



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

Results of 13th Fiscal Period ended November 30, 2022

Presentation Material

January 23, 2023

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

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Message from President



My name is Takeshi Kirihara and I became President and Representative Director of Oedo Onsen Asset Management Co., Ltd. in January 2023. I look forward to your continued support. After graduating university, I joined Nomura Real Estate Development, where I was involved in real estate business throughout my time there. As part of the Nomura Real Estate Development's asset management operations, I was in charge of asset management business involving listed REITs, private REITs, private funds and debt funds and was responsible for managing assets worth 1.2 trillion yen. After that, I oversaw the investment and management of assets worth 180 billion yen at Star Asia Investment Management. I would like to use the expertise I gained from managing assets worth 1.4 trillion yen in the past in the Investment Corporation's asset management.

Career Summary

| | |
|----------------|---|
| April 1992 | Joined Nomura Real Estate Development Co., Ltd. |
| April 2007 | Asset Management Dept., Nomura Real Estate Investment Management Co., Ltd. |
| April 2009 | Vice Manager, Business Planning Department, Nomura Real Estate Investment Management Co., Ltd. |
| April 2011 | Vice Manager, Fund Management Department, Nomura Real Estate Investment Management Co., Ltd. |
| October 2011 | Manager, Asset Management Dept., Nomura Real Estate Asset Management Co., Ltd. |
| April 2014 | General Manager, Financial Institutions & Public Sector Dept., Nomura Real Estate Development Co., Ltd. |
| October 2016 | General Manager, Corporate Services Dept. (1), Nomura Real Estate Development Co., Ltd. |
| April 2018 | General Manager, Fund Services Dept. (1), Nomura Real Estate Development Co., Ltd. |
| February 2020 | Director, Star Asia Investment Management Co., Ltd. |
| September 2022 | Joined Hudson Japan K.K. Director, Oedo Onsen Asset Management Co., Ltd. |
| January 2023 | President and Representative Director, Oedo Onsen Asset Management Co., Ltd. |



I . Executive Summary



Executive Summary

Distributions per unit increased 59 yen from the revised forecast and decreased 117 yen from the previous period.

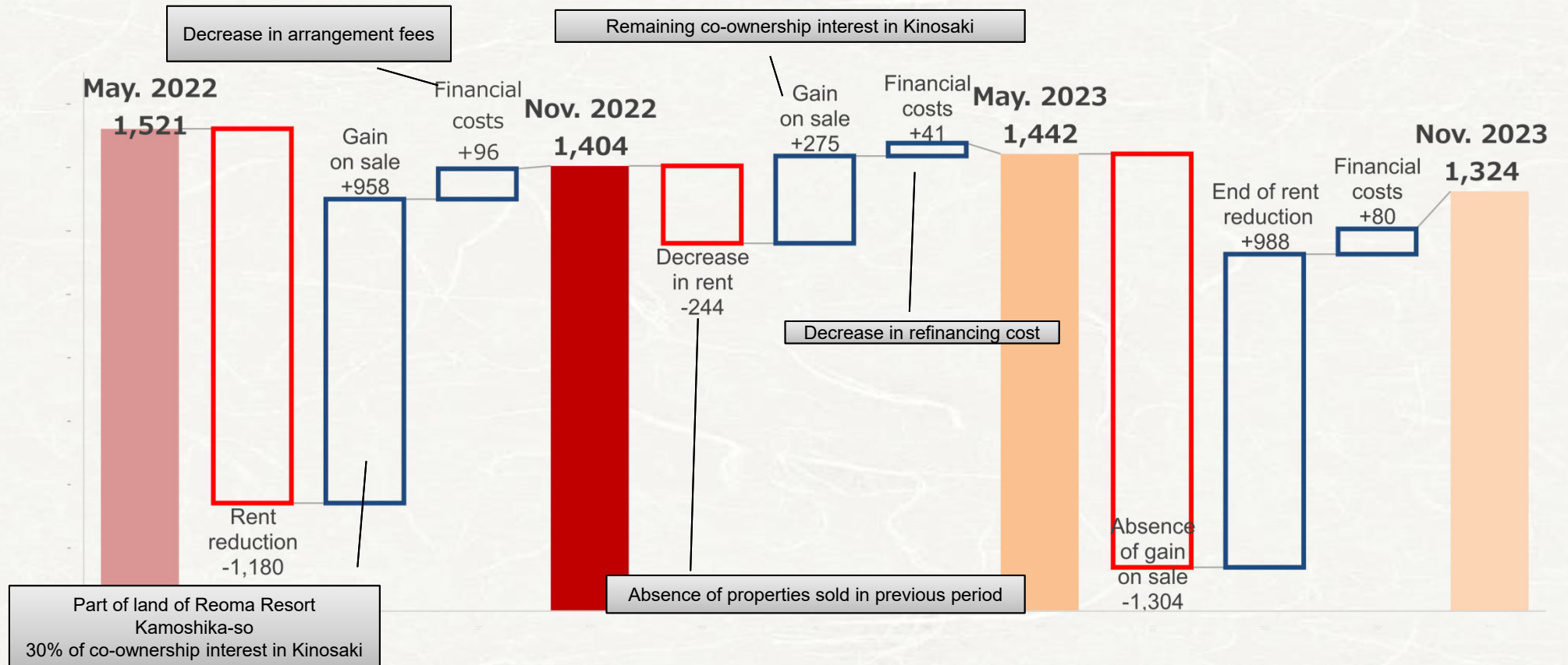
(In thousand of JPY)

| | May. 2022 | Nov. 2022 | Difference | Nov. 2022 Forecast | Difference |
|-----------------------------|-----------|-----------|------------|--------------------|------------|
| DPU (yen) | 1,521 | 1,404 | -117 | 1,345 | +59 |
| Operating revenue | 1,291,399 | 1,237,514 | -53,885 | 1,225,213 | +12,301 |
| Gain on sale of real estate | 16,601 | 242,124 | +225,523 | 229,329 | +12,795 |
| NOI | 1,156,414 | 875,252 | -281,162 | 880,636 | -5,384 |
| LTV | 34.2% | 31.3% | - 2.9% | 34.0% | -2.7% |
| Average interest rate | 0.80% | 0.85% | +0.5% | 0.85% | 0 |
| Remaining duration | 0.7 | 0.34 | -0.36 | - | - |

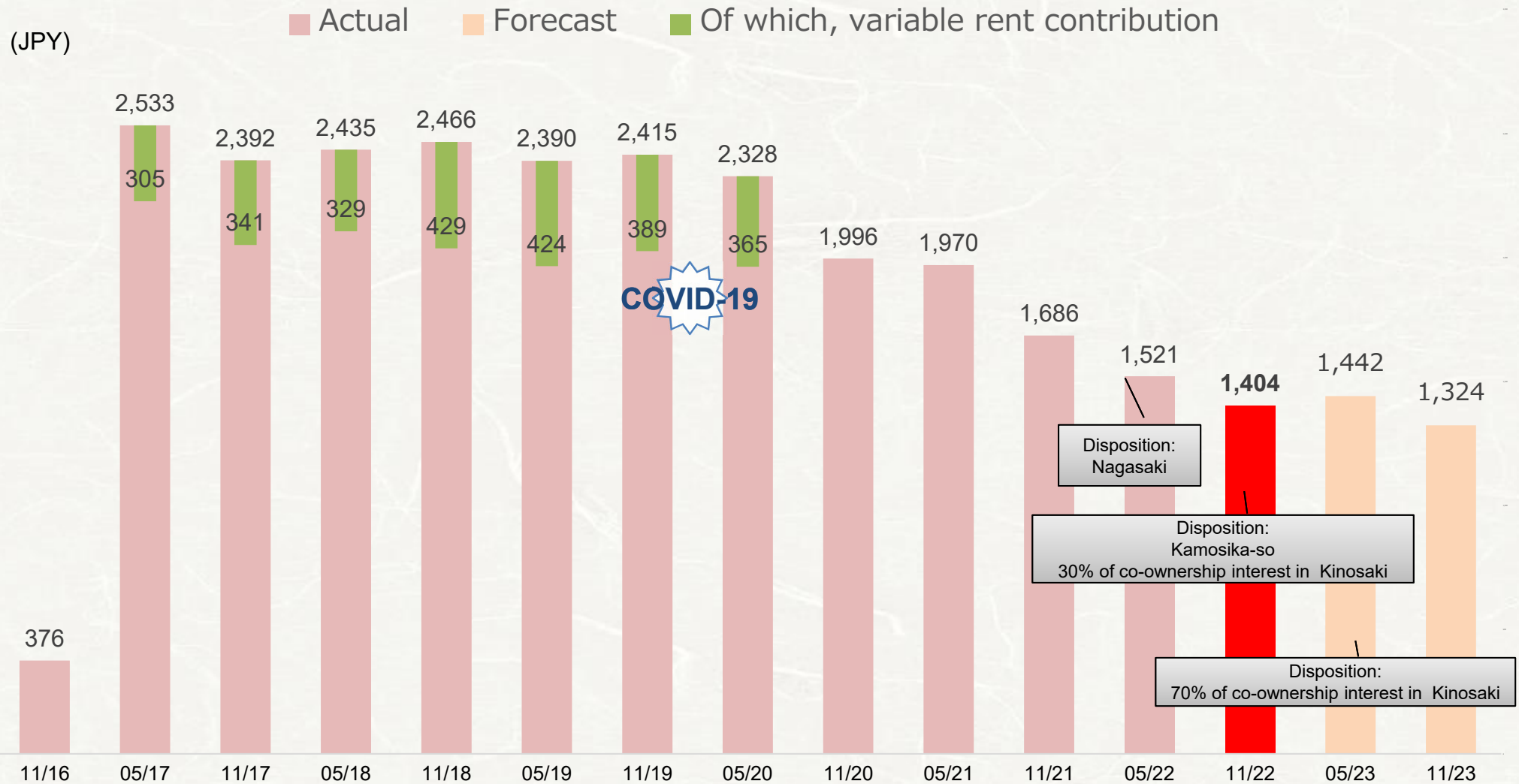
| | Nov. 2022 | May. 2023 Forecast | Difference | Nov. 2023 Forecast | Difference |
|-----------------------------|-----------|--------------------|------------|--------------------|------------|
| DPU (yen) | 1,404 | 1,442 | +38 | 1,324 | -118 |
| Operating revenue | 1,237,514 | 1,207,141 | -30,372 | 1,130,497 | -76,643 |
| Gain on sale of real estate | 242,124 | 306,892 | +64,767 | 0 | -306,892 |
| NOI | 875,252 | 792,568 | -82,684 | 1,027,884 | 235,316 |

DPU Summary

| | | | |
|-----------|------------------|-----------|-----------|
| May. 2022 | Nov. 2022 | May. 2023 | Nov. 2023 |
| 1,521 yen | 1,404 yen | 1,442 yen | 1,324 yen |



Changes in Distribution



After the Change of the Shareholder of the Sponsor: Property Sales and Rent Reduction



Sale of Kamoshika-so and Kinosaki: Total sale price 3,777 million yen

→ Acquisition of cash on hand of approx. 2 billion yen: Elimination of refinancing risk and achievement of portfolio diversification and risk diversification through new property acquisitions

→ Early repayment of 1,323 million yen before maturity: Drop in LTV ratio to 28.3% in May 2023 period



Waiver of 50% of fixed rent from September 2022 to February 2023 (520 million yen)

→ Restoration of tenant's financial health

→ Realization of value enhancing investments in existing facilities by tenant

Acquisition of cash on hand

| | Nov. 2022 | May. 2023 |
|---|--|--|
| Sale of the properties | | |
| Total sale price 3,777 million yen | Kamoshika-so: 1,260 million yen 30% of co-ownership interest in Kinosaki: 755 million yen | 70% of co-ownership interest in Kinosaki |
| Total early repayment 1,323 million yen | 726 million yen | 597 million yen |
| Acquisition of cash on hand of approx. 2,000 million yen | | |

Offset of rent reduction against gain on sale

| | Nov. 2022 | May. 2023 |
|--|-----------------|-----------------|
| Total gain on sale: 549 million yen | 242 million yen | 306 million yen |
| Total rent reduction: 520 million yen | 260 million yen | 260 million yen |

After the Change of the Shareholder of the Sponsor: Summary of Property Sales

Ooedo-Onsen Monogatari Kamoshika-so

| | |
|-----------------|---|
| Address | 1256, Shiobara, Nasushiobara, Tchigi |
| Date of sale | November 30, 2022 |
| Sale price | 1,260 million yen (100% of appraisal value) |
| Carrying amount | 1,151 million yen |
| Gain on sale | 110 million yen |

Ooedo-Onsen Monogatari Kinosaki

| | |
|-----------------|--|
| Address | 1232-1, Kikuyashima, Momoshima, Kinosakicho, Toyooka-shi, Hyogo |
| Date of sale | November 30, 2022 30% of co-ownership interest February 28, 2023 70% of co-ownership interest |
| Sale price | 2,517 million yen (95% of appraisal value) |
| Carrying amount | 2,113 million yen |
| Gain on sale | 436 million yen |



Portfolio Data: Operating Results (1)

Occupancy rate: Lower than anticipated until July 2022 due to the impact of the Omicron variant but has trended up since August and recovered to 80% of pre-COVID levels in November, partly thanks to national travel discount program.

ADR: Took advantage of campaigns such as national travel discount program, avoided lowering prices to attract customers and kept prices at a stable level throughout the COVID-19 pandemic.

Latest status of individual key properties (occupancy in November 2022)

*Excluding Reoma Resort, top 5 facilities based on occupancy

Reoma Resort (81.7%)

Direct bus service was resumed and school trips and domestic group tours started up again

Ise-Shima (89.6%)

Customers from the Kansai region increased

Atami (87.0%) Toi Marine (91.0%) Awara (87.4%)

Occupancy increased sharply after the launch of the national travel discount program

Kinugawa Kanko (89.1%)

There was a rebound in demand for school trips



Ever-popular buffet

Operating Results

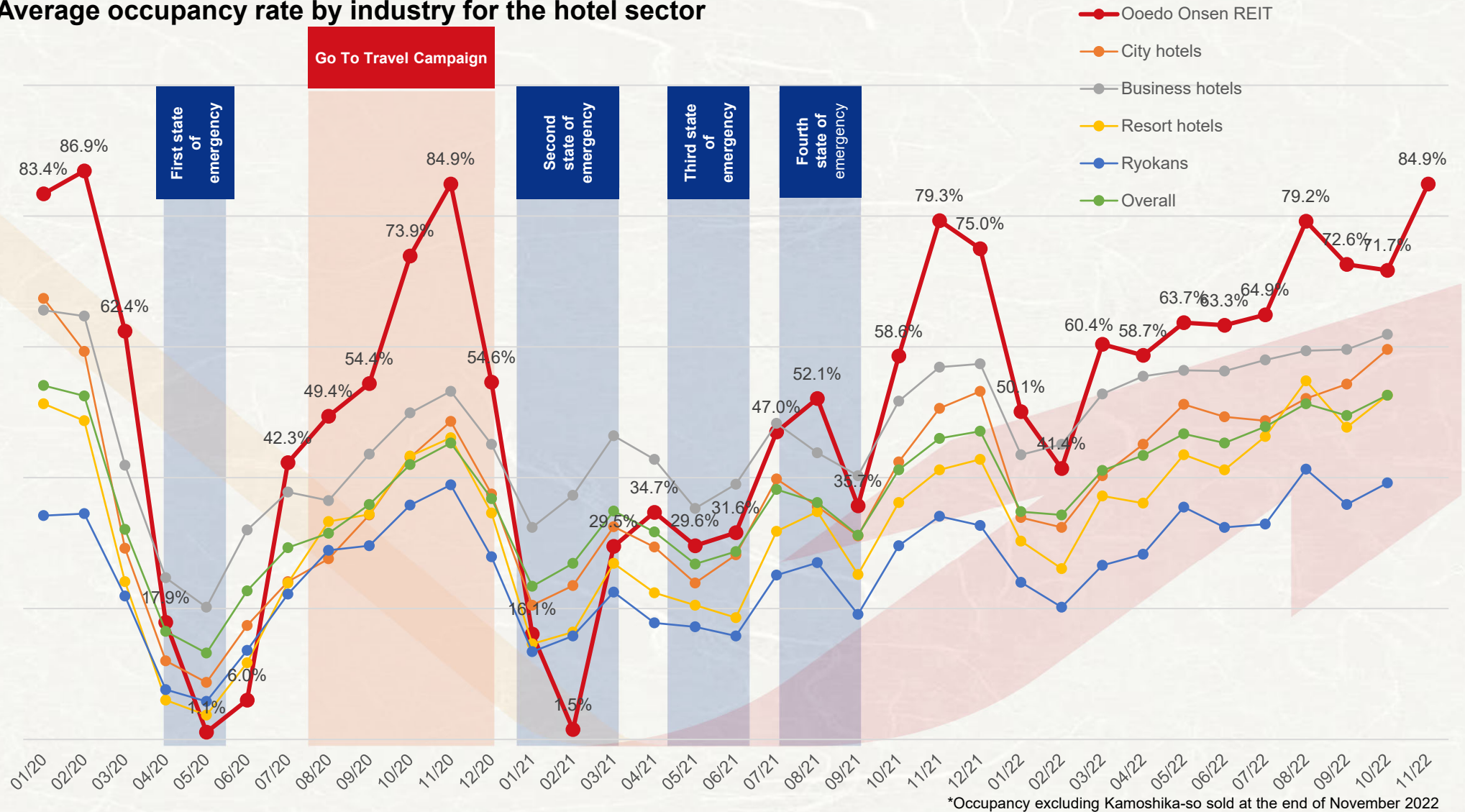
| | 12/21 | 01/22 | 02/22 | 03/22 | 04/22 | 05/22 | 06/22 | 07/22 | 08/22 | 09/22 | 10/22 | 11/22 | Total | Previous corresponding period cumulative total | 11/22 period cumulative Total | Change |
|---------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--|-------------------------------|--------|
| Room Occupancy Rate | 75.0% | 50.1% | 41.4% | 60.4% | 58.7% | 63.7% | 63.3% | 64.9% | 79.2% | 72.6% | 71.7% | 84.9% | 65.6% | 50.6% | 72.8% | +43.9% |
| ADR (JPY) | 32,175 | 32,447 | 23,564 | 29,948 | 28,921 | 31,249 | 25,442 | 32,819 | 44,910 | 28,140 | 29,004 | 29,360 | 31,151 | 27,282 | 31,932 | +17.0% |
| RevPAR (JPY) | 24,131 | 16,255 | 9,755 | 18,088 | 16,976 | 19,905 | 16,104 | 21,299 | 35,568 | 20,429 | 20,795 | 24,926 | 20,435 | 13,804 | 23,246 | +68.4% |
| Sales (million) | 1,070 | 721 | 393 | 795 | 727 | 886 | 716 | 943 | 1,554 | 877 | 950 | 1,113 | 10,751 | 3,641 | 6,154 | +69.0% |

*Occupancy excluding Kamoshika-so sold at the end of November 2022

Recovering Tenant Performance and Occupancy (1)

Signs of recovery on the back of the third round of vaccinations and the government's support to tourism

Average occupancy rate by industry for the hotel sector



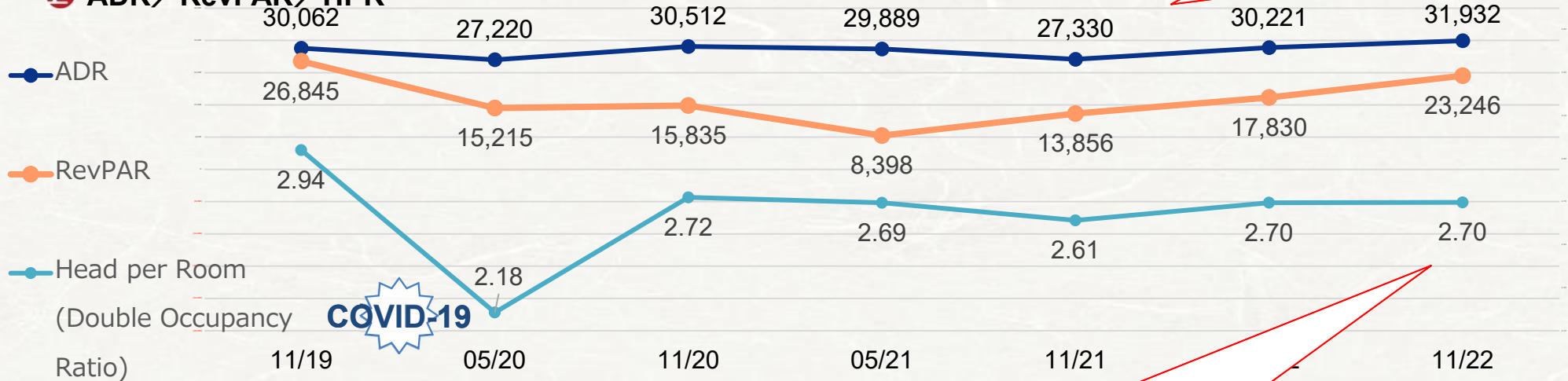
*Occupancy excluding Kamoshika-so sold at the end of November 2022

Recovering Tenant Performance and Occupancy (2)

The COVID-19 pandemic is continuing, and difficulty in forecasting.

