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Ooedo Onsen Reit Investment Corporation

Results of 5th Fiscal Period ended November 30, 2018

Presentation Material

January 23, 2019

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

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I . Investment Highlights

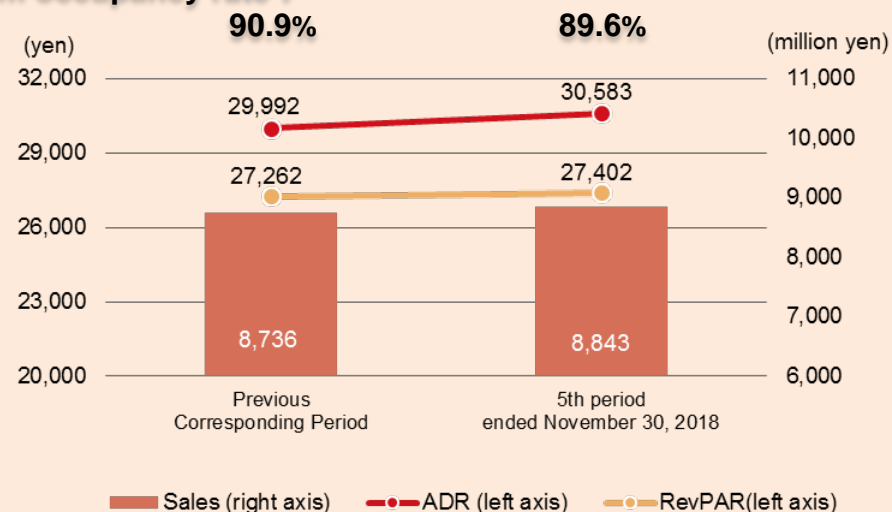
Operating Results for the Entire Portfolio

Room occupancy remained at a high level in the 5th fiscal period and RevPAR increased slightly due to improved ADR



<Cumulative comparison of 5th period and the same period of the previous year>

Room occupancy rate :



Portfolio operating results

	2017	2018											Cumulative total	Previous corresponding period cumulative total	5th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	86.3%	75.4%	84.8%	95.4%	86.9%	83.1%	81.7%	82.5%	97.6%	86.2%	91.9%	97.4%	87.5%	90.9%	89.6%	-1.3%
ADR (yen)	31,478	30,873	27,806	30,763	28,726	29,942	26,760	29,397	40,542	27,755	28,539	28,980	30,287	29,992	30,583	+591
RevPAR (yen)	27,165	23,278	23,579	29,347	24,962	24,881	21,862	24,252	39,568	23,924	26,227	28,226	26,501	27,262	27,402	+140
Sales (million yen)	1,496	1,280	1,171	1,583	1,325	1,355	1,190	1,305	2,084	1,259	1,455	1,547	17,056	8,736	8,843	+107

(Note) Sales, ADR, and RevPAR are rounded down to the nearest specified units and percentage rates is rounded to the second decimal place. The same applies hereinafter.

Increase/Decrease in Variable Rent

Operation and sales, which remained solid in general, differed from one facility to another on the GOP level that reflects sales cost and expenses

~ Efforts are being made to monitor performance on a facility-by-facility basis and to continue to communicate with tenants

(thousand yen)

Property No.	Property name	4th period			5th period			Difference
		Fixed	Variable	Total rent	Fixed	Variable	Total rent	
S-1	Ooedo-Onsen Monogatari Reoma Resort	375,275	31,090	406,366	375,275	31,090	406,366	-
S-2	Ooedo-Onsen Monogatari Ise-shima	108,056	7,475	115,531	108,056	7,507	115,563	+32
S-3	Ito Hotel New Okabe	73,780	8,549	82,330	73,780	8,056	81,837	-493
S-4	Ooedo-Onsen Monogatari Atami	93,716	7,808	101,525	93,716	7,899	101,615	+90
S-5	Ooedo-Onsen Monogatari Toi Marine Hotel	54,589	6,362	60,952	54,589	6,202	60,791	-160
S-6	Ooedo-Onsen Monogatari Awara	65,778	3,731	69,509	65,778	3,645	69,423	-85
S-7	Ooedo-Onsen Monogatari Kamoshika-so	35,723	4,598	40,321	35,723	4,849	40,572	+251
S-8	Ooedo-Onsen Monogatari Ikaho	36,759	4,956	41,716	36,759	4,732	41,491	-224
S-9	Ooedo-Onsen Monogatari Kimitsu-no-mori	24,590	2,804	27,395	24,590	2,667	27,257	-137
Total		868,270	77,377	945,647	868,270	76,649	944,920	-727

(Note) The variable rent of Ooedo-Onsen Monogatari Reoma Resort is temporarily fixed until the fiscal period ending May 31, 2019.

Properties acquired in December 2017 are excluded from the above list because they were in the initial period in which variable rents were treated as initial fixed amounts.

Changes in Key Indices

The 5th fiscal period (actual) : Distributions per unit increased 31 yen to 2,466 yen from initial forecast. LTV declined mainly due to the repayment of short-term borrowings

The 6th and 7th periods (forecasts): Distributions, which will show slight decrease, but are expected to remain stable. LTV is expected to further decline at a moderate pace

	4 th period (May 2018) Actual	5 th period (November 2018) Actual	6 th period (May 2019) Forecast	7 th period (November 2019) Forecast
DPU per unit	2,435 yen	2,466 yen	2,380 yen	2,380 yen
FFO per unit	4,185 yen	4,247 yen	4,189 yen	4,213 yen
LTV (book value basis)	42.2%	40.9%	40.7%	40.4%
LTV (appraisal value basis)	39.1%	37.6%	37.1%	36.6%
NAV per unit	103,391 yen	104,836 yen	105,769 yen	106,864 yen

(Note) Unrealized gain (Appraisal value – book value) were 3.4 billion yen at the end of the 5th fiscal period (up 0.3 billion yen from the end of the previous fiscal period). LTV (on an appraisal value basis) for the 6th and 7th fiscal periods is based on the assumption that appraisal value will remain unchanged.

Revision of Rents for Some Properties Owned (Effective from June 2019)

Fixed rents for four properties will be revised from the perspective of optimizing rent burdens that reflect trends into consideration on a property-by-property basis.

The total amount of fixed rents remains unchanged

(Purpose of the revision)

- Achieve stabilization by reducing the fixed rent of Reoma Resort because its rent burden rate against GOP is high and burdens for equipment held by the tenant are also great.
- Make rent burden rates more uniform by increasing fixed rents for properties whose payment capacity is high.
- Step up diversification efforts by decreasing the ratio of Reoma Resort to total rent income (30.5%→25.6%)

Revision of fixed monthly rents

(thousand yen)

Property No.	Property name	Before revision of fixed monthly rents	After revision of fixed monthly rents	Difference
S-1	Ooedo-Onsen Monogatari Reoma Resort	+62,456	+52,456	-10,000
S-10	Ooedo-Onsen Monogatari Nagasaki Hotel Seifu	+9,788	+12,496	+2,708
S-12	Kinugawa Kanko Hotel	+22,478	+29,069	+6,591
S-13	Ooedo-Onsen Monogatari Kinosaki	+12,447	+13,147	+700
	Total	+107,171	+107,171	—

Partial modifications to application coefficients for variable rents in response to the revision of fixed rents

Property No.	Property name	Before modifications of application coefficients for variable rents	After modifications of application coefficients for variable rents	
S-1	Ooedo-Onsen Monogatari Reoma Resort	64.0% of Modified GOP	58.7% of Modified GOP	[Case in which variable rents are applied] Modified GOP x Coefficient > Amount equivalent to fixed rent for one year [Case in which variable rent is not applied] Modified GOP x Coefficient ≤ Amount equivalent to fixed rent for one year
S-12	Kinugawa Kanko Hotel	47.5% of Modified GOP	56.0% of Modified GOP	

(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.



II . Financial Highlights

Financial Results for the 5th Fiscal Period ended November 2018

Distributions increased period on period due to the absence of unit issuance expenses, despite the full period recording of fixed asset taxes and city planning taxes on properties acquired previously.

Profits were higher than forecasts due to such factors as insurance revenue

(thousand yen)

Item	4th period (Actual)		5th period (Actual)		Difference	5th period (Forecast as of Jul. 19, 2018)		Difference
	Component ratio		Component ratio					
Operating revenue		1,442,676		1,450,211	+7,535	1,448,367	+1,843	
Primary rent		1,325,793		1,331,297	+5,504	1,331,964	-666	
Fixed rent	94.2%	1,248,415	92.4%	1,230,449	-17,966	1,230,449	-0	
Variable rent	5.8%	77,377	7.6%	100,847	+23,470	101,514	-666	
Secondary rent		115,540		116,282	+741	116,128	+153	
Others		1,342		2,631	+1,289	275	+2,356	
Lease operations revenue gain/loss		919,683		908,332	-11,350	907,670	+662	
Operating income		734,305		714,516	-19,789	711,033	+3,482	
Ordinary income		571,225		578,593	+7,367	571,260	+7,332	
Net income		570,273		577,620	+7,347	570,260	+7,359	
Excess cash distribution		2,824		2,824	-	2,824	-	
Total distribution		573,069		580,365	+7,295	573,069	+7,295	
Total units outstanding		235,347		235,347	-	235,347	-	
DPU (yen)		2,435		2,466	+31	2,435	+31	
(Excess cash distribution per unit)		12		12	-	12	-	
FFO per unit (yen)		4,185		4,247	+62	4,218	+29	
NOI		1,334,384		1,330,330	-4,054	1,330,157	+172	
Depreciation		414,701		421,997	+7,295	422,487	-489	
CAPEX		141,112		206,381	+65,268	212,408	-6,026	

Main factors for increase/decrease from forecast

	(thousand yen)
• Insurance revenue, etc. (Awara, Ikaho)	+2,356
• Repairs covered by insurance (Awara, Ikaho)	-1,683
Lease operations revenue gain/loss	+662
• Decrease in transfer agent fee	+2,764
Operating income	+3,482
• Interest on refund of consumption tax	+871
• Decrease in finance-related expenses	+2,967
Ordinary income	+7,332

Main factors for increase/decrease from previous fiscal period

	(thousand yen)
• Increase in primary rent due to the full period contribution of 5 newly acquired properties	+5,504
* Transfer from fixed rent in line with the start of variable rent for new properties: 23,470 thousand yen (fixed → variable)	
• Recorded burden of fixed asset taxes and city planning taxes for the full period (5 newly acquired properties)	-10,997
• Increase in depreciation (capital expenditure)	-7,295
Lease operations revenue gain/loss	-11,350
• Increase in AM fee	-3,704
• Increase in transfer agent fee (increase in the number of unitholders)	-1,547
• Increase in the shipping cost, etc. (increase in the number of unitholders)	-6,132
Operating income	-19,789
• Interest on refund of consumption tax	+871
• Absence of investment unit issuance expenses	+22,456
• Decrease in finance-related expenses	+1,328
Ordinary income	+7,367

Main financial indicators

	(million yen)
Total assets	39,106
Interest-bearing debt	15,991
Total liabilities	17,881
Total net assets	21,224
LTV (book value basis)	40.9%
NAV per unit	104,836 yen

Forecast for the 6th Fiscal Period ending May 2019

Revenue will decline period on period because the revaluation of fixed asset taxes and city planning taxes will be reflected in secondary rents. DPU is expected to be lower by 1% than the forecast ~ assuming valuable rents to decline, reflecting the recent condition of tenant's performance

(thousand yen)

Item	5th period (Actual)		6th period (Forecast)		Difference	6th period (Forecast as of Jul. 19, 2018)		Difference
	Component ratio		Component ratio					
Operating revenue		1,450,211		1,434,151	-16,060		1,441,160	-7,009
Primary rent		1,331,297		1,329,413	-1,883		1,336,329	-6,915
Fixed rent	92.4%	1,230,449	92.6%	1,230,449	+0		1,230,449	-
Variable rent	7.6%	100,847	7.4%	98,963	-1,883		105,879	-6,915
Secondary rent		116,282		104,462	-11,819		104,556	-93
Others		2,631		275	-2,356		275	-
Lease operations revenue gain/loss		908,332		885,642	-22,690		894,839	-9,197
Operating income		714,516		695,150	-19,366		702,198	-7,047
Ordinary income		578,593		558,184	-20,408		565,252	-7,067
Net income		577,620		557,184	-20,435		564,252	-7,067
Excess cash distribution		2,824		2,824	-		2,824	-
Total distribution		580,365		560,125	-20,239		567,186	-7,060
Total units outstanding		235,347		235,347	-		235,347	-
DPU (yen) (Excess cash distribution per unit)		2,466 12		2,380 12	-86 -		2,410 12	-30 -
FFO per unit (yen)		4,247		4,189	-58		4,216	-27
NOI		1,330,330		1,314,390	-15,939		1,322,972	-8,582
Depreciation		421,997		428,748	+6,751		428,133	+615
CAPEX		206,381		180,001	-26,380		180,000	+1

Main factors for increase/decrease from forecast

	(thousand yen)
• Decrease in variable rent (Kounkaku, etc.)	-6,915
• Increase in other expenses (survey on asbestos, etc.)	-1,563

Lease operations revenue gain/loss

• Decrease in transfer agent fee	+2,192
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Operating income

• Increase in finance-related expenses	-19
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Ordinary income

Main factors for increase/decrease from previous fiscal period

	(thousand yen)
• Decrease in secondary rent reflecting the review of the valuation amount of fixed asset taxes and city planning taxes	-11,819
• Increase in depreciation (capital expenditure)	-6,751

Lease operations revenue gain/loss

• Decrease in AM fee	+3,262
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Operating income

• Absence of interest on refund of consumption tax	-871
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Ordinary income

Main financial indicators

	(million yen)
Total assets	38,876
Interest-bearing debt	15,804
Total liabilities	17,674
Total net assets	21,201
LTV (book value basis)	40.7%

Forecast for the 7th Fiscal Period ending November 2019

Earnings from operations will remain at the previous period's level. Operating revenue and DPU will remain unchanged from the previous period through efforts to offset an increase in depreciation by reductions in SG&A expenses

(thousand yen)

