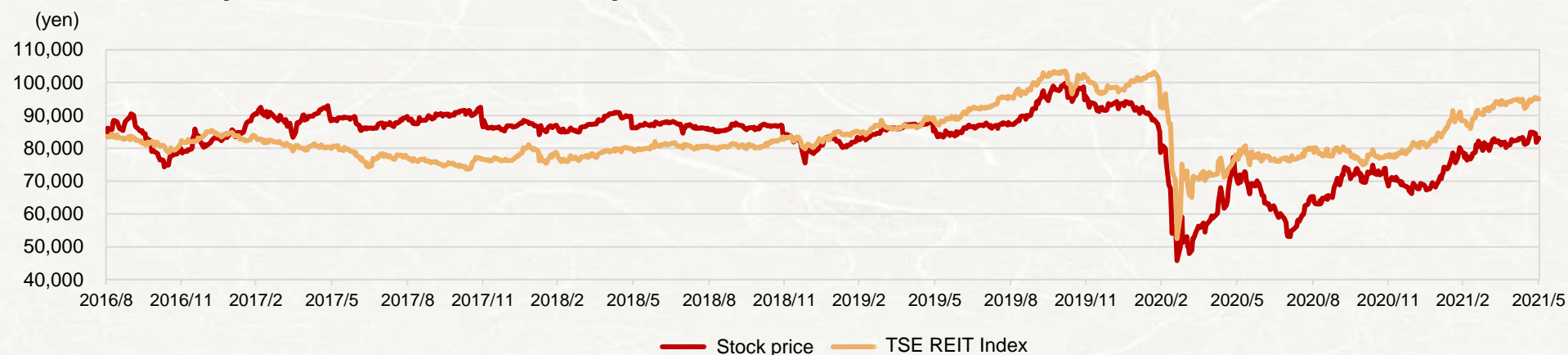
**(Note) The unitholder benefit program will be abolished from the 11th period (ending November 30, 2021). For details, please refer to the notice on the abolition of the unitholder benefit program published on July 20, 2021.**

# Track Record of Investment Unit Price

## Change in investment unit price and trading volume



## Relative comparison of investment unit price and TSE REIT index



(Note) TSE REIT Index is indexed based on the listed date (August 31, 2016) and indicates relative performance with investment unit price.

# Governance Structure

## Introduction of performance-linked element in asset management fee structure

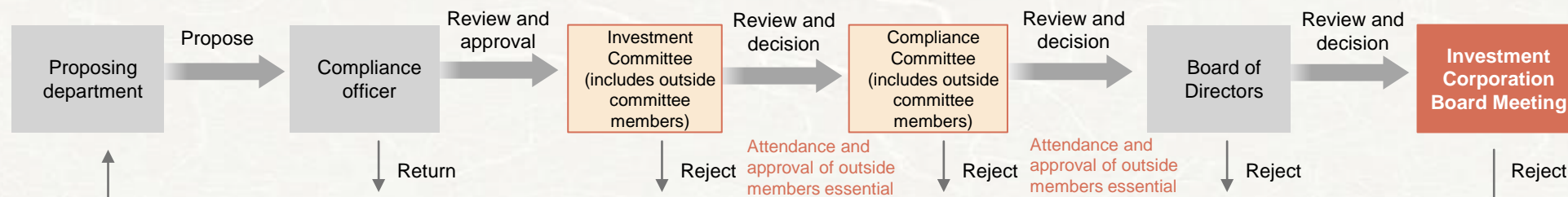
Remuneration paid by the Investment Corporation to the asset manager consists of management fee I, management fee II, acquisition fee, disposition fee, and merger fee.

