

NAF Report

September 2022 – February 2023

34th Period







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Distribution

Confirmed distribution

34th Period (Feb.23)
Per unit **¥10,778**

Expected distribution

35th Period (Aug.23)
Per unit **¥10,330**

Expected distribution

36th Period (Feb.24)
Per unit **¥10,660**

* The forecasted figures are calculated based on certain assumptions as of April 19, 2023. The actual figures may change due to various factors including fluctuations in rent revenues owing to changes in tenants and other factors, changes in properties, fluctuation in interest, and additional issuance of investment units. Accordingly, the forecasts are not a guarantee of any cash distribution amount, etc. The forecasted figures are stated based on the details announced in the Financial Results for the Fiscal Period from September 1, 2022 to February 28, 2023 released on April 19, 2023.

(Please view the above Financial Results from the NAF website (<https://www.naf-r.jp/english/>).)

Strategies and Features

NAF's basic policy is to secure stable earnings and steady growth in the Investment Assets from the medium- and long-term view, aiming to maximize the value of unitholders.

1. Investment in Accommodation Assets

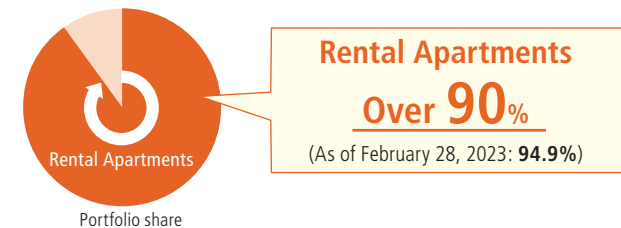
NAF defines real estate that is mainly used/may be used for residence or hotels as "Accommodation Assets" and invests in two areas of "Rental Apartments" and "Hospitality Facilities."

NAF's core investment strategy is to continue acquisition of "Rental Apartments" and stable operations.

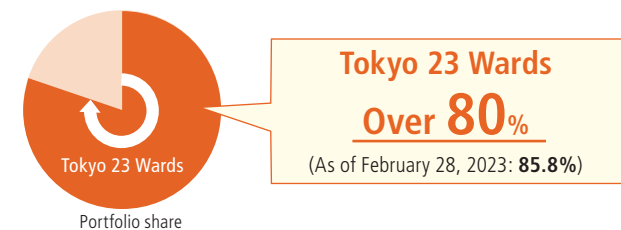
■ Investment in Accommodation Assets



■ Proportion of Investment in Assets



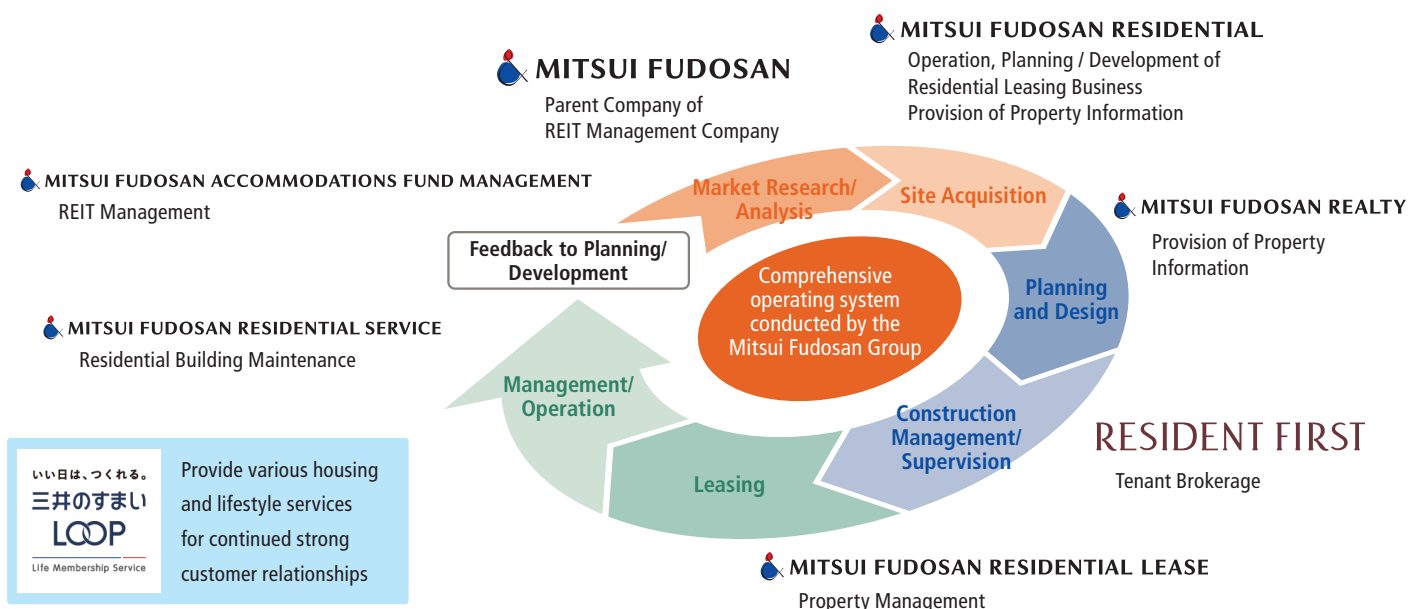
■ Investment Areas



Rental Apartments: Greater Tokyo*¹, mainly Tokyo 23 wards, and Other Major Cities*²
Hospitality Facilities: Major cities throughout Japan and their suburbs
*1. Tokyo, Kanagawa, Chiba and Saitama
*2. Each of the urban areas of Sapporo, Sendai, Nagoya, Osaka, Kyoto, Kobe, Hiroshima and Fukuoka cities

2. Leveraging the Mitsui Fudosan Group

NAF utilizes to the full extent comprehensive capabilities of the Mitsui Fudosan Group, such as in information gathering, planning/development and management/operation, in order to achieve its external and internal growth.



Intensive investment in Tokyo 23 Wards

88.5%

NAF follows a basic policy of making intensive investment in Tokyo 23 wards and selective investment in other major cities.