Item	6th period (Forecast)	7th period (Forecast)	Difference
Operating revenue	Component ratio 1,434,151	Component ratio 1,434,133	-17
Primary rent	1,329,413	1,329,492	+78
Fixed rent	92.6% 1,230,449	92.6% 1,230,449	-
Variable rent	7.4% 98,963	7.4% 99,042	+78
Secondary rent	104,462	104,366	-96
Others	275	275	-
Lease operations revenue gain/loss	885,642	881,496	-4,145
Operating income	695,150	694,775	-374
Ordinary income	558,184	558,229	+44
Net income	557,184	557,229	+44
Excess cash distribution	2,824	2,824	-
Total distribution	560,125	560,125	-
Total units outstanding	235,347	235,347	-
DPU (yen)	2,380	2,380	-
(Excess cash distribution per unit)	12	12	-
FFO per unit (yen)	4,189	4,213	+24
NOI	1,314,390	1,315,951	+1,561
Depreciation	428,748	434,454	+5,706
CAPEX	180,001	180,000	-0

Main factors for increase/decrease from previous fiscal period

(thousand yen)

• Decrease in other expenses (survey on asbestos, etc.)	+1,626
• Increase in depreciation (capital expenditure)	-5,706
Lease operations revenue gain/loss	-4,145
• Decrease in IR-related expenses	+1,500
• Decrease in administration service expenses, etc.	+1,500
Operating income	-374
• Decrease in finance-related expenses	+419
Ordinary income	+44

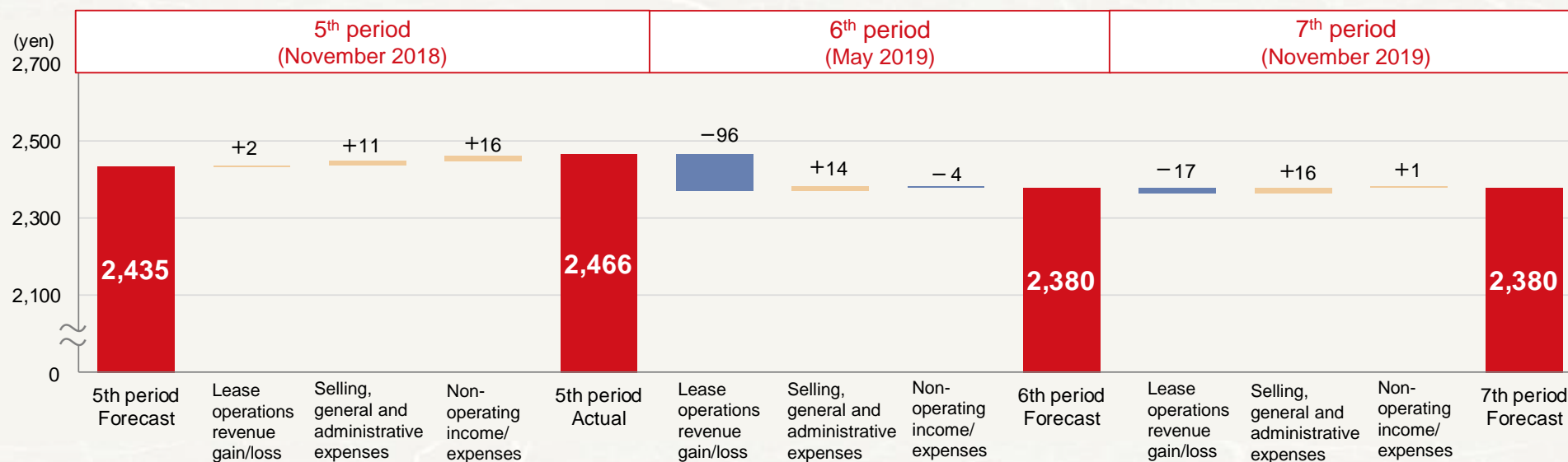
Main financial indicators

(million yen)

Total assets	38,683
Interest-bearing debt	15,618
Total liabilities	17,485
Total net assets	21,198
LTV (book value basis)	40.4%

Major Factors for Increase/Decrease in Distribution per Unit

Distributions, which will decrease slightly in the 6th period, will be stable at around the level of 2,400 yen per unit for normal operations



5th period (forecast) – 5th period (actual)

Lease operations revenue gain/loss	+2
· Increase in other revenue (insurance revenue, etc.)	+10
· Increase in other expenses (Repairs covered by insurance)	-7
Selling, general and administrative expenses	+11
· Decrease in transfer agent fee	+11
Non-operating income/expenses	+16
· Interest on refund of consumption tax	+3
· Decrease in finance-related expenses	+12

5th period (actual) – 6th period (forecast)

Lease operations revenue gain/loss	-96
· Decrease in secondary rent	-50
· Increase in depreciation (capital expenditure)	-28
Selling, general and administrative expenses	+14
· Decrease in AM fee	+13
Non-operating income/expenses	-4
· Absence of Interest on refund of consumption tax	-3

6th period (forecast) – 7th period (forecast)

Lease operations revenue gain/loss	-17
· Decrease in other expenses (survey on asbestos)	+6
· Increase in depreciation (capital expenditure)	-24
Selling, general and administrative expenses	+16
· Decrease in administration service expenses	+6
· Decrease in IR-related expenses	+6
Non-operating income/expenses	+1
· Decrease in finance-related expenses	+1

(Note) 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.



Ⅲ. Investment Results

Portfolio Data (1)

Unrealized gain (Appraisal value – Book value) increased 3.44 billion yen (up 0.33 billion yen period on period) at the end of the 5th period due to a partial rise in appraisal value

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	27.4/27.7 (Note 3)	241	85.4%	10,379	10,900	405	7.8%	6.2%	1.9/1.6%
S-2	Ooedo-Onsen Monogatari Ise-shima	Mie Prefecture	38.7	83	93.8%	3,656	3,840	114	6.3%	3.5%	14.2%
S-3	Ito Hotel New Okabe	Shizuoka Prefecture	28.1	73	88.2% (Note 4)	2,657	2,820	81	6.1%	4.1%	12.0%
S-4	Ooedo-Onsen Monogatari Atami	Shizuoka Prefecture	44.9	76	97.3%	2,997	3,220	101	6.7%	4.5%	12.6%
S-5	Ooedo-Onsen Monogatari Toi Marine Hotel	Shizuoka Prefecture	44.2	64	84.0%	1,910	2,020	60	6.3%	3.4%	14.9%
S-6	Ooedo-Onsen Monogatari Awara	Fukui Prefecture	37.3	95	89.6%	1,901	2,000	69	7.3%	5.1%	14.9%
S-7	Ooedo-Onsen Monogatari Kamoshika-so	Tochigi Prefecture	22.8	60	92.2%	1,222	1,270	39	6.5%	4.3%	3.0%
S-8	Ooedo-Onsen Monogatari Ikaho	Gunma Prefecture	35.1	40	97.4%	1,299	1,380	40	6.3%	4.2%	1.0%
S-9	Ooedo-Onsen Monogatari Kimitsu-no-mori	Chiba Prefecture	22.7	41	94.4%	819	862	26	6.4%	4.6%	4.8%
S-10	Ooedo-Onsen Monogatari Nagasaki Hotel Seifu	Nagasaki Prefecture	36.4	100	92.5%	1,637	1,930	63	7.7%	5.3%	6.4%
S-11	Ooedo-Onsen Monogatari Kounkaku	Miyagi Prefecture	53.0	98	85.4% (Note 5)	1,040	1,250	47	9.2%	5.3%	3.9%
S-12	Kinugawa Kanko Hotel	Tochigi Prefecture	37.3	172	89.6%	3,870	4,620	143	7.4%	4.3%	2.1%
S-13	Ooedo-Onsen Monogatari Kinosaki	Hyogo Prefecture	50.1	103	91.2%	2,084	2,490	78	7.5%	5.6%	11.8%
S-14	Ooedo-Onsen Monogatari Higashiyama Grand Hotel	Fukushima Prefecture	54.2	123	88.9%	1,230	1,480	57	9.3%	5.1%	4.6%
Total/Average			37.0	1,369	89.6%	36,705	40,082	1,330	7.2%	4.9%	2.7%

(Note 1) Room occupancy rate is for the 5th period ended November 30, 2018 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.

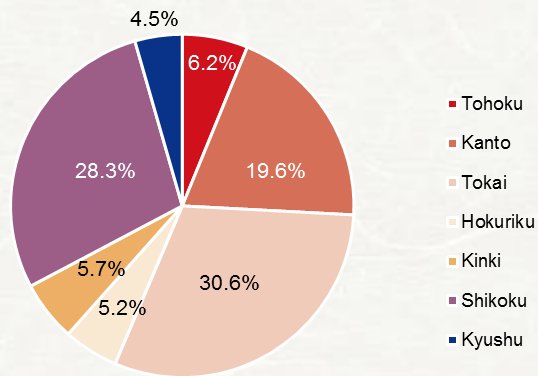
(Note 4) The room occupancy rate of Ito Hotel New Okabe is a comprehensive figure including the rate of Surugatei, a property not owned by the investment corporation.

(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.

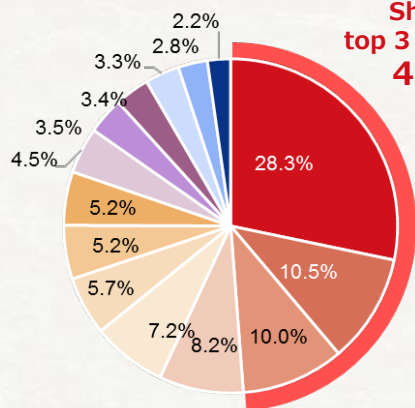
Portfolio Data (2)

Location based on the assumption of attracting a large number of customers from urban areas and diversification of the investment area

Investment ratio by region (acquisition price basis)



Investment ratio by facility (acquisition price basis)



- Ooedo-Onsen Monogatari Reoma Resort
- Kinugawa Kanko Hotel
- Ooedo-Onsen Monogatari Ise-shima
- Ooedo-Onsen Monogatari Atami
- Ito Hotel New Okabe
- Ooedo-Onsen Monogatari Kinosaki
- Ooedo-Onsen Monogatari Toi Marine Hotel
- Ooedo-Onsen Monogatari Awara
- Ooedo-Onsen Monogatari Nagasaki Hotel Seifu
- Ooedo-Onsen Monogatari Ikaho
- Ooedo-Onsen Monogatari Higashiyama Grand Hotel
- Ooedo-Onsen Monogatari Kamosika-so
- Ooedo-Onsen Monogatari Kounkaku
- Ooedo-Onsen Monogatari Kimitsu-no-mori

Operating Results of Individual Properties (1)

Operation status remained firm in general. In addition, many facilities raised RevPAR due to improved ADR

1. Operating results of the accommodation sector

Property No.	Property name	Room occupancy rate(%)			ADR(yen)			RevPAR(yen)			Sales(million yen)		
		5th period cumulative Total	Previous corresponding period cumulative total	Change	5th period cumulative Total	Previous corresponding period cumulative total	Change	5th period cumulative Total	Previous corresponding period cumulative total	Change	5th period cumulative Total	Previous corresponding period cumulative total	Change
S-1	Ooedo-Onsen Monogatari Reoma Resort <Hotel Reoma-no-mori>	85.4	86.6	-1.4%	31,166	29,836	+4.5%	26,615	25,837	+3.0%	1,591	1,543	+3.1%
S-2	Ooedo-Onsen Monogatari Ise-shima	93.8	94.8	-1.1%	34,500	34,217	+0.8%	32,361	32,437	-0.2%	594	594	+0.0%
S-3	Ito Hotel New Okabe	88.2	84.5	+4.4%	30,160	30,379	-0.7%	26,601	25,670	+3.6%	631	609	+3.6%
S-4	Ooedo-Onsen Monogatari Atami	97.3	96.3	+1.0%	33,224	33,595	-1.1%	32,326	32,351	-0.1%	528	527	+0.2%
S-5	Ooedo-Onsen Monogatari Toi Marine Hotel	84.0	83.4	+0.7%	30,506	30,111	+1.3%	25,625	25,112	+2.0%	337	332	+1.6%
S-6	Ooedo-Onsen Monogatari Awara	89.6	88.4	+1.4%	30,224	29,603	+2.1%	27,080	26,169	+3.5%	599	582	+2.8%
S-7	Ooedo-Onsen Monogatari Kamoshika-so	92.2	93.4	-1.3%	27,951	27,564	+1.4%	25,770	25,744	+0.1%	335	333	+0.6%
S-8	Ooedo-Onsen Monogatari Ikaho	97.4	98.3	-0.9%	31,022	30,637	+1.3%	30,215	30,116	+0.3%	256	253	+1.0%
S-9	Ooedo-Onsen Monogatari Kimitsu-no-mori	94.4	96.3	-2.0%	26,738	26,312	+1.6%	25,240	25,338	-0.4%	278	283	-1.7%

Operating Results of Individual Properties (2)

Property No.	Property name	Room occupancy rate(%)			ADR(yen)			RevPAR(yen)			Sales(million yen)		
		5th period cumulative Total	Previous corresponding period cumulative total	Change	5th period cumulative Total	Previous corresponding period cumulative total	Change	5th period cumulative Total	Previous corresponding period cumulative total	Change	5th period cumulative Total	Previous corresponding period cumulative total	Change
S-10	Ooedo-Onsen Monogatari Nagasaki Hotel Seifu	92.5	99.7	-7.2%	33,969	31,677	+7.2%	31,421	31,581	-0.5%	654	663	-1.4%
S-11	Ooedo-Onsen Monogatari Kounkaku	85.4	91.3	-6.5%	24,393	26,065	-6.4%	20,831	23,797	-12.5%	511	516	-0.9%
S-12	Kinugawa Kanko Hotel	89.6	94.0	-4.7%	32,166	31,050	+3.6%	28,820	29,187	-1.3%	1,192	1,212	-1.6%
S-13	Ooedo-Onsen Monogatari Kinosaki	91.2	90.3	+1.0%	30,509	29,901	+2.0%	27,824	27,000	+3.1%	638	622	+2.5%
S-14	Ooedo-Onsen Monogatari Higashiyama Grand Hotel	88.9	87.8	+1.3%	28,432	27,248	+4.3%	25,276	23,923	+5.7%	691	659	+4.9%
	Total	89.6	90.9	-1.4%	30,583	29,992	+2.0%	27,402	27,262	+0.5%	8,843	8,736	+1.2%

