



Thank you everyone who watching the video for your continued support. My name is Takeshi Kirihara, Executive Director of Oedo Onsen Reit Investment Corporation. Today, I will explain the financial results of Oedo Onsen Reit for the fiscal period ended May 31, 2023.

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I . Highlights



Highlights

May. 2023	Nov. 2023 Forecast	May. 2024 Forecast
DPU		
Forecast : 1,442 yen Actual : 1,444 yen Difference : +2 yen	Forecast : 1,324 yen Forecast : 1,396 yen Difference : +72 yen	Forecast : 1,323 yen Difference : -73 yen
Reasons for change		
From Nov. 2022	From forecasts	From forecasts
Sale of Kamoshika-so and Kinosaki		
Decrease in fixed rents -369 yen	Increase in variable rents +73 yen	Increase in variable rents +157 yen
Decrease in property and other taxes +45 yen		Rent reduction during the Value-up construction period -164 yen
Decrease in depreciation and amortization +107 yen	Increase in financial costs -24 yen	
Gain on sales of real estate +294 yen		Increase in depreciation -20 yen
Decrease in management fees +32 yen		Expenses related to the General Unitholders' Meeting -16 yen
Decrease in financial costs +13 yen		Costs for refinancing -32 yen
Arrangement fees, etc.		
From forecasts		
Reoma insurance income, etc. +24 yen		
Gain on sales of real estate properties +19 yen		
Reduction of post-closing construction, etc.		
Increase in refinancing cost -27 yen		

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Let me first share the highlights from the fiscal period under review on pages 3 to 17 of the presentation materials.

First, look at page 3.

We have decided to pay distributions per unit of 1,444 yen for the fiscal period ended May 31, 2023. This is 2 yen higher than the forecast announced on January 20, virtually on par with the forecast. The forecast for the fiscal period ending November 30, 2023 is 1,396 yen, which is 72 yen higher than the previous forecast. The main factor for this is the likelihood of accrual of variable rents at three facilities among the managed properties.

The recovery of the performance of the Oedo-Onsen Monogatari Group, the sponsor, contributes to these results.

We expect that variable rents will increase distributions for the fiscal period ending May 31, 2024 by 157 yen compared with the fiscal period ending November 30, 2023. However, we have set distributions for the fiscal period ending May 31, 2024 at 1,323 yen, down 73 yen from the previous period, as we will reduce a part of the fixed rents as agreed during the periods that facilities are closed, given that Ise-shima and Kinugawa Kanko Hotel are scheduled to undergo value-up construction during the fiscal period ending November 30, 2024.

While the value-up construction at these two facilities will drive down distributions in the short term, it will be beneficial and contribute to the revenues of the Investment Corporation after the construction is completed. The tenant will bear the expenses incurred during construction. In addition, although it is not mentioned on this page, we are working to acquire accommodation facilities using surplus funds, and we believe that this may be realized in the fiscal period ending November 30, 2023 at the earliest. We have caused you so much worry for a long time, but the various indicators used for the existing managed facilities are returning to pre-COVID-19 levels, and we are now in an environment in which we can expect rent income to increase due to the acquisition of accommodation facilities and rent increases after value-up construction, in addition to the forecast recovery of tenant performance.

Highlights : May. 2023

	Priority measures	Result
Financial strategy	Full refinancing February 6.3 billion yen, May 4.3 billion yen	<ul style="list-style-type: none"> • Full refinancing, securing surplus funds of approximately 2 billion yen • Syndicate (new entry: 1 bank, withdrawal: 6 banks) • Financing terms (period 1 year, SP is the same as before)
External Growth	Amendments to Articles of Incorporation Approval granted at the General Unitholders' Meeting Completion of transfer of remaining co-ownership interest in Kinohaki	<ul style="list-style-type: none"> • Expansion of investment targets to include accommodation facilities • Environment for acquiring leisure facilities with surplus funds has been established
Internal Growth	End of temporary rent reduction Accrual of variable rent since the fiscal period ended May 2020	<ul style="list-style-type: none"> • Temporary reduction of fixed rent ended at the end of February 2023 • Various indicators are approaching pre-COVID-19 levels due to market recovery • Future upside due to the recovery of sponsor performance
Tenant overview	Recovery of sponsor performance	<ul style="list-style-type: none"> • Operating results of properties owned by REIT • Discussing management integration with YUKAI Resort • Overview of value-up investment
Others	Formulation of ESG policy	<ul style="list-style-type: none"> • Establishment of Sustainability Promotion Office • Conclusion of green lease agreement • Signatory to the Principles for Financial Action for the 21st Century

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Please look at page 4.

The slide shows the things that we have accomplished in the fiscal period ended May 31, 2023 and their results.

Regarding financial strategies, refinancing had been a concern but we were able to refinance all of the existing loans with 6.3 billion yen in February and 4.3 billion yen in May.

Although we face challenges such as building a solid lender formation and reducing the cost of debt, lenders' evaluations are improving.

In terms of external growth, we have become able to acquire accommodation facilities as a result of amendments to the Articles of Incorporation. In addition, an environment for acquiring facilities using surplus funds through refinancing has been established.

Regarding internal growth, the temporary reduction of fixed rents has ended. In addition, given that variable rent has accrued for the first time since the fiscal period ended May 2020, we can expect a continuous increase in rent income in the future.

Regarding the tenant overview, we believe that facilities' income and expenditures will improve due to an increase in sales of existing facilities caused by their value-up construction and management streamlining through the integration of management with YUKAI Resort contributing to the profits of the Investment Corporation, in addition to the recovery of sponsor performance.

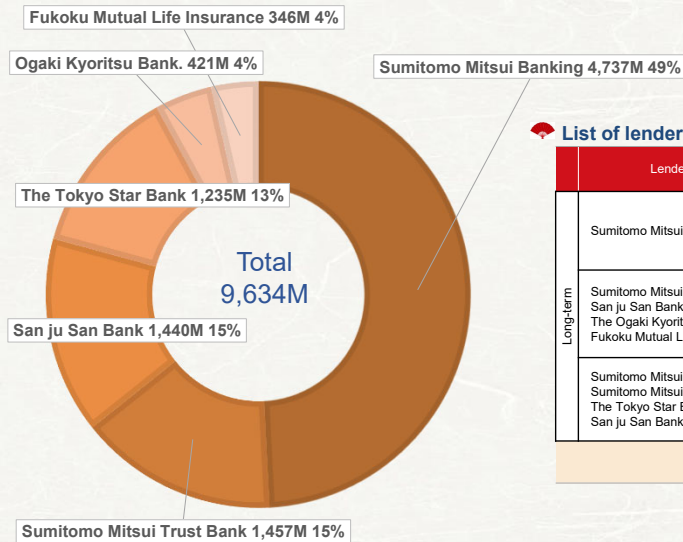
Furthermore, we have formulated an ESG policy, which was not developed during the fiscal period under review, and prepared a system for promoting it.

Hereafter, I will explain each item specifically.

Highlights : May. 2023 Financial strategy

Breakdown of borrowing

- Securing surplus funds of approximately 2 billion yen with full refinancing
- New entry bank: The Tokyo Star Bank, Withdrawal: 6 banks



List of lenders

	Lender	Balance	Interest rate Security	Drawdown/ Repayment date
Long-term	Sumitomo Mitsui Banking	200M	Base interest rate (JBA yen TIBOR) + 0.75% Secured and unguaranteed	Feb 28, 2023 Feb 29, 2024
	Sumitomo Mitsui Banking San ju San Bank The Ogaki Kyoritsu Bank Fukoku Mutual Life Insurance	5,072M	Base interest rate (JBA yen TIBOR) + 0.75% Secured and unguaranteed	Feb 28, 2023 Feb 29, 2024
	Sumitomo Mitsui Banking Sumitomo Mitsui Trust Bank The Tokyo Star Bank San ju San Bank	4,362M	Base interest rate (JBA yen TIBOR) + 0.75% Secured and unguaranteed	May 31, 2023 May 31, 2024
Total		9,634M		

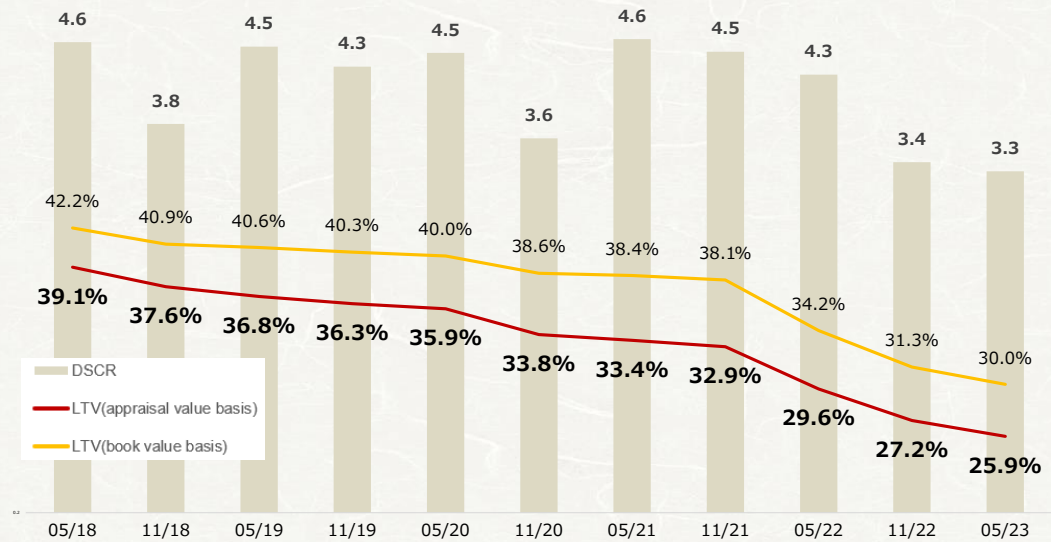
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Please look at page 5.

This shows our financial strategies for the fiscal period ended May 31, 2023. The total amount of borrowings was 9.6 billion yen, which was fully refinanced. Borrowings are broken down in the chart, and The Tokyo Star Bank was a new entrant. Surplus funds were approximately 2.0 billion yen.

Highlights : May. 2023 Financial strategy

Trends in LTV / DSCR



(Note) DSCR is calculated based on (operating income + depreciation + amortization of leasehold + gain (loss) on sale of real estate) / (scheduled repayments + interest expenses). Payment before maturity, the amount paid off on due date, and reductions due to refinancing are excluded.

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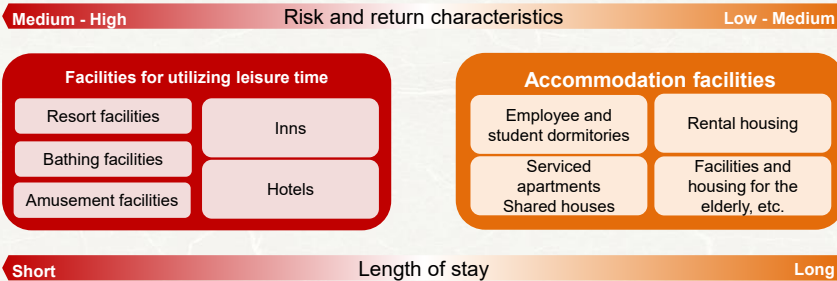
Please look at page 6.

Borrowings continue to become shorter term, and loan-related costs remain high. However, as LTV is also lowering, financial indicators continue to be sound. This suggests that we are in a situation where we can easily obtain new loans for the acquisition of accommodation facilities.

Highlights : May. 2023 External Growth

✧ Amendments to Articles of Incorporation

- Expansion of investment targets to include accommodation facilities after approval at the General Unitholders' Meeting
→ Environment for acquiring accommodation facilities using surplus funds has been established



Article 12 Investment Policy

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

*The change is the addition of the underlined part.

Look at page 7.

This shows our external growth in the fiscal period ended May 31, 2023. Reflecting the expansion of investment targets following the approval at the General Unitholders' Meeting, the environment for acquiring accommodation facilities using surplus funds has been established. By including accommodation facilities such as rental housing as an investment target, in addition to facilities for utilizing leisure time, which are conventional investment targets, we plan to achieve risk diversification whilst ensuring a return on the Investment Corporation's portfolio. We will strive to quickly expand the assets under management.

