大江戸温泉リート投資法人

［Translation for reference purposes only］
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To all concerned parties:

Real Estate Investment Trust Securities Issuer:
Ooedo Onsen Reit Investment Corporation
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(Securities Code: 3472)
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Notice Concerning Revisions to Forecasts of Financial Results and Distributions for the Fiscal Period Ending May 2022

Ooedo Onsen Reit Investment Corporation (the "**Investment Corporation**") announced on July 20, 2021 its forecasts of financial results for the 12th fiscal period ending May 2022. The forecasts have been revised as follows:

1. Revised Forecasts and Distributions for the 12th Fiscal Period Ending May 2022

2.

	Operating revenues (millions of yen)	Operating income (millions of yen)	Ordinary income (millions of yen)	Net income (millions of yen)	Distributions per unit (yen) (excluding optimal payable distribution)	Optimal payable distribution per unit (yen)	Distributions per unit (yen) (including optimal payable distribution)
Previous forecast (A)	1,337	567	420	419	1,781	18	1,799
Revised forecast (B)	1,285	534	369	368	1,567	18	1,585
Increase or decrease (B-A)	-51	-33	-50	-50	-214	—	-214
Rate of increase or decrease	-3.9%	-5.8%	-12.0%	-12.0%	-12.0%	—	-11.9%

<Reference>
Fiscal Period Ending November 2021
Number of investment units outstanding at the end of the period: 235,347
Estimated profit per unit: 1,567 yen

Notes:

(Note1) The forecasts for the financial results for the fiscal period ending May 2022 is the current forecasts calculated based on the assumptions written in the Attachment “Assumptions Underlying Forecasts of the Financial Results for the Fiscal Period Ending May 2022.” Therefore, actual operating revenues, operating income, ordinary income, net income, distributions per unit (excluding optimal payable distribution) and optimal payable distribution per unit may change as a result of a difference from an assumption. Thus, the forecast information does not guarantee the amount of distributions.

(Note2) This forecast information may be revised if it is anticipated it will differ by a particular degree from current forecast information.

(Note3) The values are rounded down to the nearest specified unit and percentage is rounded to one decimal place.

2. Reasons for the Revisions

Operating revenues will decline as explained in the release today, or a Notice Concerning the Transfer of Real Estate in Japan (Ooedo-Onsen Monogatari Nagasaki Hotel Seifu). In addition, non-operating expenses are expected to increase as a result of the review of financing-related costs due to the deterioration of financing conditions in the sector where the Investment Corporation operates. Given a difference of more than 5% from the forecast of distributions per unit for the 12th fiscal period ending May 31, 2022 due to these factors, the Investment Corporation has decided to revise the forecasts for financial results and distributions.

* Ooedo Onsen Reit Investment Corporation website:https://oom-reit.com/en/

[Attachment]

Assumptions Underlying Forecasts of the Financial Results for the Fiscal Period May 2022

Item	Assumption
Calculation period	Fiscal period ending May 2022 • (12th fiscal period: from December 1, 2021, to May 31, 2022) (182 days)
Managed Assets	• The number of properties owned by the Investment Corporation is assumed to decrease to 13 due to the transfer of Ooedo-Onsen Monogatari Nagasaki Hotel Seifu as of January 13, 2022, which was announced today, instead of 14 presented as assumptions for financial results forecasts for the fiscal period ended November 30, 2021 and the fiscal period ending May 31, 2022 in the Summary of REIT Financial Report for the Fiscal Period ended on May 31, 2021, released on July 20, 2021. • It is assumed that there will be no changes other than the above(acquisition of new properties, sale of owend properties,etc.)by the end of May 2022. • 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	• 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. • Variable rents for the fiscal period ending May 31, 2022 (12th fiscal period) are calculated by multiplying modified GOP for the period from March 2021 to February 2022, namely a period based on which the said variable rents are computed, by a certain specific rate specified in each lease agreement. Accordingly, with the effects of the COVID-19 pandemic expected to cause a decrease in modified GOP, which is the basis of variable rent calculations, it is assumed that no variable rents will be applied to any properties in the fiscal period ending May 2022 (12th period). • Rent is calculated based on the following assumptions: [Ooedo-Onsen Monogatari Reoma Resort] Fixed rent: 52,456,896 yen monthly Variable rent: 5,181,730 yen monthly; and will be calculated using the following calculation method from June 2019 (1) Modified GOP (Note 1) for the most recent one-year period × 5.0% (yearly; the monthly amount is 1/12th thereof) (2) Only if 58.7% of the modified GOP exceeds one year's fixed rent, variable rent will apply. With regard to Ooedo-Onsen Monogatari Reoma Resort, a fixed-term land lease agreement has been executed with the tenant, and the Investment Corporation receives a separate monthly land rent of 83,700 yen based on the fixed-term land lease agreement. [Ooedo-Onsen Monogatari Ise-shima] Fixed rent: 18,009,399 yen monthly Variable rent: 962,993 yen monthly from December 2016; and will be revised every six months and 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. [Ito Hotel New Okabe] Fixed rent: 12,296,799 yen monthly Variable rent: 1,471,251 yen monthly from December 2016; and will be revised every six months and 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. [Ooedo-Onsen Monogatari Atami] Fixed rent: 15,619,380 yen monthly Variable rent: 939,716 yen monthly from December 2016; and will be revised every six months and 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. [Ooedo-Onsen Monogatari Toi Marine Hotel] Fixed rent: 9,098,235 yen monthly Variable rent: 1,016,579 yen monthly from December 2016; and will be revised every six months and 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. [Ooedo-Onsen Monogatari Awara] Fixed rent: 10,963,033 yen monthly Variable rent: 608,360 yen monthly from December 2016; and will be revised every six months and 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. [Ooedo-Onsen Monogatari Kamoshika-so] Fixed rent: 5,953,916 yen monthly Variable rent: 655,836 yen monthly from December 2016; and will be revised every six months and calculated as follows: (1) Modified GOP for the most recent one-year period × 6.0% (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. [Ooedo-Onsen Monogatari Ikaho] Fixed rent: 6,126,558 yen monthly Variable rent: 708,097 yen monthly from December 2016; and will be revised every six months and 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. [Ooedo-Onsen Monogatari Kimitsu-no-mori] Fixed rent: 4,098,412 yen monthly Variable rent: 436,860 yen monthly from December 2016; and will be revised every six months and 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. [Ooedo-Onsen Monogatari Nagasaki Hotel Seifu] Fixed rent: 12,496,532 yen monthly Variable rent: 498,384 yen monthly from June 2018; and will be revised every six months and calculated as follows: (1) Modified GOP for the most recent one-year period × 2.2% (yearly; the monthly

