

To all concerned parties:

Real Estate Investment Trust Securities Issuer:
Oedo Onsen Reit Investment Corporation
Representative: Fuminori Imanishi,
Executive Director

(Securities Code: 3472)

Asset Manager:
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Notice Concerning Transfer, Etc. of Real Estate in Japan
(Oedo-Onsen Monogatari Reoma Resort: Part of Land)

Oedo Onsen Reit Investment Corporation (the "Investment Corporation") announces today that Oedo Onsen Asset Management Co., Ltd. (the "Asset Manager"), to which the Investment Corporation entrusts the management of its assets, has resolved to transfer some real estate in Japan (the "Transfer") and acquire leasehold rights of the real estate in Japan (the "Transaction" combined with the Transfer) as follows.

1. Overview of transfer, etc.

(1) Overview of transfer of real estate

Name of the asset to be transferred	Part of the land of Oedo-Onsen Monogatari Reoma Resort
Planned transfer price (Note 1)	805 million yen
Book value (Note 2)	779 million yen
Gain (loss) on transfer (Note 3)	25 million yen
Transferee	Not disclosed because consent has not been obtained from the transferee.
Existence or non-existence of intermediary	None
Date of sale and purchase agreement	October 9, 2020
Planned date of transfer	October 23, 2020
Settlement method	Lump-sum settlement at time of delivery

(Note 1) "Planned transfer price" is the sale price of real estate stated in the sale and purchase agreement regarding the asset to be transferred, not including expenses, such as consumption tax, local consumption tax, or sale and purchase fees, and rounded down to the nearest million yen. The same applies hereinafter.

(Note 2) "Book value" is a value as of May 31, 2020.

(Note 3) "Gain (loss) on transfer" is the amount obtained by deducting the book value from the planned transfer price, before deducting the expenses for the transfer of about 13 million yen.

(2) Overview of acquisition of the leasehold right

Name of the asset to be acquired	Leasehold right to be set on the asset to be transferred
Planned acquisition price (Note)	145 million yen
Seller (lessor)	Not disclosed because consent has not been obtained from the lessor.
Existence or non-existence of intermediary	None
Date of lease contract	October 9, 2020
Commencement date of term of lease contract	October 23, 2020 (date of delivery)
Fund for acquisition	Own funds
Settlement method	Lump-sum settlement at time of delivery

(Note) "Planned acquisition price" is the amount of key money paid as consideration for the setting of the leasehold rights stated in the lease contract establishing the leasehold rights, which are the asset to be acquired. The same applies hereinafter.

2. Reason for transfer

The basic investment policy of the Investment Corporation is to secure stable revenue over the medium to long term and steadily grow its managed assets.

The Investment Corporation has decided today to conduct the Transaction based on its judgment that it will contribute to the maximization of its unitholder value to sell the vacant lot of a zoo and a part of the land used for parking (the "Subject Land") and have the Ooedo-Onsen Monogatari Reoma Resort (the "Facility") lease them back to contribute to the renewable energy business as part of the effective utilization of idle land, as well as for securing funds for future asset acquisition and improving NAV (Net Asset Value) through the partial recovery of investment.

After the Transaction, the transferee will operate a solar photovoltaic generation business on part of the Subject Land by installing photovoltaic facilities including the installation of roof-top panels on the parking garage after establishing sectional superficies, etc. to a business operator designated by the transferee. The Investment Corporation will be able to use the Subject Land as before because it will acquire the leasehold rights, which will take precedence over the sectional superficies, for Reoma Unity Co., Ltd.'s operation of the Facility. Associated with this, the fixed-term building, etc. lease contract and the fixed-term land lease contract between the Investment Corporation and Renoma Unity Co., Ltd. will become a sublease for the portion related to the Subject Land, but there will be no substantive change in the amount of rent to be received by the Investment Corporation.

In addition, the transferee has agreed to give the Investment Corporation right which allows the Investment Corporation to purchase the Subject Land on a preferential basis if the Subject Land is sold in the future due to the termination of the solar photovoltaic generation business or other circumstances.

The Investment Corporation will continue to make efforts to stabilize distributions and enhance the unitholder value in the long term by actively taking measures to strengthen its competitiveness from a medium- to long-term perspective.