Focus on single and compact type apartments

83.4%

NAF invests more heavily in single and compact units designed for single tenants or small-sized households.

High quality Rental Apartments



NAF is expanding the Park Axis (developed by the Mitsui Fudosan Group) and Park Cube (developed by third parties) brands.

Portfolio scale (total acquisition value)

¥339.9 billion

NAF aims to secure stable earnings and steady growth in the Investment Assets, from the medium- and long-term view.

Maintain a high occupancy rate

97.0%

(34th period: average month-end occupancy rate)

Since IPO in August 2006, NAF has consistently maintained a high occupancy rate.

Earning of high credit ratings

R&I.....AA-

S&P.....A+

NAF has earned the highest credit ratings among Residential J-REITs.

* Unless stated otherwise, information stated above is current as of the end of the 34th period (February 28, 2023).
The ratio of properties in Tokyo 23 wards is based on acquisition price of Rental Apartments only.
The ratio of properties that consist of single and compact units is based on units of Rental Apartments only (excluding retail units).

To Our Stakeholders



First of all, I would like to convey my sincere appreciation to you, our unitholders.

Thank you all very much for your kind support of Nippon Accommodations Fund (NAF).

NAF was listed on the Real Estate Investment Trust Securities Market (J-REIT Market) of the Tokyo Stock Exchange in August 4, 2006. Ever since, we have continued to achieve a steady track record, and as of February 28, 2023, we have completed our 34th fiscal period (fiscal period ended February 28, 2023).

Going forward, I ask our unitholders for their ongoing support and cooperation, as NAF will continue its operation while working collaboratively with Mitsui Fudosan Accommodations Fund Management Co., Ltd., the asset management company of NAF with the aim of boosting unitholder value.

Takashi Ikeda

Executive Director of Nippon Accommodations Fund Inc.

Message from the CEO



First of all, I would like to convey my sincere appreciation to you, our unitholders for your kind support of Nippon Accommodations Fund (NAF).

As of February 28, 2023, NAF's portfolio consisted of 134 properties and a total acquisition value of ¥339.9 billion.

As a result of above operations during the period, NAF recorded total revenues of ¥12,344 million, operating income of ¥5,835 million and net income of ¥5,426 million. The distribution per unit was ¥10,778.

NAF will continue to leverage the strength of the Mitsui Fudosan Group to the maximum and invest its assets to secure stable earnings and steady growth in the Investment Assets from the medium- and long-term view.

NAF will continue working to earn the trust of our unitholders and requests your continued support and cooperation.

Hiroshi Kojima

President and CEO of Mitsui Fudosan Accommodations Fund Management Co., Ltd.

Financial Highlights

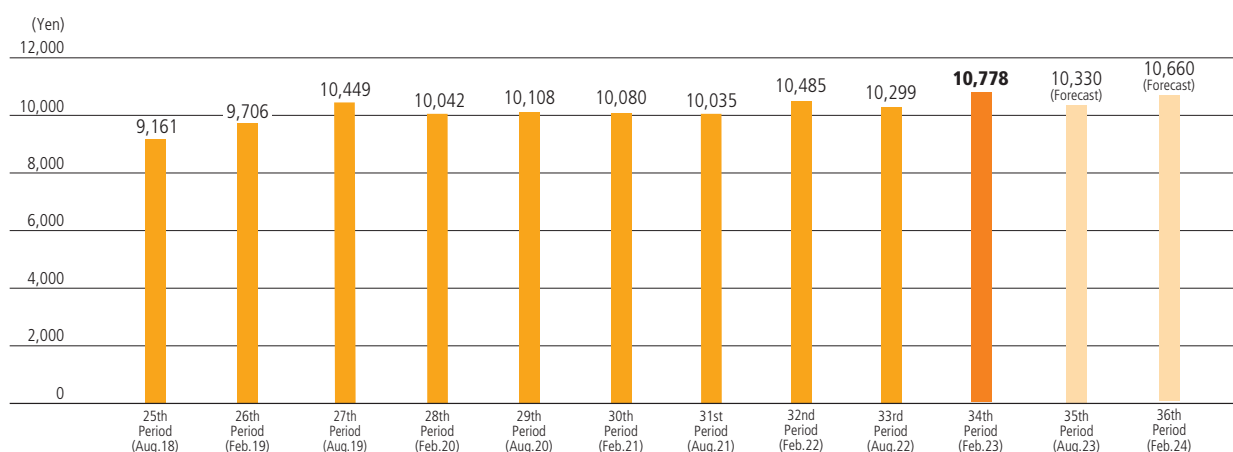
- Distribution per unit for the 34th period came to **¥10,778**.
- Total assets at the end of the period were **¥327,109 million**, interest-bearing debt was **¥168,500 million**, and LTV (Loan-to-Value) ratio was **51.5%**.
- Net assets were **¥151,408 million** (up ¥241 million from the end of the previous fiscal period).

	33rd Period (Actual) (Ended August 31, 2022)	34th Period (Actual) (Ended February 28, 2023)	35th Period (Forecast) (Ending August 31, 2023)	36th Period (Forecast) (Ending February 29, 2024)
Total revenues	¥12,434 million	¥12,344 million	¥12,467 million	¥12,434 million
Operating income	¥5,726 million	¥5,835 million	¥5,645 million	¥5,832 million
Net income	¥5,292 million	¥5,426 million	¥5,201 million	¥5,367 million
LTV (Loan-to-Value) ratio* ¹	51.6%	51.5%	51.5%	51.5%
Distribution per unit	¥10,299	¥10,778	¥10,330	¥10,660
Assets under management				
Acquisition price basis	¥339,966 million	¥339,966 million	¥339,966 million	¥339,966 million
Number of properties	134	134	134	134

*Amount does not include consumption tax or local consumption tax.