Highlights : May. 2023 Internal Growth

End of temporary rent reduction

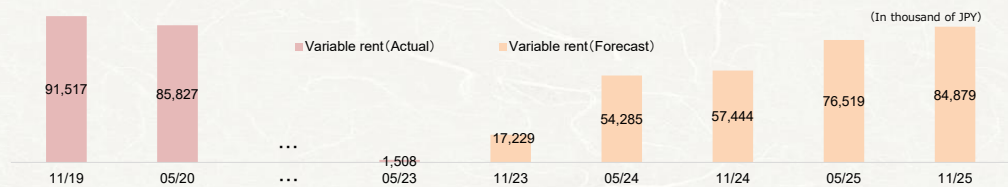
■ Exemption of a total of 520 million yen from September 2022 to February 2023 has ended

Accrual of variable rent since the fiscal period ended May 2020

■ Various indicators are approaching pre-COVID-19 levels due to market recovery

(In thousand of JPY)

Property No.	Property name	May. 2023 actual			Nov. 2023 forecasts			May. 2024 forecasts		
		Fixed	Variable	Total	Fixed	Variable	Total	Fixed	Variable	Total
S-1	Ooedo-Onsen Monogatari Reoma Resort	236,056	0	236,056	314,741	0	314,741	314,741	13,444	328,185
S-2	Ooedo-Onsen Monogatari Ise-shima	81,042	0	81,042	108,056	5,985	114,041	95,623	6,902	102,526
S-3	Ito Hotel New Okabe	55,336	0	55,336	73,781	0	73,781	73,781	7,371	81,152
S-4	Ooedo-Onsen Monogatari Atami	70,287	0	70,287	93,716	5,487	99,203	93,716	6,674	100,390
S-5	Ooedo-Onsen Monogatari Toi Marine Hotel	40,942	0	40,942	54,589	5,758	60,348	54,589	6,654	61,243
S-6	Ooedo-Onsen Monogatari Awara	49,334	0	49,334	65,778	0	65,778	65,778	3,342	69,120
S-8	Ooedo-Onsen Monogatari Ikaho	27,570	0	27,570	36,759	0	36,759	36,759	0	36,759
S-9	Ooedo-Onsen Monogatari Kimitsu-no-mori	18,443	0	18,443	24,590	0	24,590	24,590	0	24,590
S-11	Ooedo-Onsen Monogatari Kounkaku	31,577	0	31,577	42,103	0	42,103	42,103	4,506	46,609
S-12	Kinugawa Kanko Hotel	130,814	0	130,814	174,418	0	174,418	148,242	0	148,242
S-13	Ooedo-Onsen Monogatari Kinosaki	27,282	1,508	30,988	-	-	-	-	-	-
S-14	Ooedo-Onsen Higashiyama Grand Hotel	38,843	0	38,843	51,791	0	51,791	51,791	5,392	57,183
	合計	807,526	1,508	809,034	1,040,325	17,229	1,067,554	1,001,715	54,285	1,056,000



(Note 1) The number of properties from FP11/2019 to FP05/2020 is 14.

(Note 2) The variable rent forecast is calculated independently by the AM company based on the actual results and business plans obtained from tenants, and its achievement is not guaranteed.

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Now, take a look at page 8.

This is about our internal growth.

In February 2023, the period for temporarily reducing fixed rents to ensure the financial soundness of tenants ended. In the fiscal period ending November 30, 2023, variable rents are expected to accrue in Ise-shima, Atami and Toi, and we believe that variable rents will accrue at eight facilities in the fiscal period ending May 31, 2024, even if a certain amount of stress is applied to tenants' business plans, and we will return to the pre-COVID-19 levels in the fiscal period ending November 30, 2025

Highlights : May. 2023 Tenant overview

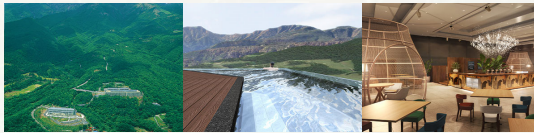
🔥 Recovery of sponsor performance

■ Operating results of properties owned by REIT

	06/22	07/22	08/22	09/22	10/22	11/22	12/22	01/23	02/23	03/23	04/23	05/23	Cumulative total	Previous corresponding period cumulative total	05/23 period cumulative Total	Change
Room occupancy rate	62.6%	64.1%	78.8%	71.8%	71.4%	84.9%	79.7%	61.9%	72.5%	86.4%	70.8%	72.8%	73.2%	57.3%	74.1%	+29.3%
ADR (yen)	25,246	32,708	44,593	27,801	28,844	28,884	33,211	32,083	27,469	32,882	30,302	33,532	31,689	29,840	31,716	+6.3%
RevPAR (yen)	15,803	20,965	35,139	19,961	20,594	24,522	26,469	19,859	19,915	28,410	21,453	24,411	23,196	17,098	23,501	+37.4%
Sales (million yen)	646	853	1,414	789	863	1,004	1,083	811	751	1,185	866	1,009	11,280	4,100	5,708	+39.2%

■ Discussing management integration with YUKAI Resort

- Improvement of management efficiency
- Elimination of competition in the Hokuriku, Kyushu and Gero areas
- Cost reduction through central purchasing
- Aggregation of brands centering on premium routes



<TAOYA> Brand concept

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

Please look at page 9.

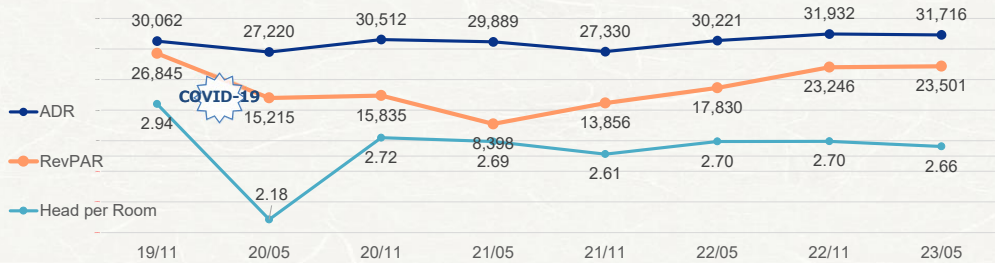
The table provides a tenant overview from June 2022 to May 2023. As shown here, regarding the results of properties owned by the REIT, sales, occupancy rate, ADR, and RevPAR all improved significantly in the previous fiscal period. In addition, the integration of the management of the Ooedo-Onsen Monogatari Group, the sponsor, and YUKAI Resort is currently under discussion. As we plan to improve management efficiency, further reduce costs through centralized purchasing, and aggregate brands centering on premium routes, the further improvement of performance is expected.

In addition, as a value-up investment, TAOYA, a high unit price brand of Ooedo Onsen, opened in Nikko Kirifuri in Tochigi Prefecture and Akiu in Miyagi Prefecture, following an opening in Shima in Mie Prefecture, and multiple facilities are scheduled to open in the future. Together with the mid-priced Ooedo Onsen Premium series, we will continue to work to increase sales of facilities through value-up investment.

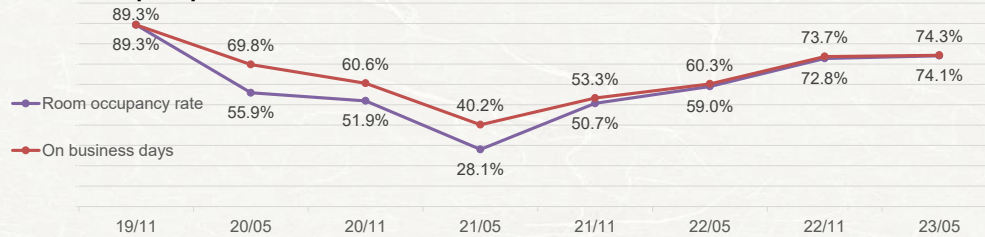
Highlights : May. 2023 Tenant overview

■ Various indicators are approaching pre-COVID-19 levels due to market recovery

ADR/RevPAR/HPR



Room occupancy rate



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Look at page 10.

ADR was 31,716 yen, higher than the pre-COVID-19 level. On the other hand, the occupancy rate and HPR, which is the number of guests per room, have not yet reached the pre-COVID-19 levels, and we believe that these are where we can grow.

Highlights : May. 2023 Others

Formulation of ESG policy

ESG Policy

As an asset manager for the investment corporation, we established the ESG policy to maximize value for investors based on the understanding that in profitable, stable and sustainable real estate operations, ESG considerations are necessary.

1. Addressing climate change and reducing the environmental impact of the real estate we operate

We discuss and implement proper measures and pursue the conservation of the global environment. To this end, we, for example, streamline energy consumption in the assets under management, conserve water, efficiently use water resources and reduce waste. We define the environmental targets in terms of, for example, GHG emissions, energy consumption, water consumption and waste emissions for the assets under management and initiatives for achieving the targets to reduce environmental impact.

2. Consideration of employees

We seek to build a good work environment and develop human resources so that the employees are able to fully demonstrate their capabilities. To increase employee awareness and elevate their practical abilities regarding ESG issues, we continue to educate employees and engage in activities to increase their awareness.

3. Collaboration with external stakeholders

We will strive to encourage ESG management by building good relationships and collaborating with PM companies, BM companies, tenants, subcontractors, local communities and other external stakeholders.

4. Compliance with laws and regulations and development of organizational structure

We will comply with laws, regulations and other rules relating to ESG issues and build an organizational structure appropriate for that purpose.

5. Easy-to-understand disclosure of ESG information

We work to disclose ESG-related information appropriately and in a timely manner and to make it easy to understand from the investor's standpoint.

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As stated in pages 11 to 13, we have established an ESG policy, which had not been developed, and built an ESG promotion system. The consideration of ESG issues is essential for the future of the Investment Corporation, and I will serve as the Chief Sustainability Officer and promote ESG based on the ESG policy by establishing the Sustainability Promotion Office.

Highlights : May. 2023 Others

ESG structure

Chief Sustainability Officer

President and
Representative Director

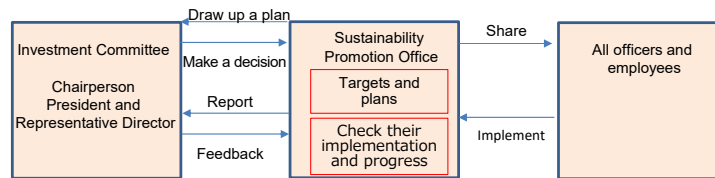
We build the ESG structure and supervise the formulation and implementation of the ESG promotion policy, targets and plans.

Sustainability Promotion
Office

In principle, the office has four regular meetings annually and formulates and implements targets and plans. The targets and plans formulated by the office are deliberated by the Investment Committee which makes decisions regarding them. The office reports the progress of the targets and plans to the Investment Committee twice a year or more often.

Members

Chief Sustainability Officer
Sustainability Manager
Chief Compliance Officer
Chief Investment Officer
Chief Financial Officer
Chief Planning & Coordination Officer



Highlights : May. 2023 Others

Environment

Initiatives for improvement of our environmental performance and reduction of environmental impact

- Concluded memorandum of understanding on a green lease between the Investment Corporation, the Asset Manager and the Operator.
- Set targets and implemented measures regarding data collection and the improvement of environmental performance
- Hold regular Environment and Energy Saving Measures Council meetings
- Replaced lighting in common areas and guestrooms with LEDs, implemented measures to reduce clean water consumption, including the reuse of well water and recycled water, and obtained environment-related certificates

Social

Build a collaboration system with tenants, property managers and operators	Shared ESG policy / Held regular meetings with the Operator / Held environment and energy saving council meetings
Contributions to local communities and society	Participate in and co-sponsor local events
Consideration of employees	Supported the acquisition of qualifications to enhance specialized skills / Initiatives to safeguard health / Fair assessment based on assessment schemes / Regular interview with business managers
Actions for investors and lenders	Communicate a range of information at business results briefings and via the website / Directly communicate with domestic and overseas investors and financial institutions
Signatory to the Principles for Financial Action for the 21st Century	Signed the Principles for Financial Action toward a Sustainable Society advocated by the Ministry of the Environment in June 2023.