2. Operating results excluding the accommodation sector

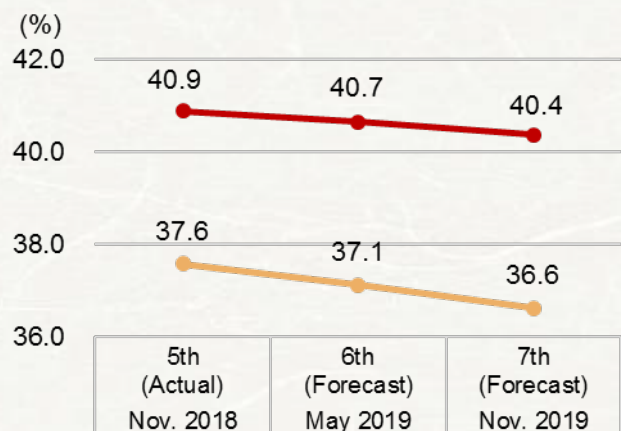
Property No.	Property name	Number of guests			Sales(million yen)		
		5th period cumulative Total	Previous corresponding period cumulative total	Change	5th period cumulative Total	Previous corresponding period cumulative total	Change
S-1	Ooedo-Onsen Monogatari Reoma Resort <New Reoma World>	344,840	326,508	+5.6%	1,364	1,359	+0.4%

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

Financial Status

Pursued a conservative LTV level of below 40% on an appraisal value basis and diversification of borrowing institutions and repayment due dates

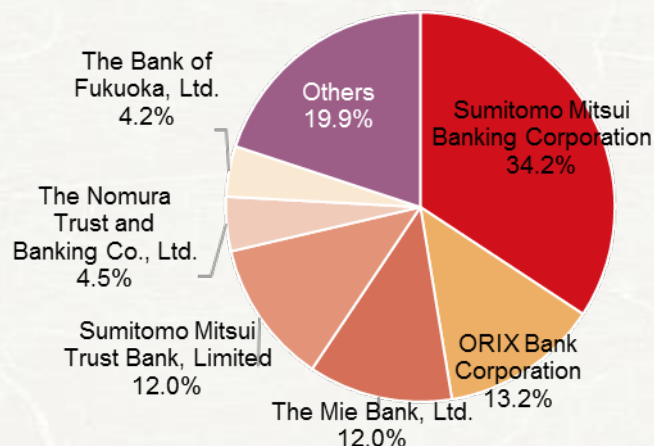
LTV



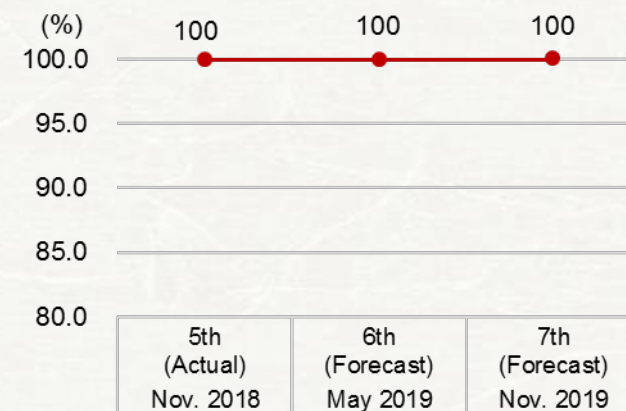
● LTV(book value basis) ● LTV(appraisal value basis)

Breakdown of lenders

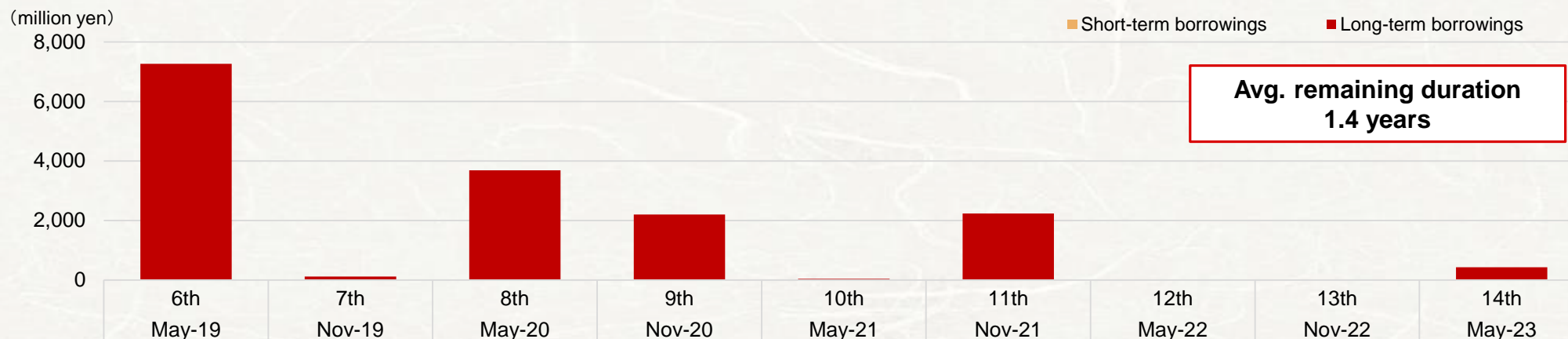
Number of syndicate lenders: 13



Ratio of long-term borrowings



Overview of maturity





IV. Ooedo Onsen Reit's Investment Areas and Future Investment Strategies

Uniqueness of Ooedo Onsen Reit's Investing Targets

Investment targets are facilities used for enjoying leisure time in a variety of ways, with priority investments targeting onsen and spa complex that provide multiple services for consumers(onsen/spa-related facilities)

Ooedo Onsen Reit's Investing Targets

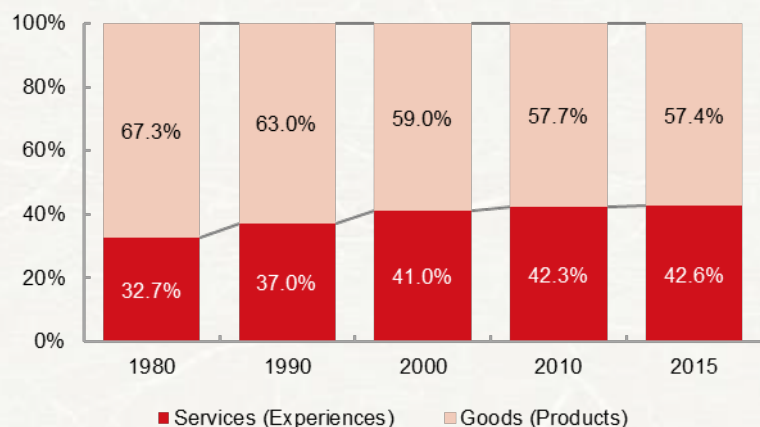


- Investment targets are facilities for utilizing leisure time to provide people with a fulfilling experience of time consumption based on the trend of embracing services rather than goods.
- One of the core services are onsen/spa facilities that not only respond to stable tradition-based demand but also the needs of new and diverse customers including inbound customers.
- Investments are made in business-use properties represented by the facilities of the Ooedo-Onsen Monogatari Group, whose markets have been stable due to efforts to capture contemporary consumer needs and the trend of consumption for services (experience-oriented).

Market Environment (1)

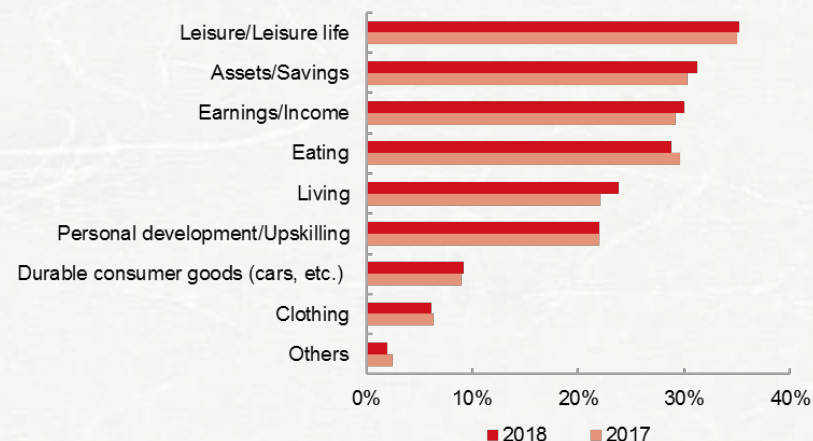
The way people enjoy their leisure time has been changing and the leisure market has been expanding, reflecting such factors as an increase in consumption for services, rise in the number of active elderly people and workstyle reforms

🌸 Trends in the consumption of services



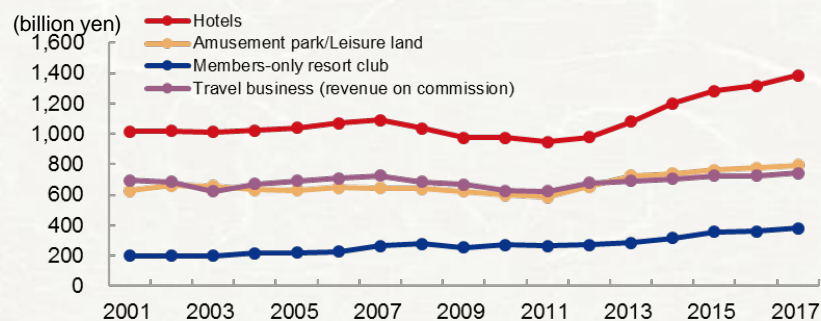
Source: Implementation of Consumer Policies in 2016 by the Consumer Affairs Agency

📊 Priority matters in life



Source: Public Opinion Survey on the Life of the People (a survey conducted in June 2014)

🦋 Trends in the leisure market



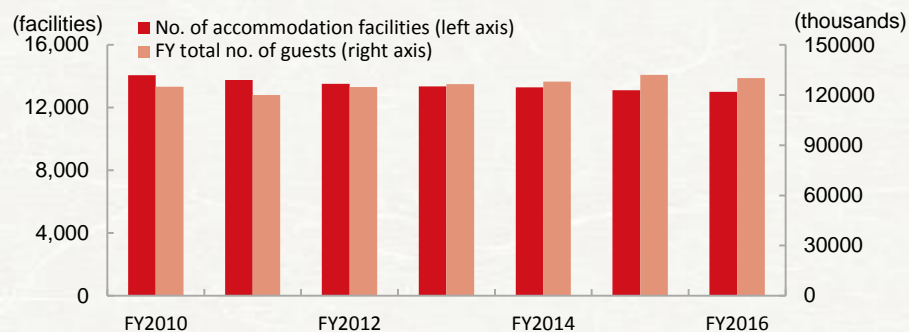
Source: "Annual Report on the Tourism Trends Survey 2018"

- The number of consumer policies in relation to services implemented by the Consumer Affairs Agency has been increasing since 1980.
- According to the Public Opinion Survey Concerning People's Lifestyles, people put the greatest emphasis on leisure/leisure lives.
- Hotel revenues have been increasing consistently over recent years and other indexes have been stable in the leisure market.

Market Environment (2)

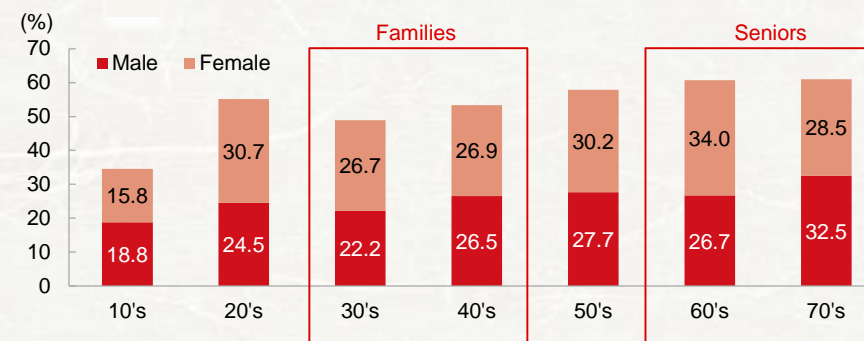
Onsen demand has been stable in the long term aided by strong demand from thick population of elderly and family customers

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



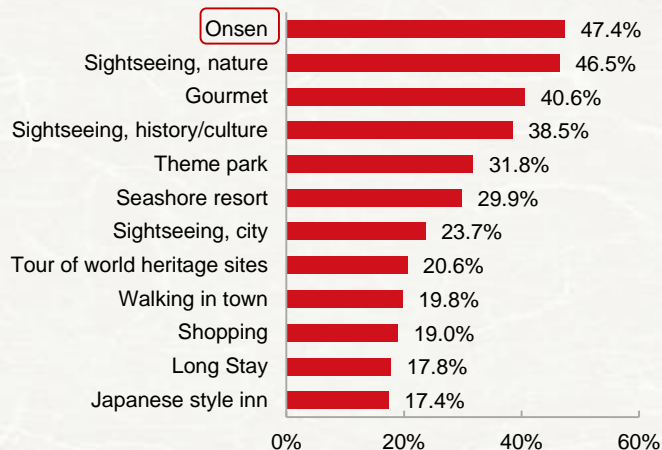
Source: Onsen Use (2010 – 2016), Nature Conservation Bureau, Ministry of the Environment

👤 Ratio of visits to onsen and spa facilities by age



Source: "White Paper of Leisure 2018" by Japan Productivity Center

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



Source: "Annual Report on the Tourism Trends Survey 2018" (October 2018)

- The number of accommodation facilities' guests has been stable since FY2010 according to the Onsen Use Survey by the Ministry of the Environment
- Families and the elderly have been creating a firm customer segment and demand is also strong among people in their 20s and 50s.
- "Onsen" collected the largest percentage among types of trip desired according to the Annual Report on the Tourism Trends Survey

External Growth Strategy (1)

Constant supply of properties on a long-term basis by leveraging the sponsor pipeline

Priority negotiating rights on **all properties held** by Ooedo-Onsen Monogatari Group (Main properties listed below)



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



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



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 Kinugawa Gyoen
(Nikko City, Tochigi Prefecture)



Ooedo-Onsen
Monogatari Nagayama
(Kaga City,
Ishikawa Prefecture)



