



大江戸温泉リート投資法人

Ooedo Onsen Reit Investment Corporation

Results of 7th Fiscal Period ended November 30, 2019

Presentation Material

January 22, 2020

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

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* The photo on the front cover is an outside bath at Ooedo Onsen Monogatari Ikaho.



I . Investment Highlights

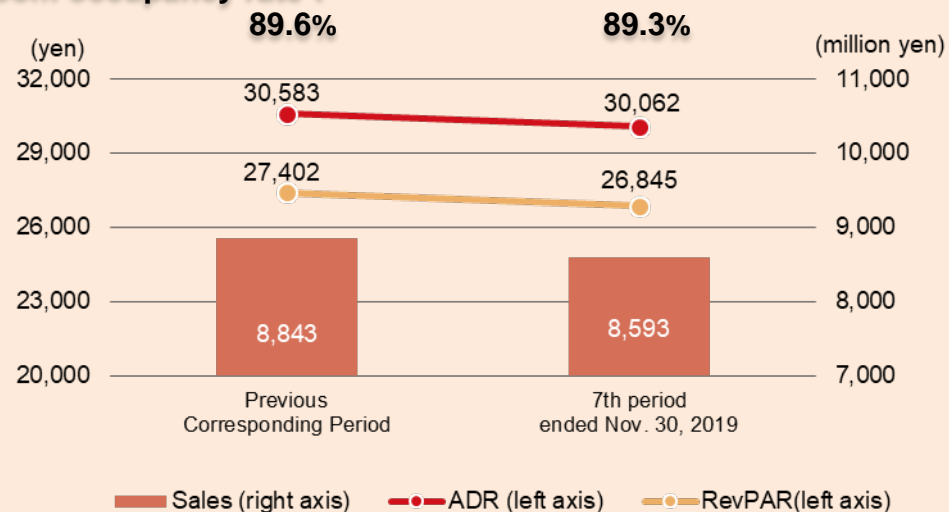
Operating Results for the Entire Portfolio

RevPAR declined slightly due mainly to the impact of typhoons, but the room occupancy rate remained stable overall



<Cumulative comparison of 7th period and the same period of the previous year>

Room occupancy rate :



Portfolio operating results

	2018	2019											Cumulative total	Previous corresponding period cumulative total	7th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	90.5%	78.9%	85.8%	93.0%	86.9%	84.8%	86.2%	88.8%	96.5%	87.6%	83.4%	93.4%	88.0%	89.6%	89.3%	-0.3%
ADR (yen)	31,832	30,332	27,824	31,018	29,891	30,262	25,088	28,589	41,675	26,629	27,509	29,277	30,158	30,583	30,062	-521
RevPAR (yen)	28,807	23,931	23,872	28,846	25,975	25,662	21,625	25,387	40,216	23,327	22,942	27,344	26,539	27,402	26,845	-557
Sales (million yen)	1,575	1,306	1,186	1,548	1,354	1,379	1,173	1,356	2,101	1,217	1,266	1,477	16,944	8,843	8,593	-250

(Note) 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.

Increase/Decrease in Variable Rent

Operation, while remaining solid as a whole, differed from one facility to another, and some facilities had difficulties

(thousand yen)

Property No.	Property name	6th period			7th period			Increase /decrease of variable rent
		Fixed	Variable	Total rent	Fixed	Variable	Total rent	
S-1	Ooedo-Onsen Monogatari Reoma Resort	375,257	31,090	406,347	315,257	29,317	344,575	-1,772
S-2	Ooedo-Onsen Monogatari Ise-shima	108,056	7,499	115,555	108,056	7,294	115,351	-204
S-3	Ito Hotel New Okabe	73,780	8,681	82,462	73,780	9,481	83,262	800
S-4	Ooedo-Onsen Monogatari Atami	93,716	8,138	101,855	93,716	8,214	101,930	75
S-5	Ooedo-Onsen Monogatari Toi Marine Hotel	54,589	6,543	61,133	54,589	6,707	61,297	164
S-6	Ooedo-Onsen Monogatari Awara	65,778	3,621	69,399	65,778	3,560	69,338	-60
S-7	Ooedo-Onsen Monogatari Kamoshika-so	35,723	4,676	40,399	35,723	4,179	39,903	-496
S-8	Ooedo-Onsen Monogatari Ikaho	36,759	4,825	41,585	36,759	5,030	41,789	204
S-9	Ooedo-Onsen Monogatari Kimitsu-no-mori	24,590	2,768	27,358	24,590	2,950	27,541	182
S-10	Ooedo-Onsen Monogatari Nagasaki Hotel Seifu	58,729	4,155	62,885	74,979	4,108	79,087	-47
S-11	Ooedo-Onsen Monogatari Kounkaku	42,103	-	42,103	42,103	-	42,103	-
S-12	Kinugawa Kanko Hotel	134,868	7,797	142,665	174,418	-	174,418	-7,797
S-13	Ooedo-Onsen Monogatari Kinosaki	74,687	4,733	79,421	78,887	5,127	84,015	393
S-14	Ooedo-Onsen Monogatari Higashiyama Grand Hotel	51,790	5,309	57,099	51,790	5,543	57,334	234
Total		1,230,431	99,841	1,330,273	1,230,431	91,517	1,321,948	-8,324

Measures for improvement such as initiatives for attracting more customers are being discussed continuously with the sponsor, thereby improving the performance of facilities whose variable rents declined.

- Ooedo-Onsen Monogatari Kounkaku: Took in inbound customers on weekdays when operation was weak and strengthened measures to attract groups of tourists
- Kinugawa Kanko Hotel: Newly established non-stop buses (Saitama and Chiba route and Ueno and Shinjuku route), strengthened measures to attract groups of tourists and enhanced advertising measures to attract individual tourists.

Impact of Typhoons

Of the typhoons that landed in Japan during the 7th period, Typhoons No. 10, No. 15 and No. 19 caused a fall in variable rents due to the suspension of business and declining operation in some facilities, but did not impact building frames.

1. Impact on variable rents

Property name	Impact on operation	Impact on variable rent
Ooedo-Onsen Monogatari Reoma Resort, Ito Hotel New Okabe, Kinugawa Kanko Hotel and others (all facilities excluding Ooedo-Onsen Monogatari Nagasaki Hotel Seifu)	<ul style="list-style-type: none"> Accommodation cancellations, etc. 	<p>Having an impact (181 million yen opportunity loss is assumed on a sales basis) (Note 1)</p> <p>Variable rent is not expected to be generated in the 8th period (ending May 2020) and the 9th period (ending November 2020) (In the 8th period, variable rent of 2 million yen was initially assumed to be generated) (Note 2)</p>
Ooedo-Onsen Monogatari Kimitsu-no-mori	<ul style="list-style-type: none"> Suspension of business from September 9 to October 9, and from October 12 to October 17, 2019 	

2. Impact on building frames

Property name	Impact on buildings and equipment	Impact on building frames
Ito Hotel New Okabe	<ul style="list-style-type: none"> Breakage of partition boards with next room and outside eave top cover in Sagamitei Breakage of lightning arrestor and falling of partition door of substation equipment 	No impact
Ooedo-Onsen Monogatari Atami	<ul style="list-style-type: none"> Failure of ceiling suspension AC circuit breaker in the live kitchen on the 7th floor Breakage of eaves in the upper part of the emergency stairs and guest rooms Water leakage on the ceilings of the restaurant on the 7th floor and guest rooms on the 4th floor Breakage of parapet coping on the rooftop of the new building 	No impact
Ooedo-Onsen Monogatari Toi Marine Hotel	<ul style="list-style-type: none"> Breakage of balcony plate on the 2nd floor 	No impact
Ooedo-Onsen Monogatari Kimitsu-no-mori	<ul style="list-style-type: none"> Water leakage from the ceiling of the ping-pong corner on the 2nd floor Breakage of <i>komayose</i> (small fence), room guide lamps and intrusion prevention fence for detached rooms Breakage of top board and drain in the arena building 	No impact

(Note 1) The impact on sales is calculated based on the actual number of accommodation cancellations. The impact on sales at Ooedo-Onsen Monogatari Reoma Resort (New Reoma World) is calculated in comparison with sales on the same days of the week a year ago.

(Note 2) A certain portion could be covered by insurance, given the coverage of loss of profits insurance.

Changes in Key Indices

Distributions per unit ended with 2,415 yen in the 7th period and are expected to be 2,300 yen in the 8th period, making a downward revision by 37 yen from the previous forecast

	6 th period (May 2019) Actual	7 th period (November 2019) Actual	8 th period (May 2020) Forecast	9 th period (November 2020) Forecast
DPU per unit	2,390 yen	2,415 yen	2,300 yen	2,340 yen
FFO per unit	4,195 yen	4,244 yen	4,150 yen	4,220 yen
LTV (book value basis)	40.6%	40.3%	40.0%	39.8%
LTV (appraisal value basis)	36.8%	36.3%	35.8%	35.3%
NAV per unit	107,149 yen	108,243 yen	109,213 yen	110,369 yen

(Note) Unrealized gain (Appraisal value – book value) were 4.2 billion yen at the end of the 7th fiscal period (up 0.2 billion yen from the end of the previous fiscal period).
LTV (on an appraisal value basis) for the 8th and 9th fiscal periods is based on the assumption that appraisal value will remain unchanged.



Ⅱ . Financial Highlights

Financial Results for the 7th Fiscal Period ended November 2019

Revenue and profits increased from the previous forecast due to insurance income from typhoons and a fall in finance-related expenses, despite a decline in variable rents. Distributions per unit increased 35 yen from the previous forecast and rose 25 yen from the previous period.

Item	6th period (Actual)		7th period (Actual)		7th period (Forecast as of Jul. 19, 2019)	
	Component ratio		Component ratio			
Operating revenue		1,434,986		1,440,167		1,433,949
Primary rent		1,330,273		1,321,948		1,329,160
Fixed rent	92.5%	1,230,431	93.1%	1,230,431		1,230,431
Variable rent	7.5%	99,841	6.9%	91,517		98,729
Secondary rent		104,437		104,545		104,513
Others		275		13,673		275
Lease operations revenue gain/loss		886,911		884,506		879,619
Operating income		699,005		696,901		691,185
Ordinary income		560,389		566,511		558,355
Net income		559,516		565,562		557,355
Excess cash distribution		2,824		2,824		2,824
Total distribution		562,479		568,363		560,125
Total units outstanding		235,347		235,347		235,347
DPU (yen) (Excess cash distribution per unit)		2,390 12		2,415 12		2,380 12
FFO per unit (yen)		4,195		4,244		4,219
NOI		1,314,891		1,317,915		1,315,204
Depreciation		427,980		433,409		435,584
CAPEX		184,163		178,936		180,000

(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)

- Decrease in variable rent (Kinugawa Kanko, etc.) -7,211
- Increase in other operating revenue (Insurance revenue) +13,398
- Increase in other operating expenses (Repairs covered by insurance) -3,211
- Decrease in depreciation +2,175

Lease operations revenue gain/loss **+4,886**

- Decrease in selling, general and administration (IR-related expenses) +1,792

Operating income **+5,716**

- Decrease in finance-related expenses +2,429

Ordinary income **+8,155**

Main factors for increase/decrease from previous fiscal period
(thousand yen)

- Decrease in variable rent (Kinugawa Kanko, etc.) -8,324
- Increase in other operating revenue (Insurance revenue) +13,398
- Increase in other operating expenses (Repairs covered by insurance) -3,211
- Increase in depreciation (due to capital expenditure) -5,428

Lease operations revenue gain/loss **-2,405**

- Decrease in selling, general and administration (IR-related expenses) +2,464
- Increase in selling, general and administration (Legal fees) -3,125

Operating income **-2,103**

- Decrease in finance-related expenses +8,226

Ordinary income **+6,121**

Main financial indicators (million yen)

- Total assets 38,640
- Interest-bearing debt 15,558
- Total liabilities 17,433
- Total net assets 21,207
- LTV (book value basis) 40.3%
- NAV per unit 108,243 yen

Forecast for the 8th Fiscal Period ending May 2020

Revenue and profits have been revised slightly downward from the previous forecasts due to a fall in variable rents reflecting the impact of typhoons. As a result, DPU will decline 37 yen. Profits are expected to decline from the previous period due to the absence of insurance income and the posting of expenses for the General Unitholders' Meeting

Item	7th period		8th period		(thousand yen)	
	(Actual)		(Forecast)		8th period (Forecast as of Jul. 19, 2019)	Difference
Operating revenue	Component ratio	1,440,167	Component ratio	1,427,268	1,436,321	-9,052
Primary rent		1,321,948		1,317,622	1,330,027	-12,404
Fixed rent	93.1%	1,230,431	93.4%	1,230,431	1,230,431	-
Variable rent	6.9%	91,517	6.6%	87,191	99,596	-12,404
Secondary rent		104,545		105,370	106,018	-647
Others		13,673		4,275	275	+4,000
Lease operations revenue gain/loss		884,506		867,731	875,262	-7,531
Operating income		696,901		673,470	682,267	-8,797
Ordinary income		566,511		539,496	548,293	-8,797
Net income		565,562		538,496	547,293	-8,797
Excess cash distribution		2,824		2,824	2,824	-
Total distribution		568,363		541,298	550,005	-8,707
Total units outstanding		235,347		235,347	235,347	-
DPU (yen)		2,415		2,300	2,337	-37
(Excess cash distribution per unit)		12		12	12	-
FFO per unit (yen)		4,244		4,150	4,198	-48
NOI		1,317,915		1,306,040	1,316,108	-10,067
Depreciation		433,409		438,308	440,845	-2,536
CAPEX		178,936		180,000	180,000	-

Main factors for increase/decrease from forecast

	(thousand yen)
• Decrease in variable rent (Kimitsu-no-mori, etc.)	-12,404
• Increase in other operating revenue (Reoma solar power generation)	+2,000
• Decrease in depreciation	+2,536

Lease operations revenue gain/loss

• Decrease in selling, general and administration (Review of legal fees)	-1,200
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Operating income

Ordinary income

Main factors for increase/decrease from previous fiscal period

	(thousand yen)
• Decrease in variable rent (Kimitsu-no-mori, etc.)	-4,326
• Increase in other operating revenue (Reoma solar power generation)	+2,000
• Decrease in other operating revenue (Insurance revenue)	-11,398
• Increase in depreciation (due to capital expenditure)	-4,899

Lease operations revenue gain/loss

• Temporary increase in expenses for General Unitholders' Meeting	-6,000
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Operating income

• Increase in finance-related expenses	-3,573
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Ordinary income

Main financial indicators

	(million yen)
Total assets	38,391
Interest-bearing debt	15,371
Total liabilities	17,214
Total net assets	21,177
LTV (book value basis)	40.0%

Forecast for the 9th Fiscal Period ending November 2020

Profits are expected to rise from the previous period due to revenue from a land lease in Reoma Resort, the absence of expenses for the General Unitholders' Meeting and a fall in finance-related expenses. As a result, DPU is expected to increase 40 yen from the previous period

(thousand yen)

