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Summary of REIT Financial Report for the 15th Fiscal Period

January 22, 2024

REIT Issuer: Ooedo Onsen Reit Investment Corporation Stock Exchange Listing: TSE
 Securities Code: 3472 URL: <https://oom-reit.com/en/>
 Representative: Takeshi Kiriwara, Executive Director
 Asset Manager: APA Investment Management Co.,Ltd.
 Representative: Takeshi Kiriwara, Chief Executive Officer
 Inquiries to: Satoshi Iguchi, Chief Planning & Coordination Officer +81-3-6262-5456
 Scheduled date of submission of periodic securities report (*yuka shoken hokokusho*): February 26, 2024
 Scheduled date of start of distribution payments: February 13, 2024

Preparing supplementary explanatory materials on financial results: Yes
 Holding of brief session on financial results: Yes (for institutional investors and analysts)

[Amounts are rounded down to the nearest million yen, except for per unit figures]

1. Status of Management and Assets for the 15th Fiscal Period

15th Fiscal Period: Fiscal period ended November 2023 (from June 1, 2023 to November 30, 2023)

14th Fiscal Period: Fiscal period ended May 2023 (from December 1, 2022 to May 31, 2023)

(1) Management Status

[% figures show the period-on-period increase (decrease)]

Fiscal period	Operating revenue		Operating profit		Ordinary profit		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
15th	1,202	(1.5)	516	(1.4)	342	(2.1)	341	(2.2)
14th	1,221	(1.3)	523	3.7	349	6.7	349	6.7

Fiscal period	Profit per unit	Ratio of profit to unitholders' equity	Ratio of ordinary profit to total assets	Ratio of ordinary profit to operating revenue
	Yen	%	%	%
15th	1,451	1.6	1.0	28.5
14th	1,483	1.7	1.1	28.6

(2) Distribution Status

Fiscal period	Distribution per unit (excluding excess cash distribution)	Total distribution (including excess cash distribution)	Excess cash distribution per unit	Total excess cash distribution	Distribution per unit (including excess cash distribution)	Total distribution (including excess cash distribution)	Distribution Payout ratio	Ratio of distribution to net assets
	yen	million yen	yen	million yen	yen	million yen	%	%
15th	1,451	341	13	3	1,464	344	100.0	1.6
14th	1,444	339	-	-	1,444	339	97.4	1.6

(Note 1) The entire amount of total excess cash distribution is equivalent to the amount of allowance for temporary difference adjustments.

(Note 2) Distribution payout ratio is rounded down to the first decimal place.

(3) Financial Position

Fiscal period	Total assets	Net assets	Unitholders' equity to total assets	Net assets per unit
	million yen	million yen	%	yen
15th	35,426	20,967	59.2	89,092
14th	33,126	20,965	63.3	89,085

(4) Cash Flow Status

Fiscal period	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
15th	815	(5,264)	2,787	488
14th	1,956	(94)	(1,194)	2,150

2. Management Status Forecasts for the 16th Fiscal Period and the 17th Fiscal Period

16th Fiscal Period: Fiscal period ending May 2024 (from December 1, 2023 to May 31, 2024)

17th Fiscal Period: Fiscal period ending November 2024 (from June 1, 2024 to November 30, 2024)

[% figures show the period-on-period increase (decrease)]

Fiscal period	Operating revenue		Operating profit		Ordinary profit		Profit		Distribution per unit (excluding excess cash distribution)	Excess cash distribution per unit	Distribution per unit (including excess cash distribution)
	million yen	%	million yen	%	million yen	%	million yen	%	yen	yen	yen
16th	1,293	7.6	560	8.4	348	1.8	347	1.8	1,477	13	1,490
17th	1,300	0.5	563	0.6	391	12.2	390	12.2	1,659	13	1,672

(Reference) Estimated Profit per unit for the 16th Fiscal Period: 1,477 yen; 17th Fiscal Period: 1,658 yen

* Other

(1) Changes in Accounting Policies, Changes in Accounting Estimates and Retrospective Restatement

- (i) Changes in accounting policies accompanying amendments to accounting standards, etc.: None
- (ii) Changes in accounting policies other than (i): None
- (iii) Changes in accounting estimates: None
- (iv) Retrospective restatement: None

(2) Total Number of Investment Units Issued and Outstanding

- (i) Total number of investment units issued and outstanding (including own investment units) at end of period:
- (ii) Number of own investment units at end of period:

15th	235,347 units	14th	235,347 units
15th	0 units	14th	0 units

*** This financial report is not included in the scope of the external audit by a certified public accountant or auditing firm.**

* Matters of special note

The management status outlook and other forward-looking statements contained in this document are based on information that are currently available and certain assumptions that are deemed reasonable by the Investment Corporation. Accordingly, the actual management status, etc. may differ materially due to various factors. In addition, the forecast is not a guarantee of the amount of cash distribution. For the assumptions for the management status forecasts, please refer to “Assumptions Underlying Forecasts of the Financial Results for the Fiscal Period Ending May2024 and November 2024” on page 7.

1. Management Status

(1) Overview of the Fiscal Period under Review

a. Brief History of the Investment Corporation

Ooedo Onsen Reit Investment Corporation (the “Investment Corporation”) was established on March 29, 2016 (capital: 200 million yen, issued investment units: 2,000 units) under the Act on Investment Trusts and Investment Corporations (the “Investment Trust Act”). Registration with the Kanto Local Finance Bureau was completed on May 13, 2016 (registration number 119, filed with the Director of the Kanto Local Finance Bureau).

Subsequently, the Investment Corporation issued new investment units via public offering (174,200 units) with August 30, 2016 as the payment date and listed on the Real Estate Investment Trust Securities Market of Tokyo Stock Exchange, Inc. (“Tokyo Stock Exchange”) (Securities Code: 3472) on August 31, 2016. At the end of 14th fiscal period (ending May 31, 2023), the Investment Corporation owned 11 leisure facilities. In the fiscal period under review, the Investment Corporation acquired four accommodation facilities (Note 2): L Place Miyazakidai, JMR Residence Shin-Osaka, K. Ryokuchi, and Fiel Hakusankoen Niigata Hakusankoen building. Consequently, the total number of facilities owned by the Investment Corporation as of the end of the fiscal period under review stood at 15 (total acquisition price (Note 3) was 35,983 million yen). The total number of investment units issued and outstanding of the Investment Corporation as of the end of the fiscal period under review stands at 235,347 units.

(Note 1) Leisure facilities are onsen and spa-related facilities, hotels (lodging whose main structure and facilities are Western style), other facilities that are or can be used for accommodation purposes, resort facilities (facilities providing opportunities for sports or recreational activities, the same applies hereinafter), and amusement parks.

(Note 2) Accommodation facilities are rental housing, student apartments, company dormitories, serviced apartments, shared houses, elderly facilities and houses, and other facilities that are or can be used for residential purposes. The same applies hereinafter.

