



 **大江戸温泉リート投資法人**
Ooedo Onsen Reit Investment Corporation

Results of 11th Fiscal Period ended November 30, 2021

Presentation Material

January 21, 2022

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

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I. Executive Summary



Executive Summary (1) - Securement of rent, financial measures for overcoming COVID-19 and increase in debt cost

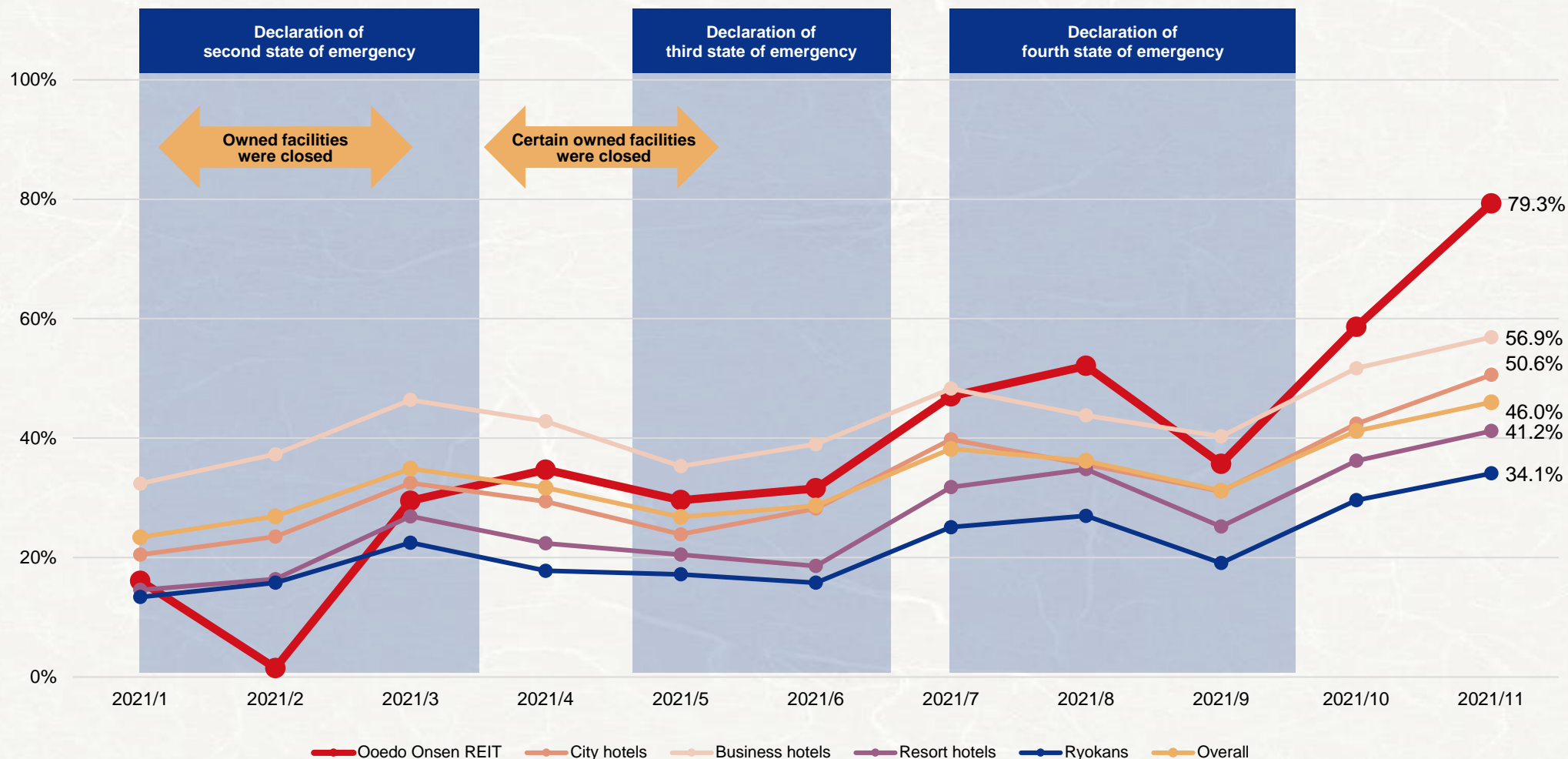
	10th period (ended May 31, 2021) Actual	11th period (ended November 30, 2021) Actual	12th period (ending May 31, 2022) Forecast	13th period (ending November 30, 2022) Forecast
DPU	1,970 yen	1,686 yen	1,585 yen	1,620 yen
LTV (appraisal value basis)	33.4%	32.9%		

- **KPI of tenants is on a recovery trend. Full securement of fixed rent**
- **Refinancing responding to the deterioration of the debt financing environment**
 - Collateralization of loans for future financial stabilization
 - Increase in interest expenses and borrowing-related expenses
 - Shortening the refinancing period while the environment is uncertain
 - Support by main financing bank (SMBC)
- **Securement of cash on hand and lowering of LTV in preparation for refinancing risks for the time being**
 - Sale of Nagasaki Hotel Seifu - Sale at a price exceeding the book value (below the appraisal value)



Executive Summary (2) - Tenant performance is on a rapid recovery trend since October 2021

Average occupancy rate by industry for the hotel sector



(Note 1) All facilities held by the Investment Corporation were temporarily closed from April 2020 due to the spread of COVID-19.

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

Source: Data on city hotels, business hotels, resort hotels, ryokan and overall are compiled by the asset manager based on Overnight Travel Statistics Survey, Japan Tourism Agency.



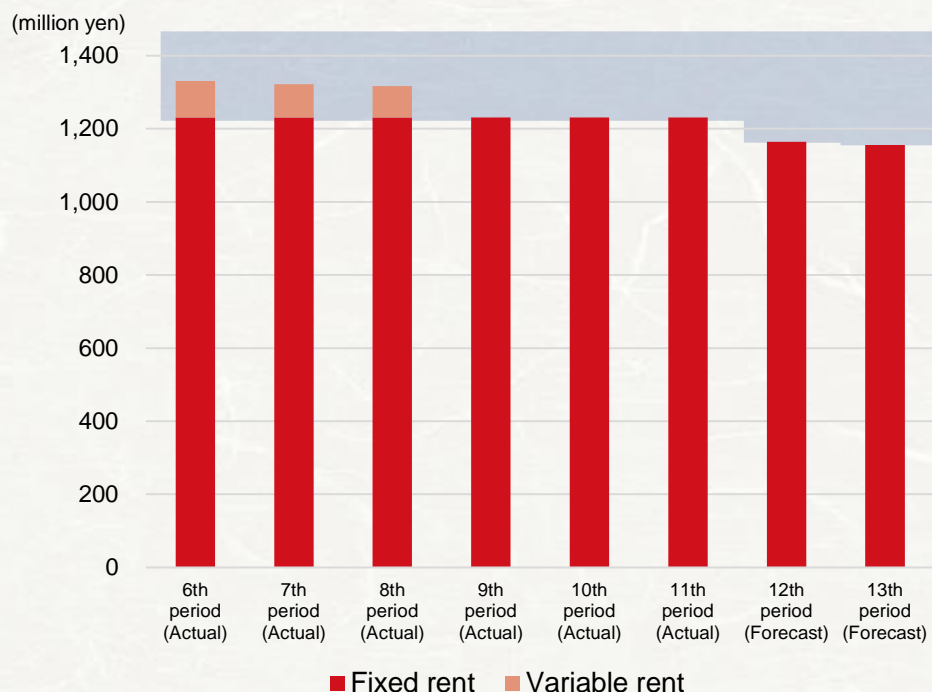
II. Management Highlights

1. **Prolonged impact of COVID-19 and measures for overcoming it**
2. **Operational status of facilities and KPI**
3. **Status of appraisal value**

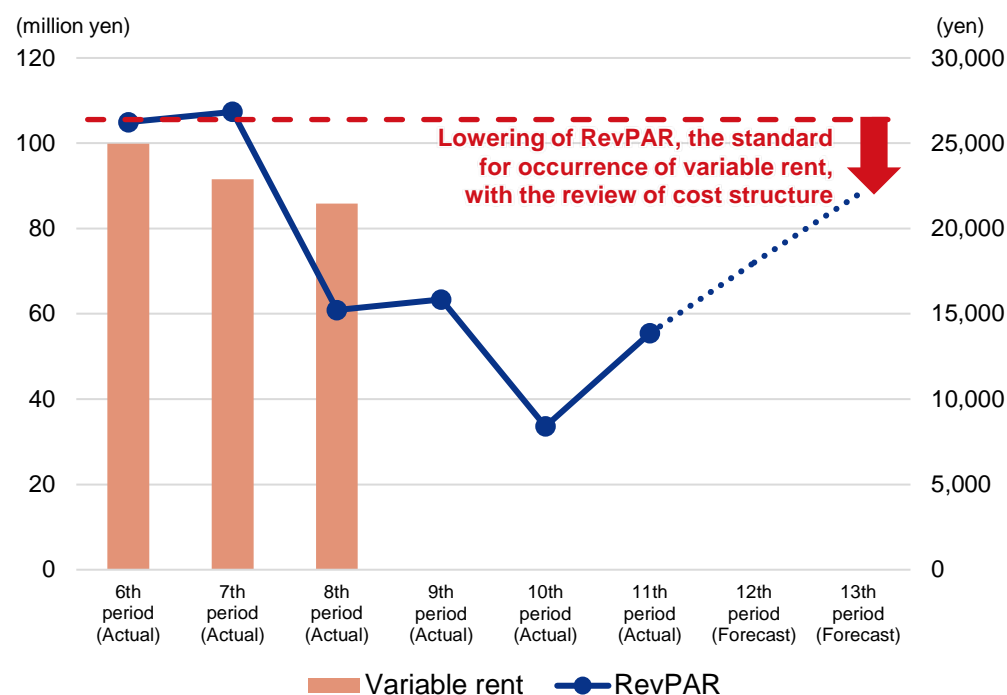
(1) Status of Lease Business

- Full securement of fixed rent
- Rent commitment from tenants (sponsor), recapitalization and establishment of financial framework of sponsor securing it
 - Operational status of tenants is improving → To secure stable fixed rent bearing capacity
 - Expectations over the subsidence of COVID-19 in the future and possibility of the recovery of variable rent in the medium term
 - Further progress in cost rationalization under the COVID-19 pandemic leading to the lowering of break-even sales (RevPAR) of tenants

🌸 Rent structure



🌸 Of which, variable rent portion



(2) Status of Debt Financing

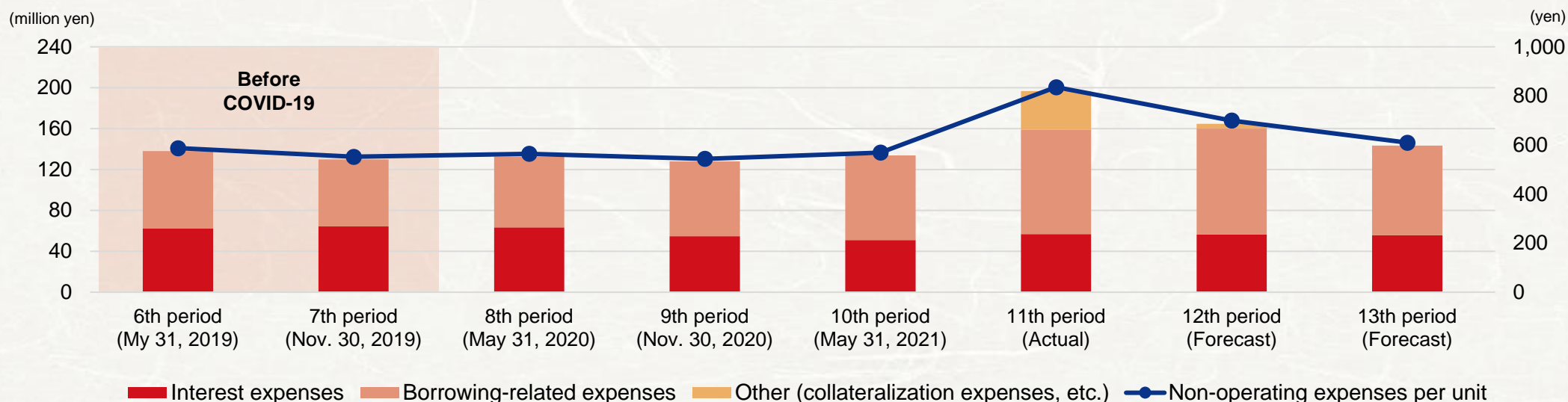
■ Deterioration of loan environment amid the prolonged COVID-19 crisis

- Deterioration of credit environment for general hotel sector
- Prolonged impact of COVID-19 at sponsors → Deterioration of the environment of loan refinancing against the backdrop of a sense of uncertainty towards the future

■ Implementation of refinancing in August and November

- Increase in borrowing-related expenses and shortening of loan period (the loan period for the time being will be until February 2022)
→ Minimization of cost increase
- Strong commitment by major banks (SMBC share 33% → 38%)
- Strengthening of financial stability through **voluntary** collateralization (November) (Provisional registration of revolving mortgages)
→ There is no issue on the compliance of financing covenants, and fundamentals as well as the conditions **after the recovery of business conditions** are expected to improve in the future

🌸 Trends in non-operating expenses



(3) Sale of Nagasaki Hotel Seifu - Measures for Reduction of Financial Risk

■ Points leading to disposition

- Securement of cash on hand and compression of borrowings in preparation for the risk of deterioration of debt financing environment
- Offering from buyers taking prompt actions and showing high certainty among multiple candidates
- Relatively small facilities in portfolio
- Presented a price which is the same as or higher than the book value despite a large discount from the appraisal value
- Evidence of liquidity of owned properties



■ Overview of Disposition

Name	Oedo-Onsen Monogatari Nagasaki Hotel Seifu
Address	523 Otorimachi, Nagasaki-shi, Nagasaki
Land area (public offering)	6,766.87 m ²
Building area (public offering)	11,114.69 m ²
Type of sale	Disposition through trust beneficiary rights
Disposition date	January 13, 2022
Sales price	1,640 million yen
Appraisal value	2,570 million yen
Book value (end of November 2021)	1,603 million yen

Impact on distributions for 12th fiscal period

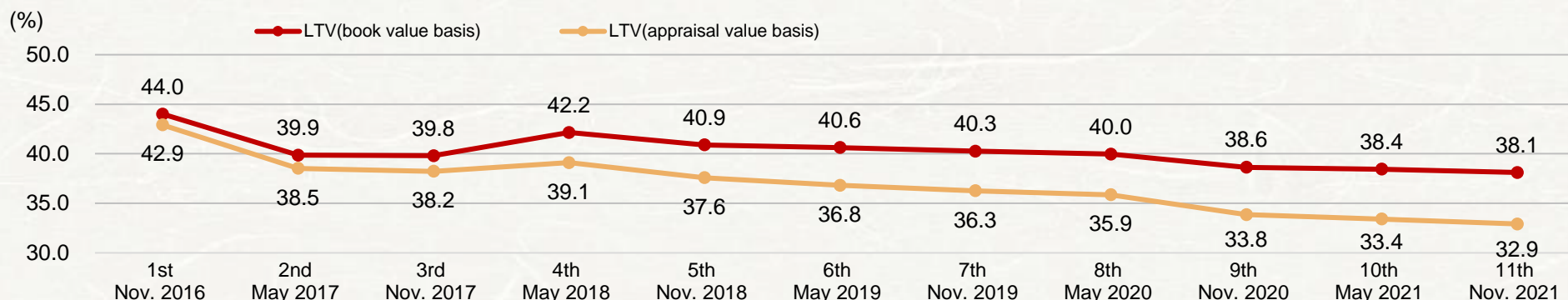
- Previous forecast 1,799 yen
Revised forecast 1,585 yen
- Increase or decrease -214 yen
- Rate of increase or decrease -11.9%
- Main factors
 1. Decrease in operating revenue due to disposition
(fixed rent of disposed properties 74→17 million yen)
 2. Net gain on sale after the deduction of sales expenses 10 million yen

(4) Points for future improvement of financing conditions

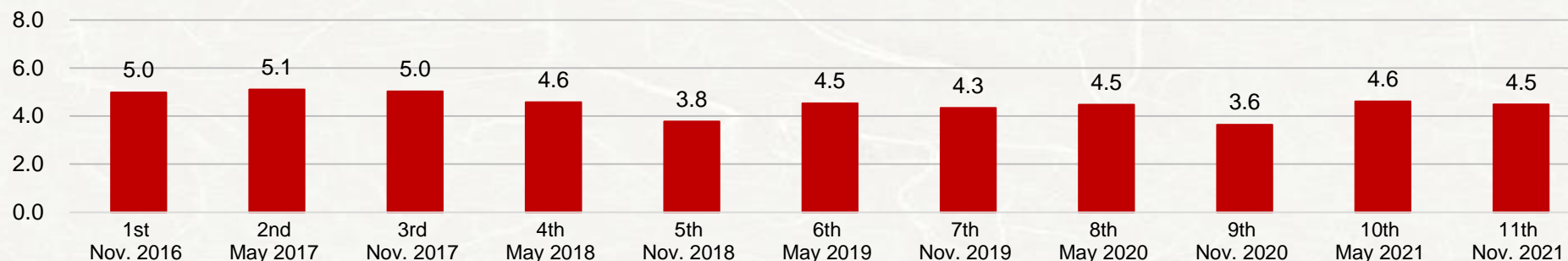
■ Conservative financial indicators (end of 11th period)

- LTV (appraisal value basis) 32.9%
- DSCR 4.5
- Liquidity of owned assets verified in the sale of Nagasaki property
- Expectations for rapid recovery of tenant performance and recovery of variable rent

📈 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.