Item	8th period (Forecast)	9th period (Forecast)	Difference
Operating revenue	Component ratio 1,427,268	Component ratio 1,428,649	+1,381
Primary rent	1,317,622	1,317,327	-295
Fixed rent	93.4% 1,230,431	93.4% 1,230,431	-
Variable rent	6.6% 87,191	6.6% 86,895	-295
Secondary rent	105,370	105,047	-323
Others	4,275	6,275	+2,000
Lease operations revenue gain/loss	867,731	863,965	-3,766
Operating income	673,470	676,846	+3,376
Ordinary income	539,496	548,868	+9,371
Net income	538,496	547,868	+9,371
Excess cash distribution	2,824	2,824	-
Total distribution	541,298	550,711	+9,413
Total units outstanding	235,347	235,347	-
DPU (yen)	2,300	2,340	+40
(Excess cash distribution per unit)	12	12	-
FFO per unit (yen)	4,150	4,220	+70
NOI	1,306,040	1,309,425	+3,385
Depreciation	438,308	445,459	+7,151
CAPEX	180,000	180,000	-

Main factors for increase/decrease from previous fiscal period

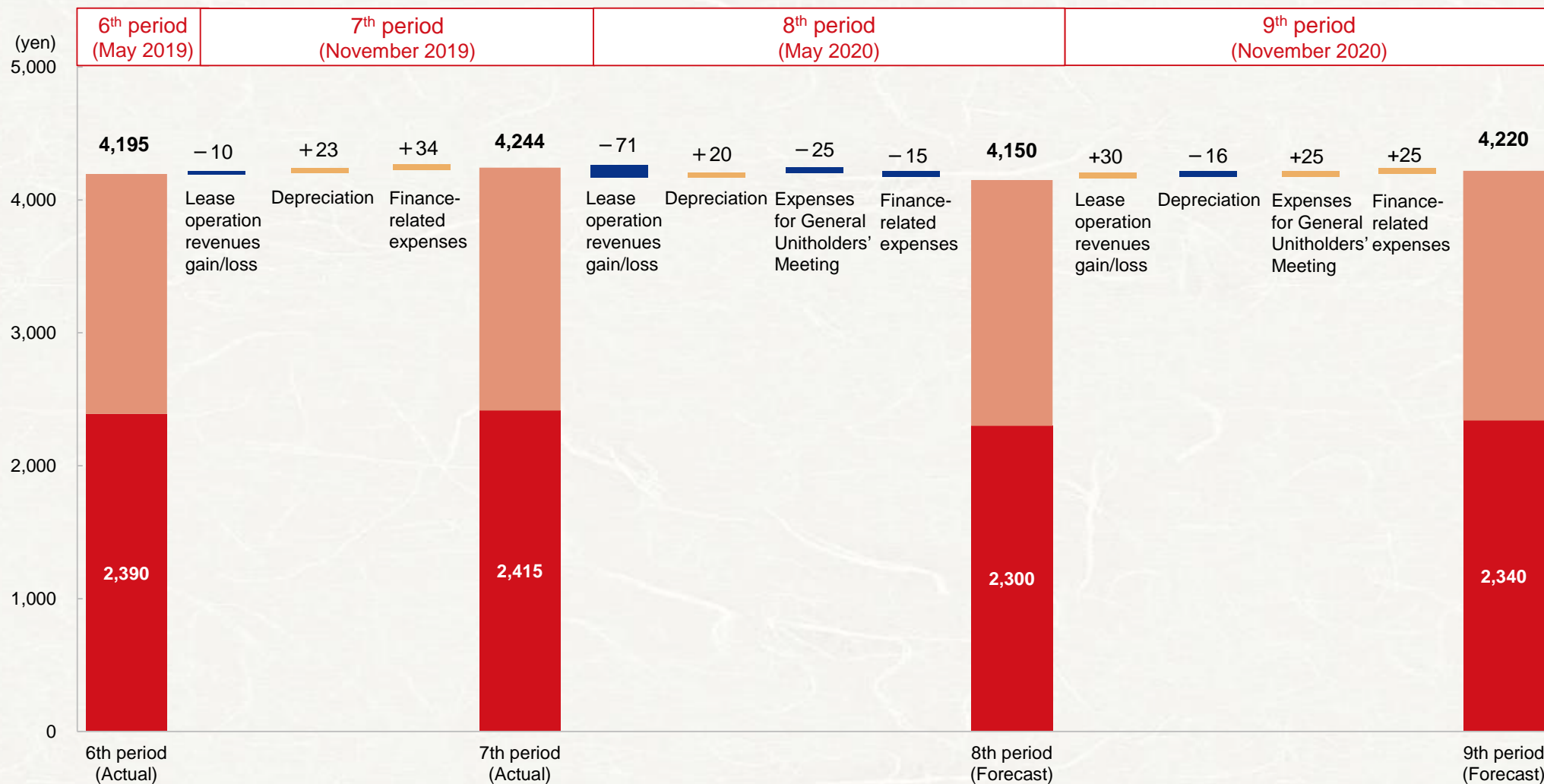
	(thousand yen)
• Increase in other operating revenue (Reoma solar power generation)	+4,000
• Increase in depreciation (due to capital expenditure)	-7,151
Lease operations revenue gain/loss	-3,766
• Decrease in expenses for General Unitholders' Meeting	+6,000
Operating income	+3,376
• Decrease in finance-related expenses	+5,995
Ordinary income	+9,371

Main financial indicators

	(million yen)
Total assets	38,197
Interest-bearing debt	15,185
Total liabilities	17,013
Total net assets	21,183
LTV (book value basis)	39.8%

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

FFO per unit remained and is expected to remain stable, and the payout ratio is around 56%.
The financial conditions will continue to improve due to extra cash



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

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



Ⅲ. Investment Results

Portfolio Data (1)

Appraisal values remained flat from the previous period for both the total and each property. The unrealized gain (appraisal value – book value) increased to 4.2 billion yen (up 0.2 billion yen period on period) at the end of the 7th period.

Property No.	Property name	Location	Building age (years)	Number of rooms	Room occupancy rate (Note 1)	Acquisition price (million yen)	Appraisal value (million yen)	NOI (million yen)	NOI yield (Note 2)	After depreciation NOI yield (Note 2)	PML
S-1	Ooedo-Onsen Monogatari Reoma Resort	Kagawa Prefecture	28.4/28.7 (Note 3)	241	88.8%	10,379	8,910	347	6.7%	5.1%	1.9/1.6%
S-2	Ooedo-Onsen Monogatari Ise-shima	Mie Prefecture	39.7	83	93.2%	3,656	3,840	117	6.4%	3.6%	14.2%
S-3	Ito Hotel New Okabe	Shizuoka Prefecture	29.1	73	92.2% (Note 4)	2,657	2,820	82	6.2%	4.1%	12.0%
S-4	Ooedo-Onsen Monogatari Atami	Shizuoka Prefecture	45.9	76	94.0%	2,997	3,220	101	6.7%	4.5%	12.6%
S-5	Ooedo-Onsen Monogatari Toi Marine Hotel	Shizuoka Prefecture	45.2	64	88.6%	1,910	2,030	61	6.4%	3.3%	14.9%
S-6	Ooedo-Onsen Monogatari Awara	Fukui Prefecture	38.3	95	86.6%	1,901	2,000	69	7.3%	5.0%	14.9%
S-7	Ooedo-Onsen Monogatari Kamoshika-so	Tochigi Prefecture	23.8	60	85.9%	1,222	1,270	38	6.4%	4.1%	3.0%
S-8	Ooedo-Onsen Monogatari Ikaho	Gunma Prefecture	36.1	40	99.0%	1,299	1,380	40	6.3%	4.2%	1.0%
S-9	Ooedo-Onsen Monogatari Kimitsu-no-mori	Chiba Prefecture	23.7	41	69.6%	819	862	26	6.5%	4.4%	4.8%
S-10	Ooedo-Onsen Monogatari Nagasaki Hotel Seifu	Nagasaki Prefecture	37.4	100	93.9%	1,637	2,570	78	9.5%	7.1%	6.4%
S-11	Ooedo-Onsen Monogatari Kounkaku	Miyagi Prefecture	54.0	98	82.2% (Note 5)	1,040	1,220	41	7.9%	3.9%	3.9%
S-12	Kinugawa Kanko Hotel	Tochigi Prefecture	38.3	172	88.5%	3,870	6,140	172	8.9%	5.7%	2.1%
S-13	Ooedo-Onsen Monogatari Kinosaki	Hyogo Prefecture	51.1	103	97.8%	2,084	2,650	84	8.1%	6.1%	11.8%
S-14	Ooedo-Onsen Monogatari Higashiyama Grand Hotel	Fukushima Prefecture	55.2	123	87.1%	1,230	1,480	56	9.2%	4.7%	4.6%
Total/Average			38.0	1,369	89.3%	36,705	40,392	1,317	7.2%	4.8%	2.7%

(Note 1) Room occupancy rate is for the 7th period ended November 30, 2019 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.

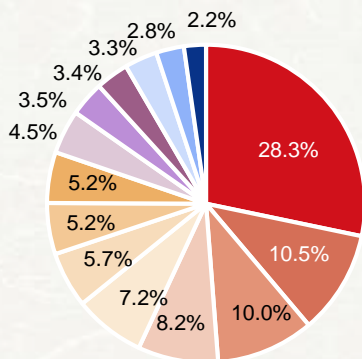
(Note 5) The room occupancy rate of Ooedo-Onsen Monogatari Kounkaku is a comprehensive figure including the rate of the Annex, a property not owned by the investment corporation.

Portfolio Data (2)

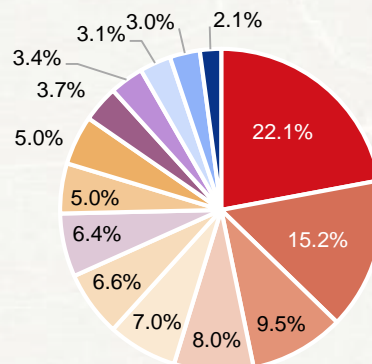
The reduction of the investment ratio in certain types of properties through external growth is a challenge, and the investment ratio by region is distributed across the country, excluding Hokkaido and Okinawa.

Investment ratio by facility

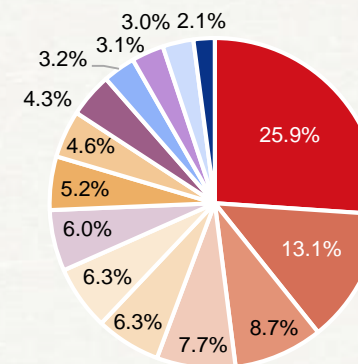
Acquisition price basis



Appraisal value basis



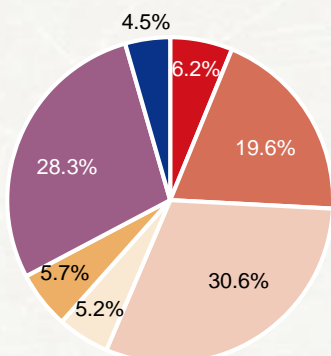
Rent income basis (Note)



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

Investment ratio by region

Acquisition price basis



- Tohoku
- Kanto
- 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)

RevPAR rose mainly in Reoma Resort and Kinosaki, but declined in many properties including Kimitsu-no-mori, which was strongly affected by typhoons

1. Operating results of the accommodation sector

Property No.	Property name	Room occupancy rate (%)			ADR (yen)			RevPAR (yen)			Sales (million yen)		
		Previous corresponding period cumulative total	7th period cumulative Total	Change	Previous corresponding period cumulative total	7th period cumulative Total	Change	Previous corresponding period cumulative total	7th period cumulative Total	Change	Previous corresponding period cumulative total	7th period cumulative Total	Change
S-1	Ooedo-Onsen Monogatari Reoma Resort <Hotel Reoma-no-mori>	85.4	88.8	+4.0%	31,166	32,402	+4.0%	26,615	28,772	+8.1%	1,591	1,670	+4.9%
S-2	Ooedo-Onsen Monogatari Ise-shima	93.8	93.2	-0.6%	34,500	33,324	-3.4%	32,361	31,057	-4.0%	594	566	-4.7%
S-3	Ito Hotel New Okabe	88.2	92.2	+4.5%	30,160	28,537	-5.4%	26,601	26,311	-1.1%	631	613	-2.9%
S-4	Ooedo-Onsen Monogatari Atami	97.3	94.0	-3.4%	33,224	33,901	+2.0%	32,326	31,866	-1.4%	528	528	+0.1%
S-5	Ooedo-Onsen Monogatari Toi Marine Hotel	84.0	88.6	+5.5%	30,506	29,325	-3.9%	25,625	25,981	+1.4%	337	343	+1.6%
S-6	Ooedo-Onsen Monogatari Awara	89.6	86.6	-3.3%	30,224	29,550	-2.2%	27,080	25,590	-5.5%	599	555	-7.3%
S-7	Ooedo-Onsen Monogatari Kamoshika-so	92.2	85.9	-6.8%	27,951	27,534	-1.5%	25,770	23,651	-8.2%	335	310	-7.3%
S-8	Ooedo-Onsen Monogatari Ikaho	97.4	99.0	+1.6%	31,022	31,227	+0.7%	30,215	30,914	+2.3%	256	262	+2.4%
S-9	Ooedo-Onsen Monogatari Kimitsu-no-mori	94.4	69.6	-26.3%	26,738	26,842	+0.4%	25,240	18,682	-26.0%	278	208	-25.1%

Operating Results of Individual Properties (2)

Property No.	Property name	Room occupancy rate (%)			ADR (yen)			RevPAR (yen)			Sales (million yen)		
		Previous corresponding period cumulative total	7th period cumulative Total	Change	Previous corresponding period cumulative total	7th period cumulative Total	Change	Previous corresponding period cumulative total	7th period cumulative Total	Change	Previous corresponding period cumulative total	7th period cumulative Total	Change
S-10	Ooedo-Onsen Monogatari Nagasaki Hotel Seifu	92.5	93.9	+1.5%	33,969	31,919	-6.0%	31,421	29,971	-4.6%	654	622	-4.8%
S-11	Ooedo-Onsen Monogatari Kounkaku	85.4	82.2	-3.7%	24,393	24,478	+0.3%	20,831	20,120	-3.4%	511	498	-2.7%
S-12	Kinugawa Kanko Hotel	89.6	88.5	-1.2%	32,166	30,013	-6.7%	28,820	26,561	-7.8%	1,192	1,075	-9.8%
S-13	Ooedo-Onsen Monogatari Kinosaki	91.2	97.8	+7.2%	30,509	30,092	-1.4%	27,824	29,429	+5.8%	638	674	+5.7%
S-14	Ooedo-Onsen Monogatari Higashiyama Grand Hotel	88.9	87.1	-2.0%	28,432	27,719	-2.5%	25,276	24,143	-4.5%	691	662	-4.3%
	Total	89.6	89.3	-0.3%	30,583	30,062	-1.7%	27,402	26,845	-2.0%	8,843	8,593	-2.8%

2. Operating results excluding the accommodation sector

Property No.	Property name	Number of guests			Sales (million yen)		
		Previous corresponding period cumulative total	7th period cumulative Total	Change	Previous corresponding period cumulative total	7th period cumulative Total	Change
S-1	Ooedo-Onsen Monogatari Reoma Resort <New Reoma World>	344,840	331,425	-3.9%	1,364	1,298	-4.8%

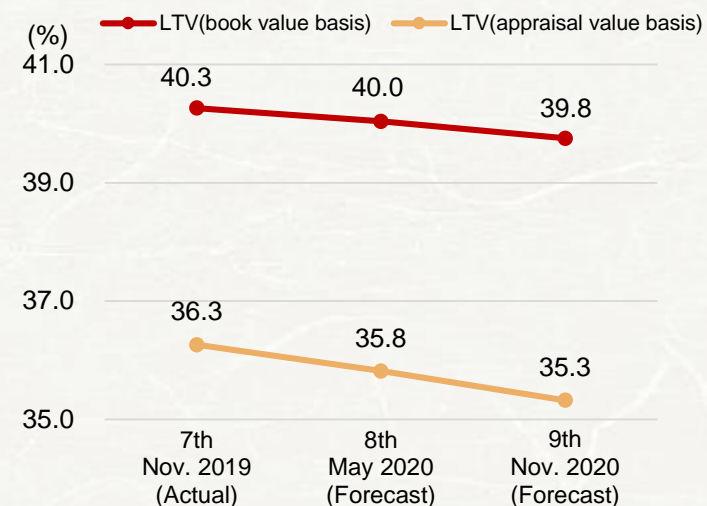
(Note) Number of guests is the total number of people using New Reoma World during the period.