*¹ LTV (Loan-to-Value) ratio = Total interest-bearing debt / Total assets x 100

Track record of Distribution per Unit



Note: The forecasted figures are calculated based on certain assumptions as of April 19, 2023. The actual figures may change due to various factors including fluctuations in rent revenues owing to changes in tenants and other factors, changes in properties, fluctuation in interest, and additional issuance of investment units. Accordingly, the forecasts are not a guarantee of any cash distribution amount, etc. The forecasted figures are stated based on the details announced in the Financial Results for the Fiscal Period from September 1, 2022 to February 28, 2023 released on April 19, 2023.

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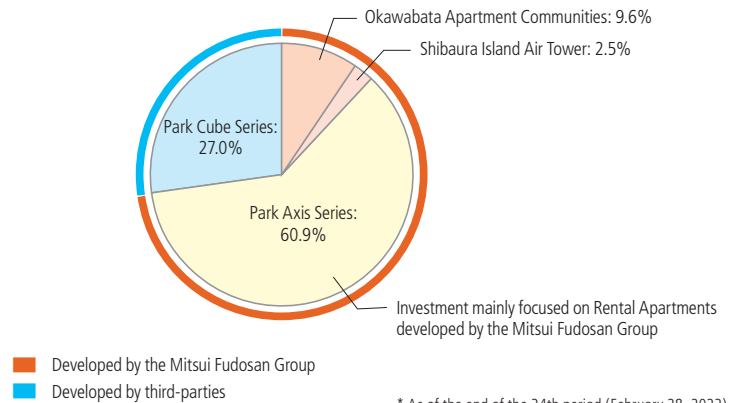
Status of Portfolio

Stable Acquisitions of Park Axis Series Developed by the Mitsui Fudosan Group

NAF's core acquisition strategy is the stable acquisitions of Park Axis Series properties, which are Rental Apartments developed by the Mitsui Fudosan Group.

Park Axis Series have many merits. By utilizing the Mitsui Fudosan Group's long-standing knowhow of the housing business, their location is chosen for its suitability for Rental Apartment development and the properties are planned and designed flexibly to fit with their surroundings. In addition, the properties are built to strictly comply with originally established design standards and are subject to stringent quality. Due to such high quality and strong brand awareness, the Park Axis Series has established a powerful brand presence in the Rental Apartment market.

Asset Classification of Rental Apartments

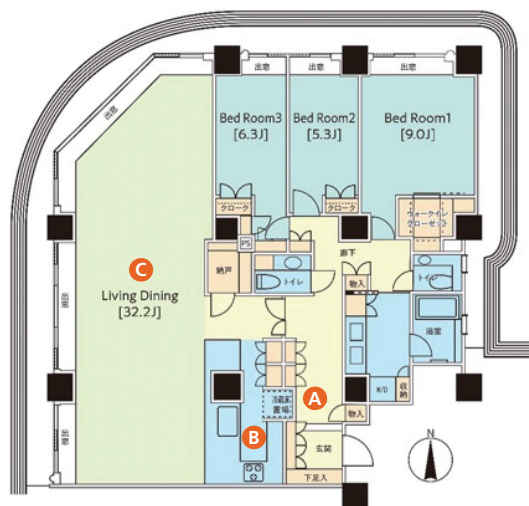


* As of the end of the 34th period (February 28, 2023).
* The calculation is based on an acquisition price.

Implementation of Value-enhancement Investment in Line With Marketability

Working to enhance product performance and increase rent income by carrying out appropriate value-enhancement investments in light of marketability when tenants change at Okawabata Apartment Communities.

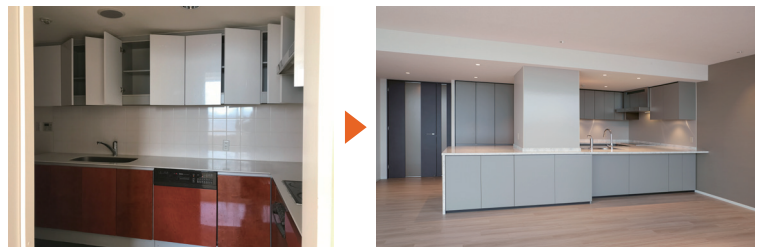
<Examples of value-enhancement investments>



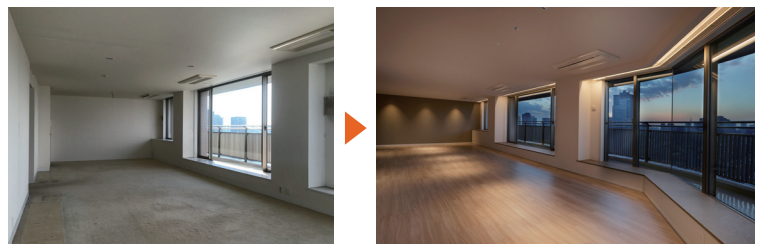
A Newly installed storage in the hallway