3. Details of the asset to be transferred and the asset to be acquired

(1) Details of the asset to be transferred

Name of the asset to be transferred	Part of the land of Ooedo-Onsen Monogatari Reoma Resort	
Type of specified asset	Real estate	
Form of ownership	Land	Ownership
	Building	—
Location (registered address) (Note)	2312-22, Aza Kuniyoshi, Okada-kami, Ayauta-cho, Marugame-shi, Kagawa	
Usage	—	

Area	196,542.20 m ²
Appraisal value	659 million yen
Appraisal firm	Richi Appraisal Institute
Other matters to be specially mentioned	Not applicable

(Note) The address registration of this property has not been implemented. The same applies hereinafter.

(2) Details of the asset to be acquired

Name of the asset to be acquired		Leasehold right to be set on the asset to be transferred
Type of specified asset		Leasehold right of real estate
Form of ownership	Land	Leasehold right
	Building	—
Location (residence indication)		2312-22, Aza Kuniyoshi, Okada-kami, Ayauta-cho, Marugame-shi, Kagawa
Usage		—
Appraisal value		156 million yen
Appraisal firm		Richi Appraisal Institute
Lessor		Not disclosed because consent has not been obtained from the lessor.
Form of contract		Ordinary land lease contract
Lease term		From October 23, 2020 to October 22, 2070
Leasable area		196,542.20m ²
Rent		200,000 yen a year
Lease deposit, security deposit		Not applicable
Renewal upon expiration of term		It is assumed that after the term of the lease, the contract will be re-signed under the same terms and conditions, in principle.
Revision of rent		Not applicable
Early termination		Only the Investment Corporation will be able to terminate the lease contract by giving notice two months before the termination date.
Penalty		Not applicable
Contract novation method		Not applicable
Other matters to be specially mentioned		The Investment Corporation has agreed that the registration of the creation of sectional superficies and servitude (these rights will be subordinate to the leasehold rights, which are the asset to be acquired) will be made after setting the sectional superficies and the servitude for the benefit of a third party who will operate a solar photovoltaic generation business on this land.

For the details of the Facility as a whole that includes the asset to be acquired, please refer to the "Notice Concerning Completion of Acquiring Real Estate in Japan" published on September 1, 2016.

4. Overview of the transferee (and seller)

The transferee of the asset to be transfer (and the seller of the asset to be acquired) is a corporation in Japan, but it will not be disclosed due to unavoidable circumstances because consent for the disclosure of its name, etc. has not been obtained from the transferee.

As of today, there are no capital, personal and business relationships to be mentioned between the transferee and the Investment Corporation as well as the Asset Manager. In addition, the transferee does not qualify as a related party of the Investment Corporation or the Asset Manager.

5. Future outlook

The impact on the outlook of the future management status during the fiscal period ending November 30, 2020 (the 9th fiscal period: June 1, 2020 to November 30, 2020) and the fiscal period ending May 31, 2021 (December 1, 2020 to May 31, 2021) is minor, and there is no change from the forecasts published in the Summary of REIT Financial Report for the 8th Fiscal Period on July 21, 2020.

6. Overview of appraisal reports

The information in the table titled “Real Estate Appraisal Report” is based on the real estate appraisal reports for the asset to be transferred and the asset to be acquired received from the Richi Appraisal Institute.

(1) Asset to be transferred

Overview of real estate appraisal report		
Appraisal firm	Richi Appraisal Institute	
Valuation date	September 30, 2020	
Appraisal value	659,300,000 yen	
Item	Details	Overview, etc.
Value based on the sales comparison approach	659,300,000 yen	The value indicated by the sales comparison approach (vacant land price) of the subject property was determined by evaluating the value of a standard site in the area through the comparison of area-specific value factors, etc. by assuming a standard site in the area, and then comparing property-specific value factors of the standard site and the subject property.
Value of the standard site	12,100 yen per m ²	The standard value in the surrounding area was determined by applying the sales comparison approach.
Vacant land price	659,300,000 yen	The vacant land price was determined by evaluating property-specific value factors of the Subject Land.
Price using the posted price as a base	762,000,000 yen	The value indicated by the sales comparison approach for the subject property was determined by multiplying the standard value for the standard site by a percentage for the difference in property-specific value factors. This has generally attained equilibrium with the aforementioned value indicated by the sales comparison approach.

