

To all concerned parties:

Real Estate Investment Trust Securities Issuer:

Ooedo Onsen Reit Investment Corporation

Representative: Fuminori Imanishi,
Executive Director

(Securities Code: 3472)

Asset Manager:

Ooedo Onsen Asset Management Co., Ltd.

Representative: Fuminori Imanishi,
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Notice Concerning Transfer, Etc. of Real Estate in Japan
(Ooedo-Onsen Monogatari Reoma Resort: Part of Land)

Ooedo Onsen Reit Investment Corporation (the "Investment Corporation") announces today that Ooedo 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 with a termination clause (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 Ooedo-Onsen Monogatari Reoma Resort
Planned transfer price (Note 1)	82 million yen
Book value (Note 2)	80 million yen
Gain (loss) on transfer (Note 3)	1 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	June 6, 2022
Planned date of transfer	June 10, 2022
Settlement method	Lump-sum settlement at time of delivery
Termination clause	Certainty of necessary funds being raised by the transferee.

(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 November 30, 2021.

(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 1 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 1)	22 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 (Note 2)	June 6, 2022
Commencement date of term of lease contract (Note 3)	June 10, 2022 (date of delivery)
Fund for acquisition	Own funds
Settlement method	Lump-sum settlement at time of delivery
Termination clause	Implementation of the Transfer

(Note 1) The leasehold right, which is the asset to be acquired, may be set subject to the conclusion of a full amendment agreement (the "Full Amendment to the Land Lease Contract") which covers the Land Lease Contract dated October 9, 2020 pertaining to the leasehold right acquired on November 2, 2020 (the "Leasehold Right Acquired on November 2, 2020") and additional provisions for the leasehold right that the Asset Manager has decided to acquire. The planned acquisition price is an amount calculated by subtracting the amount of key money associated with the Leasehold Right Acquired on November 2, 2020 from the amount of key money paid as consideration for the setting of the leasehold rights stated in the Full Amendment to the Land Lease Contract. The same applies hereinafter.

(Note 2) The date of the lease contract is the day on which the Full Amendment to the Land Lease Contract is expected to be concluded.

(Note 3) The commencement date of the term of lease contract is the day on which the lease agreement pertaining to the asset to be acquired, which is included in the Full Amendment to the Land Lease Contract, is expected to take effect.

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 had the Oedo-Onsen Monogatari Reoma Resort (the "Facility") lease back the vacant lot of a zoo and part of the land used for parking (the "Subject Land") after the sale in November 2020, to contribute to the renewable energy business as part of the effective utilization of idle land, as well as to secure funds for future asset acquisition and improve NAV (Net Asset Value) through the partial recovery of investment. In light of a request from the transferee for the transfer of additional land, the Investment Corporation decided today to conduct the Transaction based on its judgment that the transfer will contribute to the maximization of its unitholder value.

After the Transaction, the transferee will operate a solar photovoltaic generation business on part of the Subject Land by installing photovoltaic facilities after establishing sectional superficies, etc. 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)		40-4, 2312-22, Aza Hirao, Kurikuma-nishi, Ayauta-cho, Marugame-shi, Kagawa, etc.
Usage		—
Area		16,867.43 m ²
Appraisal value		72 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)		40-4, 2312-22, Aza Hirao, Kurikuma-nishi, Ayauta-cho, Marugame-shi, Kagawa, etc.
Usage		—
Appraisal value		27 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 the scheduled transfer date to November 1, 2070
Leasable area		16,867.43 m ²
Rent		16,867 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 asset acquired on November 2, 2020, please refer to the "Notice Concerning Transfer, Etc. of Real Estate in Japan (Oedo-Onsen Monogatari Reoma Resort: Part of Land)" published on October 9, 2020, and for the details of the Facility as a whole that includes the asset acquired on November 2, 2020 and 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, 2022 (the 13th fiscal period: June 1, 2022 to November 30, 2022) is minor, and there is no change from the forecasts in "Notice Concerning Revisions to Forecasts of Financial Results and Distributions for the Fiscal Period Ending May 2022 and November 2022" published on February 22, 2022.