Yamashiro Onsen
Yamashitaya
(Kaga City,
Ishikawa Prefecture)



Hotel New Shiobara
(Nasushiobara City,
Tochigi Prefecture)



Ooedo-Onsen Monogatari
Makeyu
(Ueda City, Nagano Prefecture)



Ooedo-Onsen Monogatari
Aizu
(Aizu Wakamatsu City,
Fukushima Prefecture)



Ooedo-Onsen Monogatari
Taiheinyu Sumpu Yumehiroba
(Shizuoka City, Shizuoka Prefecture)

Properties acquired by the Ooedo Onsen Monogatari Group after the establishment of the investment corporation

October 2016 -



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

April 2017 -



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

July 2017 -



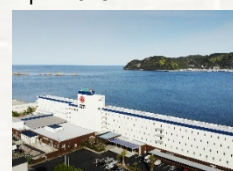
Ooedo-Onsen Monogatari
Beppu Seifu
(Beppu City, Ooita Prefecture)

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)

Scheduled to open
in the spring of 2019



(formerly) Thalassa
Shima Hotel & Resort
(Toba City, Mie Prefecture)

⇒ In addition to the above, properties that will be newly acquired by sponsors going forward are covered by the preferential negotiating rights, forming a new pipeline

External Growth Strategy (2)

The number of inquiries for potential deals received from the asset manager's own sources as well as sponsors doubled period on period and preferential negotiation rights were secured for some deals

Investment targets (quoted from the articles of incorporation)

Ryokans, Hotels, Spa facilities, Resort facilities,
Amusements and Other leisure facilities

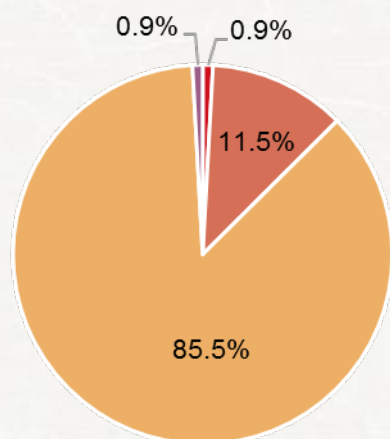
Investment in facilities
aimed at utilizing leisure time

Number of inquiries raised for
potential deals in the 5th fiscal
period ended November 2018

234

Property information other than in the sponsor pipeline

<by source>



■ Developers ■ Financial Institutions
■ Real Estate Brokers ■ Others

<by type>

		Ordinance -designated cities		Core cities		Other		Total		No. of properties preferential rights were given (Note)
			of which examined		of which examined		of which examined		of which examined	
Onsen/Spa	Lodging	7	3	2	1	51	15	60	19	3
	Other (day trips, etc.)	1	0	1	0	7	4	9	4	0
Other lodgings		81	14	17	3	48	9	146	26	1
Entertainment, Amusement		4	0	2	2	5	1	11	3	0
Sports, beauty, health promotion facilities		4	1	0	0	4	1	8	2	1
Total		97	18	22	6	115	30	234	54	5

(Note) Numbers presented are current as of January 23, 2019. Although the Investment Corporation has obtained preferential rights for relevant properties, it is neither in a position to acquire nor obligated to acquire all of these properties.

External Growth Strategy (3)

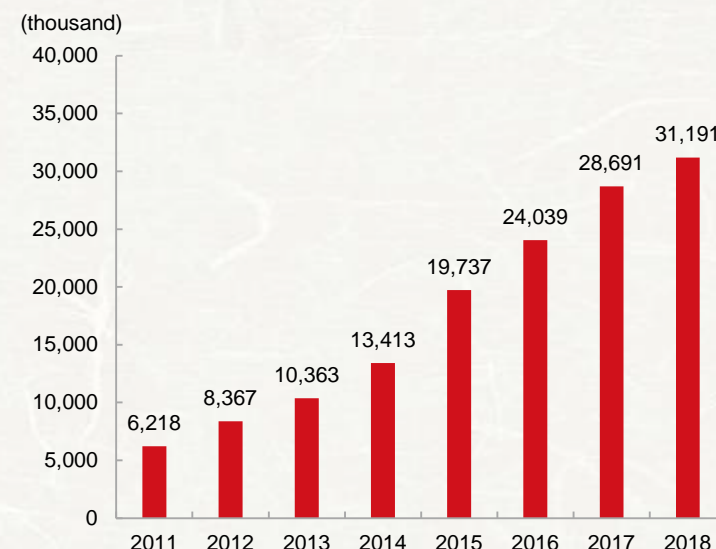
Basic policies for the acquisition of properties other than those in the sponsor pipeline

1. As portfolios focused on leisure facilities for utilizing leisure time, target investment assets that contribute to the expansion of diversity and property sizes.
2. For the time being, focus efforts on acquiring facilities that make the current portfolios, which are mainly comprised of sponsor properties, more balanced and diversified.
3. In categories that are familiar to the sponsor, focus efforts on acquiring facilities with potential whose value is expected to be enhanced through the Ooedo model.

Specific images for investment targets

Examples from the perspective of locations	<ul style="list-style-type: none"> ■ Urban areas, city areas in the suburbs, etc. (Ordinance-designated cities, core cities, prefectural capitals and suburbs) ■ Sightseeing spots popular among inbound customers, etc.
Examples from the perspective of business types and functions	<ul style="list-style-type: none"> ■ Many types of urban-type lodging facilities ■ Onsen/spa and its complex facilities, including one-day trips ■ Varieties of leisure facilities for utilizing leisure time that have their own loyal customers and markets ■ Leisure facilities with a complementary function to fulfill the increasing needs of inbound customers (targeted properties include those not equipped with onsen/spa facilities) <p>[Examples from the perspective of inbound tourism needs]</p> <ul style="list-style-type: none"> - High-quality urban lodging facilities for inbound tourists - Onsen/spa-related facilities that meet inbound tourism needs that are expected to expand going forward - Resorts, experience-oriented leisure facilities, etc. for inbound tourism needs <ul style="list-style-type: none"> ■ Onsen/spa-related facilities that feature high specifications including the possibility of adopting the Ooedo model

<Trends in the number of foreign tourists visiting Japan>

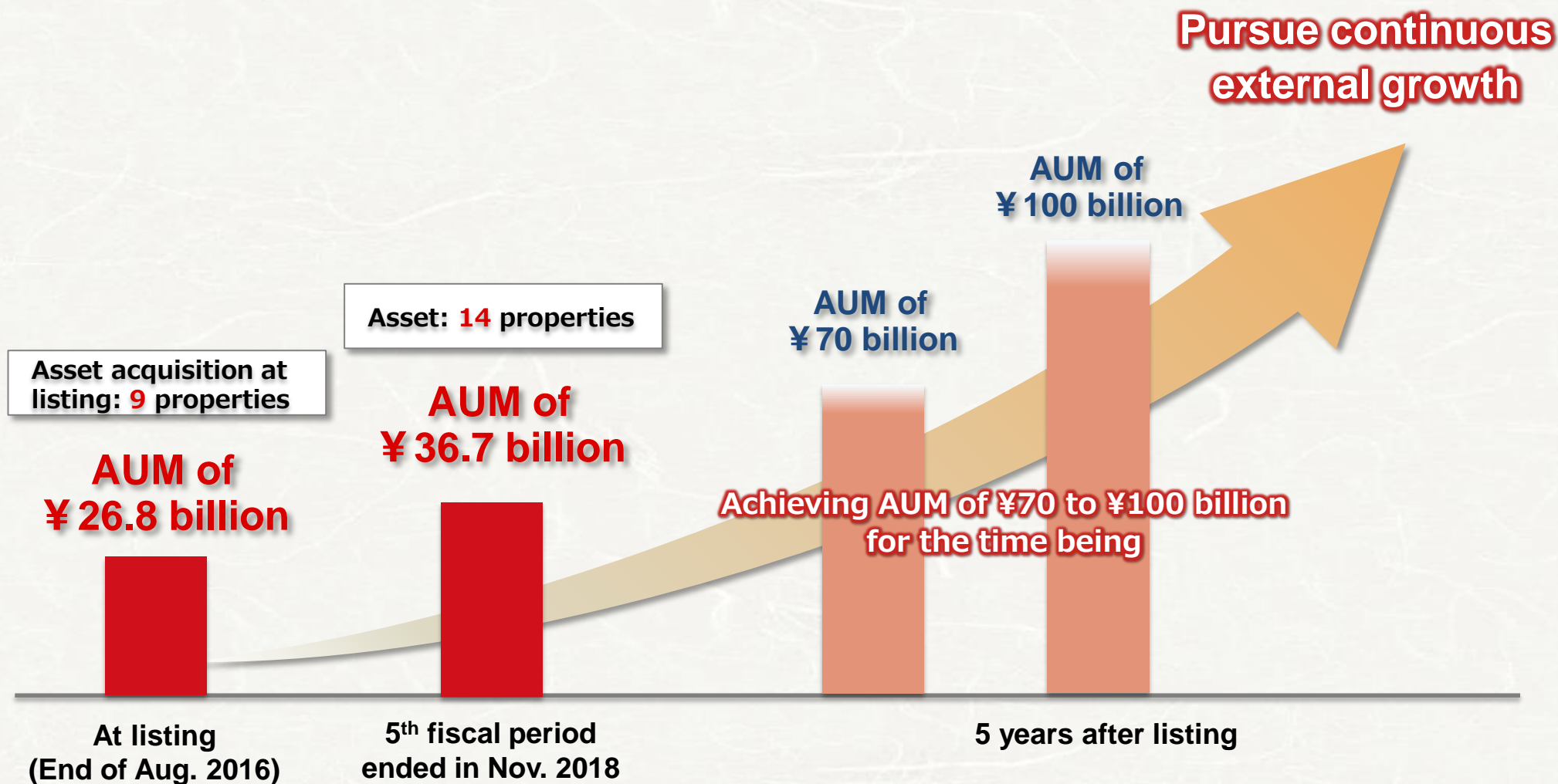


Source: Japan National Tourism Organization (JNTO)

Step up efforts to diversify business types and functions, locations and tenants
by expanding portfolios focused on leisure facilities for utilizing leisure time.

External Growth Strategy (4)

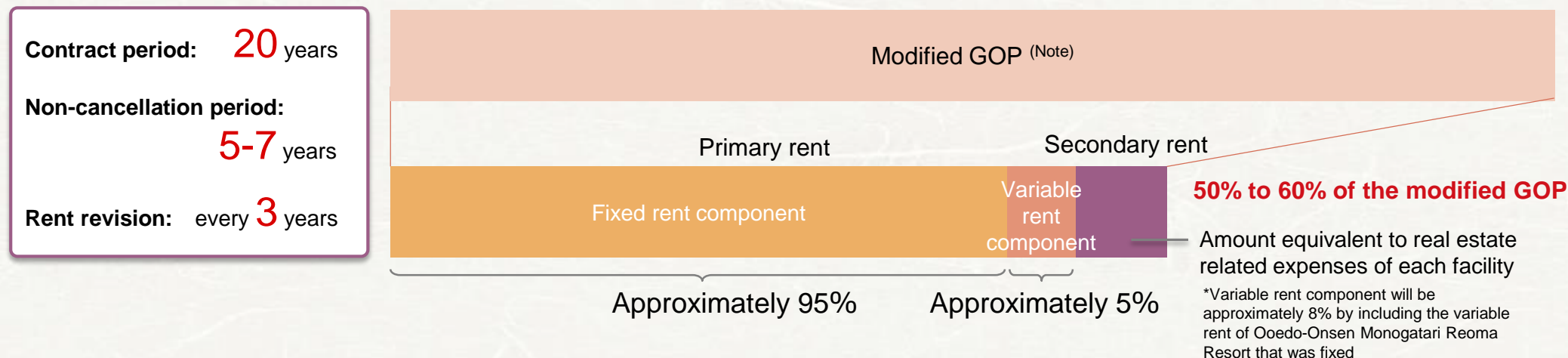
Exploiting opportunities for external growth as leisure facility focused REIT with the core of onsen/spa
 ~Transformation from a small-scale REIT into a med-to-large REIT~



Internal Growth Strategy (1)

Conservative rent system and facility ownership for the securing of stable cash flows

Lease conditions for properties master-leased to the Oedo-Onsen Monogatari Group as of November 30, 2018



- 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
- Repair costs are, in principle, borne by the tenant
- The Investment Corporation holds only the land and building itself and main equipment; and responds to deterioration over time through planned partial rebuilding and such

(Note) Modified GOP is a sum calculated by deducting from the individual facility's GOP arising during the modified GOP calculation period the property-related costs borne by the tenant (including, but not limited to, taxes and public charges, non-life insurance premiums, and land rent; however, the sum corresponding to the secondary rent is not included).

Internal Growth Strategy (2)

Investment opportunities for increased value on a medium- to long-term basis

1. Enhance revenue raising capabilities through additional investments

- Increase in capacity based on high room occupancy rates in existing facilities owned (increase in the number of rooms, etc.)
- Increase in revenues through the effective use of buildings and land that have not been operated or used in facilities (Ooedo-Onsen Monogatari Reoma Resort, etc.)

2. Increase variable rents by enhancing competitiveness

- The addition of service menus and functions, etc. that will attract customers, in cooperation with tenants
- Response to new customers, including properties other than those of the sponsor that are to be acquired in the future (inbound tourists that will trend higher, etc.)