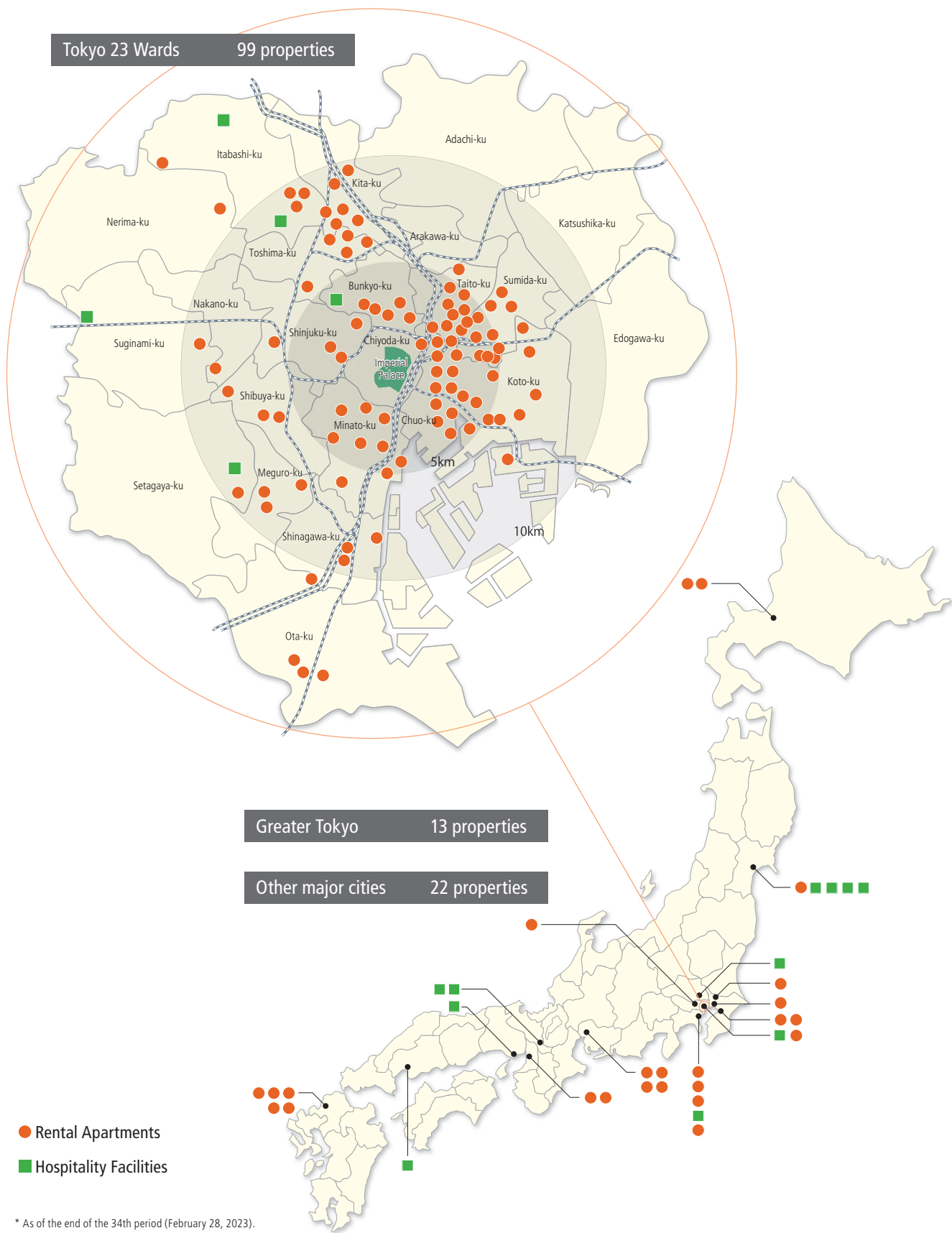
B Converted the closed kitchen into an open kitchen that is bright and spacious



C Changed the carpet flooring to wooden flooring



Portfolio Map



Sustainability Initiatives

1 Structure for Promotion and External Assessment

Sustainability Policy

Reduction of Environmental Load

Collaborations with Various Internal and External Stakeholders

Initiatives for Governance

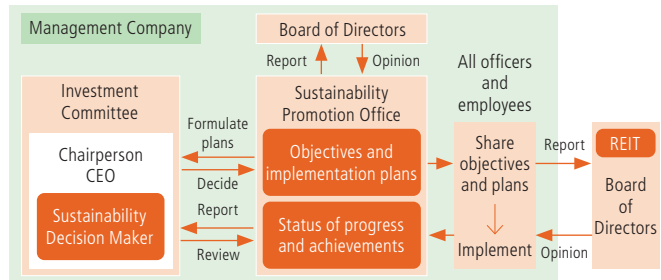
Identification of materiality

NAF identifies materiality for relevant initiatives when promoting sustainability.

Promote Energy Efficiency and CO ₂ Emissions Reduction
Acquire External Certification and Assessment on Sustainability
Develop Human Capital and Raise Sustainability Awareness Among Our Employees
Enhance Tenant Satisfaction, Safety and Comfort
Build Partnerships with Property Companies and Operators
Contribute to Community Development
Ensure Fairness and Transparency of Corporate Governance

In-House Structure for Promotion of Sustainability

Sustainability Promotion Office established to ensure effective sustainability policies



Consistently Acquire External Certification of Sustainability

We consistently acquire external certification including GRESB Real Estate Assessment as opportunities to improve NAF's sustainability initiatives.

GRESB Real Estate Assessment



SMBC Environmental Assessment



2 Environment

Installation of LED lighting in common areas

Systematically installing LED lighting promotes energy saving and reduction of CO₂ emissions throughout our portfolio.

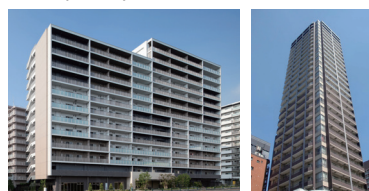
Installation completed
117 properties
In the 34th Period
3 properties

(As of February 28, 2023)



External Certification of Investment Properties

We strive to acquire green building certifications (DBJ Green Building Certification and CASBEE Certification for Real Estate) to ensure the validity and objectivity of the results of our initiatives to reduce environmental impact.



Certification Details	
No. of properties	8
Total floor space	247,503m²
Percentage of floor space certified	32.6 %

(As of April 19, 2023)

Initiatives on Climate Change - Endorsement of the TCFD



In September 2021, the Asset Management Company endorsed the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD). In addition, the Asset Management Company joined the TCFD Consortium, which is an organization of companies in Japan that support the TCFD recommendations. For details regarding disclosure based on the TCFD recommendations, please refer to the NAF website (ESG special website (Now preparing)).

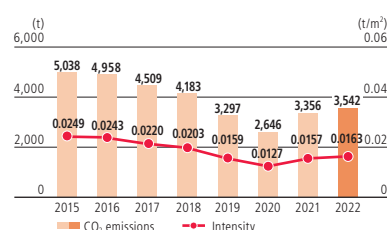
Environmental Performance

Targets

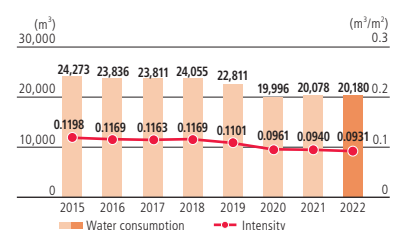
Indicator	Target (target year: 2030)
Energy-originated CO ₂ emissions (intensity basis)	50% reduction compared with 2015 results
Water consumption (intensity basis)	No increase compared with 2015 results
Percentage of properties with Green Building Certification in entire portfolio (floor area basis)	40%

Results

CO₂ emissions from energy use



Water consumption



3 Social

■ Employees of the Asset Management Company

The Asset Management Company recognizes that human resources are its most valuable assets and has implemented various initiatives for its employees.