(2) Asset to be acquired

Overview of real estate appraisal report		
Appraisal firm	Richi Appraisal Institute	
Valuation date	September 30, 2020	
Appraisal value	156,000,000 yen	
Item	Details	Overview, etc.
Value based on the percentage of the leasehold rights	163,000,000 yen	The value based on the percentage of the leasehold rights was determined by determining the vacant land price of the subject property and evaluating the base value taking into account the sectional superficies to be set on the land.
Value of the standard site	12,100 yen per m ²	The standard value in the surrounding area was determined by applying the sales comparison approach.

	Vacant land price	659,300,000 yen	The vacant land price was determined by evaluating property-specific value factors of the Subject Land.
	Base value	325,000,000 yen	The base value after considering the sectional superficies was determined by taking into account the details and the scope of the sectional superficies to be established.
	Percentage of land leasehold right	50%	The terms of contract, the feasibility of alternative use and the percentage of the leasehold right in the property appraisal standards were used as a reference.
	Value based on the rent difference capitalization method	148,000,000 yen	Value was determined by capitalizing the portion subject to transaction out of the difference between normal substantive ground rent and actual substantive ground rent of the subject property by the cap rate.
	Normal substantive ground rent	4,634,000 yen	Base value was multiplied by expected return, and necessary expenses, etc. were added.
	Base value	325,000,000 yen	As aforementioned.
	Expected return	1.0%	Contract details, the area situation and relationship with an amount equivalent to property tax on land, in addition to returns on similar ground rents, were taken into account.
	Necessary expenses, etc.	1,384,000 yen	Property tax on land that will be a part of the Subject Land was determined by taking into account the property tax proportional to area and the property tax belonging to the superficies based on the property tax on land in 2020.
	Actual substantive ground rent	200,000 yen	Annual rent in the lease contract of the Subject Land
	Rent difference	4,434,000 yen	Subtracting the aforementioned actual substantive ground rent (contract ground rent) from normal substantive ground rent, the entire amount of the difference was deemed to be the transaction target.
	Capitalization rate	3.0%	Characteristics of the leasehold rights and the risk of fluctuations in the future ground rent, in addition to the expected return, were taken into account.