Governance

Decision-making process	Build a process for observing laws and ensuring the high transparency of decision making. For details, please refer to the Investment Corporation's website. https://oom-reit.com/ja/feature/governance.html
Same-boat investment	The Oedo-onsen Group owns investment units, ensuring that the sponsor's and investors' interests are aligned.
Policy on efforts concerning customer-oriented business operations	We have enacted and published seven basic policies for customer-oriented business conduct, which lead to specific action plans, in line with the Principles for Customer-Oriented Business Conduct publicized by the Financial Services Agency on March 30, 2017.
Conducting training sessions, etc.	Compliance training is provided to all employees of Oedo Onsen Asset Management Co., Ltd., the asset manager.
Monitoring of outside subcontractors	Continuous monitoring of outside subcontractors based on evaluation items including the level of operations, commitment to ESG management, observance of laws, management of information and other items.

Highlights : After Nov. 2023

	Strategy	
Financial strategy	Short term	<ul style="list-style-type: none"> Utilization of debt capacity, taking advantage of low LTV Reduction of procurement costs by acquiring different types of assets Cultivation of new lenders
	Medium term	<ul style="list-style-type: none"> Rating/unsecured/debt cost reduction
External Growth	Short term	<ul style="list-style-type: none"> Acquisition of accommodation facilities using surplus funds
	Medium term	<ul style="list-style-type: none"> Accumulation of bridge projects to expand scale
Internal Growth	Increase the number of value-up construction projects for existing facilities to 5	
Others	Short term	<ul style="list-style-type: none"> Set and achieve targets for the improvement of environmental performance Hold regular Environment and Energy Saving Measures Council meetings
	Medium term	<ul style="list-style-type: none"> Acquisition of environmental certification

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Please look at page 14. I will explain our strategies in and after the fiscal period ending November 30, 2023.

In terms of our financial strategies, issues in the short term are the utilization of debt capacity, the reduction of the cost of debt and the building of a solid lender formation by attracting new lenders. In the medium term, we would like to improve financing terms through measures such as unsecured loans and acquiring a credit rating.

For external growth, we will accumulate bridge projects for the upcoming capital increase by quickly acquiring assets using surplus funds as the first step.

For internal growth, we will aim to increase sales of facilities through value-up construction at five existing facilities. Regarding ESG measures, we will implement the stated measures.

Highlights : After Nov. 2023 External Growth**Short term**

■ Acquisition of accommodation facilities using surplus funds

Accommodation facility investment areas: Three major metropolitan areas of the Tokyo metropolitan area, the Kansai area and the Chukyo area and ordinance-designated cities, etc.

Medium term

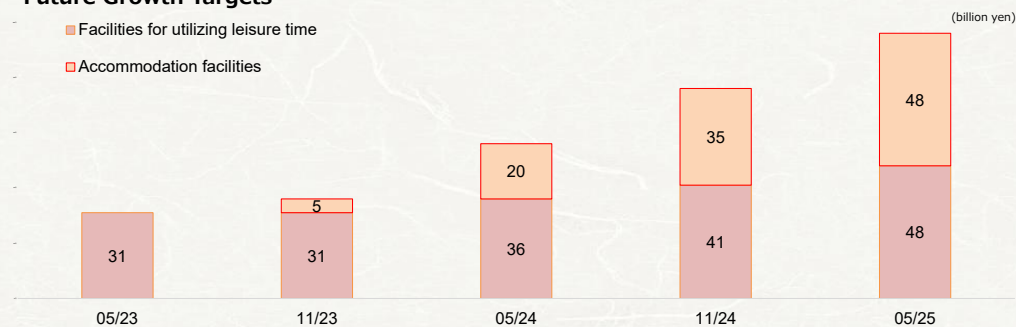
■ Accumulation of bridge projects to expand scale

At the moment, preferential negotiating rights are held for 11 properties (4 rental condominiums, 7 business hotels)

Future Growth Targets

■ Facilities for utilizing leisure time

■ Accommodation facilities



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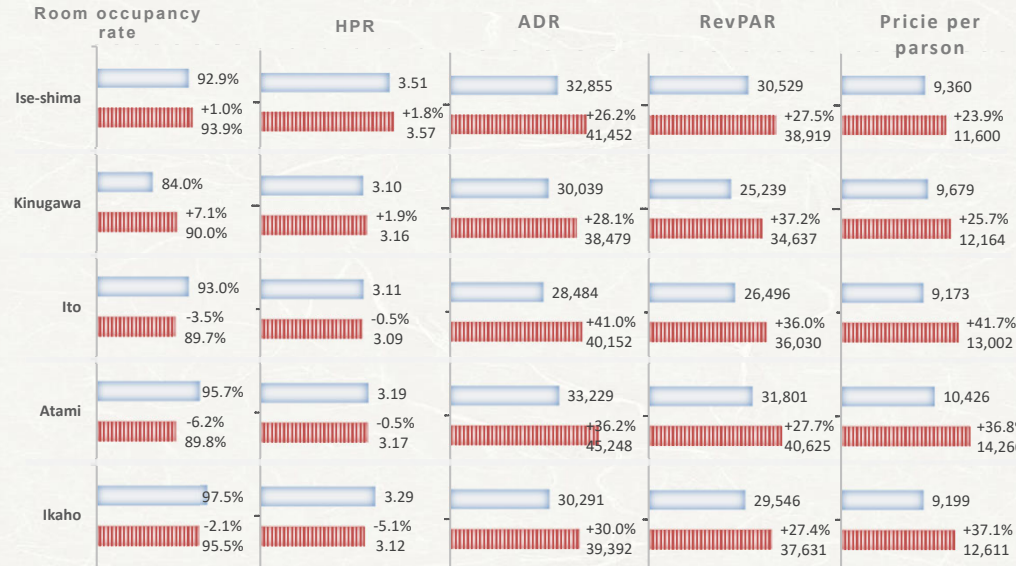
Please look at page 15.

This is about our external growth in the future. A short-term strategy is to acquire accommodation facilities quickly using surplus funds of 2.0 billion yen. After that, expanding AUM through capital increase and debt financing, we will aim for an AUM around 96 billion yen in the fiscal period ending November 30, 2026 by accumulating facilities for utilizing leisure time and accommodation facilities in a balanced fashion. Our strategy at the moment is to accumulate a pipeline, and we hold preferential negotiating rights for a total of 11 properties including four rental condominiums and seven business hotels.

Highlights : After Nov. 2023 Internal Growth

♥ Increase the number of value-up construction projects for existing facilities to 5

■ Feb. 2020 ■ Feb. 2027



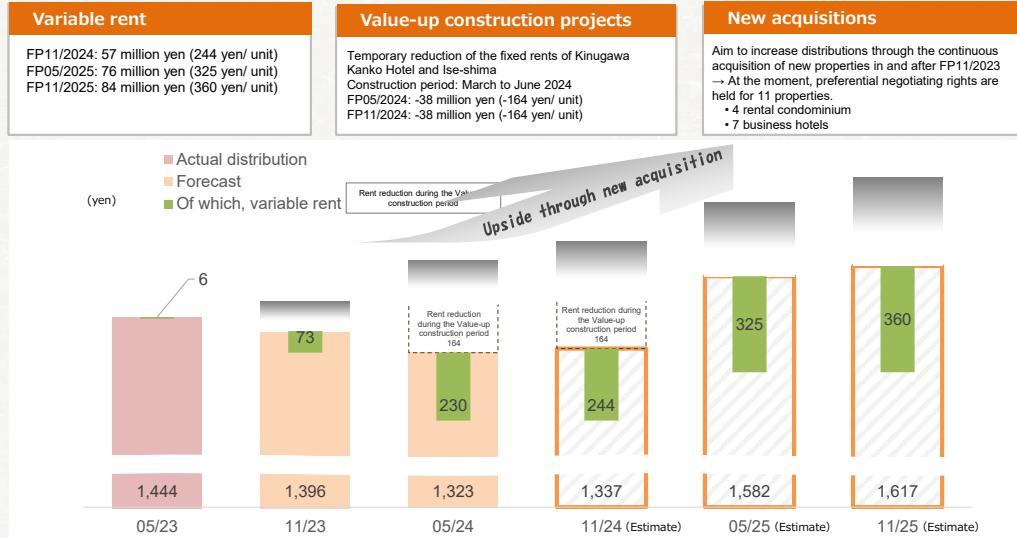
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Now, look at page 16.

This shows our internal growth in the future. We initially planned value-up construction at two facilities, Ise-shima and Kinugawa Kanko Hotel, but we now plan value-up construction at a total of five facilities, adding Ito, Atami and Ikaho, to actively increase sales. Although it depends on the facility, we are aiming for a level 20% to 40% higher than before COVID-19 based on RevPAR.

Highlights : Future distribution trends (Trial calculation)

Change in distribution due to increase in variable rent (No acquisition of new properties is expected)



(Note 1) The variable rent forecast is calculated independently by the AM company based on the actual results and business plans obtained from tenants, and its achievement is not guaranteed.
 (Note 2) Distributions from the fiscal period ending November 30, 2024 are estimates based on the amounts of distributions in the fiscal period ending May 31, 2024 that take into account only the impact of changes in variable rents and VU work, and no guarantees are made that they will be achieved. The actual amount of distributions will vary depending on actual variable rents, added-value renovations and other factors.

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Look at page 17.

This is about our future growth strategy. We expect distributions over the medium-term to be around 1,600 yen in the fiscal periods ending May 31 and November 30, 2025 due to the steady recovery of variable rents, despite the temporary reduction during the value-up construction period. In addition, we will aim to further increase distributions through the acquisition of accommodation facilities using surplus funds.

Thank you for your attention. I would like to apologize once again for the recent downward trend in distributions. As the market environment recovers, Ooedo Onsen Reit will achieve the expansion of the AUM and increase distributions. This brings me to the end of the financial results presentation. Thank you very much.



Ⅱ . Financial Results



Oedo Onsen Reit Investment Corporation

18

May. 2023

(In thousand of yen)

	Nov. 2022	May. 2023	Difference	May. 2023 (Forecast as of Nov. 2022)	Difference
Operating revenue	Component ratio 1,237,514	Component ratio 1,221,530	-15,984	1,207,141	+14,388
Primary rent	894,524	809,033	-85,491	807,854	+1,179
Fixed rent	100.0% 894,524	99.8% 807,525	-86,999	807,854	-328
Variable rent	0.0% 0	0.2% 1,508	+1,508	0	+1,508
Secondary rent	100,312	91,930	-8,381	91,874	+56
Others	552	9,109	+8,557	520	+8,589
Lease operations revenue gain/loss	434,006	381,352	-52,653	375,571	+5,780
Gain on sale of real estate	242,124	311,456	+69,331	306,892	+4,563
Operating income	505,197	523,856	+18,659	512,884	+10,971
Ordinary income	327,925	349,858	+21,932	345,053	+4,805
Net income	327,030	349,041	+22,010	344,053	+4,988
Excess cash distribution	3,294	-9,178	-12,473	-4,706	-4,471
Total distribution	330,427	339,841	+9,413	339,370	+470
Total units outstanding	235,347	235,347	+0	235,347	+0
DPU (yen)	1,404	1,444	+40	1,442	+2
(Excess cash distribution per unit)	14	-39	-53	-20	-19
FFO per unit (yen)	2,235	1,927	-308	1,929	-2
NOI	875,252	797,371	-77,881	792,568	+4,802
Depreciation	441,246	416,019	-25,227	416,996	-977
CAPEX	169,991	138,820	-31,170	164,000	-25,179

Reasons for change from forecasts

Other revenues: Renoma insurance	+5,730
Lease operations revenue gain/loss	+5,780
Gain on sales of real estate properties:	
Reduction of post-closing construction, etc.	+4,563
Operating income	+10,971
Increasing in refinancing cost	-6,461
Ordinary income	+4,805

Reasons for change from Nov. 2022

Sale of Kamoshika-so and Kinokuni	
Decrease in fixed rents	-86,999
Decrease in property and other taxes	+10,684
Decrease in depreciation and amortization	+25,227
Lease operations revenue gain/loss	-52,653
Sale of Kamoshika-so and Kinokuni	
Gain on sales of real estate	+69,331
Decrease in management fees	+7,546
Operating income	+18,659
Decrease in financial costs:	
Arrangement fees, etc.	+3,078
Ordinary income	+21,932