(Note 3) “Acquisition price” is the purchase price (not including expenses, such as consumption tax, local consumption tax, or sale and purchase fees) of each property in the sale and purchase agreement, rounded down to the nearest million yen. However, in the case of Ooedo-Onsen Monogatari Reoma Resort, because the Investment Corporation transferred part of the land on November 2, 2020, and on June 29, 2022, and at the same time it leased the transferred part from the transferee, the “acquisition price” (not including expenses, such as consumption tax, local consumption tax, or sale and purchase fees) is the purchase price of each piece of real estate in the sale and purchase agreement pertaining to the property as of the time of acquisition, minus the amount equivalent to the book value pertaining to the transferred part as of the time of the transfer, plus the amount equivalent to the premium paid as consideration for the establishment of the leasehold in the lease agreement pertaining to the establishment of the leasehold interest for the transferred part. The Investment Corporation acquired a co-ownership interest in land with a mineral spring related to Ooedo-Onsen Monogatari Atami on December 24, 2021. The acquisition price (not including expenses, such as consumption tax, local consumption tax, or sale and purchase fees) of Ooedo-Onsen Monogatari Atami is the purchase price of the real estate in the sale and purchase agreement pertaining to the property as of the time of acquisition plus the purchase price (not including expenses, such as consumption tax, local consumption tax, or sale and purchase fees) of the co-ownership interest in the mineral spring land stated in the sale and purchase agreement.

b. Investment Environment and Management Performance

During the fiscal period under review, the Japanese economy showed signs of a mild recovery as economic activity returned to normal following the easing of restrictions on movement associated with the COVID-19 pandemic. On the other hand, the protracted conflict in Ukraine, the unstable situation in the Middle East, the continued increase of prices due to the depreciation of the yen, and the related concerns about the increase of interest rates negatively impacted the economic recovery. These trends need to be continuously monitored.

In these circumstances, the Investment Corporation used new borrowings in addition to surplus funds, including the remaining proceeds from the sale of Ooedo-Onsen Monogatari Kamoshika-so and Ooedo-Onsen Monogatari Kinosaki, which were sold in the 13th fiscal period (which ended on November 30, 2022) and the 14th fiscal period (which ended on May 31, 2023), to acquire four properties, L Place Miyazakidai, JMR Residence Shin-Osaka, K. Ryokuchi, and Fiel Hakusankoen Niigata Hakusankoen building in September 2023, and started to manage accommodation facilities, a new category of assets.

The occupancy rate (Note 1) of all leisure facilities owned by the Investment Corporation in the fiscal period under review was 76.5%, up 5.8% year on year. RevPAR (Note 2) continued to recover and rose 14.6% year on year. The occupancy rate of all accommodation facilities during the fiscal period under review as of the end of the period (Note 3) was 95.5%.

The Asset Manager established the Sustainability Promotion Office in May 2023 and it has developed its policy, organizational structure, and specific initiatives for its ESG activities. They are available on the Investment Corporation’s website. The Investment Corporation and the Asset Manager consider that activities to improve sustainability, such as environmental considerations, social contribution and the reinforcement of organizational governance in asset management operations are essential for achieving a medium- to long-term increase in the investor value of the Investment Corporation. With this recognition, two companies will continue to work on ESG initiatives going forward.

The appraisal value of properties acquired totaled 38,819 million yen at the end of the fiscal period under review. In comparison to the appraisal value of properties acquired at the end of the previous fiscal period, the capitalization rate remained unchanged. However, the appraisal value increased 60 million yen in total thanks largely to an end of reduction of fixed rent in the previous fiscal period, a temporary reduction of fixed rent of properties to be renewed, and a revision of capital expenditure plans at some of the facilities. Looking at unrealized gain/loss (Note 4) for the entire portfolio at the end of the fiscal period under review, the unrealized gain increased to 5,435 million yen as a result of the depreciation of the 15 properties that comprise the portfolio.

(Note 1) Occupancy rate refers to the ratio of leased area to leasable area.

Occupancy rate of a leisure use facility is calculated by the following formula.

Occupancy rate of a leisure use facility = number of guestrooms sold during relevant period / number of rooms available for sale during relevant period × 100 (%)

(Note 2) Revenue per available room (RevPAR) is calculated for a given time period by dividing total room revenue by total rooms available, and is rounded down to the nearest specified unit.

(Note 3) The occupancy rate of accommodation facilities during the fiscal period is calculated using the formula below.

Period cumulative occupancy rate = period cumulative of leased area as of the end of each month ÷ period cumulative of total leasable area as of the end of each month × 100 (%)

(Note 4) Unrealized gain/loss is calculated using the following formula. Please note that there is no guarantee that this unrealized gain/loss will be realized.

Unrealized gain/loss = Total appraisal value of owned assets as of the end of the fiscal period under review – Total balance sheet amount (including equipment attached to buildings, structures, machinery and equipment, tools, furniture and fixtures, construction in progress as well as leasehold right)

c. Overview of Capital Procurement

In the fiscal period under review, the Investment Corporation obtained 3,400 million yen on September 28, 2023, through a long-term loan from a syndicate with Sumitomo Mitsui Banking Corporation as the arranger (Note). The funds were used for acquiring real estate trust beneficiary interests in four domestic properties and covering some incidental charges. In addition, the Investment Corporation made scheduled repayments of 73 million yen each on July 31, 2023 and October 31, 2023, using cash on hand. As a result, the total amount of interest-bearing debt and the ratio of such debt to total assets (LTV) came to 12,888 million yen and 36.4%, respectively, at the end of the fiscal period under review.

(Note) Refer to the press release, “Notice Concerning Borrowing of Funds” dated September 25, 2023, for details.

d. Overview of Financial Performance and Distributions

As a result of the operations described above, business performance in the fiscal period under review generated operating revenue of 1,202 million yen, operating profit of 516 million yen, ordinary profit of 342 million yen and profit of 341 million yen.

Concerning cash distribution for the fiscal period under review, pursuant to the cash distribution policies provided in the Investment Corporation’s articles of incorporation, the amount of distribution was to be in excess of an amount equivalent to 90% of the Investment Corporation’s earnings available for distribution as defined in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, as amended; the “Special Measures Concerning Taxation Act”). Accordingly, the Investment Corporation decided to distribute 1,451 yen per unit (excluding excess cash distribution).

Furthermore, in accordance with the policy for “distribution of cash in excess of profit” as stated in the Investment Corporation’s articles of incorporation, the Investment Corporation makes a distribution for the 3,059,511 yen in allowance for temporary difference adjustments (as defined in Article 2, Paragraph 2, item 30 of the Ordinance on Accountings of Investment Corporations (Cabinet Office Ordinance No. 47 of 2006, as amended; the “Investment Corporations Accountings Ordinance”) for the purpose of reflecting the effect on distributions of the difference between accounting and tax treatment of earnings in association with the recording of interest expenses of asset retirement obligation and recording of depreciation of building book value corresponding to asset retirement obligation and leasehold depreciation (as defined in Article 2, Paragraph 2, item 30 (b) of the Investment Corporations Accountings Ordinance). This results in excess distribution per unit of 13 yen.

As a result, distribution per unit for the fiscal period under review was determined as 1,464 yen (of which, excess distribution per unit was 13 yen).