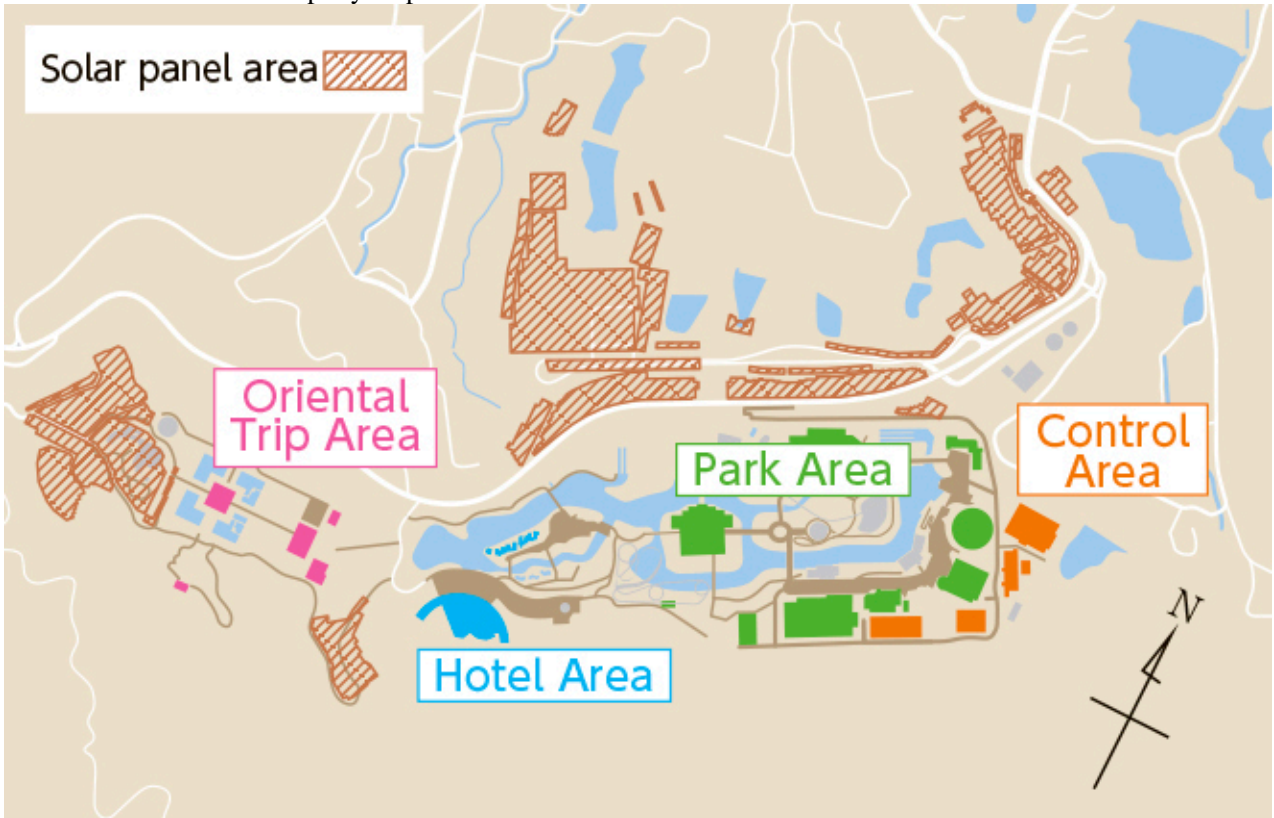
Attachments

Reference Material 1 Property map

Reference Material 2 Portfolio list after the Transaction

* Oedo Onsen Reit Investment Corporation's website is: <https://oom-reit.com/en/>

Reference Material 1 Property map



(Note) The area where solar panels are installed indicates the Subject Land of the Transaction.

Reference Material 2 Portfolio list after the Transaction

Property number	Property name	Acquisition price (million yen) (Note 1)	Investment ratio (%) (Note 2)	Acquisition date
S-1	Ooedo-Onsen Monogatari Reoma Resort (Note 3)	9,719	27.0	September 1, 2016 October 23, 2020 (planned)
S-2	Ooedo-Onsen Monogatari Ise-shima	3,656	10.1	September 1, 2016
S-3	Ito Hotel New Okabe	2,657	7.4	September 1, 2016
S-4	Ooedo-Onsen Monogatari Atami	2,997	8.3	September 1, 2016
S-5	Ooedo-Onsen Monogatari Toi Marine Hotel	1,910	5.3	September 1, 2016
S-6	Ooedo-Onsen Monogatari Awara	1,901	5.3	September 1, 2016
S-7	Ooedo-Onsen Monogatari Kamoshika-so	1,222	3.4	September 1, 2016
S-8	Ooedo-Onsen Monogatari Ikaho	1,299	3.6	September 1, 2016
S-9	Ooedo-Onsen Monogatari Kimitsu-no-mori	819	2.3	September 1, 2016
S-10	Ooedo-Onsen Monogatari Nagasaki Hotel Seifu	1,637	4.5	December 4, 2017
S-11	Ooedo-Onsen Monogatari Kounkaku	1,040	2.9	December 4, 2017
S-12	Kinugawa Kanko Hotel	3,870	10.7	December 4, 2017
S-13	Ooedo-Onsen Monogatari Kinosaki	2,084	5.8	December 4, 2017
S-14	Ooedo-Onsen Monogatari Higashiyama Grand Hotel	1,230	3.4	December 4, 2017
Total		36,045	100	

(Note 1) "Acquisition price" is the purchase price of real estate in the purchase agreement regarding each property, not including expenses, such as consumption tax, local consumption tax, or sale and purchase fees, and rounded down to the nearest million yen. However, for Ooedo-Onsen Monogatari Reoma Resort, please refer to Note 3. Accordingly, the total of the acquisition prices stated for each property may differ from the figure stated in the total row.

(Note 2) "Investment ratio" is the ratio of each property's acquisition price out of the total acquisition price, rounded to one decimal place. Accordingly, the total of the share of portfolio figures stated for each property may differ from the figure stated in the total row.

(Note 3) For Ooedo-Onsen Monogatari Reoma Resort, figures after the Transaction (for the acquisition price, an amount obtained by deducting the planned transfer price of the asset to be transferred from the purchase price of real estate in the purchase agreement regarding each property (not including expenses, such as consumption tax, local consumption tax, or sale and purchase fees) and adding the planned acquisition price of the asset to be acquired) are stated.