<b>Management fee I</b>	Total assets at end of previous accounting period <sup>(Note 1)</sup> × 1.0% per annum (ceiling)
<b>Management fee II</b>	Management fee II for previous accounting period × (DPU before deduction of current period management fee II/DPU before deduction of previous period management fee II) × management fee II revised ratio
<b>Acquisition fee<sup>(Note 2)</sup></b>	Acquisition price × 1.0% (ceiling) (transaction with related party: 0.5% (ceiling))
<b>Disposition fee</b>	Disposition price × 1.0% (ceiling) (transaction with related party: 0.5% (ceiling))
<b>Merger fee</b>	Appraisal value at the time when a merger takes effect × 1.0% (upper limit)

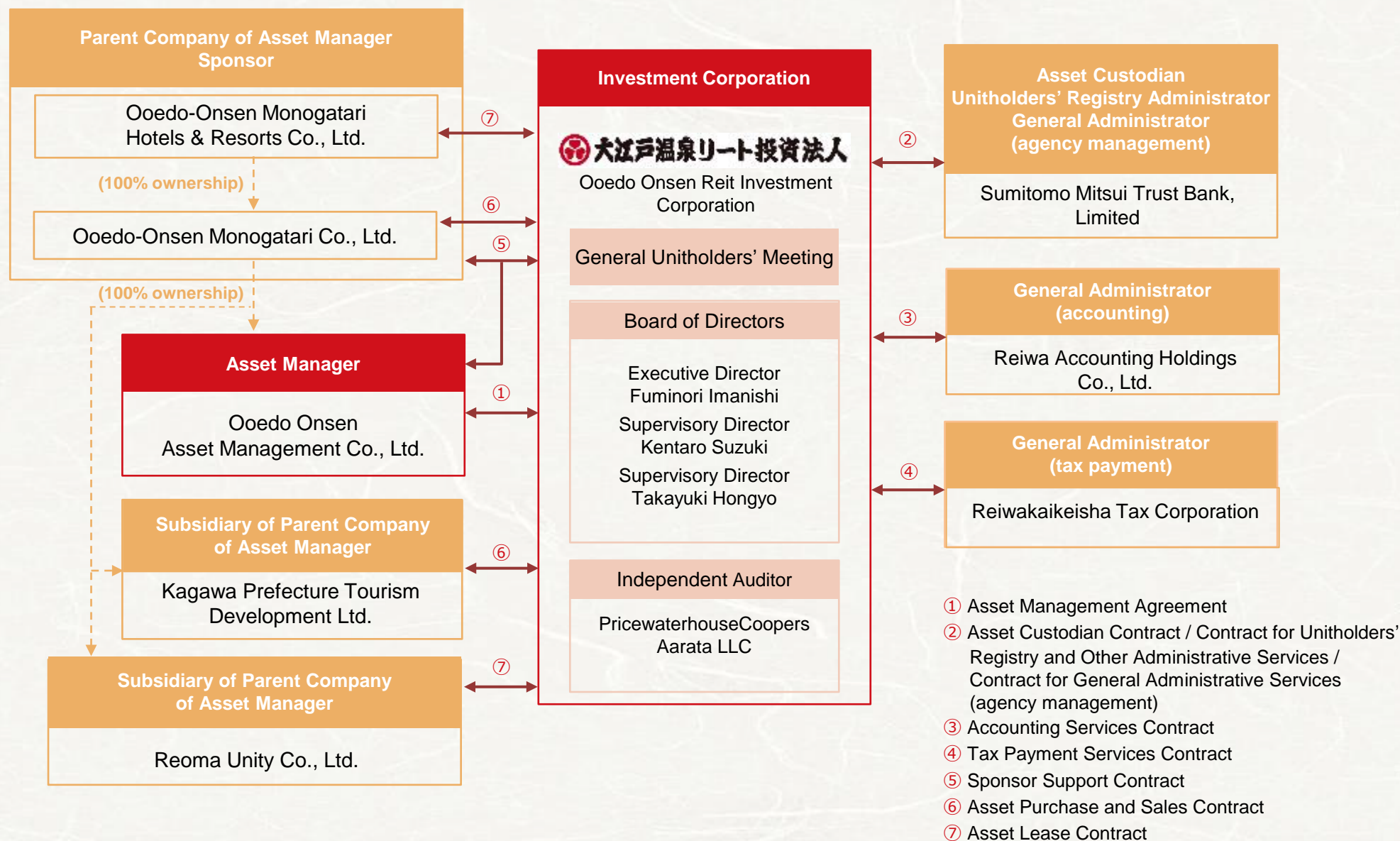
(Note 1) Subject to adjustment for asset acquisitions and asset dispositions during the relevant calculation period.

(Note 2) Where the sum calculated for an acquired asset is less than 5 million yen, the acquisition fee is set at 5 million yen.