(2) Outlook for the Next Fiscal Period

a. Future Management Policy

In December 2023, the sponsor of the Investment Corporation changed from the Oedo-Onsen Monogatari Group to the APA Group (Note 1). APA Holdings Co., Ltd. has become the new shareholder of the Asset Manager (Note 2). With its new sponsor, the Investment Corporation will maintain its asset management policy. In pursuit of continued growth, the Investment Corporation changed the name of the Asset Manager to APA Investment Management Co., Ltd. on December 19, 2023. (Note 3).

The Investment Corporation's biggest management challenges were to strengthen its financial foundation, which had been weakened during the COVID-19 pandemic, and achieve external growth, which had been slow. However, the sponsor, the Oedo-Onsen Monogatari Group, was mainly focused on investing in its own growth and improving earnings, making it difficult for it to prioritize addressing the Investment Corporation's management challenges. The Investment Corporation secured new long-term borrowings, but it still faced many challenges, including the need to expand its partnerships with financial institutions. Its new sponsor, the APA Group, has established strong relationships with major financial institutions, so the Investment Corporation anticipates that it will be supported in various ways that will help it address issues related to its implementation of its financial strategies. The Investment Corporation expects that the APA Group will support its external growth by granting preferential negotiation rights to the Investment Corporation when the APA Group sells properties and by providing hotel operator functions. The APA Group is demonstrating a strong commitment to providing support to the Investment Corporation, including same-boat investments.

(Note 1) APA Holdings Co., Ltd. and its consolidated subsidiaries are collectively the APA Group. The same applies hereinafter.

(Note 2) Refer to the press release, "Notice Concerning Changes in the Principal Shareholders, Parent Company and Specified Associated Companies of the Asset Manager" dated December 12, 2023, for details.

(Note 3) Refer to the press release, "Notice Concerning Completion of Changes in the Principal Shareholders, etc., Changes in the trade names and Changes in Director of the Asset Manager" dated December 19, 2023, for details.

b. External Growth Strategy

(a) Priority investment assets

The Investment Corporation will invest in accommodation facilities in urban areas, sports and amusement facilities, entertainment facilities, and complex facilities that contain the foregoing and other leisure facilities. In addition, accommodation facilities whose risk-return characteristics are different from those of leisure facilities will be positioned as priority investment assets with the goal of continuously and stably enhancing unitholder value through the diversification of the portfolio.

(b) Utilization of Network Unique to the Asset Manager

Using the Asset Manager's own network, the Investment Corporation will invest in leisure facilities by determining whether or not the operators have a track record of stably managing their performance even during the COVID-19 pandemic and they are able to handle changes in the market based on their experiences during the pandemic. The Investment Corporation will selectively invest in accommodation facilities by emphasizing regional characteristics, trends in social conditions, changes in demand for rental accommodations and convenience and by taking note of tenants' reliability, management capabilities, track record, etc.

(c) Utilization of Sponsor Pipeline

In accordance with the sponsor support agreement concluded with the Sponsors on December 19, 2023, the Investment Corporation is granted preferential negotiating rights for the acquisition of hotels owned or developed by the APA Group, and will also be preferentially provided with third-party property sales information acquired by the APA Group. The Investment Corporation intends to continuously acquire facilities that meet investment criteria of the Investment Corporation by making maximum use of the abovementioned support.

On December 19, 2023, the Investment Corporation signed a memorandum (Note 2) with the Oedo-Onsen Monogatari Group, which had been its sponsor since its listing, which stipulates that the Oedo-Onsen Monogatari Group will continue to provide some support to the Investment Corporation as set out in the sponsor support agreement between the two parties. This support includes granting preferential negotiation rights to the Investment Corporation in connection with the sale of the properties that the Oedo-Onsen Monogatari Group had before the transfer of the shares of the Asset Manager to the APA Group and allowing the Investment Corporation to use the Oedo-Onsen Monogatari's trademarks if necessary.

(Note1) Refer to the press release, "Notice Concerning the Conclusion of a Sponsor Support Agreement with the APA Group" dated December 12, 2023, for details.

(Note2) Refer to the press release, "Notice Concerning the Conclusion of a Memorandum of Understanding (Amendment to the Sponsor Support Agreement) with the Oedo Onsen Monogatari Group" dated December 19, 2023, for details.

c. Internal Growth Strategy

(a) leisure facilities

Under the Investment Corporation's long-term lease agreements with the companies in the Oedo-Onsen Monogatari Group, which are the main tenants of the leisure facilities that it owns, the Investment Corporation adopts rent systems that contain primary rent which consists mainly of fixed rents with the addition of GOP-linked variable rents (Note 1) and secondary rents which are equivalent to the real estate-related costs of each facility, and ensures that repair costs are paid by tenants, in principle. In this manner, the Investment Corporation can ensure stable cashflows and enjoy and pursue revenue upsides. In the basic agreements concluded with Oedo-Onsen Monogatari Hotels & Resorts Co, Ltd. and Reoma Unity Co., Ltd. as of November 15, 2022, it set forth a shift to a new rent system in which the composition ratio and rate of variable rents are higher than the existing ratios and rents if a target GOP set for each facility is achieved (Note 2). The Investment Corporation has also signed a memorandum that prohibits any cancellation or revision of the lease terms for its properties whose tenants are the Oedo-Onsen Monogatari Group for five years to ensure stable income (Note 3).

The Investment Corporation will implement capital expenditures (Note 4), which will contribute to an increase in value, such as the extension and reconstruction of owned properties where it is possible to increase asset value to increase the number of guest rooms and the customer unit price. The Investment Corporation aims to increase tenants' profits and thereby increase variable rents.

(Note 1) "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. The same applies hereinafter.

(Note 2) Refer to the press release, "Notice Concerning Conclusion of Basic Agreement on New Rent System" dated November 15, 2022, for details.

(Note 3) Refer to the press release, "Notice Concerning the Conclusion of a Memorandum of Understanding for Fixed Term Building Lease Contract with Suspensive Conditions and Building Management Service Outsourcing Contract" dated December 12, 2023, for details.

(Note 4) CAPEX (Capital Expenditure) does not refer to repair expenses for maintenance of real estate but refers to expenditure for enhancing value and extending lifetime of real estate and its facilities.

(b) Accommodation facilities

If the Investment Corporation signs a fixed-rent, pass-through master lease agreement regarding the accommodation facilities that it owns, it aims to maintain the building in good condition for the continuation of the agreement. If the Investment Corporation signs a pass-through master lease agreement, it will collaborate with the property management company to effectively attract tenants and it will seek the maximization of rents when concluding new agreements and renewing existing ones.

The Investment Corporation will create strategic repair plans to maintain the competitiveness of properties and increase tenant satisfaction.

d. Financial Strategy

The Investment Corporation aims to expand its partnerships with financial institutions and improve its financing terms by leveraging the support of the APA Group through the sponsor support agreement (Note) signed on December 19, 2023. The goal of the Investment Corporation's medium- and long-term debt financing policy is to achieve stable financing at the time when it acquires new properties and when existing loans become due, while maintaining favorable relationships with existing lenders through sufficient communication. The Investment Corporation flexibly considers the implementation of equity financing, considering the enhancement of the value of investment units over the medium to long terms and the achievement of growth in distributions per unit.