amount is 1/12th thereof)

(2) Only if 44.7% of the modified GOP exceeds one year's fixed rent, variable rent will apply.

[Ooedo-Onsen Monogatari Kounkaku]

Fixed rent: 7,017,209 yen monthly

Variable rent: 755,005 yen monthly from June 2018; and will be revised every six months and calculated as follows:

(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.

[Kinugawa Kanko Hotel]

Fixed rent: 29,069,741 yen monthly

Variable rent: 1,188,094 yen monthly from June 2018; and will be revised every six months and calculated as follows:

(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.

[Ooedo-Onsen Monogatari Kinosaki]

Fixed rent: 13,147,999 yen monthly

Variable rent: 650,945 yen monthly from June 2018; and will be revised every six months and calculated as follows:

(1) Modified GOP for the most recent one-year period × 2.4% (yearly; the monthly amount is 1/12th thereof)

(2) Only if 47.7% of the modified GOP exceeds one year's fixed rent, variable rent will apply.

[Ooedo-Onsen Monogatari Higashiyama Grand Hotel]

Fixed rent: 8,631,767 yen monthly

Variable rent: 940,567 yen monthly from June 2018; and will be revised every six months and calculated as follows:

(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.

Fiscal Period Ending May 2022 (12th fiscal period)

(Millions of yen)

Property name	Primary rent (Note 2)		Secondary rent (Note 5)	Other	Total (Note 7)
	Fixed rent (Note 3)	Variable rent (Note 4)			
Ooedo-Onsen Monogatari Reoma Resort	314 (Note 6)	—	30	—	345
Ooedo-Onsen Monogatari Ise-shima	108	—	3	—	111

Ito Hotel New Okabe	73	—	8	—	82
Ooedo-Onsen Monogatari Atami	93	—	3	—	97
Ooedo-Onsen Monogatari Toi Marine Hotel	54	—	1	—	56
Ooedo-Onsen Monogatari Awara	65	—	8	—	74
Ooedo-Onsen Monogatari Kamoshika-so	35	—	5	—	41
Ooedo-Onsen Monogatari Ikaho	36	—	3	—	40
Ooedo-Onsen Monogatari Kimitsu-no-mori	24	—	5	—	29
Ooedo-Onsen Monogatari Nagasaki Hotel Seifu	17	—	1	11 (Note 7)	29
Ooedo-Onsen Monogatari Kounkaku	42	—	4	—	46
Kinugawa Kanko Hotel	174	—	7	—	182
Ooedo-Onsen Monogatari Kinosaki	78	—	6	—	85
Ooedo-Onsen Monogatari Higashiyama Grand Hotel	51	—	10	0 (Note 8)	62
Total (Note 9)	1,172	—	101	0	1,285

(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) Land rent based on the fixed-term land lease agreement is included in the fixed rent.

(Note 7) The gain on sale of property is included in the others

(Note 8) Land rent based on the fixed-term land lease agreement is presented.

(Note 9) 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.

Operating expenses	• 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 87 million yen. • 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 439 million yen.
Non-operating	• The total amount of interest expenses and other borrowing-related expenses is expected to be

expenses	164 million yen.
Borrowings	• The balance of loans outstanding as of the end of Nobember 2021 is 14,069 million yen. • In the end of November 2021, it is assumed that the scheduled repayment of 175 million yen will be made separately. • The repayment of 600 million yen before maturity is assumed to be made on January 13, 2022. • The repayment of 30 million yen, a portion of 230 million yen in short-term borrowings, is assumed be made on February 28, 2022. In addition, it is assumed that, of that amount, 2,102 million yen and 4,349 million yen in short-term borrowings due for repayment on February 28, 2022 and for 3,093 million yen in long-term borrowings due for repayment on May 31, 2022 will be refinanced.
Outstanding Investment Units	• 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 November 30, 2021. • 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 2022 (235,347 units).
Distribution per unit (Excluding excess cash distribution)	• 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.
Excess cash distribution per unit	• Recording of allowance for temporary difference adjustments of 4,236,246 yen is expected concerning the difference in accounts for tax and accounting purposes associated with recording of asset retirement obligation. • 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 18 yen of excess distribution per unit will be conducted in the fiscal period ending May 2022.
Other	• 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