## Flow of decision making for transactions with related parties in acquisition and disposition of assets



# Overview of Investment Corporation



# Overview of Asset Manager

**Name** : Ooedo Onsen Asset Management Co., Ltd.

**Address** : 3-3-4, Nihonbashi-Honcho, Chuo-Ku, Tokyo

**Established** : April 24, 2015

**Capitalization** : 50 million yen

**Representative** : Fuminori Imanishi

**Shareholder** : Ooedo-Onsen Monogatari Co., Ltd. 100%

**Registrations and Licenses** : Real estate brokerage, Governor of Tokyo (2) No. 98032

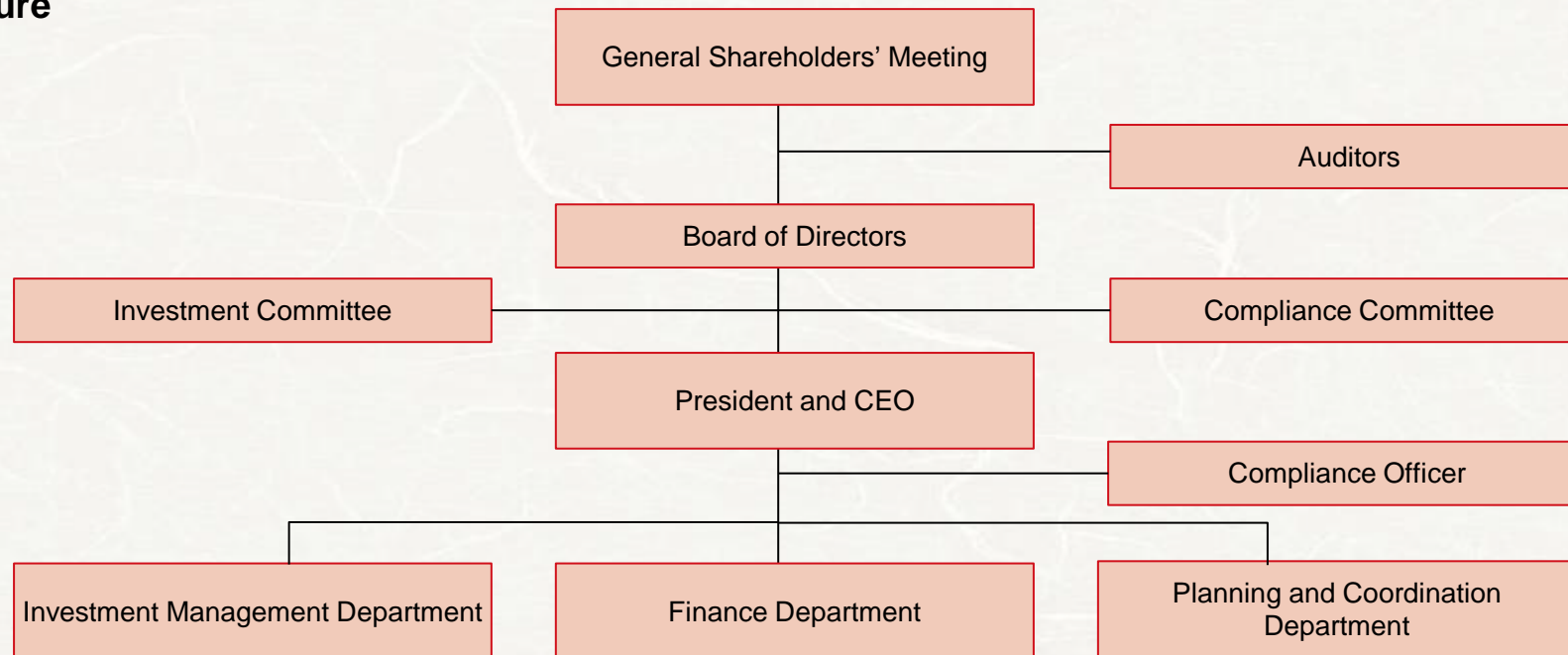
Discretionary transaction agent, Minister of Land, Transport and Tourism License No. 102

Financial instruments business, Director of Kanto Local Finance Bureau (Kinsho) No. 2906

Member of the Investment Trusts Association, Japan

**Employees** : 13 (as of May 31, 2021)

## 🦋 Structure



# Disclaimer

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