The Investment Corporation's policy is to maintain LTV at a conservative level with a rate around 40% as a benchmark for the time being under the principle of 60% as maximum. The Investment Corporation also aims to lower the risk premium and reduce financial costs by expanding its portfolio and diversifying risks including those related to tenants and facility locations from medium- and long-term perspectives. At the same time, the Investment Corporation seeks to gain high ratings, diversify its procurement methods, lengthen the average debt repayment period and introduce fixed interest rates.

(Note) Refer to the press release, "Notice Concerning the Conclusion of a Sponsor Support Agreement with the APA Group" dated December 12, 2023, for details.

(3) Significant Subsequent Events

Not applicable

**Assumptions Underlying Forecasts of the Financial Results
for the Fiscal Period Ending May 2024 and November 2024**

Item	Assumption																								
Calculation period	<ul style="list-style-type: none"> Fiscal period ending May 2024 (16th fiscal period: from December 1, 2023, to May 31, 2024) (183 days) Fiscal period ending November 2024 (17th fiscal period: from June 1, 2024 to November 30, 2024) (183 days) 																								
Managed Assets	<ul style="list-style-type: none"> The Investment Corporation has owned 15 properties as of the date of this document. It is assumed that there will be no change (acquisition or disposition of assets) through to the end of the fiscal period ending November 2024. The managed assets may change due to acquisition of assets other than the owned properties above, the disposition of assets under management, etc. 																								
Operating revenue	<p>< Hot spring / hot bath related facilities ></p> <ul style="list-style-type: none"> Lease operations revenue from the owned assets is calculated based on the lease agreements effective as of the date of this document. It is calculated in light of rent revisions to be made in the future, taking into consideration market trends and other factors. It assumes that there is no delinquency or non-payment of rent by the tenant. Contract amendments for transition to new rent structures were made on the dates shown below regarding lease agreements for the assets owned by the Investment Corporations in the following facilities. It is assumed that the transition to new rent structures will not have been completed in the fiscal periods ending May 31, 2024 (16th period) and November 30, 2024 (17th period). <table border="1" data-bbox="424 981 1461 1458"> <thead> <tr> <th>Property name</th> <th>Date of amendment agreement regarding transition to new rent structures</th> </tr> </thead> <tbody> <tr> <td>Ooedo-Onsen Monogatari Reoma Resort</td> <td>August 31 2023</td> </tr> <tr> <td>Ooedo-Onsen Monogatari Ise-shima</td> <td>December 1 2022</td> </tr> <tr> <td>Ito Hotel New Okabe</td> <td>August 31 2023</td> </tr> <tr> <td>Ooedo-Onsen Monogatari Atami</td> <td>August 31 2023</td> </tr> <tr> <td>Ooedo-Onsen Monogatari Toi Marine Hotel</td> <td>July 31 2023</td> </tr> <tr> <td>Ooedo-Onsen Monogatari Awara</td> <td>July 31 2023</td> </tr> <tr> <td>Ooedo-Onsen Monogatari Ikaho</td> <td>August 31 2023</td> </tr> <tr> <td>Ooedo-Onsen Monogatari Kimitsu-no-mori</td> <td>July 31 2023</td> </tr> <tr> <td>Ooedo-Onsen Monogatari Kounkaku</td> <td>July 31 2023</td> </tr> <tr> <td>Kinugawa Kanko Hotel</td> <td>December 1 2022</td> </tr> <tr> <td>Ooedo-Onsen Monogatari Higashiyama Grand Hotel</td> <td>July 31 2023</td> </tr> </tbody> </table> <ul style="list-style-type: none"> Rent is calculated based on the following assumptions: [Ooedo-Onsen Monogatari Reoma Resort] Fixed rent: 52,456,896 yen monthly Variable rent: calculated using the following calculation method <ol style="list-style-type: none"> Modified GOP (Note 1) for the most recent one-year period × 5.0% (yearly; the monthly amount is 1/12th thereof) Only if 58.7% of the modified GOP exceeds one year's fixed rent, variable rent will apply. Ooedo-Onsen Monogatari Reoma Resort, a fixed-term land lease agreement has been concluded with the tenant and land rent based on this fixed-term land lease agreement of 83,700 yen per month is received separately, however, this land rent will be revised every year and will be calculated as follows. Amount of rent after revision = $((A \times 12 - B) + B') \div 12$ A: Amount of rent at that particular point in time B: Sum total of fixed asset tax and other taxes and public dues levied on the land, calculated based on the tax notice as of October 31 immediately preceding the start date of the immediately preceding base fiscal year (refers to one-year period commencing on 	Property name	Date of amendment agreement regarding transition to new rent structures	Ooedo-Onsen Monogatari Reoma Resort	August 31 2023	Ooedo-Onsen Monogatari Ise-shima	December 1 2022	Ito Hotel New Okabe	August 31 2023	Ooedo-Onsen Monogatari Atami	August 31 2023	Ooedo-Onsen Monogatari Toi Marine Hotel	July 31 2023	Ooedo-Onsen Monogatari Awara	July 31 2023	Ooedo-Onsen Monogatari Ikaho	August 31 2023	Ooedo-Onsen Monogatari Kimitsu-no-mori	July 31 2023	Ooedo-Onsen Monogatari Kounkaku	July 31 2023	Kinugawa Kanko Hotel	December 1 2022	Ooedo-Onsen Monogatari Higashiyama Grand Hotel	July 31 2023
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Ooedo-Onsen Monogatari Higashiyama Grand Hotel	July 31 2023																								