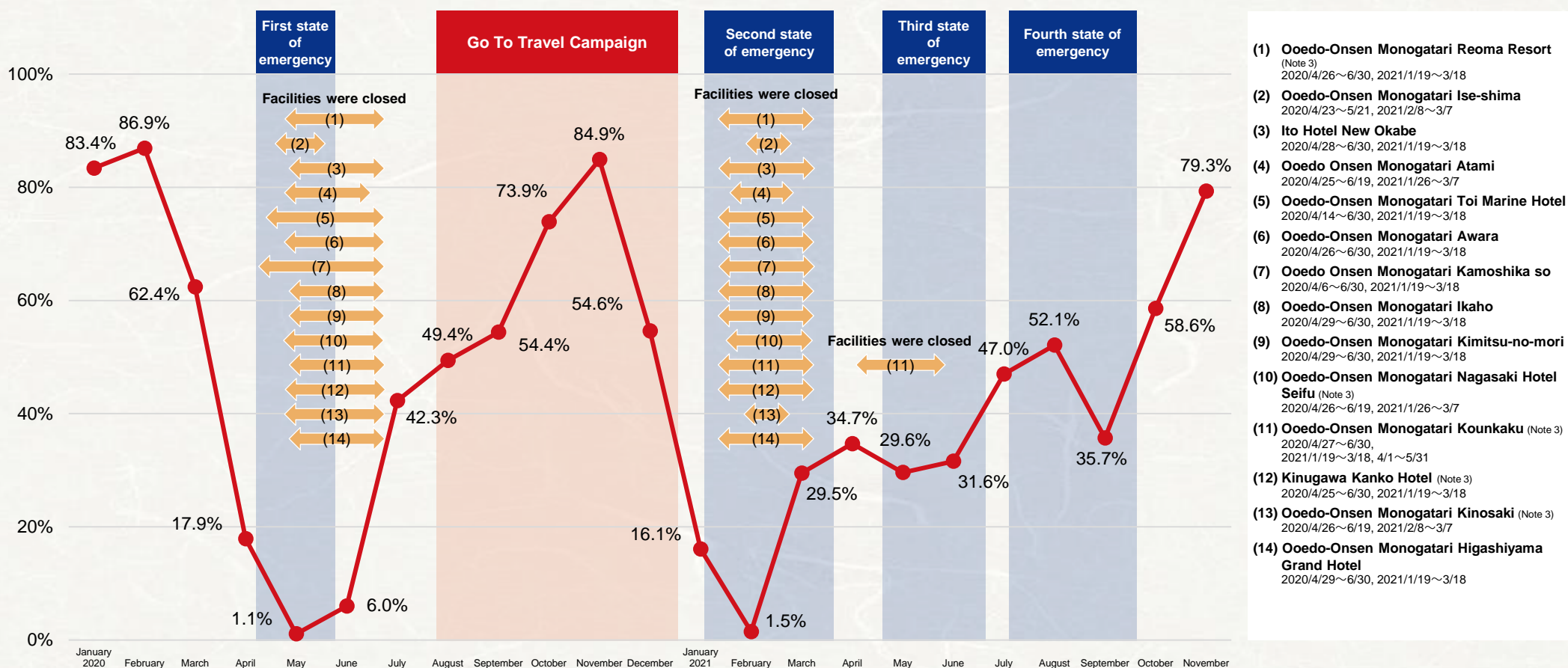
II. Management Highlights

1. Prolonged impact of COVID-19 and measures for overcoming it
2. **Operational status of facilities and KPI**
3. Status of appraisal value

Operational status of facilities and KPI

Despite the significant impact of stay-at-home requests such as the state of emergency, occupancy rate recovered rapidly since last autumn.

Room occupancy of accommodation facilities



- (1) Ooedo-Onsen Monogatari Reoma Resort (Note 3)
2020/4/26~6/30, 2021/1/19~3/18
- (2) Ooedo-Onsen Monogatari Ise-shima
2020/4/23~5/21, 2021/2/8~3/7
- (3) Ito Hotel New Okabe
2020/4/28~6/30, 2021/1/19~3/18
- (4) Ooedo Onsen Monogatari Atami
2020/4/25~6/19, 2021/1/26~3/7
- (5) Ooedo-Onsen Monogatari Toi Marine Hotel
2020/4/14~6/30, 2021/1/19~3/18
- (6) Ooedo-Onsen Monogatari Awara
2020/4/26~6/30, 2021/1/19~3/18
- (7) Ooedo Onsen Monogatari Kamoshika so
2020/4/6~6/30, 2021/1/19~3/18
- (8) Ooedo-Onsen Monogatari Ikaho
2020/4/29~6/30, 2021/1/19~3/18
- (9) Ooedo-Onsen Monogatari Kimitsu-no-mori
2020/4/29~6/30, 2021/1/19~3/18
- (10) Ooedo-Onsen Monogatari Nagasaki Hotel Seifu (Note 3)
2020/4/26~6/19, 2021/1/26~3/7
- (11) Ooedo-Onsen Monogatari Kounkaku (Note 3)
2020/4/27~6/30, 2021/1/19~3/18, 4/1~5/31
- (12) Kinugawa Kanko Hotel (Note 3)
2020/4/25~6/30, 2021/1/19~3/18
- (13) Ooedo-Onsen Monogatari Kinosaki (Note 3)
2020/4/26~6/19, 2021/2/8~3/7
- (14) Ooedo-Onsen Monogatari Higashiyama Grand Hotel
2020/4/29~6/30, 2021/1/19~3/18

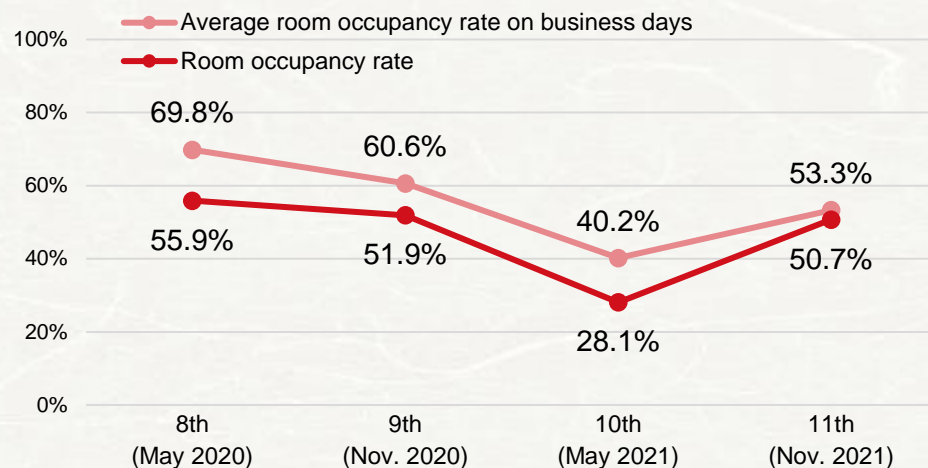
(Note 1) Unless otherwise specified, figures are rounded down to the nearest specified unit and percentage rates are rounded to the first decimal place in this material. The same applies hereinafter.

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

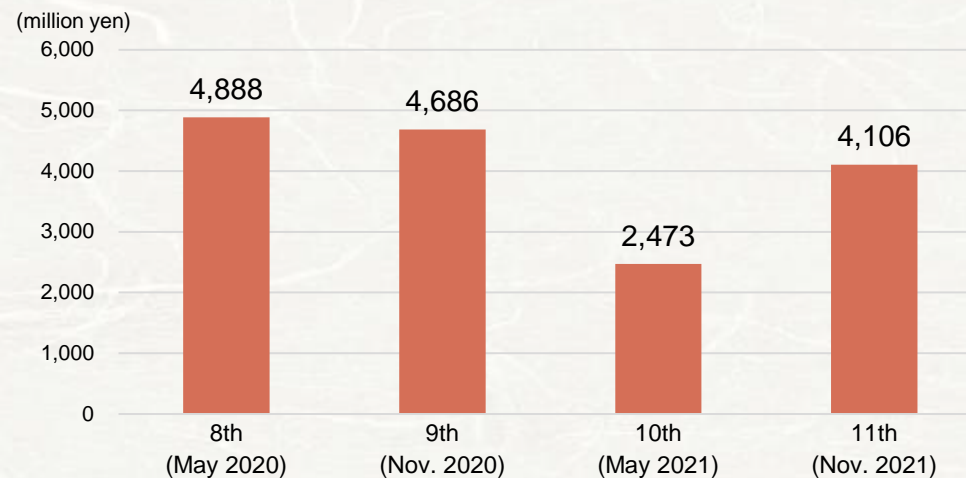
(Note 3) Facilities operated only on weekends (for customers who checked in on Friday, Saturday, and Sunday) from May 31 to July 1, 2021

Operational status of facilities and KPI

Room occupancy rate



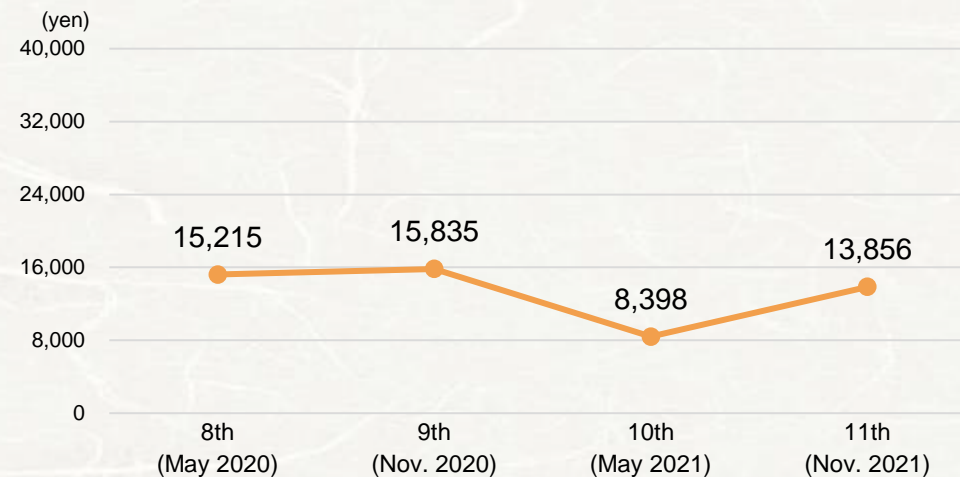
Sales



ADR



RevPAR



(Note) "Average room occupancy rate on business days" is calculated based on the number of rooms that can be sold excluding the number of rooms on the day when the building is closed due to facility inspection, etc.



II. Management Highlights

1. Prolonged impact of COVID-19 and measures for overcoming it
2. Operational status of facilities and KPI
3. Status of appraisal value

Status of appraisal value

Cap rate remained flat. Unrealized gain increased despite a slight decrease due to the review of the unit price of CAPEX for some properties.

(million yen)

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					
				10th period May 31, 2021	11th period Nov. 30, 2021	Change		Direct Cap Rate			Discount Rate			Terminal Cap Rate		
								10th period May 31, 2021	11th period Nov. 30, 2021	valuation	10th period May 31, 2021	11th period Nov. 30, 2021	valuation	10th period May 31, 2021	11th period Nov. 30, 2021	valuation
S-1	Ooedo-Onsen Monogatari Reoma Resort	9,756	9,523	8,850	8,800	-50	-723	6.0%	6.0%	-	5.8%	5.8%	-	6.2%	6.2%	-
S-2	Ooedo-Onsen Monogatari Ise-shima	3,656	3,255	3,830	3,830	-	+574	5.6%	5.6%	-	5.4%	5.4%	-	5.8%	5.8%	-
S-3	Ito Hotel New Okabe	2,657	2,539	2,810	2,800	-10	+260	5.1%	5.1%	-	4.9%	4.9%	-	5.3%	5.3%	-
S-4	Ooedo-Onsen Monogatari Atami	2,997	2,743	3,190	3,180	-10	+436	5.1%	5.1%	-	4.9%	4.9%	-	5.3%	5.3%	-
S-5	Ooedo-Onsen Monogatari Toi Marine Hotel	1,910	1,756	2,020	2,010	-10	+253	5.6%	5.6%	-	5.4%	5.4%	-	5.8%	5.8%	-
S-6	Ooedo-Onsen Monogatari Awara	1,901	1,824	1,980	1,980	-	+155	5.9%	5.9%	-	5.7%	5.7%	-	6.1%	6.1%	-
S-7	Ooedo-Onsen Monogatari Kamoshika-so	1,222	1,163	1,260	1,260	-	+96	5.3%	5.3%	-	5.1%	5.1%	-	5.5%	5.5%	-
S-8	Ooedo-Onsen Monogatari Ikaho	1,299	1,250	1,370	1,370	-	+119	5.3%	5.3%	-	5.1%	5.1%	-	5.5%	5.5%	-
S-9	Ooedo-Onsen Monogatari Kimitsu-no-mori	819	825	859	859	-	+33	5.3%	5.3%	-	5.1%	5.1%	-	5.5%	5.5%	-
S-10	Ooedo-Onsen Monogatari Nagasaki Hotel Seifu	1,637	1,603	2,570	2,570	-	+966	5.2%	5.2%	-	5.0%	5.0%	-	5.4%	5.4%	-
S-11	Ooedo-Onsen Monogatari Kounkaku	1,040	997	1,220	1,220	-	+222	5.5%	5.5%	-	5.3%	5.3%	-	5.7%	5.7%	-
S-12	Kinugawa Kanko Hotel	3,870	3,537	6,130	6,130	-	+2,592	5.2%	5.2%	-	5.0%	5.0%	-	5.4%	5.4%	-
S-13	Ooedo-Onsen Monogatari Kinosaki	2,084	2,116	2,650	2,650	-	+533	5.4%	5.4%	-	5.2%	5.2%	-	5.6%	5.6%	-
S-14	Ooedo-Onsen Higashiyama Grand Hotel	1,230	1,160	1,470	1,470	-	+309	5.9%	5.9%	-	5.7%	5.7%	-	6.1%	6.1%	-
Total		36,082	34,299	40,209	40,129	-80	+5,829	-	-	-	-	-	-	-	-	-



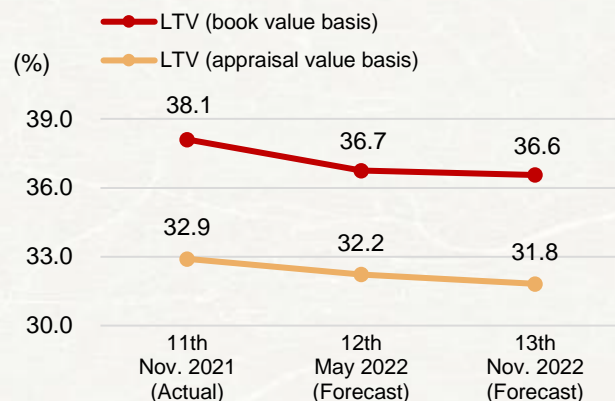
III. Financial Report and Forecast Income and Expenditure



Financial Status: Implementation of Refinancing

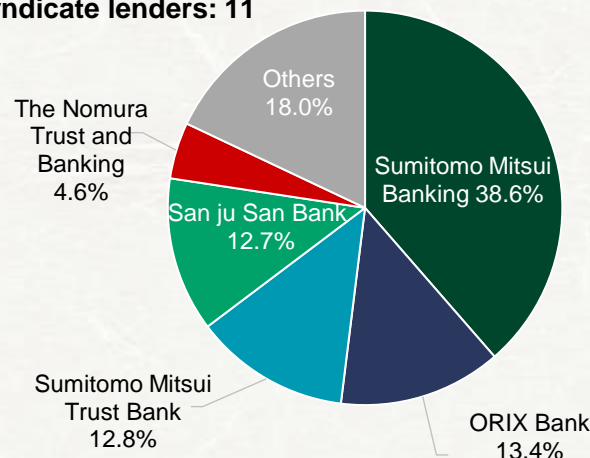
Amid the COVID-19 pandemic, we took out short-term loans for refinancing. LTV decreased further (38.1% on a book value basis and 32.9% on an appraisal value basis) due to scheduled repayments and the appropriation of some cash reserves for early amortization.

🦋 LTV



🌸 Breakdown of lenders

Number of syndicate lenders: 11



< Breakdown of others, which stand at 18.0% >

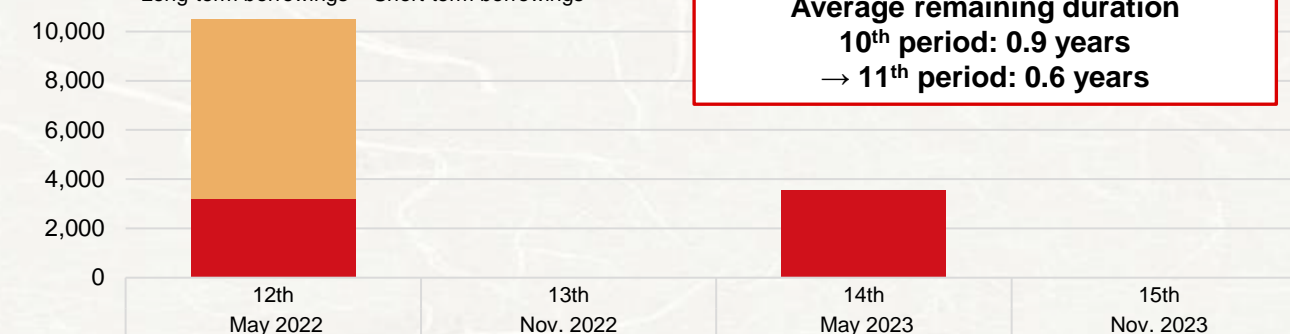
The Towa Bank	3.4%
The Iyo Bank	3.2%
The Tochigi Bank	3.1%
Fukoku Mutual Life Insurance	3.1%
The Bank of Fukuoka	2.6%
The Juhachi-Shinwa Bank	2.5%

🚶 Ratio of long-term borrowings



🌸 Overview of maturity

(million yen) ■ Long-term borrowings ■ Short-term borrowings



Average remaining duration
10th period: 0.9 years
→ 11th period: 0.6 years

Scheduled Refinancing for the Meanwhile

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 November 30, 2021)

Repayment date	Category	Balance (mm yen)	Lender		Initial drawdown date, etc.
February 28, 2022	Short-term	4,873	Sumitomo Mitsui Banking Corporation ORIX Bank Corporation San ju San Bank, Ltd.	Sumitomo Mitsui Trust Bank, Limited The Nomura Trust and banking Co., Ltd.	August 31, 2021
February 28, 2022	Short-term	230	Sumitomo Mitsui Banking Corporation		August 31, 2021
February 28, 2022	Short-term	2,190	Sumitomo Mitsui Banking Corporation San ju San Bank, Ltd. The Tochigi Bank, Ltd.	Fukoku Mutual Life Insurance Company The Bank of Fukuoka, Ltd. The Juhachi-Shinwa Bank, Ltd.	November 30, 2021
May 31, 2022	Long-term	3,166	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.	May 31, 2019

Result for the 11th Fiscal Period ended November 2021

Revenue and profits decreased from the previous period due to the decrease in insurance income, etc. and increase in borrowing and collateralization-related expenses.