Financial Status

LTV will steadily decrease due to scheduled repayments and is expected to decline gradually to a level less than 40% in the 9th period.

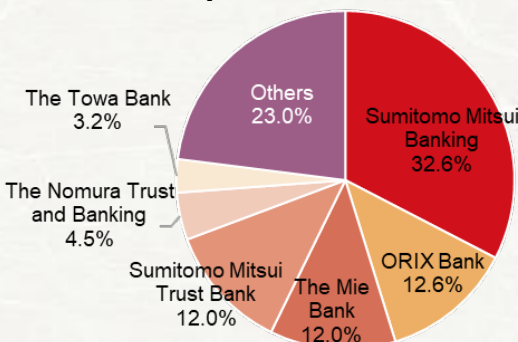
LTV on appraisal value basis has already fallen to the mid-30% range

LTV



Breakdown of lenders

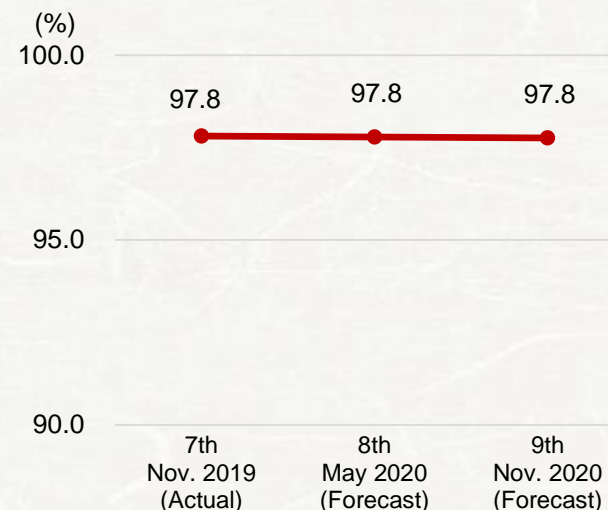
Number of syndicate lenders: 14



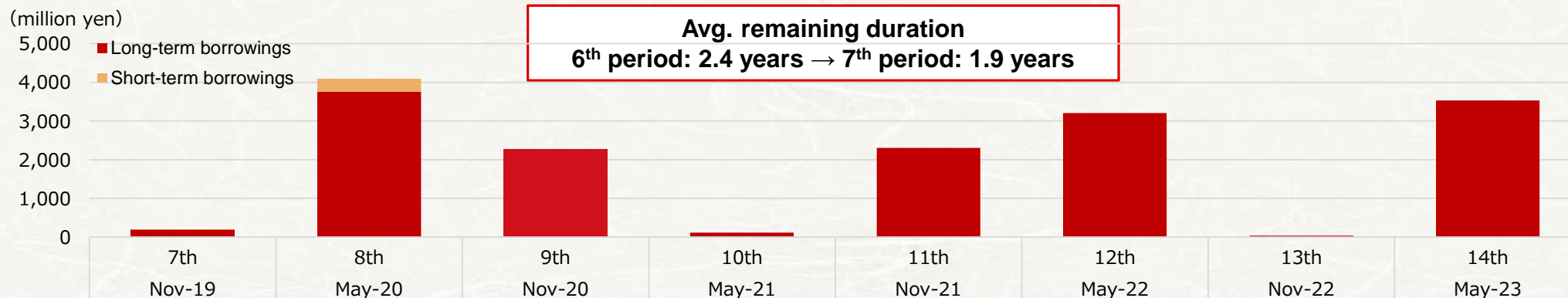
<Breakdown of others, which stand at 23.0%>

The Bank of Fukuoka 3.1%	The Toho Bank 3.0%
The Tochigi Bank 3.0%	The Shinwa Bank 3.0%
The First Bank of Toyama 3.0%	The Iyo Bank 3.0%
Fukoku Mutual Life Insurance 3.0%	The Bank of Kochi 1.8%

Ratio of long-term borrowings



Overview of maturity



Avg. remaining duration
6th period: 2.4 years → 7th period: 1.9 years



IV. Future Investment Strategies

Recognition of Issues after 3 Years from Listing and Future Policies

Recognizing current issues and taking their solutions as growth potential with room for future improvement, thereby developing them into a new phase

Current issues

- Sponsor properties supported by the stable Ooedo business model
 - Lopsided portfolio
 - Stable, but room for upside is limited in the short term.
- Distributed across the country, and the location of properties rooted in the local community
 - Requires properties in urban areas with higher liquidity
 - Heavy depreciation burden due to the low ratio of land (low FFO payout ratio)
- High profitability of renovated properties by sponsor
 - Portfolio with aged buildings



Development into a new phase

- Scale expansion of portfolio and growth in market capitalization through external growth
- Diversification of investment targets and promotion of the diversification of risks as a REIT focused on facilities aiming at utilizing leisure time
- Pursuit of upside in addition to stability with properties of the Ooedo-Onsen Monogatari Group at the core
- Reduction of finance costs and strengthening of financial flexibility through the diversification of portfolio risks

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

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

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

August 2016 - **Acquired**



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

October 2016 - **Acquired**



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

October 2016 -



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

April 2017 -



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

July 2017 -



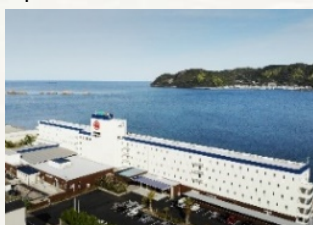
Ooedo-Onsen Monogatari Beppu Seifu (Beppu City, Oita Prefecture)

July 2017 -



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

April 2018 -



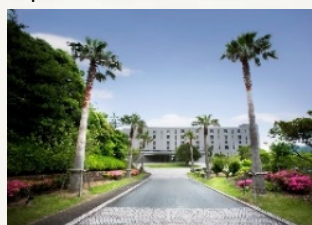
Ooedo-Onsen Monogatari Nanki Kushimoto (Higashi Muro County, Wakayama Prefecture)

August 2018 -



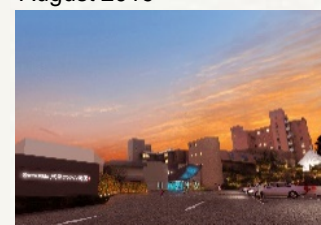
Ooedo-Onsen Monogatari Hotel Kisoji (Kiso County, Nagano Prefecture)

April 2019 -



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

August 2019 -



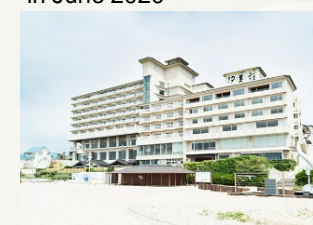
Ooedo-Onsen Monogatari Amakusa Hotel Kameya (Kamiamakusa City, Kumamoto Prefecture)

Scheduled to open in April 2020



Saikaibashi Corazon Hotel (Sasebo City, Nagasaki Prefecture)

Scheduled to open in June 2020

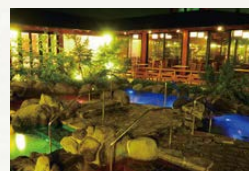


Yubae-no-yado Shiomi-so (Murakami City, Niigata Prefecture)

Some of the other facilities of the Ooedo Onsen Monogatari Group



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



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



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



Minoh Onsen Spa Garden (Minoh City, Osaka Prefecture)



Hotel New Shiobara (Nasushiobara City, Tochigi Prefecture)



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



Yamashiro Onsen Yamashitaya (Kaga City, Ishikawa Prefecture)

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

Work on obtaining information on the availability of many types of properties including hotels in urban areas and accommodation facilities targeting inbound customers

Categories of focus for the time being

- Properties located in urban areas (ordinance-designated cities and core cities)
- Various types of accommodation facilities including small and medium ones
- Properties such as entertainment, amusement and spa facilities located in urban and suburban areas
- Various accommodation and resort facilities able to take in inbound tourism demand

<Property information (excluding sponsor properties) in the 7th period (from June 1, 2019 until November 30, 2019)>

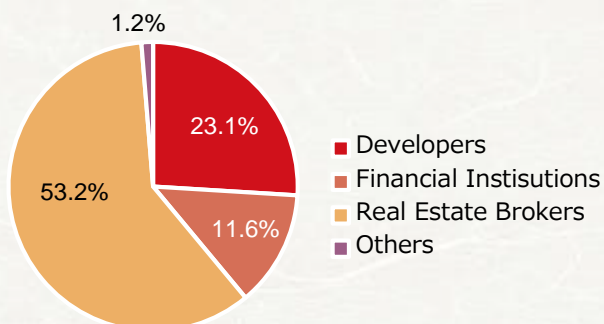
		Ordinance -designated cities	Core cities	Other	Total
Onsen/Spa	Lodging	3	3	19	25
	Other (day trips, etc.)	4	1	1	6
Other lodgings		105	17	18	140
Entertainment, Amusement		0	0	1	1
Sports, beauty, health promotion facilities		0	0	1	1
Total		112	21	40	173

External Growth Strategy (3)

Considering utilization of a variety of bridge funding.

Expecting an increase in the number of deals for which preferential negotiation rights are secured

<By source>



<Methods for acquiring properties>

Bridge funding by a third party	<ul style="list-style-type: none"> Bridge funds (GK-TK scheme, etc.) - Joint small-scale investments will also be considered. Lease companies, real estate companies, etc.
Preferential negotiation rights for direct negotiations with the seller	<ul style="list-style-type: none"> Collaboration with operators Acquisition in sync with the financing period of the Investment Corporation

<Progress of new acquisitions>

		Submission of LOI completed	Due diligence/ negotiations underway	Final phase of acquisitions (including bridge funding)	Total
Onsen/Spa	Lodging	0	0	2	2
	Other (day trips, etc.)	0	1	0	1
Other lodgings		5	2	4	11
Entertainment, Amusement		2	1	0	3
Sports, beauty, health promotion facilities		0	1	0	1
Total		7	5	6	18

(Note) The number of properties as of January 22, 2020 is presented. The Investment Corporation has preferential negotiation rights to some of these properties. However, the Corporation may not be able to or is not obligated to acquire such properties.

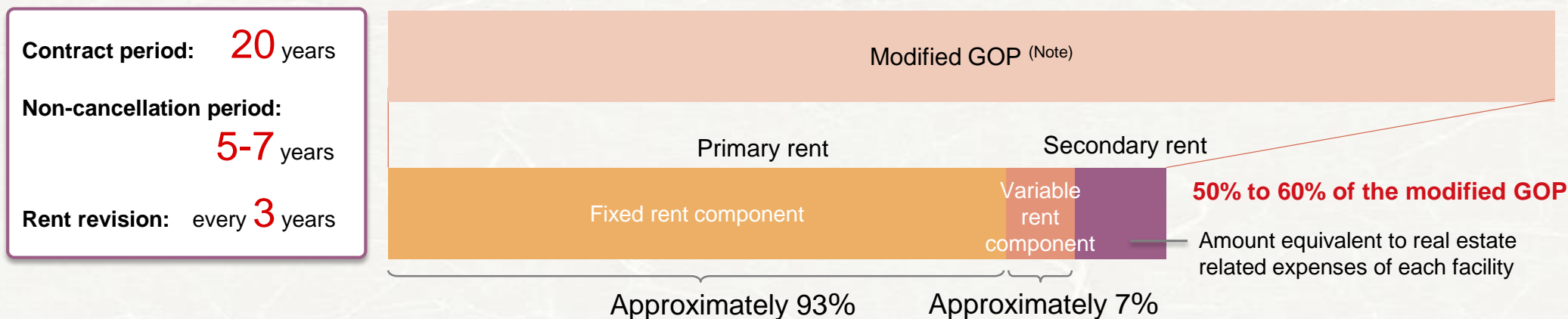
Internal Growth Strategy (1)

A rent structure mainly based on fixed elements for securing stable cash flow

1. Leasing and rent structure

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

Lease conditions for properties master-leased to the Oedo-Onsen Monogatari Group as of November 30, 2019



- 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

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

Internal Growth Strategy (2)

Consideration of measures to increase profits in the short and medium to long term

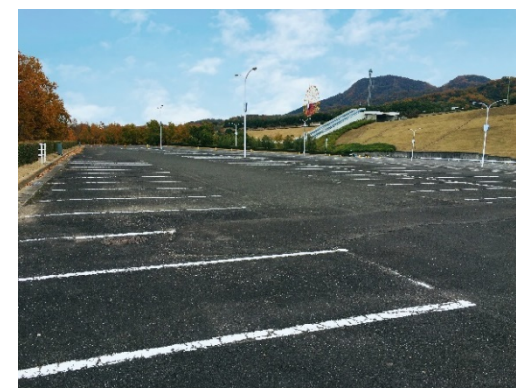
2. Improvement in the performance of facilities and the use of variable rent in the medium to long term

- Improvement in the performance of facilities in cooperation with tenants
 - Continue cooperation in and proposals for various measures to increase the attraction of customers at sponsor properties
- Incorporation of new growth elements such as new markets and new customers by acquiring properties other than those of the sponsor
 - Inbound tourism market and facilities for utilizing leisure time in urban areas

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

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

Secure land rent revenue and contribute to renewable energy by leasing the land of Reoma Resort



Land of approx. 86,000 m² (including parking lots and vacant zoo) is planned to be leased to a photovoltaic business operator. Construction is assumed to begin in April 2020 and be completed in March 2021.