Item	Assumption
	<p>December 1 each year; the same applies hereinafter), and the land rent (annual rent payable at that particular point in time)</p> <p>B': Sum total of fixed asset tax and other taxes and public dues levied on the land, calculated based on the tax notice as of October 31 immediately preceding the start date of that particular base fiscal year, and the land rent (annual rent payable at that particular point in time)</p> <p>[Ooedo-Onsen Monogatari Ise-shima] Fixed rent: 18,009,399 yen monthly (However it will be scheduled to a temporary reduction of fixed rent in March 2024 and June 2024 due to the full closure of the facility accompanied by the implementation of Value-up construction.) Variable rent: calculated as follows (1) Modified GOP for the most recent one-year period × 4.0% (yearly; the monthly amount is 1/12th thereof) (2) Only if 77.0% of the modified GOP exceeds one year's fixed rent, variable rent will apply.</p> <p>[Ito Hotel New Okabe] Fixed rent: 12,296,799 yen monthly Variable rent: calculated as follows (1) Modified GOP for the most recent one-year period × 5.0% (yearly; the monthly amount is 1/12th thereof) (2) Only if 52.0% of the modified GOP exceeds one year's fixed rent, variable rent will apply.</p> <p>[Ooedo-Onsen Monogatari Atami] Fixed rent: 15,619,380 yen monthly Variable rent: calculated as follows (1) Modified GOP for the most recent one-year period × 4.0% (yearly; the monthly amount is 1/12th thereof) (2) Only if 74.0% of the modified GOP exceeds one year's fixed rent, variable rent will apply.</p> <p>[Ooedo-Onsen Monogatari Toi Marine Hotel] Fixed rent: 9,098,235 yen monthly Variable rent: calculated as follows (1) Modified GOP for the most recent one-year period × 7.0% (yearly; the monthly amount is 1/12th thereof) (2) Only if 72.0% of the modified GOP exceeds one year's fixed rent, variable rent will apply.</p> <p>[Ooedo-Onsen Monogatari Awara] Fixed rent: 10,963,033 yen monthly Variable rent: calculated as follows (1) Modified GOP for the most recent one-year period × 3.0% (yearly; the monthly amount is 1/12th thereof) (2) Only if 62.0% of the modified GOP exceeds one year's fixed rent, variable rent will apply.</p> <p>[Ooedo-Onsen Monogatari Ikaho] Fixed rent: 6,126,558 yen monthly Variable rent: calculated as follows (1) Modified GOP for the most recent one-year period × 7.0% (yearly; the monthly amount is 1/12th thereof) (2) Only if 67.0% of the modified GOP exceeds one year's fixed rent, variable rent will apply.</p>

Item	Assumption																																																		
	<p>[Ooedo-Onsen Monogatari Kimitsu-no-mori] Fixed rent: 4,098,412 yen monthly Variable rent: calculated as follows</p> <ol style="list-style-type: none"> (1) Modified GOP for the most recent one-year period × 5.0% (yearly; the monthly amount is 1/12th thereof) (2) Only if 52.0% of the modified GOP exceeds one year's fixed rent, variable rent will apply. <p>[Ooedo-Onsen Monogatari Kounkaku] Fixed rent: 7,017,209 yen monthly Variable rent: calculated as follows</p> <ol style="list-style-type: none"> (1) Modified GOP for the most recent one-year period × 4.5% (yearly; the monthly amount is 1/12th thereof) (2) Only if 45.3% of the modified GOP exceeds one year's fixed rent, variable rent will apply. <p>[Kinugawa Kanko Hotel] Fixed rent: 29,069,741 yen monthly (However it will be scheduled to a temporary reduction of fixed rent in March 2024 and July 2024 due to the full closure of the facility accompanied by the implementation of Value-up construction.) Variable rent: calculated as follows</p> <ol style="list-style-type: none"> (1) Modified GOP for the most recent one-year period × 2.4% (yearly; the monthly amount is 1/12th thereof) (2) Only if 56.0% of the modified GOP exceeds one year's fixed rent, variable rent will apply. <p>[Ooedo-Onsen Monogatari Higashiyama Grand Hotel] Fixed rent: 8,631,767 yen monthly Variable rent: calculated as follows</p> <ol style="list-style-type: none"> (1) Modified GOP for the most recent one-year period × 4.5% (yearly; the monthly amount is 1/12th thereof) (2) Only if 45.0% of the modified GOP exceeds one year's fixed rent, variable rent will apply. 																																																		
	<p>Fiscal Period Ending May 2024 (16th fiscal period)</p> <p style="text-align: right;">(Millions of yen)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2" style="text-align: center;">Property name</th> <th colspan="2" style="text-align: center;">Primary rent (Note 2)</th> <th rowspan="2" style="text-align: center;">Secondary rent (Note 5)</th> <th rowspan="2" style="text-align: center;">Other revenue</th> <th rowspan="2" style="text-align: center;">Total (Note 8)</th> </tr> <tr> <th style="text-align: center;">Fixed rent (Note 3)</th> <th style="text-align: center;">Variable rent (Note 4)</th> </tr> </thead> <tbody> <tr> <td>Ooedo-Onsen Monogatari Reoma Resort</td> <td style="text-align: center;">314</td> <td style="text-align: center;">7</td> <td style="text-align: center;">32</td> <td style="text-align: center;">0 (Note 6)</td> <td style="text-align: center;">354</td> </tr> <tr> <td>Ooedo-Onsen Monogatari Ise-shima</td> <td style="text-align: center;">95</td> <td style="text-align: center;">7</td> <td style="text-align: center;">3</td> <td style="text-align: center;">-</td> <td style="text-align: center;">106</td> </tr> <tr> <td>Ito Hotel New Okabe</td> <td style="text-align: center;">73</td> <td style="text-align: center;">9</td> <td style="text-align: center;">8</td> <td style="text-align: center;">-</td> <td style="text-align: center;">91</td> </tr> <tr> <td>Ooedo-Onsen Monogatari Atami</td> <td style="text-align: center;">93</td> <td style="text-align: center;">6</td> <td style="text-align: center;">3</td> <td style="text-align: center;">-</td> <td style="text-align: center;">104</td> </tr> <tr> <td>Ooedo-Onsen Monogatari Toi Marine Hotel</td> <td style="text-align: center;">54</td> <td style="text-align: center;">6</td> <td style="text-align: center;">1</td> <td style="text-align: center;">-</td> <td style="text-align: center;">62</td> </tr> <tr> <td>Ooedo-Onsen Monogatari Awara</td> <td style="text-align: center;">65</td> <td style="text-align: center;">-</td> <td style="text-align: center;">8</td> <td style="text-align: center;">-</td> <td style="text-align: center;">74</td> </tr> <tr> <td>Ooedo-Onsen Monogatari Ikaho</td> <td style="text-align: center;">36</td> <td style="text-align: center;">4</td> <td style="text-align: center;">4</td> <td style="text-align: center;">-</td> <td style="text-align: center;">45</td> </tr> </tbody> </table>	Property name	Primary rent (Note 2)		Secondary rent (Note 5)	Other revenue	Total (Note 8)	Fixed rent (Note 3)	Variable rent (Note 4)	Ooedo-Onsen Monogatari Reoma Resort	314	7	32	0 (Note 6)	354	Ooedo-Onsen Monogatari Ise-shima	95	7	3	-	106	Ito Hotel New Okabe	73	9	8	-	91	Ooedo-Onsen Monogatari Atami	93	6	3	-	104	Ooedo-Onsen Monogatari Toi Marine Hotel	54	6	1	-	62	Ooedo-Onsen Monogatari Awara	65	-	8	-	74	Ooedo-Onsen Monogatari Ikaho	36	4	4	-	45
Property name	Primary rent (Note 2)		Secondary rent (Note 5)	Other revenue				Total (Note 8)																																											
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Item	Assumption				
Ooedo-Onsen Monogatari Kimitsu-no-mori	24	-	5	-	29
Ooedo-Onsen Monogatari Kounkaku	42	4	4	-	50
Kinugawa Kanko Hotel	148	-	8	0 (Note 7)	156
Ooedo-Onsen Monogatari Higashiyama Grand Hotel	51	5	10	0 (Note 6)	68
Total (Note 8)	1,001	52	91	0	1,146

Fiscal Period Ending November 2024 (17th fiscal period)