DPU increased 31 yen from the revised forecast and decreased 284 yen from the previous period.

(thousand yen)

Item	10th period (Actual)	11th period (Actual)	Difference	11th period (Forecast as of Nov. 25, 2021)	Difference
Operating revenue	Component ratio 1,348,319	Component ratio 1,344,058	-4,260	1,344,058	-
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	112,434	+124	112,434	-
Others	5,591	1,206	-4,385	1,206	-
Lease operations revenue gain/loss	771,246	770,023	-1,222	770,088	-64
Operating income	593,501	589,408	-4,092	585,246	+4,162
Ordinary income	460,266	393,492	-66,773	386,380	+7,111
Net income	459,331	392,536	-66,794	385,380	+7,155
Excess cash distribution	4,236	4,236	-	4,236	-
Total distribution	463,633	396,795	-66,838	389,499	+7,295
Total units outstanding	235,347	235,347	-	235,347	-
DPU (yen)	1,970	1,686	-284	1,655	+31
(Excess cash distribution per unit)	18	18	+0	18	-
FFO per unit (yen)	3,860	3,589	-271	3,552	+37
NOI	1,218,997	1,222,312	+3,314	1,222,310	+1
Depreciation	449,227	452,288	+3,060	450,745	+1,542
CAPEX	99,281	146,433	47,152	146,433	-

(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)
Lease operations revenue gain/loss		-64
Decrease in selling, general and administration (lawyer expenses, etc.)		+3,616
Operating income		+4,162
Decrease in other non-operating expenses (collateralization expenses, etc.)		+2,424
Ordinary income		+7,111

Main factors for increase/decrease from previous fiscal period		(thousand yen)
Decrease in other operating revenue (Insurance revenue)		-4,385
Decrease in tax and public charge		+2,785
Decrease in other expenses (Repairs covered by insurance, etc.)		+3,580
Increase in depreciation		-3,060
Lease operations revenue gain/loss		-1,222
Increase in selling, general and administration (fees for receiving reviewed ER, etc.)		+2,870
Operating income		-4,092
Increase in interest expenses		-5,987
Increase in borrowing related expenses		-19,220
Increase in other non-operating expenses (collateralization-related expenses)		-37,586
Ordinary income		-66,773

Main financial indicators		(million yen)
Total assets		36,926
Interest-bearing debt		14,069
Total liabilities		15,904
Total net assets		21,021
LTV (book value basis)		38.1%
NAV per unit		114,089 yen

Forecast for the 12th Fiscal Period ending May 2022

Revenue and profits are expected to decrease from the previous period due to the sale of owned property (Nagasaki Hotel Seifu), expenses for General Unitholders' Meeting, etc. DPU are forecasted to decrease 101 yen from the previous fiscal period.

(thousand yen)

Item	11th period (Actual)	12th period (Forecast)	Difference	12th period (Forecast as of Dec. 24, 2021)	Difference
Operating revenue	Component ratio 1,344,058	Component ratio 1,285,690	-58,368	1,285,690	+0
Primary rent	1,230,417	1,172,520	-57,896	1,172,520	-
Fixed rent	100.0% 1,230,417	100.0% 1,172,520	-57,896	1,172,520	-
Variable rent	0.0% -	0.0% -	-	-	-
Secondary rent	112,434	101,888	-10,546	101,888	+0
Others	1,206	11,281	+10,074	11,281	+0
Lease operations revenue gain/loss	770,023	728,417	-41,606	728,417	+0
Operating income	589,408	534,446	-54,962	534,456	-9
Ordinary income	393,492	369,792	-23,700	369,802	-9
Net income	392,536	368,792	-23,744	368,802	-9
Excess cash distribution	4,236	4,236	-	4,236	-
Total distribution	396,795	373,024	-23,770	373,024	+0
Total units outstanding	235,347	235,347	-	235,347	-
DPU (yen)	1,686	1,585	-101	1,585	-
(Excess cash distribution per unit)	18	18	-	18	-
FFO per unit (yen)	3,589	3,442	-147	3,442	+0
NOI	1,222,312	1,169,830	-52,481	1,169,830	-
Depreciation	452,288	441,413	-10,875	441,413	-
CAPEX	146,433	236,687	+90,253	236,687	-

Main factors for increase/decrease from forecast

(thousand yen)

- Decrease in fixed rent (approximately four and a half months for Nagasaki) -57,645
- Decrease in secondary rent (approximately four and a half months for Nagasaki) -10,546
- Gain on sale of Nagasaki +10,074
- Decrease in tax and public charge (Sale of Nagasaki, etc.) +6,100
- Decrease in depreciation (Sale of Nagasaki, etc.) +10,875

Lease operations revenue gain/loss

-41,606

- Decrease in asset management fees (Sale of Nagasaki) +2,215
- Expenses for General Unitholders' Meeting -6,000
- Increase in other selling, general and administration (non-deductible consumption taxes, etc.) -9,570

Operating income

-54,962

- Decrease in other non-operating expenses (collateralization-related expenses) +32,889

Ordinary income

-23,700

Main financial indicators

(million yen)

Total assets	36,094
Interest-bearing debt	13,263
Total liabilities	15,101
Total net assets	20,993
LTV (book value basis)	36.7%

Forecast for the 13th Fiscal Period ending November 2022

Revenue will decrease and profits will increase from the previous period due to the decrease in finance related expenses despite the reflection of the full-period impact of the sale of Nagasaki Hotel Seifu. DPU are expected to increase 35 yen from the previous fiscal period.

(thousand yen)

Item	12th period (Forecast)	13th period (Forecast)	Difference
Operating revenue	Component ratio 1,285,690	Component ratio 1,255,815	-29,875
Primary rent	1,172,520	1,155,186	-17,333
Fixed rent	100.0% 1,172,520	100.0% 1,155,186	-17,333
Variable rent	0.0% -	0.0% -	-
Secondary rent	101,888	100,353	-1,534
Others	11,281	275	-11,006
Lease operations revenue gain/loss	728,417	698,538	-29,878
Operating income	534,446	521,670	-12,776
Ordinary income	369,792	378,201	+8,409
Net income	368,792	377,201	+8,409
Excess cash distribution	4,236	4,236	-
Total distribution	373,024	381,262	+8,237
Total units outstanding	235,347	235,347	-
DPU (yen)	1,585	1,620	+35
(Excess cash distribution per unit)	18	18	-
FFO per unit (yen)	3,442	3,489	+47
NOI	1,169,830	1,142,588	-27,242
Depreciation	441,413	444,049	+2,636
CAPEX	236,687	180,000	-56,687

Main factors for increase/decrease from previous fiscal period

(thousand yen)

- Decrease in fixed rent (full period impact of Nagasaki) -17,333
- Decrease in secondary rent (full period impact of Nagasaki) -1,534
- Absence of gain on sale of Nagasaki -11,006
- Decrease in other expenses (Asbestos monitoring fee) +1,514
- Increase in depreciation -2,636

Lease operations revenue gain/loss -29,878

- Decrease in asset management fees (Sale of Nagasaki) +951
- Absence of expenses for General Unitholders' Meeting +6,000
- Decrease in other selling, general and administration (non-deductible consumption taxes, etc.) +10,151

Operating income -12,776

- Decrease in finance-related expenses +15,856
- Decrease in other non-operating expenses (registration-related expenses) +4,696

Ordinary income +8,409

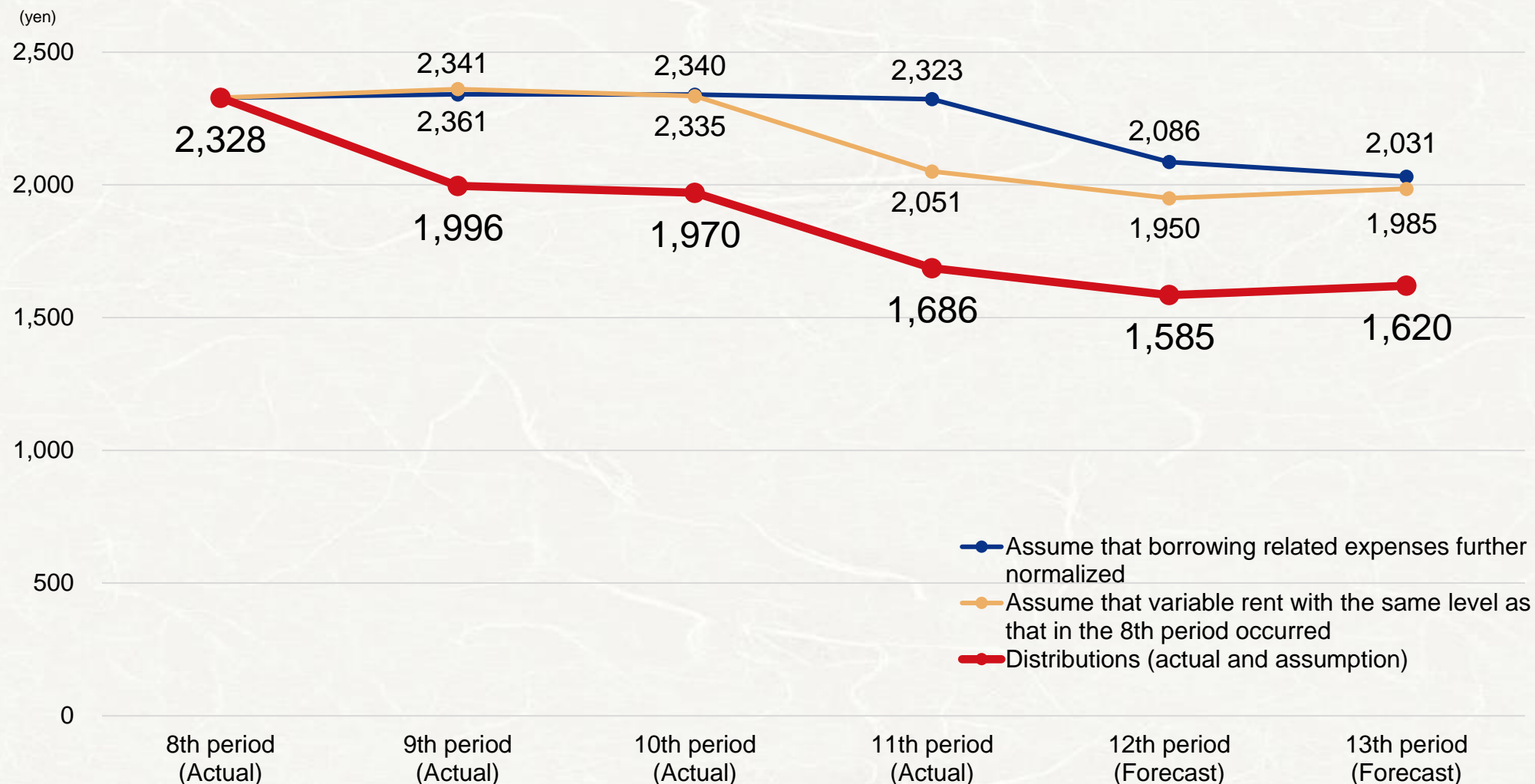
Main financial indicators

(million yen)

Total assets	35,794
Interest-bearing debt	13,088
Total liabilities	14,797
Total net assets	20,997
LTV (book value basis)	36.6%

Trends in DPU

The main factors for the decrease in distributions are the absence of variable rent and the increase in borrowing related expenses - Both of them are temporary factors until the subsidence of COVID-19.





IV. Status of Portfolio and Business Results by Facility



Portfolio Data (1)

Portfolio List

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	30.4/30.7 (Note 3)	241	37.8%	9,756	8,800	314	6.5%	4.6%	1.9/1.6%
S-2	Ooedo-Onsen Monogatari Ise-shima	Mie Prefecture	41.7	83	63.2%	3,656	3,830	107	5.9%	3.0%	14.2%
S-3	Ito Hotel New Okabe	Shizuoka Prefecture	31.1	73	48.4% (Note 4)	2,657	2,800	73	5.5%	3.4%	12.0%
S-4	Ooedo-Onsen Monogatari Atami	Shizuoka Prefecture	47.9	76	61.7%	2,997	3,180	93	6.2%	4.0%	12.6%
S-5	Ooedo-Onsen Monogatari Toi Marine Hotel	Shizuoka Prefecture	47.2	64	52.9%	1,910	2,010	54	5.7%	2.4%	14.9%
S-6	Ooedo-Onsen Monogatari Awara	Fukui Prefecture	40.3	95	59.7%	1,901	1,980	65	6.9%	4.6%	14.9%
S-7	Ooedo-Onsen Monogatari Kamoshika-so	Tochigi Prefecture	25.8	60	57.1%	1,222	1,260	34	5.7%	3.5%	3.0%
S-8	Ooedo-Onsen Monogatari Ikaho	Gunma Prefecture	38.1	40	78.6%	1,299	1,370	35	5.5%	3.4%	1.0%
S-9	Ooedo-Onsen Monogatari Kimitsu-no-mori	Chiba Prefecture	25.7	41	70.8%	819	859	23	5.8%	3.6%	4.8%
S-10	Ooedo-Onsen Monogatari Nagasaki Hotel Seifu	Nagasaki Prefecture	39.4	100	48.9%	1,637	2,570	74	9.1%	6.5%	6.4%
S-11	Ooedo-Onsen Monogatari Kounkaku	Miyagi Prefecture	56.0	98	37.2% (Note 5)	1,040	1,220	41	8.0%	3.7%	3.9%
S-12	Kinugawa Kanko Hotel	Tochigi Prefecture	40.3	172	42.9%	3,870	6,130	172	9.0%	5.6%	2.1%
S-13	Ooedo-Onsen Monogatari Kinosaki	Hyogo Prefecture	53.1	103	56.6%	2,084	2,650	79	7.7%	5.6%	11.8%
S-14	Ooedo-Onsen Higashiyama Grand Hotel	Fukushima Prefecture	57.2	123	57.0%	1,230	1,470	51	8.4%	3.8%	4.6%
Total/Average			40.0	1,369	50.7%	36,082	40,129	1,222	6.8%	4.3%	2.7%

(Note 1) Room occupancy rate is for the 11th period ended November 30, 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.

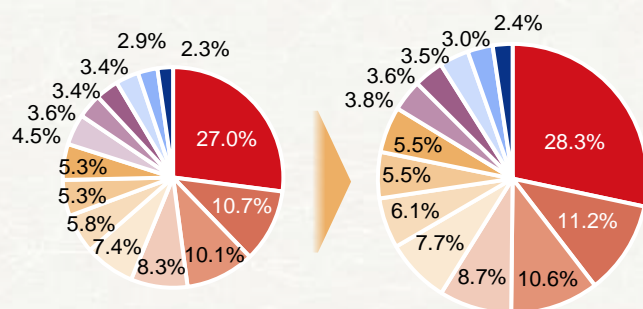
Portfolio Data (2)

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

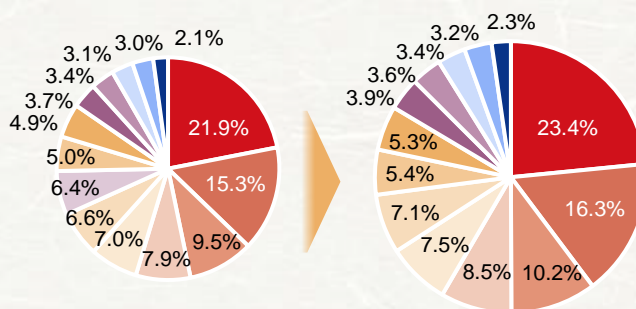
Acquisition price basis



Before the disposition of Nagasaki

After the disposition of Nagasaki

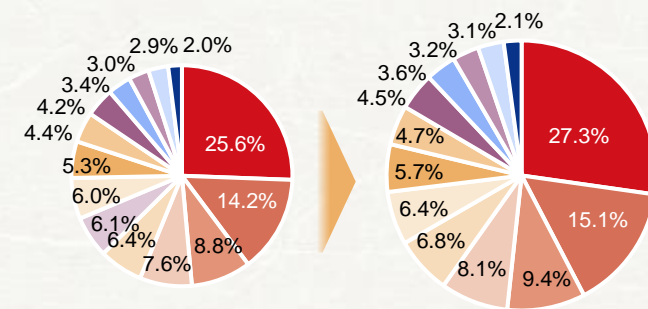
Appraisal value basis



Before the disposition of Nagasaki

After the disposition of Nagasaki

Rent income basis (Note)



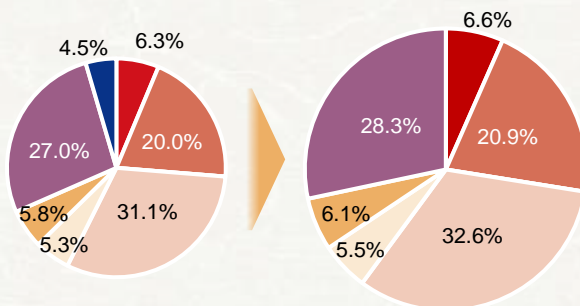
Before the disposition of Nagasaki

After the disposition of Nagasaki

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

Investment ratio by region

Acquisition price basis



Before the disposition of Nagasaki

After the disposition of Nagasaki

- 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)

The GoTo campaign was conducted in the second half of the same period of the previous year, and while sales decreased at many facilities in the 11th fiscal period compared with the previous corresponding period, the result exceeds that of the previous corresponding period at some facilities.