Main financial indicators

(In million of JPY)

Total assets	32,126
Interest-bearing debt	9,634
Total liabilities	11,160
Total net assets	20,965
LTV (book value basis)	30.0%
NAV per unit	110,411 yen

Nov. 2023: Forecasts

(In thousand of yen)

	May. 2023	Nov. 2023 Forecast	Difference	Nov. 2023 (Forecast as of Nov. 2022)	Difference
Operating revenue	Component ratio 1,221,530	Component ratio 1,147,936	-73,593	1,130,497	+17,438
Primary rent	809,033	1,057,554	+248,520	1,040,324	+17,229
Fixed rent	99.8% 807,525	98.4% 1,040,324	+232,799	1,040,324	+0
Variable rent	0.2% 1,508	1.6% 17,229	+15,721	0	+17,229
Secondary rent	91,930	89,859	-2,071	89,652	+206
Others	9,109	522	-8,587	520	+2
Lease operations revenue gain/loss	381,352	631,089	+249,737	612,818	+18,270
Gain on sale of real estate	311,456	0	-311,456	0	+0
Operating income	523,856	481,386	-42,470	462,474	+18,911
Ordinary income	349,858	326,588	-23,270	313,397	+13,191
Net income	349,041	325,588	-23,452	312,397	+13,191
Excess cash distribution	-9,178	3,059	+12,238	-706	+3,765
Total distribution	339,841	328,544	-11,296	311,599	+16,944
Total units outstanding	235,347	235,347	+0	235,347	+0
DPU (yen)	1,444	1,396	-48	1,324	+72
(Excess cash distribution per unit)	-39	13	+52	-3	+16
FFO per unit (yen)	1,927	3,142	+1,215	3,091	+51
NOI	797,371	1,045,156	+247,785	1,027,884	+17,271
Depreciation	416,019	414,067	-1,951	415,066	-999
CAPEX	138,820	156,000	+17,179	156,000	+0

Reasons for change from forecasts

Increase in variable rents	+17,229
Lease operations revenue gain/loss	+18,270
Operating income	+18,911
Increase in financial costs	- 5,720
Ordinary income	+13,191

Reasons for change from Nov. 2022

End of rent reduction	+232,799
Increase in variable rents	+15,721
Lease operations revenue gain/loss	+249,737
Loss on sales of properties in the previous period	-311,456
Decrease in SG&A expenses: The General Unitholders' Meeting in the previous period	+19,248
Operating income	-42,470
Decrease in financial costs	+19,495
Ordinary income	-23,270

Main financial indicators

(In million of JPY)

Total assets	31,987
Interest-bearing debt	9,488
Total liabilities	11,046
Total net assets	20,940
LTV (book value basis)	29.7%

May. 2024: Forecasts

(In thousand of yen)

	Nov. 2023 Forecast	May. 2024 Forecast	Difference
Operating revenue	Component ratio 1,147,936	Component ratio 1,147,930	-6
Primary rent	1,057,554	1,055,999	-1,554
Fixed rent	98.4% 1,040,324	94.9% 1,001,714	-38,609
Variable rent	1.6% 17,229	5.1% 54,285	+37,055
Secondary rent	89,859	91,389	+1,530
Others	522	540	+17
Lease operations revenue gain/loss	631,089	625,113	-5,975
Gain on sale of real estate	0	0	+0
Operating income	481,386	471,517	-9,868
Ordinary income	326,588	309,189	-17,399
Net income	325,588	308,189	-17,399
Excess cash distribution	3,059	3,059	+0
Total distribution	328,544	311,364	-17,180
Total units outstanding	235,347	235,347	+0
DPU (yen)	1,396	1,323	-73
(Excess cash distribution per unit)	13	13	+0
FFO per unit (yen)	3,142	3,089	-53
NOI	1,045,156	1,043,993	-1,163
Depreciation	414,067	418,879	+4,811
CAPEX	156,000	156,000	+0

Reasons for change from Nov. 2023

Rent reduction during the Value-up construction period	-38,609
Increase in variable rents	+37,055
Increase in depreciation	-4,811
Lease operations revenue gain/loss	-5,975
Expenses related to the General Unitholders' Meeting	-3,933
Operating income	-9,868
Costs for refinancing	-7,531
Ordinary income	-17,399

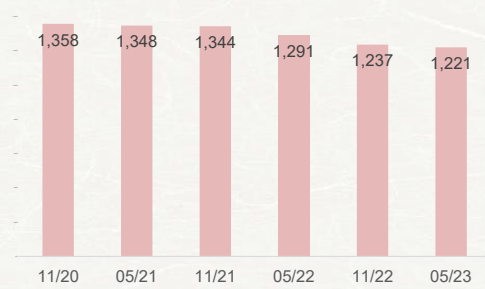
Main financial indicators

(In million of JPY)

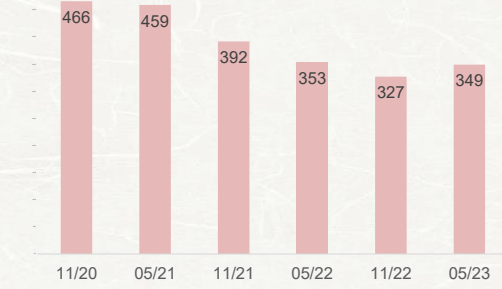
Total assets	31,739
Interest-bearing debt	9,331
Total liabilities	10,814
Total net assets	20,924
LTV (book value basis)	29.4%

Financial Results

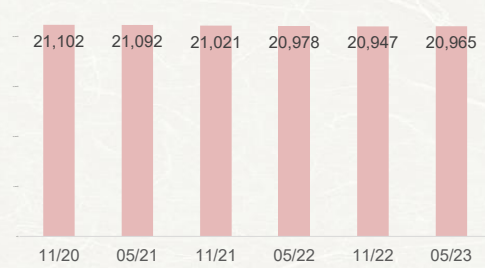
● Operating revenues (mn yen)



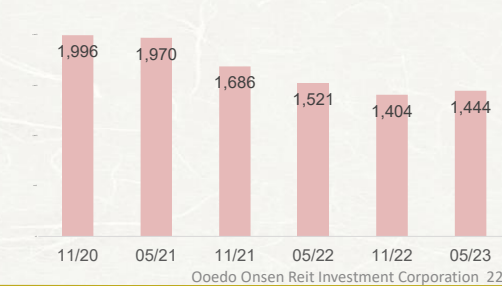
● Net income (mn yen)



● Net assets (mn yen)



● Distribution per unit



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Appendix



Portfolio Data : List

(In million of JPY)

Property No.	Property name	Location	Building age (years)	Number of rooms	Room occupancy rate (Note 1)	Acquisition price	Appraisal value	NOI	NOI yield (Note 2)	After depreciation NOI yield (Note 2)	PML
S-1	Ooedo-Onsen Monogatari Reoma Resort	Kagawa Prefecture	31.9 / 32.2 (Note 3)	241	69.2%	9,697	8,700	317	6.6%	4.6%	2.0 / 1.6%
S-2	Ooedo-Onsen Monogatari Ise-shima	Mie Prefecture	43.2	83	81.6%	3,656	3,800	106	5.9%	2.9%	14.3%
S-3	Ito Hotel New Okabe	Shizuoka Prefecture	32.6	73	79.5% (Note 4)	2,657	2,810	72	5.5%	3.3%	12.4%
S-4	Ooedo-Onsen Monogatari Atami	Shizuoka Prefecture	49.4	76	85.7%	3,000	3,460	92	6.2%	3.9%	13.1%
S-5	Ooedo-Onsen Monogatari Toi Marine Hotel	Shizuoka Prefecture	48.7	64	75.5%	1,910	2,010	53	5.7%	2.3%	15.4%
S-6	Ooedo-Onsen Monogatari Awara	Fukui Prefecture	41.8	95	72.8%	1,901	2,020	64	6.8%	4.4%	15.5%
S-8	Ooedo-Onsen Monogatari Ikaho	Gunma Prefecture	39.6	40	85.9%	1,299	1,350	35	5.5%	3.3%	1.1%
S-9	Ooedo-Onsen Monogatari Kimitsu-no-mori	Chiba Prefecture	27.2	41	87.7%	819	829	23	5.7%	3.4%	4.5%
S-11	Ooedo-Onsen Monogatari Kounaku	Miyagi Prefecture	57.5	98	60.0% (Note 4)	1,040	1,190	41	7.9%	3.1%	3.9%
S-12	Kinugawa Kanko Hotel	Tochigi Prefecture	41.8	172	74.5%	3,870	6,050	172	8.9%	5.6%	2.1%
S-13	Ooedo-Onsen Monogatari Kinomaki	Hyogo Prefecture	58.7	123	71.2%	1,230	1,410	50	8.3%	3.5%	4.6%
Total/Average			41.5	1,106	74.1%	31,085	33,629	1,025	6.7%	4.0%	3.1%

(Note 1) Room occupancy rate is for the 14th period ended May 31, 2023, of the investment corporation.

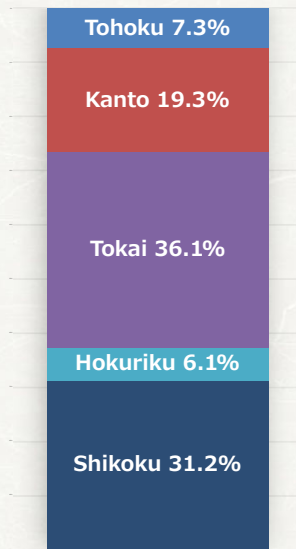
(Note 2) (Average) NOI yield and (average) after depreciation NOI yield indicate annualized figures. In addition, the figure is based on fixed rents after the end of the fixed rent reduction period that ended in February 2023.

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

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

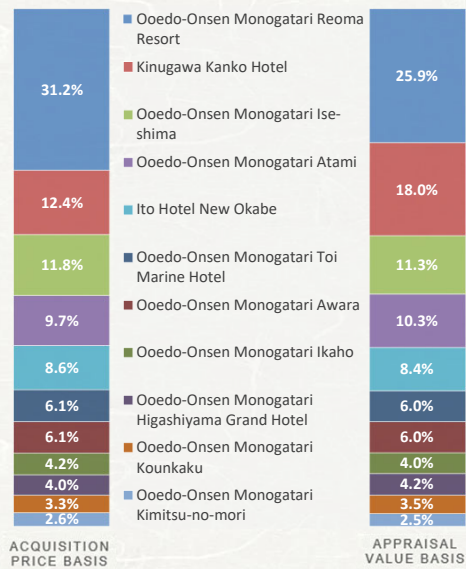
Portfolio Data : Investment ratio

Investment ratio by region



Acquisition price basis

Investment ratio by facility



ACQUISITION PRICE BASIS

APPRAISAL VALUE BASIS

Portfolio Data : Status of appraisal value

The cap rate remains flat. The total reduction from the previous period is 120 million yen, factoring in the end of the rent reduction in the previous period which increased CF, as well as the review of variable rents, the temporary rent reduction of RN planned properties and an increase in CAPEX due to the reacquisition of ER, which are factors that decreased CF. Unrealized gains decreased slightly.