(Millions of yen)

Property name	Primary rent (Note 2)		Secondary rent (Note 5)	Other revenue	Total (Note 8)
	Fixed rent (Note 3)	Variable rent (Note 4)			
Ooedo-Onsen Monogatari Reoma Resort	314	8	32	0 (Note 6)	355
Ooedo-Onsen Monogatari Ise-shima	95	7	3	-	107
Ito Hotel New Okabe	73	9	8	-	92
Ooedo-Onsen Monogatari Atami	93	7	3	-	105
Ooedo-Onsen Monogatari Toi Marine Hotel	54	6	1	-	62
Ooedo-Onsen Monogatari Awara	65	-	8	-	74
Ooedo-Onsen Monogatari Ikaho	36	5	4	-	45
Ooedo-Onsen Monogatari Kimitsu-no-mori	24	2	5	-	32
Ooedo-Onsen Monogatari Kounkaku	42	4	4	-	51
Kinugawa Kanko Hotel	148	-	8	0 (Note 7)	156
Ooedo-Onsen Monogatari Higashiyama Grand Hotel	51	6	10	0 (Note 6)	68
Total (Note 8)	1,001	58	91	0	1,152

(Note 1) "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 (defined below in Note 5)) from the GOP of each facility for the Modified GOP Calculation Period (defined below in Note 4). The same applies hereinafter.

(Note 2) "Primary rent" refers to the sum of the fixed rent and the variable rent. The same applies hereinafter.

(Note 3) "Fixed rent" refers to the monthly amount provided for in each facility's lease agreement. The same applies hereinafter.

(Note 4) "Variable rent" refers to the amount obtained by multiplying each facility's modified GOP for the most recent 1-year period (for the 6 months starting from December of each year, this means the 1-year period from March of that year to February of the following year; for the 6 months starting from June of each year, this means the 1-year period from September of the previous year to August of that year) (these 1-year periods are referred to as "modified GOP Calculation Periods") regarding each facility by the specific rate provided for in each lease agreement (yearly; the monthly amount is 1/12th thereof). The same applies hereinafter.

(Note 5) "Secondary rent" refers to an amount equivalent to the total amount of taxes, public charges, nonlife insurance premiums, and other expenses (real estate management expenses) to be borne by the Investment Corporation for each facility owned by the Investment Corporation. The same applies hereinafter.

(Note 6) The amount is land rent based on the fixed-term land lease agreement.

Item	Assumption															
	<p>(Note 7) Utility pole usage fees. (Note 8) Rents of properties are rounded down to the nearest million yen. Therefore, the total of each property's rent, the total of fixed rents, the total of variable rents and the total of secondary rents may not add up to the figure indicated in the Total column.</p> <p><Accommodation facilities (Beneficiary interest of real estate in trust)> The following operating revenues are projected.</p> <p style="text-align: right;">(Millions of yen)</p> <table border="1" data-bbox="408 450 1437 719"> <thead> <tr> <th data-bbox="408 450 791 546">Property name</th> <th data-bbox="791 450 1114 546">Fiscal Period Ending May 2024 (16th fiscal period)</th> <th data-bbox="1114 450 1437 546">Fiscal Period Ending November 2024 (17th fiscal period)</th> </tr> </thead> <tbody> <tr> <td data-bbox="408 546 791 584">L-Place Miyazakidai</td> <td data-bbox="791 546 1114 584">Not disclosed (Note)</td> <td data-bbox="1114 546 1437 584">Not disclosed (Note)</td> </tr> <tr> <td data-bbox="408 584 791 622">JMR Residence Shin-Osaka</td> <td data-bbox="791 584 1114 622">38</td> <td data-bbox="1114 584 1437 622">38</td> </tr> <tr> <td data-bbox="408 622 791 660">K.Ryokuchi</td> <td data-bbox="791 622 1114 660">Not disclosed (Note)</td> <td data-bbox="1114 622 1437 660">Not disclosed (Note)</td> </tr> <tr> <td data-bbox="408 660 791 719">Fiel Hakusankoen Niigata Hakusankoen building</td> <td data-bbox="791 660 1114 719">55</td> <td data-bbox="1114 660 1437 719">56</td> </tr> </tbody> </table> <p>(Note) Not disclosed because consent for disclosure has not been obtained. The current rent is assumed.</p>	Property name	Fiscal Period Ending May 2024 (16th fiscal period)	Fiscal Period Ending November 2024 (17th fiscal period)	L-Place Miyazakidai	Not disclosed (Note)	Not disclosed (Note)	JMR Residence Shin-Osaka	38	38	K.Ryokuchi	Not disclosed (Note)	Not disclosed (Note)	Fiel Hakusankoen Niigata Hakusankoen building	55	56
Property name	Fiscal Period Ending May 2024 (16th fiscal period)	Fiscal Period Ending November 2024 (17th fiscal period)														
L-Place Miyazakidai	Not disclosed (Note)	Not disclosed (Note)														
JMR Residence Shin-Osaka	38	38														
K.Ryokuchi	Not disclosed (Note)	Not disclosed (Note)														
Fiel Hakusankoen Niigata Hakusankoen building	55	56														
Operating expenses	<ul style="list-style-type: none"> Of the expenses related to leasing activities, which are a major component of operating expenses, the expenses related to leasing activities other than the depreciation are calculated based on past actual figures and by reflecting factors that cause expenses to fluctuate. Taxes and public charges is assumed to be 81 million yen for the fiscal period ending May 2024 and 86 million yen for the fiscal period ending November 2024. Building repair expenses are not expected to arise, as these expenses will, in principle, be borne by the tenant based on the lease agreement effective as of the date of this document. Depreciation, which is calculated using the straight-line method inclusive of incidental expenses and additional capital expenditure in the future, is assumed to be 428 million yen for the fiscal period ending May 2024 and 433 million yen for the fiscal period ending November 2024. 															
Non-operating expenses	<ul style="list-style-type: none"> The total amount of interest expenses and other borrowing-related expenses is expected to be 211 million yen for the fiscal period ending May 2024 and 172 million yen for the fiscal period ending November 2024. 															
Borrowings	<ul style="list-style-type: none"> The balance of loans outstanding as of November 30, 2023 is 12,888 million yen. In the fiscal period ending May 2024, long-term loans 5,144 million yen will be due for repayment on February 29, 2024, also long-term loans 4,240 million yen will be due for repayment on May 31, 2024. And it is assumed that around the same amounts will be refinanced. In the fiscal period ending May 2024, it is assumed that the scheduled repayment (January 31: 73 million yen, April 30: 73 million yen) will be made separately. In the fiscal period November 2024, it is assumed that the scheduled repayment (July 31: 73 million yen, October 31: 73 million yen) will be made separately. 															
Outstanding Investment Units	<ul style="list-style-type: none"> The assumed number of investment units issued and outstanding as of the date of this document is 235,347, and it is assumed that the number of investment units will not change due to any additional issuance of new investment units or another reason before May 31, 2024. Distribution per unit is calculated based on the expected number of investment units issued and outstanding as of the end of the fiscal period ending May 2024 (235,347 units). 															
Distribution per unit (Excluding excess cash distribution)	<ul style="list-style-type: none"> Distribution per unit (excluding excess cash distribution) is calculated based on the policy for cash distributions provided for in the Investment Corporation's articles of incorporation. Distribution per unit (excluding excess cash distribution) may change due to various factors, including changes of portfolio, changes in rent revenue due to a relocation of tenant, etc., the occurrence of unexpected capital expenditures, and other reasons. 															