<Measures to increase profits>

	Short term	Medium to long term
Upside of rent revenue through an improvement in the performance of tenants	Limited Currently, stability is the basis for the portfolio	Medium to high potential Use of variable rents by acquiring various types of properties
Raising the level of rent revenue through value-increasing investment	Limited There is room for a potential increase in value, but the use of internal funds is limited	High potential Large-scale, value-increasing investment associated with scale expansion

Financial Strategy

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

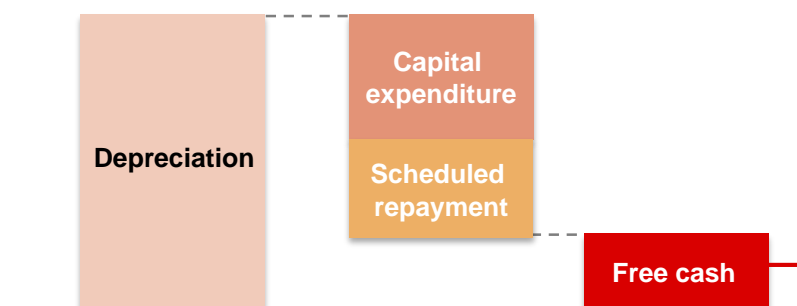
Basic policy

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

Future challenges

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

<Use of internal cash>



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

Excess cash distribution policy

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



V . Investment Areas and Target Strategies

Investing Targets and Building of the Portfolio

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

Ooedo Onsen Reit's Investing Targets



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

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

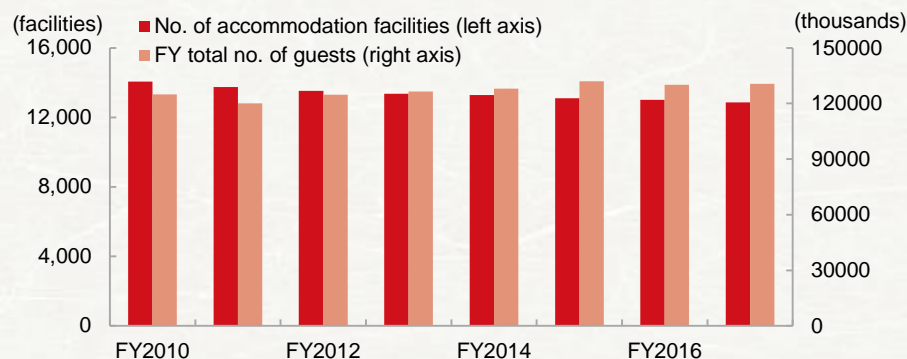
Building of a hybrid portfolio that satisfies both stability and growth

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

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

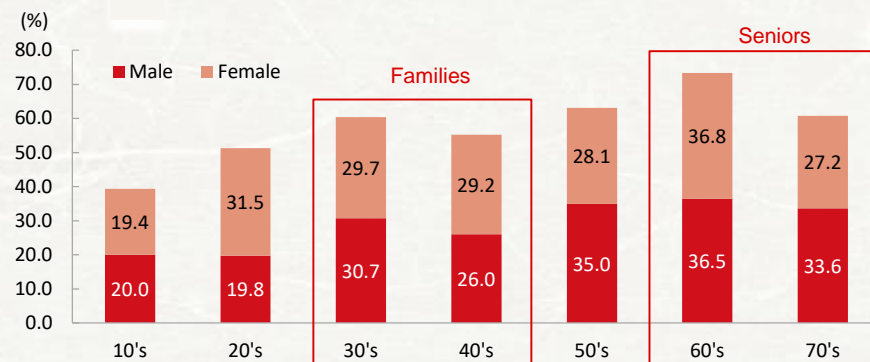
Market for onsen and spa-related facilities that forms the basis for the stability of the portfolio centered on properties operated by the sponsor

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



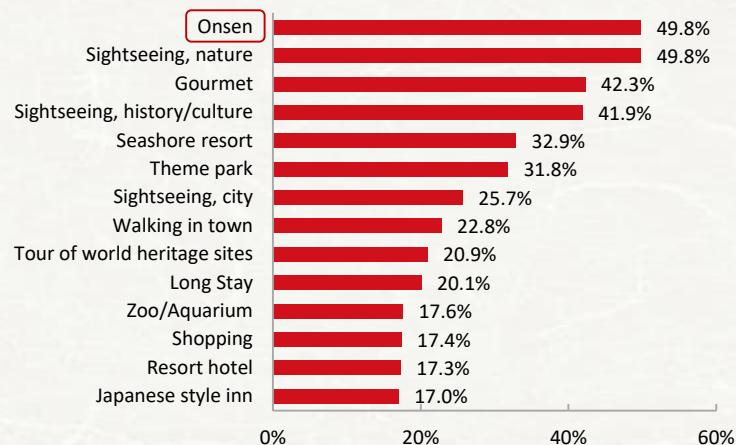
Source: Onsen Use (2010 – 2017), Nature Conservation Bureau, Ministry of the Environment

👤 Ratio of visits to onsen and spa facilities by age



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

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



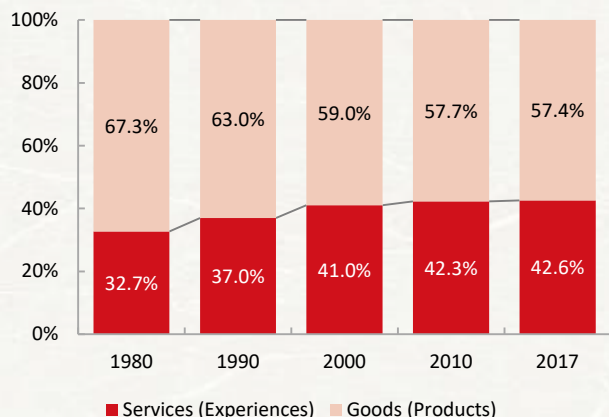
Source: "Annual Report on the Tourism Trends Survey 2019" (October 2019)

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

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

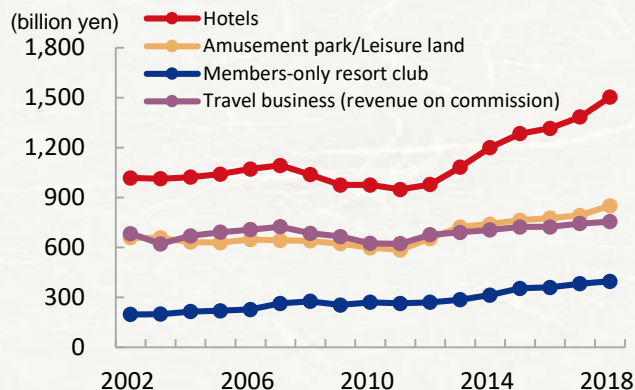
Domestic demand: Expansion of consumption for services or experience-oriented activities means future potential of the leisure market both qualitatively and quantitatively

Trends in the consumption of services



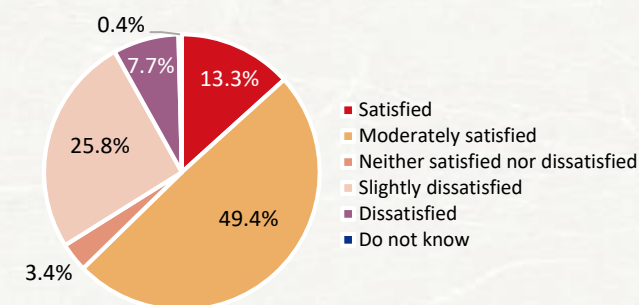
Source: A graph prepared by the Asset Manager based on Implementation of Consumer Policies in 2017 by the Consumer Affairs Agency

Trends in the leisure market



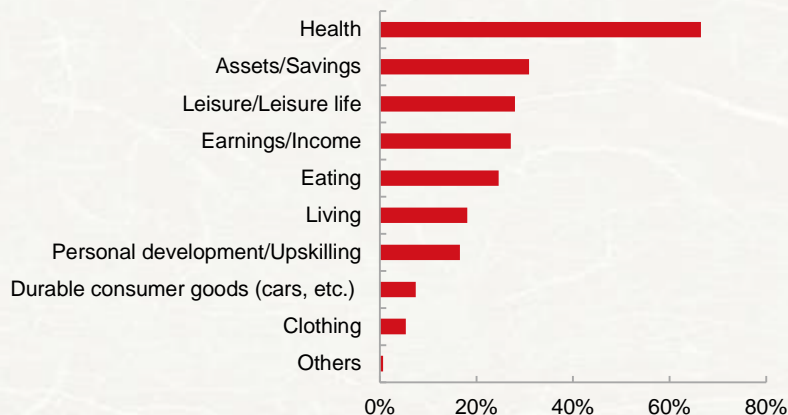
Source: "Annual Report on the Tourism Trends Survey 2019"

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



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

Priority matters in life



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

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

Market Environment (3) : Future Leisure Market (b)

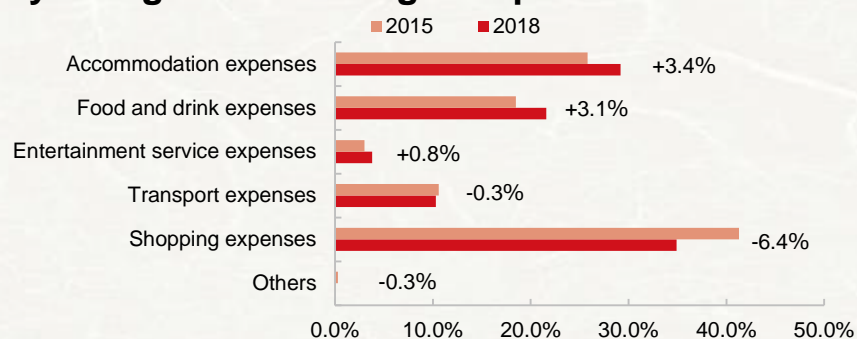
Inbound tourism demand and needs for experience-based consumption are expected to increase further in the medium to long term

🌸 Trends in the number of foreign tourists visiting Japan



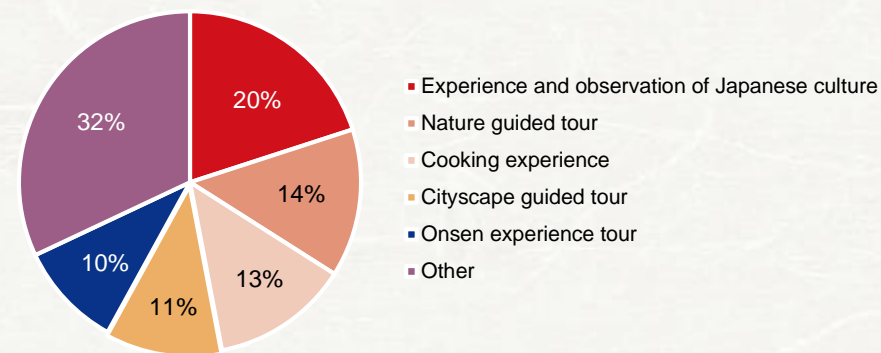
Source: Prepared by the Asset Manager based on data in the "Statistics on the number of foreign visitors to Japan" by the Japan National Tourist Organization (JNTO) and the "Objectives and related measures in the current basic plan and the tourism vision" (October 27, 2016) by the Japan Tourism Agency

🎌 Composition of spending by foreigners travelling in Japan



Source: A graph prepared by the Asset Manager based on surveys on the trend of consumption by foreigners visiting Japan by the Japan National Tourism Organization (2015 and 2018)

🇯🇵 Locally designed experience tours desired during the stay in Japan



Source: Prepared by the Asset Manager based on data in the "DBJ and JTBF survey on intention of foreign tourists visiting Japan from Asia, Europe, the United State and Australia (Fiscal 2019)" by the Development Bank of Japan Inc. and the Japan Travel Bureau Foundation

- The number of inbound customers increased five times in 2018 from the level in 2011, and 60 million people is the target for 2030
- The consumption structure of inbound tourism is changing, with tourists spending more on services instead of products
- Experience and observation tours of Japanese culture are the most popular

Market Environment (4) : Future Leisure Market (c)

Attempt to provide tourism in Japan and experience-based consumption, and their high potential

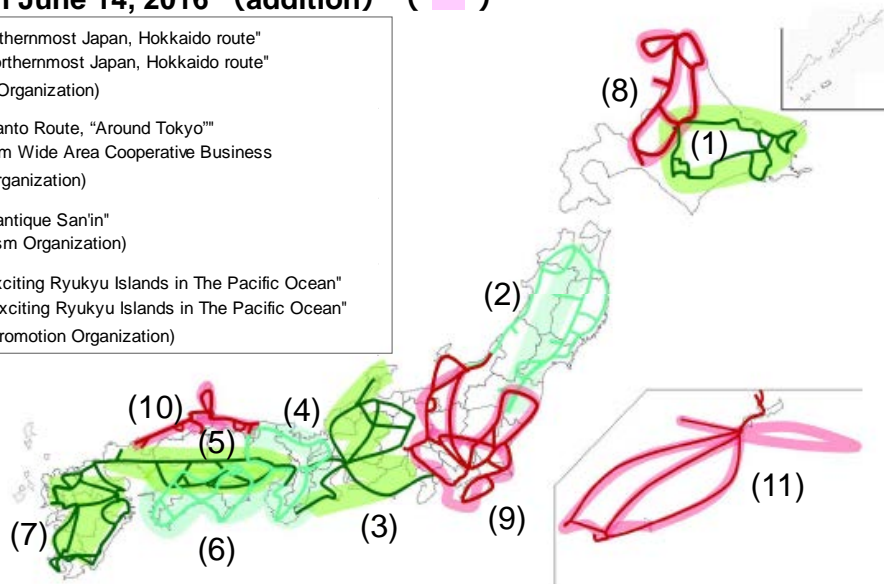
Development of new destinations as seen in the Project for Promoting Formation of Wide-Area Round-Trip Routes

Certified on June 12, 2015 (■ ■)

- | | |
|---|--|
| (1) "Hokkaido - Route to Asian Natural Treasures"
("Explore The Wonderland, Eastern Hokkaido Promotional Organization) | (5) "The Inland Sea, Setouchi"
(Setouchi Tourism Promotion Organization) |
| (2) "Exploration to the Deep North of Japan"
(Tohoku Tourism Promotion Organization) | (6) "Spiritual Island: Shikoku Henro"
(Organization for Promotion of Tourism in Shikoku) |
| (3) "Shoryudo"
(Central Japan Tourism Association) | (7) "Extensive sightseeing route on 'Onsen Island,' Kyushu"
(Kyushu Tourism Promotion Organization) |
| (4) "The Flower of Japan, Kansai"
(Union of Kansai Governments, Kaisai Economic Federation, Kansai Tourism Bureau) | |

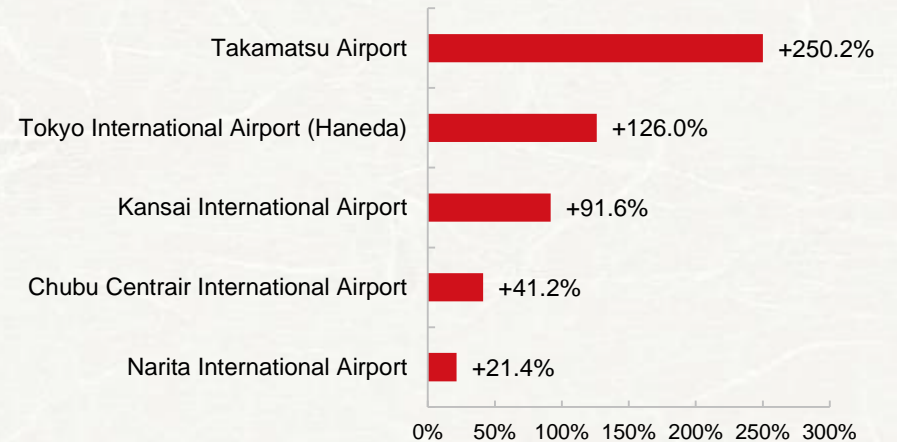
Certified on June 14, 2016 (addition) (■)

- | |
|--|
| (8) "Amazing Northernmost Japan, Hokkaido route"
("Amazing Northernmost Japan, Hokkaido route" Promotional Organization) |
| (9) "The Wider Kanto Route, "Around Tokyo""
(Kanto Tourism Wide Area Cooperative Business Promotion Organization) |
| (10) "Route Romantique San'in"
(San'in Tourism Organization) |
| (11) "Visit Our Exciting Ryukyu Islands in The Pacific Ocean"
("Visit Our Exciting Ryukyu Islands in The Pacific Ocean" Formation Promotion Organization) |



Source: Prepared by the Asset Manager based on data in the "Project for Promoting Formation of Wide-Area Round-Trip Routes" by the Japan Tourism Agency.