(mn yen)

Property No.	Property name	Acquisition Price	Book value	Appraisal value			Unrealized profits and losses	Direct capitalization method			Discounted cash flow method					
				11/22	05/23	change		Direct Cap Rate			Discount Rate			Terminal Cap Rate		
								11/22	05/23	valuation	11/22	05/23	valuation	11/22	05/23	valuation
S-1	Ooedo-Onsen Monogatari Reoma Resort	9,697	9,335	8,700	8,700	-	-635	6.0%	6.0%	-	5.8%	5.8%	-	6.2%	6.2%	-
S-2	Ooedo-Onsen Monogatari Ise-shima	3,656	3,116	3,810	3,800	-10	+683	5.6%	5.6%	-	5.4%	5.4%	-	5.8%	5.8%	-
S-3	Ito Hotel New Okabe	2,657	2,473	2,800	2,810	+10	+336	5.1%	5.1%	-	4.9%	4.9%	-	5.3%	5.3%	-
S-4	Ooedo-Onsen Monogatari Atami	3,000	2,715	3,450	3,460	+10	+744	5.1%	5.1%	-	4.9%	4.9%	-	5.2%	5.2%	-
S-5	Ooedo-Onsen Monogatari Toi Marine Hotel	1,910	1,693	2,010	2,010	-0	+316	5.6%	5.6%	-	5.4%	5.4%	-	5.8%	5.8%	-
S-6	Ooedo-Onsen Monogatari Awara	1,901	1,809	2,000	2,020	+20	+210	5.9%	5.9%	-	5.7%	5.7%	-	6.1%	6.1%	-
S-8	Ooedo-Onsen Monogatari Ikaho	1,299	1,219	1,370	1,350	-20	+130	5.3%	5.3%	-	5.1%	5.1%	-	5.5%	5.5%	-
S-9	Ooedo-Onsen Monogatari Kimitsu-no-mori	819	815	829	829	-0	+13	5.3%	5.3%	-	5.1%	5.1%	-	5.5%	5.5%	-
S-11	Ooedo-Onsen Monogatari Kounkaku	1,040	949	1,210	1,190	-20	+240	5.5%	5.5%	-	5.3%	5.3%	-	5.7%	5.7%	-
S-12	Kinugawa Kanko Hotel	3,870	3,367	6,110	6,050	-60	+2,682	5.2%	5.2%	-	5.0%	5.0%	-	5.4%	5.4%	-
S-14	Ooedo-Onsen Higashiyama Grand Hotel	1,230	1,113	1,460	1,410	-50	+296	5.9%	5.9%	-	5.7%	5.7%	-	6.1%	6.1%	-
Total		31,085	28,609	33,749	33,629	-120	+5,019	-	-	-	-	-	-	-	-	-

Portfolio Data : Operating Results for the Entire Portfolio

No.	Name	Room occupancy rate (%)			ADR (JPY)			RevPAR (JPY)			Sale (million yen)		
		Previous corresponding period average	05/23 period average	Change	Previous corresponding period average	05/23 period average	Change	Previous corresponding period average	05/23 period average	Change	Previous corresponding period average	05/23 period average	Change
S-1	Ooedo-Onsen Monogatari Reoma Resort < Hotel Reoma-no-mori >	46.4	69.2	+49.1%	32,748	34,465	+5.2%	15,195	23,849	+57.0%	793	1,277	+61.0%
S-2	Ooedo-Onsen Monogatari Ise-shima	75.5	81.6	+8.1%	30,942	35,475	+14.6%	23,361	28,947	+23.9%	399	505	+26.4%
S-3	Ito Hotel New Okabe	67.4	79.5	+18.0%	29,313	33,742	+15.1%	19,756	26,824	+35.8%	432	585	+35.2%
S-4	Ooedo-Onsen Monogatari Atami	72.9	85.7	+17.6%	31,137	34,382	+10.4%	22,698	29,465	+29.8%	349	462	+32.3%
S-5	Ooedo-Onsen Monogatari Toi Marine Hotel	63.5	75.5	+18.9%	28,282	29,929	+5.8%	17,959	22,596	+25.8%	228	289	+26.5%
S-6	Ooedo-Onsen Monogatari Awara	58.0	72.8	+25.5%	27,963	26,895	-3.8%	16,218	19,579	+20.7%	312	381	+22.2%
S-8	Ooedo-Onsen Monogatari Ikaho	81.4	85.9	+5.5%	32,151	34,120	+6.1%	26,170	29,309	+12.0%	214	239	+11.4%
S-9	Ooedo-Onsen Monogatari Kimitsu-no-mori	82.1	87.7	+6.8%	27,110	30,473	+12.4%	22,257	26,724	+20.1%	215	262	+22.0%
S-11	Ooedo-Onsen Monogatari Kounkaku	43.9	60.0	+36.7%	27,292	27,350	+0.2%	11,981	16,410	+37.0%	281	390	+38.7%
S-12	Kinugawa Kanko Hotel	47.9	74.5	+55.5%	29,280	31,477	+7.5%	14,025	23,450	+67.2%	499	833	+67.0%
S-14	Ooedo-Onsen Higashiyama Grand Hotel	53.9	71.2	+32.1%	28,811	27,768	-3.6%	15,529	19,770	+27.3%	373	481	+28.8%
Total		57.3	74.1	+29.3%	29,840	31,716	+6.3%	17,098	23,501	+37.4%	4,100	5,708	+39.2%

No.	Name	Number of guests			Sale (million yen)		
		Previous corresponding period average	05/23 period average	Change	Previous corresponding period average	05/23 period average	Change
S-1	Ooedo-Onsen Monogatari Reoma Resort< New Reoma World >	239,826	256,630	+7.0%	934	1,048	+12.2%

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

Portfolio Data : Introduction of Properties (1)

S-1 Ooedo-Onsen Monogatari Reoma Resort



Location: Marugame City,
Kagawa Prefecture
Site area: 669,420 m²
Total floor area: 63,896 m²

Area characteristics (Note)

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



(Note) Part of the land (area: 211,089.59 m²) is leased from a third party (domestic corporation).

S-2 Ooedo-Onsen Monogatari Ise-shima



Location: Shima City,
Mie Prefecture
Site area: 9,637 m²
Total floor area: 9,782 m²

Area characteristics

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



S-3 Ito Hotel New Okabe



Location: Ito City,
Shizuoka Prefecture
Site area: 2,945 m²
Total floor area: 10,211 m²

Area characteristics

- Ito City, which is designated a City of International Tourism and Hot Springs Culture, bustles with the Izu Kogen Sakura Festival and the Anjinsai Festival. The Umi no Hanabi Taikali 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.



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Portfolio Data : Introduction of Properties (1)

S-1: Ooedo-Onsen Monogatari Reoma Resort 〈Hotel Reoma-no-mori〉

	06/22	07/22	08/22	09/22	10/22	11/22	12/22	01/23	02/23	03/23	04/23	05/23	Cumulative total	Previous corresponding period cumulative total	05/23 period cumulative Total	Change
Room occupancy rate	51.2%	63.7%	80.8%	61.0%	61.7%	81.7%	80.7%	50.8%	61.5%	82.0%	70.6%	68.7%	67.9%	46.4%	69.2%	+49.1%
ADR (yen)	25,338	39,163	54,403	28,599	28,587	28,869	35,801	35,768	27,814	37,478	32,075	36,089	34,848	32,748	34,465	+5.2%
RevPAR (yen)	12,973	24,946	43,957	17,445	17,638	23,585	28,891	18,170	17,105	30,731	22,644	24,793	23,661	15,195	23,849	+57.0%
Sales (million yen)	127	221	388	153	165	216	252	159	142	280	207	233	2,550	793	1,277	+61.0%

S-2: Ooedo-Onsen Monogatari Ise-shima

	06/22	07/22	08/22	09/22	10/22	11/22	12/22	01/23	02/23	03/23	04/23	05/23	Cumulative total	Previous corresponding period cumulative total	05/23 period cumulative Total	Change
Room occupancy rate	82.7%	74.9%	78.8%	84.2%	78.2%	89.6%	91.3%	78.7%	85.3%	93.1%	67.3%	74.0%	81.5%	75.5%	81.6%	+8.1%
ADR (yen)	27,096	34,066	47,413	30,780	31,441	31,428	35,723	33,303	31,317	40,065	35,008	36,444	34,553	30,942	35,475	+14.6%
RevPAR (yen)	22,408	25,515	37,361	25,916	24,586	28,159	32,615	26,209	26,713	37,300	23,560	26,968	28,160	23,361	28,947	+23.9%
Sales (million yen)	64	74	107	73	74	83	97	77	72	111	66	79	981	399	505	+26.4%

S-3: Ito Hotel New Okabe

	06/22	07/22	08/22	09/22	10/22	11/22	12/22	01/23	02/23	03/23	04/23	05/23	Cumulative total	Previous corresponding period cumulative total	05/23 period cumulative Total	Change
Room occupancy rate	56.0%	63.4%	76.4%	73.5%	69.6%	83.6%	81.6%	75.9%	84.9%	88.8%	69.2%	76.6%	74.9%	67.4%	79.5%	+18.0%
ADR (yen)	24,924	32,243	47,936	27,709	29,513	30,741	37,338	34,482	30,913	34,525	30,305	34,105	33,225	29,313	33,742	+15.1%
RevPAR (yen)	13,957	20,442	36,623	20,366	20,541	25,699	30,467	26,171	26,245	30,658	20,971	26,124	24,885	19,756	26,824	+35.8%
Sales (million yen)	51	75	131	72	76	93	112	96	89	115	75	96	1,087	432	585	+35.2%

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Portfolio Data : Introduction of Properties (2)

S-4 Ooedo-Onsen Monogatari Atami



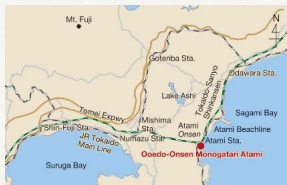
Location: Atami City,
Shizuoka Prefecture

Site area: 2,066 m²

Total floor area: 8,469 m²

Area characteristics

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



S-5 Ooedo-Onsen Monogatari Toi Marine Hotel



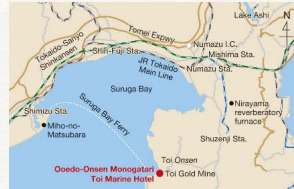
Location: Izu City,
Shizuoka Prefecture

Site area: 2,911 m²

Total floor area: 6,125 m²

Area characteristics

- Izu City is largest city on the Izu Peninsula, located on the central western part of the peninsula. Facing Suruga Bay to the west and surrounded by the Mount Amagi range to the south, it is rich in natural, historical, and onsen tourist attractions.
- Toi Onsen, where this facility is located, is the oldest hot spring in the west Izu area. It is famous for the "Toi Gold Mine" from the Edo period and attracts many visitors.



S-6 Ooedo-Onsen Monogatari Awara



Location: Awara City,
Fukui Prefecture

Site area: 13,263 m²

Total floor area: 14,132 m²

Area characteristics

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



Ooedo Onsen Reit Investment Corporation 30

Portfolio Data : Introduction of Properties (2)

S-4: Ooedo-Onsen Monogatari Atami

	06/22	07/22	08/22	09/22	10/22	11/22	12/22	01/23	02/23	03/23	04/23	05/23	Cumulative total	Previous corresponding period cumulative total	05/23 period cumulative Total	Change
Room occupancy rate	80.0%	73.3%	83.6%	86.8%	78.9%	87.0%	84.7%	85.4%	90.1%	97.0%	76.2%	80.7%	83.6%	72.9%	85.7%	+17.6%
ADR (yen)	26,156	34,088	48,806	29,175	30,274	30,911	36,515	33,960	31,594	34,141	33,174	36,792	33,867	31,137	34,382	+10.4%
RevPAR (yen)	20,924	24,986	40,801	25,323	23,886	26,892	30,928	29,001	28,466	33,116	25,278	29,691	28,312	22,698	29,465	+29.8%
Sales (million yen)	54	65	106	64	64	71	82	77	69	88	65	78	889	349	462	+32.3%

S-5: Ooedo-Onsen Monogatari Toi Marine Hotel

	06/22	07/22	08/22	09/22	10/22	11/22	12/22	01/23	02/23	03/23	04/23	05/23	Cumulative total	Previous corresponding period cumulative total	05/23 period cumulative Total	Change
Room occupancy rate	58.9%	64.1%	87.7%	70.1%	64.4%	91.0%	84.3%	62.5%	83.7%	97.8%	53.0%	71.8%	74.1%	63.5%	75.5%	+18.9%
ADR (yen)	24,318	38,966	55,528	26,645	27,149	27,394	30,580	31,709	26,487	29,675	29,094	32,180	32,082	28,282	29,929	+5.8%
RevPAR (yen)	14,323	24,977	48,698	18,678	17,483	24,928	25,778	19,818	22,169	29,022	15,419	23,105	23,772	17,959	22,596	+25.8%
Sales (million yen)	30	53	102	39	38	53	56	42	44	63	32	49	606	228	289	+26.5%