Maintained the ADR level despite a decline in the occupancy rate.
-> Maintained the brand power and made preparations in anticipation of a recovery phase.

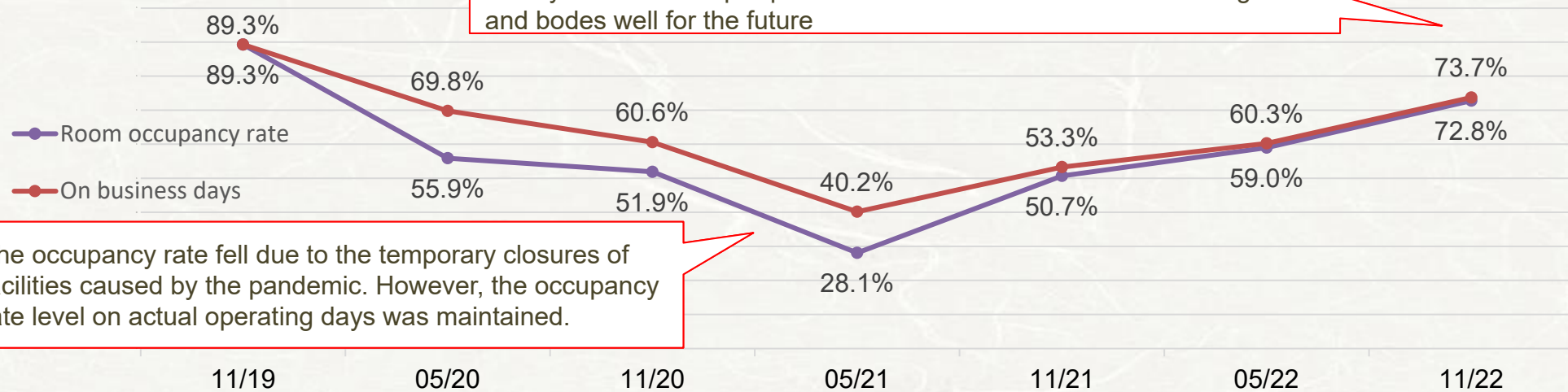
ADR/RevPAR/HPR



Occupancy rate

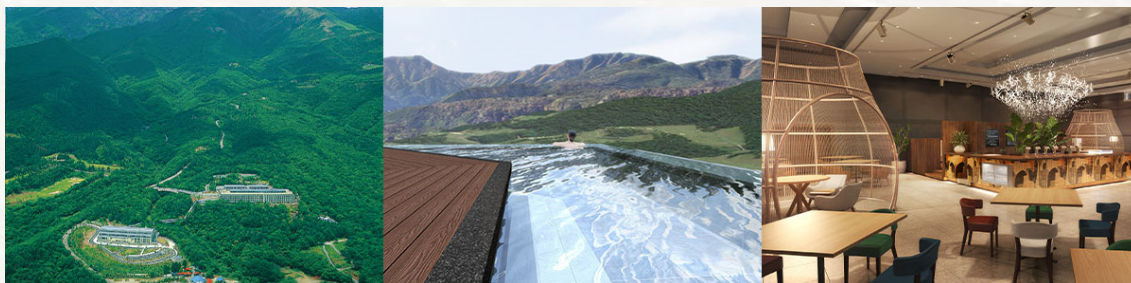
The fact that Head per Room (Double Occupancy Ratio) and occupancy have yet to return to pre-pandemic levels means there is room to grow and bodes well for the future

The occupancy rate fell due to the temporary closures of facilities caused by the pandemic. However, the occupancy rate level on actual operating days was maintained.



Ooedo-Onsen Monogatari Initiatives

- Aiming to improve room rates by making investments to satisfy the product requirements of the high-end series (TAOYA series) and the mid-range series (Ooedo-Onsen Monogatari Premium Series). Also actively considering investment in new hotels.**



<TAOYA> Brand concept
 Based on the brand concept "leisurely, gracefully," the TAOYA brand is a brand of hot spring resort hotels which aims to offer extraordinary moments not only through a higher level of facilities and equipment but also through all-inclusive services and higher levels of customer service and hospitality.

Operations

| | |
|--------------------------------------|---|
| Improvement of Price per Parson | Room rates increased through optimization of occupancy and pricing |
| Improvement of customer satisfaction | An increase in the cost of all-you-can-eat buffet led to improvement in the quality of the food served → Because satisfaction with meals improved, overall satisfaction improved even if room rates were higher |
| Optimization of marketing costs | Although the direct bus service was suspended due to the COVID-19 pandemic, the number of customers was maintained through government measures to stimulate demand and the implementation of various marketing measures such as free lounge and all-you-can-eat buffets. → Improvement of profitability |
| Optimization of marketing costs | Given the increase in the online reservation rate during the COVID-19 pandemic, optimization of marketing costs was achieved through the discontinuation of newspaper flyers and member DM postcards and concentration on TV commercials and web advertising targeting online reservations |
| Expansion of target customer groups | Ooedo-Onsen Monogatari's share of the inbound market pre-COVID was 3%. Planning to expand sales channels via overseas OTA sales channels, to tap into demand among individual tourists to Japan from overseas in the post-COVID era. * In 2019, 31.8 million foreign visitors came to Japan and the number of overnight stays by foreign visitors grew to a level comparable with the number of overnight stays by Japanese. |
| Promotion of use by members | Invested 50 million yen in member system to increase the number of members and repeat frequency. |
| Optimization of personnel expenses | Personnel expenses were optimized compared with pre-COVID levels through a review of the model work schedule which fluctuates according to the number of guests. |

Ooedo-Onsen Monogatari Initiatives

[Hot Spring Inn and Hotel General Election 2022]

Resort hotel category: First and second in national rankings

Sports and leisure category: First and second in national rankings

Resort hotel category



TAOYA-Shima

The first



Sports and leisure category



Reoma-Resort

The second



Saikaibashi Corazon



Urayasu Mangekyo



Ⅱ . Financial Results



Nov. 2022

(In thousand of JPY)

| | May. 2022 | | Nov. 2022 | | Difference | Nov. 2022 (Forecast as of Nov. 15,2022) | | Difference |
|-------------------------------------|-----------------|-----------|-----------------|-----------|------------|---|---------|------------|
| Operating revenue | Component ratio | 1,291,399 | Component ratio | 1,237,514 | -53,885 | 1,225,213 | +12,301 | |
| Primary rent | | 1,172,269 | | 894,524 | -277,744 | 894,854 | -329 | |
| Fixed rent | 100.0% | 1,172,269 | 100.0% | 894,524 | -277,744 | 894,854 | -329 | |
| Variable rent | 0.0% | 0 | 0.0% | 0 | - | 0 | - | |
| Secondary rent | | 101,888 | | 100,312 | -1,576 | 100,456 | -144 | |
| Others | | 640 | | 552 | -88 | 572 | -19 | |
| Lease operations revenue gain/loss | | 715,424 | | 434,006 | -281,418 | 439,218 | -5,212 | |
| Gain on sale of real estate | | 16,601 | | 242,124 | +225,523 | 229,329 | +12,795 | |
| Operating income | | 554,645 | | 505,197 | -49,448 | 489,374 | +15,822 | |
| Ordinary income | | 354,835 | | 327,925 | -26,910 | 313,015 | +14,910 | |
| Net income | | 353,824 | | 327,030 | -26,794 | 312,015 | +15,015 | |
| Excess cash distribution | | 4,236 | | 3,294 | -941 | 4,471 | -1,176 | |
| Total distribution | | 357,962 | | 330,427 | -27,535 | 316,541 | +13,885 | |
| Total units outstanding | | 235,347 | | 235,347 | - | 235,347 | - | |
| DPU (yen) | | 1,521 | | 1,404 | -117 | 1,345 | +59 | |
| (Excess cash distribution per unit) | | 18 | | 14 | -4 | 19 | -5 | |
| FFO per unit (yen) | | 3,306 | | 2,235 | -1,071 | 2,226 | +9 | |
| NOI | | 1,156,414 | | 875,252 | -281,162 | 880,636 | -5,384 | |
| Depreciation | | 440,990 | | 441,246 | +256 | 441,417 | -171 | |
| CAPEX | | 207,379 | | 169,991 | -37,388 | - | - | |

Reasons for change from forecasts

Increase in expenses related to rent business such as fixed asset tax and city tax payable as a result of sales -5,212

Lease operations revenue gain/loss -5,212

Gain on sales of real estate properties (fluctuation in value of Kinosaki) +12,795

Decrease in other SG&A expenses (consumption taxes not eligible for purchase tax credit, etc.) +8,240

Operating income +15,822

Increase in non-operating expenses (arrangement fees, etc.) -1,507

Ordinary income +14,910**Reasons for change from May. 2022**

Decrease in rent (rent reduction, etc.) -279,320

Increase in property and other tax (sale of Kamoshika-so, etc.) -3,142

Lease operations revenue gain/loss -281,418

Increase in gain on sales of real estate properties (part of land of Reoma Resort, Kamoshika-so, 30% of co-ownership interest in Kinosaki) +225,523

Decrease in SG&A expenses (absence of expenses related to general meeting of investors, etc.) +6,446

Operating income -49,448

Decrease in non-operating expenses (arrangement fees, etc.) +22,496

Ordinary income -26,910**Main financial indicators**

(In million of JPY)

| | |
|------------------------|------------|
| Total assets | 33,166 |
| Interest-bearing debt | 10,389 |
| Total liabilities | 12,219 |
| Total net assets | 20,947 |
| LTV (book value basis) | 31.3% |
| NAV per unit | 110,654yen |

May. 2023 Forecasts

(In thousand of JPY)

| | Nov. 2022 | | May. 2023 Forecast | | Difference | May. 2023 (Forecast as of Nov. 15, 2022) | | Difference |
|-------------------------------------|-----------------|-----------|--------------------|-----------|------------|--|---------|------------|
| Operating revenue | Component ratio | 1,237,514 | Component ratio | 1,207,141 | -30,372 | 1,206,122 | +1,019 | |
| Primary rent | | 894,524 | | 807,854 | -86,670 | 807,854 | - | |
| Fixed rent | 100.0% | 894,524 | 100.0% | 807,854 | -86,670 | 807,854 | - | |
| Variable rent | 0.0% | 0 | 0.0% | 0 | - | - | - | |
| Secondary rent | | 100,312 | | 91,874 | -8,437 | 90,740 | +1,133 | |
| Others | | 552 | | 520 | -32 | 634 | -114 | |
| Lease operations revenue gain/loss | | 434,006 | | 375,571 | -58,434 | 362,968 | +12,603 | |
| Gain on sale of real estate | | 242,124 | | 306,892 | +64,767 | 306,892 | - | |
| Operating income | | 505,197 | | 512,884 | +7,687 | 492,686 | +20,198 | |
| Ordinary income | | 327,925 | | 345,053 | +17,127 | 323,407 | +21,646 | |
| Net income | | 327,030 | | 344,053 | +17,022 | 322,407 | +21,646 | |
| Excess cash distribution | | 3,294 | | -4,706 | -8,001 | 4,471 | -9,178 | |
| Total distribution | | 330,427 | | 339,370 | +8,943 | 326,661 | +12,708 | |
| Total units outstanding | | 235,347 | | 235,347 | - | 235,347 | - | |
| DPU (yen) | | 1,404 | | 1,442 | +38 | 1,388 | +54 | |
| (Excess cash distribution per unit) | | 14 | | -20 | -34 | 19 | -39 | |
| FFO per unit (yen) | | 2,235 | | 1,929 | -306 | 1,839 | +90 | |
| NOI | | 875,252 | | 792,568 | -82,684 | 780,284 | +12,283 | |
| Depreciation | | 441,246 | | 416,996 | -24,249 | 417,315 | -319 | |
| CAPEX | | 169,991 | | 164,000 | -5,991 | - | - | |

Reasons for change from forecasts

| | |
|--|----------------|
| Secondary rent | +1,133 |
| Decrease in property registration expenses | +10,007 |
| Lease operations revenue gain/loss | +12,603 |
| Decrease in management fees | +963 |
| Decrease in other SG&A expenses (consumption taxes not eligible for purchase tax credit, etc.) | +7,405 |
| Operating income | +20,198 |
| Reduction of refinancing costs | +937 |
| Ordinary income | +21,646 |

Reasons for change from Nov. 2022

| | |
|--|----------------|
| Decrease in gain (loss) on sale (Kamoshika-so) | -18,601 |
| Decrease in gain (loss) on sale (Kinosaki) | -38,834 |
| Lease operations revenue gain/loss | -58,434 |
| (Net) increase in gain on sale | +64,767 |
| Decrease in other non-operating expenses (management fees, etc.) | +1,354 |
| Operating income | +7,687 |
| Reduction of refinancing costs | +9,539 |
| Ordinary income | +17,127 |

Main financial indicators

(In million of JPY)

| | |
|------------------------|--------|
| Total assets | 33,955 |
| Interest-bearing debt | 9,598 |
| Total liabilities | 11,423 |
| Total net assets | 22,532 |
| LTV (book value basis) | 28.3% |

Nov. 2023 Forecasts

(In thousand of JPY)

| | May. 2023 | Nov. 2023 Forecast | Difference |
|------------------------------------|---------------------------|---------------------------|------------|
| Operating revenue | Component ratio 1,207,141 | Component ratio 1,130,497 | -76,643 |
| Primary rent | 807,854 | 1,040,324 | +232,470 |
| Fixed rent | 100.0% 807,854 | 100.0% 1,040,324 | +232,470 |
| Variable rent | 0.0% - | 0.0% - | - |
| Secondary rent | 91,874 | 89,652 | -2,222 |
| Others | 520 | 520 | - |
| Lease operations revenue gain/loss | 375,571 | 612,818 | +237,247 |
| Gain on sale of real estate | 306,892 | - | -306,892 |
| Operating income | 512,884 | 462,474 | -50,410 |
| Ordinary income | 345,053 | 313,397 | -31,655 |
| Net income | 344,053 | 312,397 | -31,655 |

| | | | |
|-------------------------------------|---------|---------|---------|
| Excess cash distribution | -4,706 | -706 | +4,000 |
| Total distribution | 339,370 | 311,599 | -27,770 |
| Total units outstanding | 235,347 | 235,347 | - |
| DPU (yen) | 1,442 | 1,324 | -118 |
| (Excess cash distribution per unit) | -20 | -3 | +17 |
| FFO per unit (yen) | 1,929 | 3,091 | +1,162 |

| | | | |
|--------------|---------|-----------|----------|
| NOI | 792,568 | 1,027,884 | +235,316 |
| Depreciation | 416,996 | 415,066 | -1,930 |
| CAPEX | 164,000 | 156,000 | -8,000 |

Reasons for change from May. 2023


| | |
|--|-----------------|
| Increase in rent (end of rent reduction period) | +232,470 |
| Lease operations revenue gain/loss | +237,247 |
| Absence of gain on sale of real estate, etc. | -306,892 |
| Operating income | -50,410 |
| Decrease in non-operating expenses (arrangement fees etc.) | +18,755 |
| Ordinary income | -31,655 |

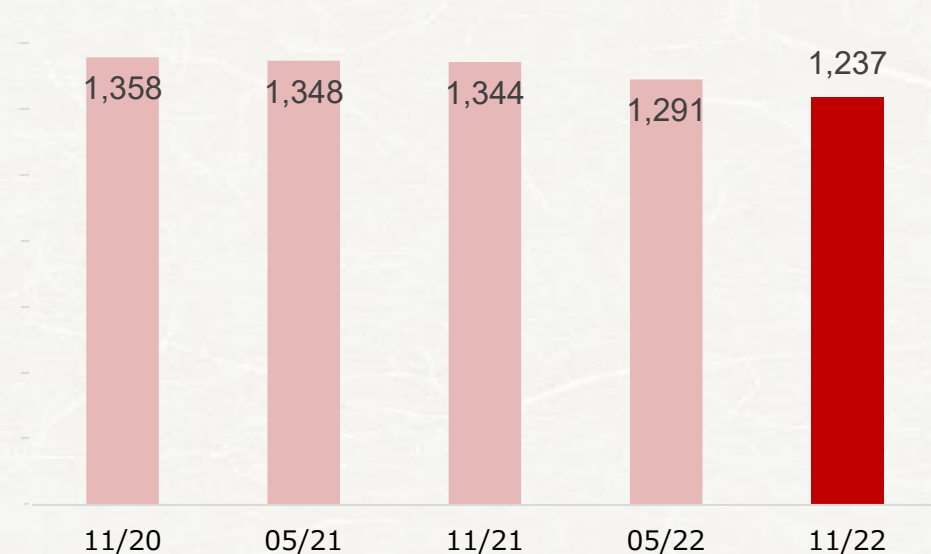
Main financial indicators


(In million of JPY)

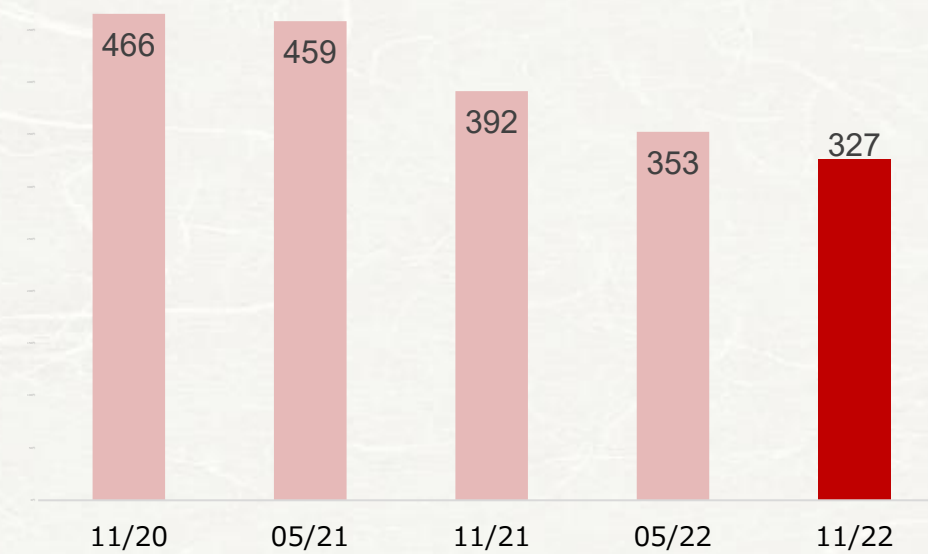
| | |
|------------------------|--------|
| Total assets | 33,550 |
| Interest-bearing debt | 9,450 |
| Total liabilities | 13,224 |
| Total net assets | 20,326 |
| LTV (book value basis) | 28.2% |