Number of passengers at airports (2013 - 2018)

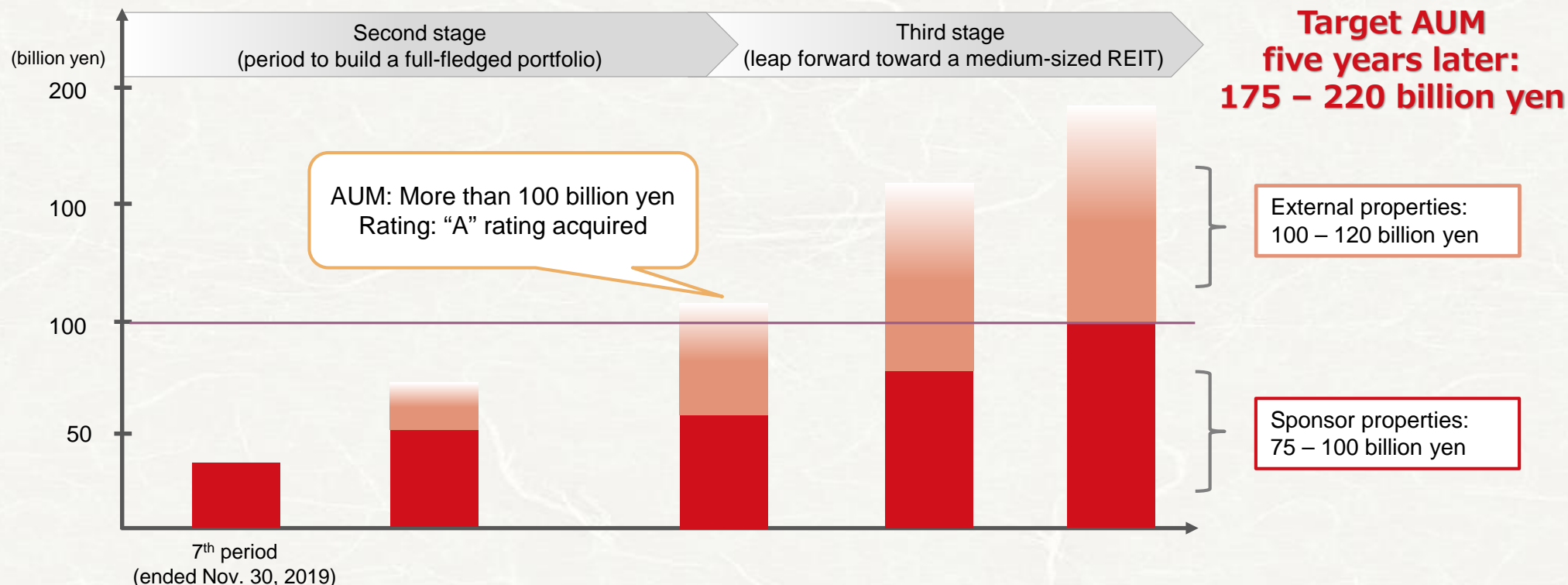


Source: Prepared by the Asset Manager based on data in the "Ranking of the Number of Flights by Airport in Fiscal 2013" and "Ranking of the Number of Flights by Airport in Fiscal 2018" by the Ministry of Land, Infrastructure, Transport and Tourism.

- Discovery of tourism resources through the provision of experience-based consumption
- Inbound tourists who use local airports show an upward trend

Future Growth Targets

Enhancement of profitability and financial strength through the expansion of AUM



DPU	2,415 yen	→	Around 2,500 yen	→	Around 2,600 – 2,800 yen
Market capitalization	22.5 billion yen	→	Around 50 billion yen	→	Around 100 billion yen
LTV (acquisition price basis)	40.3%	→		→	Around 42 – 44%

(Note 1) The figures above are targets as of January 22, 2020, and are not guaranteed.

(Note 2) The market capitalization in the 7th period is calculated based on the closing price as of November 29, 2019.



VI. Appendix

Appraisal Value

Property No.	Property name	Acquisition Price (million yen)	Book value (million yen)	Appraisal value (million yen)			Unrealized profits and losses (million yen)	Direct capitalization method			Discounted cash flow method					
				6th period May 31, 2019	7th period Nov. 30, 2019	Change		Direct Cap Rate			Discount Rate			Terminal Cap Rate		
								6th period May 31, 2019	7th period Nov. 30, 2019	valuation	6th period May 31, 2019	7th period Nov. 30, 2019	valuation	6th period May 31, 2019	7th period Nov. 30, 2019	valuation
S-1	Ooedo-Onsen Monogatari Reoma Resort	10,379	10,343	8,910	8,910	-	-1,433	6.0%	6.0%	-	5.8%	5.8%	-	6.2%	6.2%	-
S-2	Ooedo-Onsen Monogatari Ise-shima	3,656	3,441	3,840	3,840	-	+398	5.6%	5.6%	-	5.4%	5.4%	-	5.8%	5.8%	-
S-3	Ito Hotel New Okabe	2,657	2,638	2,820	2,820	-	+181	5.1%	5.1%	-	4.9%	4.9%	-	5.3%	5.3%	-
S-4	Ooedo-Onsen Monogatari Atami	2,997	2,857	3,220	3,220	-	+362	5.1%	5.1%	-	4.9%	4.9%	-	5.3%	5.3%	-
S-5	Ooedo-Onsen Monogatari Toi Marine Hotel	1,910	1,840	2,030	2,030	-	+189	5.6%	5.6%	-	5.4%	5.4%	-	5.8%	5.8%	-
S-6	Ooedo-Onsen Monogatari Awara	1,901	1,895	2,000	2,000	-	+104	5.9%	5.9%	-	5.7%	5.7%	-	6.1%	6.1%	-
S-7	Ooedo-Onsen Monogatari Kamoshika-so	1,222	1,197	1,270	1,270	-	+72	5.3%	5.3%	-	5.1%	5.1%	-	5.5%	5.5%	-
S-8	Ooedo-Onsen Monogatari Ikaho	1,299	1,293	1,380	1,380	-	+86	5.3%	5.3%	-	5.1%	5.1%	-	5.5%	5.5%	-
S-9	Ooedo-Onsen Monogatari Kimitsu-no-mori	819	845	862	862	-	+16	5.3%	5.3%	-	5.1%	5.1%	-	5.5%	5.5%	-
S-10	Ooedo-Onsen Monogatari Nagasaki Hotel Seifu	1,637	1,634	2,570	2,570	-	+935	5.2%	5.2%	-	5.0%	5.0%	-	5.4%	5.4%	-
S-11	Ooedo-Onsen Monogatari Kounkaku	1,040	1,036	1,220	1,220	-	+183	5.5%	5.5%	-	5.3%	5.3%	-	5.7%	5.7%	-
S-12	Kinugawa Kanko Hotel	3,870	3,723	6,140	6,140	-	+2,416	5.2%	5.2%	-	5.0%	5.0%	-	5.4%	5.4%	-
S-13	Ooedo-Onsen Monogatari Kinosaki	2,084	2,128	2,650	2,650	-	+521	5.4%	5.4%	-	5.2%	5.2%	-	5.6%	5.6%	-
S-14	Ooedo-Onsen Monogatari Higashiyama Grand Hotel	1,230	1,249	1,480	1,480	-	+230	5.9%	5.9%	-	5.7%	5.7%	-	6.1%	6.1%	-
Total		36,705	36,124	40,392	40,392	-	4,267	-	-	-	-	-	-	-	-	-

Introduction of Properties (1)

S-1 Ooedo-Onsen Monogatari Reoma Resort



Location: Marugame City,
Kagawa Prefecture

Site area: 665,403㎡

Total floor area: 63,896㎡

Area characteristics (Note)

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



S-2 Ooedo-Onsen Monogatari Ise-shima



Location: Shima City,
Mie Prefecture

Site area: 9,637㎡

Total floor area: 9,782㎡

Area characteristics

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



S-3 Ito Hotel New Okabe



Location: Ito City,
Shizuoka Prefecture

Site area: 2,945㎡

Total floor area: 10,211㎡

Area characteristics

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



Introduction of Properties (1)

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

	2018	2019											Cumulative total	Previous corresponding period cumulative total	7th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	97.2%	85.5%	92.2%	98.3%	84.2%	85.3%	80.6%	89.1%	95.4%	87.1%	86.6%	93.7%	89.6%	85.4%	88.8%	+3.4%
ADR (yen)	33,032	30,453	27,224	32,670	32,986	31,760	25,000	33,341	51,371	26,722	26,628	28,691	31,911	31,166	32,402	+1,236
RevPAR (yen)	32,107	26,037	25,100	32,114	27,774	27,091	20,150	29,706	49,007	23,274	23,059	26,883	28,592	26,615	28,772	+2,157
Sales (million yen)	311	257	230	309	258	272	204	278	470	219	232	264	3,309	1,591	1,670	+78

S-2 : Oedo-Onsen Monogatari Ise-shima

	2018	2019											Cumulative total	Previous corresponding period cumulative total	7th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	98.7%	94.5%	98.3%	93.8%	91.2%	91.3%	87.6%	93.4%	95.6%	99.4%	86.7%	96.5%	93.9%	93.8%	93.2%	-0.6%
ADR (yen)	34,474	32,269	30,984	38,095	32,564	32,407	28,787	31,764	46,989	30,607	29,250	31,588	33,417	34,500	33,324	-1,176
RevPAR (yen)	34,025	30,494	30,457	35,733	29,698	29,587	25,217	29,667	44,921	30,423	25,359	30,482	31,378	32,361	31,057	-1,304
Sales (million yen)	104	92	84	108	89	90	77	90	131	93	80	92	1,136	594	566	-28

S-3 : Ito Hotel New Okabe

	2018	2019											Cumulative total	Previous corresponding period cumulative total	7th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	96.0%	92.4%	99.1%	99.5%	95.1%	93.7%	93.9%	92.9%	96.8%	95.6%	83.3%	90.9%	94.1%	88.2%	92.2%	+4.0%
ADR (yen)	31,458	30,573	27,275	31,504	28,762	28,860	22,673	27,604	44,384	24,201	24,406	26,625	29,171	30,160	28,537	-1,623
RevPAR (yen)	30,199	28,249	27,029	31,346	27,352	27,041	21,289	25,644	42,963	23,136	20,330	24,202	27,449	26,601	26,311	-290
Sales (million yen)	122	114	98	121	104	105	84	99	160	87	83	97	1,281	631	613	-18

Introduction of Properties (2)

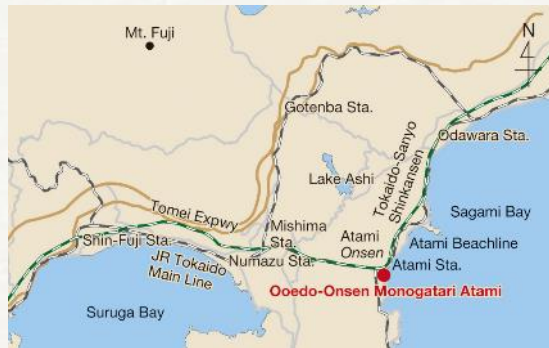
S-4 Ooedo-Onsen Monogatari Atami



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

Area characteristics

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



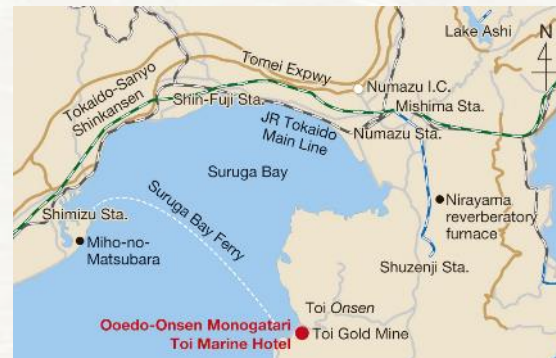
S-5 Ooedo-Onsen Monogatari Toi Marine Hotel



Location: Izu City, Shizuoka Prefecture
 Site area: 2,800㎡
 Total floor area: 6,125㎡

Area characteristics

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



S-6 Ooedo-Onsen Monogatari Awara



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

Area characteristics

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



Introduction of Properties (2)

S-4 : Ooedo-Onsen Monogatari Atami

	2018	2019											Cumulative total	Previous corresponding period cumulative total	7th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	98.0%	99.4%	99.8%	99.5%	99.3%	97.6%	98.9%	94.5%	98.7%	96.7%	81.2%	94.3%	96.5%	97.3%	94.0%	-3.3%
ADR (yen)	34,971	31,250	31,425	35,712	32,571	32,752	28,046	32,432	50,098	30,371	29,735	31,372	33,512	33,224	33,901	+677
RevPAR (yen)	34,271	31,062	31,362	35,533	32,343	31,965	27,737	30,648	49,446	29,368	24,144	29,583	32,339	32,326	31,866	-460
Sales (million yen)	93	85	78	98	85	87	75	85	136	80	69	81	1,057	528	528	+0

S-5 : Ooedo-Onsen Monogatari Toi Marine Hotel

	2018	2019											Cumulative total	Previous corresponding period cumulative total	7th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	93.5%	86.8%	96.6%	99.2%	87.2%	86.7%	88.2%	87.9%	97.0%	91.7%	76.9%	90.0%	90.1%	84.0%	88.6%	+4.6%
ADR (yen)	27,704	27,214	24,678	27,140	26,251	26,826	21,747	31,418	49,457	22,829	22,828	24,565	27,974	30,506	29,325	-1,181
RevPAR (yen)	25,903	23,621	23,838	26,922	22,890	23,258	19,180	27,616	47,973	20,934	17,554	22,108	25,204	25,625	25,981	+356
Sales (million yen)	57	52	49	59	49	52	43	60	103	45	40	49	664	337	343	+5

S-6 : Ooedo-Onsen Monogatari Awara

	2018	2019											Cumulative total	Previous corresponding period cumulative total	7th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	83.9%	57.2%	74.6%	93.5%	86.2%	71.2%	77.7%	87.5%	98.0%	83.5%	80.0%	92.5%	82.2%	89.6%	86.6%	-3.0%
ADR (yen)	31,766	33,394	28,786	28,995	28,513	29,758	25,147	29,140	41,604	25,999	25,302	27,462	29,789	30,224	29,550	-674
RevPAR (yen)	26,651	19,101	21,474	27,110	24,578	21,187	19,539	25,497	40,771	21,709	20,241	25,402	24,486	27,080	25,590	-1,490
Sales (million yen)	98	71	72	100	89	79	73	92	141	78	77	92	1,067	599	555	-43