1. Operating results of the accommodation sector

Property No.	Property name	Room occupancy rate (%)			ADR (yen)			RevPAR (yen)			Sale (million yen)		
		Previous corresponding period average	11th period average	Change	Previous corresponding period average	11th period average	Change	Previous corresponding period average	11th period average	Change	Previous corresponding period	11th period	Change
S-1	Ooedo-Onsen Monogatari Reoma Resort < Hotel Reoma-no-mori >	49.0	37.8	-22.9%	35,835	33,196	-7.4%	17,559	12,548	-28.5%	904	672	-25.6%
S-2	Ooedo-Onsen Monogatari Ise-shima	64.9	63.2	-2.6%	31,980	29,078	-9.1%	20,755	18,377	-11.5%	365	318	-12.9%
S-3	Ito Hotel New Okabe	46.3	48.4	+4.5%	28,723	24,530	-14.6%	13,298	11,872	-10.7%	294	265	-9.9%
S-4	Ooedo-Onsen Monogatari Atami	62.2	61.7	-0.8%	31,316	25,552	-18.4%	19,478	15,765	-19.1%	303	246	-18.6%
S-5	Ooedo-Onsen Monogatari Toi Marine Hotel	52.1	52.9	+1.5%	31,571	28,347	-10.2%	16,448	14,995	-8.8%	212	192	-9.6%
S-6	Ooedo-Onsen Monogatari Awara	44.6	59.7	+33.9%	28,559	26,913	-5.8%	12,737	16,067	+26.1%	246	312	+26.9%
S-7	Ooedo-Onsen Monogatari Kamoshika-so	41.0	57.1	+39.3%	26,919	25,731	-4.4%	11,036	14,692	+33.1%	137	179	+29.8%
S-8	Ooedo-Onsen Monogatari Ikaho	66.0	76.8	+16.4%	28,517	26,610	-6.7%	18,821	20,436	+8.6%	156	167	+7.5%
S-9	Ooedo-Onsen Monogatari Kimitsu-no-mori	62.7	70.8	+12.9%	27,722	24,325	-12.3%	17,381	17,222	-0.9%	154	167	+8.0%

Operating Results of Individual Properties (2)

Property No.	Property name	Room occupancy rate (%)			ADR (yen)			RevPAR (yen)			Sale (million yen)		
		Previous corresponding period average	11th period average	Change	Previous corresponding period average	11th period average	Change	Previous corresponding period average	11th period average	Change	Previous corresponding period	11th period	Change
S-10	Ooedo-Onsen Monogatari Nagasaki Hotel Seifu	62.1	48.9	-21.3%	30,406	29,074	-4.4%	18,882	14,217	-24.7%	382	285	-25.2%
S-11	Ooedo-Onsen Monogatari Kounkaku	42.3	37.2	-12.1%	24,885	22,928	-7.9%	10,526	8,529	-19.0%	252	200	-20.4%
S-12	Kinugawa Kanko Hotel	45.9	42.9	-6.5%	28,846	25,596	-11.3%	13,240	10,980	-17.1%	484	396	-18.0%
S-13	Ooedo-Onsen Monogatari Kinosaki	60.5	56.6	-6.4%	32,517	30,956	-4.8%	19,672	17,521	-10.9%	424	368	-13.2%
S-14	Ooedo-Onsen Higashiyama Grand Hotel	51.5	57.0	+10.7%	28,841	24,193	-16.1%	14,853	13,790	-7.2%	367	331	-9.7%
	Total	51.9	50.7	-2.3%	30,512	27,330	-10.4%	15,835	13,856	-12.5%	4,686	4,106	-12.4%

2. Operating results excluding the accommodation sector

Property No.	Property name	Number of guests			Sales (million yen)		
		Previous corresponding period average	11th period average	Change	Previous corresponding period	11th period	Change
S-1	Ooedo-Onsen Monogatari Reoma Resort < New Reoma World >	185,874	224,189	+20.6%	727	881	+21.2%

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



V. Future Strategic Policies



Key Policies in Forthcoming Periods - To the Next Growth Stage After Overcoming Crisis

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



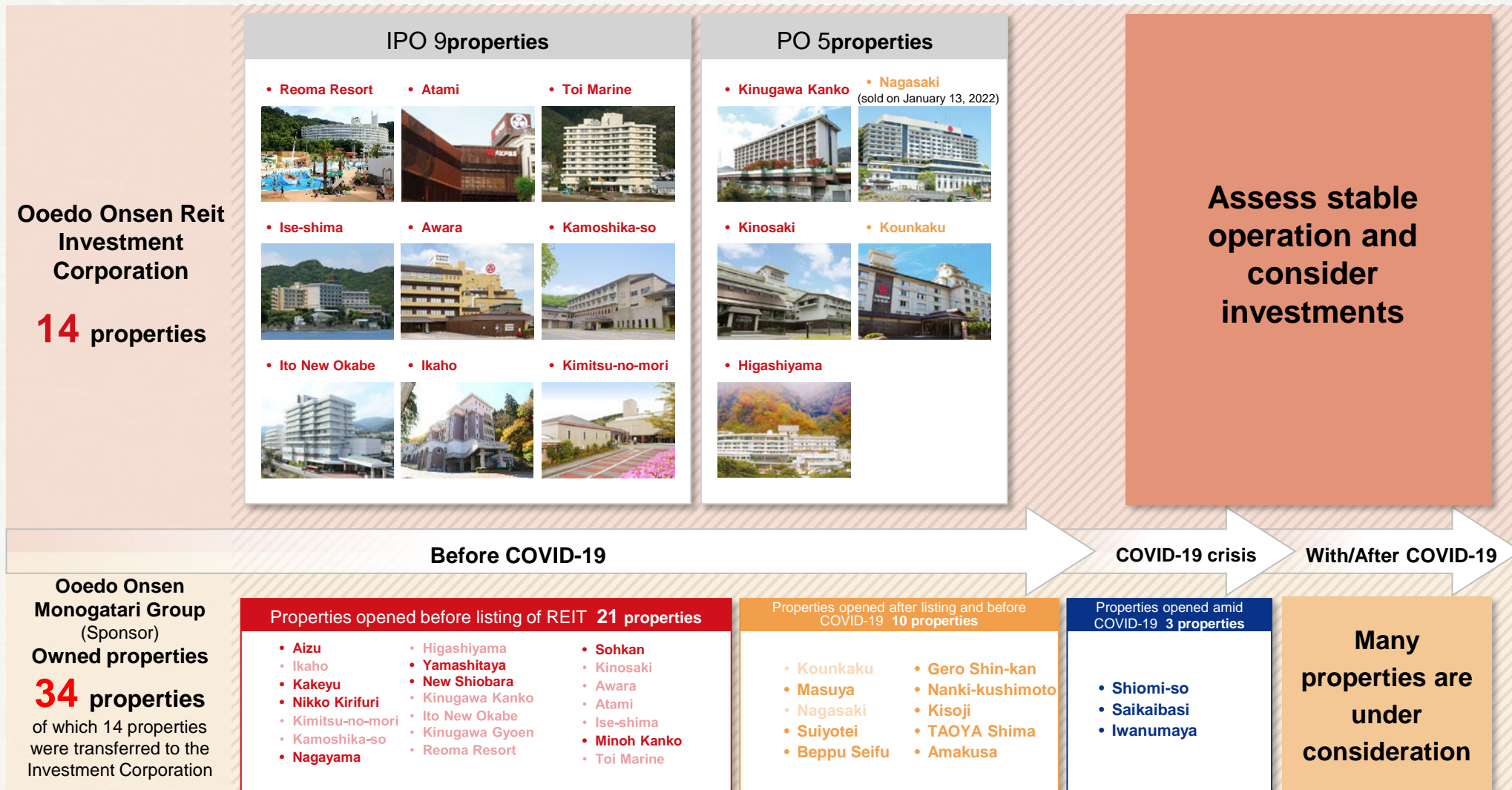
Infection control measures enabling the attraction of customers even amid COVID-19, and characteristics of demand for the Ooedo model

- Model for attracting neighboring customers centering on domestic customers - Easy access by car and campaigns of local governments including “discount for prefectural citizens” also provide benefit
- Customers who had used “facilities implementing infection-control measures” for more than a year have a strong desire to enjoy leisure even in the time of COVID-19 as repeat customers, and the possibility of such customers visiting again has increased (difference from the self-restraint period last year)
 - Sign of recovery in seniors, which are the main target of the Ooedo model in the most recent period, is seen (asking each facility)
 - While some luxury resorts are active, expectations over customer attraction enhance also for reasonable Ooedo facilities when the evaluation for infection control measures spreads

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

Abundant sponsor pipeline.

The motivation of sponsors to open new stores is also high, and asset transfer needs to SPA is expected to increase after COVID-19 for the purpose of improvement in financial condition.



Tokyo Odaiba Oedo Onsen Monogatari (closed in September 2021), Hotel Shinko, Urayasu Mangekyo and Sendai Korona-no-yu are leased properties.

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 third-party bridge finance, while obtaining and considering information on various types of properties such as hotels in urban areas and accommodation facilities targeting inbound customers as medium to long term perspective.

Perspective on future external growth after COVID-19

- Diversification of portfolio and risk
 - We examine locations in urban areas and investing in diverse assets including tenant diversification
 - Cooperation with operators enabling the provision of safe and secure + highly private space
- Maintaining a high fixed rent ratio by setting a sufficient rent payment ratio

< Property information (excluding sponsor properties) in the 11th period (from Jun. 1, 2021 until Nov. 30, 2021) >

		Ordinance -designated cities	Core cities	Other	Total	Pipeline		
						Total	Pre COVID 19	Post COVID 19
Onsen/Spa	Lodging	6	2	35	43	1	1	0
	Other (day trips, etc.)	0	0	0	0	1	1	0
Other lodgings		37	4	13	54	14	7	7
Entertainment, Amusement		0	0	1	1	1	1	0
Sports, beauty, health promotion facilities		0	0	1	1	0	0	0
Total		43	6	50	99	17	10	7

Internal Growth Strategy (Including Financial Upside)

Rent structure mainly based on fixed rent for securing stable cash flow + measures to improve profits in the short term and the medium to long term.

Leasing and rent structure

- Overcome the COVID-19 crisis by focusing on fixed rent accounting for a high percentage for the time being
- Realize the recovery of variable rent after COVID-19
- Utilize the future variable rent structure according to the scale expansion of the portfolio and improvement in the degree of diversification of risk.

Reduction of financial costs through the improvement of facility performance and diversification and expansion of portfolio

For the time being

- Improvement in tenant performance and tapping into demand for leisure after restrictions due to COVID-19
- Capture demand from domestic customers who were supposed to make outbound tours, lagging behind in the recovery period.
- (Finance) Improvement of environment for accommodation facilities and leisure sector, and of debt-financing conditions for investment corporations due to financial improvement by sponsors

Future

- Utilization of variable rent drawing on new internal growth elements of diverse properties after scale expansion through external growth
+ Reduction of financial costs
 - Taking in inbound tourism demand, as well as facilities for utilizing leisure time in urban areas

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
- Recovery of the resilience of LTV and flexible financing
 - 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 term

Financial Strategy and Basic Policy

Implementation of flexible financial strategies aiming for growth from the bottom while attaching importance to the establishment of a conservative financial base.

Current Policy

- LTV control ⇒ Respond to the COVID-19 crisis and reduce LTV for the time being. Create financing capacity with a level of around 40% after recovery
- Initiatives on **equity finance** in which an increase in distributions and long-term improvement of investment unit price can be expected
- **Initiatives on debt financing with the utilization of property acquisition utilizing debt capacity under low LTV**
- Extension of the maturity of debt and diversification of repayment periods, strive to make loans unsecured again ⇒ Reduction of debt cost

Future challenges

- Promotion of scale expansion and diversification of risk in the portfolio
 - Acquisition of high credit ratings and utilization of new financing methods, such as investment corporation bonds through the high credit ratings
 - Improvement of agility and flexibility in controlling short-term LTV
 - Improvement in the FFO payout ratio, and expansion of free cash flows through improvement of debt-financing conditions (creation of free cash power for value-increasing investment)

Investing Targets and Building of the Portfolio

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

< Ooedo Onsen Reit's Investment Targets >



Building of a portfolio as a REIT focused on leisure facilities

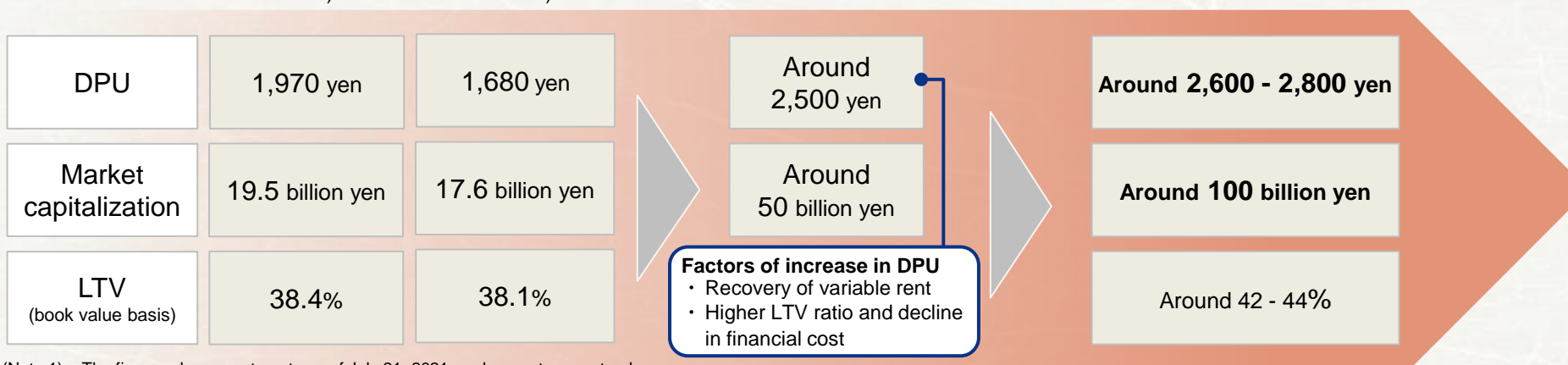
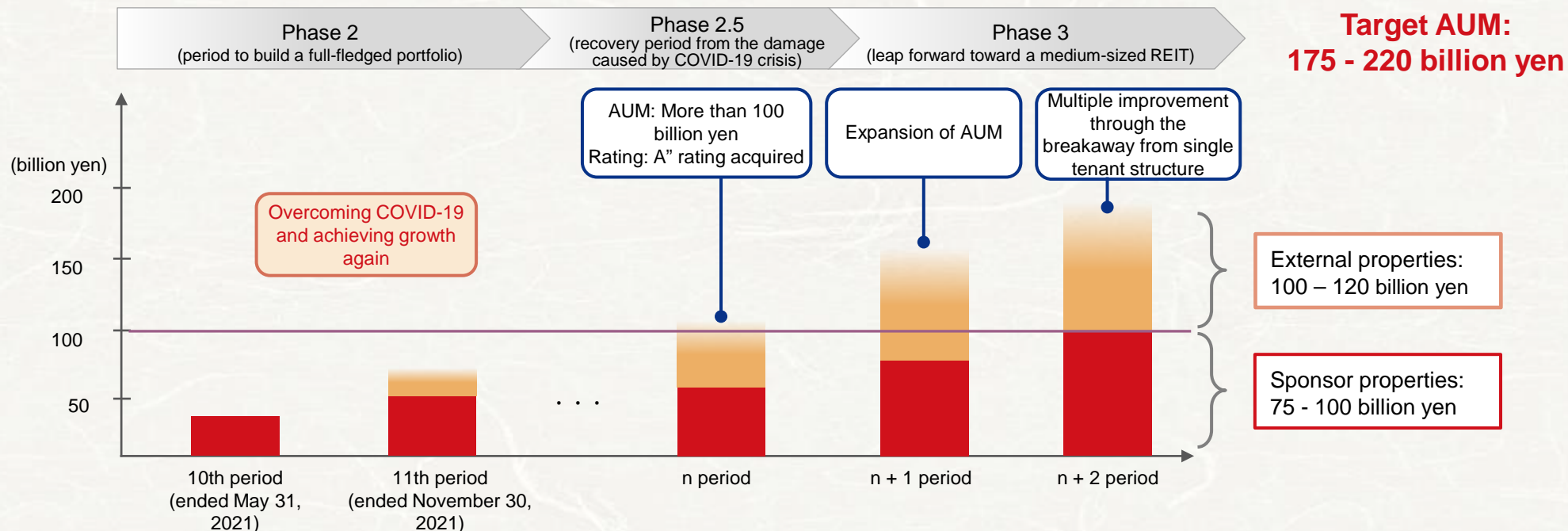
- With onsen/spa-related facilities as the focused targets,
- Taking note of consumption for services (experience-based consumption) for which demand is expected to increase both in Japan and among inbound tourists,
- Facilities that provide consumers with a rich experience during their leisure time,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

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 in the long term, new types of accommodation, various leisure facilities, etc.