Human Resource Development

The Company takes various measures to foster human resources having a high level of expertise, deep knowledge and ethical values.

- Support for Acquisition of Qualifications
- Support for Education and Training
- Interviews for Setting Objectives of Individual Employees
- Performance Evaluations

Health and Safety, Respect for Human Rights

We maintain healthy workplaces that facilitate work so that all officers and employees can fully demonstrate their abilities.

- Implementation of Periodic Medical Examinations, etc.
- Work-Life Balance
- Special Leave Program (maternity leave, caregiver leave and time off for sick/injured childcare, etc.)
- Consultation Service Office for Compliance
- Promotion of Active Roles for Women
- Support for Childcare and Nursing Care

■ Supply Chains

When selecting/evaluating suppliers, which are important in NAF's asset management, NAF keeps in mind the promotion of sustainability throughout its supply chain by also confirming suppliers' initiatives in consideration of society, the environment, etc.

■ Tenants

We conduct various initiatives to improve safety, security and comfort in assets under management to enhance tenant satisfaction.

Greater Satisfaction

Initiatives in collaboration with property management company (Mitsui Fudosan Residential Lease)

- Toll-Free Helpline for Tenants
- Chatbot to Answer Inquiries
- Renovation of Common Areas
- Tenant Satisfaction Surveys

Awareness-raising Training for Officers and Employees

In cooperation with Mitsui Fudosan Residential Lease Co., Ltd., NAF is working to learn property management knowledge and enhance tenant safety and security, and level of satisfaction.

■ Local Communities

As a member of local communities in which the assets we manage are located, we contribute to community formation and vitalization.

Cooperation in Local Events

At the Okawabata Apartment Communities, NAF has proactively cooperated in activities of the management association and strives to contribute to formation of a local community.



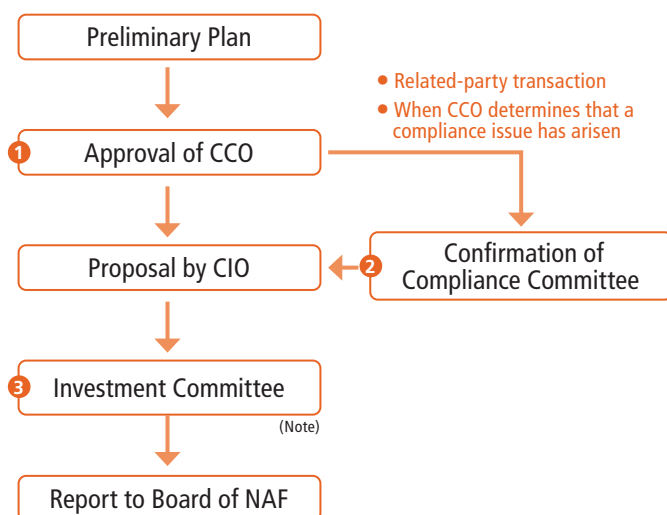
Beetle petting event



Evening of firefly viewing

4 Governance

■ The Asset Management Company's decision making process flow for acquiring or selling investment assets



Compliance Checking System

① Approval by Chief Compliance Officer (CCO)

The following require approval of the Compliance Committee

- Related-party transactions*
- When CCO determines that a compliance issue has arisen

*Property acquisition price from sponsor-related parties is below appraisal value

② The Compliance Committee

Requires approval by independent external professionals

Members: CCO (Chairperson), CEO, 2 external professionals (Currently 1 lawyer and 1 CPA)

External professionals: Appoint professionals independent from sponsor-related parties

Resolution: Requires the votes of 2/3 or more members and at least 1 of the 2 independent external professionals

③ Functions as a Check on the Investment Committee

CCO can suspend discussion when he sees any problem in the discussion process

Note: When NAF acquires or sells of assets in transactions with related parties as defined by the Investment Trust and Investment Corporation Act of Japan, the Asset Management Company must obtain consent from NAF based on the approval of NAF's Board of Directors prior to the deliberations of the Investment Committee. However, such consent is not required for property or other real estate acquisitions stipulated by Article 245-2-1 of the Investment Trust and Investment Corporation Act as having immaterial impact on NAF's assets because the acquisition cost represents less than 10 percent of the book value of NAF's investment properties.

Portfolio Summary (As of February 28, 2023)