➡ Particularly for facilities operated by the Ooedo-Onsen Monogatari Group (tenant), which is the sponsor, an opportunity for value-increasing investment based on information sharing and collaboration will be considered and provided

<Value-increasing efforts>



Installation of a counter for alcoholic drinks
(Kinugawa Kanko Hotel)



Illuminations
(Ooedo-Onsen Monogatari Reoma Resort
<New Reoma World>)

Property name	Previous route	New route	Date of commencement of operations
Ito Hotel New Okabe	-	Shinjuku, Yokohama	Sep. 1, 2018
Ooedo-Onsen Monogatari Higashiyama Grand Hotel	Niigata	Sendai, Fukushima	Sep. 1, 2018
Ooedo-Onsen Monogatari Reoma Resort	Osaka, Hyogo, Okayama, Hiroshima	Ehime	Oct. 14, 2018
Ooedo-Onsen Monogatari Kounkaku	Sendai	Yamagata	Nov. 1, 2018

Efforts to increase the number of direct shuttle bus routes

Financial Strategy

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

✿ Basic policy

LTV control

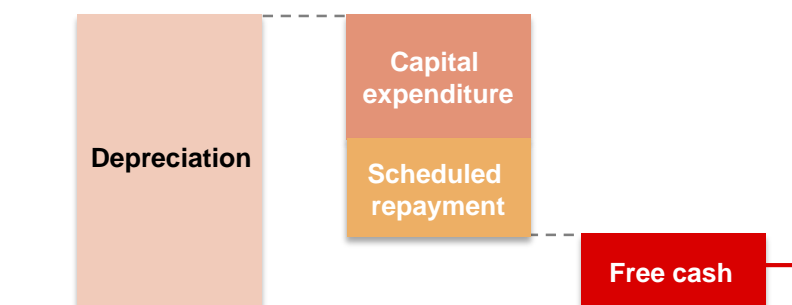
Will target around 40% for the time being and maintain a conservative level on a normal basis.

Debt finance

Will seek to reduce financial costs through the further diversification of risks in the portfolio and financing sources. In addition, it will make repayment periods more diversified and even to reduce refinancing risk.

Proper cash management

● Concept of free 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.



V. Appendix

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					
				4th period May 31, 2018	5th period Nov. 30, 2018	Change		Direct Cap Rate			Discount Rate			Terminal Cap Rate		
								4th period May 31, 2018	5th period Nov. 30, 2018	valuation	4th period May 31, 2018	5th period Nov. 30, 2018	valuation	4th period May 31, 2018	5th period Nov. 30, 2018	valuation
S-1	Ooedo-Onsen Monogatari Reoma Resort	10,379	10,444	10,900	10,900	-	+455	6.1%	6.0%	-0.1%	5.9%	5.8%	-0.1%	6.3%	6.2%	-0.1%
S-2	Ooedo-Onsen Monogatari Ise-shima	3,656	3,520	3,840	3,840	-	+319	5.6%	5.6%	-	5.4%	5.4%	-	5.8%	5.8%	-
S-3	Ito Hotel New Okabe	2,657	2,661	2,790	2,820	+30	+158	5.2%	5.1%	-0.1%	5.0%	4.9%	-0.1%	5.4%	5.3%	-0.1%
S-4	Ooedo-Onsen Monogatari Atami	2,997	2,922	3,180	3,220	+40	+297	5.2%	5.1%	-0.1%	5.0%	4.9%	-0.1%	5.4%	5.3%	-0.1%
S-5	Ooedo-Onsen Monogatari Toi Marine Hotel	1,910	1,863	1,990	2,020	+30	+156	5.7%	5.6%	-0.1%	5.5%	5.4%	-0.1%	5.9%	5.8%	-0.1%
S-6	Ooedo-Onsen Monogatari Awara	1,901	1,914	1,980	2,000	+20	+85	6.0%	5.9%	-0.1%	5.8%	5.7%	-0.1%	6.2%	6.1%	-0.1%
S-7	Ooedo-Onsen Monogatari Kamoshika-so	1,222	1,216	1,270	1,270	-	+53	5.3%	5.3%	-	5.1%	5.1%	-	5.5%	5.5%	-
S-8	Ooedo-Onsen Monogatari Ikaho	1,299	1,306	1,380	1,380	-	+73	5.4%	5.3%	-0.1%	5.2%	5.1%	-0.1%	5.6%	5.5%	-0.1%
S-9	Ooedo-Onsen Monogatari Kimitsu-no-mori	819	842	862	862	-	+19	5.3%	5.3%	-	5.1%	5.1%	-	5.5%	5.5%	-
S-10	Ooedo-Onsen Monogatari Nagasaki Hotel Seifu	1,637	1,653	1,930	1,930	-	+276	5.2%	5.2%	-	5.0%	5.0%	-	5.4%	5.4%	-
S-11	Ooedo-Onsen Monogatari Kounkaku	1,040	1,044	1,250	1,250	-	+205	5.5%	5.5%	-	5.3%	5.3%	-	5.7%	5.7%	-
S-12	Kinugawa Kanko Hotel	3,870	3,812	4,620	4,620	-	+807	5.2%	5.2%	-	5.0%	5.0%	-	5.4%	5.4%	-
S-13	Ooedo-Onsen Monogatari Kinosaki	2,084	2,159	2,490	2,490	-	+330	5.4%	5.4%	-	5.2%	5.2%	-	5.6%	5.6%	-
S-14	Ooedo-Onsen Monogatari Higashiyama Grand Hotel	1,230	1,272	1,480	1,480	-	+207	5.9%	5.9%	-	5.7%	5.7%	-	6.1%	6.1%	-
Total		36,705	36,633	39,962	40,082	+120	+3,448	-	-	-	-	-	-	-	-	-

Introduction of Properties (1)

S-1 Ooedo-Onsen Monogatari Reoma Resort



Location: Marugame City,
Kagawa Prefecture

Site area: 665,403㎡

Total floor area: 63,896㎡

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.



S-2 Ooedo-Onsen Monogatari Ise-shima



Location: Shima City,
Mie Prefecture

Site area: 9,637㎡

Total floor area: 9,782㎡

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: 2,945㎡

Total floor area: 10,211㎡

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 : Oedo-Onsen Monogatari Reoma Resort (Hotel Reoma-no-mori)

	2017	2018											Cumulative total	Previous corresponding period cumulative total	5th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	95.3%	77.2%	91.8%	97.6%	84.9%	84.0%	72.0%	76.6%	99.2%	77.2%	88.8%	98.4%	86.9%	86.6%	85.4%	-1.2%
ADR (yen)	31,569	30,758	25,900	31,178	28,928	28,695	24,320	31,356	47,648	27,319	25,937	26,739	30,365	29,836	31,166	+1,330
RevPAR (yen)	30,085	23,745	23,776	30,429	24,559	24,103	17,510	24,018	47,266	21,090	23,032	26,311	26,387	25,837	26,615	+778
Sales (million yen)	299	244	223	307	244	254	185	232	461	204	236	271	3,164	1,543	1,591	+47

S-2 : Oedo-Onsen Monogatari Ise-shima

	2017	2018											Cumulative total	Previous corresponding period cumulative total	5th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	97.3%	93.4%	97.1%	99.0%	94.7%	90.6%	88.3%	93.2%	95.5%	92.0%	95.1%	98.5%	94.6%	94.8%	93.8%	-1.0%
ADR (yen)	34,376	33,139	31,040	38,543	32,045	32,406	29,714	32,622	48,005	32,200	31,240	32,494	34,089	34,217	34,500	+283
RevPAR (yen)	33,447	30,951	30,139	38,157	30,346	29,359	26,237	30,403	45,844	29,624	29,709	32,006	32,248	32,437	32,361	-76
Sales (million yen)	103	94	84	114	93	91	79	92	136	92	94	98	1,176	594	594	+0

S-3 : Ito Hotel New Okabe

	2017	2018											Cumulative total	Previous corresponding period cumulative total	5th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	84.6%	67.8%	86.0%	99.2%	83.1%	67.1%	75.1%	84.0%	97.3%	85.1%	89.4%	98.2%	84.7%	84.5%	88.2%	+3.7%
ADR (yen)	31,533	32,369	29,200	30,941	28,096	30,374	26,052	29,320	42,014	26,850	27,068	27,684	30,278	30,379	30,160	-219
RevPAR (yen)	26,676	21,946	25,112	30,693	23,347	20,380	19,565	24,628	40,879	22,849	24,198	27,185	25,645	25,670	26,601	+931
Sales (million yen)	109	88	89	123	92	81	79	97	155	89	98	110	1,217	609	631	+22

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.



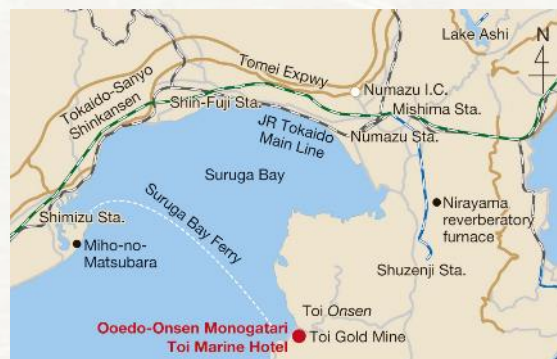
S-5 Ooedo-Onsen Monogatari Toi Marine Hotel



Location: Izu City, Shizuoka Prefecture
 Site area: 2,800㎡
 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

	2017	2018											Cumulative total	Previous corresponding period cumulative total	5th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	91.4%	95.4%	99.0%	99.8%	98.1%	97.4%	97.0%	96.1%	97.9%	97.2%	96.3%	99.2%	97.0%	96.3%	97.3%	+1.0%
ADR (yen)	34,052	31,126	31,061	34,134	31,820	31,235	28,551	31,410	47,694	30,541	29,881	30,833	32,739	33,595	33,224	-371
RevPAR (yen)	31,123	29,694	30,750	34,065	31,215	30,422	27,694	30,185	46,692	29,685	28,775	30,586	31,756	32,351	32,326	-25
Sales (million yen)	84	82	76	95	84	85	75	84	126	80	79	82	1,037	527	528	+1

S-5 : Ooedo-Onsen Monogatari Toi Marine Hotel

	2017	2018											Cumulative total	Previous corresponding period cumulative total	5th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	78.6%	80.2%	92.9%	99.0%	84.3%	74.5%	67.9%	87.3%	97.4%	79.9%	78.0%	93.2%	84.4%	83.4%	84.0%	+0.6%
ADR (yen)	28,792	27,777	26,162	28,771	26,212	27,947	24,160	31,305	47,718	25,686	25,013	24,657	29,066	30,111	30,506	+395
RevPAR (yen)	22,630	22,277	24,304	28,483	22,096	20,820	16,404	27,329	46,477	20,523	19,510	22,980	24,531	25,112	25,625	+513
Sales (million yen)	50	49	49	64	48	46	36	60	100	44	44	51	648	332	337	+5

S-6 : Ooedo-Onsen Monogatari Awara

	2017	2018											Cumulative total	Previous corresponding period cumulative total	5th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	83.9%	55.9%	60.0%	89.0%	82.7%	80.9%	82.7%	86.2%	99.5%	82.4%	87.9%	98.5%	82.6%	88.4%	89.6%	+1.2%
ADR (yen)	30,653	33,536	26,451	29,504	28,091	28,440	25,876	30,369	40,382	27,276	27,831	27,813	29,851	29,603	30,224	+621
RevPAR (yen)	25,717	18,746	15,870	26,258	23,231	23,007	21,399	26,178	40,180	22,475	24,463	27,395	24,656	26,169	27,080	+911
Sales (million yen)	96	71	55	100	86	87	80	96	145	82	91	101	1,098	582	599	+16

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 : Oedo-Onsen Monogatari Kamoshika-so

	2017	2018											Cumulative total	Previous corresponding period cumulative total	5th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	74.2%	61.1%	65.7%	86.3%	80.8%	88.0%	85.8%	93.8%	99.2%	81.8%	94.0%	97.9%	84.2%	93.4%	92.2%	-1.2%
ADR (yen)	28,170	31,607	28,058	27,219	25,151	27,287	24,118	25,478	36,262	24,846	27,815	27,785	27,856	27,564	27,951	+387
RevPAR (yen)	20,902	19,311	18,434	23,489	20,322	24,012	20,693	23,898	35,971	20,324	26,146	27,201	23,454	25,744	25,770	+26
Sales (million yen)	46	42	38	51	43	52	44	53	77	42	57	59	609	333	335	+1

S-8 : Oedo-Onsen Monogatari Ikaho

	2017	2018											Cumulative total	Previous corresponding period cumulative total	5th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	94.5%	81.7%	86.7%	97.7%	98.4%	95.6%	97.8%	91.1%	99.6%	97.9%	98.1%	99.8%	94.9%	98.3%	97.4%	-0.9%
ADR (yen)	31,102	29,548	25,738	29,524	29,423	29,575	26,858	28,742	40,678	27,868	29,958	31,470	30,160	30,637	31,022	+385
RevPAR (yen)	29,391	24,140	22,314	28,844	28,952	28,273	26,267	26,183	40,515	27,282	29,388	31,407	28,621	30,116	30,215	+99
Sales (million yen)	41	33	28	40	39	40	36	37	57	37	42	45	481	253	256	+2

S-9 : Oedo-Onsen Monogatari Kimitsu-no-mori

	2017	2018											Cumulative total	Previous corresponding period cumulative total	5th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	96.1%	88.4%	94.6%	98.9%	95.5%	95.7%	90.9%	88.4%	98.9%	92.8%	97.1%	98.2%	94.6%	96.3%	94.4%	-1.9%
ADR (yen)	27,222	26,981	25,609	26,444	26,692	26,404	23,621	26,083	34,923	26,504	23,486	25,261	26,654	26,312	26,738	+426
RevPAR (yen)	26,160	23,851	24,226	26,153	25,490	25,268	21,471	23,057	34,538	24,595	22,804	24,806	25,214	25,338	25,240	-98
Sales (million yen)	48	46	40	48	46	48	38	43	63	44	43	45	558	283	278	-4

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



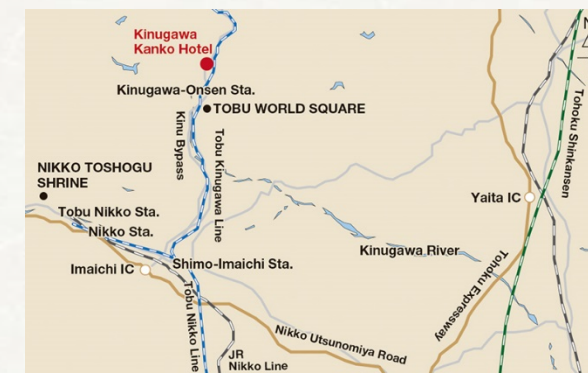
Location: Nikko City,
Tochigi Prefecture