Future Growth Targets

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



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

(Note 2) The market capitalization for the 10th period and 11th period is calculated based on the closing price as of May 31, 2021, and as of November 30, 2021, respectively.



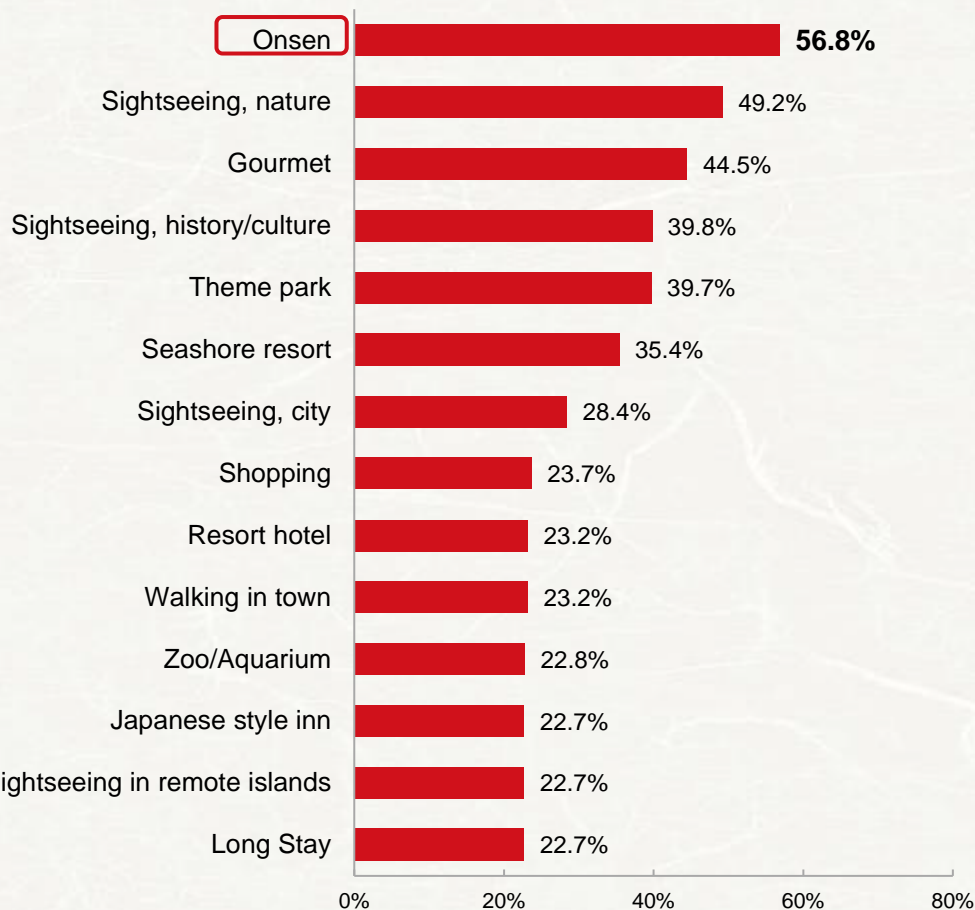
VI. Market Environment



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

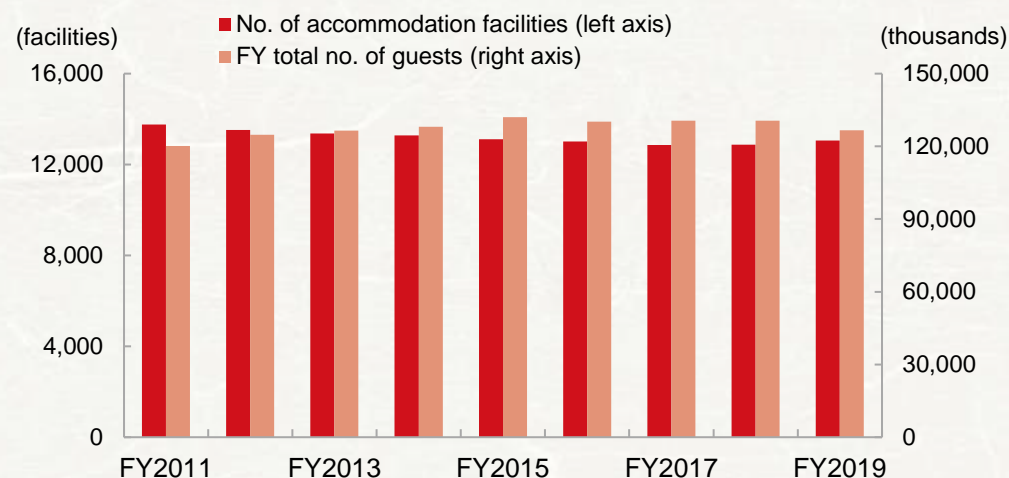
Market for onsen and spa-related facilities that forms the basis for the stability of the portfolio centered on properties operated by the sponsor.

🦋 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 2021" by Japan Travel Bureau Foundation)

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



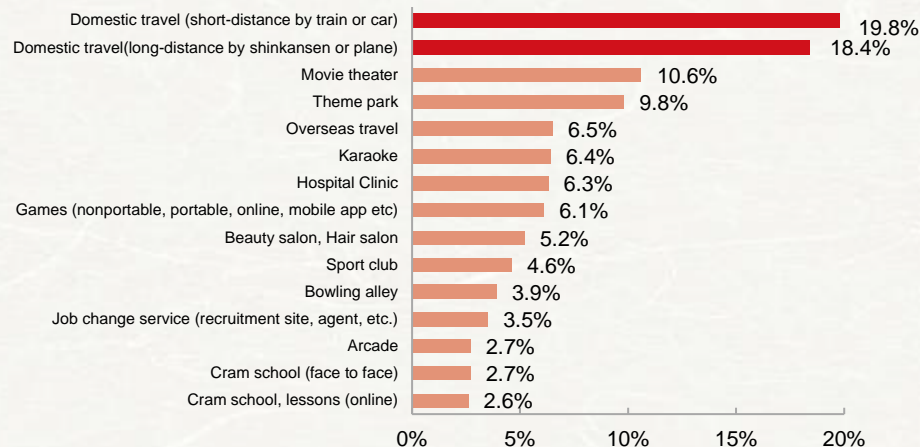
Source: Onsen Use (2010 – 2018), Nature Conservation Bureau, Ministry of the Environment

- The number of accommodation facilities' guests has been stable since FY2011 according to the Onsen Use Survey by the Ministry of the Environment.
- According to the Annual Report on the Tourism Trends Survey, "onsen" ranked top among types of trip respondents would like to try.

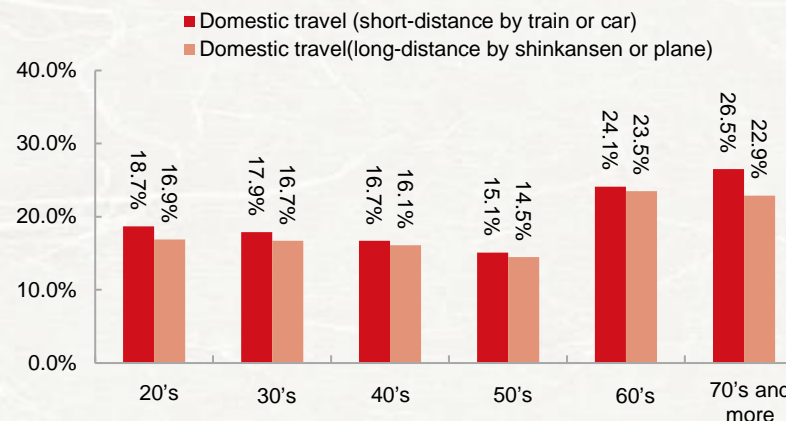
Market Environment (2): Future Leisure Market (1)

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

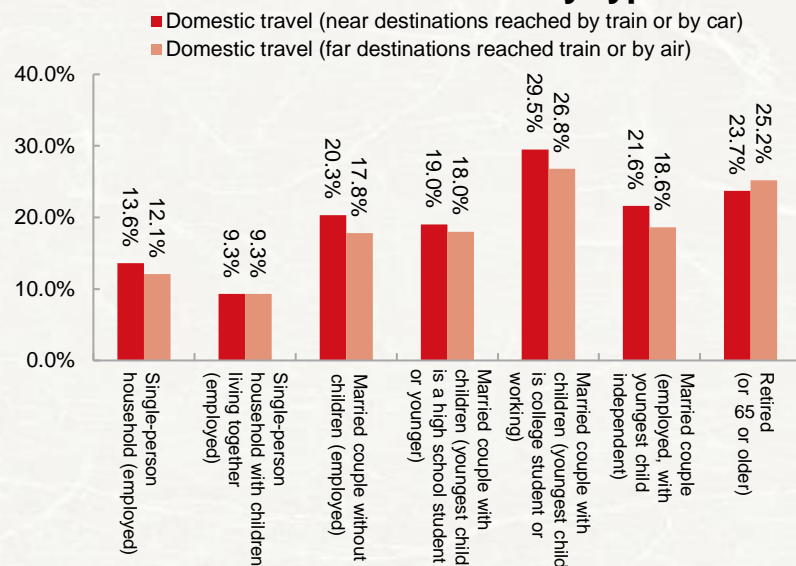
Percentage of respondents who say frequency (of use) will increase after the pandemic subsidies



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



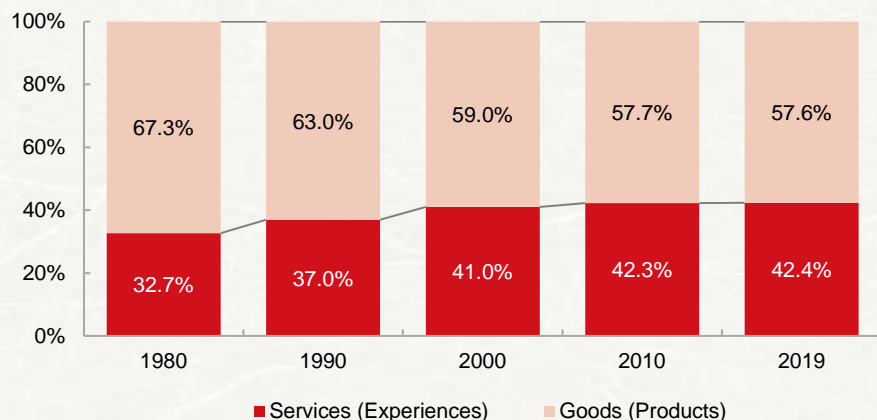
Source: All graphs are prepared by the Asset Manager based on the survey "Consumers' Vision of the World after the COVID-19 Pandemic: Expectations of a Recovery in Service-Oriented Consumption" of SMBC Nikko Securities Inc.

- 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)

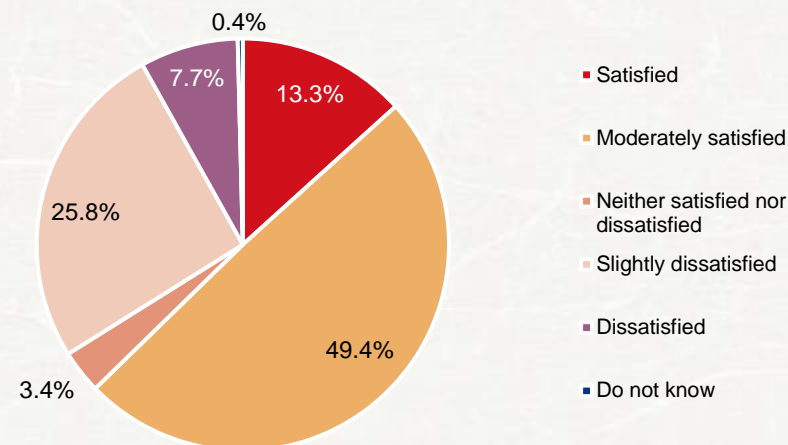
Domestic demand: Expansion of consumption for services or experience-oriented activities means future potential of the leisure market both qualitatively and quantitatively.

🌸 Trends in the consumption of services



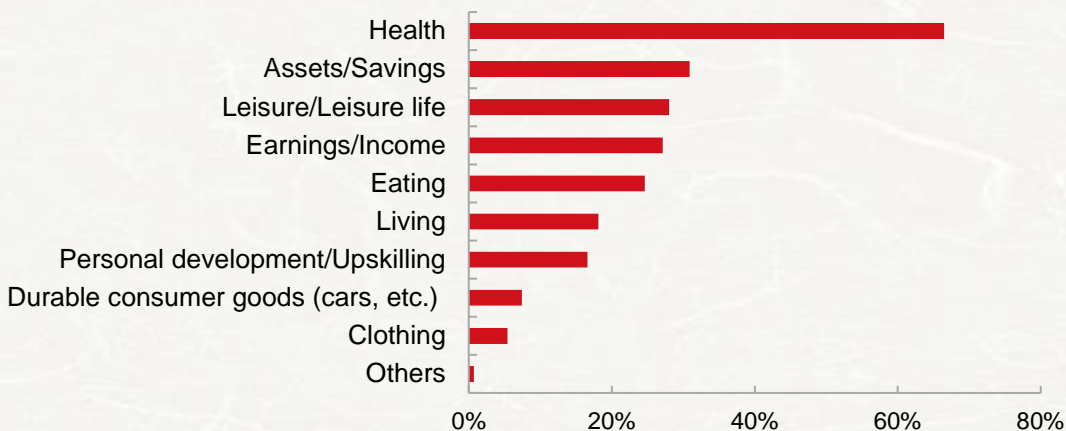
Source: A graph prepared by the Asset Manager based on "White Paper on Consumer Affairs 2020" by the Consumer Affairs Agency

🌀 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 by the Cabinet Office)

🌸 Priority matters in life



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

- 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.



VII. 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

Reoma W: Air-conditioner of Peddys Cafe, Higashiyama: Buffet hall



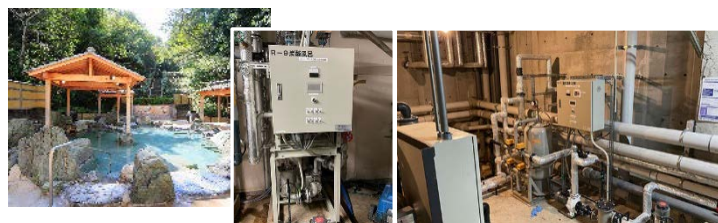
■ Replacement of boilers and pumps to energy-saving ones

Reoma no Mori: Water boiler, Kounkaku: GHP (gas heat pump) of old building



■ Replacement of filtration systems of large public bath to energy-saving ones

Reoma no Mori: Filtration system



Social

■ Helping employees to 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 by them are required.

■ Same boat investment of the sponsor

Oedo Onsen Monogatari Co., Ltd. holds 3.9% of the investment units issued by the Investment Corporation (as of November 30, 2021).

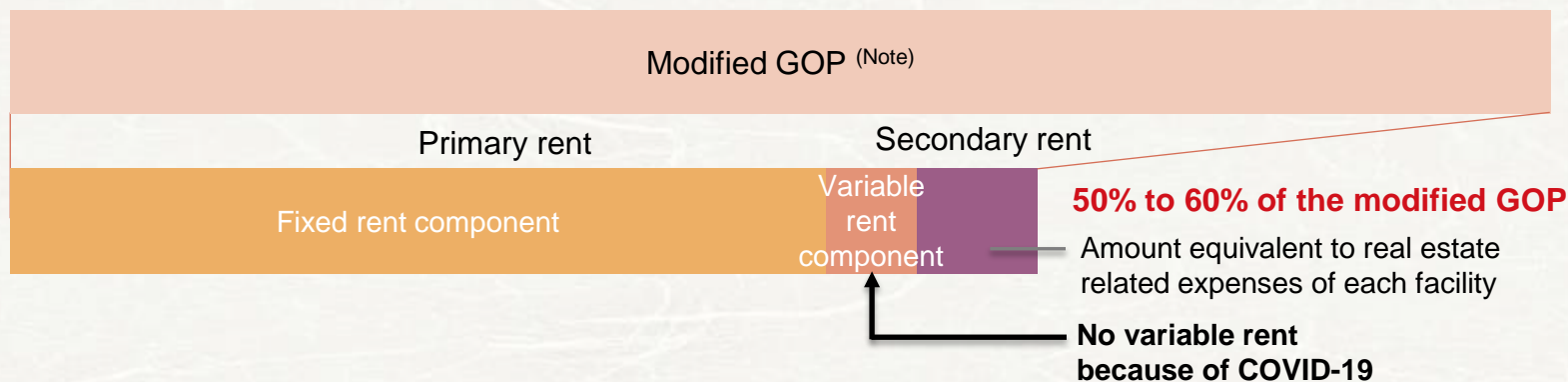
■ Asset Manager's own human resources playing a core role at the company

The President and Representative Director is one of the Asset Manager's own human resources
The department heads and those in higher positions have experience working at listed REITs, real estate funds, financial institutions, etc.