No.	Name	Location	Acquisition Price (Note 1) (Yen in millions)	Portfolio Share (%)	Rentable Area (m ²)	Rentable Units Number of Rooms (Units/rooms)	PML (Note2) (%)
1	Okawabata Apartment Communities	Chuo-ku, Tokyo	30,816	9.1	43,812.41	544	
	River Point Tower						1.8
	Park Side Wings						2.7
	Pier West House						2.7
	Okawabata Parking						1.7
2	Park Axis Gakugei Daigaku	Setagaya-ku, Tokyo	1,760	0.5	2,437.66	64	5.0
4	Park Axis Shibuya Jinnan	Shibuya-ku, Tokyo	3,230	1.0	2,766.62	75	4.1
5	Park Axis Aoyama Kotto Dori	Minato-ku, Tokyo	1,730	0.5	1,537.24	40	4.5
6	Park Axis Kagurazaka Stage	Shinjuku-ku, Tokyo	1,400	0.4	1,891.05	59	3.0
7	Park Axis Shirokanedai	Minato-ku, Tokyo	5,140	1.5	4,704.44	99	4.2
8	Park Axis Bunkyo Stage	Bunkyo-ku, Tokyo	4,440	1.3	6,078.93	154	3.6
9	Park Axis Tsukushima	Chuo-ku, Tokyo	930	0.3	1,383.99	30	3.2
10	Park Axis Otsuka	Toshima-ku, Tokyo	1,655	0.5	2,606.37	52	2.4
11	Park Axis Minami Azabu	Minato-ku, Tokyo	3,939	1.2	3,938.14	64	3.0
13	Park Axis Nihonbashi Stage	Chuo-ku, Tokyo	7,557	2.2	10,025.40	184 residential, 1 retail, etc.	4.5
14	Park Axis Hamamatsucho	Minato-ku, Tokyo	2,025	0.6	2,426.45	80	3.3
15	Park Axis Hongo no Mori	Bunkyo-ku, Tokyo	2,910	0.9	3,317.94	86 residential, 1 retail, etc.	4.0
16	Park Axis Tameike Sanno	Minato-ku, Tokyo	2,860	0.8	2,710.69	70	3.5
17	Park Axis Roppongi Hinokicho Koen	Minato-ku, Tokyo	2,170	0.6	2,054.46	46	5.8
18	Park Axis Ochanomizu Stage	Bunkyo-ku, Tokyo	9,710	2.9	12,025.25	324	3.9
19	Park Axis Okachimachi	Taito-ku, Tokyo	1,070	0.3	1,621.73	42	4.0
20	Park Cube Hongo	Bunkyo-ku, Tokyo	1,760	0.5	2,160.12	60	3.9
21	Park Cube Kanda	Chiyoda-ku, Tokyo	2,454	0.7	3,194.59	95	2.4
22	Park Cube Ichigaya	Shinjuku-ku, Tokyo	1,949	0.6	2,288.46	53	2.9
23	Park Cube Asakusa Tawaramachi	Taito-ku, Tokyo	2,508	0.7	4,012.68	76	2.8
24	Park Cube Ueno	Taito-ku, Tokyo	2,233	0.7	3,041.61	91	2.8
29	Park Axis Meguro Honcho	Meguro-ku, Tokyo	1,810	0.5	1,884.77	60	5.8
30	Park Axis Shin Itabashi	Itabashi-ku, Tokyo	3,430	1.0	4,395.99	152	
	East						3.4
	West						3.3
31	Park Axis Akihabara	Chiyoda-ku, Tokyo	1,200	0.4	1,346.07	41	3.3
32	Park Axis Toyochi	Koto-ku, Tokyo	3,950	1.2	5,412.40	140	5.8
33	Park Axis Takinogawa	Kita-ku, Tokyo	1,820	0.5	2,924.75	48 residential, 1 retail, etc.	4.0
34	Park Axis Asakusabashi	Taito-ku, Tokyo	2,717	0.8	3,400.78	78 residential, 1 retail, etc.	3.2
38	Park Axis Nihonbashi Hamacho	Chuo-ku, Tokyo	5,540	1.6	6,999.83	118	4.2
39	Park Cube Yoyogi Tomigaya	Shibuya-ku, Tokyo	1,975	0.6	1,929.10	38	5.8
41	Park Axis Monzen Nakacho	Koto-ku, Tokyo	1,700	0.5	1,886.39	55	5.1
42	Park Cube Itabashi Honcho	Itabashi-ku, Tokyo	4,170	1.2	5,317.07	165 residential, 1 retail, etc.	2.9
43	Park Cube Gakugei Daigaku	Meguro-ku, Tokyo	910	0.3	957.88	24	6.8
44	Park Cube Oimachi	Shinagawa-ku, Tokyo	1,440	0.4	1,511.12	65	3.2
46	Park Axis Nishigahara	Kita-ku, Tokyo	840	0.2	1,435.83	46	2.4
47	Park Axis Kinshicho	Sumida-ku, Tokyo	1,448	0.4	2,288.13	65	4.2
48	Park Axis Tatsumi Stage	Koto-ku, Tokyo	7,464	2.2	16,474.06	299 residential, 1 retail, etc.	5.1
51	Park Axis Kameido	Koto-ku, Tokyo	2,359	0.7	3,986.78	118	5.6
52	Park Axis Honancho	Nakano-ku, Tokyo	745	0.2	1,231.08	31	3.0
53	Park Axis Itabashi	Kita-ku, Tokyo	1,448	0.4	2,567.96	64	5.3
54	Park Axis Oshiage	Sumida-ku, Tokyo	1,193	0.4	2,121.29	57 residential, 1 retail, etc.	4.9
55	Park Axis Takadanobaba	Toshima-ku, Tokyo	1,222	0.4	1,463.25	36 residential, 1 retail, etc.	2.7
59	Park Axis Toyosu	Koto-ku, Tokyo	14,300	4.2	25,537.94	401 residential, 2 retail, etc.	3.9
60	Park Axis Hatchobori	Chuo-ku, Tokyo	1,760	0.5	2,416.29	63 residential, 1 retail, etc.	3.2