S-6: Ooedo-Onsen Monogatari Awara

	06/22	07/22	08/22	09/22	10/22	11/22	12/22	01/23	02/23	03/23	04/23	05/23	Cumulative total	Previous corresponding period cumulative total	05/23 period cumulative Total	Change
Room occupancy rate	55.5%	69.0%	83.8%	71.3%	77.2%	87.4%	75.4%	59.3%	64.0%	83.6%	76.8%	76.7%	73.4%	58.0%	72.8%	+25.5%
ADR (yen)	22,882	32,189	42,172	25,867	24,880	26,049	29,341	25,187	23,219	29,407	25,407	27,281	28,205	27,963	26,895	-3.8%
RevPAR (yen)	12,699	22,210	35,340	18,443	19,207	22,766	22,123	14,935	14,860	24,584	19,512	20,924	20,702	16,218	19,579	+20.7%
Sales (million yen)	40	71	114	58	64	74	73	49	45	81	62	69	806	312	381	+22.2%

Ooedo Onsen Reit Investment Corporation 31

Portfolio Data : Introduction of Properties (3)

S-8 Ooedo-Onsen Monogatari Ikaho



Location: Shibukawa City,
Gunma Prefecture
Site area: 6,805 m²
Total floor area: 5,177 m²

Area characteristics

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



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



Location: Kimitsu City,
Chiba Prefecture
Site area: 57,069 m²
Total floor area: 8,660 m²

Area characteristics

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



S-11 Ooedo-Onsen Monogatari Kounkaku



Location: Osaki City,
Miyagi Prefecture
Site area: 11,829 m²
Total floor area: 10,843 m²

Area characteristics

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



Ooedo Onsen Reit Investment Corporation 32

Portfolio Data : Introduction of Properties (3)

S-8: Ooedo-Onsen Monogatari Ikaho

	06/22	07/22	08/22	09/22	10/22	11/22	12/22	01/23	02/23	03/23	04/23	05/23	Cumulative total	Previous corresponding period cumulative total	05/23 period cumulative Total	Change
Room occupancy rate	80.4%	77.8%	79.6%	81.2%	78.9%	83.7%	85.7%	76.2%	85.6%	94.2%	87.1%	86.4%	83.0%	81.4%	85.9%	+ 5.5%
ADR (yen)	29,383	31,195	42,203	30,258	33,022	34,262	36,792	33,405	29,413	34,660	33,231	36,594	33,781	32,151	34,120	+ 6.1%
RevPAR (yen)	23,623	24,269	33,593	24,569	26,054	28,677	31,530	25,454	25,177	32,649	28,944	31,617	28,038	26,170	29,309	+ 12.0%
Sales (million yen)	33	34	46	33	37	39	44	35	31	45	38	43	463	214	239	+ 11.4%

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

	06/22	07/22	08/22	09/22	10/22	11/22	12/22	01/23	02/23	03/23	04/23	05/23	Cumulative total	Previous corresponding period cumulative total	05/23 period cumulative Total	Change
Room occupancy rate	72.9%	75.2%	84.2%	82.3%	74.3%	83.5%	88.6%	85.3%	88.2%	93.2%	84.9%	85.8%	83.2%	82.1%	87.7%	+ 6.8%
ADR (yen)	25,147	28,833	38,920	26,144	25,555	26,386	31,651	29,883	27,728	30,206	30,133	33,010	29,627	27,110	30,473	+ 12.4%
RevPAR (yen)	18,332	21,682	32,770	21,516	18,987	22,032	28,042	25,490	24,456	28,151	25,582	28,322	24,649	22,257	26,724	+ 20.1%
Sales (million yen)	29	35	51	34	33	36	45	42	38	48	40	47	482	215	262	+ 22.0%

S-11: Ooedo-Onsen Monogatari Kounkaku

	06/22	07/22	08/22	09/22	10/22	11/22	12/22	01/23	02/23	03/23	04/23	05/23	Cumulative total	Previous corresponding period cumulative total	05/23 period cumulative Total	Change
Room occupancy rate	42.4%	31.8%	42.0%	41.5%	58.0%	76.7%	73.0%	54.2%	58.8%	71.8%	50.7%	51.1%	54.3%	43.9%	60.0%	+ 36.7%
ADR (yen)	24,621	26,945	30,756	26,489	25,639	24,651	27,731	28,816	25,035	26,902	26,282	29,310	26,856	27,292	27,350	+ 0.2%
RevPAR (yen)	10,439	8,568	12,917	10,992	14,870	18,907	20,243	15,618	14,720	19,315	13,324	14,977	14,582	11,981	16,410	+ 37.0%
Sales (million yen)	41	34	51	42	60	75	81	62	54	79	52	59	695	281	390	+ 38.7%

Portfolio Data : Introduction of Properties (4)

S-12 Kinugawa Kanko Hotel



Location: Nikko City,
Tochigi Prefecture
Site area: 6,719 m²
Total floor area: 22,402 m²

Area characteristics

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



S-14 Ooedo-Onsen Monogatari Higashiyama Grand Hotel



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

Area characteristics

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



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Portfolio Data : Introduction of Properties (4)

S-12: Kinugawa Kanko Hotel

	06/22	07/22	08/22	09/22	10/22	11/22	12/22	01/23	02/23	03/23	04/23	05/23	Cumulative total	Previous corresponding period cumulative total	05/23 period cumulative Total	Change
Room occupancy rate	64.9%	67.7%	91.8%	80.3%	74.8%	89.1%	74.7%	54.5%	70.8%	88.5%	78.4%	79.8%	76.3%	47.9%	74.5%	+ 55.5%
ADR (yen)	24,372	28,107	37,871	28,375	32,523	31,082	32,974	32,910	25,876	33,517	29,517	33,187	31,161	29,280	31,477	+ 7.5%
RevPAR (yen)	15,817	19,028	34,765	22,785	24,327	27,694	24,631	17,935	18,320	29,662	23,141	26,483	23,775	14,025	23,450	+ 67.2%
Sales (million yen)	92	113	204	131	147	165	149	107	101	180	135	158	1,688	499	833	+ 67.0%

S-14: Ooedo-Onsen Monogatari Higashiyama Grand Hotel

	06/22	07/22	08/22	09/22	10/22	11/22	12/22	01/23	02/23	03/23	04/23	05/23	Cumulative total	Previous corresponding period cumulative total	05/23 period cumulative Total	Change
Room occupancy rate	80.7%	66.4%	80.3%	85.3%	86.4%	85.4%	74.7%	52.8%	70.0%	84.3%	74.2%	71.0%	75.9%	53.9%	71.2%	+ 32.1%
ADR (yen)	25,084	27,469	33,919	25,263	27,008	26,767	28,567	27,723	23,641	25,150	29,353	32,135	27,666	28,811	27,768	- 3.6%
RevPAR (yen)	20,242	18,239	27,236	21,549	23,334	22,859	21,339	14,637	16,548	21,201	21,779	22,815	20,998	15,529	19,770	+ 27.3%
Sales (million yen)	80	75	110	85	99	94	88	60	62	90	87	92	1,027	373	481	+ 28.8%

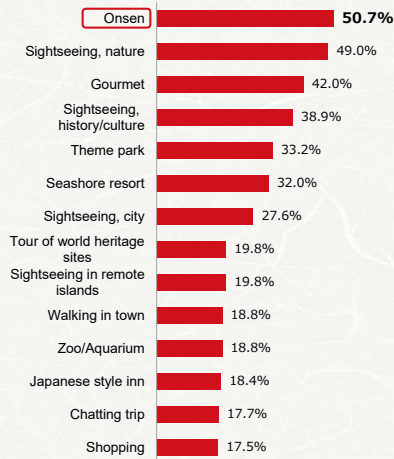
S-1: Ooedo-Onsen Monogatari Reoma Resort (New Reoma Resort)

	06/22	07/22	08/22	09/22	10/22	11/22	12/22	01/23	02/23	03/23	04/23	05/23	Cumulative total	Previous corresponding period cumulative total	05/23 period cumulative Total	Change
Number of guests	38,162	48,142	95,689	32,723	41,702	46,669	63,021	31,138	27,435	42,329	38,474	54,233	559,717	239,826	256,630	+ 7.0%
Sales (million yen)	130	209	391	133	168	181	233	120	94	186	176	237	2,263	934	1,048	+ 12.2%

Stable Onsen/Spa-Related Market

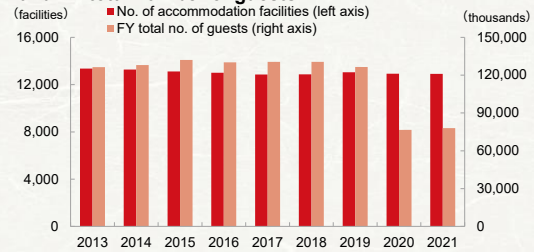
Market for onsen and spa-related facilities that forms the basis for the stability of the portfolio centered on properties operated by the sponsor.

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



Source: JTBF Travel Intentions Survey (from "Annual Report on the Tourism Trends Survey" by Japan Travel Bureau Foundation)

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



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

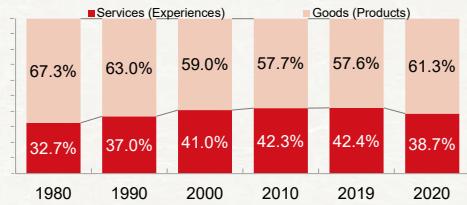
• According to the Annual Report on the Tourism Trends Survey, "onsen" ranked number one among the types of trip respondents would like to try.

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

Future Leisure Market

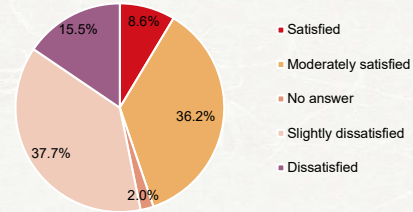
Domestic demand: Expansion of consumption for services or experience-oriented activities means future potential of the leisure market both qualitatively and quantitatively.

🌸 Trends in the consumption of services



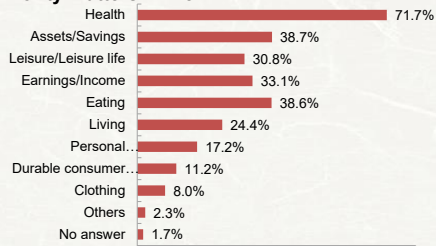
Source: A graph prepared by the Asset Manager based on "White Paper on Consumer Affairs" by the Consumer Affairs Agency

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



Source: Public Opinion Survey on the Life of the People

🌸 Priority matters in life



Source: Public Opinion Survey on the Life of the People

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

• While "leisure" is ranked high in the public survey on "points of emphasis in one's future lifestyle," facilities that satisfy the needs remain insufficient.