Rent Structure

Lease conditions for properties master-leased to the Oedo-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 >

2020				2021								2022														
Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.
Modified GOP (Note)																										
11th period ended November 2021																										
Modified GOP																										
12th period ending May 2022																										
Modified GOP																										
13th period ending November 2022																										

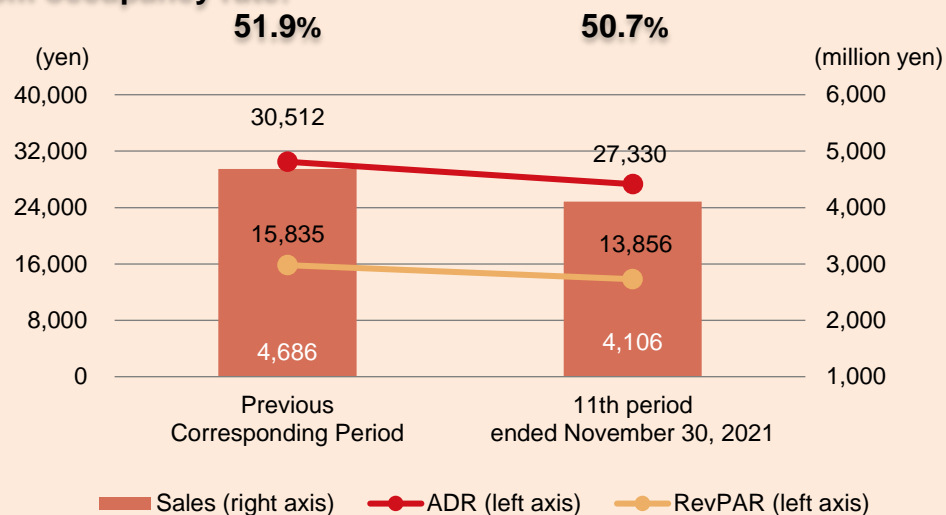
(Note) "GOP" refers to gross operating profit, which is the amount remaining after deducting expenses arising directly from managing each facility, such as labor expenses and general and administrative expenses, from each facility's sales. "Modified GOP" is the amount remaining after deducting real estate-related 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.

Operating Results for the Entire Portfolio



< Cumulative comparison of 11th period and the same period of the previous year >

Room occupancy rate:



Portfolio operating results

	2020		2021										Cumulative total	Previous corresponding period cumulative total	11th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	54.6%	16.1%	1.5%	29.5%	34.7%	29.6%	31.6%	47.0%	52.1%	35.7%	58.6%	79.3%	39.4%	51.9%	50.7%	-1.2%
ADR (yen)	33,405	30,542	21,813	31,386	25,360	27,069	19,746	28,723	37,266	22,416	24,471	27,156	28,238	30,512	27,330	-3,182
RevPAR (yen)	18,239	4,917	327	9,258	8,799	8,012	6,239	13,499	19,415	8,002	14,340	21,534	11,125	15,835	13,856	-1,979
Sales (million yen)	916	252	16	455	433	400	305	672	955	390	725	1,056	6,579	4,686	4,106	-579

Introduction of Properties (1)

S-1 Ooedo-Onsen Monogatari Reoma Resort



Location: Marugame City,
Kagawa Prefecture

Site area: 665,403 m² (Note)

Total floor area: 63,896 m²

Area characteristics (Note)

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



(Note) Part of the land (area: 196,542.20 m²) is leased from a third party (domestic corporation).

S-2 Ooedo-Onsen Monogatari Ise-shima



Location: Shima City,
Mie Prefecture

Site area: 9,637 m²

Total floor area: 9,782 m²

Area characteristics

- Shima City is a large sightseeing spot in the Ise-shima area. It includes Ise Jingu Shrine and a ria coastline.
- Ago 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 m²

Total floor area: 10,211 m²

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	2021											Cumulative total	Previous corresponding period cumulative total	11th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	53.4%	7.5%	3.5%	19.9%	23.5%	17.3%	11.7%	37.7%	49.1%	23.0%	41.9%	63.0%	29.5%	49.0%	37.8%	-11.2%
ADR (yen)	35,685	39,192	19,198	36,909	27,801	32,938	24,594	38,685	48,447	25,664	25,111	27,422	33,428	35,835	33,196	-2,639
RevPAR (yen)	19,055	2,939	671	7,344	6,533	5,698	2,877	14,584	23,787	5,902	10,521	17,275	9,861	17,559	12,548	-5,011
Sales (million yen)	166	27	4	64	59	51	26	129	210	53	98	154	1,047	904	672	-231

S-2: Ooedo-Onsen Monogatari Ise-shima

	2020	2021											Cumulative total	Previous corresponding period cumulative total	11th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	72.5%	41.7%	8.0%	48.4%	57.1%	47.2%	52.0%	67.5%	58.5%	45.7%	66.7%	88.4%	54.8%	64.9%	63.2%	-1.7%
ADR (yen)	36,777	31,510	24,826	34,219	26,538	26,126	19,426	29,601	45,036	24,287	24,804	29,245	30,004	31,980	29,078	-2,902
RevPAR (yen)	26,663	13,139	1,986	16,561	15,153	12,331	10,101	19,980	26,346	11,099	16,544	25,852	16,442	20,755	18,377	-2,378
Sales (million yen)	78	38	5	48	43	36	29	57	75	31	49	74	570	365	318	-47

S-3: Ito Hotel New Okabe

	2020	2021											Cumulative total	Previous corresponding period cumulative total	11th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	56.9%	14.3%	-	26.3%	38.7%	39.1%	45.0%	40.9%	50.2%	36.2%	49.1%	69.4%	39.1%	46.3%	48.4%	+2.1%
ADR (yen)	33,553	32,246	-	31,011	23,362	24,530	17,950	26,229	34,060	19,928	22,176	24,766	26,162	28,723	24,530	-4,193
RevPAR (yen)	19,091	4,611	-	8,155	9,041	9,591	8,077	10,727	17,098	7,213	10,888	17,187	10,229	13,298	11,872	-1,426
Sales (million yen)	71	17	0	30	33	35	29	40	62	26	41	64	454	294	265	-29

Introduction of Properties (2)

S-4 Ooedo-Onsen Monogatari Atami



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

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 as a destination is "low-cost, nearby, and offers short stays" with respect to the Tokyo metropolitan area.
- Atami Onsen, where this facility is located, is one of Japan's leading hot spring sightseeing areas.



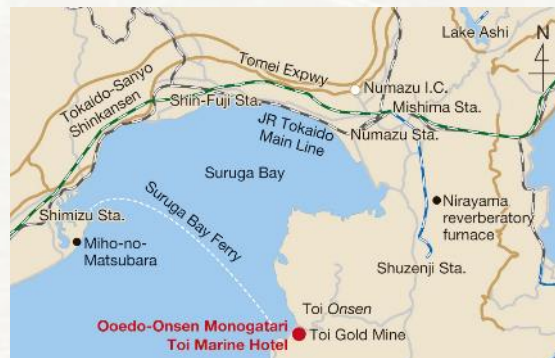
S-5 Ooedo-Onsen Monogatari Toi Marine Hotel



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

Area characteristics

- Izu City is largest city on the Izu Peninsula, located on the central western 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 the west Izu area. It is famous for the "Toi Gold Mine" from the Edo period and attracts many visitors.



S-6 Ooedo-Onsen Monogatari Awara



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

Area characteristics

- Awara City is a scenic area facing the Sea of Japan and is surrounded by nature. Mikuni Fishing Port, which is well-known for Echizen crab, Tojinbo, a tourist attraction with nationwide fame, 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 referred to as an inner parlor of the Kansai region together with the Kaga Onsen resort area composed of adjacent Yamashiro Onsen, Yamanaka Onsen, Katayamazu Onsen, etc.



Introduction of Properties (2)

S-4: Ooedo-Onsen Monogatari Atami

	2020	2021											Cumulative total	Previous corresponding period cumulative total	11th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	62.0%	31.2%	-	67.6%	53.2%	48.6%	61.7%	49.2%	59.2%	52.7%	62.0%	86.2%	53.1%	62.2%	61.7%	-0.5%
ADR (yen)	35,840	27,686	-	30,824	26,285	26,877	19,588	25,776	31,345	22,804	24,625	27,940	27,410	31,316	25,552	-5,764
RevPAR (yen)	22,220	8,638	-	20,837	13,983	13,062	12,085	12,681	18,556	12,017	15,267	24,084	14,554	19,478	15,765	-3,713
Sales (million yen)	59	23	0	53	36	34	31	33	48	29	41	61	455	303	246	-56

S-5: Ooedo-Onsen Monogatari Toi Marine Hotel

	2020	2021											Cumulative total	Previous corresponding period cumulative total	11th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	56.0%	14.6%	-	24.2%	39.9%	38.2%	44.6%	54.8%	60.8%	37.5%	48.3%	71.4%	41.1%	52.1%	52.9%	+0.8%
ADR (yen)	32,233	30,984	-	30,328	24,892	26,149	16,940	32,146	46,920	20,878	22,188	24,346	28,524	31,571	28,347	-3,224
RevPAR (yen)	18,050	4,523	-	7,339	9,931	9,988	7,555	17,616	28,527	7,829	10,716	17,383	11,723	16,448	14,995	-1,453
Sales (million yen)	40	10	0	15	21	21	16	38	60	16	23	37	301	212	192	-20

S-6: Ooedo-Onsen Monogatari Awara

	2020	2021											Cumulative total	Previous corresponding period cumulative total	11th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	53.2%	13.2%	-	30.2%	45.9%	31.1%	37.0%	54.2%	69.8%	47.9%	67.4%	81.7%	44.6%	44.6%	59.7%	+15.1%
ADR (yen)	30,671	29,536	-	27,318	22,862	25,901	19,852	28,342	37,036	20,918	22,717	27,289	26,981	28,559	26,913	-1,646
RevPAR (yen)	16,316	3,898	-	8,250	10,493	8,055	7,345	15,361	25,851	10,019	15,311	22,295	12,033	12,737	16,067	+3,330
Sales (million yen)	54	13	0	26	33	26	24	50	84	32	50	71	466	246	312	+66

Introduction of Properties (3)

S-7 Ooedo-Onsen Monogatari Kamoshika-so



Location: Nasushibara City, Tochigi Prefecture

Site area: 7,734 m²

Total floor area: 5,947 m²

Area characteristics

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



S-8 Ooedo-Onsen Monogatari Ikaho



Location: Shibukawa City, Gunma Prefecture

Site area: 6,805 m²

Total floor area: 5,177 m²

Area characteristics

- Shibukawa City is a regional city located in the center of Gunma Prefecture and 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 representative hot springs of the Kita-Kanto region as an inner parlor of Tokyo and is famous for its “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 m²

Total floor area: 8,660 m²

Area characteristics

- Kimitsu City is located in the center of Chiba Prefecture, and with significant improvements to vehicle access from Chiba, Tokyo and Yokohama in the past few years due to the completion of the Tateyama Expressway and the Tokyo Bay Aqua-Line, an influx of visitors is expected.
- Inland Boso Peninsula, where this facility is located, is expecting robust tourism demand with popular sightseeing destinations nearby.



Introduction of Properties (3)

S-7: Ooedo-Onsen Monogatari Kamoshika-so

	2020	2021											Cumulative total	Previous corresponding period cumulative total	11th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	32.0%	7.8%	-	24.8%	32.8%	30.8%	40.2%	52.1%	59.7%	34.1%	65.9%	90.4%	39.4%	41.0%	57.1%	+16.1%
ADR (yen)	25,998	27,342	-	25,971	22,520	29,443	19,621	25,730	33,001	23,654	24,519	25,188	25,816	26,919	25,731	-1,188
RevPAR (yen)	8,319	2,132	-	6,440	7,386	9,068	7,887	13,405	19,701	8,066	16,158	22,769	10,171	11,036	14,692	+3,656
Sales (million yen)	17	4	0	13	15	18	15	27	39	16	33	46	248	137	179	+41

S-8: Ooedo-Onsen Monogatari Ikaho

	2020	2021											Cumulative total	Previous corresponding period cumulative total	11th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	49.0%	21.3%	-	28.1%	73.8%	62.6%	68.3%	70.6%	68.4%	69.9%	89.4%	94.3%	58.2%	66.0%	76.8%	+10.8%
ADR (yen)	34,836	22,246	-	33,407	24,499	24,747	20,123	24,605	32,260	23,489	26,817	30,735	26,950	28,517	26,610	-1,907
RevPAR (yen)	17,069	4,738	-	9,387	18,080	15,491	13,744	17,371	22,065	16,418	23,974	28,983	15,684	18,821	20,436	+1,615
Sales (million yen)	23	6	0	12	25	21	18	24	29	21	33	39	258	156	167	+11

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

	2020	2021											Cumulative total	Previous corresponding period cumulative total	11th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	74.9%	24.9%	-	39.2%	64.6%	55.1%	63.2%	73.7%	74.4%	59.3%	71.1%	82.9%	57.3%	62.7%	70.8%	+8.1%
ADR (yen)	29,301	30,376	-	27,116	22,835	25,698	19,105	24,555	34,299	21,376	22,172	22,864	25,237	27,722	24,325	-3,397
RevPAR (yen)	21,946	7,563	-	10,629	14,751	14,159	12,074	18,097	25,518	12,675	15,764	18,954	14,460	17,381	17,222	-159
Sales (million yen)	33	12	0	16	23	24	19	28	39	20	27	31	279	154	167	+12

Introduction of Properties (4)

S-10 Ooedo-Onsen Monogatari Nagasaki Hotel Seifu



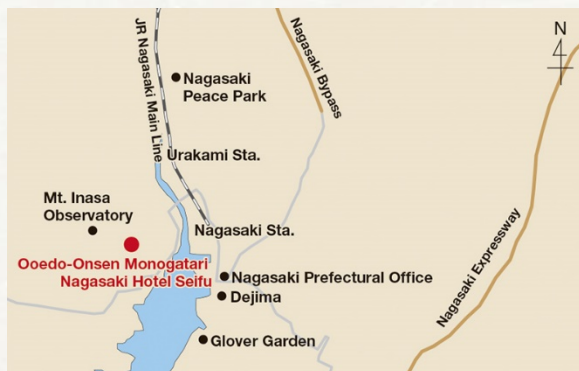
Location: Nagasaki City,
Nagasaki Prefecture

Site area: 6,766 m²

Total floor area: 11,114 m²

Area characteristics

- Nagasaki City is a tourist destination 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.
- Mt. Inasa, where the facility stands, is famous for night views and has been certified by 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 m²

Total floor area: 10,843 m²

Area characteristics

- Naruko-kyo Gorge, where the facility is located, has 400 spring sources offering 9 of Japan’s 11 types of spring water nearby. It is a hot spring site boasting ample volume of water.
- Temporary bus services (“Momiji-go”) are operated between Naruko Onsen Station and Nakayamadaira-Onsen Station via Naruko-kyo Gorge each autumn when the leaves change color.



S-12 Kinugawa Kanko Hotel



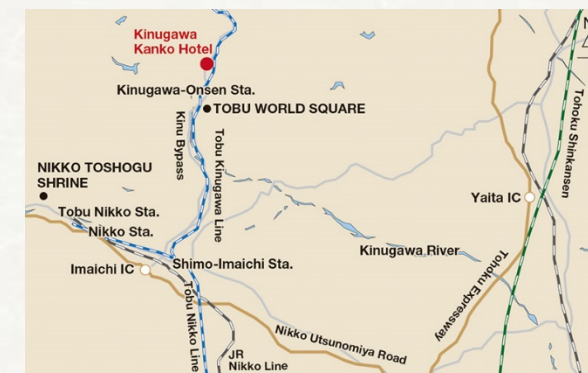
Location: Nikko City,
Tochigi Prefecture

Site area: 6,719 m²

Total floor area: 22,402 m²

Area characteristics

- Nikko City is located in northwestern 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 accessible from Tokyo and 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	2021											Cumulative total	Previous corresponding period cumulative total	11th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	73.3%	17.5%	-	37.8%	44.3%	23.2%	19.5%	49.6%	39.3%	27.0%	65.4%	92.3%	41.0%	62.1%	48.9%	-13.2%
ADR (yen)	35,344	31,463	-	32,547	29,088	27,544	20,265	29,972	31,917	21,528	28,757	31,622	30,309	30,406	29,074	-1,332
RevPAR (yen)	25,907	5,506	-	12,302	12,885	6,390	3,951	14,866	12,543	5,812	18,807	29,187	12,426	18,882	14,217	-4,665
Sales (million yen)	87	18	0	40	42	22	13	51	42	19	64	95	498	382	285	-96

S-11: Oedo-Onsen Monogatari Kounkaku

	2020	2021											Cumulative total	Previous corresponding period cumulative total	11th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	38.2%	9.0%	-	8.9%	-	-	18.6%	37.6%	34.6%	19.4%	47.3%	65.7%	23.4%	42.3%	37.2%	-5.1%
ADR (yen)	28,660	24,746	-	21,331	-	-	18,819	21,443	25,314	18,227	23,390	24,712	23,729	24,885	22,928	-1,957
RevPAR (yen)	10,948	2,227	-	1,898	-	-	3,500	8,062	8,758	3,536	11,063	16,235	5,552	10,526	8,529	-1,997
Sales (million yen)	44	9	0	7	0	0	13	30	34	13	44	64	262	252	200	-51

S-12: Kinugawa Kanko Hotel

	2020	2021											Cumulative total	Previous corresponding period cumulative total	11th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	43.5%	9.3%	-	18.2%	21.7%	28.6%	15.6%	32.6%	38.9%	30.0%	58.8%	81.6%	31.8%	45.9%	42.9%	-3.0%
ADR (yen)	31,573	30,189	-	27,482	24,682	27,524	21,589	26,436	32,024	21,815	23,422	25,855	26,596	28,846	25,596	-3,250
RevPAR (yen)	13,734	2,807	-	5,001	5,355	7,871	3,367	8,618	12,457	6,544	13,772	21,097	8,457	13,240	10,980	-2,260
Sales (million yen)	84	17	0	30	32	48	20	52	74	38	84	127	610	484	396	-87

Introduction of Properties (5)

S-13 Ooedo-Onsen Monogatari Kinosaki



Location: Toyooka City,
Hyogo Prefecture

Site area: 11,350 m²

Total floor area: 10,602 m²

Area characteristics

- Kinosaki Onsen, represented by stone bridges stretching 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 m²

Total floor area: 16,665 m²

Area characteristics

- Aizuwakamatsu City is located in the west of Fukushima Prefecture with scenic natural landscapes nestled between Mt. Bandai, Lake Inawashiro and such.
- Tour bus services running between major tourist sites such as Higashiyama Onsen and Tsurugajo Castle are operated from JR Aizuwakamatsu Station.