No.	Name	Location	Acquisition Price (Note 1) (Yen in millions)	Portfolio Share (%)	Rentable Area (m ²)	Rentable Units Number of Rooms (Units/rooms)	PML (Note 2) (%)
61	Park Axis Itabashi Honcho	Itabashi-ku, Tokyo	987	0.3	2,048.31	66	4.0
62	Park Axis Sumiyoshi	Sumida-ku, Tokyo	1,006	0.3	1,785.72	60	7.4
63	Park Cube Yotsuya Sanchome	Shinjuku-ku, Tokyo	2,749	0.8	3,599.82	130	5.1
64	Park Cube Hatchobori	Chuo-ku, Tokyo	4,200	1.2	5,191.86	118 residential, 2 retail, etc.	2.4
68	Park Axis Kamata Ichibankan	Ota-ku, Tokyo	1,069	0.3	1,721.28	63	6.7
70	Park Axis Taito Negishi	Taito-ku, Tokyo	672	0.2	1,283.13	40	4.2
72	Park Axis Komagome	Toshima-ku, Tokyo	1,389	0.4	1,979.51	39 residential, 1 retail, etc.	2.5
74	Park Axis Itabashi Honcho Nibankan	Itabashi-ku, Tokyo	1,859	0.5	3,661.58	99	3.1
75	Shibaura Island Air Tower (Note 3)	Minato-ku, Tokyo	7,905	2.3	17,646.33	270 residential, 2 retail, etc.	
	Air Tower						1.9
	Air Terrace						7.5
84	Park Cube Higashi Shinagawa	Shinagawa-ku, Tokyo	6,060	1.8	10,636.67	201	3.5
86	Park Cube Sasazuka	Shibuya-ku, Tokyo	2,200	0.6	2,416.00	92 residential, 1 retail, etc.	3.4
88	Park Axis Higashi Jujo	Kita-ku, Tokyo	1,700	0.5	2,893.54	70 residential, 1 retail, etc.	3.1
91	Park Cube Heiwadai	Nerima-ku, Tokyo	1,204	0.4	2,656.00	34	2.8
92	Park Cube Meguro Tower	Meguro-ku, Tokyo	9,000	2.6	12,367.62	193 residential, 1 retail, etc.	2.2
93	Park Cube Nihonbashi Suitengu	Chuo-ku, Tokyo	2,711	0.8	4,235.33	77	4.4
94	Park Cube Ginza East	Chuo-ku, Tokyo	2,269	0.7	3,358.63	77	3.0
95	Park Cube Kayabacho	Chuo-ku, Tokyo	1,105	0.3	1,695.06	27 residential, 1 retail, etc.	3.2
96	Park Cube Honjo Azumabashi	Sumida-ku, Tokyo	1,252	0.4	2,241.63	45	4.6
97	Park Axis Kiyosumi Shirakawa	Koto-ku, Tokyo	696	0.2	1,159.84	36	3.7
98	Park Axis Asakusabashi Nichome	Taito-ku, Tokyo	1,079	0.3	1,569.00	48	3.4
99	Park Axis Nishi Sugamo	Kita-ku, Tokyo	1,439	0.4	2,326.32	56	3.9
100	Park Axis Ueno	Taito-ku, Tokyo	1,389	0.4	1,992.29	59	3.3
101	Park Axis Akihabara East	Taito-ku, Tokyo	1,369	0.4	1,890.20	58	3.8
103	Park Axis Kayabacho	Chuo-ku, Tokyo	1,809	0.5	2,355.07	72	3.0
104	Park Axis Kinshicho Shinsui Koen	Sumida-ku, Tokyo	1,369	0.4	2,085.62	60	7.5
105	Park Cube Kasuga Andozaka	Bunkyo-ku, Tokyo	2,670	0.8	3,581.09	68	2.7
106	Park Cube Kameido	Koto-ku, Tokyo	3,020	0.9	4,442.09	121 residential, 1 retail, etc.	5.5
108	Park Axis Shin Okachimachi East	Taito-ku, Tokyo	1,299	0.4	1,847.01	49	3.0
110	Park Axis Nihonbashi Honcho	Chuo-ku, Tokyo	1,469	0.4	1,808.12	49	2.5
111	Park Cube Nishigahara Stage	Kita-ku, Tokyo	4,110	1.2	19,693.35	357 residential, 1 retail, etc.	2.5
112	Park Cube Atagoyama Tower	Minato-ku, Tokyo	8,650	2.5	8,389.91	165	2.4
113	Park Axis Shibaura	Minato-ku, Tokyo	1,045	0.3	1,273.60	42	5.2
114	Park Axis Asakusa Kuramae	Taito-ku, Tokyo	1,095	0.3	1,456.35	45	3.0
115	Park Axis Kamata Station Gate	Ota-ku, Tokyo	4,144	1.2	4,582.72	157 residential, 1 retail, etc.	3.2
116	Park Axis Kinshicho Residence	Sumida-ku, Tokyo	1,251	0.4	1,793.33	56	4.0
117	Park Axis Oshiage Sumida Koen	Sumida-ku, Tokyo	1,055	0.3	1,610.49	49	5.2
120	Park Axis Magome Residence	Ota-ku, Tokyo	1,450	0.4	1,621.94	55	9.6
121	Park Axis Higashi Ueno	Taito-ku, Tokyo	1,250	0.4	1,460.10	45	4.0
122	Park Axis Higashi Koenji	Suginami-ku, Tokyo	2,300	0.7	2,679.96	85	5.1
125	Park Cube Shin Itabashi	Itabashi-ku, Tokyo	1,700	0.5	1,930.12	70 residential, 1 retail, etc.	2.9
126	Park Cube Nishi Shinjuku	Shinjuku-ku, Tokyo	2,400	0.7	1,809.56	57 residential, 1 retail, etc.	3.4
129	Park Axis Oshiage Terrace	Sumida-ku, Tokyo	2,610	0.8	2,498.08	80	6.6
130	Park Axis Ikegami	Ota-ku, Tokyo	1,260	0.4	1,391.34	45	6.7
132	Park Axis Akatsuka	Itabashi-ku, Tokyo	2,420	0.7	2,403.67	86 residential, 2 retail, etc.	3.2
133	Park Cube Oimachi Residence	Shinagawa-ku, Tokyo	5,807	1.7	4,271.17	170 residential, 1 retail, etc.	4.0
134	Park Axis Toyochi Shinsui Koen	Koto-ku, Tokyo	6,380	1.9	7,254.57	190 residential, 2 retail, etc.	5.8
137	Park Axis Kikukawa Station Gate	Sumida-ku, Tokyo	3,200	0.9	3,411.32	107	5.7
138	Park Axis Kiba Canal West	Koto-ku, Tokyo	4,660	1.4	4,430.50	146 residential, 1 retail, etc.	6.7
139	Park Axis Kiba Canal East	Koto-ku, Tokyo	1,830	0.5	1,830.46	63 residential, 1 retail, etc.	7.0
140	Park Axis Kikukawa	Sumida-ku, Tokyo	2,410	0.7	2,595.60	81	4.9
Tokyo 23 Wards Total			285,660	84.0	402,387.00	9,080 residential, 32 retail, etc.	