Introduction of Properties (3)

S-7 Ooedo-Onsen Monogatari Kamoshika-so



Location: Nasushiobara City, Tochigi Prefecture

Site area: 7,734㎡

Total floor area: 5,947㎡

Area characteristics

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



S-8 Ooedo-Onsen Monogatari Ikaho



Location: Shibukawa City, Gunma Prefecture

Site area: 6,805㎡

Total floor area: 5,177㎡

Area characteristics

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



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



Location: Kimitsu City, Chiba Prefecture

Site area: 57,069㎡

Total floor area: 8,660㎡

Area characteristics

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



Introduction of Properties (3)

S-7 : Oedo-Onsen Monogatari Kamoshika-so

	2018	2019											Cumulative total	Previous corresponding period cumulative total	7th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	78.9%	68.9%	68.5%	89.4%	77.6%	76.9%	82.9%	87.3%	100.0%	75.9%	73.4%	95.7%	81.4%	92.2%	85.9%	-6.3%
ADR (yen)	26,535	25,792	25,007	25,941	27,152	28,365	23,226	25,119	35,430	24,886	27,077	27,477	27,051	27,951	27,534	-417
RevPAR (yen)	20,936	17,770	17,129	23,191	21,069	21,812	19,254	21,928	35,430	18,888	19,874	26,295	22,019	25,770	23,651	-2,119
Sales (million yen)	45	39	35	50	44	47	41	47	76	40	46	58	574	335	310	-24

S-8 : Oedo-Onsen Monogatari Ikaho

	2018	2019											Cumulative total	Previous corresponding period cumulative total	7th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	97.3%	87.0%	95.4%	99.3%	98.8%	98.7%	99.7%	99.7%	99.8%	99.6%	95.9%	99.2%	97.5%	97.4%	99.0%	+1.6%
ADR (yen)	32,385	28,405	25,857	29,298	31,672	31,072	27,632	28,927	41,854	27,971	28,802	31,866	30,565	31,022	31,227	+205
RevPAR (yen)	31,510	24,712	24,667	29,092	31,291	30,668	27,549	28,840	41,770	27,859	27,621	31,611	29,800	30,215	30,914	+699
Sales (million yen)	44	35	31	41	43	43	38	41	58	38	40	45	503	256	262	+6

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

	2018	2019											Cumulative total	Previous corresponding period cumulative total	7th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	97.4%	93.4%	96.3%	97.9%	97.2%	94.5%	88.0%	94.3%	98.6%	22.8%	29.4%	83.8%	82.8%	94.4%	69.6%	-24.8%
ADR (yen)	27,680	27,412	25,153	27,187	26,050	26,227	23,605	25,571	35,372	23,231	21,849	24,140	26,728	26,738	26,842	+104
RevPAR (yen)	26,960	25,602	24,222	26,616	25,320	24,784	20,772	24,113	34,876	5,296	6,423	20,229	22,130	25,240	18,682	-6,558
Sales (million yen)	49	48	39	49	46	47	38	44	63	9	13	38	491	278	208	-70

Introduction of Properties (4)

S-10 Ooedo-Onsen Monogatari Nagasaki Hotel Seifu



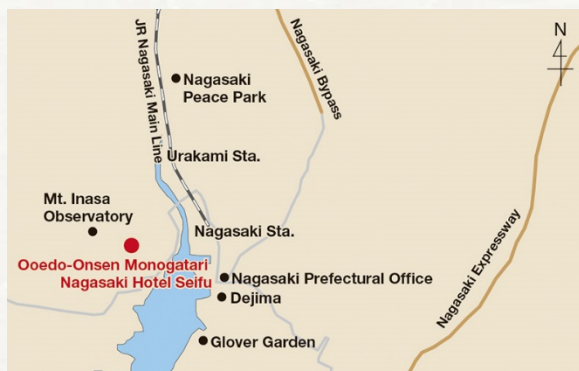
Location: Nagasaki City,
Nagasaki Prefecture

Site area: 5,092㎡

Total floor area: 11,114㎡

Area characteristics

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



S-11 Ooedo-Onsen Monogatari Kounkaku



Location: Osaki City,
Miyagi Prefecture

Site area: 11,829㎡

Total floor area: 10,843㎡

Area characteristics

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



S-12 Kinugawa Kanko Hotel



Location: Nikko City,
Tochigi Prefecture

Site area: 6,719㎡

Total floor area: 22,402㎡

Area characteristics

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



Introduction of Properties (4)

S-10 : Oedo-Onsen Monogatari Nagasaki Hotel Seifu

	2018	2019											Cumulative total	Previous corresponding period cumulative total	7th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	91.0%	73.6%	92.5%	100.0%	93.2%	98.5%	86.7%	96.4%	99.1%	93.1%	90.8%	97.0%	92.6%	92.5%	93.9%	+ 1.4%
ADR (yen)	34,305	32,090	31,262	33,216	32,276	35,378	27,583	27,837	37,730	29,200	33,624	34,809	32,540	33,969	31,919	-2,050
RevPAR (yen)	31,217	23,618	28,917	33,216	30,081	34,847	23,914	26,834	37,390	27,185	30,530	33,764	30,132	31,421	29,971	-1,450
Sales (million yen)	109	83	92	116	102	119	83	95	130	92	106	114	1,247	654	622	-31

S-11 : Oedo-Onsen Monogatari Kounkaku

	2018	2019											Cumulative total	Previous corresponding period cumulative total	7th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	89.5%	74.6%	78.6%	81.2%	66.8%	71.9%	81.0%	77.8%	88.2%	76.8%	84.7%	84.4%	79.7%	85.4%	82.2%	-3.2%
ADR (yen)	27,106	25,403	24,934	24,191	23,905	24,028	21,681	22,274	26,604	22,699	26,607	26,378	24,738	24,393	24,478	+85
RevPAR (yen)	24,259	18,950	19,598	19,643	15,968	17,276	17,561	17,329	23,464	17,432	22,536	22,263	19,716	20,831	20,120	-711
Sales (million yen)	106	81	76	84	63	71	73	71	92	69	94	96	981	511	498	-13

S-12 : Kinugawa Kanko Hotel

	2018	2019											Cumulative total	Previous corresponding period cumulative total	7th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	77.9%	66.2%	66.9%	87.1%	83.4%	75.9%	80.9%	84.0%	99.6%	89.4%	80.8%	96.3%	82.4%	89.6%	88.5%	-1.1%
ADR (yen)	33,727	33,639	26,901	28,732	29,861	31,173	25,557	26,109	38,559	27,415	29,100	31,343	30,328	32,166	30,013	-2,153
RevPAR (yen)	26,273	22,269	17,996	25,025	24,904	23,660	20,675	21,931	38,404	24,509	23,512	30,183	24,990	28,820	26,561	-2,259
Sales (million yen)	189	154	118	167	165	156	146	150	243	163	164	207	2,027	1,192	1,075	-117

Introduction of Properties (5)

S-13 Ooedo-Onsen Monogatari Kinosaki



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

Area characteristics

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



S-14 Ooedo-Onsen Monogatari Higashiyama Grand Hotel

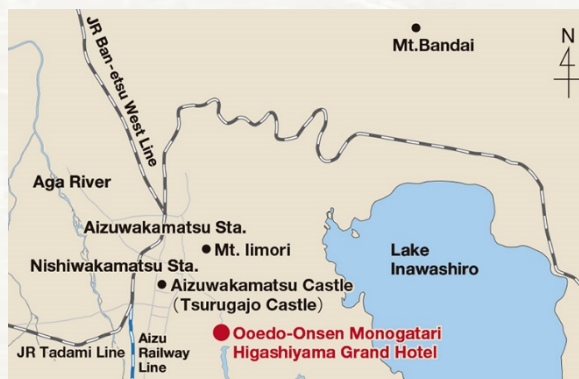


Location: Aizuwakamatsu City, Fukushima Prefecture
 Site area: 12,451㎡ (Note)
 Total floor area: 16,665㎡ (Note)

Area characteristics

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

(Note) The areas include leasing sections.



Introduction of Properties (5)

S-13 : Ooedo-Onsen Monogatari Kinosaki

	2018	2019											Cumulative total	Previous corresponding period cumulative total	7th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	94.4%	80.9%	88.0%	99.8%	98.3%	95.9%	95.6%	95.3%	99.9%	99.5%	97.1%	99.4%	95.4%	91.2%	97.8%	+6.6%
ADR (yen)	32,913	32,658	30,687	37,685	30,590	28,358	24,460	28,223	43,034	26,573	26,410	31,162	31,125	30,509	30,092	-417
RevPAR (yen)	31,069	26,420	27,004	37,609	30,069	27,195	23,383	26,896	42,990	26,440	25,644	30,975	29,693	27,824	29,429	+1,605
Sales (million yen)	120	103	93	142	112	105	89	104	161	99	101	119	1,353	638	674	+36

S-14 : Ooedo-Onsen Higashiyama Grand Hotel

	2018	2019											Cumulative total	Previous corresponding period cumulative total	7th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Room occupancy rate	81.5%	64.9%	75.6%	75.5%	80.6%	73.2%	87.6%	80.5%	91.7%	86.1%	85.8%	91.3%	81.2%	88.9%	87.1%	-1.8%
ADR (yen)	30,458	28,205	26,497	27,250	27,719	30,378	26,035	25,293	31,953	26,221	28,086	28,211	28,065	28,432	27,719	-713
RevPAR (yen)	24,823	18,305	20,031	20,573	22,341	22,236	22,806	20,360	29,300	22,576	24,097	25,756	22,788	25,276	24,143	-1,133
Sales (million yen)	121	85	85	96	98	99	102	95	130	99	115	120	1,248	691	662	-29

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

	2018	2019											Cumulative total	Previous corresponding period cumulative total	7th period cumulative Total	Change
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.				
Number of guests	59,667	37,924	26,261	46,610	49,626	75,751	36,983	53,105	118,893	36,502	40,721	45,221	627,264	344,840	331,425	-13,415
Sales (million yen)	210	144	90	190	201	298	130	218	496	145	147	160	2,434	1,364	1,298	-65

Financial Indices

Indices	6th period (May 31, 2019)	7th period (Nov. 30, 2019)	Calculation formula
Ordinary income	560 mn yen	566 mn yen	
Net income	559 mn yen	565 mn yen	
Depreciation	427 mn yen	433 mn yen	
CAPEX	184 mn yen	178 mn yen	
Total assets	38,782 mn yen	38,640 mn yen	
Total net assets	21,204 mn yen	21,207 mn yen	
BPS (Total net assets/unit)	90,097 yen	90,110 yen	
Unit price (End of each period)	85,600 yen	95,900 yen	
Total units outstanding	235,347 units	235,347 units	
Total distribution	562 mn yen	568 mn yen	
DPU	2,390 yen	2,415 yen	
Distribution yield	5.6%	5.0%	DPU (annualized)/Unit price as of end of period
FFO	987 mn yen	998 mn yen	Net income + Depreciation – profit or loss on sale of real estate
FFO per unit	4,195 yen	4,244 yen	
FFO multiple	10.2x	11.3x	Unit price as of end of period/FFO per unit (annualized)
PER	18.0x	20.0x	Unit price as of end of period/Net income per unit (average during the periods, annualized)
PBR	1.0x	1.1x	Unit price as of end of period/Net assets per unit
ROA	1.4%	1.5%	Ordinary income/Average of total assets during the period
Annualized	2.9%	2.9%	
ROE	2.6%	2.7%	Net income/Average of total net assets during the period
Annualized	5.3%	5.3%	
NAV	25,217 mn yen	25,474 mn yen	Total net assets + Total appraisal value - Total book value - Total liabilities
NAV per unit	107,149 yen	108,243 yen	
NAV multiple	0.8x	0.9x	Unit price as of end of period/NAV per unit
Interest-bearing debt	15,754 mn yen	17,433 mn yen	
LTV (book value basis)	40.6%	40.3%	Interest-bearing debt/Total assets
LTV (appraisal value basis)	36.8%	36.3%	Interest-bearing debt/(Total assets + Total appraisal value - Total book value)
Operating days	182 days	183 days	

Balance Sheet

	(thousand yen)	
	6th period (period ended May 31, 2019)	7th period (period ended Nov. 30, 2019)
Assets		
Current assets		
Cash and deposits	2,001,208	2,228,615
Prepaid expenses	136,232	126,984
Other	66,727	6,942
Total current assets	2,204,168	2,362,543
Non-current assets		
Property, plant and equipment		
Buildings	26,145,944	26,324,003
Accumulated depreciation	-1,926,166	-2,358,917
Buildings, net	24,219,777	23,965,085
Structures	10,979	10,979
Accumulated depreciation	-508	-877
Structures, net	10,470	10,101
Machinery and equipment	600	600
Accumulated depreciation	-44	-61
Machinery and equipment, net	555	538
Tools, furniture and fixtures	2,620	3,498
Accumulated depreciation	-487	-758
Tools, furniture and fixtures, net	2,133	2,740
Land	11,988,130	11,988,187
Total property, plant and equipment	36,221,067	35,966,652
Intangible assets		
Leasehold right	157,802	157,802
Software	3,754	2,951
Total intangible assets	161,556	160,754
Investments and other assets		
Deferred tax assets	12	16
Long-term prepaid expenses	185,296	140,673
Lease and guarantee deposits	10,089	10,089
Total investments and other assets	195,399	150,780
Total non-current assets	36,578,023	36,278,186
Total assets	38,782,191	38,640,729

	(thousand yen)	
	6th period (period ended May 31, 2019)	7th period (period ended Nov. 30, 2019)
Liabilities		
Current liabilities		
Operating accounts payable	17,426	92,949
Short-term loans payable	350,000	340,000
Current portion of long-term loans payable	3,941,750	6,026,630
Accounts payable - other	87,838	90,011
Accrued expenses	7,508	10,694
Income taxes payable	866	950
Accrued consumption taxes	15,234	42,933
Advances received	259,137	261,849
Other	66,854	7,048
Total current liabilities	4,746,616	6,873,067
Non-current liabilities		
Long-term loans payable	11,463,000	9,191,620
Tenant leasehold and security deposits	1,230,724	1,230,706
Asset retirement obligations	137,754	138,156
Total non-current liabilities	12,831,479	10,560,482
Total liabilities	17,578,095	17,433,549
Net assets		
Unitholders' equity		
Unitholders' capital	20,653,023	20,653,023
Deduction from unitholders' capital		
Allowance for temporary difference	-8,643	-11,467
Total deduction from unitholders' capital	-8,643	-11,467
Unitholders' capital, net	20,644,379	20,641,555
Surplus		
Unappropriated retained earnings (undisposed loss)	559,716	565,624
Total surplus	559,716	565,624
Total unitholders' equity	21,204,095	21,207,179
Total net assets	21,204,095	21,207,179
Total liabilities and net assets	38,782,191	38,640,729