Introduction of Properties (5)

S-13: Oedo-Onsen Monogatari Kinosaki

	2020	2021											Cumulative total	Previous corresponding period cumulative total	11th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	69.6%	31.2%	6.2%	65.5%	43.5%	27.9%	19.2%	58.6%	67.0%	41.1%	60.4%	92.7%	48.9%	60.5%	56.6%	-3.9%
ADR (yen)	33,963	29,181	22,301	33,599	26,331	27,356	22,671	31,084	41,285	25,466	26,036	30,626	30,927	32,517	30,956	-1,561
RevPAR (yen)	23,638	9,104	1,382	22,007	11,453	7,632	4,352	18,215	27,660	10,466	15,725	28,390	15,123	19,672	17,521	-2,151
Sales (million yen)	86	33	4	76	39	25	14	65	95	35	57	100	633	424	368	-55

S-14: Oedo-Onsen Monogatari Higashiyama Grand Hotel

	2020	2021											Cumulative total	Previous corresponding period cumulative total	11th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	48.2%	12.3%	-	14.5%	29.2%	32.4%	44.1%	44.2%	49.1%	40.2%	76.3%	87.8%	40.1%	51.5%	57.0%	+5.5%
ADR (yen)	32,816	33,258	-	28,787	23,647	26,269	19,013	24,030	29,379	20,936	24,306	25,273	25,559	28,841	24,193	-4,648
RevPAR (yen)	15,817	4,090	-	4,174	6,904	8,511	8,384	10,621	14,425	8,416	18,545	22,189	10,249	14,853	13,790	-1,063
Sales (million yen)	65	17	0	16	27	33	32	43	58	32	76	88	492	367	331	-35

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

	2020	2021											Cumulative total	Previous corresponding period cumulative total	11th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Number of guests	42,079	8,609	2,073	27,656	17,952	15,771	15,636	36,124	37,968	16,138	45,293	73,030	338,329	185,874	224,189	+38,315
Sales (million yen)	144	30	7	99	64	54	50	151	174	58	172	274	1,283	727	881	+154

Financial Indices

Indices	10th period (May 31, 2021)	11th period (Nov. 30, 2021)	Calculation formula
Ordinary income	460 mn yen	393 mn yen	
Net income	459 mn yen	392 mn yen	
Depreciation	449 mn yen	452 mn yen	
CAPEX	99 mn yen	146 mn yen	
Total assets	37,122 mn yen	36,926 mn yen	
Total net assets	21,092 mn yen	21,021mn yen	
BPS (Total net assets/unit)	89,622 yen	89,320 yen	
Unit price (End of each period)	83,100 yen	75,000 yen	
Total units outstanding	235,347 units	235,347 units	
Total distribution	463 mn yen	396 mn yen	
DPU	1,970 yen	1,686 yen	
Distribution yield	4.8%	4.5%	DPU (annualized)/Unit price as of end of period
FFO	908 mn yen	844 mn yen	Net income + Depreciation – profit or loss on sale of real estate
FFO per unit	3,860 yen	3,589 yen	
FFO multiple	10.7x	10.5x	Unit price as of end of period/FFO per unit (annualized)
PER	21.2x	22.5x	Unit price as of end of period/Net income per unit (average during the periods, annualized)
PBR	0.9x	0.8x	Unit price as of end of period/Net assets per unit
ROA	1.2%	1.1%	Ordinary income/Average of total assets during the period
Annualized	2.5%	2.1%	
ROE	2.2%	1.9%	Net income/Average of total net assets during the period
Annualized	4.4%	3.7%	
NAV	26,695 mn yen	26,850 mn yen	Total net assets + Total appraisal value - Total book value - Total liabilities
NAV per unit	113,431 yen	114,089 yen	
NAV multiple	0.7x	0.7x	Unit price as of end of period/NAV per unit
Interest-bearing debt	14,271 mn yen	14,069 mn yen	
LTV (book value basis)	38.4%	38.1%	Interest-bearing debt/Total assets
LTV (appraisal value basis)	33.4%	32.9%	Interest-bearing debt/(Total assets + Total appraisal value - Total book value)
Operating days	182 days	183 days	

Balance Sheet

	(thousand yen)	
	10th period (period ended May 31, 2021)	11th period (period ended Nov. 30, 2021)
Assets		
Current assets		
Cash and deposits	2,356,485	2,475,520
Prepaid expenses	101,517	107,620
Other	6,866	6,799
Total current assets	2,464,869	2,589,940
Non-current assets		
Property, plant and equipment		
Buildings	26,761,904	26,896,509
Accumulated depreciation	-3,686,238	-4,135,462
Buildings, net	23,075,666	22,761,046
Structures	10,979	16,979
Accumulated depreciation	-1,986	-2,525
Structures, net	8,992	14,453
Machinery and equipment	600	600
Accumulated depreciation	-115	-132
Machinery and equipment, net	484	467
Tools, furniture and fixtures	9,972	15,651
Accumulated depreciation	-2,042	-3,039
Tools, furniture and fixtures, net	7,930	12,612
Land	11,208,770	11,208,770
Total property, plant and equipment	34,301,844	33,997,351
Intangible assets		
Leasehold right	303,751	302,274
Software	544	50
Total intangible assets	304,296	302,325
Investments and other assets		
Deferred tax assets	15	16
Long-term prepaid expenses	41,499	26,374
Lease and guarantee deposits	10,089	10,089
Total investments and other assets	51,605	36,481
Total non-current assets	34,657,746	34,336,158
Total assets	37,122,615	36,926,098

	(thousand yen)	
	10th period (period ended May 31, 2021)	11th period (period ended Nov. 30, 2021)
Liabilities		
Current liabilities		
Operating accounts payable	8,045	91,868
Short-term loans payable	5,193,060	7,293,300
Current portion of long-term loans payable	5,509,515	3,246,375
Accounts payable - other	83,234	88,362
Accrued expenses	7,482	8,389
Income taxes payable	932	955
Accrued consumption taxes	34,830	20,772
Advances received	247,064	245,331
Other	6,973	9,960
Total current liabilities	11,091,139	11,005,314
Non-current liabilities		
Long-term loans payable	3,569,375	3,529,625
Tenant leasehold and security deposits	1,230,692	1,230,441
Asset retirement obligations	139,096	139,502
Total non-current liabilities	4,939,164	4,899,568
Total liabilities	16,030,303	15,904,883
Net assets		
Unitholders' equity		
Unitholders' capital	20,653,023	20,653,023
Deduction from unitholders' capital		
Allowance for temporary difference adjustment	-20,175	-24,411
Total deduction from unitholders' capital	-20,175	-24,411
Unitholders' capital, net	20,632,847	20,628,611
Surplus		
Unappointed retained earnings (undisposed loss)	459,464	392,604
Total surplus	459,464	392,604
Total unitholders' equity	21,092,312	21,021,215
Total net assets	21,092,312	21,021,215
Total liabilities and net assets	37,122,615	36,926,098

Statement of Income

(thousand yen)

	10th period (from Dec. 1, 2020 to May 31, 2021)	11th period (from Jun. 1, 2021 to Nov. 30, 2021)
Operating revenue		
Lease business revenue	1,348,319	1,344,058
Gain on sales of real estate properties	-	-
Total operating revenue	1,348,319	1,344,058
Operating expenses		
Expenses related to rent business	577,073	574,035
Asset management fee	119,720	118,566
Asset custody fee	1,676	1,665
Administrative service fees	17,032	16,511
Directors' compensations	3,600	3,600
Other operating expenses	35,716	40,270
Total operating expenses	754,817	754,649
Operating income	594,331	589,408
Non-operating income		
Interest income	11	10
Reversal of distributions payable	637	750
Total non-operating income	648	761
Non-operating expenses		
Interest expenses	50,927	56,914
Borrowing related expenses	82,956	102,177
Total non-operating expenses	133,884	196,678
Ordinary income	460,266	393,492
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	-	-
Total extraordinary losses	-	-
Income before income taxes	460,266	393,492
Income taxes – current	934	956
Income taxes – deferred	0	-1
Total income taxes	935	955
Net income	459,331	392,536
Retained earnings brought forward	133	67
Unappropriated retained earnings (undisposed loss)	459,464	392,604

Debt Status

List of lenders

(as of November 30, 2021)

	Lender	Balance (mn yen)	Interest rate (%)	Drawdown date	Repayment date	Security	Notes	
Short term	Sumitomo Mitsui Banking Corporation ORIX Bank Corporation San ju San Bank, Ltd.	Sumitomo Mitsui Trust Bank, Limited The Nomura Trust and Banking Co., Ltd.	4,873	Base rate (JBA 3-month Yen TIBOR) +0.70%	August 31, 2021	February 28, 2022	Secured and unguaranteed	(Note 1)
	Sumitomo Mitsui Banking Corporation		230	Base rate (JBA 1-month Yen TIBOR)+0.70%	August 31, 2021	February 28, 2022	Secured and unguaranteed	
	Sumitomo Mitsui Banking Corporation San ju San Bank, Ltd. The Tochigi Bank	Fukoku Mutual Life Insurance The Bank of Fukuoka, Ltd. The Juhachi-Shinwa Bank, Ltd.	2,190	Base rate (JBA 3-month Yen TIBOR) +0.70%	November 30, 2021	February 28, 2022	Secured and unguaranteed	(Note 2)
Long term	Sumitomo Mitsui Banking Corporation		442	Base rate (JBA 3-month Yen TIBOR) +1.25%	September 1, 2016	May 31, 2023	Secured and unguaranteed	(Note 3)
	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.	3,166	Base rate (JBA 3-month Yen TIBOR)+0.80%	May 31, 2019	May 31, 2023	Secured and unguaranteed	(Note 4)
	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.	3,166	Base rate (JBA 3-month Yen TIBOR)+0.65%	May 31, 2019	May 31, 2022	Secured and unguaranteed	(Note 4)
Total		14,069						

(Note 1) 31,460 thousand yen will be repaid on October 31, 2021 and January 31, 2022 and the balance on the principal repayment date.

(Note 2) 19,365 thousand yen will be repaid on January 31, 2022 and the balance on the principal repayment date.

(Note 3) The first repayment shall be made on October 31, 2016 and 2,750 thousand yen shall be repaid on the last day of every third month thereafter, with the balance to be repaid on the principal repayment date.

(Note 4) The first repayment shall be made on July 31, 2019, and 17,125 thousand yen shall be repaid to each lender on the last day of every third month thereafter, with the balance to be repaid on the principal repayment date.

(Note 5) JBA yen TIBOR can be found on the TIBOR Administration website of the Japanese Bankers Association.



Ooedo-Onsen Monogatari Group (1)

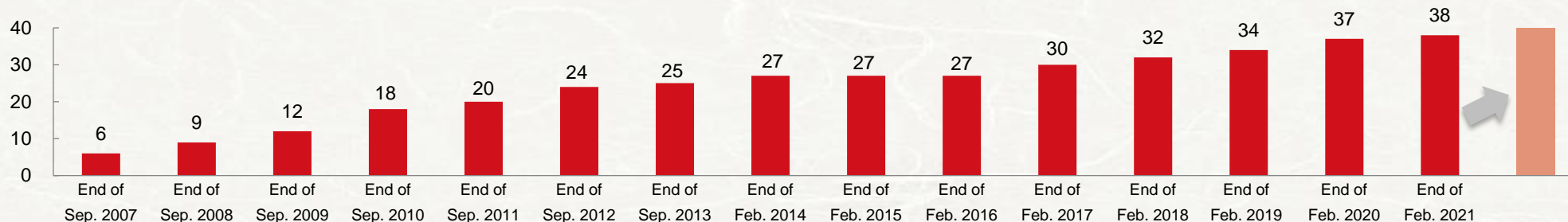
“At any time, lightheartedly, repeatedly, onsen with a festive atmosphere and filled with smiles,” is the catchphrase Ooedo-Onsen Monogatari Group uses in its business operations. The group aims to revitalize the onsen ryokan industry by continuously acquiring onsen and spa-related facilities throughout 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.	Financial Results (Feb. 2021)	Consolidated Net Sales: 20,809 million yen
Capital	100 million yen (As of the end of February 2021)		Consolidated Total Assets: 78,295 million yen
Address	1-9-4 Nihonbashi-honcho, Chuo-ku, Tokyo		Net Assets: 9,603 million yen
Establishment	December 5, 2017 (founded in November 2001)	Businesses	<ul style="list-style-type: none"> 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, 2021, we operate 38 onsen and spa-related facilities
Representative	Representative Director Mitsumasa Morita		
No. of Employees	1,284 (as of January 31, 2022) *The total number of employees on a group-wide basis		

Trends in number of facilities

2003	2007 - 2009	2010 - 2013	2016	2017	2018	2019	2020
Opened Ooedo-Onsen Monogatari in Odaiba, Tokyo	Opened Aizu, Ikaho, Yamashitaya and Urayasu Mangekyo, etc.	Opened Hotel New Shiobara, Kinugawa Kanko Hotel, Reoma Resort and Minoh Kanko Hotel, etc.	Opened Kounkaku, Masuya and Nagasaki Hotel Seifu	Opened Hotel Suiyotei, Beppu and Gero Shin-kan	Opened Nanki-kushimoto and Hotel Kisoji	Opened TAOYA Shima, Amakusa Hotel Kameya	Opened Shiomi-so, Saikaibashi Corazon Hotel and Iwanumaya
		 					
Odaiba Ooedo-Onsen Monogatari	Ooedo-Onsen Monogatari Aizu	Hotel New Shiobara Ooedo-Onsen Monogatari Minoh Kanko Hotel	Ooedo-Onsen Monogatari Masuya	Ooedo-Onsen Monogatari Gero Shin-kan	Ooedo-Onsen Monogatari Hotel Kisoji	Ooedo-Onsen Monogatari Amakusa Hotel Kameya	Saikaibashi Corazon Hotel



“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

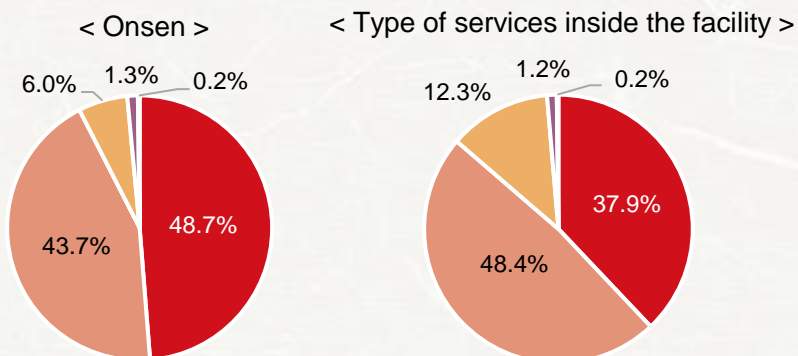
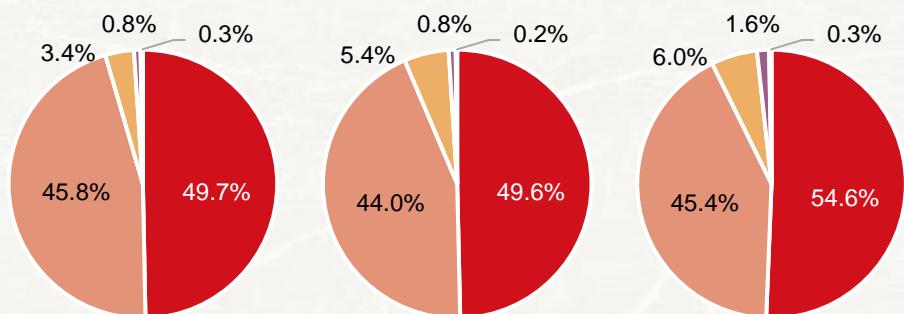


“Ooedo Business Model” with Stable Operations and Sustainable Growth (2)

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

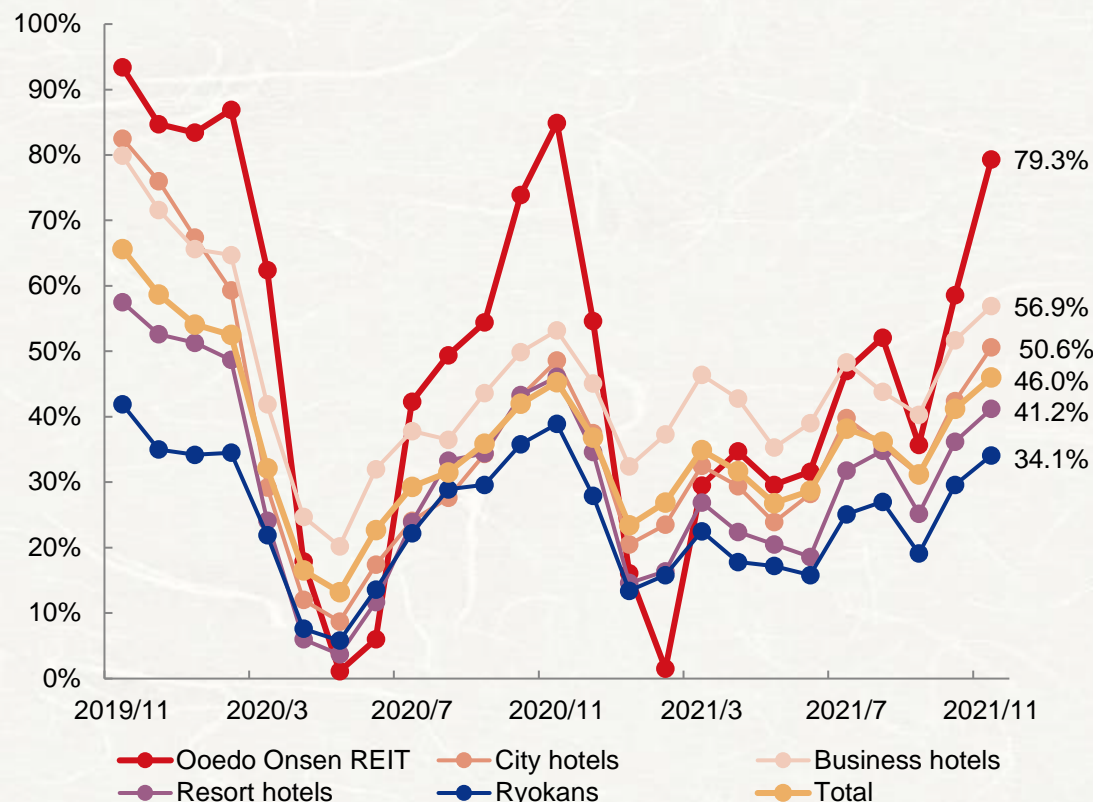
● Ooedo-Onsen Monogatari Group hotel guest questionnaire (conducted from June 1, 2021 to November 30, 2021) 🌸 Trends in average monthly occupancy rates for each type of accommodation facility

< Overall satisfaction > < Meal (breakfast) (Note) > < Meal (dinner) (Note) >



■ Very satisfied ■ Satisfied ■ Fair ■ Unsatisfied ■ Very unsatisfied

(Note) Due to a change in aggregation method, data at the end of November 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

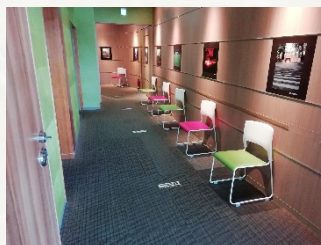
Since ancient times, Japanese people have enjoyed hot spring trips for relaxation. The Ooedo-Onsen Monogatari Group promises to provide spaces and services for people to feel relieved, especially in the current difficult times.