Item	Assumption
Excess cash distribution per unit	<ul style="list-style-type: none"> • Recording of allowance for temporary difference adjustments of 3 million yen is expected concerning the difference in accounts for tax and accounting purposes associated with recording of asset retirement obligation, etc. • Regarding conducting excess cash distribution, the Investment Corporation will have a basic policy of conducting excess cash distribution of which amount will be equivalent to the increased amount of allowance for temporary difference adjustments. Pursuant to the policy, it is assumed that 13 yen of excess distribution per unit will be conducted in the fiscal period ending May 2024 and 13 yen in the fiscal period ending November 2024.
Other	<ul style="list-style-type: none"> • It is assumed that revisions that affect the above forecast figures will not be made to laws or ordinances, tax systems, accounting standards, listing regulations, or rules or the like set by The Investment Trusts Association, Japan. • It is assumed that unforeseen material changes in general economic trends, in real estate market conditions, or in any other factors will not occur.

2. Financial Statements

2.1. Balance Sheets

(Thousands of yen)

	As of May 31, 2023	As of November 30, 2023
Assets		
Current assets		
Cash and deposits	3,275,162	1,570,386
Cash and deposits in trust	-	97,181
Prepaid expenses	205,239	180,172
Operating accounts receivable	-	11,110
Consumption tax refundable	12,783	42,073
Other	5,003	3,598
Total current assets	3,498,189	1,904,523
Non-current assets		
Property, plant and equipment		
Buildings	24,020,462	24,155,919
Accumulated depreciation	(4,868,682)	(5,276,598)
Buildings, net	19,151,779	18,879,320
Structures	29,989	35,989
Accumulated depreciation	(5,127)	(6,259)
Structures, net	24,861	29,729
Machinery and equipment	600	600
Accumulated depreciation	(185)	(203)
Machinery and equipment, net	414	396
Tools, furniture and fixtures	17,692	19,397
Accumulated depreciation	(6,464)	(7,833)
Tools, furniture and fixtures, net	11,227	11,564
Land	9,097,457	9,097,457
Buildings in trust	-	1,042,242
Accumulated depreciation	-	(6,059)
Buildings in trust, net	-	1,036,183
Land in trust	-	4,007,528
Total property, plant and equipment	28,285,739	33,062,180
Intangible assets		
Leasehold interests in land	323,277	321,541
Software	-	1,240
Total intangible assets	323,277	322,781
Investments and other assets		
Deferred tax assets	10	14
Long-term prepaid expenses	9,000	127,159
Leasehold and guarantee deposits	10,089	10,089
Total investments and other assets	19,099	137,264
Total non-current assets	28,628,117	33,522,226
Total assets	32,126,307	35,426,749

(Thousands of yen)

As of May 31, 2023 As of November 30, 2023

Liabilities		
Current liabilities		
Operating accounts payable	110,491	96,806
Current portion of long-term borrowings	9,634,887	9,488,162
Accounts payable - other	80,766	75,122
Accrued expenses	209	291
Income taxes payable	812	914
Advances received	207,455	223,623
Other	5,111	8,712
Total current liabilities	10,039,734	9,893,633
Non-current liabilities		
Long-term loans payable	-	3,400,000
Leasehold and guarantee deposits received	1,040,847	1,040,803
Lease and guarantee deposits in trust	-	45,589
Asset retirement obligations	79,798	79,107
Total non-current liabilities	1,120,645	4,565,499
Total liabilities	11,160,380	14,459,133
Net assets		
Unitholders' equity		
Unitholders' capital	20,653,023	20,653,023
Deduction from unitholders' capital		
Allowance for temporary difference adjustments	(36,179)	(27,000)
Total deduction from unitholders' capital	(36,179)	(27,000)
Unitholders' capital, net	20,616,843	20,626,022
Surplus		
Unappropriated retained earnings (undisposed loss)	349,082	341,594
Total surplus	349,082	341,594
Total unitholders' equity	20,965,926	20,967,616
Total net assets	20,965,926	20,967,616
Total liabilities and net assets	32,126,307	35,426,749

2.2. Statements of Income

(Thousands of yen)

	14th Fiscal Period from December 1, 2022 to May 31, 2023	15th Fiscal Period from June 1, 2023 to November 30, 2023
Operating revenue		
Leasing business revenue	910,074	1,202,665
Gain on sale of real estate properties	311,456	-
Total operating revenue	1,221,530	1,202,665
Operating expenses		
Expenses related to leasing business	528,722	531,744
Asset management fee	102,895	107,863
Asset custody fee	1,463	1,491
Administrative service fees	15,630	13,470
Remuneration for directors (and other officers)	3,600	3,600
Other operating expenses	45,362	28,030
Total operating expenses	697,673	686,200
Operating profit	523,856	516,465
Non-operating income		
Interest income	9	15
Reversal of distributions payable	794	1,802
Total non-operating income	804	1,818
Non-operating expenses		
Interest expenses	41,193	43,851
Borrowing related expenses	129,473	131,989
Collateralization-related expenses	4,136	-
Total non-operating expenses	174,802	175,841
Ordinary profit	349,858	342,442
Extraordinary income		
Subsidy income	14,396	-
Total extraordinary income	14,396	-
Extraordinary losses		
Loss on reduction entry of non-current assets	14,396	-
Total extraordinary losses	14,396	-
Profit before income taxes	349,858	342,442
Income taxes - current	813	916
Income taxes - deferred	3	(4)
Total income taxes	817	911
Profit	349,041	341,530
Retained earnings brought forward	41	63
Unappropriated retained earnings (undisposed loss)	349,082	341,594

2.3. Statements of Unitholders' Equity

14th Fiscal Period (from December 1, 2022 to May 31, 2023)

(Thousands of yen)

	Unitholders' equity							Total net assets
	Unitholders' capital				Surplus		Total unitholders' equity	
	Unitholders' capital	Deduction from unitholders' capital		Unitholders' capital	Unappropriated retained earnings (undisposed loss)	Total surplus		
Allowance for temporary difference adjustments		Total deduction from unitholders' capital						
Balance at beginning of current period	20,653,023	(32,884)	(32,884)	20,620,138	327,173	327,173	20,947,312	20,947,312
Changes of items during period								
Dividends of surplus					(327,132)	(327,132)	(327,132)	(327,132)
Excess cash distribution from allowance for temporary difference adjustments		(3,294)	(3,294)	(3,294)			(3,294)	(3,294)
Profit					349,041	349,041	349,041	349,041
Total changes of items during period	-	(3,294)	(3,294)	(3,294)	21,909	21,909	18,614	18,614
Balance at end of current period	20,653,023	(36,179)	(36,179)	20,616,843	349,082	349,082	20,965,926	20,965,926