Financial Results

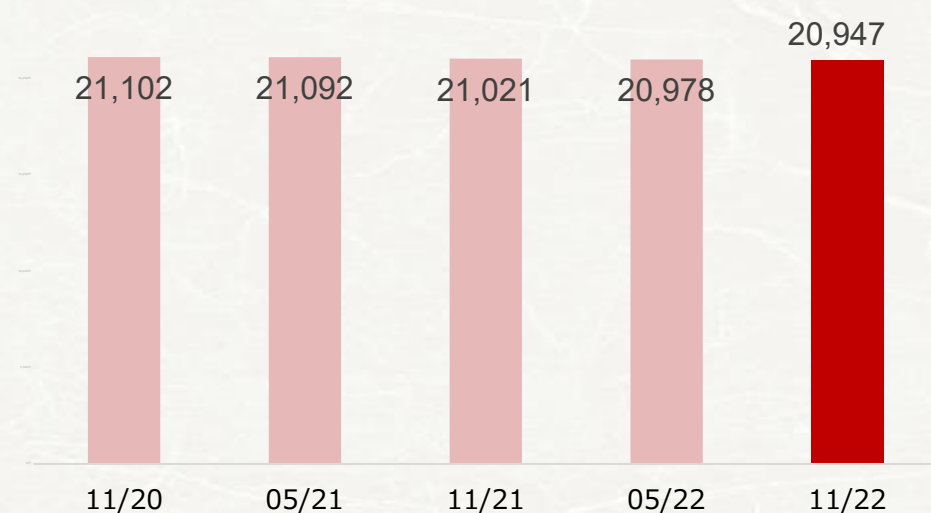
 **Operating revenues (mn yen)**




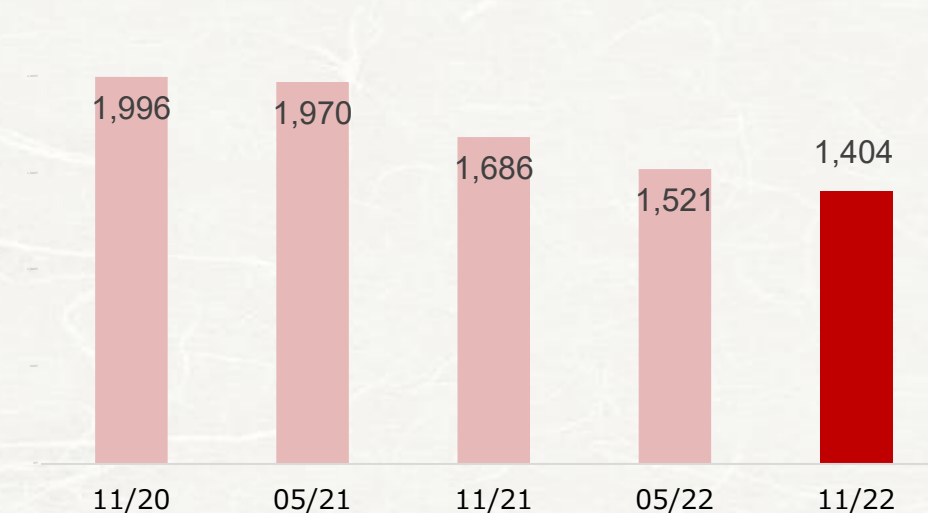
 **Net income (mn yen)**



 **Net assets (mn yen)**



 **Distribution per unit**



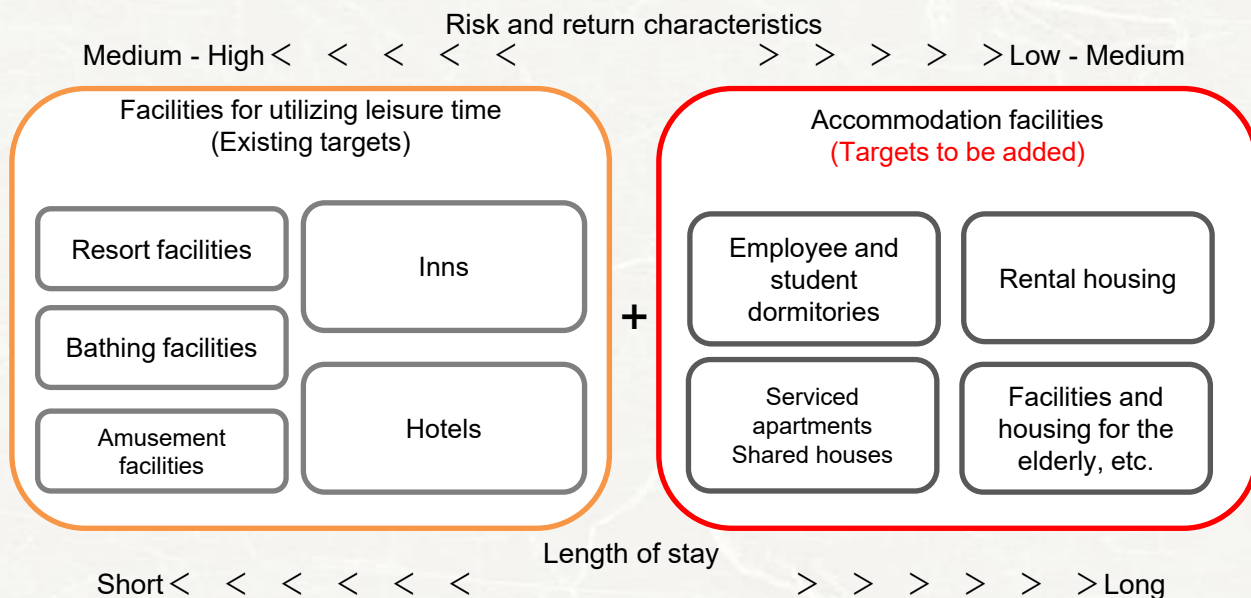


Ⅲ. Growth Strategy



External Growth: Amendments to Articles of Incorporation

Aiming to expand investment opportunities by adding accommodation facilities to facilities for utilizing leisure time, subject to a resolution by the General Unitholders' Meeting.

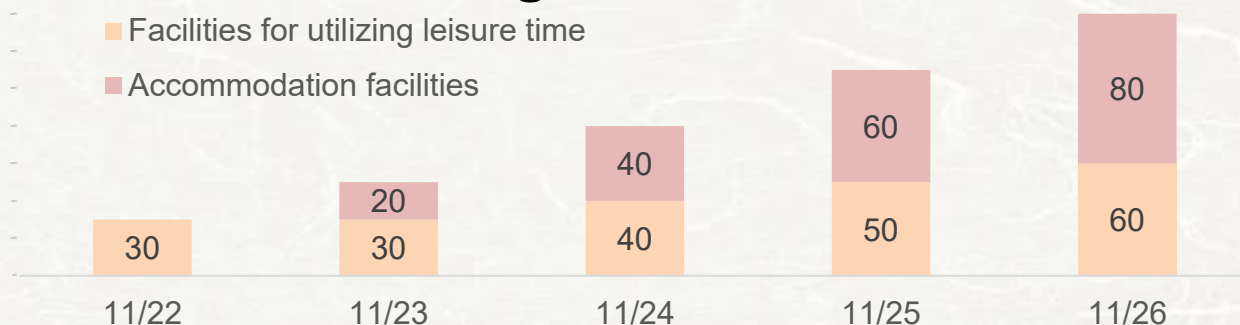


<Proposed amendment to the terms>
 *The change is the addition of the underlined part.

Article 12 Investment Policy

The real estate that forms the main part of or the underlying in the Real Estate Related Assets in which the Investment Corporation invests is to mainly consist of real estate used for ryokan (meaning lodgings whose main structure and facilities are Japanese style; the same hereinafter), hotels (meaning lodgings whose main structure and facilities are Western style; the same hereinafter), or other facilities available for or possibly available for accommodation, and for baths (public bathing facilities which employ onsen or other similar facilities; the same hereinafter), resort facilities (facilities to provide opportunities for sports or recreation activities during leisure time; the same hereinafter), amusement parks, or other facilities for utilizing leisure time (including multi-use facilities that contain the foregoing), and accommodation facilities (meaning rental houses, student apartments, company dormitories, serviced apartments, shared houses and senior citizen facilities and residences, etc. and other facilities used or capable of being used for residential purposes; the same hereinafter).

Future Growth Targets

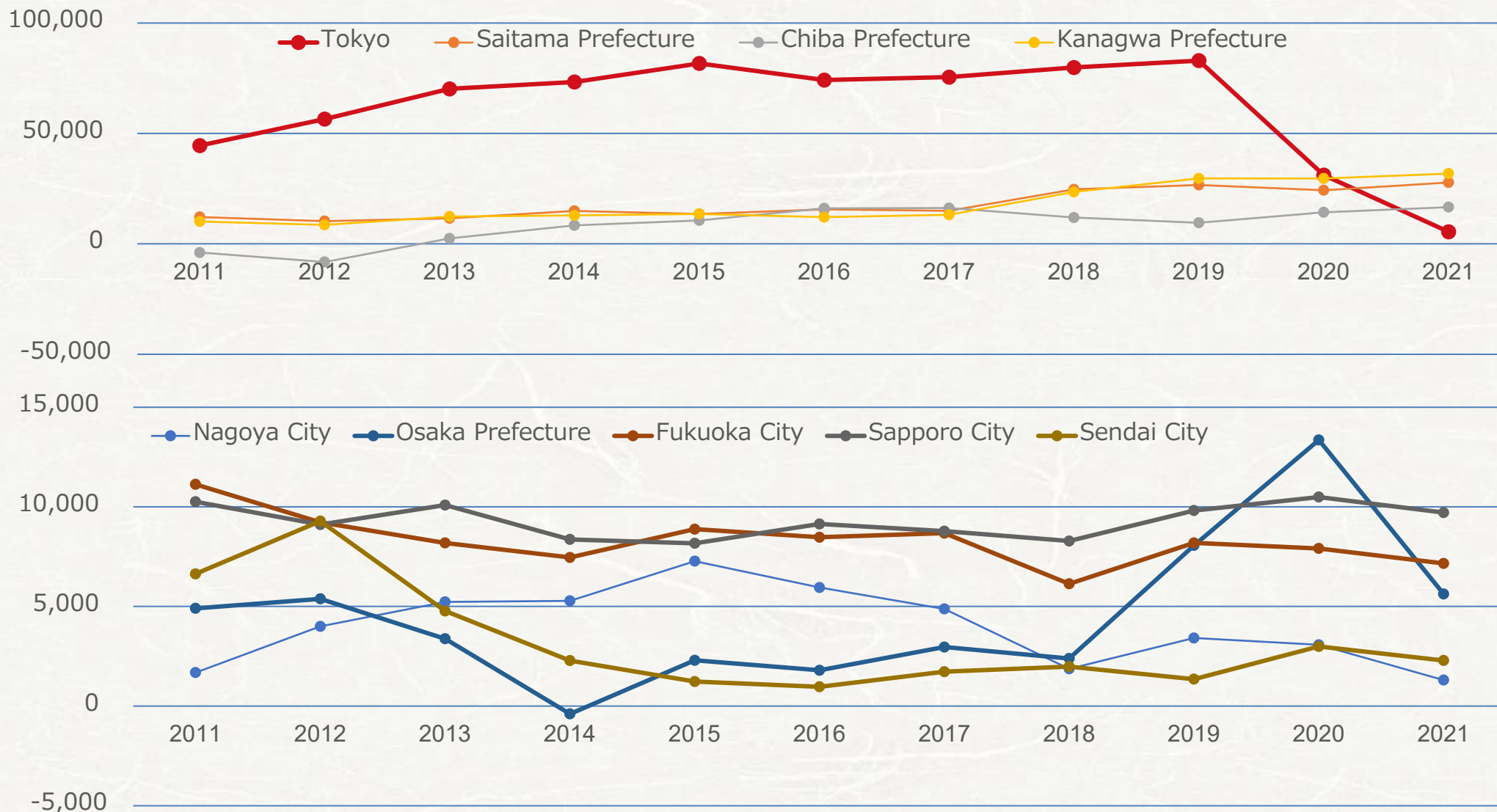


The figures above are targets as of January 23, 2023, and are not guaranteed.

External Growth: Environment of Accommodation Facilities

Aiming to increase stability by adding accommodation facilities which are expected to maintain a stable performance.

🌸 Net inflows of residents to major cities and cities designated by government ordinance



Introducing Ooedo-Onsen Monogatari Hotels & Resorts Co., Ltd.'s Sponsor



HUDSON · Japan
 Supports Lone Star Funds' investment activities
 Responsible for due diligence, asset management, etc.

Lone Star Funds' investment track record

Real estate fund investment track record:

- Began investing in real estate properties in earnest in 2000 and has invested a total of 2 trillion yen to date
- Has a track record on investing in a wide range of investment targets from small properties worth several hundred million yen to large city-center buildings worth more than 100 billion yen
- Most recently invested Ooedo-Onsen Monogatari and Kabocha no Basha in 2022.

Acquired all real estate properties owned by GE Capital Real Estate (mostly office buildings across Japan) in one go

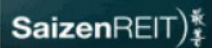


Acquired all real estate properties owned by GE Capital Real Estate (mostly office buildings across Japan) in one go
 2015

Acquired Abenoini Public Art Project high-rise multi-purpose building
 2021



Invested in Ooedo-Onsen Monogatari Hotels & Resorts Co., Ltd. which operates hot spring inns and hotels and bathing facilities in 38 locations across Japan
 2022



Acquired all real estate properties owned by Saizen REIT, a Singapore listed REIT which invests in real estate throughout Japan
 2016



Acquired high-rise office building in Tennozu Isle
 2016



Acquired around 1,200 shared house buildings under the "Kabocha no Basha" (offered debt forgiveness as personal debt relief measure), rebranded them as "Tokyoβ>" and overhauled the management structure
 2020, 2021, 2022



Ooedo-Onsen Monogatari Hotels & Resorts Co.,Ltd.

日本の温泉を身近にする



Yukai Resort Co.,Ltd.



Internal Growth : New Rent Structure

current situation

- The basic policy is combining fixed rent for stability and variable rent, which enables us to realize upside potential.

New Rent Structure

We will conclude a basic agreement to shift to the new rent structure for facilities that have achieved a certain GOP through the implementation of the Oedo-Onsen Monogatari Group's medium-term management plan.

Background

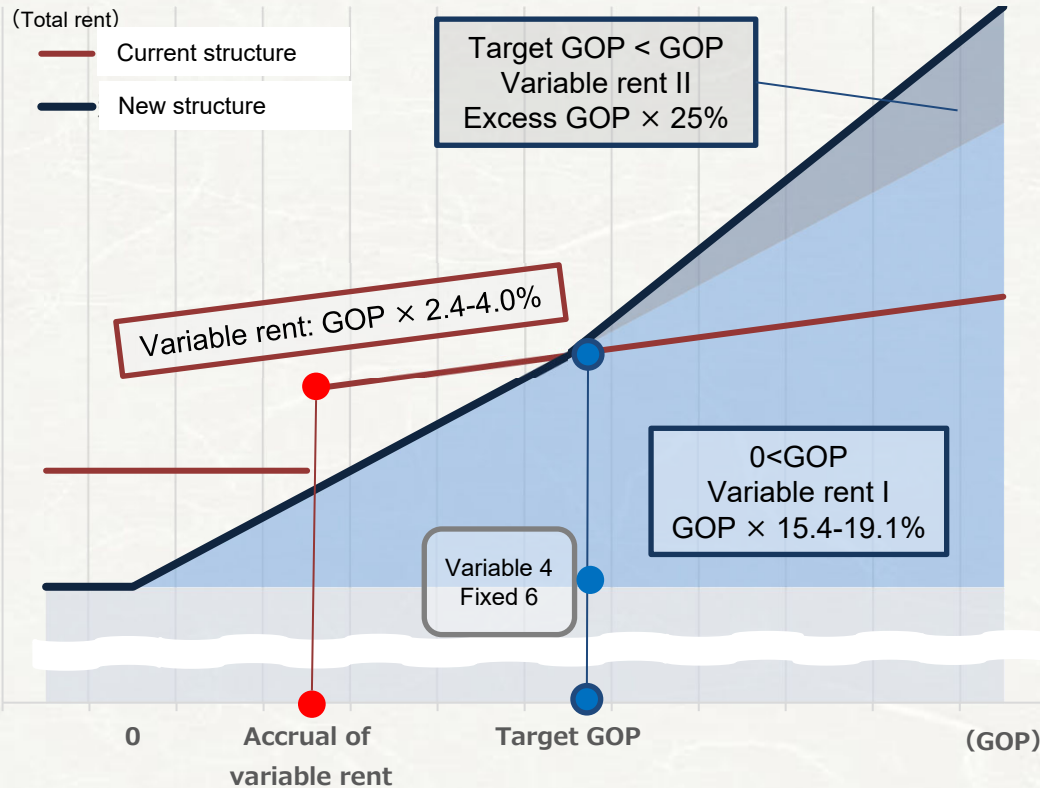
- The high fixed rent burden during a time of crisis such as the COVID-19 pandemic put pressure on tenants' finances and reduced the flexibility of operations.