Site area: 6,701㎡

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

	2017	2018											Cumulative total	Previous corresponding period cumulative total	5th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	93.6%	83.5%	95.3%	99.3%	91.8%	99.8%	87.0%	81.0%	100.0%	91.8%	96.5%	98.9%	93.2%	99.7%	92.5%	-7.2%
ADR (yen)	32,172	29,743	29,939	33,625	32,976	36,947	32,330	31,524	37,649	31,499	36,057	33,821	33,337	31,677	33,969	+2,292
RevPAR (yen)	30,112	24,835	28,531	33,389	30,271	36,873	28,127	25,534	37,649	28,916	34,795	33,448	31,070	31,581	31,421	-160
Sales (million yen)	105	88	90	117	104	127	97	91	131	98	119	115	1,289	663	654	-9

S-11 : Oedo-Onsen Monogatari Kounkaku

	2017	2018											Cumulative total	Previous corresponding period cumulative total	5th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	82.8%	64.9%	71.2%	89.5%	76.6%	72.2%	78.2%	74.5%	89.9%	83.8%	92.3%	91.9%	81.1%	91.3%	85.4%	-5.9%
ADR (yen)	29,946	28,358	27,498	26,304	24,037	25,482	23,952	22,863	26,253	21,544	24,566	26,263	25,512	26,065	24,393	-1,672
RevPAR (yen)	24,795	18,404	19,578	23,542	18,412	18,398	18,730	17,032	23,601	18,053	22,674	24,135	20,690	23,797	20,831	-2,966
Sales (million yen)	93	66	65	88	68	70	72	68	95	68	100	105	964	516	511	-4

S-12 : Kinugawa Kanko Hotel

	2017	2018											Cumulative total	Previous corresponding period cumulative total	5th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	81.2%	83.9%	92.3%	99.4%	91.6%	84.5%	83.2%	77.5%	97.7%	88.6%	95.0%	95.7%	89.2%	94.0%	89.6%	-4.4%
ADR (yen)	31,953	30,921	25,715	28,639	28,387	31,183	28,681	30,232	38,522	29,026	32,401	32,771	30,806	31,050	32,166	+1,116
RevPAR (yen)	25,945	25,942	23,734	28,467	26,002	26,349	23,862	23,429	37,635	25,717	30,780	31,361	27,478	29,187	28,820	-367
Sales (million yen)	191	188	159	195	171	178	174	163	240	171	222	221	2,277	1,212	1,192	-20

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 : Kinugawa Kanko Hotel

	2017	2018											Cumulative total	Previous corresponding period cumulative total	5th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	88.4%	73.0%	86.5%	99.7%	87.7%	83.4%	83.0%	81.6%	99.7%	91.2%	92.7%	98.7%	88.8%	90.3%	91.2%	+0.9%
ADR (yen)	32,886	33,872	30,748	34,932	30,423	29,315	25,995	28,842	41,479	27,553	27,199	30,217	31,282	29,901	30,509	+608
RevPAR (yen)	29,071	24,726	26,597	34,827	26,680	24,448	21,575	23,535	41,354	25,128	25,213	29,824	27,778	27,000	27,824	+824
Sales (million yen)	113	97	93	133	101	96	82	90	156	94	100	113	1,273	622	638	+15

S-14 : Oedo-Onsen Monogatari Kinosaki

	2017	2018											Cumulative total	Previous corresponding period cumulative total	5th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	67.8%	58.6%	63.5%	80.5%	80.2%	70.6%	84.4%	77.1%	95.6%	86.0%	91.8%	98.3%	79.6%	87.8%	88.9%	+1.1%
ADR (yen)	30,955	29,679	27,746	27,547	26,888	29,385	27,696	26,389	32,479	27,549	28,604	27,256	28,518	27,248	28,432	+1,184
RevPAR (yen)	20,987	17,391	17,618	22,175	21,564	20,745	23,375	20,345	31,049	23,692	26,258	26,792	22,700	23,923	25,276	+1,353
Sales (million yen)	110	85	75	101	99	93	105	93	135	106	124	126	1,258	659	691	+32

S-1 : Oedo-Onsen Monogatari Reoma Resort (New Reoma Resort)

	2017	2018											Cumulative total	Previous corresponding period cumulative total	5th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Number of guests	61,197	37,096	25,141	45,983	48,411	66,476	34,625	52,169	130,391	35,305	41,190	51,160	629,144	326,508	344,840	+18,332
Sales (million yen)	223	149	97	195	198	257	120	208	577	140	144	173	2,486	1,359	1,364	+5

Financial Indices

Indices	4th period (May 31, 2018)	5th period (Nov. 30, 2018)	Calculation formula
Ordinary income	571 mn yen	578 mn yen	
Net income	570 mn yen	577 mn yen	
Depreciation	415 mn yen	422 mn yen	
CAPEX	141 mn yen	206 mn yen	
Total assets	39,875 mn yen	39,106 mn yen	
Total net assets	21,220 mn yen	21,224 mn yen	
BPS (Total net assets/unit)	90,166 yen	90,185 yen	
Unit price (End of each period)	86,300 yen	84,200 yen	
Total units outstanding	235,347 units	235,347 units	
Total distribution	573 mn yen	580 mn yen	
DPU	2,435 yen	2,466 yen	
Distribution yield	5.7%	5.8%	DPU (annualized)/Unit price as of end of period
FFO	984 mn yen	999 mn yen	Net income + Depreciation – profit or loss on sale of real estate
FFO per unit	4,185 yen	4,247 yen	
FFO multiple	10.3x	9.9x	Unit price as of end of period/FFO per unit (annualized)
PER	17.8x	17.2x	Unit price as of end of period/Net income per unit (average during the periods, annualized)
PBR	1.0x	0.9x	Unit price as of end of period/Net assets per unit
ROA	1.7%	1.5%	Ordinary income/Average of total assets during the period
Annualized	3.3%	2.9%	
ROE	3.1%	2.7%	Net income/Average of total net assets during the period
Annualized	6.1%	5.4%	
NAV	24,332 mn yen	24,673 mn yen	Total net assets + Total appraisal value - Total book value - Total liabilities
NAV per unit	103,391 yen	104,836 yen	
NAV multiple	0.8x	0.8x	Unit price as of end of period/NAV per unit
Interest-bearing debt	16,807 mn yen	15,991 mn yen	
LTV (book value basis)	42.2%	40.9%	Interest-bearing debt/Total assets
LTV (appraisal value basis)	39.1%	37.6%	Interest-bearing debt/(Total assets + Total appraisal value - Total book value)
Operating days	182 days	183 days	

Balance Sheet

	(thousand yen)	
	4th period (period ended May 31, 2018)	5th period (period ended Nov. 30, 2018)
Assets		
Current assets		
Cash and deposits	2,169,076	2,220,373
Prepaid expenses	148,184	127,758
Consumption taxes receivable	547,941	-
Other	4,777	6,332
Total current assets	2,869,980	2,354,464
Non-current assets		
Property, plant and equipment		
Buildings	25,777,902	25,982,750
Accumulated depreciation	-1,077,075	-1,498,792
Buildings, net	24,700,827	24,483,958
Structures	1,259	1,259
Accumulated depreciation	-95	-138
Structures, net	1,163	1,120
Machinery and equipment	600	600
Accumulated depreciation	-8	-26
Machinery and equipment, net	591	573
Tools, furniture and fixtures	1,005	2,620
Accumulated depreciation	-49	-268
Tools, furniture and fixtures, net	956	2,352
Land	11,988,130	11,988,130
Total property, plant and equipment	36,691,669	36,476,134
Intangible assets		
Leasehold right	157,802	157,802
Software	5,359	4,556
Total intangible assets	163,161	162,358
Investments and other assets		
Deferred tax assets	16	17
Long-term prepaid expenses	141,063	103,787
Lease and guarantee deposits	10,089	10,089
Total investments and other assets	151,170	113,895
Total non-current assets	37,006,001	36,752,388
Total assets	39,875,981	39,106,853

	(thousand yen)	
	4th period (period ended May 31, 2018)	5th period (period ended Nov. 30, 2018)
Liabilities		
Current liabilities		
Operating accounts payable	55,254	73,130
Short-term loans payable	580,000	-
Current portion of long-term loans payable	7,499,250	7,380,750
Accounts payable - other	145,330	90,481
Accrued expenses	12,056	10,546
Income taxes payable	954	972
Accrued consumption taxes	-	82,313
Advances received	261,678	258,696
Other	4,882	6,438
Total current liabilities	8,559,406	7,903,329
Non-current liabilities		
Long-term loans payable	8,728,500	8,610,500
Tenant leasehold and security deposits	1,230,724	1,230,724
Asset retirement obligations	136,955	137,354
Total non-current liabilities	10,096,180	9,978,579
Total liabilities	18,655,586	17,881,908
Net assets		
Unitholders' equity		
Unitholders' capital	20,653,023	20,653,023
Deduction from unitholders' capital		
Allowance for temporary difference	-2,995	-5,819
Total deduction from unitholders' capital	-2,995	-5,819
Unitholders' capital, net	20,650,027	20,647,203
Surplus		
Unappropriated retained earnings (undisposed loss)	570,366	577,741
Total surplus	570,366	577,741
Total unitholders' equity	21,220,394	21,224,944
Total net assets	21,220,394	21,224,944
Total liabilities and net assets	39,875,981	39,106,853

Statement of Income

(thousand yen)

	4th period (from December 1, 2017 to May 31, 2018)	5th period (from June 1, 2018 to November 30, 2018)
Operating revenue		
Lease business revenue	1,442,676	1,450,211
Total operating revenue	1,442,676	1,450,211
Operating expenses		
Expenses related to rent business	522,992	541,878
Asset management fee	125,606	129,310
Asset custody fee	1,715	1,778
Administrative service fees	14,933	16,917
Directors' compensations	3,600	3,600
Other operating expenses	39,522	42,209
Total operating expenses	708,370	735,695
Operating income	734,305	714,516
Non-operating income		
Interest income	9	10
Interest on refund	-	871
Total non-operating income	9	882
Non-operating expenses		
Interest expenses	64,818	64,353
Investment unit issuance expenses	22,456	-
Borrowing related expenses	73,314	72,451
Other	2,500	-
Total non-operating expenses	163,090	136,805
Ordinary income	571,225	578,593
Income before income taxes	571,225	578,593
Income taxes - current	955	973
Income taxes - deferred	-3	-0
Total income taxes	951	972
Net income	570,273	577,620
Retained earnings brought forward	93	120
Unappropriated retained earnings (undisposed loss)	570,366	577,741

Debt Status

List of lenders

(as of November 30, 2018)

	Lender	Balance (mn yen)	Interest rate (%)	Drawdown date	Repayment date	Security
Long term	Sumitomo Mitsui Banking Corporation ORIX Bank Corporation Sumitomo Mitsui Trust Bank, Limited The Mie Bank, Ltd. The Iyo Bank, Ltd. The Bank of Fukuoka, Ltd. The Nomura Trust and Banking Co., Ltd. The Shinwa Bank, Ltd.	6,744	Base rate (JBA 3 months Yen TIBOR) + 0.65%	September 1, 2016	May 31, 2019	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation ORIX Bank Corporation Sumitomo Mitsui Trust Bank, Limited The Mie Bank, Ltd.	3,681	Base rate (JBA 3 months Yen TIBOR) + 0.80%	September 1, 2016	May 29, 2020	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	475	Base rate (JBA 3 months Yen TIBOR) + 1.25%	September 1, 2016	May 31, 2023	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation The Toho Bank, Ltd. The Nomura Trust and Banking Co., Ltd. The Bank of Fukuoka, Ltd. The Shinwa Bank, Ltd.	2,267	Base rate (JBA 3-month yen TIBOR)+0.65%	December 4, 2017	November 30, 2020	Unsecured and unguaranteed
	The Mie 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 Shinwa Bank, Ltd.	2,422	Base rate (JBA 3-month yen TIBOR)+0.80%	December 4, 2017	November 30, 2021	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	400	Base rate (JBA 1-month yen TIBOR)+0.35%	May 31, 2018	May 31, 2019	Unsecured and unguaranteed
Total		15,991				

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 Sep. 1, 2018)
Address	1-9-4 Nihonbashi-honcho, Chuo-ku, Tokyo
Establishment	December 5, 2017 (founded in Nov. 2001)
No. of Employees	1,213 (consolidated, as of end of Feb. 2018)
Representative	Representative Director Mitsumasa Morita

Financial Results (Feb. 2018)

Consolidated Net Sales: 18,884 million yen
 Consolidated Total Assets: 54,283 million yen
 Net Assets: 10,319 million yen

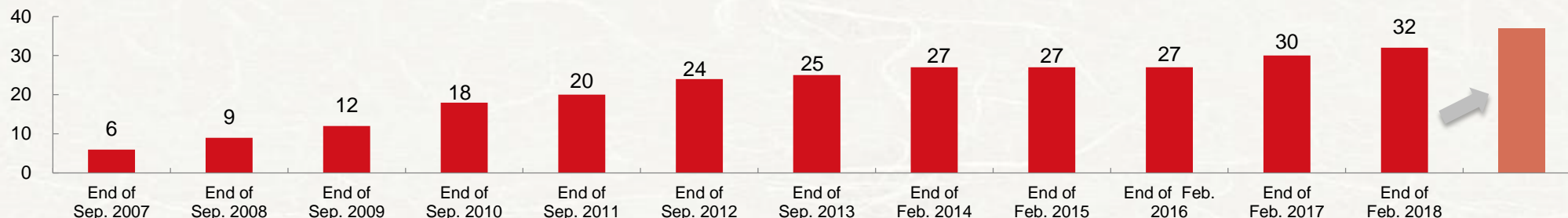
Businesses

- 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. 28, 2018, we operate 32 onsen and spa-related facilities

(Note) In consideration of the restructuring program that the Ooedo-Onsen Monogatari Group has been implementing since 2017, the figures for the fiscal year ended February 28, 2018 are presented based on those in the consolidated financial statements covering the period from June 29, 2017, the day when the Ooedo-Onsen Monogatari Group Co., Ltd. was established (through an absorption-type merger by Ooedo Onsen Monogatari Hotels & Resorts), until February 28, 2018, the year-end closing date.