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	December 31, 2021	
Appraisal value	72,000,000 yen	
Item	Details	Overview, etc.
Value based on the sales comparison approach	72,000,000 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	12,000 yen per m ²	The standard value in the surrounding area was determined by applying the sales comparison approach.
Vacant land price	72,000,000 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	82,800,000 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	December 31, 2021	
Appraisal value	27,700,000 yen	
Item	Details	Overview, etc.
Value based on the percentage of the leasehold rights	28,800,000 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	12,000 yen per m ²	The standard value in the surrounding area was determined by applying the sales comparison approach.
Vacant land price	72,000,000 yen	The vacant land price was determined by evaluating property-specific value factors of the Subject Land.
Base value	57,600,000 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	26,500,000 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	813,000 yen	Base value was multiplied by expected return, and necessary expenses, etc. were added.
Base value	57,600,000 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.	237,000 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 superfiary based on the property tax on land in 2021.
Actual substantive ground rent	16,867 yen	Annual rent in the lease contract of the Subject Land
Rent difference	796,133yen	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.

(3) Reference: Leasehold right as a whole including the asset (Leasehold right) acquired on November 2, 2020 and the asset (Leasehold right) to be acquired on June 10, 2022

Overview of real estate appraisal report		
Appraisal firm	Richi Appraisal Institute	
Valuation date	December 31, 2021	
Appraisal value	208,000,000 yen	
Item	Details	Overview, etc.
Value based on the percentage of the leasehold rights	216,000,000 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	12,000 yen per m ²	The standard value in the surrounding area was determined by applying the sales comparison approach.
Vacant land price	701,500,000 yen	The vacant land price was determined by evaluating property-specific value factors of the Subject Land.
Base value	431,200,000 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	200,000,000 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	6,201,000 yen	Base value was multiplied by expected return, and necessary expenses, etc. were added.
Base value	431,200,000 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.	1,889,000 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 superficiary based on the property tax on land in 2021.
Actual substantive ground rent	211,000 yen	Annual rent in the lease contract of the Subject Land
Rent difference	5,990,000 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.
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Attachments

Reference Material 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)	9,659	28.1	September 1, 2016 November 2, 2020 June 10, 2022 (planned)
S-2	Ooedo-Onsen Monogatari Ise-shima	3,656	10.7	September 1, 2016
S-3	Ito Hotel New Okabe	2,657	7.7	September 1, 2016
S-4	Ooedo-Onsen Monogatari Atami	3,000	8.7	September 1, 2016 December 24, 2021
S-5	Ooedo-Onsen Monogatari Toi Marine Hotel	1,910	5.6	September 1, 2016
S-6	Ooedo-Onsen Monogatari Awara	1,901	5.5	September 1, 2016
S-7	Ooedo-Onsen Monogatari Kamoshika-so	1,222	3.6	September 1, 2016
S-8	Ooedo-Onsen Monogatari Ikaho	1,299	3.8	September 1, 2016
S-9	Ooedo-Onsen Monogatari Kimitsu-no-mori	819	2.4	September 1, 2016
S-11	Ooedo-Onsen Monogatari Kounkaku	1,040	3.0	December 4, 2017
S-12	Kinugawa Kanko Hotel	3,870	11.2	December 4, 2017
S-13	Ooedo-Onsen Monogatari Kinosaki	2,084	6.1	December 4, 2017
S-14	Ooedo-Onsen Monogatari Higashiyama Grand Hotel	1,230	3.6	December 4, 2017
Total		34,352	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 transfer price of the asset transferred on November 2, 2020 and the planned transfer price of the asset to be transferred on June 10, 2022 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 acquisition price of the asset acquired on November 2, 2020 and the planned acquisition price of the asset to be acquired on June 10, 2022) are stated.

* The Investment Corporation's website: <https://oom-reit.com/en/>