Investing Targets and Building of the Portfolio

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

< Oedo Onsen Reit's Investment Targets >

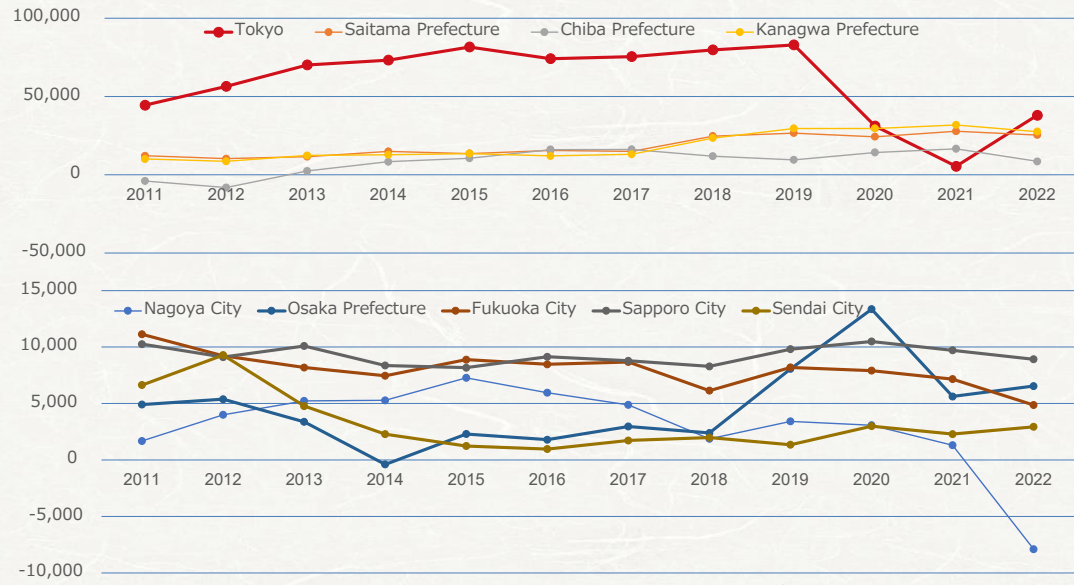


- Centering on onsen/spa-related facilities
- Taking note of consumption related to services (experience-based consumption) for which demand is expected to increase
- Facilities that provide consumers with a rich experience during their leisure time that are supported by consumers

Environment of Accommodation Facilities

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

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



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Rent Structure : New Rent Structure

current situation

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

New Rent Structure

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

Background

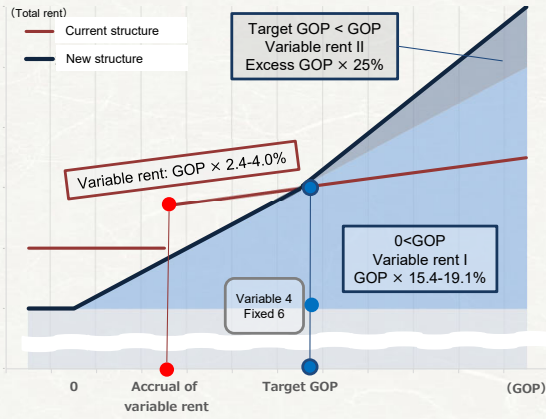
- The high fixed rent burden during a time of crisis such as the COVID-19 pandemic put pressure on tenants' finances and reduced the flexibility of operations.

Overview

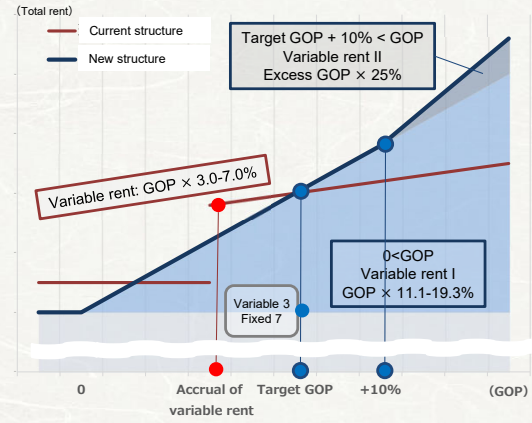
Timing of shift	From the calculation period following achievement of the target GOP set for each property in the tenant business plan
Variable rent I	<u>The component ratio is set higher than the current level to further increase the possibility of an increase in rent income</u>
Variable rent II	When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

Rent Structure : Illustration of New Rent Structure

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



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



Financial Indices

Indices	Nov. 2022	May. 2023	計算式等
Ordinary income	327 mn yen	349 mn yen	
Net income	327 mn yen	349 mn yen	
Depreciation	441 mn yen	416 mn yen	
CAPEX	169 mn yen	138 mn yen	
Total assets	33,166 mn yen	32,126 mn yen	
Total net assets	20,947 mn yen	20,965 mn yen	
BPS (Total net assets/unit)	89,006 yen	89,085 yen	
Unit price (End of each period)	64,000 yen	65,100 yen	
Total units outstanding	235,347 units	235,347 units	
Total distribution	330 mn yen	339 mn yen	
DPU	1,404 yen	1,444 yen	
Distribution yield	4.4%	4.4%	DPU (annualized)/Unit price as of end of period
FFO	526 mn yen	453 mn yen	Net income + Depreciation – profit or loss on sale of real estate
FFO per unit	2,235 yen	1,927 yen	
FFO multiple	14.3x	16.9x	Unit price as of end of period/FFO per unit (annualized)
PER	23.1x	21.8x	Unit price as of end of period/Net income per unit (average during the periods, annualized)
PBR	0.7x	0.5x	Unit price as of end of period/Net assets per unit
ROA	1.0%	1.1%	Ordinary income/Average of total assets during the period
Annualized	2.0%	2.1%	
ROE	1.6%	1.7%	Net income/Average of total net assets during the period
Annualized	3.1%	3.4%	
NAV	26,040 mn yen	25,984 mn yen	Total net assets + Total appraisal value - Total book value - Total liabilities
NAV per unit	110,654 yen	110,411 yen	
NAV multiple	0.6x	0.6x	Unit price as of end of period/NAV per unit
Interest-bearing debt	10,389 mn yen	9,634 mn yen	
LTV (book value basis)	31.3%	30.0%	Interest-bearing debt/Total assets
LTV (appraisal value basis)	27.1%	25.9%	Interest-bearing debt/(Total assets + Total appraisal value - Total book value)
Operating days	183 days	182 days	

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Balance Sheet

		(thousand yen)	
		Nov. 2022	May. 2023
Assets			
Current assets			
Cash and deposits	2,667,035	3,275,162	
Prepaid expenses	101,550	205,239	
Consumption tax refundable	-	12,783	
Other	4,829	5,003	
Total current assets	2,773,414	3,498,189	
Non-current assets			
Property, plant and equipment			
Buildings	24,648,005	24,020,462	
Accumulated depreciation	-4,611,639	-4,868,682	
Buildings, net	20,036,366	19,151,779	
Structures	50,849	29,989	
Accumulated depreciation	-4,337	-5,127	
Structures, net	46,511	24,861	
Machinery and equipment	600	600	
Accumulated depreciation	-168	-185	
Machinery and equipment, net	431	414	
Tools, furniture and fixtures	16,702	17,692	
Accumulated depreciation	-5,173	-6,464	
Tools, furniture and fixtures, net	11,528	11,227	
Land	9,946,436	9,097,457	
Construction in progress	6,790	-	
Total property, plant and equipment	30,048,064	28,285,739	
Intangible assets			
Leasehold interests in land	325,013	323,277	
Total intangible assets	325,013	323,277	
Investments and other assets			
Deferred tax assets	13	10	
Long-term prepaid expenses	10,125	9,000	
Lease and guarantee deposits	10,089	10,089	
Total investments and other assets	20,228	19,099	
Total non-current assets	30,393,307	28,628,117	
Total assets	33,166,721	32,126,307	
Liabilities			
Current liabilities			
Operating accounts payable	117,571	110,491	
Short-term loans payable	4,489,185	-	
Current portion of long-term borrowings	5,900,601	9,634,887	
Accounts payable - other	91,180	80,766	
Accrued expenses	4,275	209	
Income taxes payable	886	812	
Accrued consumption taxes	77,895	-	
Advances received	313,919	207,455	
Other	5,716	5,111	
Total current liabilities	11,001,233	10,039,734	
Non-current liabilities			
Leasehold and guarantee deposits received	1,096,069	1,040,847	
Asset retirement obligations	122,106	79,798	
Total non-current liabilities	1,218,175	1,120,645	
Total liabilities	12,219,408	11,160,380	
Net assets			
Unitholders' equity			
Unitholders' capital	20,653,023	20,653,023	
Deduction from unitholders' capital			
Allowance for temporary difference adjustment	-32,884	-36,179	
Total deduction from unitholders' capital	-32,884	-36,179	
Unitholders' capital, net	20,620,138	20,616,843	
Surplus			
Unappointed retained earnings (undisposed loss)	327,173	349,082	
Total surplus	327,173	349,082	
Total unitholders' equity	20,947,312	20,965,926	
Total net assets	20,947,312	20,965,926	
Total liabilities and net assets	33,166,721	32,126,307	

Statement of Income

	(thousand yen)	
	Nov. 2022	May. 2023
Operating revenue		
Lease business revenue	995,389	910,074
Gain on sales of real estate properties	242,124	311,456
Total operating revenue	1,237,514	1,221,530
Operating expenses		
Expenses related to rent business	561,383	528,722
Asset management fee	110,320	102,895
Asset custody fee	1,544	1,463
Administrative service fees	15,038	15,630
Directors' compensations	3,600	3,600
Other operating expenses	40,429	45,362
Total operating expenses	732,317	697,673
Operating income	505,197	523,856
Non-operating income		
Interest income	13	9
Reversal of distributions payable	596	794
Total non-operating income	609	804
Non-operating expenses		
Interest expenses	49,339	41,193
Borrowing related expenses	126,206	129,473
collateralization-related expenses	2,335	4,136
Total non-operating expenses	177,881	174,802
Ordinary income	327,925	349,858
Extraordinary profit		
Government grant income	-	14,396
Total extraordinary profit	-	14,396
Extraordinary losses		
Loss on retirement of non-current assets	-	14,396
Total extraordinary losses	-	14,396
Profit before income taxes	327,925	349,858
Income taxes - current	889	813
Income taxes - deferred	6	3
Total income taxes	895	817
Profit	327,030	349,041
Retained earnings brought forward	143	41
Unappropriated retained earnings (undisposed loss)	327,173	349,082

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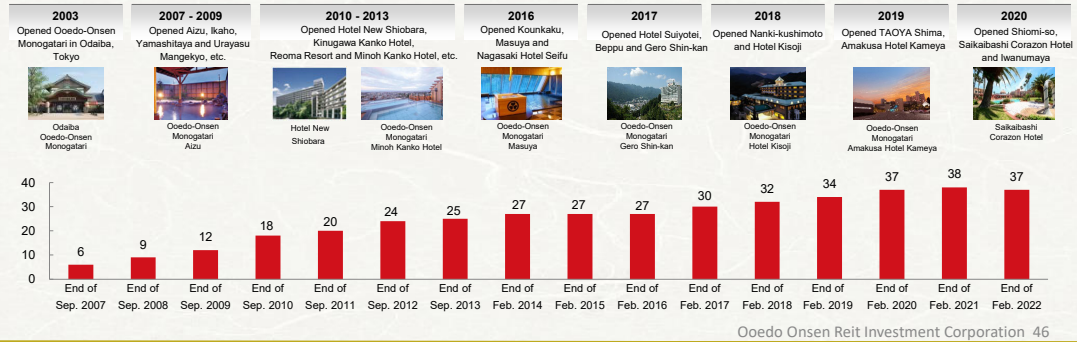
Ooedo-Onsen Monogatari Group (1)

"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

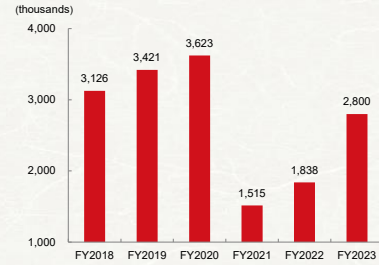
Company Name	Ooedo-Onsen Monogatari Hotels & Resorts Co., Ltd.	Net Sales	36.9 billion JPY (consolidated, as of end of February 2023) Total number of the group companies
Capital	100 million yen (As of the end of November 2022)	Businesses	<ul style="list-style-type: none"> Reinvigorating onsen ryokan, hotels, spa-related facilities, theme parks around the country We started with the onsen theme park, "Ooedo-Onsen Monogatari," which has an Edo culture theme. As of Feb. 28, 2022, we operate 37 onsen and spa-related facilities
Address	7-16-21 Ginza, Chuo-ku, Tokyo		
Establishment	December 5, 2017 (founded in November 2001)		
Representative	Representative Director Mitsumasa Morita (As of the end of August)		
No. of Employees	1,202 (as of the end of February 2023) *The total number of employees on a group-wide basis		

Trends in number of facilities

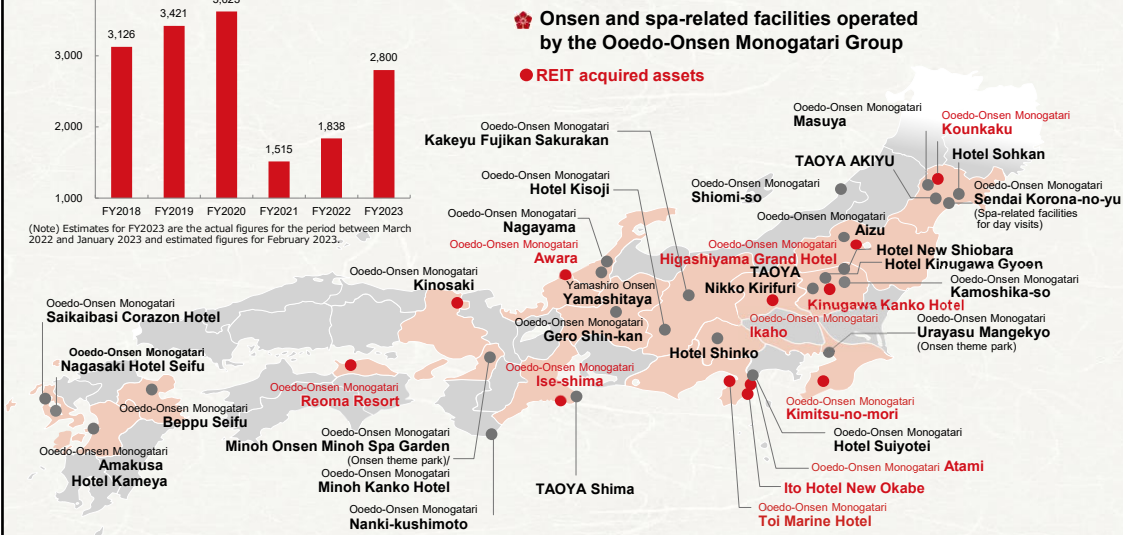


Ooedo-Onsen Monogatari Group (2)

Trend in total number of hotel guests at Ooedo-Onsen Monogatari Group facilities



(Note) Estimates for FY2023 are the actual figures for the period between March 2022 and January 2023 and estimated figures for February 2023.