Overview

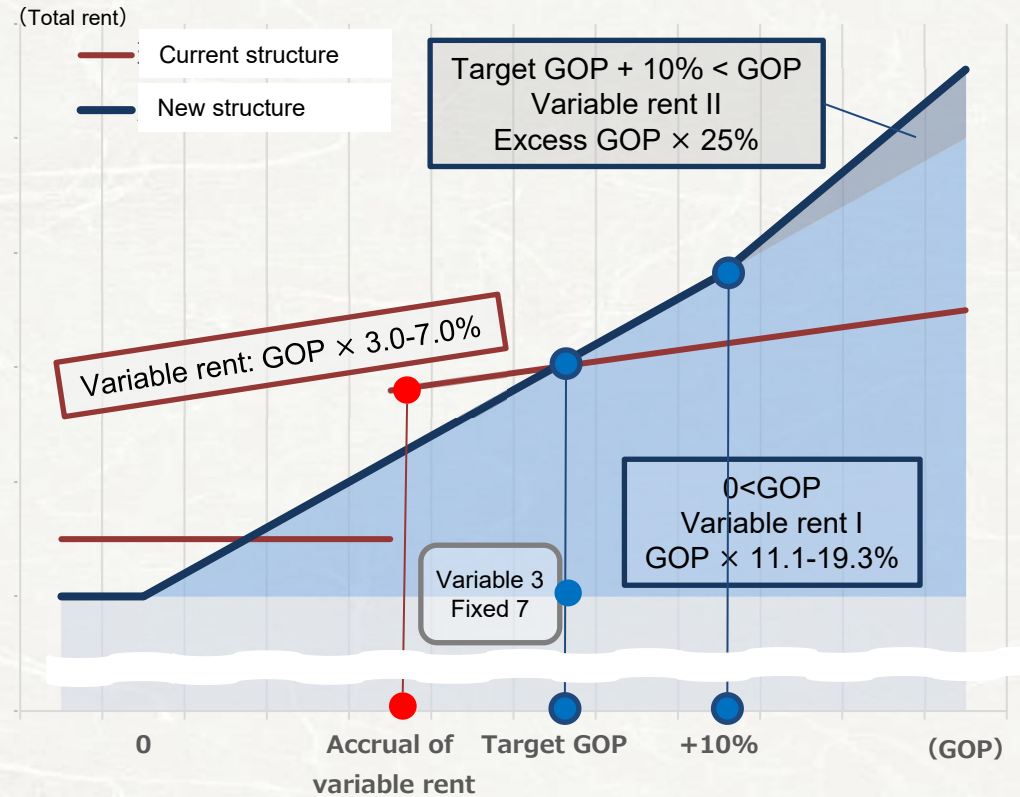
| | |
|-------------------------|---|
| Timing of shift | From the calculation period following achievement of the target GOP set for each property in the tenant business plan |
| Variable rent I | <u>The component ratio is set higher than the current level to further increase the possibility of an increase in rent income</u> |
| Variable rent II | When better business results than those assumed in the tenant's business plan are achieved, for example, we turn a corner on the pandemic and demand for accommodation and hot springs starts to grow again, more upside can be enjoyed |
| Fixed rent | Fixed rent is set lower than the current level to promote the continuation of tenant operations in the medium and long term and the stabilization of leases |

Internal Growth : Illustration of New Rent Structure

Facilities subject to value-up program
(Ise-shima, Kinugawa Kanko Hotel)

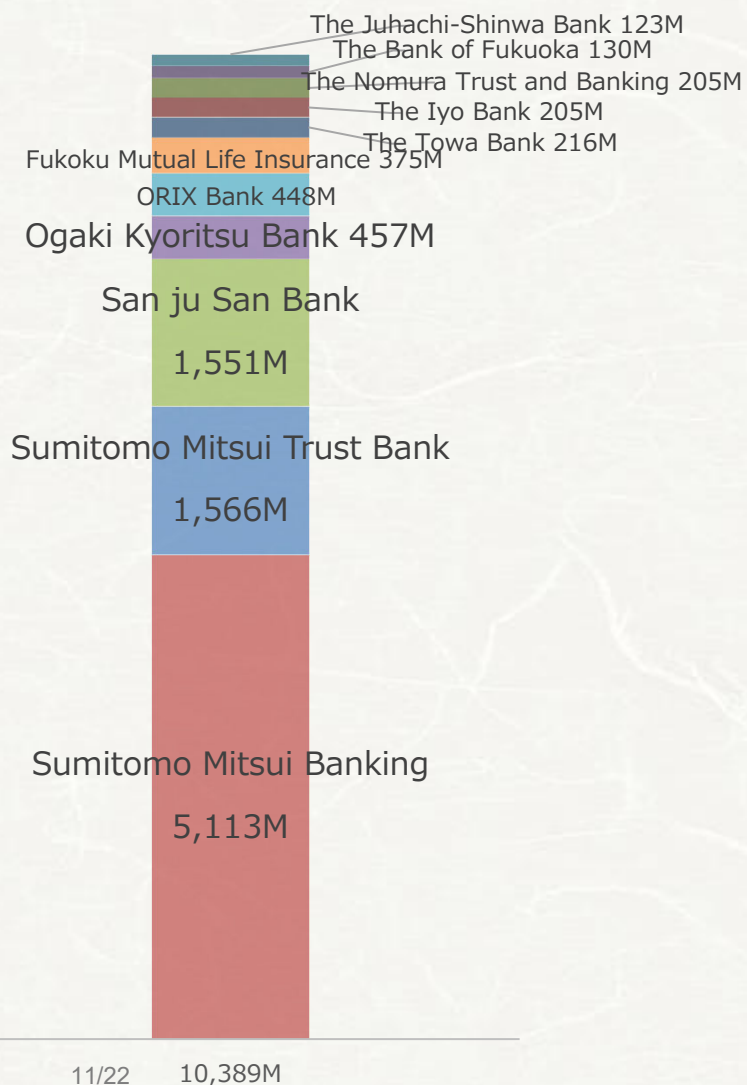


Facilities not subject to value-up program
(facilities other than Ise-shima, Kinugawa Kanko Hotel)



Status of Borrowings

Breakdown of borrowing

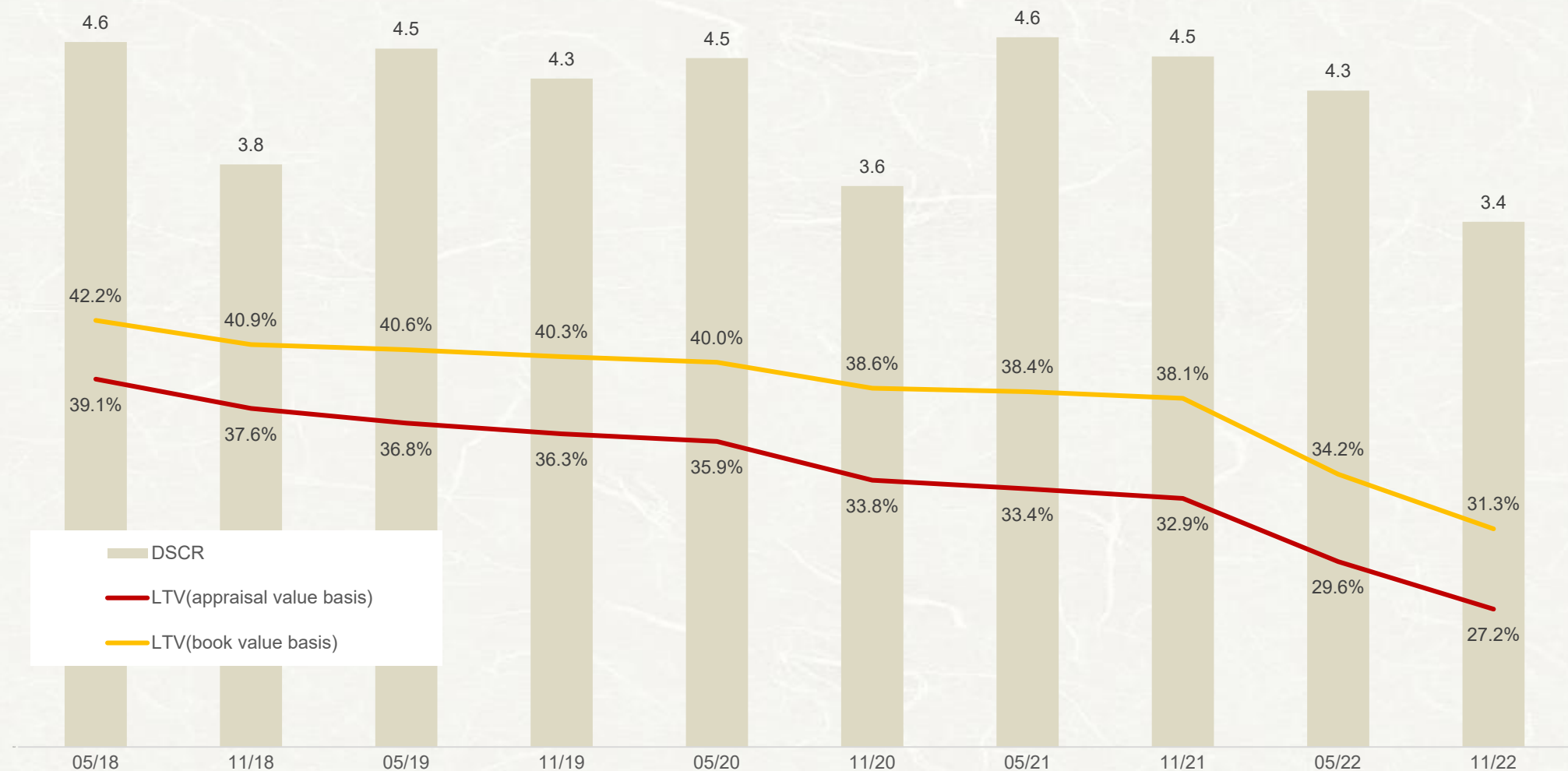


List of lenders

| | Lender | Balance (mn yen) | Interest rate Security | Drawdown/ Repayment date |
|----------------------------|--|------------------|--|------------------------------|
| Short-term | Sumitomo Mitsui Banking | 210 | Base interest rate (JBA yen TIBOR) + 0.75% Secured and unguaranteed | May 31, 2022 Feb 28, 2023 |
| | Sumitomo Mitsui Banking Sumitomo Mitsui Trust Bank San ju San Bank | 3,136 | Base interest rate (JBA yen TIBOR) + 0.75% Secured and unguaranteed | May 31, 2022 Feb 28, 2023 |
| | Sumitomo Mitsui Banking | 1,142 | Base interest rate (JBA yen TIBOR) + 0.75% Secured and unguaranteed | Aug 31, 2022 May 31, 2023 |
| Long-term | Sumitomo Mitsui Banking | 73 | Base interest rate (JBA 3-month yen TIBOR) + 1.25% Secured and unguaranteed | Sep 01, 2016 May 31, 2023 |
| | Sumitomo Mitsui Banking Sumitomo Mitsui Trust Bank ORIX Bank San ju San Bank The Towa Bank The Iyo Bank The Nomura Trust and Banking The Bank of Fukuoka The Juhachi-Shinwa Bank | 2,780 | Base interest rate (JBA 3-month yen TIBOR) + 0.80% Secured and unguaranteed | May 31, 2019 May 31, 2023 |
| | Sumitomo Mitsui Banking San ju San Bank Ogaki Kyoritsu Bank Fukoku Mutual Life Insurance | 3,046 | Base interest rate (JBA yen TIBOR) + 0.75% Secured and unguaranteed | Feb 28, 2022 Feb 28, 2023 |
| Total | | 10,389 | | |
| Repaid Feb 28, 2023 | | 6,393 | | |
| Repaid May 31, 2023 | | 3,996 | | |

Materialization of Financial Risks and Countermeasures

🏯 Trends in LTV / 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.



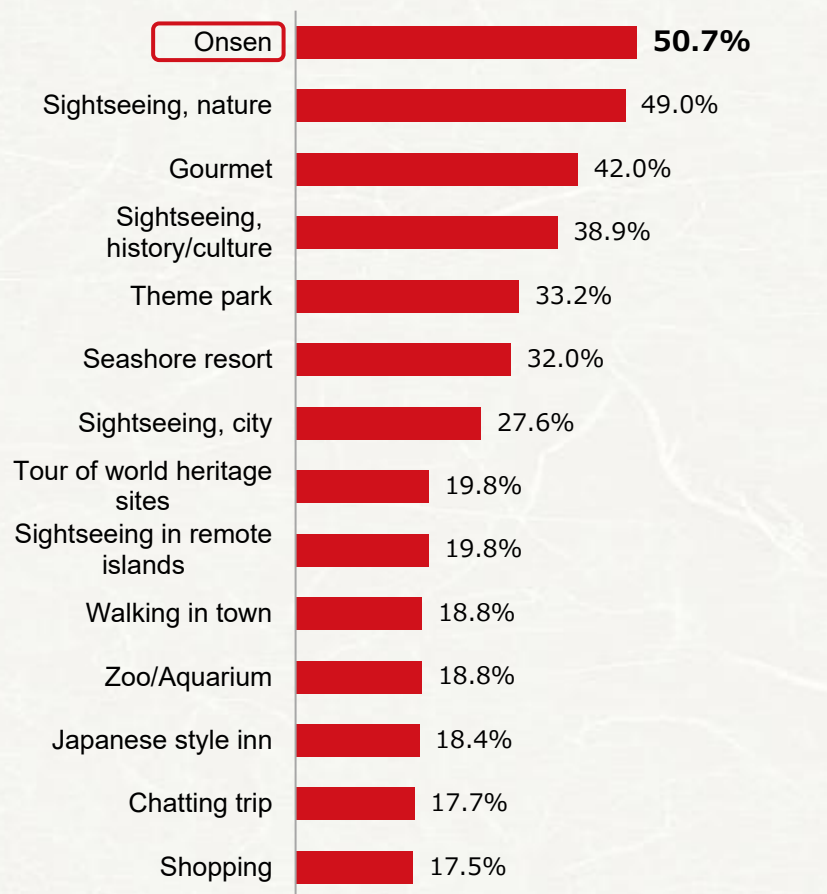
IV. Market Environment



Stable Onsen/Spa-Related Market

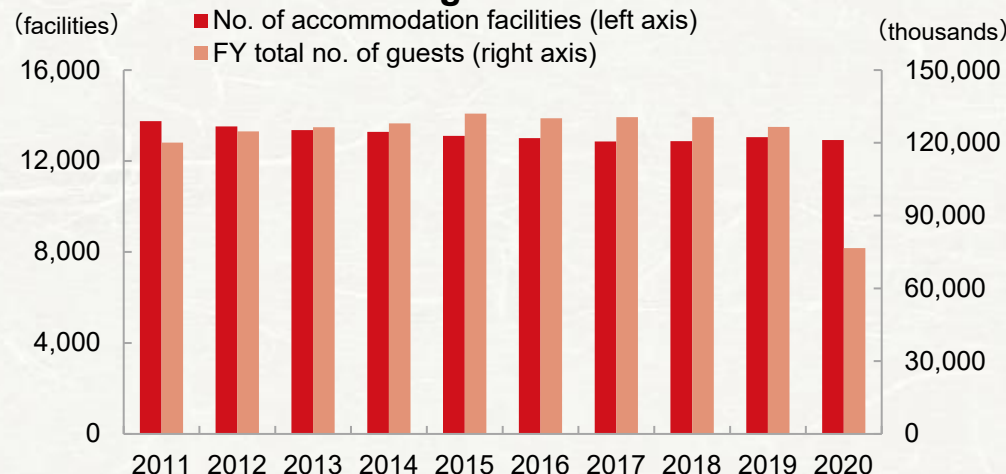
Market for onsen and spa-related facilities that forms the basis for the stability of the portfolio centered on properties operated by the sponsor.

🦋 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" by Japan Travel Bureau Foundation)

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



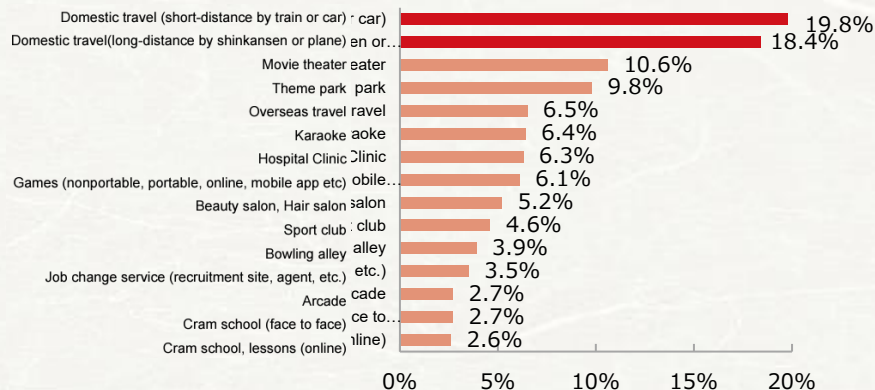
Source:Onsen Use, Nature Conservation Bureau, Ministry of the Environment

- According to the Annual Report on the Tourism Trends Survey, "onsen" ranked number one among the types of trip respondents would like to try.

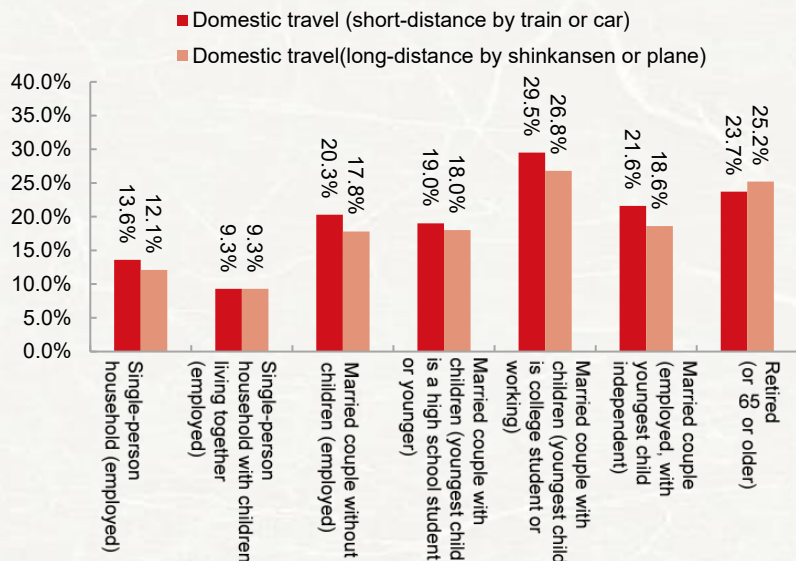
- The number of accommodation facilities' guests has been stable since FY2011 according to the Onsen Use Survey by the Ministry of the Environment, but the number declined temporarily due to COVID19

Future Leisure Market

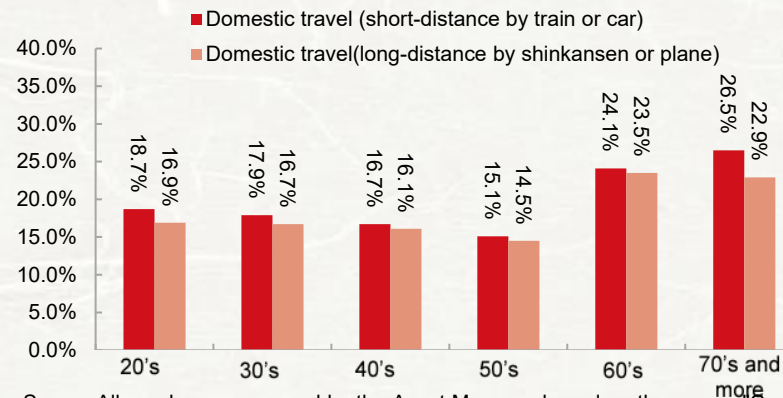
Percentage of respondents who say frequency (of use) will increase after the pandemic subsides



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



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



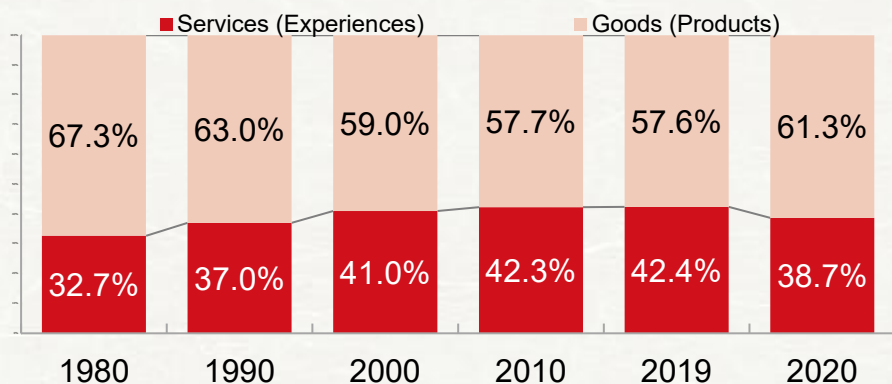
Source: All graphs are prepared by the Asset Manager based on the survey "Consumers' Vision of the World after the COVID-19 Pandemic: Expectations of a Recovery in Service-Oriented Consumption" of SMBC Nikko Securities Inc.

- 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 the retired.

Future Leisure Market

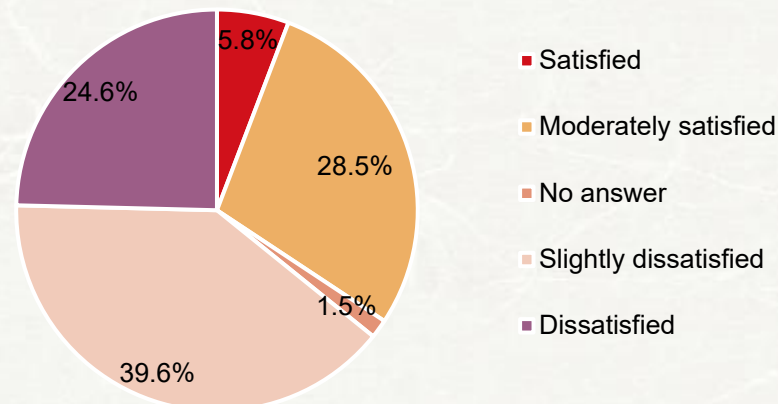
Domestic demand: Expansion of consumption for services or experience-oriented activities means future potential of the leisure market both qualitatively and quantitatively.