Trends in number of facilities

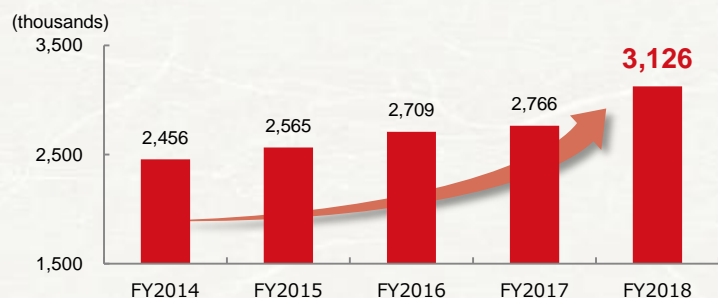
2003	2007	2009	2010	2013	2016	2017	2018	2019	
Opened Ooedo-Onsen Monogatari in Odaiba, Tokyo	Opened Aizu, Ikaho and Nikko Kirifuri, etc.	Opened Urayasu Mangekyo and Yamashitaya	Opened Hotel New Shiobara, Kinugawa Kanko Hotel and Reoma Resort, etc.	Opened Minoh Kanko Hotel, Minoh Onsen Minoh Spa Garden and Toi Marine Hotel	Opened Kounkaku, Masuya and Nagasaki Hotel Seifu	Opened Hotel Suiyotei, Beppu and Gero Shin-kan	Opened Nanki-kushimoto and Hotel Kisoji	Scheduled to open in the spring of 2019	
				 					
Odaiba Ooedo-Onsen Monogatari	Ooedo-Onsen Monogatari Aizu	Ooedo-Onsen Monogatari Urayasu Mangekyo	Hotel New Shiobara	Ooedo-Onsen Monogatari Minoh Kanko Hotel	Minoh Onsen Minoh Spa Garden	Ooedo-Onsen Monogatari Masuya	Ooedo-Onsen Monogatari Gero Shin-kan	Ooedo-Onsen Monogatari Hotel Kisoji	(formerly) Thalassa Shima Hotel & Resort



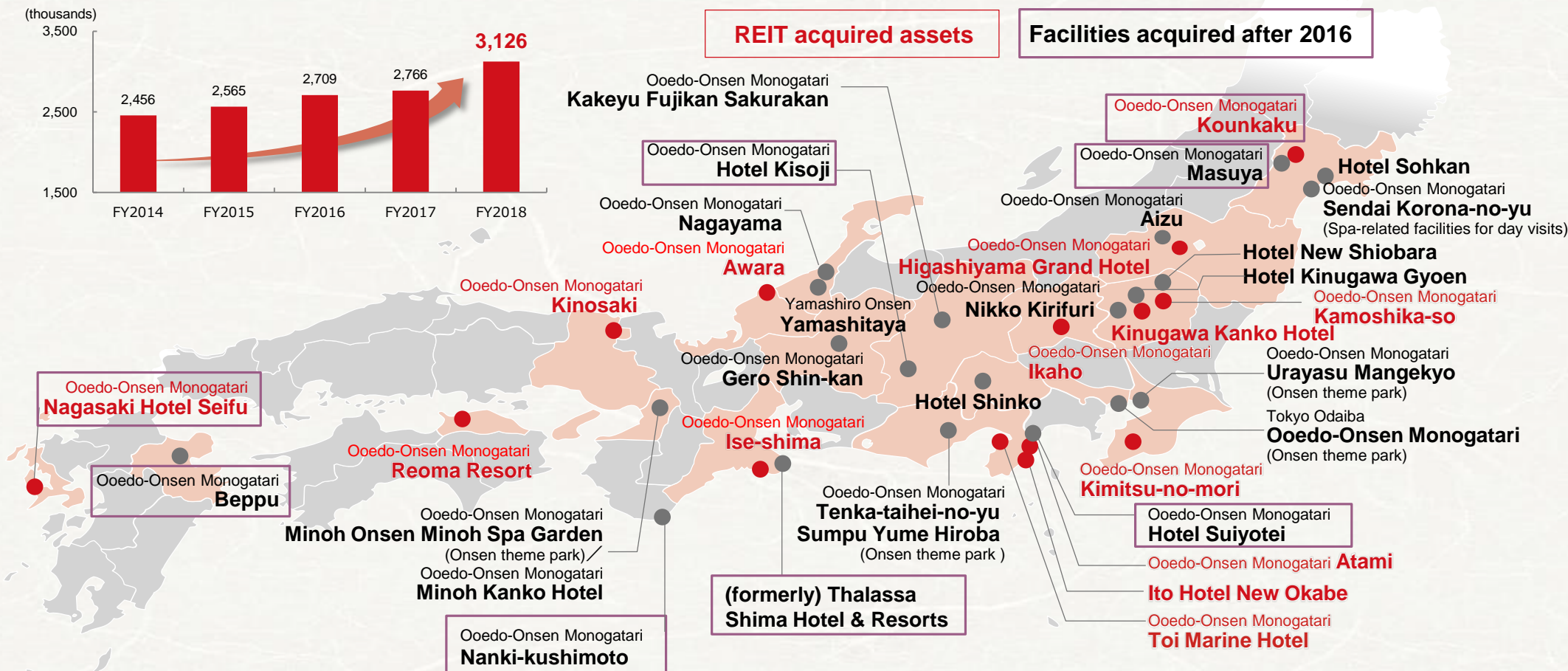
Ooedo-Onsen Monogatari Group (2)

The total number of guests staying at onsen/spa facilities operated by the Ooedo-Onsen Monogatari Group is steadily increasing year by year. In addition, the Investment corporation is expanding its business scale actively through a range of initiatives such as the acquisition of nine facilities ^(Note) since 2016 when the investment corporation was established.

Trend in total number of hotel guests at Ooedo-Onsen Monogatari Group facilities



Onsen and spa-related facilities operated by the Ooedo-Onsen Monogatari Group



(Note) Includes facilities that are expected to be operated.

“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

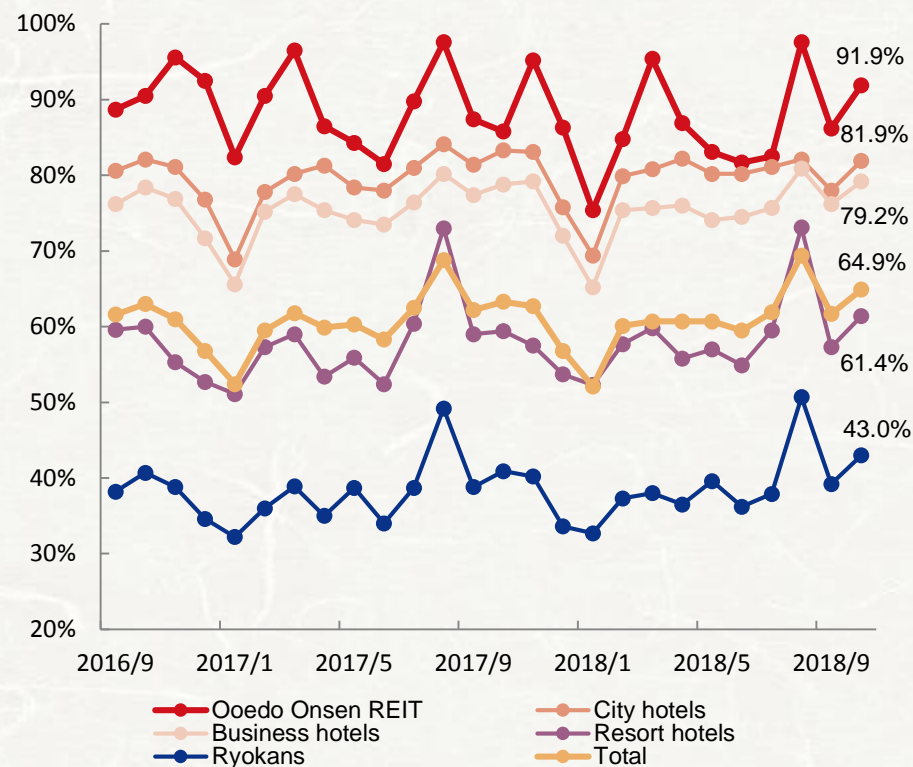
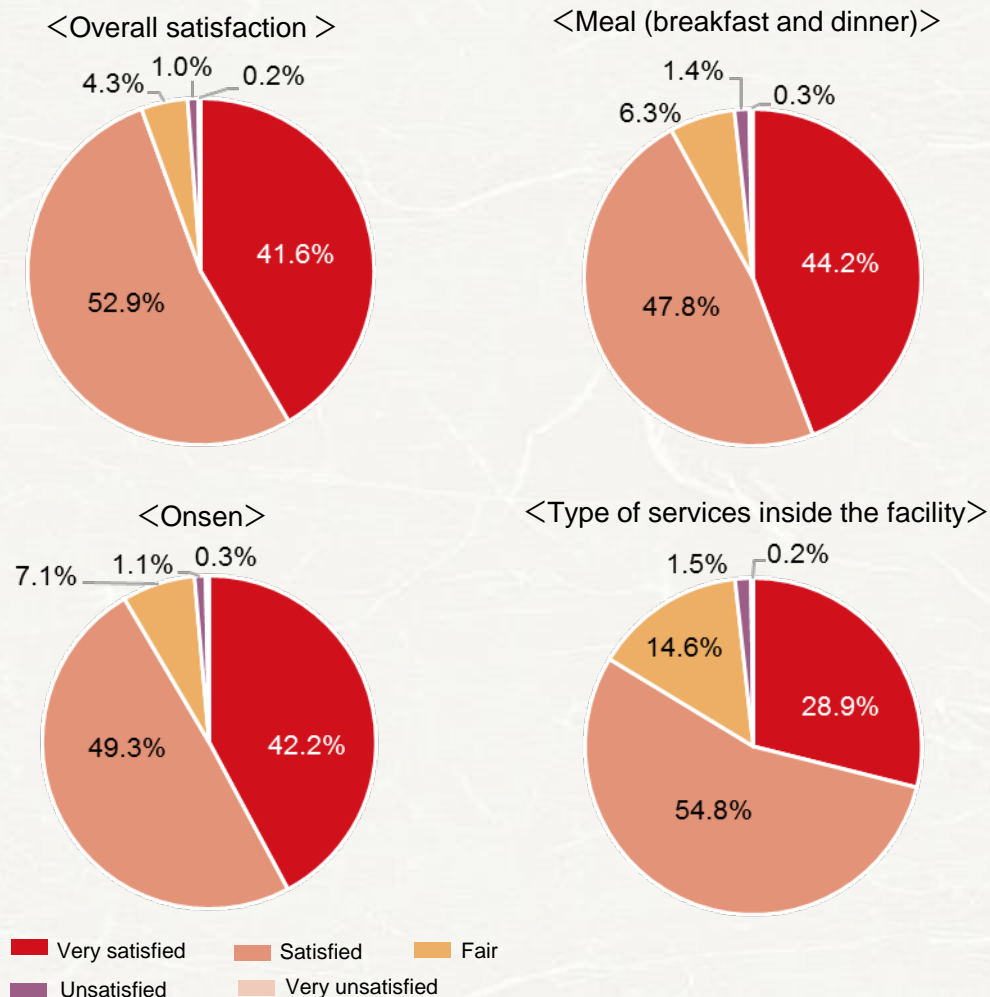


“Ooedo Business Model” with Stable Operations and Sustainable Growth (2)

High customer satisfaction and high room occupancy rates surpassing all other business categories

Ooedo-Onsen Monogatari Group hotel guest questionnaire (conducted from June 1, 2018 to November 30, 2018)

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



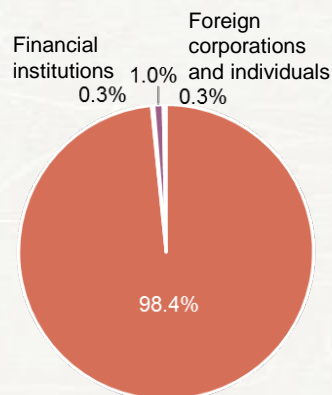
Source: Data on city hotels, business hotels, resort hotels, ryokan and all types of accommodation are compiled by the asset manager based on a statistical survey on trips with accommodation conducted by the Ministry of Land, Infrastructure, Transport and Tourism.

Unitholders Breakdown

Ratio by number of unitholders

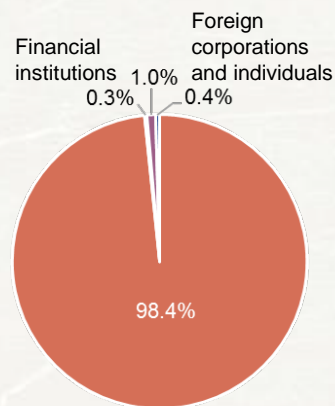
<End of 4th fiscal period>

18,263 unitholders

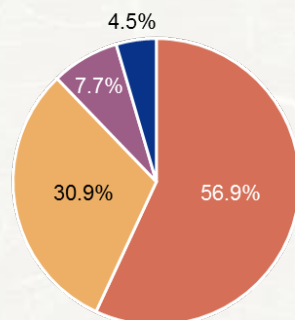
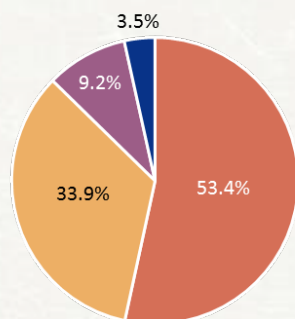


<End of 5th fiscal period>

19,341 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)	26,199	11.1%
2	Japan Trustee Services Bank, Ltd. (Trust Account)	24,266	10.3%
3	Ooedo-Onsen Mongatari Co., Ltd.	9,246	3.9%
4	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	7,423	3.2%
5	Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	4,518	1.9%
6	DFA INTERNATIONAL REAL ESTATE SECURITIES PORTFOLIO	1,376	0.6%
7	SSBTC CLIENT OMNIBUS ACCOUNT	1,250	0.5%
8	AVIVA INVESTORS INVESTMENT FUNDS ICVC - AVIVA INVESTORS MULTI-STRATEGY TARGET RETURN FUND	1,127	0.5%
9	STATE STREET BANK AND TRUST COMPANY FOR STATE STREET BANK LUXEMBOURG SCA ON BEHALF OF ITS CLIENTS: CLIENT OMNIOM25	1,102	0.5%
10	Hida Shinkumi Bank	1,000	0.4%
Total		77,507	32.9%

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 November 30, 2018 (record date), end of 5th 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</u> <u>Equivalent to 1,000 yen</u> ② Unitholders holding 10 units or more <u>2 coupons</u> <u>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><Facilities applicable> 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 <14 facilities in total></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>	

Profile for IR Activities

IR activities

<Main IR activities>

IR activities for domestic institutional investors

- Conducting IR activities for central/regional investors
- Holding individual meetings, etc.