Statement of Income

	(thousand yen)	
	6th period (from December 1, 2018 to May 31, 2019)	7th period (from June 1, 2019 to November 30, 2019)
Operating revenue		
Lease business revenue	1,434,986	1,440,167
Total operating revenue	1,434,986	1,440,167
Operating expenses		
Expenses related to rent business	548,074	555,661
Asset management fee	126,075	125,812
Asset custody fee	1,751	1,738
Administrative service fees	17,233	17,060
Directors' compensations	3,600	3,600
Other operating expenses	39,245	39,393
Total operating expenses	735,980	743,266
Operating income	699,005	696,901
Non-operating income		
Interest income	10	10
Total non-operating income	10	10
Non-operating expenses		
Interest expenses	62,352	64,257
Borrowing related expenses	75,774	65,642
Other	500	500
Total non-operating expenses	138,626	130,400
Ordinary income	560,389	566,511
Extraordinary income		
Subsidy income	11,250	-
Total extraordinary income	11,250	-
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	11,250	-
Total extraordinary losses	11,250	-
Income before income taxes	560,389	566,511
Income taxes - current	867	952
Income taxes - deferred	5	-4
Total income taxes	873	948
Net income	559,516	565,562
Retained earnings brought forward	199	61
Unappropriated retained earnings (undisposed loss)	559,716	565,624

Debt Status

List of lenders

(as of November 30, 2019)

	Lender	Balance (mn. yen)	Interest rate (%)	Drawdown date	Repayment date	Security
Short term	Sumitomo Mitsui Banking Corporation	340	Base rate (JBA 1-month Yen TIBOR) + 0.35%	May 31, 2019	May 29, 2020	Unsecured and unguaranteed
Long term	Sumitomo Mitsui Banking Corporation ORIX Bank Corporation Sumitomo Mitsui Trust Bank, Limited The Mie Bank, Ltd.	3,606	Base rate (JBA 3-month Yen TIBOR) + 0.80%	September 1, 2016	May 29, 2020	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	464	Base rate (JBA 3-month Yen TIBOR) + 1.25%	September 1, 2016	May 31, 2023	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation The Toho Bank, Ltd. The Nomura Trust and Banking Co., Ltd. The Bank of Fukuoka, Ltd. The Shinwa Bank, Ltd.	2,194	Base rate (JBA 3-month Yen TIBOR) + 0.65%	December 4, 2017	November 30, 2020	Unsecured and unguaranteed
	The Mie Bank, Ltd. The Tochigi Bank, Ltd. The First Bank of Toyama, Ltd. Fukoku Mutual Life Insurance Company The Bank of Kochi, Ltd. The Bank of Fukuoka, Ltd. The Shinwa Bank, Ltd.	2,345	Base rate (JBA 3-month Yen TIBOR) + 0.80%	December 4, 2017	November 30, 2021	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited ORIX Bank Corporation The Mie Bank, Ltd. The Towa Bank, Ltd. The Iyo Bank, Ltd. The Nomura Trust and Banking Co., Ltd. The Bank of Fukuoka, Ltd. The Shinwa Bank, Ltd.	3,303	Base rate (JBA 3-month Yen TIBOR) + 0.65%	May 31, 2019	May 31, 2022	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited ORIX Bank Corporation The Mie Bank, Ltd. The Towa Bank, Ltd. The Iyo Bank, Ltd. The Nomura Trust and Banking Co., Ltd. The Bank of Fukuoka, Ltd. The Shinwa Bank, Ltd.	3,303	Base rate (JBA 3-month Yen TIBOR) + 0.80%	May 31, 2019	May 31, 2023	Unsecured and unguaranteed
Total		15,558				

Ooedo-Onsen Monogatari Group (1)

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

Overview

Company Name	Ooedo-Onsen Monogatari Hotels & Resorts Co., Ltd.
Capital	100 million yen (as of September 1, 2018)
Address	1-9-4 Nihonbashi-honcho, Chuo-ku, Tokyo
Establishment	December 5, 2017 (founded in November 2001)
No. of Employees	1,315 (as of February 28, 2019, excluding fixed-term employees) *The total number of employees on a group-wide basis
Representative	Representative Director Mitsumasa Morita

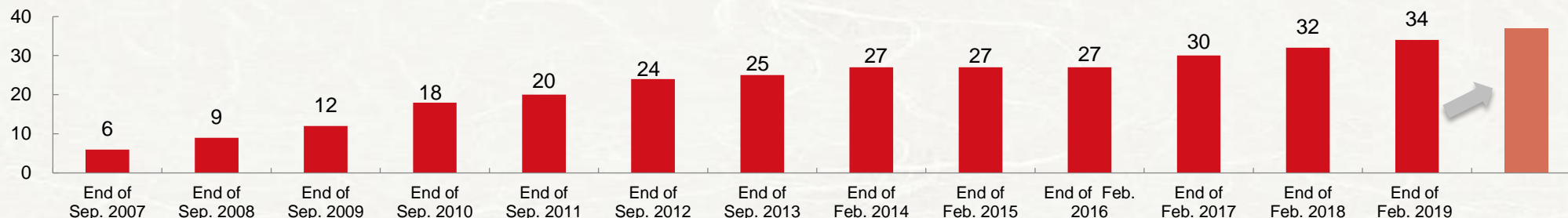
Financial Results (Feb. 2019)

Consolidated Net Sales: 48,761 million yen
Consolidated Total Assets: 77,663 million yen
Net Assets: 21,615 million yen

Businesses

- Reinvigorating onsen ryokan, hotels, spa-related facilities, theme parks around the country
- We started with the onsen theme park, “Ooedo-Onsen Monogatari,” which has an Edo culture theme. As of Feb. 28, 2019, we operate 34 onsen and spa-related facilities

Trends in number of facilities



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

Ooedo business model achieving both high quality and reasonable price

Provision of services that lead to the creation of repeat customers

Services created from a customer perspective

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

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

Efficient operation

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

Marketing programs to maximize customer reach

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

High-quality service

+

Affordable price



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

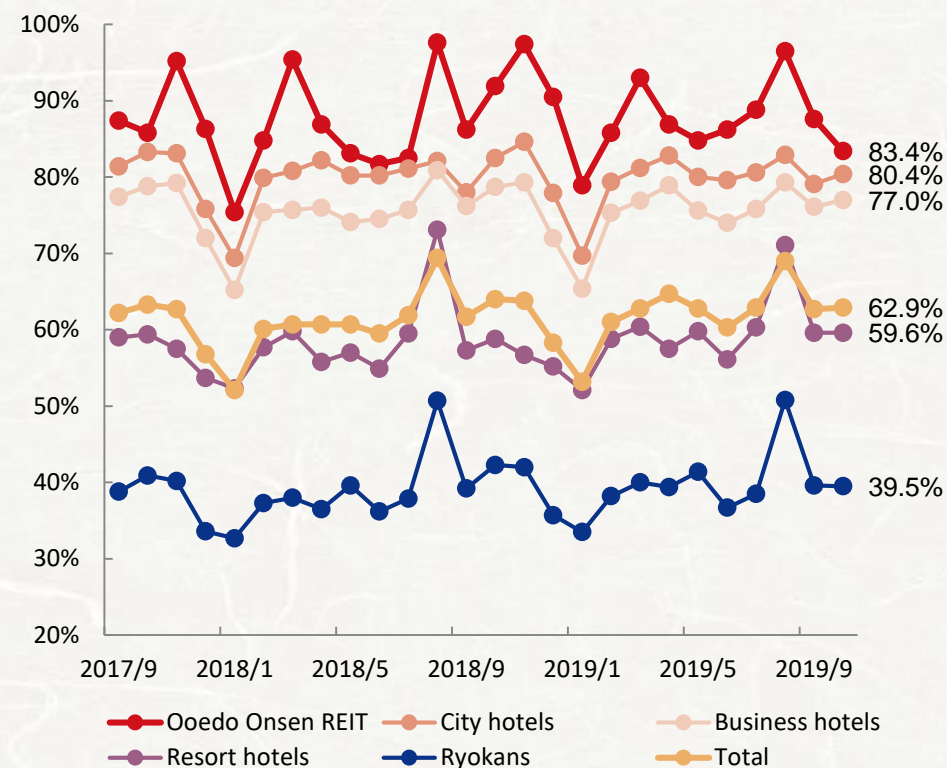
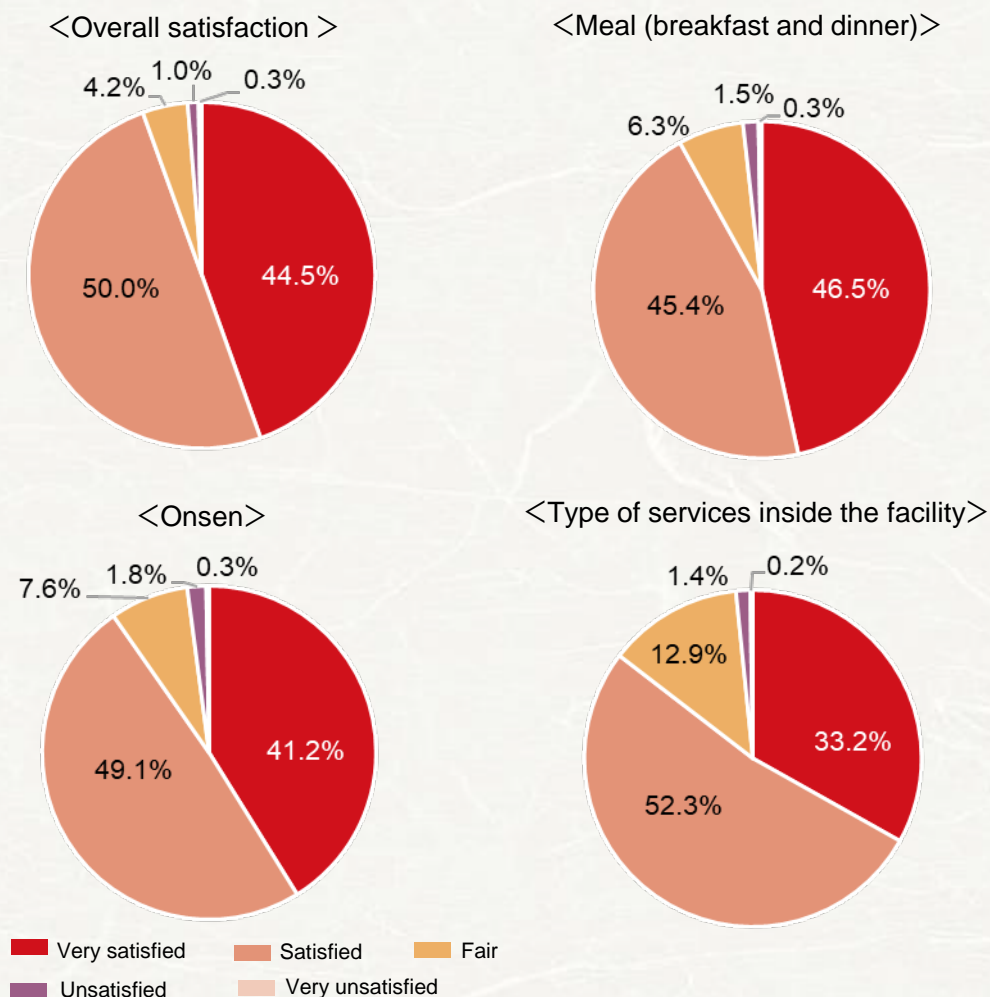


“Ooedo Business Model” with Stable Operations and Sustainable Growth (2)

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

Ooedo-Onsen Monogatari Group hotel guest questionnaire (conducted from June 1, 2019 to November 30, 2019)

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



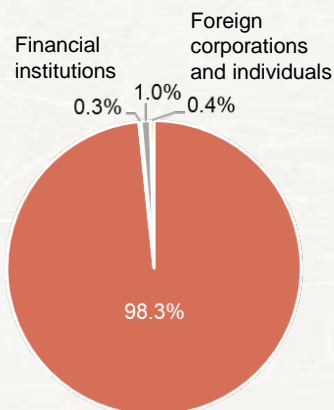
Source: Data on city hotels, business hotels, resort hotels, ryokan and all types of accommodation are compiled by the asset manager based on a statistical survey on trips with accommodation conducted by the Ministry of Land, Infrastructure, Transport and Tourism.

Unitholders Breakdown

Ratio by number of unitholders

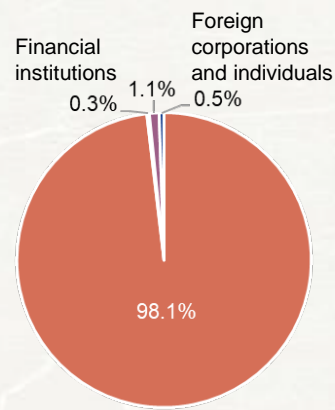
<End of 6th fiscal period>

19,447 unitholders

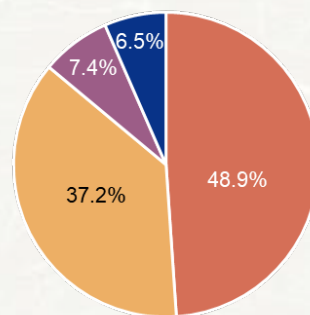
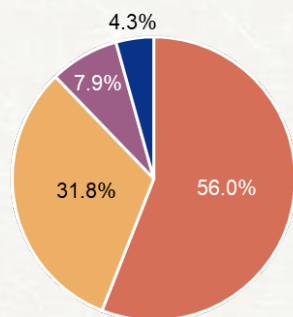


<End of 7th fiscal period>

18,066 unitholders



Ratio by number of investment units






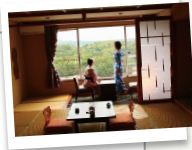
■ Individuals
■ Financial institutions (Incl. securities companies)
■ Other domestic corporations
■ Foreign corporations and individuals

Top 10 unitholders

Rank	Name	Number of units held	Ratio
1	Japan Trustee Services Bank, Ltd. (Trust Account)	22,692	9.6%
2	The Master Trust Bank of Japan, Ltd. (Trust Account)	21,663	9.2%
3	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	10,713	4.6%
4	Ooedo-Onsen Mongatari Co., Ltd.	9,246	3.9%
5	Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	6,607	2.8%
6	Ueda Yagi Tanshi Co., Ltd.	4,100	1.7%
7	MLI STOCK LOAN	3,047	1.3%
8	JPMorgan Securities Japan Co., Ltd.	3,010	1.3%
9	Morgan Stanley MUFG Securities Co., Ltd.	2,592	1.1%
10	DFA INTERNATIONAL REAL ESTATE SECURITIES PORTFOLIO	2,521	1.1%
Total		86,191	36.6%