🌸 Trends in the consumption of services



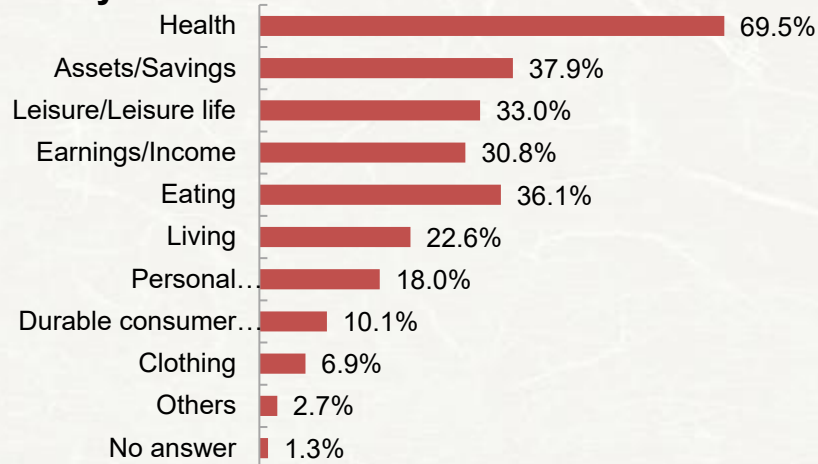
Source: A graph prepared by the Asset Manager based on "White Paper on Consumer Affairs" by the Consumer Affairs Agency

📊 Level of satisfaction in a variety of fields in current lives –Leisure/ leisure life



Source: Public Opinion Survey on the Life of the People

🌸 Priority matters in life



Source: Public Opinion Survey on the Life of the People

- Data of the Consumer Affairs Agency also show a stable, increasing consumption trend for services.
- 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.



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

Energy-saving construction work

Reoma: Replacement of AC in Reoma World Parrot Theater

Replacement of AC in multipurpose hall

Hot bath hot water circulating line pump No. 1

Replacement of hot bath R-6 filtration system (5F open-air bath top left and right sides)

Replacement of hot bath R-10 filtration system (4F cold water)

Kinugawa: Replacement of AC in 1F lobby/private bath "Nikko" changing room

Ikaho: Replacement of open-air bath boiler/sauna bath boiler

Kimitsu: Replacement of hot water heaters (2 units)

Replacement of boiler room hot water circulation secondary pump

Kounkaku: Replacement of GHP on 3F and 4F of old building

Replacement of AC in 2F restaurant's porter room

Kinosaki: Replacement of AC in ladies changing room

Ise-shima: Replacement of AC in common areas such as restaurant (approx. 6 units)

Higashiyama: Replacement of integrated AC in 1F lobby

Toi: Installation of AC in restaurant backyard

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.

■ Diverse ways of working

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, 2022).

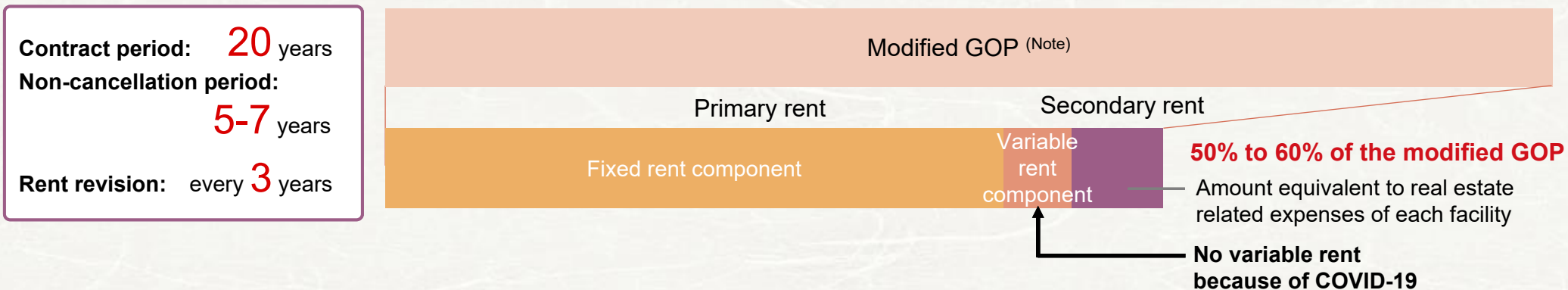
■ Asset Manager's own human resources playing a core role at the company

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.

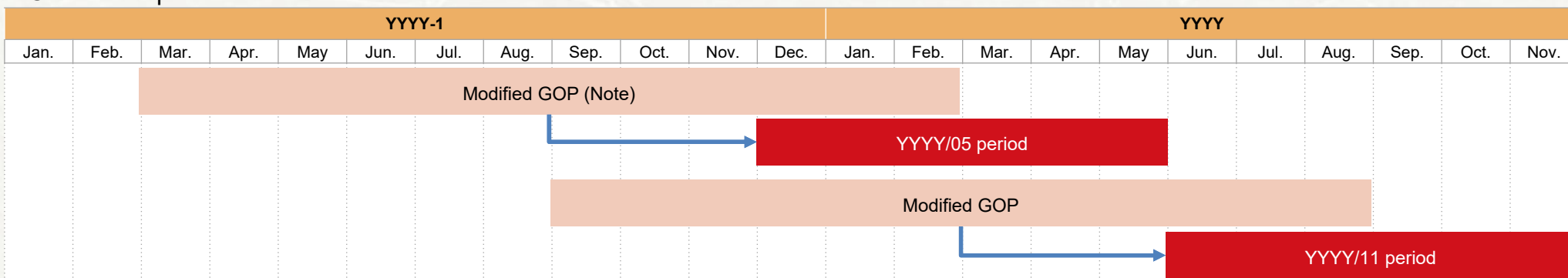
Rent Structure

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



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

< Calculation period of variable rent >



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

Portfolio Data : List

(In million of JPY)

| Property No. | Property name | Location | Building age (years) | Number of rooms | Room occupancy rate (Note 1) | Acquisition price | Appraisal value | NOI | NOI yield (Note 2) | After depreciation NOI yield (Note 2) | PML |
|---------------|---|----------------------|-----------------------|-----------------|------------------------------|-------------------|-----------------|-----|--------------------|---------------------------------------|---------------|
| S-1 | Ooedo-Onsen Monogatari Reoma Resort | Kagawa Prefecture | 31.4/31.7 (Note 3) | 241 | 66.7% | 9,697 | 8,700 | 232 | 4.8% | 2.9% | 2.0/1.6% |
| S-2 | Ooedo-Onsen Monogatari Ise-shima | Mie Prefecture | 42.7 | 83 | 81.3% | 3,656 | 3,810 | 80 | 4.4% | 1.5% | 14.2% |
| S-3 | Ito Hotel New Okabe | Shizuoka Prefecture | 32.1 | 73 (Note 4) | 70.4% | 2,657 | 2,800 | 54 | 4.1% | 1.9% | 12.0% |
| S-4 | Ooedo-Onsen Monogatari Atami | Shizuoka Prefecture | 48.9 | 76 | 81.6% | 3,000 | 3,450 | 69 | 4.6% | 2.3% | 13.1% |
| S-5 | Ooedo-Onsen Monogatari Toi Marine Hotel | Shizuoka Prefecture | 48.2 | 64 | 72.7% | 1,910 | 2,010 | 40 | 4.2% | 0.9% | 15.4% |
| S-6 | Ooedo-Onsen Monogatari Awara | Fukui Prefecture | 41.3 | 95 | 74.1% | 1,901 | 2,000 | 48 | 5.1% | 2.7% | 15.5% |
| S-8 | Ooedo-Onsen Monogatari Ikaho | Gunma Prefecture | 39.1 | 40 | 80.2% | 1,299 | 1,370 | 26 | 4.1% | 1.9% | 1.0% |
| S-9 | Ooedo-Onsen Monogatari Kimitsu-no-mori | Chiba Prefecture | 26.7 | 41 | 78.7% | 819 | 829 | 16 | 3.9% | 1.7% | 4.8% |
| S-11 | Ooedo-Onsen Monogatari Kounkaku | Miyagi Prefecture | 57.0 | 98 (Note 4) | 48.6% | 1,040 | 1,210 | 30 | 5.9% | 1.5% | 3.9% |
| S-12 | Kinugawa Kanko Hotel | Tochigi Prefecture | 41.3 | 172 | 78.1% | 3,870 | 6,110 | 128 | 6.6% | 3.3% | 2.1% |
| S-13 | Ooedo-Onsen Monogatari Kinosaki | Hyogo Prefecture | 54.1 | 103 (Note 4) | 78.4% | 1,458 | 1,710 | 78 | 7.5% | 5.3% | 11.8% |
| S-14 | Ooedo-Onsen Higashiyama Grand Hotel | Fukushima Prefecture | 58.2 | 123 | 80.7% | 1,230 | 1,460 | 37 | 6.1% | 1.3% | 4.6% |
| Total/Average | | | 41.6 | 1,209 | 72.8% | 32,543 | 35,459 | 843 | 5.0% | 2.4% | (Note 5) 2.9% |

(Note 1) Room occupancy rate is for the 12th period ended May 31,2022, of the investment corporation.

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

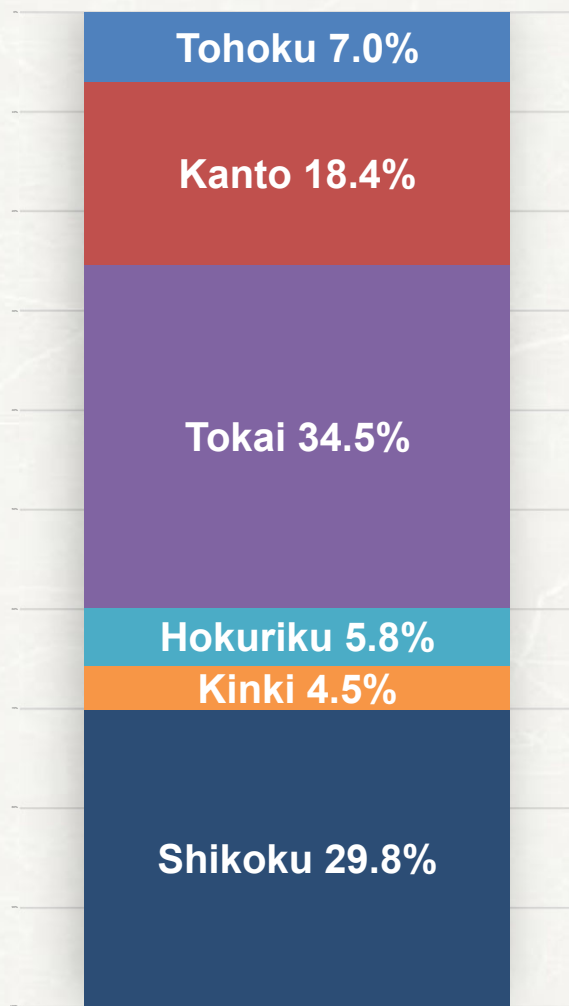
(Note 3) As for Building age and PML of Ooedo-Onsen Monogatari Reoma Resort, figures on the left indicate those of Hotel Reoma no Mori while figures on the right indicate those of New Reoma World.

(Note 4) The room occupancy rate is a property not owned by the investment corporation.


(Note 5) PML is figure including Ooedo-Onsen Monogatari Kamoshika-so sold at the end of November 2022.

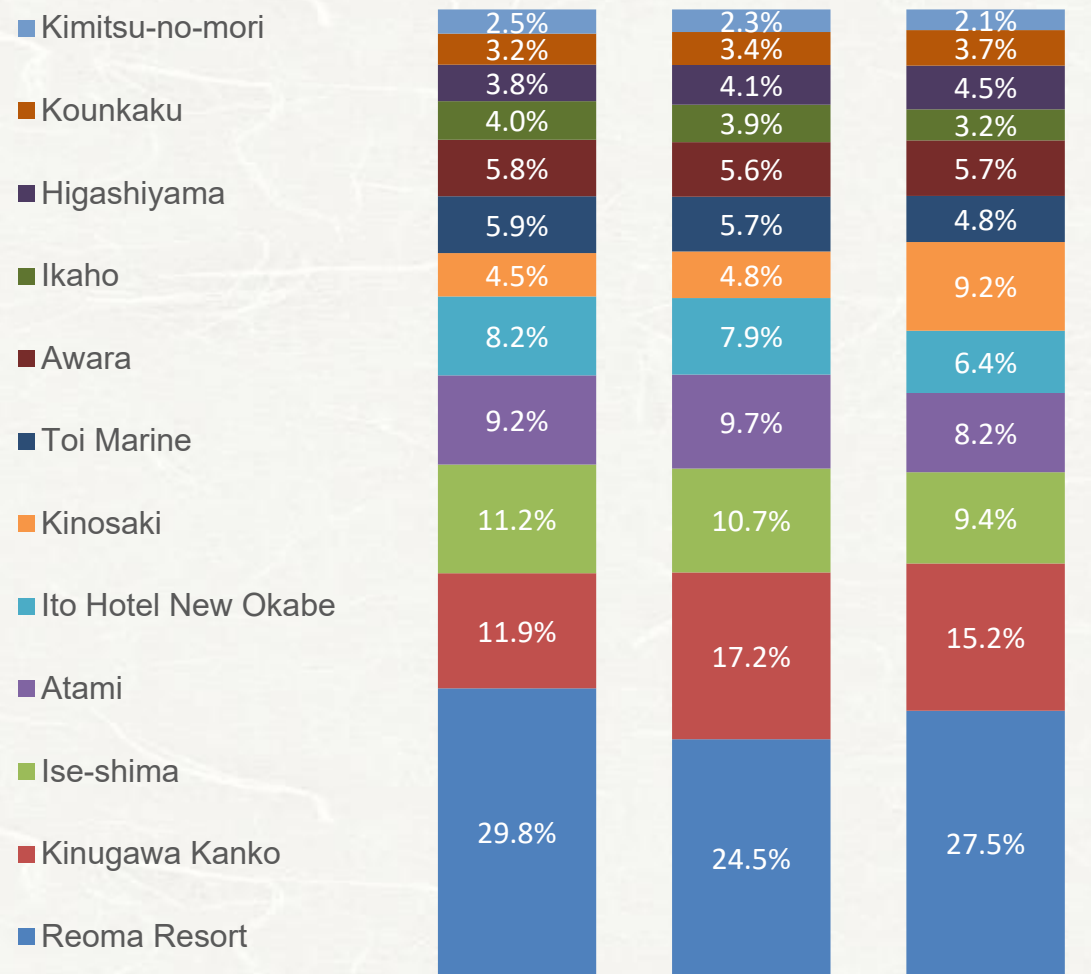
Portfolio Data : Investment ratio

 Investment ratio by region



Acquisition price basis

 Investment ratio by facility



ACQUISITION PRICE BASIS

APPRAISAL VALUE BASIS

PRIMARY RENT BASIS

Portfolio Data : Status of appraisal value

Appraisal value decreased JPY 285 million overall due to the impact of rent reduction; in the case of Ito and Ikaho, rent reduction was offset by decreased CAPEX through the re-acquisition of an engineering report; Atami's appraisal value increased as a result of corrective action (construction for building compliance) in response to decrease in value in previous appraisal.

(In million of JPY)

| Property No. | Property name | Acquisition Price | Book value | Appraisal value | | | Unrealized profits and losses | Direct capitalization method | | | Discounted cash flow method | | | | | |
|--------------|---|-------------------|------------|-----------------|--------|--------|-------------------------------|------------------------------|-------|-----------|-----------------------------|-------|-----------|-------------------|-------|-----------|
| | | | | 05/22 | 11/22 | change | | Direct Cap Rate | | | Discount Rate | | | Terminal Cap Rate | | |
| | | | | | | | | 05/22 | 11/22 | valuation | 05/22 | 11/22 | valuation | 05/22 | 11/22 | valuation |
| S-1 | Ooedo-Onsen Monogatari Reoma Resort | 9,697 | 9,383 | 8,750 | 8,700 | -50 | -683 | 6.0% | 6.0% | - | 5.8% | 5.8% | - | 6.2% | 6.2% | - |
| S-2 | Ooedo-Onsen Monogatari Ise-shima | 3,656 | 3,164 | 3,830 | 3,810 | -20 | +645 | 5.6% | 5.6% | - | 5.4% | 5.4% | - | 5.8% | 5.8% | - |
| S-3 | Ito Hotel New Okabe | 2,657 | 2,501 | 2,800 | 2,800 | - | +298 | 5.1% | 5.1% | - | 4.9% | 4.9% | - | 5.3% | 5.3% | - |
| S-4 | Ooedo-Onsen Monogatari Atami | 3,000 | 2,729 | 3,420 | 3,450 | +30 | +720 | 5.1% | 5.1% | - | 4.9% | 4.9% | - | 5.2% | 5.2% | - |
| S-5 | Ooedo-Onsen Monogatari Toi Marine Hotel | 1,910 | 1,723 | 2,020 | 2,010 | -10 | +286 | 5.6% | 5.6% | - | 5.4% | 5.4% | - | 5.8% | 5.8% | - |
| S-6 | Ooedo-Onsen Monogatari Awara | 1,901 | 1,803 | 2,020 | 2,000 | -20 | +196 | 5.9% | 5.9% | - | 5.7% | 5.7% | - | 6.1% | 6.1% | - |
| S-8 | Ooedo-Onsen Monogatari Ikaho | 1,299 | 1,227 | 1,370 | 1,370 | - | +142 | 5.3% | 5.3% | - | 5.1% | 5.1% | - | 5.5% | 5.5% | - |
| S-9 | Ooedo-Onsen Monogatari Kimitsu-nomori | 819 | 816 | 859 | 829 | -30 | +12 | 5.3% | 5.3% | - | 5.1% | 5.1% | - | 5.5% | 5.5% | - |
| S-11 | Ooedo-Onsen Monogatari Kounkaku | 1,040 | 956 | 1,220 | 1,210 | -10 | +253 | 5.5% | 5.5% | - | 5.3% | 5.3% | - | 5.7% | 5.7% | - |
| S-12 | Kinugawa Kanko Hotel | 3,870 | 3,430 | 6,130 | 6,110 | -20 | +2,679 | 5.2% | 5.2% | - | 5.0% | 5.0% | - | 5.4% | 5.4% | - |
| S-13 | Ooedo-Onsen Monogatari Kinosaki | 1,458 | 1,493 | 1,855 | 1,710 | -145 | +216 | 5.4% | - | - | 5.2% | 5.2% | - | 5.6% | - | - |
| S-14 | Ooedo-Onsen Higashiyama Grand Hotel | 1,230 | 1,143 | 1,470 | 1,460 | -10 | +316 | 5.9% | 5.9% | - | 5.7% | 5.7% | - | 6.1% | 6.1% | - |
| Total | | 32,543 | 30,373 | 35,744 | 35,459 | -285 | +5,085 | - | - | - | - | - | - | - | - | - |

*Kinosaki's appraisal value is the figure corresponding to a 70% co-ownership interest and since the sale of the co-ownership interest in its entirety is due to be completed on February 28, the valuation method is the discounted cash flow method/discount rate only and not the direct capitalization method.

