



Executive Director
Fuminori Imanishi

Profile

Name

Ooedo Onsen Reit Investment Corporation

Securities Code

3472

Executive Director

Fuminori Imanishi

Asset Manager

Ooedo Onsen Asset Management Co., Ltd.

Asset Size

367 billion yen (as of November 30, 2019)

No. of Properties

14 (as of November 30, 2019)

Settlement

May, November

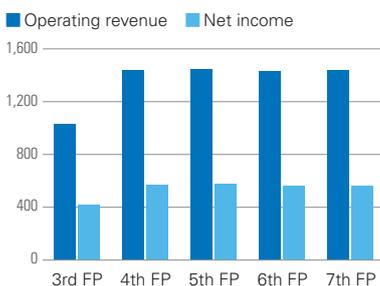
Listing Market

TSE REIT Section

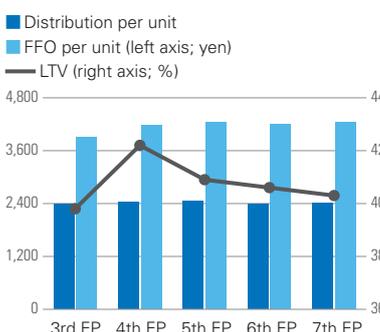
Listing Time

August 2016

Operating Revenue and Net Income



Distribution, FFO and LTV



Message from Ooedo Onsen Reit Investment Corporation

Ooedo Onsen Reit Investment Corporation is a J-REIT investing in facilities where people spend leisure time in a rich and satisfying manner and in which there is a long-term prospect for market expansion. With a particular focus on onsen (hot spring) and spa-related facilities, we aim to enhance investor value in a continuous and stable manner. We achieve this through investment in a wide range of leisure facilities that provide “enjoyment,” “communication,” “comfort and relaxation,” and “health and intellectual satisfaction” as we aim to contribute to Japan’s onsen culture and the revitalization of local communities.

Overcome COVID-19 and Leap Forward

Message from Executive Director Fuminori Imanishi

We extend our sincerest wishes to all who are fighting bravely against the COVID-19 infection night and day, and are committed to do our utmost to get Ooedo Onsen Reit back on its growth path as soon as possible. We were listed three years and eight months ago, but there is much more to come in our endeavors to build a portfolio as a J-REIT focused on facilities for utilizing leisure time. We are resolved in our commitment to expand the portfolio size and diversify investment targets with tenacity while securing stability, a feature of Ooedo Onsen Reit. We are convinced that portfolio growth should create additional investment capacity for value enhancement and improve funding costs, and ultimately lead to substantial growth of investor value.

Q&A with Executive Director Fuminori Imanishi

Q1: Have you seen any impact in the present business environment and performance of Ooedo Onsen Reit due to the COVID-19 infection?

The room occupancy rates and average daily rates at our properties have dropped drastically, creating a tough situation for the performance of the Ooedo-Onsen Monogatari Group, our tenant, over the short term.

The Group has not been greatly affected by the sharp drop in inbound tourists as its customers are primarily domestic, but the impact of the recent worsening of domestic customers’ sentiment and self-restraint trends are felt. However, through the ongoing crisis, further enhancement of infection prevention measures and operations for heightened sanitary security have been worked out. Once the sentiment of domestic customers improves with the end of the COVID-19 pandemic, we presume a sharp turnaround in performance will be achieved at each facility.

Furthermore, while Ooedo Onsen Reit boasts high overall stability as fixed rents make up a large proportion of total rents (with variable rents accounting for only 6.4% of total rents for the fiscal period ended November 2019), we will face a lack of variable rents for the fiscal period ending November 2020.

Q2: Will you modify your forecast of results for the current fiscal period ending May 2020?

We anticipate no major difference from our forecasts in the business results for the fiscal period ending May 2020. This is because, while variable rents for the fiscal period are linked to the annual performance of tenants through February 2020, there has been no major impact in that period as inbound guests are inherently low.

Based on the assumption that no variable rent is received, we revised our forecast distribution per unit to 1,973 yen, down 15.7% from the previous forecast, for the next fiscal period ending November 2020. This was announced in a press release dated March 23, 2020.

Q3: Do you feel that the strategy of Ooedo Onsen Reit needs to be changed?

We cannot help postponing new investment or new fund procurement until we see signs of an end to the COVID-19 crisis, and opportunities for external growth may be held up for around six months to a year. However, we do not intend to change our basic strategy because we believe that there will be no structural changes in trends for utilizing leisure time and enjoying time or in the global movement of people, and that these trends will instead be further reinforced.

Q4: What aspects do you see as the immediate aspects of focus as an investment corporation?

In the short term, our focus is on making every effort to secure rent revenue and keep our financial base stable through monitoring of tenant performance and conservative control of cash flows. At the same time, we believe it is also important to secure new investment targets with an eye on the “post-COVID-19” situation, and prepare ourselves for demonstrating dynamic strategies by firmly discerning new trends and changes in the accommodation and leisure industries.

Q5: Do you have any message for your investors and other stakeholders?

The COVID-19 crisis will eventually end, and after the crisis, we will see opportunities for a major leap forward as we believe that the market targeted by Ooedo Onsen Reit will continue to expand. We will build in earnest a full-scale portfolio focused on facilities for utilizing leisure time, featuring sufficient size, diversification of risks, and diversified properties.

We greatly appreciate your continued understanding and support.