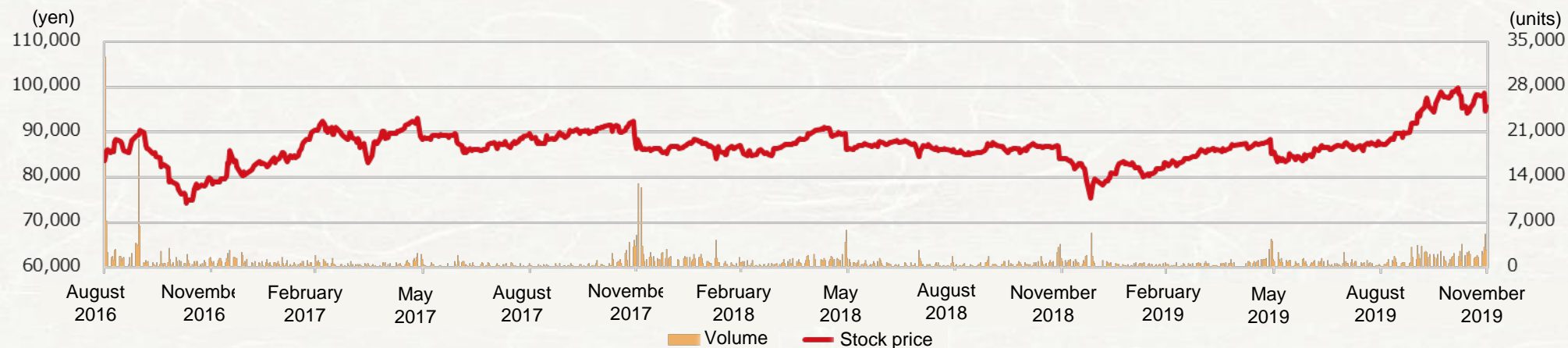
Unitholder Benefit Program

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

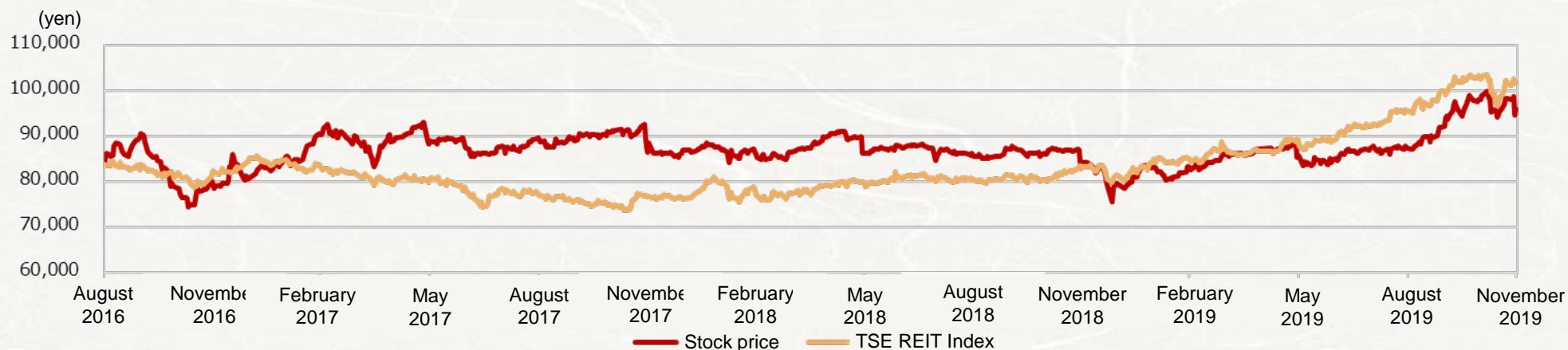
<p>Commencement period and target unitholders</p>	<p>Targets unitholders listed or recorded on Unitholders' Registry as of November 30, 2019 (record date), end of 7th fiscal period.</p>	
<p>Eligible persons</p>	<p>The program is also available for those other than unitholders with coupons transferred from unit holders (not registered)</p>	
<p>Benefits</p>	<p>Coupons offering discounts of 1,000 yen per coupon from the accommodation fee for applicable facilities on weekdays (excluding specified dates) will be sent</p> <p>① Unitholders holding 5 units or more and less than 10 units <u>1 coupon</u> <u>Equivalent to 1,000 yen</u> ② Unitholders holding 10 units or more <u>2 coupons</u> <u>Equivalent to 2,000 yen</u></p> <p>Coupons can be used together with other discount coupons, etc. provided by Oedo-Onsen Monogatari Group</p>	
<p>Applicable facilities</p>	<p>Onsen and spa-related facilities that are owned by the Investment Corporation in each fiscal period and leased by Oedo-Onsen Monogatari Group</p> <p><Facilities applicable> Oedo-Onsen Monogatari Reoma Resort, Oedo-Onsen Monogatari Ise-shima, Ito Hotel New Okabe, Oedo-Onsen Monogatari Atami, Oedo-Onsen Monogatari Toi Marine Hotel, Oedo-Onsen Monogatari Awara, Oedo-Onsen Monogatari Kamoshika-so, Oedo-Onsen Monogatari Ikaho, Oedo-Onsen Monogatari Kimitsu-no-mori, Oedo-Onsen Monogatari Nagasaki Hotel Seifu, Oedo-Onsen Monogatari Kounkaku, Kinugawa Kanko Hotel, Oedo-Onsen Monogatari Kinosaki and Oedo-Onsen Monogatari Higashiyama Grand Hotel <14 facilities in total></p>	
<p>Schedule of sending and period of validity</p>	<p>Coupons will be sent each year in mid-February for fiscal periods ended in November and in mid-August for fiscal periods ended in May</p> <p>① When coupons are sent in mid-February: Valid for 1 year from March 1st to the last day of the following February ② When coupons are sent in mid-August: Valid for 1 year from September 1st to the last day of the following August</p>	

Track Record of Investment Unit Price

🍁 Change in investment unit price and trading volume



🌸 Relative comparison of investment unit price and TSE REIT index



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

Governance Structure

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

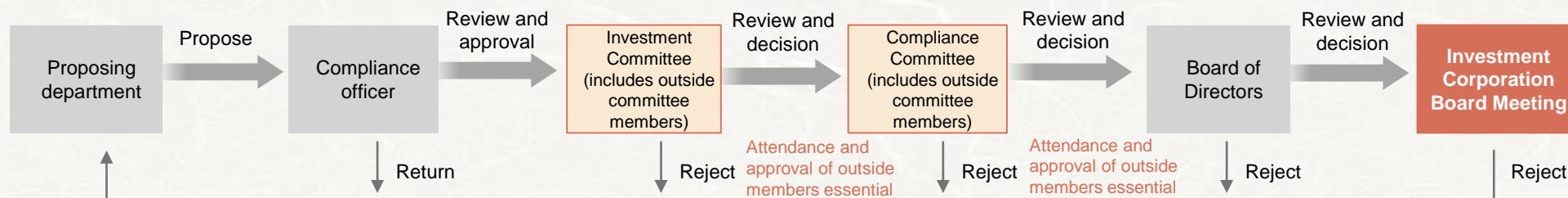
Remuneration paid by the Investment Corporation to the asset manager consists of management fee I, management fee II, acquisition fee, and disposition fee.

Management fee I	Total assets at end of previous accounting period ^(Note1) × 1.0% per annum (ceiling)
Management fee II	Management fee II for previous accounting period × (DPU before deduction of current period management fee II/DPU before deduction of previous period management fee II) × management fee II revised ratio
Acquisition fee^(Note 2)	Acquisition price × 1.0% (ceiling) (transaction with related party: 0.5% (ceiling))
Disposition fee	Disposition price × 1.0% (ceiling) (transaction with related party: 0.5% (ceiling))

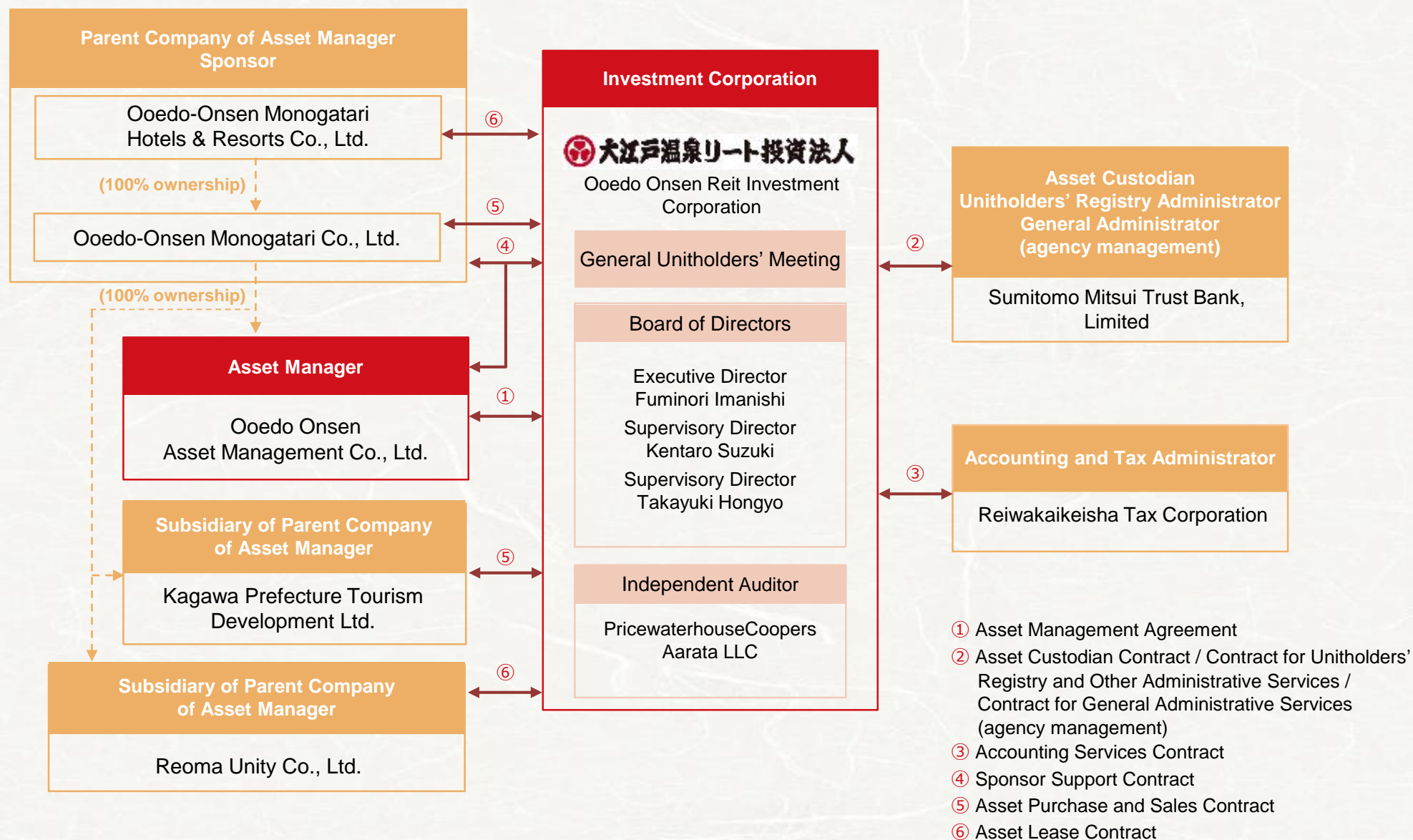
(Note 1) Subject to adjustment for asset acquisitions and asset dispositions during the relevant calculation period.

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

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



Overview of Investment Corporation

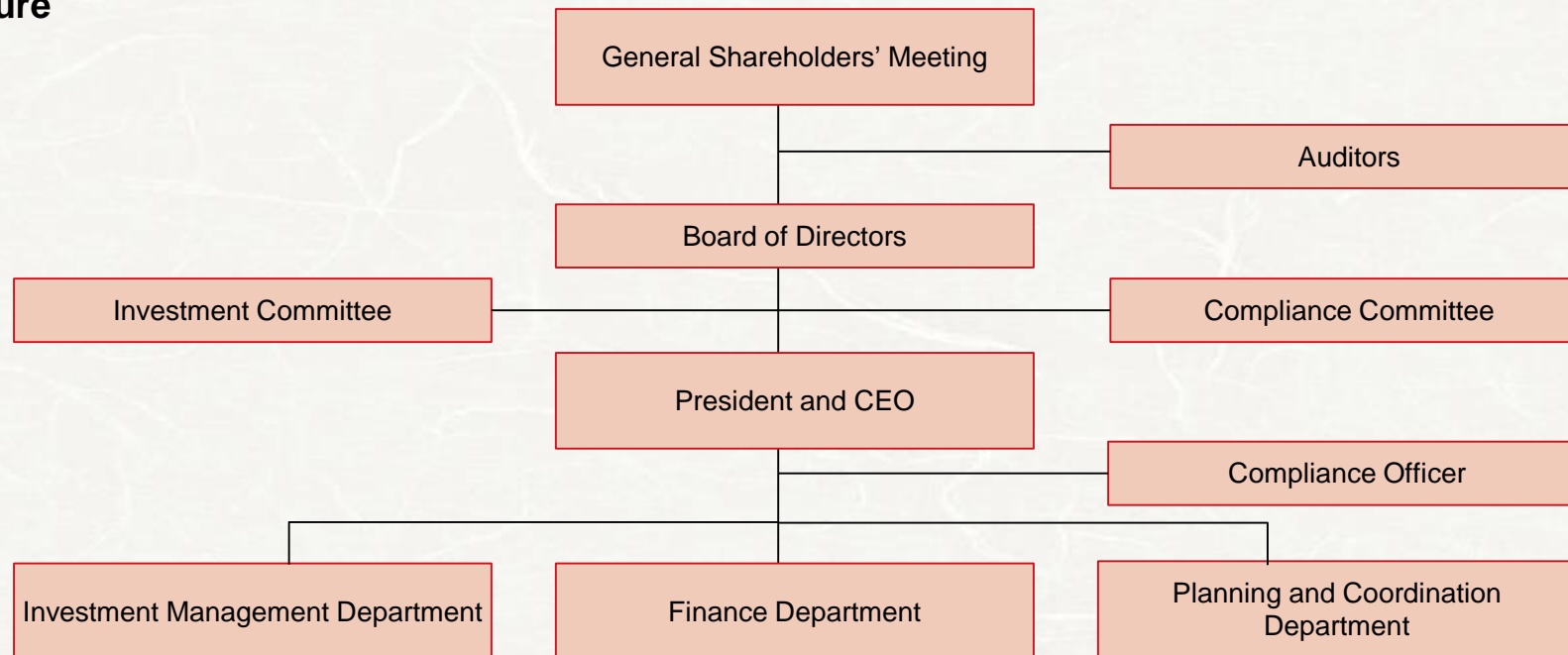


Overview of Asset Manager

Name : Ooedo Onsen Asset Management Co., Ltd.
Address : 3-3-4, Nihonbashi-Honcho, Chuo-Ku, Tokyo
Established : April 24, 2015
Capitalization : 50 million yen
Representative : Fuminori Imanishi
Shareholder : Ooedo-Onsen Monogatari Co., Ltd. 100%

Registrations and Licenses : Real estate brokerage, Governor of Tokyo (1) No. 98032
 Discretionary transaction agent, Minister of Land, Transport and Tourism License No. 102
 Financial instruments business, Director of Kanto Local Finance Bureau (Kinsho) No. 2906
 Member of the Investment Trusts Association, Japan
Employees : 12 (as of November 30, 2019)

🦋 Structure



Disclaimer

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