Portfolio Data : Operating Results for the Entire Portfolio

Achieved a significant recovery due to a decrease in the number of COVID-19 cases during the second half of the period under review and measures for supporting the tourism business such as discounts for residents in each prefecture.

| No. | Name | Room occupancy rate (%) | | | ADR (JPY) | | | RevPAR (JPY) | | | Sale (million) | | |
|------|---|---------------------------------------|----------------------|--------|---------------------------------------|----------------------|--------|---------------------------------------|----------------------|---------|---------------------------------------|----------------------|---------|
| | | Previous corresponding period average | 11/22 period average | Change | Previous corresponding period Average | 11/22 period average | Change | Previous corresponding period average | 11/22 period average | Change | Previous corresponding period average | 11/22 period average | Change |
| S-1 | Ooedo-Onsen Monogatari Reoma Resort < Hotel Reoma-no-mori > | 37.8 | 66.7 | +76.5% | 33,196 | 35,243 | +6.2% | 12,548 | 23,507 | +87.3% | 672 | 1,273 | +89.3% |
| S-2 | Ooedo-Onsen Monogatari Ise-shima | 63.2 | 81.3 | +28.6% | 29,078 | 33,633 | +15.7% | 18,377 | 27,343 | +48.8% | 318 | 476 | +49.8% |
| S-3 | Ito Hotel New Okabe | 48.4 | 70.4 | +45.5% | 24,530 | 32,646 | +33.1% | 11,872 | 22,982 | +93.6% | 265 | 501 | +89.4% |
| S-4 | Ooedo-Onsen Monogatari Atami | 61.7 | 81.6 | +32.3% | 25,552 | 33,330 | +30.4% | 15,765 | 27,197 | +72.5% | 246 | 427 | +73.3% |
| S-5 | Ooedo-Onsen Monogatari Toi Marine Hotel | 52.9 | 72.7 | +37.4% | 28,347 | 34,307 | +21.0% | 14,995 | 24,941 | +66.3% | 192 | 317 | +65.1% |
| S-6 | Ooedo-Onsen Monogatari Awara | 59.7 | 74.1 | +24.1% | 26,913 | 29,485 | +9.6% | 16,067 | 21,848 | +36.0% | 312 | 424 | +35.8% |
| S-8 | Ooedo-Onsen Monogatari Ikaho | 76.8 | 80.2 | +4.4% | 26,610 | 33,421 | +25.6% | 20,436 | 26,803 | +31.2% | 167 | 224 | +33.6% |
| S-9 | Ooedo-Onsen Monogatari Kimitsu-no-mori | 70.8 | 78.7 | +11.2% | 24,325 | 28,690 | +17.9% | 17,222 | 22,579 | +31.1% | 167 | 220 | +31.6% |
| S-11 | Ooedo-Onsen Monogatari Kounkaku | 37.2 | 48.6 | +30.6% | 22,928 | 26,250 | +14.5% | 8,529 | 12,757 | +49.6% | 200 | 305 | +51.9% |
| S-12 | Kinugawa Kanko Hotel | 42.9 | 78.1 | +82.1% | 25,596 | 30,861 | +20.6% | 10,980 | 24,102 | +119.5% | 396 | 854 | +115.5% |
| S-13 | Ooedo-Onsen Monogatari Kinosaki | 56.6 | 78.4 | +38.5% | 30,956 | 34,738 | +12.2% | 17,521 | 27,234 | +55.4% | 368 | 582 | +58.0% |
| S-14 | Ooedo-Onsen Higashiyama Grand Hotel | 57.0 | 80.7 | +41.6% | 24,193 | 27,578 | +14.0% | 13,790 | 22,255 | +61.4% | 331 | 545 | +64.4% |
| | Total | 50.6 | 72.8 | +43.9% | 27,282 | 31,932 | +17.0% | 13,804 | 23,246 | +68.4% | 3,641 | 6,154 | +69.0% |

| No. | Name | Number of guests | | | Sale (million) | | |
|-----|--|---------------------------------------|----------------------|--------|---------------------------------------|----------------------|--------|
| | | Previous corresponding period average | 11/22 period average | Change | Previous corresponding period average | 11/22 period average | Change |
| S-1 | Ooedo-Onsen Monogatari Reoma Resort< New Reoma World > | 224,189 | 303,087 | +35.2% | 881 | 1,215 | +37.8% |

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

Portfolio Data : Introduction of Properties (1)

S-1 Ooedo-Onsen Monogatari Reoma Resort



Location: Marugame City,
Kagawa Prefecture

Site area: 669,420 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: 211,089.59 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



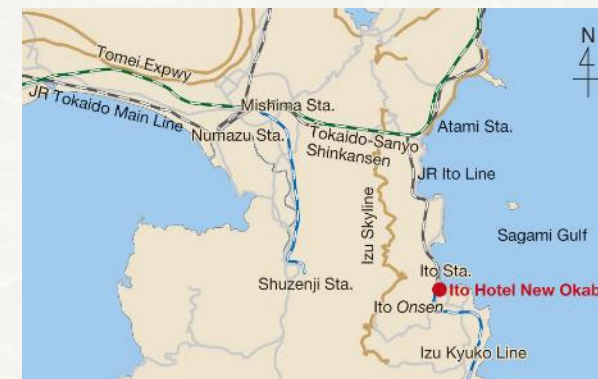
Location: Ito City,
Shizuoka Prefecture

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.



Portfolio Data : Introduction of Properties (1)

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

| | 12/21 | 01/22 | 02/22 | 03/22 | 04/22 | 05/22 | 06/22 | 07/22 | 08/22 | 09/22 | 10/22 | 11/22 | Cumulative total | Previous corresponding period cumulative total | 11/22 period cumulative Total | Change |
|---------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|------------------|--|-------------------------------|---------|
| Room occupancy rate | 70.7% | 37.3% | 22.9% | 44.5% | 37.8% | 62.6% | 51.2% | 63.7% | 80.8% | 61.0% | 61.7% | 81.7% | 56.6% | 37.8% | 66.7% | + 76.5% |
| ADR (yen) | 34,526 | 36,114 | 22,383 | 32,138 | 32,714 | 32,603 | 25,338 | 39,163 | 54,403 | 28,599 | 28,587 | 28,869 | 34,223 | 33,196 | 35,243 | + 6.2% |
| RevPAR (yen) | 24,409 | 13,470 | 5,125 | 14,301 | 12,365 | 20,409 | 12,973 | 24,946 | 43,957 | 17,445 | 17,638 | 23,585 | 19,370 | 12,548 | 23,507 | + 87.3% |
| Sales (million yen) | 213 | 118 | 42 | 127 | 105 | 184 | 127 | 221 | 388 | 153 | 165 | 216 | 2,066 | 672 | 1,273 | + 89.3% |

S-2: Ooedo-Onsen Monogatari Ise-shima

| | 12/21 | 01/22 | 02/22 | 03/22 | 04/22 | 05/22 | 06/22 | 07/22 | 08/22 | 09/22 | 10/22 | 11/22 | Cumulative total | Previous corresponding period cumulative total | 11/22 period cumulative Total | Change |
|---------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|------------------|--|-------------------------------|---------|
| Room occupancy rate | 84.6% | 66.0% | 62.4% | 78.6% | 80.0% | 80.3% | 82.7% | 74.9% | 78.8% | 84.2% | 78.2% | 89.6% | 78.4% | 63.2% | 81.3% | + 28.6% |
| ADR (yen) | 33,969 | 30,543 | 23,337 | 32,857 | 30,602 | 31,877 | 27,096 | 34,066 | 47,413 | 30,780 | 31,441 | 31,428 | 32,342 | 29,078 | 33,633 | + 15.7% |
| RevPAR (yen) | 28,737 | 20,158 | 14,562 | 25,825 | 24,481 | 25,597 | 22,408 | 25,515 | 37,361 | 25,916 | 24,586 | 28,159 | 25,356 | 18,377 | 27,343 | + 48.8% |
| Sales (million yen) | 84 | 59 | 38 | 75 | 68 | 74 | 64 | 74 | 107 | 73 | 74 | 83 | 876 | 318 | 476 | + 49.8% |

S-3: Ito Hotel New Okabe

| | 12/21 | 01/22 | 02/22 | 03/22 | 04/22 | 05/22 | 06/22 | 07/22 | 08/22 | 09/22 | 10/22 | 11/22 | Cumulative total | Previous corresponding period cumulative total | 11/22 period cumulative Total | Change |
|---------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|------------------|--|-------------------------------|---------|
| Room occupancy rate | 79.0% | 59.9% | 56.8% | 76.3% | 71.7% | 59.9% | 56.0% | 63.4% | 76.4% | 73.5% | 69.6% | 83.6% | 68.9% | 48.4% | 70.4% | + 45.5% |
| ADR (yen) | 31,588 | 31,953 | 22,248 | 29,293 | 27,400 | 31,966 | 24,924 | 32,243 | 47,936 | 27,709 | 29,513 | 30,741 | 31,020 | 24,530 | 32,646 | + 33.1% |
| RevPAR (yen) | 24,954 | 19,139 | 12,636 | 22,350 | 19,645 | 19,147 | 13,957 | 20,442 | 36,623 | 20,366 | 20,541 | 25,699 | 21,372 | 11,872 | 22,982 | + 93.6% |
| Sales (million yen) | 93 | 71 | 42 | 83 | 71 | 70 | 51 | 75 | 131 | 72 | 76 | 93 | 934 | 265 | 501 | + 89.4% |

Portfolio Data : Introduction of Properties (2)

S-4 Ooedo-Onsen Monogatari Atami



Location: Atami City, Shizuoka Prefecture
 Site area: 2,066 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.



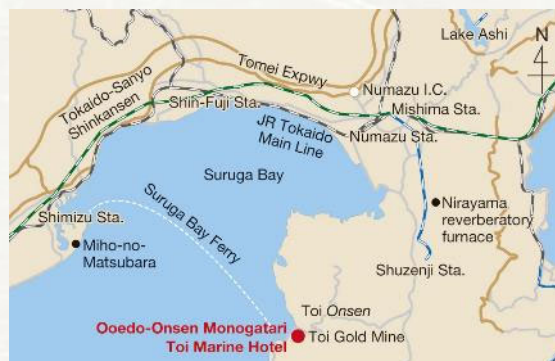
S-5 Ooedo-Onsen Monogatari Toi Marine Hotel



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.



Portfolio Data : Introduction of Properties (2)

S-4: Ooedo-Onsen Monogatari Atami

| | 12/21 | 01/22 | 02/22 | 03/22 | 04/22 | 05/22 | 06/22 | 07/22 | 08/22 | 09/22 | 10/22 | 11/22 | Cumulative total | Previous corresponding period cumulative total | 11/22 period cumulative Total | Change |
|---------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|------------------|--|-------------------------------|---------|
| Room occupancy rate | 90.5% | 71.6% | 68.0% | 88.2% | 42.9% | 74.7% | 80.0% | 73.3% | 83.6% | 86.8% | 78.9% | 87.0% | 77.2% | 61.7% | 81.6% | + 32.3% |
| ADR (yen) | 33,404 | 30,191 | 25,463 | 31,492 | 32,667 | 32,694 | 26,156 | 34,088 | 48,806 | 29,175 | 30,274 | 30,911 | 32,298 | 25,552 | 33,330 | + 30.4% |
| RevPAR (yen) | 30,230 | 21,616 | 17,314 | 27,775 | 14,014 | 24,422 | 20,924 | 24,986 | 40,801 | 25,323 | 23,886 | 26,892 | 24,934 | 15,765 | 27,197 | + 72.5% |
| Sales (million yen) | 79 | 56 | 41 | 71 | 35 | 63 | 54 | 65 | 106 | 64 | 64 | 71 | 776 | 246 | 427 | + 73.3% |

S-5: Ooedo-Onsen Monogatari Toi Marine Hotel

| | 12/21 | 01/22 | 02/22 | 03/22 | 04/22 | 05/22 | 06/22 | 07/22 | 08/22 | 09/22 | 10/22 | 11/22 | Cumulative total | Previous corresponding period cumulative total | 11/22 period cumulative Total | Change |
|---------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|------------------|--|-------------------------------|---------|
| Room occupancy rate | 77.6% | 48.3% | 46.1% | 70.2% | 72.2% | 65.4% | 58.9% | 64.1% | 87.7% | 70.1% | 64.4% | 91.0% | 68.1% | 52.9% | 72.7% | + 37.4% |
| ADR (yen) | 29,797 | 30,802 | 22,073 | 28,241 | 26,835 | 30,170 | 24,318 | 38,966 | 55,528 | 26,645 | 27,149 | 27,394 | 31,505 | 28,347 | 34,307 | + 21.0% |
| RevPAR (yen) | 23,122 | 14,877 | 10,175 | 19,825 | 19,374 | 19,731 | 14,323 | 24,977 | 48,698 | 18,678 | 17,483 | 24,928 | 21,454 | 14,995 | 24,941 | + 66.3% |
| Sales (million yen) | 50 | 32 | 19 | 42 | 40 | 42 | 30 | 53 | 102 | 39 | 38 | 53 | 546 | 192 | 317 | + 65.1% |

S-6: Ooedo-Onsen Monogatari Awara

| | 12/21 | 01/22 | 02/22 | 03/22 | 04/22 | 05/22 | 06/22 | 07/22 | 08/22 | 09/22 | 10/22 | 11/22 | Cumulative total | Previous corresponding period cumulative total | 11/22 period cumulative Total | Change |
|---------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|------------------|--|-------------------------------|---------|
| Room occupancy rate | 70.2% | 53.1% | 42.8% | 62.4% | 58.3% | 59.8% | 55.5% | 69.0% | 83.8% | 71.3% | 77.2% | 87.4% | 66.1% | 59.7% | 74.1% | + 24.1% |
| ADR (yen) | 30,774 | 29,992 | 23,316 | 27,028 | 26,038 | 28,653 | 22,882 | 32,189 | 42,172 | 25,867 | 24,880 | 26,049 | 28,818 | 26,913 | 29,485 | + 9.6% |
| RevPAR (yen) | 21,603 | 15,925 | 9,979 | 16,865 | 15,180 | 17,134 | 12,699 | 22,210 | 35,340 | 18,443 | 19,207 | 22,766 | 19,048 | 16,067 | 21,848 | + 36.0% |
| Sales (million yen) | 71 | 52 | 29 | 54 | 47 | 55 | 40 | 71 | 114 | 58 | 64 | 74 | 737 | 312 | 424 | + 35.8% |

Portfolio Data : Introduction of Properties (3)

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 part 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.



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.



Portfolio Data : Introduction of Properties (3)

S-8: Ooedo-Onsen Monogatari Ikaho

| | 12/21 | 01/22 | 02/22 | 03/22 | 04/22 | 05/22 | 06/22 | 07/22 | 08/22 | 09/22 | 10/22 | 11/22 | Cumulative total | Previous corresponding period cumulative total | 11/22 period cumulative Total | Change |
|---------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|------------------|--|-------------------------------|---------|
| Room occupancy rate | 94.7% | 78.7% | 67.1% | 71.9% | 88.4% | 86.2% | 80.4% | 77.8% | 79.6% | 81.2% | 78.9% | 83.7% | 80.8% | 76.8% | 80.2% | + 4.4% |
| ADR (yen) | 35,583 | 32,675 | 24,611 | 32,104 | 31,952 | 33,444 | 29,383 | 31,195 | 42,203 | 30,258 | 33,022 | 34,262 | 32,783 | 26,610 | 33,421 | + 25.6% |
| RevPAR (yen) | 33,697 | 25,715 | 16,513 | 23,082 | 28,245 | 28,828 | 23,623 | 24,269 | 33,593 | 24,569 | 26,054 | 28,677 | 26,488 | 20,436 | 26,803 | + 31.2% |
| Sales (million yen) | 46 | 35 | 21 | 31 | 38 | 40 | 33 | 34 | 46 | 33 | 37 | 39 | 438 | 167 | 224 | + 33.6% |

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

| | 12/21 | 01/22 | 02/22 | 03/22 | 04/22 | 05/22 | 06/22 | 07/22 | 08/22 | 09/22 | 10/22 | 11/22 | Cumulative total | Previous corresponding period cumulative total | 11/22 period cumulative Total | Change |
|---------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|------------------|--|-------------------------------|---------|
| Room occupancy rate | 89.1% | 84.8% | 77.4% | 78.1% | 82.4% | 80.2% | 72.9% | 75.2% | 84.2% | 82.3% | 74.3% | 83.5% | 80.4% | 70.8% | 78.7% | + 11.2% |
| ADR (yen) | 27,070 | 27,100 | 22,274 | 26,721 | 28,863 | 30,015 | 25,147 | 28,833 | 38,920 | 26,144 | 25,555 | 26,386 | 27,886 | 24,325 | 28,690 | + 17.9% |
| RevPAR (yen) | 24,119 | 22,980 | 17,240 | 20,869 | 23,783 | 24,072 | 18,332 | 21,682 | 32,770 | 21,516 | 18,987 | 22,032 | 22,420 | 17,222 | 22,579 | + 31.1% |
| Sales (million yen) | 39 | 37 | 25 | 34 | 37 | 40 | 29 | 35 | 51 | 34 | 33 | 36 | 435 | 167 | 220 | + 31.6% |

S-11: Ooedo-Onsen Monogatari Kounkaku

| | 12/21 | 01/22 | 02/22 | 03/22 | 04/22 | 05/22 | 06/22 | 07/22 | 08/22 | 09/22 | 10/22 | 11/22 | Cumulative total | Previous corresponding period cumulative total | 11/22 period cumulative Total | Change |
|---------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|------------------|--|-------------------------------|---------|
| Room occupancy rate | 66.4% | 40.4% | 31.8% | 47.7% | 34.0% | 41.5% | 42.4% | 31.8% | 42.0% | 41.5% | 58.0% | 76.7% | 46.3% | 37.2% | 48.6% | + 30.6% |
| ADR (yen) | 28,358 | 30,839 | 24,346 | 25,703 | 24,614 | 28,120 | 24,621 | 26,945 | 30,756 | 26,489 | 25,639 | 24,651 | 26,743 | 22,928 | 26,250 | + 14.5% |
| RevPAR (yen) | 18,829 | 12,458 | 7,742 | 12,260 | 8,368 | 11,669 | 10,439 | 8,568 | 12,917 | 10,992 | 14,870 | 18,907 | 12,382 | 8,529 | 12,757 | + 49.6% |
| Sales (million yen) | 75 | 49 | 28 | 48 | 32 | 46 | 41 | 34 | 51 | 42 | 60 | 75 | 586 | 200 | 305 | + 51.9% |

Portfolio Data : Introduction of Properties (4)

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.



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.