IR activities for overseas institutional investors

- Participating in global conferences in Japan
- Holding individual meeting in Japan, etc.

IR activities for retail investors

- Holding seminars for private investors
- Participating in fairs for retail investors, etc.

Seminars for individual investors

- Branch office seminars sponsored by securities companies (Tsu, Yokohama, Nagoya)
- Nationwide caravan to popularize J-REIT (Kurashiki)
- Other locally-held seminars (Osaka, Kumamoto)

Fairs for individual investors

- REIT Corner in the NIKKEI IR/Investment Fair 2018 (September 2018)
- J-REIT Fair 2018 for Personal Investors (September 2018)
- SMBC Nikko J-REIT Fair 2018 (October 2018)
- J-REIT Fan Autumn 2018 (November 2018)

Renewal of the “To our personal unitholders” pages (in Japanese only) on our website.

The pages that we had created for individual unitholders were renewed on November 30, 2018.

To deepen the understanding of individual unitholders, the “anatomy of Ooedo Onsen Reit” (in Japanese only) is posted on our website, in which an outline of Investment Corporation is presented in four sections, namely, “Business with a focus on onsen and spa-related facilities,” “Unique investment targets,” “Characteristics from the perspective of investment targets,” and “Interviews with executives.”

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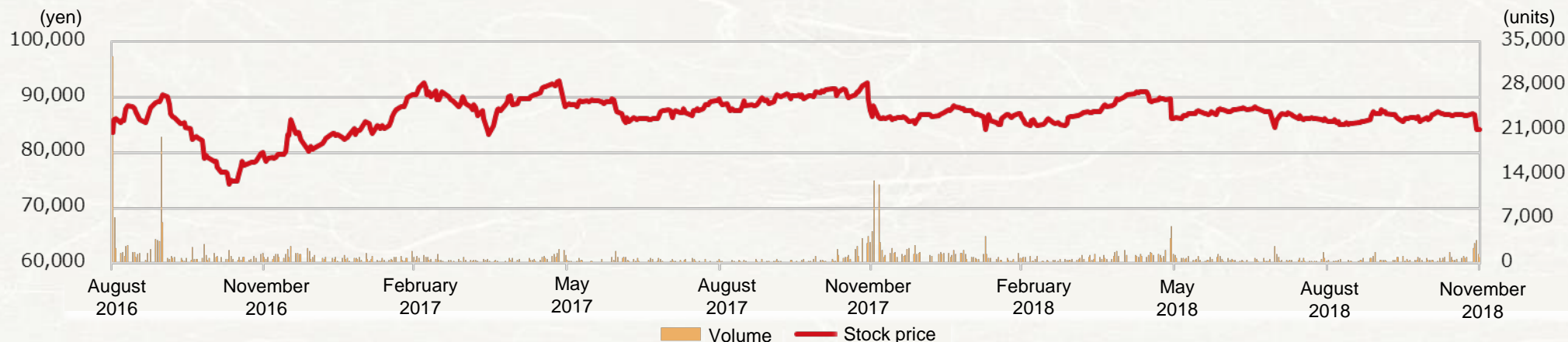


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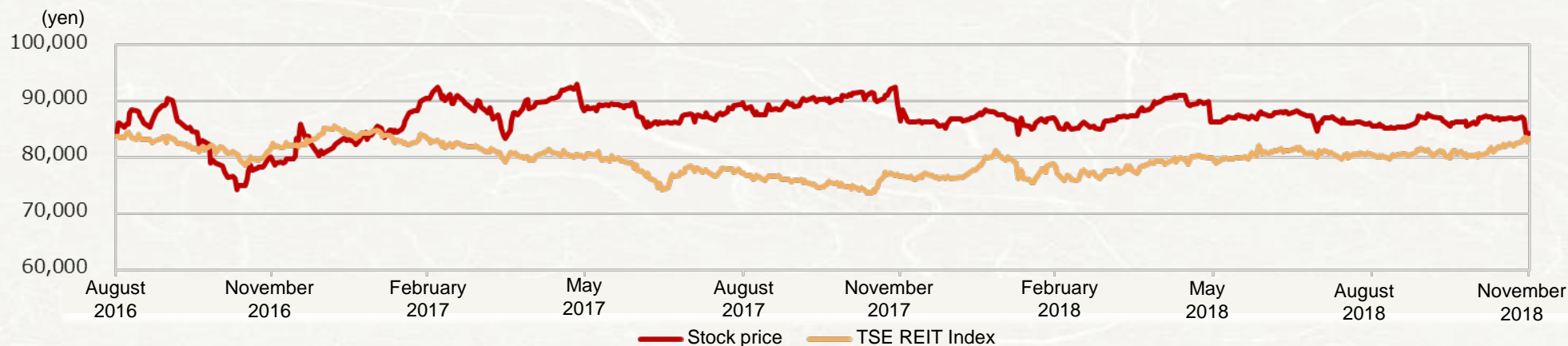


Track Record of Investment Unit Price

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

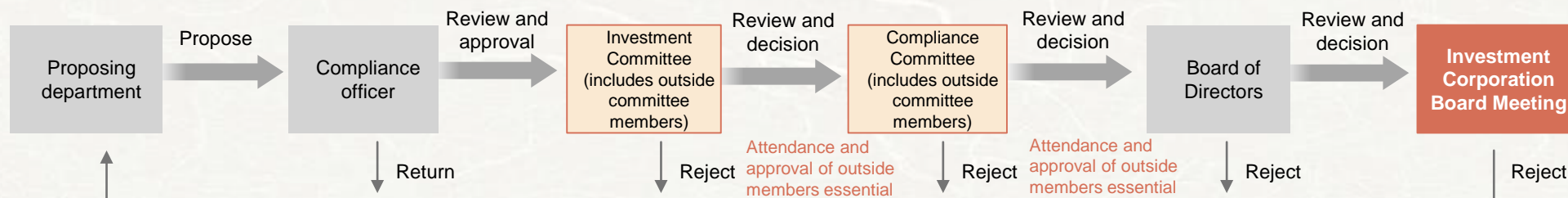
Remuneration paid by the Investment Corporation to the asset manager consists of management fee I, management fee II, acquisition fee, and disposition fee.

Management fee I	Total assets at end of previous accounting period ^(Note1) × 1.0% per annum (ceiling)
Management fee II	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
Acquisition fee^(Note 2)	Acquisition price × 1.0% (ceiling) (transaction with related party: 0.5% (ceiling))
Disposition fee	Disposition price × 1.0% (ceiling) (transaction with related party: 0.5% (ceiling))

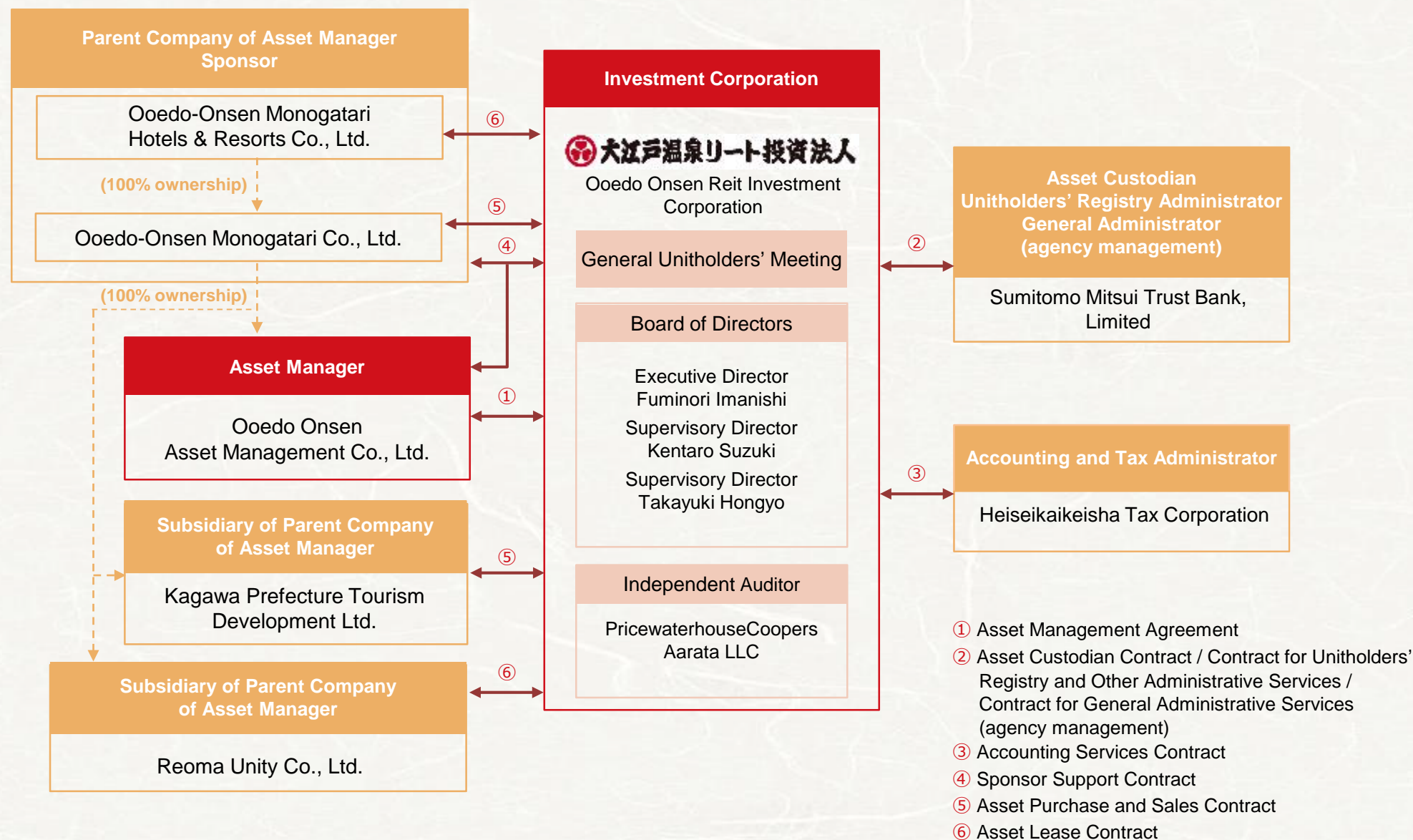
(Note 1) Subject to adjustment for asset acquisitions and asset dispositions during the relevant calculation period.

(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 (1) No. 98032

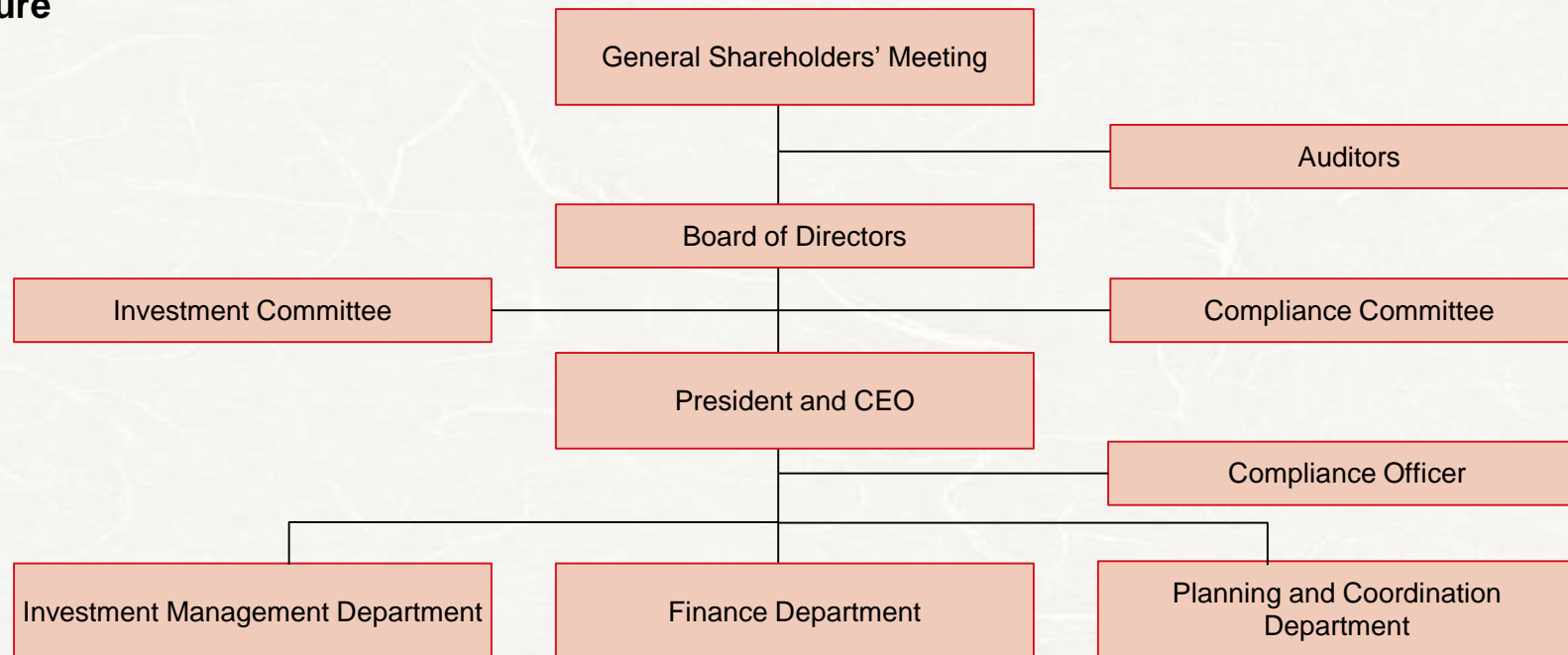
Discretionary transaction agent, Minister of Land, Transport and Tourism License No. 102

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

Member of the Investment Trusts Association, Japan

Employees : 12 (as of November 30, 2018)

🦋 Structure



Disclaimer

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