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

Oedo 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 (Oedo 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 Oedo-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

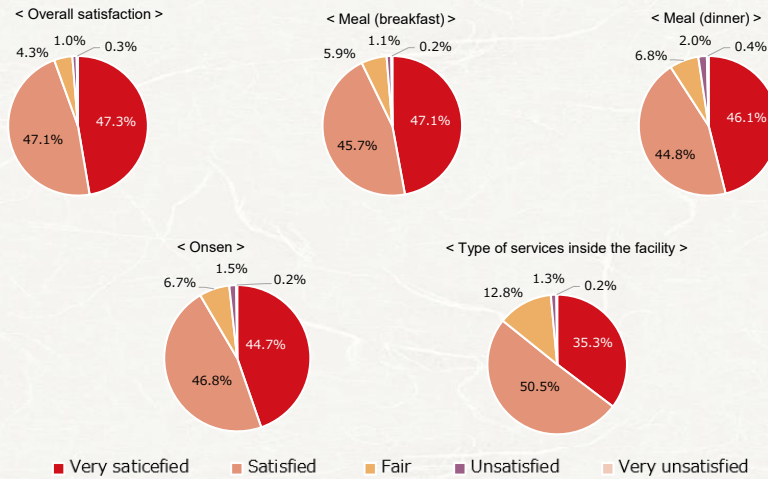


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“Ooedo Business Model” with Stable Operations and Sustainable Growth (2)

Maintained high-level customer satisfaction.

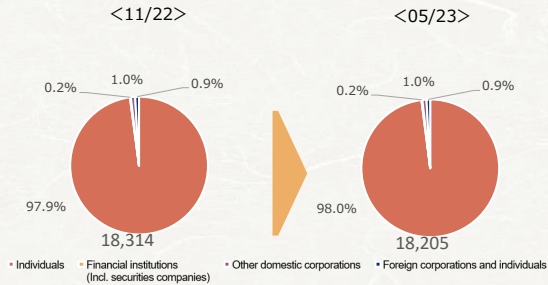
 Ooedo-Onsen Monogatari Group hotel guest questionnaire
(Dec. 1, 2022 – May. 31, 2023)



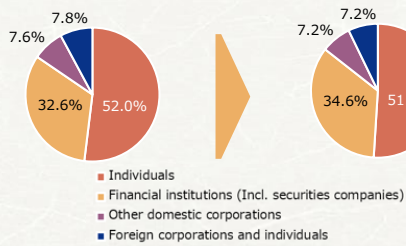
Ooedo Onsen Reit Investment Corporation 49

Unitholders Breakdown

Ratio by number of unitholders



Ratio by number of investment units



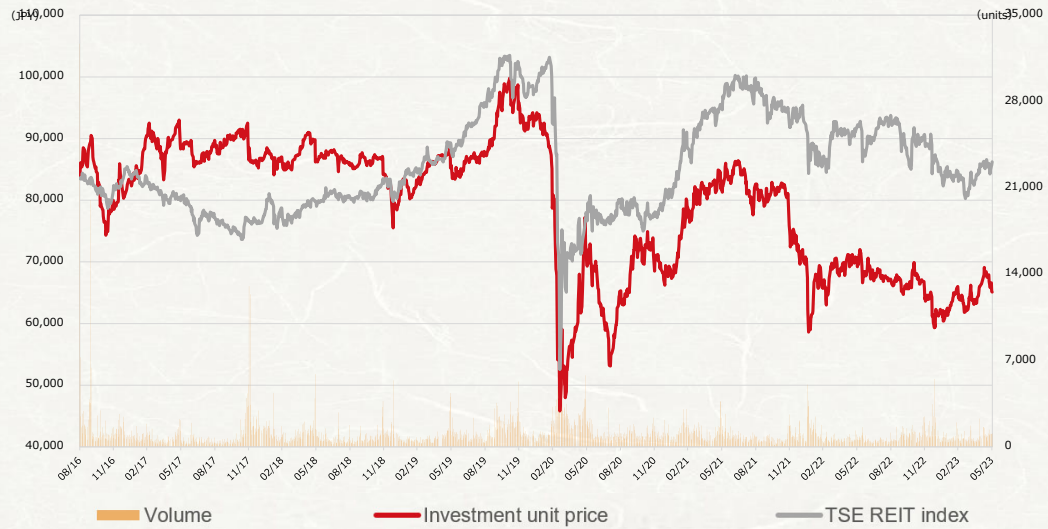
Top 10 unitholders

	Name	Number of units held	Ratio
1	The Master Trust Bank of Japan, Ltd. (Trust Account)	25,246□	10.7%
2	Custody Bank of Japan, Ltd. (Trust Account)	23,640□	10.0%
3	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	10,393□	4.4%
4	Oedo-Onsen Monogatari Co., Ltd.	9,246□	3.9%
5	JAPAN SECURITIES FINANCE CO., LTD.	3,157□	1.3%
6	YONEZAWA SHINKIN BANK	2,500□	1.0%
7	DFA INTERNATIONAL REAL ESTATE SECURITIES PORTFOLIO	2,305□	0.9%
8	Fuji-Izu Japan Agricultural Cooperatives	2,230□	0.9%
9	osaka shoko shinkin bank	2,000□	0.8%
10	Individual	1,950□	0.8%
Total (Total units outstanding 235,347)		82,667□	35.1%

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Track Record of Investment Unit Price

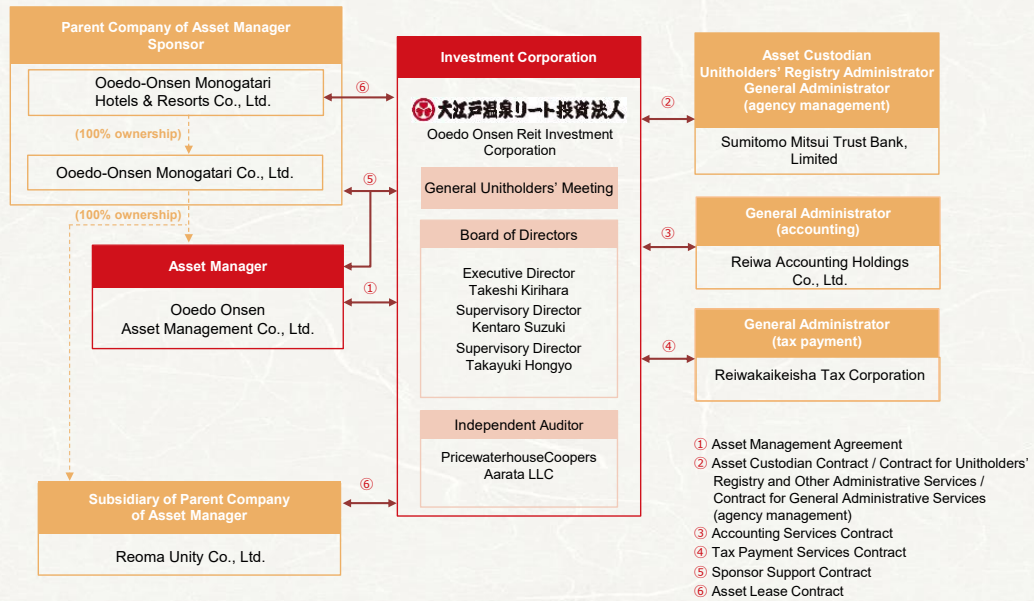
📈 Relative comparison of investment unit price and TSE REIT index / trading volume



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

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Overview of Investment Corporation

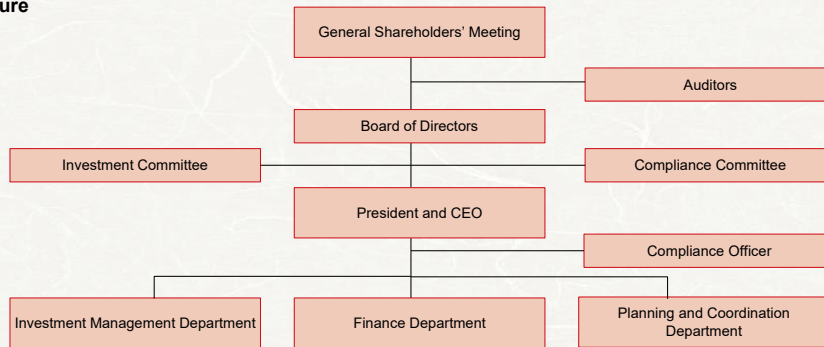


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Overview of Asset Manager

Name	: Oedo Onsen Asset Management Co., Ltd.	Registrations and Licenses	: Real estate brokerage, Governor of Tokyo (2) No. 98032
Address	: 3-3-4, Nihonbashi-Honcho, Chuo-Ku, Tokyo		Discretionary transaction agent, Minister of Land, Infrastructure, Transport and Tourism License No. 102
Established	: April 24, 2015		Financial instruments business, Director of Kanto Local Finance Bureau (Kinsho) No. 2906
Capitalization	: 50 million yen		Member of the Investment Trusts Association, Japan
Representative	: Takeshi Kiriara	Employees	: 11 (as of July 31, 2023)
Shareholder	: Oedo-Onsen Monogatari Co., Ltd. 100%		

Structure



Oedo Onsen Reit Investment Corporation 53

Governance Structure

Introduction of performance-linked elements in asset management fee structure

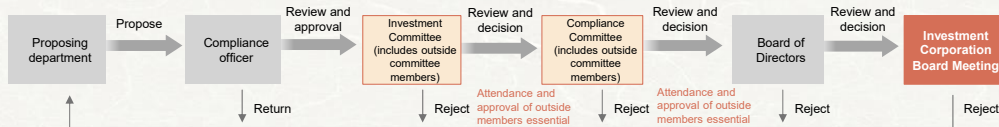
Remuneration paid by the Investment Corporation to the asset manager consists of management fee I, management fee II, acquisition fee, disposition fee, and merger fee.

Management fee I	Total assets at end of previous accounting period ^(Note 1) × 1.0% per annum (ceiling)
Management fee II	Management fee II for previous accounting period × (DPU before deduction of current period management fee II/DPU before deduction of previous period management fee II) × management fee II revised ratio
Acquisition fee ^(Note 2)	Acquisition price × 1.0% (ceiling) (transaction with related party: 0.5% (ceiling))
Disposition fee	Disposition price × 1.0% (ceiling) (transaction with related party: 0.5% (ceiling))
Merger fee	Appraisal value at the time when a merger takes effect × 1.0% (upper limit)

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

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

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



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