Portfolio Data : Introduction of Properties (4)

S-12: Kinugawa Kanko Hotel

| | 12/21 | 01/22 | 02/22 | 03/22 | 04/22 | 05/22 | 06/22 | 07/22 | 08/22 | 09/22 | 10/22 | 11/22 | Cumulative total | Previous corresponding period cumulative total | 11/22 period cumulative Total | Change |
|---------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|------------------|--|-------------------------------|----------|
| Room occupancy rate | 66.7% | 37.5% | 25.6% | 50.0% | 59.0% | 46.9% | 64.9% | 67.7% | 91.8% | 80.3% | 74.8% | 89.1% | 63.0% | 42.9% | 78.1% | + 82.1% |
| ADR (yen) | 31,476 | 32,889 | 21,831 | 27,324 | 27,299 | 31,439 | 24,372 | 28,107 | 37,871 | 28,375 | 32,523 | 31,082 | 30,262 | 25,596 | 30,861 | + 20.6% |
| RevPAR (yen) | 20,994 | 12,333 | 5,588 | 13,662 | 16,106 | 14,744 | 15,817 | 19,028 | 34,765 | 22,785 | 24,327 | 27,694 | 19,065 | 10,980 | 24,102 | + 119.5% |
| Sales (million yen) | 128 | 75 | 31 | 82 | 93 | 88 | 92 | 113 | 204 | 131 | 147 | 165 | 1,354 | 396 | 854 | + 115.5% |

S-13: Ooedo-Onsen Monogatari Kinosaki

| | 12/21 | 01/22 | 02/22 | 03/22 | 04/22 | 05/22 | 06/22 | 07/22 | 08/22 | 09/22 | 10/22 | 11/22 | Cumulative total | Previous corresponding period cumulative total | 11/22 period cumulative Total | Change |
|---------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|------------------|--|-------------------------------|---------|
| Room occupancy rate | 85.4% | 54.0% | 51.7% | 81.6% | 75.4% | 79.5% | 71.6% | 73.3% | 83.5% | 81.0% | 75.6% | 85.3% | 75.0% | 56.6% | 78.4% | + 38.5% |
| ADR (yen) | 34,922 | 37,776 | 27,212 | 35,260 | 30,587 | 32,015 | 27,372 | 33,915 | 48,277 | 31,528 | 30,698 | 34,702 | 34,003 | 30,956 | 34,738 | + 12.2% |
| RevPAR (yen) | 29,823 | 20,399 | 14,068 | 28,772 | 23,062 | 25,451 | 19,598 | 24,859 | 40,311 | 25,537 | 23,207 | 29,600 | 25,502 | 17,521 | 27,234 | + 55.4% |
| Sales (million yen) | 107 | 73 | 44 | 99 | 79 | 91 | 69 | 89 | 140 | 88 | 86 | 108 | 1,079 | 368 | 582 | + 58.0% |

S-14: Ooedo-Onsen Monogatari Higashiyama Grand Hotel

| | 12/21 | 01/22 | 02/22 | 03/22 | 04/22 | 05/22 | 06/22 | 07/22 | 08/22 | 09/22 | 10/22 | 11/22 | Cumulative total | Previous corresponding period cumulative total | 11/22 period cumulative Total | Change |
|---------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|------------------|--|-------------------------------|---------|
| Room occupancy rate | 65.5% | 43.5% | 32.2% | 40.3% | 68.3% | 71.9% | 80.7% | 66.4% | 80.3% | 85.3% | 86.4% | 85.4% | 67.3% | 57.0% | 80.7% | + 41.6% |
| ADR (yen) | 30,191 | 33,070 | 23,071 | 26,548 | 27,676 | 29,610 | 25,084 | 27,469 | 33,919 | 25,263 | 27,008 | 26,767 | 28,070 | 24,193 | 27,578 | + 14.0% |
| RevPAR (yen) | 19,775 | 14,385 | 7,428 | 10,698 | 18,902 | 21,289 | 20,242 | 18,239 | 27,236 | 21,549 | 23,334 | 22,859 | 18,891 | 13,790 | 22,255 | + 61.4% |
| Sales (million yen) | 81 | 59 | 27 | 43 | 75 | 87 | 80 | 75 | 110 | 85 | 99 | 94 | 919 | 331 | 545 | + 64.4% |

Portfolio Data : Introduction of Properties (5)

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

| | 12/21 | 01/22 | 02/22 | 03/22 | 04/22 | 05/22 | 06/22 | 07/22 | 08/22 | 09/22 | 10/22 | 11/22 | Cumulative total | Previous corresponding period cumulative total | 11/22 period cumulative Total | Change |
|---------------------|--------|--------|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|------------------|--|-------------------------------|---------|
| Number of guests | 84,229 | 28,753 | 9,650 | 27,267 | 32,945 | 56,982 | 38,162 | 48,142 | 95,689 | 32,723 | 41,702 | 46,669 | 542,913 | 224,189 | 303,087 | + 35.2% |
| Sales (million yen) | 312 | 113 | 30 | 108 | 132 | 236 | 130 | 209 | 391 | 133 | 168 | 181 | 2,149 | 881 | 1,215 | + 37.8% |

Financial Indices

| Indices | May. 2022 | Nov. 2022 | Calculation formula |
|---------------------------------|---------------|---------------|---|
| Ordinary income | 354 mn yen | 327 mn yen | |
| Net income | 353 mn yen | 327 mn yen | |
| Depreciation | 440 mn yen | 441 mn yen | |
| CAPEX | 207 mn yen | 169 mn yen | |
| Total assets | 34,760 mn yen | 33,166 mn yen | |
| Total net assets | 20,978 mn yen | 20,947 mn yen | |
| BPS (Total net assets/unit) | 89,138 yen | 89,006 yen | |
| Unit price (End of each period) | 70,700 yen | 64,000 yen | |
| Total units outstanding | 235,347 units | 235,347 units | |
| Total distribution | 357 mn yen | 330 mn yen | |
| DPU | 1,521 yen | 1,404 yen | |
| Distribution yield | 4.3% | 4.4% | DPU (annualized)/Unit price as of end of period |
| FFO | 778 mn yen | 526 mn yen | Net income + Depreciation – profit or loss on sale of real estate |
| FFO per unit | 3,306 yen | 2,235 yen | |
| FFO multiple | 10.7x | 14.3x | Unit price as of end of period/FFO per unit (annualized) |
| PER | 23.4x | 23.1x | Unit price as of end of period/Net income per unit (average during the periods, annualized) |
| PBR | 0.8x | 0.7x | Unit price as of end of period/Net assets per unit |
| ROA | 1.0% | 1.0% | Ordinary income/Average of total assets during the period |
| Annualized | 2.0% | 2.0% | |
| ROE | 1.7% | 1.6% | Net income/Average of total net assets during the period |
| Annualized | 3.4% | 3.1% | |
| NAV | 26,303 mn yen | 26,040 mn yen | Total net assets + Total appraisal value - Total book value - Total liabilities |
| NAV per unit | 111,763 yen | 110,654 yen | |
| NAV multiple | 0.6x | 0.6x | Unit price as of end of period/NAV per unit |
| Interest-bearing debt | 11,874 mn yen | 10,389 mn yen | |
| LTV (book value basis) | 34.2% | 31.3% | Interest-bearing debt/Total assets |
| LTV (appraisal value basis) | 29.6% | 27.1% | Interest-bearing debt/(Total assets + Total appraisal value - Total book value) |
| Operating days | 182 days | 183 days | |

Balance Sheet

(thousand yen)

| | May. 2022 | Nov. 2022 |
|--|-------------------|-------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 2,078,429 | 2,667,035 |
| Prepaid expenses | 180,239 | 101,550 |
| Other | 6,433 | 4,829 |
| Total current assets | 2,265,102 | 2,773,414 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings | 25,880,675 | 24,648,005 |
| Accumulated depreciation | -4,403,860 | -4,611,639 |
| Buildings, net | 21,476,814 | 20,036,366 |
| Structures | 29,989 | 50,849 |
| Accumulated depreciation | -3,199 | -4,337 |
| Structures, net | 26,789 | 46,511 |
| Machinery and equipment | 600 | 600 |
| Accumulated depreciation | -150 | -168 |
| Machinery and equipment, net | 449 | 431 |
| Tools, furniture and fixtures | 16,314 | 16,702 |
| Accumulated depreciation | -4,310 | -5,173 |
| Tools, furniture and fixtures, net | 12,004 | 11,528 |
| Land | 10,657,384 | 9,946,436 |
| Construction in progress | - | 6,790 |
| Total property, plant and equipment | 32,173,441 | 30,048,064 |
| Intangible assets | | |
| Leasehold right | 300,798 | 325,013 |
| Total intangible assets | 300,798 | 325,013 |
| Investments and other assets | | |
| Deferred tax assets | 19 | 13 |
| Long-term prepaid expenses | 11,250 | 10,125 |
| Lease and guarantee deposits | 10,089 | 10,089 |
| Total investments and other assets | 21,359 | 20,228 |
| Total non-current assets | 32,495,599 | 30,393,307 |
| Total assets | 34,760,701 | 33,166,721 |

(thousand yen)

| | May. 2022 | Nov. 2022 |
|--|-------------------|-------------------|
| Liabilities | | |
| Current liabilities | | |
| Operating accounts payable | 169,075 | 117,571 |
| Short-term loans payable | 5,119,741 | 4,489,185 |
| Current portion of long-term loans payable | 6,754,582 | 5,900,601 |
| Accounts payable - other | 85,321 | 91,180 |
| Accrued expenses | 3,251 | 4,275 |
| Income taxes payable | 1,012 | 886 |
| Accrued consumption taxes | 117,571 | 77,895 |
| Advances received | 230,392 | 313,919 |
| Other | 6,138 | 5,716 |
| Total current liabilities | 12,487,085 | 11,001,233 |
| Non-current liabilities | | |
| Tenant leasehold and security deposits | 1,155,461 | 1,096,069 |
| Asset retirement obligations | 139,909 | 122,106 |
| Total non-current liabilities | 1,295,371 | 1,218,175 |
| Total liabilities | 13,782,457 | 12,219,408 |
| Net assets | | |
| Unitholders' equity | | |
| Unitholders' capital | 20,653,023 | 20,653,023 |
| Deduction from unitholders' capital | | |
| Allowance for temporary difference adjustment | -28,648 | -32,884 |
| Total deduction from unitholders' capital | -28,648 | -32,884 |
| Unitholders' capital, net | 20,624,375 | 20,620,138 |
| Surplus | | |
| Unappointed retained earnings (undisposed loss) | 353,869 | 327,173 |
| Total surplus | 353,869 | 327,173 |
| Total unitholders' equity | 20,978,244 | 20,947,312 |
| Total net assets | 20,978,244 | 20,947,312 |
| Total liabilities and net assets | 34,760,701 | 33,166,721 |

Statement of Income

| | (thousand yen) | |
|---|----------------|-----------|
| | May. 2022 | Nov. 2022 |
| Operating revenue | | |
| Lease business revenue | 1,274,798 | 995,389 |
| Gain on sales of real estate properties | 16,601 | 242,124 |
| Total operating revenue | 1,291,399 | 1,237,514 |
| Operating expenses | | |
| Expenses related to rent business | 559,373 | 561,383 |
| Asset management fee | 113,160 | 110,320 |
| Asset custody fee | 1,637 | 1,544 |
| Administrative service fees | 16,612 | 15,038 |
| Directors' compensations | 3,600 | 3,600 |
| Other operating expenses | 42,369 | 40,429 |
| Total operating expenses | 736,753 | 732,317 |
| Operating income | 554,645 | 505,197 |
| Non-operating income | | |
| Interest income | 13 | 13 |
| Reversal of distributions payable | 554 | 596 |
| Total non-operating income | 567 | 609 |
| Non-operating expenses | | |
| Interest expenses | 54,234 | 49,339 |
| Borrowing related expenses | 134,905 | 126,206 |
| Total non-operating expenses | 200,377 | 177,881 |
| Ordinary income | 354,835 | 327,925 |
| Extraordinary losses | | |
| Loss on tax purpose reduction entry of non-current assets | - | - |
| Total extraordinary losses | - | - |
| Income before income taxes | 354,835 | 327,925 |
| Income taxes – current | 1,014 | 889 |
| Income taxes – deferred | -2 | 6 |
| Total income taxes | 1,011 | 895 |
| Net income | 353,824 | 327,030 |
| Retained earnings brought forward | 45 | 143 |
| Unappropriated retained earnings (undisposed loss) | 353,869 | 327,173 |

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.

Ooedo-Onsen Monogatari Group (1)

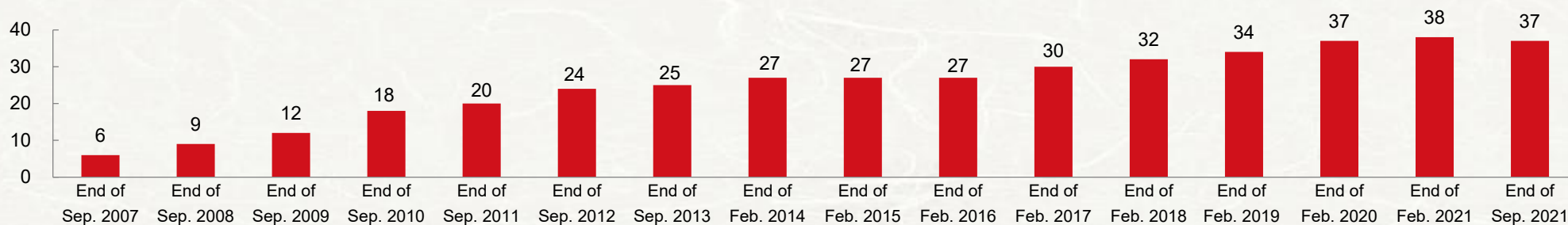
“At any time, lightheartedly, repeatedly, onsen with a festive atmosphere and filled with smiles,” is the catchphrase Ooedo-Onsen Monogatari Group uses in its business operations. The group aims to revitalize the onsen ryokan industry by continuously acquiring onsen and spa-related facilities throughout 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. 2022) | Consolidated Net Sales: 24,761 million yen |
| Capital | 100 million yen (As of the end of November 2022) | | Consolidated Total Assets: 69,272 million yen |
| Address | 7-16-21 Ginza, Chuo-ku, Tokyo | | Net Assets: 16,695 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, 2022, we operate 37 onsen and spa-related facilities |
| Representative | Representative Director Mitsumasa Morita | | |
| No. of Employees | 1,254 (as of the end of February 2022) *The total number of employees on a group-wide basis | | |

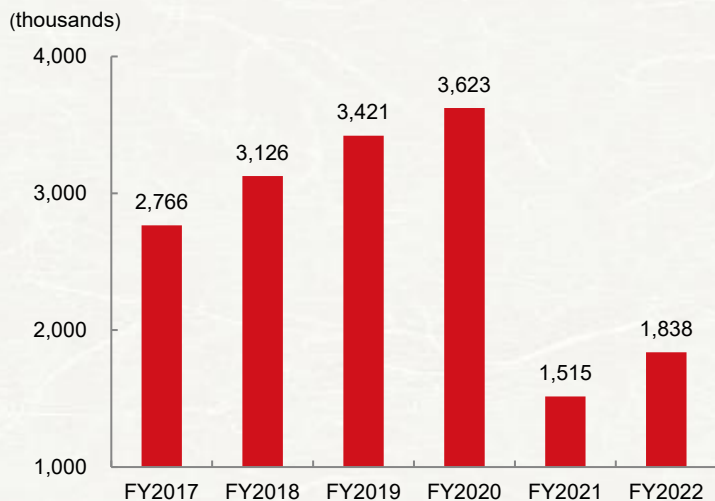
Trends in number of facilities

| 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 |



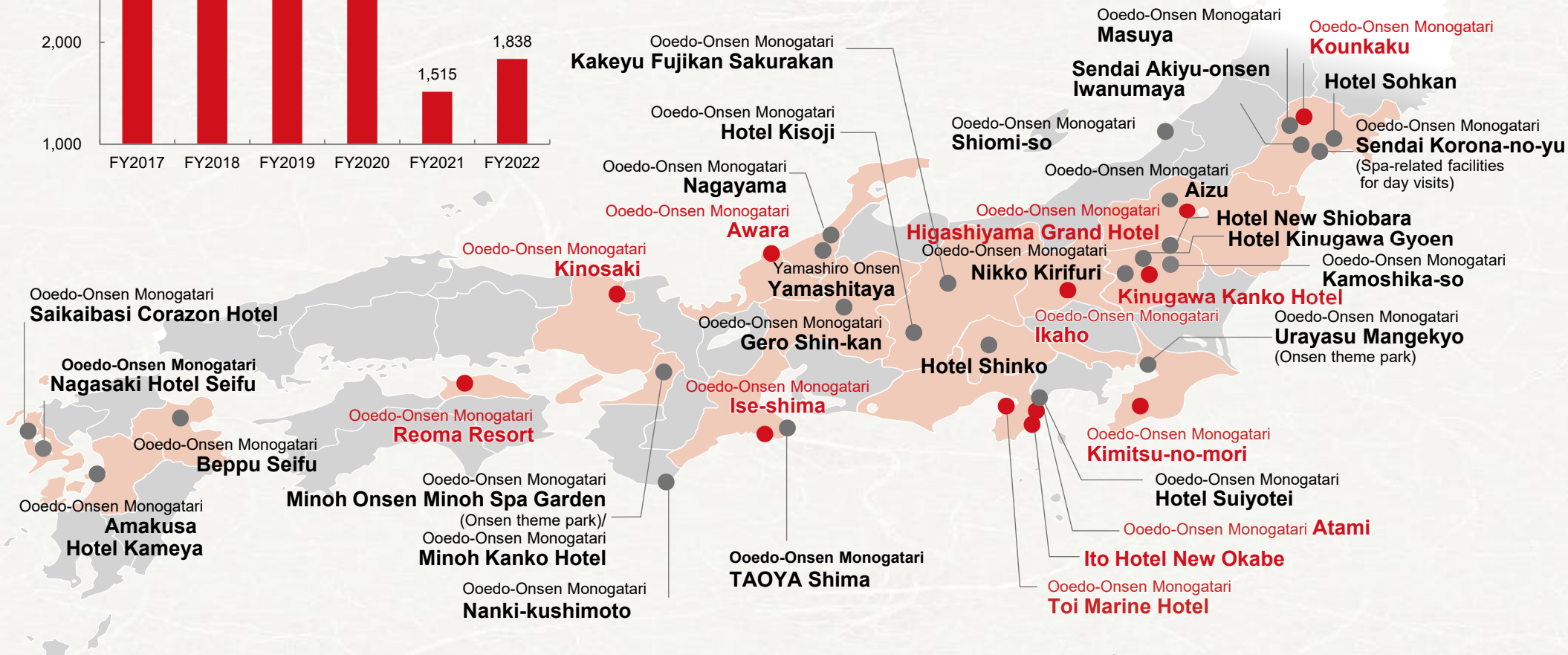
Ooedo-Onsen Monogatari Group (2)

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

REIT acquired assets



“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

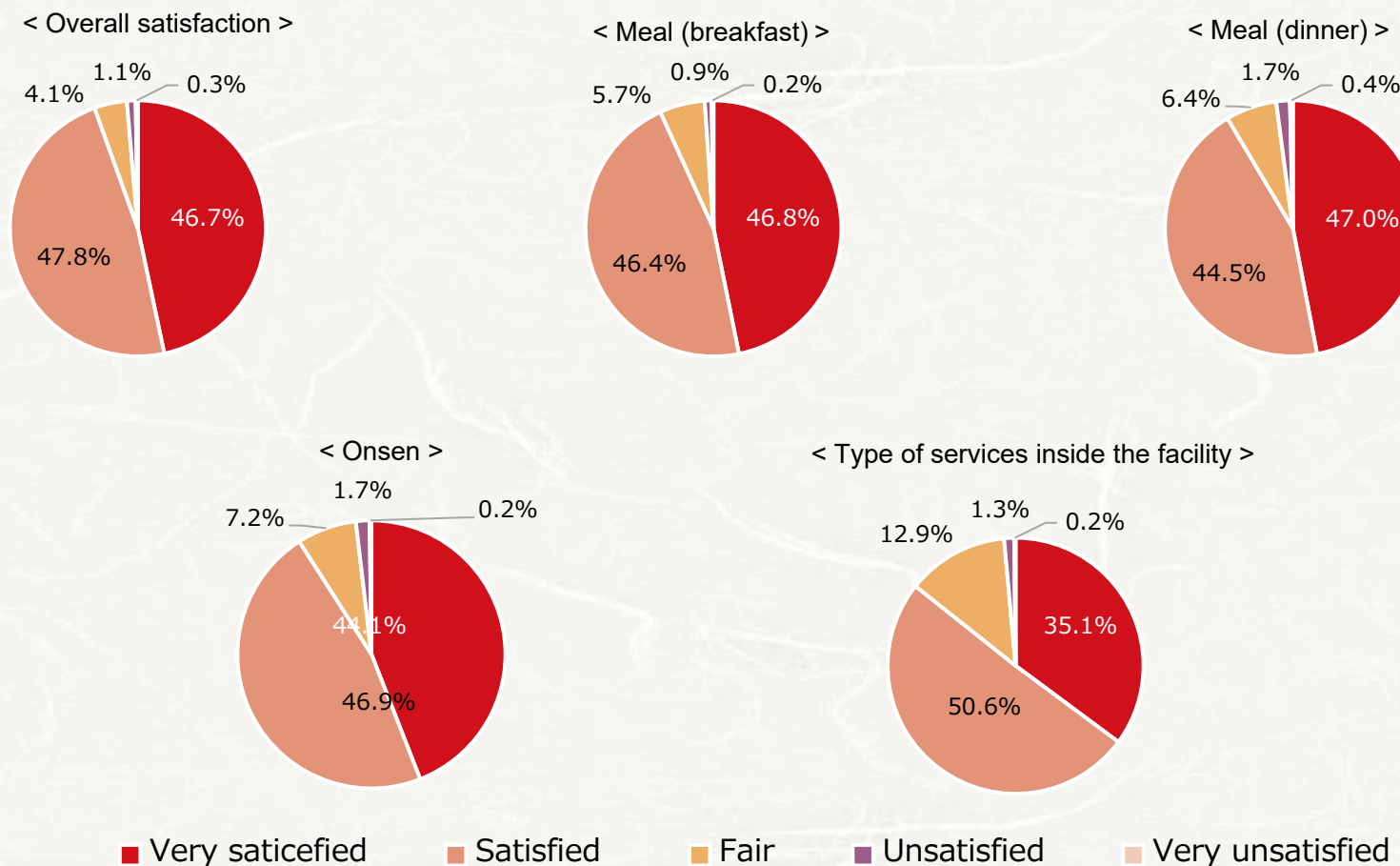
Ongoing support from a wide-ranging customer base centered on the senior age group



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

Maintained high-level customer satisfaction, although the business continued to be affected by COVID-19 after March.