15th Fiscal Period (from June 1, 2023 to November 30, 2023)

(Thousands of yen)

	Unitholders' equity							Total net assets
	Unitholders' capital				Surplus		Total unitholders' equity	
	Unitholders' capital	Deduction from unitholders' capital		Unitholders' capital	Unappropriated retained earnings (undisposed loss)	Total surplus		
Allowance for temporary difference adjustments		Total deduction from unitholders' capital						
Balance at beginning of current period	20,653,023	(36,179)	(36,179)	20,616,843	349,082	349,082	20,965,926	20,965,926
Changes of items during period								
Dividends of surplus					(339,841)	(339,841)	(339,841)	(339,841)
Excess cash distribution from allowance for temporary difference adjustments		9,178	9,178	9,178	(9,178)	(9,178)	-	-
Profit					341,530	341,530	341,530	341,530
Total changes of items during period	-	9,178	9,178	9,178	(7,488)	(7,488)	1,689	1,689
Balance at end of current period	20,653,023	(27,000)	(27,000)	20,626,022	341,594	341,594	20,967,616	20,967,616

2.4. Statements of Cash Distributions

(Yen)

Item	14th Fiscal Period from December 1, 2022 to May 31, 2023	15th Fiscal Period from June 1, 2023 to November 30, 2023
I. Unappropriated retained earnings	349,082,964	341,594,309
II. Addition of excess distribution	-	3,059,511
Of which, allowance for temporary difference adjustments	-	3,059,511
III. Amounts included in unitholders' capital Capitalization	9,178,533	-
Of which, reversal of allowance for temporary difference adjustments	9,178,533	-
IV. Distribution amount	339,841,068	344,548,008
[Distribution amount per unit]	[1,444]	[1,464]
Of which, distribution amount from earnings	339,841,068	341,488,497
[Of which, excess cash distribution per unit]	[1,444]	[1,451]
Of which, Allowance for temporary difference adjustments	-	3,059,511
[Of which, excess cash distribution per unit (pertaining to allowance for temporary difference adjustments)]	-	[13]
V. Retained earnings carried forward	63,363	105,812
Method of calculating distribution amount	<p>As described above, distribution per unit for the fiscal period under review is 1,444 yen.</p> <p>Concerning cash distribution (excluding excess cash distribution), in order to ensure that the maximum amount of cash distribution of earnings would be included in deductible expenses based on application of special provisions for taxation on investment corporations (Article 67-15, Paragraph 1 of the Special Measures Concerning Taxation Act), the Investment Corporation decided to make a distribution the entire distribution amount which has been excluded the amount of the reversals of allowance for temporary difference adjustments (as defined in Article 2, Paragraph 2, item 30 of the Ordinance on Accountings of Investment Corporations) from the amount of the earnings provided in Article 136, Paragraph 1 of the Act on Investment Trusts and Investment Corporations, excluding the portion where cash distribution per investment unit would be less than JPY1.</p> <p>This resulted in distribution amount from earnings of 1,444 yen per investment unit.</p>	<p>As described above, distribution per unit for the fiscal period under review is 1,464 yen.</p> <p>Concerning cash distribution (excluding excess cash distribution), in order to ensure that the maximum amount of cash distribution of earnings would be included in deductible expenses based on application of special provisions for taxation on investment corporations (Article 67-15, Paragraph 1 of the Special Measures Concerning Taxation Act), the Investment Corporation decided to distribute almost the entire amount of the earnings provided in Article 136, Paragraph 1 of the Act on Investment Trusts and Investment Corporations, excluding the portion where cash distribution per investment unit would be less than JPY1. As a result, the Investment Corporation declared a cash distribution per investment unit (excluding excess cash distribution) of 1,451 yen.</p> <p>In addition, pursuant to the policy for "distribution of money in excess of profits" as stated in Article 25 of its articles of incorporation, the Investment Corporation decided to make a distribution for the 3,059,511 yen in allowance for temporary difference adjustments for the purpose of reflecting the effect on distributions of the difference in accounts for tax and accounting purposes in association with expenses related to asset retirement obligations and leasehold depreciation (as defined in Article 2, Paragraph 2, item 30 (b) of the Investment Corporations Accountings Ordinance). This resulted in distribution of allowance for temporary difference adjustments of 13 yen per investment unit.</p>

2.5. Statements of Cash Flows

(Thousands of yen)

	14th Fiscal Period from December 1, 2022 to May 31, 2023	15th Fiscal Period from June 1, 2023 to November 30, 2023
Cash flows from operating activities		
Profit before income taxes	349,858	342,442
Depreciation	416,019	418,545
Borrowing related expenses	129,473	131,989
Interest income	(9)	(15)
Interest expenses	41,193	43,851
Subsidy income	(14,396)	-
Loss on tax purpose reduction entry of non-current assets	14,396	-
Loss on retirement of non-current assets	1,595	841
Decrease (increase) in operating accounts receivable	-	(11,110)
Increase (decrease) in operating accounts payable	(47,328)	45,428
Decrease (increase) in consumption tax refundable	(12,783)	(29,289)
Increase (decrease) in accrued consumption taxes	(77,895)	-
Decrease (increase) in prepaid expenses	(123,883)	(90,656)
Decrease (increase) in long-term prepaid expenses	1,125	(9,425)
Increase (decrease) in accounts payable - other	(10,413)	(5,644)
Increase (decrease) in advances received	(106,463)	16,167
Decrease in property, plant and equipment due to sale	1,435,903	-
Other, net	6,274	6,599
Subtotal	2,002,665	859,725
Interest received	9	15
Interest paid	(45,259)	(43,770)
Income taxes paid	(888)	(814)
Net cash provided by (used in) operating activities	1,956,527	815,156
Cash flows from investing activities		
Purchase of property, plant and equipment	(112,968)	(204,244)
Purchase of property, plant and equipment in trust	-	(5,049,771)
Purchase of intangible assets	-	(1,308)
Refund of leasehold and guarantee deposits received	(55,221)	(44)
Proceeds from lease and guarantee deposits in trust	-	45,589
Proceeds from restricted bank deposits	59,505	-
Payments for restricted deposits held	-	(8,878)
Payments for restricted deposits held in trust	-	(45,589)
Subsidies received	14,396	-
Net cash provided by (used in) investing activities	(94,288)	(5,264,247)
Cash flows from financing activities		
Proceeds from short-term borrowings	968,079	-
Proceeds from long-term borrowings	9,619,061	3,275,000
Repayments of short-term borrowings	(5,460,222)	-
Repayments of long-term borrowings	(5,991,097)	(146,724)
Distributions paid	(330,427)	(341,246)
Net cash provided by (used in) financing activities	(1,194,606)	2,787,028
Net increase (decrease) in cash and cash equivalents	667,632	(1,662,062)
Cash and cash equivalents at beginning of period	1,483,071	2,150,704
Cash and cash equivalents at end of period	2,150,704	488,642