- 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 diseases** as advisors and adds or renews measures against infectious diseases to be taken by the Group as well as new, safer activities as appropriate.

1. At restaurants

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

- Distance of 1.5 meters maintained 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. At baths

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

- Guests are notified about the 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.
- Restrictions on the number of people who can use the sauna at the same time, etc.



Slippers stored in a bag

3. 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, display good manners and refrain from loud conversations, etc.



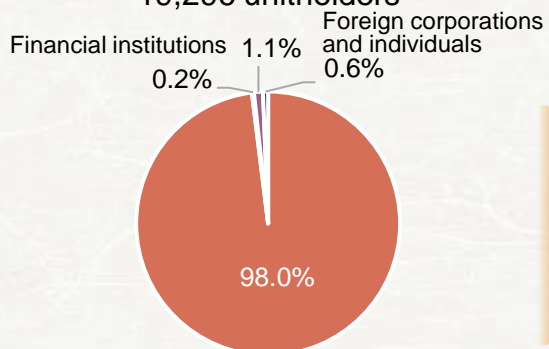
Alcohol hand sanitizers placed in various places

Unitholders Breakdown

Ratio by number of unitholders

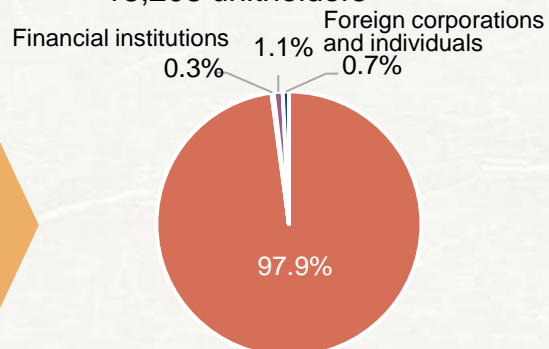
< End of 10th fiscal period >

19,296 unitholders



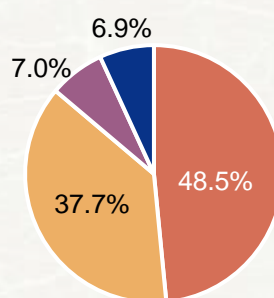
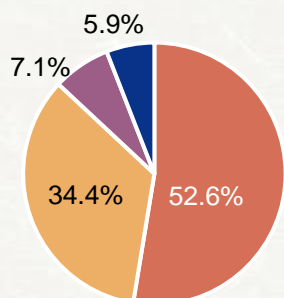
< End of 11th fiscal period >

18,208 unitholders



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

Ratio by number of investment units



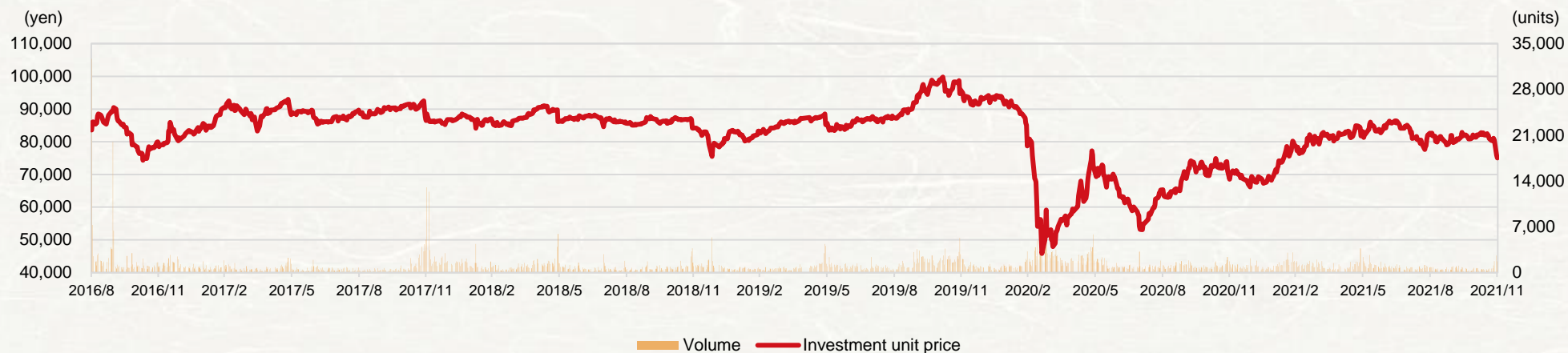
■ Individuals
 ■ Financial institutions (Incl. securities companies)
 ■ Other domestic corporations
 ■ Foreign corporations and individuals

Top 10 unitholders

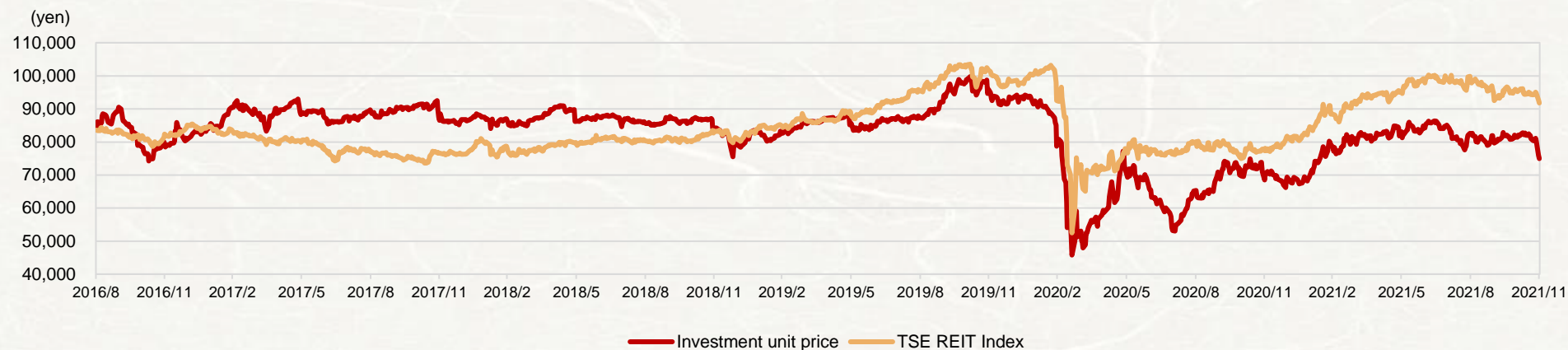
Rank	Name	Number of units held	Ratio
1	The Master Trust Bank of Japan, Ltd. (Trust Account)	33,406	14.2%
2	Custody Bank of Japan, Ltd. (Trust Account)	15,968	6.8%
3	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	11,058	4.7%
4	Ooedo-Onsen Monogatari Co., Ltd.	9,246	3.9%
5	Custody Bank of Japan, Ltd. (Securities Investment Trust Account)	4,486	1.9%
6	Individual	3,295	1.4%
7	DFA INTERNATIONAL REAL ESTATE SECURITIES PORTFOLIO	3,287	1.4%
8	YONEZAWA SHINKIN BANK	3,000	1.3%
9	Banshu Shinkin BANK	2,880	1.2%
10	Morgan Stanley MUFG Securities Co., Ltd.	2,613	1.1%
Total		89,239	37.9%

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 elements in asset management fee structure

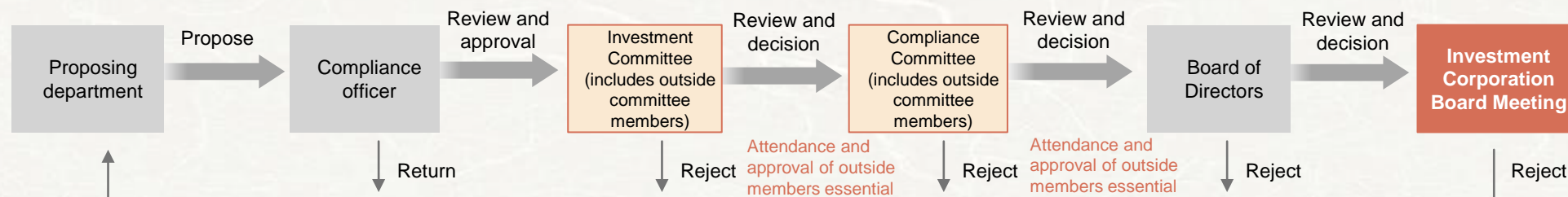
Remuneration paid by the Investment Corporation to the asset manager consists of management fee I, management fee II, acquisition fee, disposition fee, and merger fee.

Management fee I	Total assets at end of previous accounting period ^(Note 1) × 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))
Merger fee	Appraisal value at the time when a merger takes effect × 1.0% (upper limit)

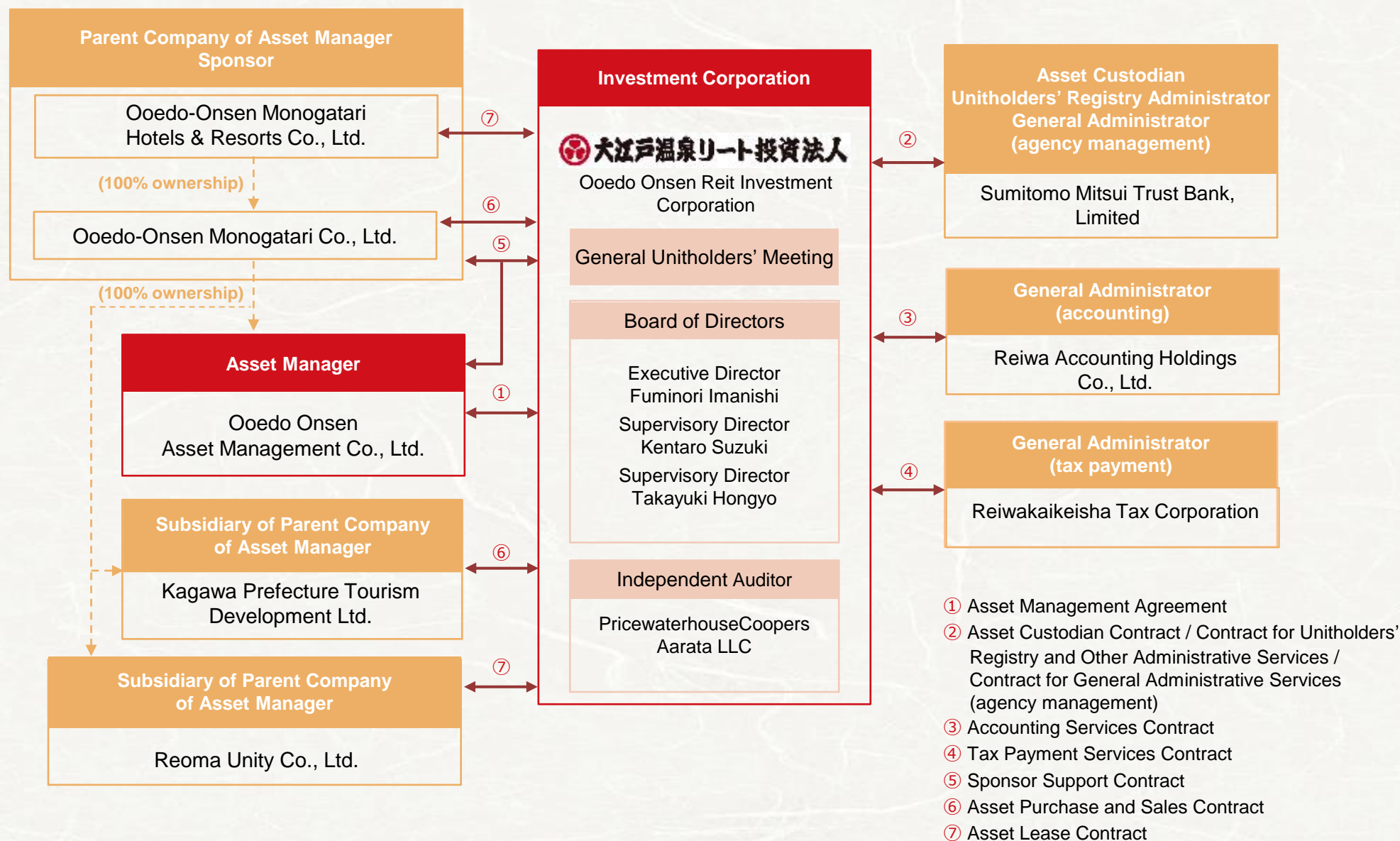
(Note 1) Subject to adjustment for asset acquisitions and asset dispositions during the relevant calculation period.

(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 : Oedo 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 : Oedo-Onsen Monogatari Co., Ltd. 100%

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

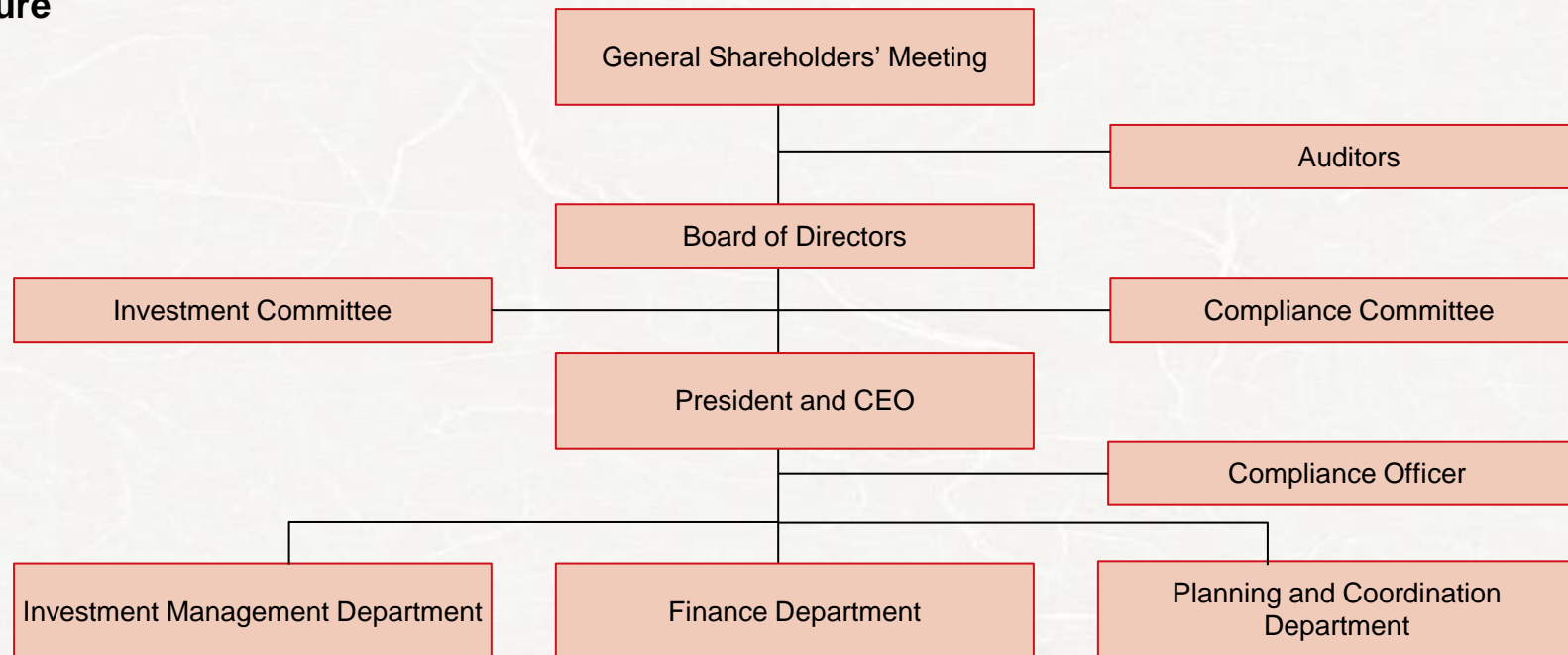
Discretionary transaction agent, Minister of Land, Infrastructure, Transport and Tourism License No. 102

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, 2021)

Structure



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