Ooedo-Onsen Monogatari Group hotel guest questionnaire (Jun. 1, 2022 – Nov. 30, 2022)



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

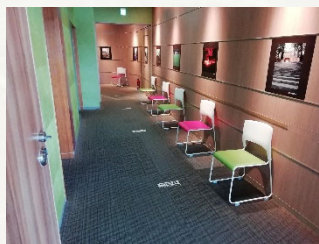
Since ancient times, Japanese people have enjoyed hot spring trips for relaxation. The Ooedo-Onsen Monogatari Group promises to provide spaces and services for people to feel relieved, especially in the current difficult times.

- 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.

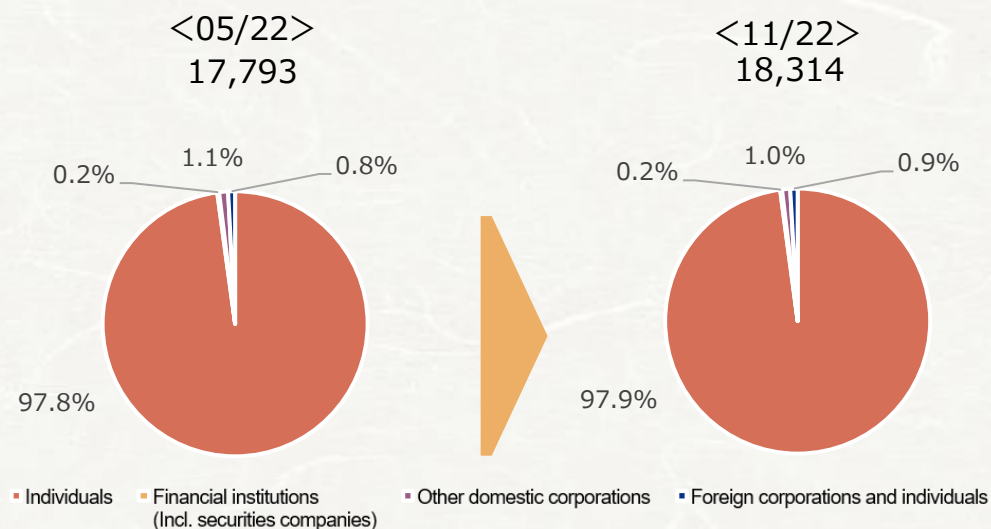
- Take their temperature and fill in a survey sheet when arriving at a facility.
- Refrain from coughing or sneezing in the presence of other guests, display good manners and refrain from loud conversations, etc.



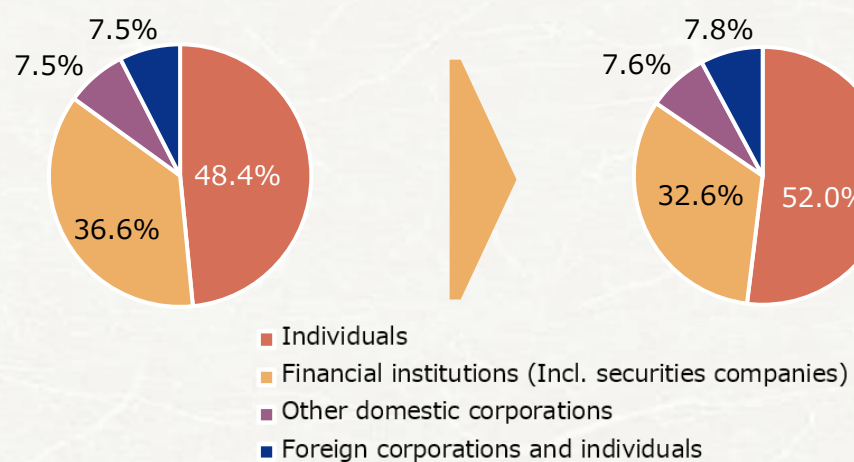
Alcohol hand sanitizers placed in various places

Unitholders Breakdown

Ratio by number of unitholders



Ratio by number of investment units

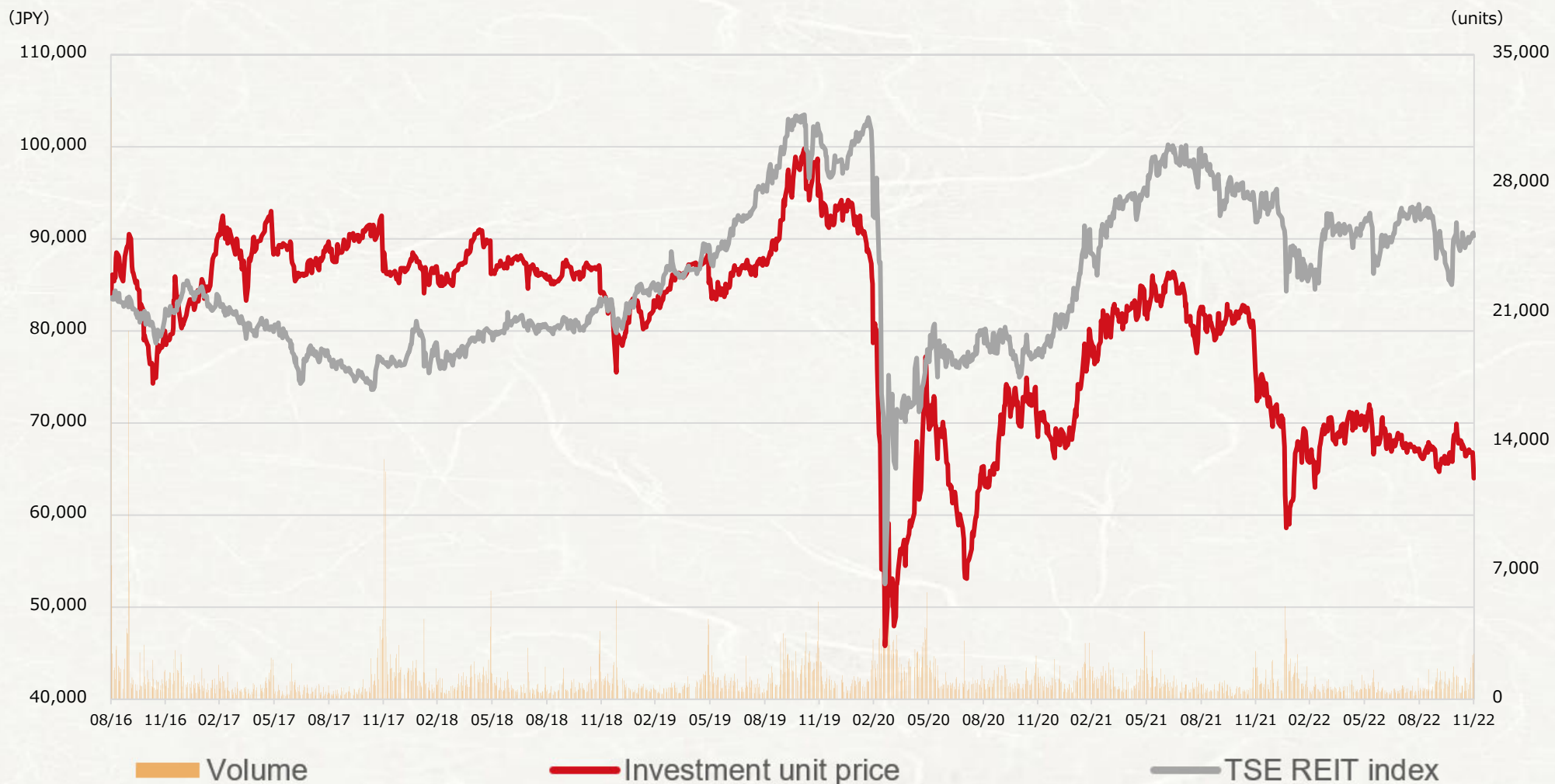


Top 10 unitholders

| | Name | Number of units held | Ratio |
|--|---|----------------------|-------|
| 1 | Custody Bank of Japan, Ltd. (Trust Account) | 23,084 | 9.8% |
| 2 | The Master Trust Bank of Japan, Ltd. (Trust Account) | 21,825 | 9.3% |
| 3 | The Nomura Trust and Banking Co., Ltd. (Investment Trust Account) | 10,192 | 4.3% |
| 4 | Ooedo-Onsen Monogatari Co., Ltd. | 9,246 | 3.9% |
| 5 | Individual | 3,504 | 1.5% |
| 6 | DFA INTERNATIONAL REAL ESTATE SECURITIES PORTFOLIO | 2,915 | 1.2% |
| 7 | Banshu Shinkin BANK | 2,880 | 1.2% |
| 8 | Morgan Stanley MUFG Securities Co., Ltd. | 2,711 | 1.2% |
| 9 | YONEZAWA SHINKIN BANK | 2,500 | 1.1% |
| 10 | osaka shoko shinkin bank | 2,000 | 0.8% |
| Total (Total units outstanding 235,347) | | 80,857 | 34.4% |

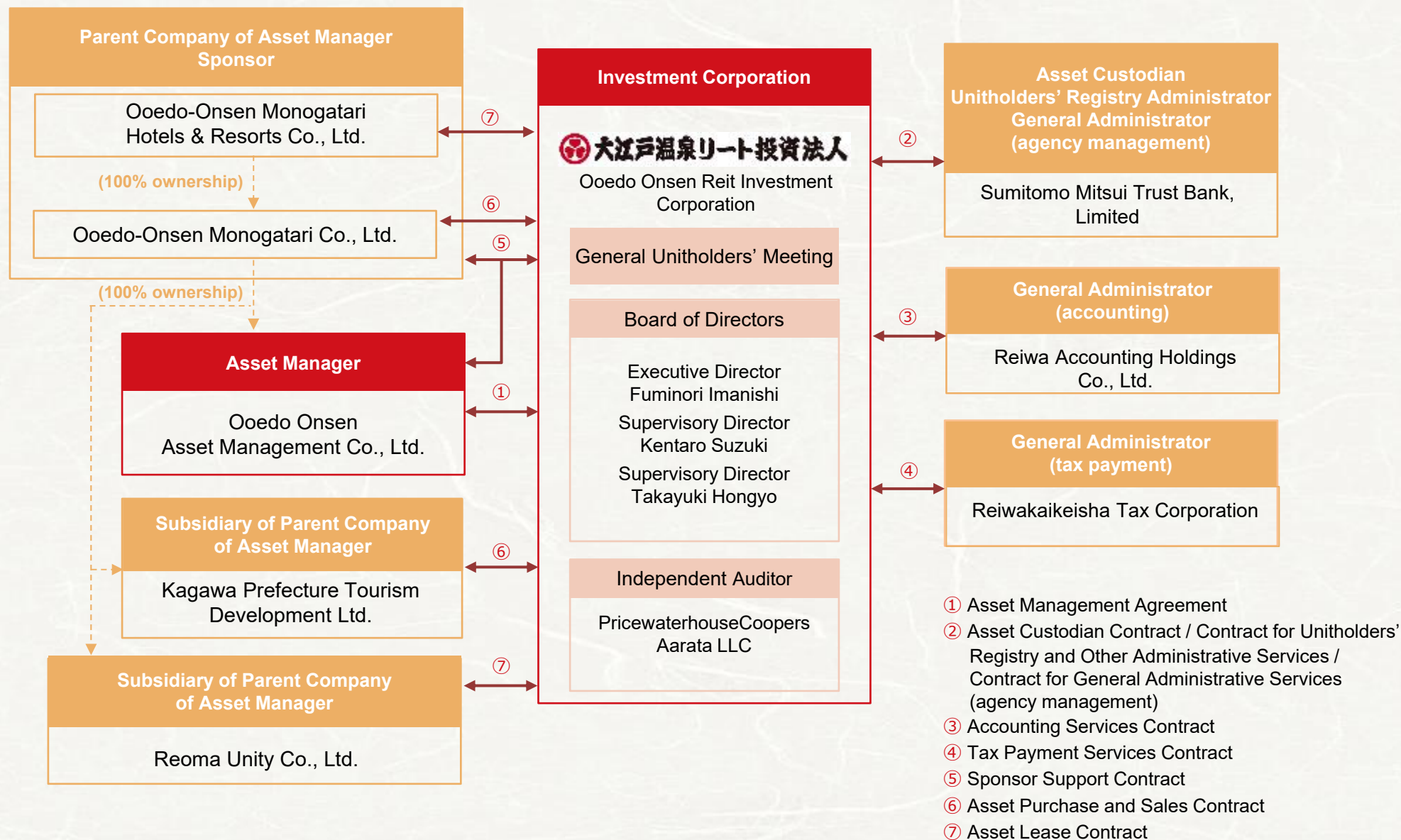
Track Record of Investment Unit Price

🚩 Relative comparison of investment unit price and TSE REIT index / trading volume



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

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 : Takeshi Kiriwara

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

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

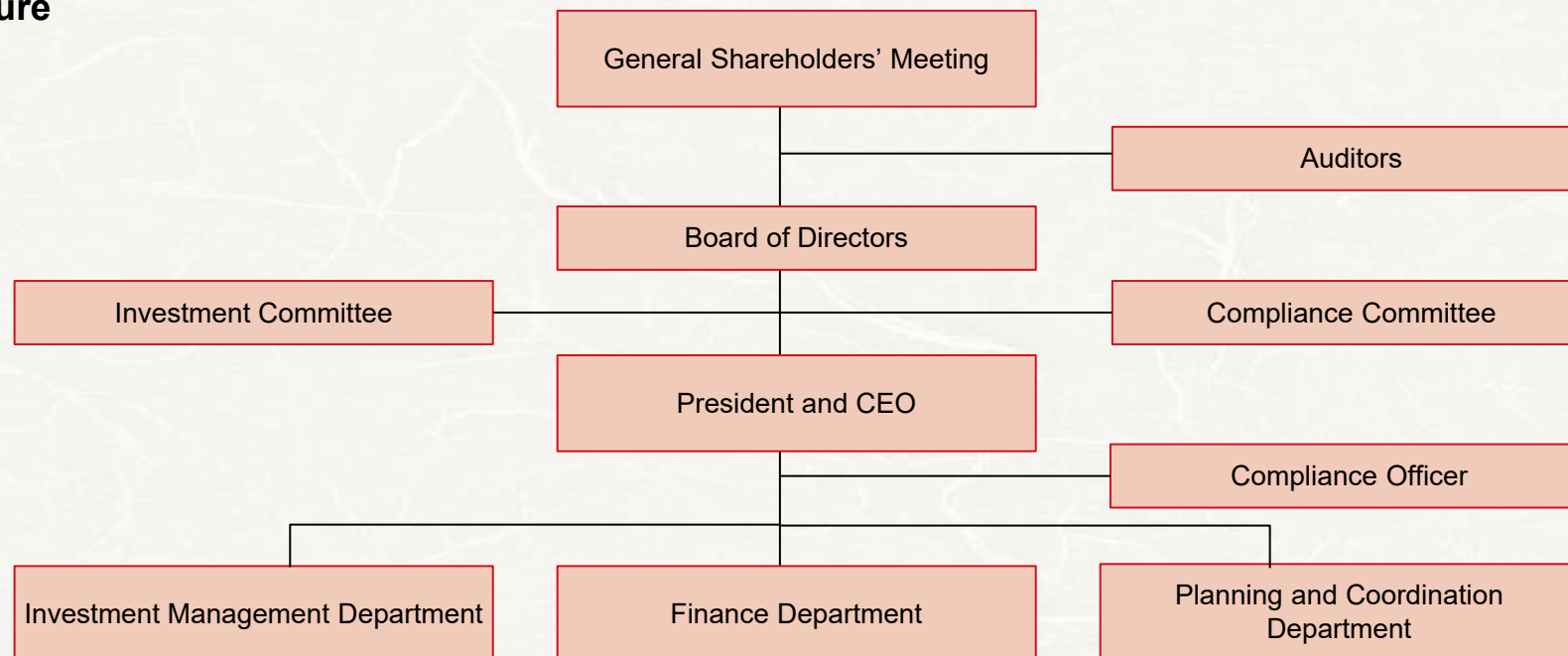
Discretionary transaction agent, Minister of Land, Infrastructure, Transport and Tourism License No. 102

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

Member of the Investment Trusts Association, Japan

Employees : 13 (as of January 1, 2023)

Structure



Governance Structure

Introduction of performance-linked elements in asset management fee structure

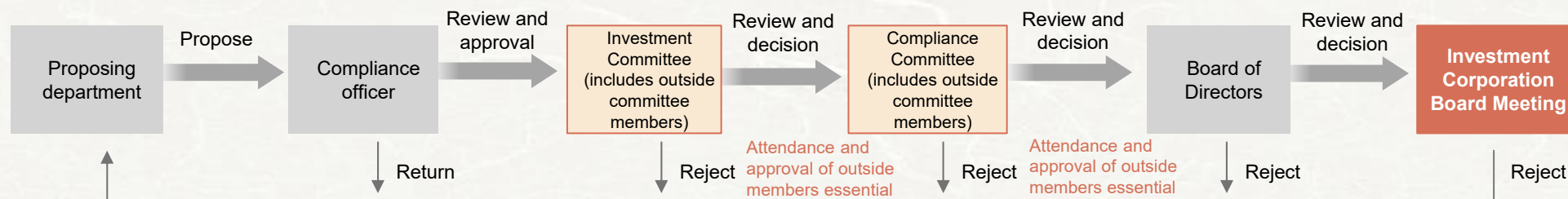
Remuneration paid by the Investment Corporation to the asset manager consists of management fee I, management fee II, acquisition fee, disposition fee, and merger fee.

| | |
|---|---|
| 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



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