No.	Name	Location	Acquisition Price (Note 1) (Yen in millions)	Portfolio Share (%)	Rentable Area (m ²)	Rentable Units Number of Rooms (Units/rooms)	PML (Note2) (%)
26	Park Cube Keio Hachioji II	Hachioji-shi, Tokyo	1,130	0.3	3,082.32	47 residential, 1 retail, etc.	4.0
40	Park Axis Nishi Funabashi	Funabashi-shi, Chiba	1,020	0.3	2,074.35	55	3.2
66	Park Axis Yokohama Idogaya	Yokohama-shi, Kanagawa	1,419	0.4	2,706.59	99 residential, 1 retail, etc.	6.3
67	Park Axis Chiba Shinmachi	Chiba-shi, Chiba	1,679	0.5	3,318.15	77 residential, 7 retail, etc.	1.9
69	Park Axis Chiba	Chiba-shi, Chiba	970	0.3	2,270.32	91	2.3
85	Park Cube Kita Matsudo	Matsudo-shi, Chiba	1,200	0.4	2,358.66	108 residential, 1 retail, etc.	1.6
87	Park Cube Musashi Kosugi	Kawasaki-shi, Kanagawa	2,250	0.7	3,057.36	136	3.3
102	Park Axis Yokohama Tanmachi Koen	Yokohama-shi, Kanagawa	1,119	0.3	1,682.46	63	4.1
109	Park Axis Yokohama Yamashitacho	Yokohama-shi, Kanagawa	1,539	0.5	2,325.92	70 residential, 1 retail, etc.	8.2
135	Park Axis Ofuna	Yokohama-shi, Kanagawa	2,100	0.6	4,752.68	73	14.8
Greater Tokyo Total			14,426	4.2	27,628.81	819 residential, 11 retail, etc.	
27	Park Axis Meieki Minami	Nagoya-shi, Aichi	2,440	0.7	5,565.13	169	3.7
35	Park Axis Marunouchi	Nagoya-shi, Aichi	1,920	0.6	3,821.75	98 residential, 1 retail, etc.	2.9
36	Park Axis Ropponmatsu	Fukuoka-shi, Fukuoka	1,515	0.4	3,473.67	111 residential, 1 retail, etc.	2.5
37	Park Axis Hakataeki Minami	Fukuoka-shi, Fukuoka	1,890	0.6	4,668.29	176 residential, 1 retail, etc.	3.0
45	Park Axis Naka Gofukumachi	Fukuoka-shi, Fukuoka	742	0.2	2,707.88	112	2.9
49	Park Axis Shirakabe	Nagoya-shi, Aichi	1,547	0.5	4,735.89	86	3.0
50	Park Axis Sendai	Sendai-shi, Miyagi	2,320	0.7	8,843.17	204	2.8
56	Park Axis Hakata Minoshima	Fukuoka-shi, Fukuoka	960	0.3	3,461.85	112	2.7
57	Park Axis Takamiya Higashi	Fukuoka-shi, Fukuoka	605	0.2	2,289.21	70	5.1
58	Park Axis Sapporo Shokubutsuen Mae	Sapporo-shi, Hokkaido	1,650	0.5	7,845.01	146	1.1
65	Park Axis Shin Sapporo	Sapporo-shi, Hokkaido	827	0.2	3,729.05	84 residential, 1 retail, etc.	2.4
73	Park Axis Utsubo Koen	Osaka-shi, Osaka	2,399	0.7	4,952.45	133	8.6
107	Park Cube Kitahama	Osaka-shi, Osaka	1,970	0.6	4,683.33	138	5.7
127	Park Axis Kanayama WEST	Nagoya-shi, Aichi	1,770	0.5	4,795.13	63	4.4
Other Major Cities Total			22,555	6.6	65,571.81	1,702 residential, 4 retail, etc.	
Rental Apartments Total			322,641	94.9	495,588.42	11,601 residential, 47 retail, etc.	
76	Dormy Ashiya	Ashiya-shi, Hyogo	928	0.3	3,729.45	140	6.6
77	Dormy Kyoto Nijyo	Kyoto-shi, Kyoto	991	0.3	3,492.88	134	12.9
78	Sundai Horikawa Ryo	Kyoto-shi, Kyoto	916	0.3	2,793.71	113	8.8
80	Rikkyo University International Dormitory (RUID) Shiki	Shiki-shi, Saitama	1,478	0.4	3,061.89	127	3.0
81	Dormy Naka Itabashi	Itabashi-ku, Tokyo	1,041	0.3	2,439.17	106	5.5
82	Philosophia Nishidai	Itabashi-ku, Tokyo	1,249	0.4	2,969.25	121	5.3
83	Dormy Musashi Kosugi	Kawasaki-shi, Kanagawa	1,152	0.3	3,017.34	112	7.3
89	Artis Sendai Kakyoin	Sendai-shi, Miyagi	540	0.2	2,234.24	60	3.0
90	Artis Sendai Kimachi Dori	Sendai-shi, Miyagi	1,160	0.3	4,864.04	142	2.7
118	Medical Home Granda Sangen Jaya (Land with leasehold interest)	Setagaya-ku, Tokyo	735	0.2	—	—	—
119	Dormy Nishi Ogikubo	Suginami-ku, Tokyo	1,100	0.3	1,616.52	71	8.8
123	Granda Kanazawa Hakkei	Yokohama-shi, Kanagawa	774	0.2	1,826.29	58	9.6
124	Dormy Kamisugi	Sendai-shi, Miyagi	1,050	0.3	3,151.56	124	4.6
128	Dormy Odawara	Sendai-shi, Miyagi	521	0.2	2,452.14	78	0.2
131	Chisun Hotel Hiroshima	Hiroshima-shi, Hiroshima	1,880	0.6	4,275.59	170	6.4
136	Campus terrace Waseda	Bunkyo-ku, Tokyo	1,810	0.5	1,747.51	82	3.5
Hospitality Facilities Total			17,325	5.1	43,671.58	1,638	
Grand Total			339,966	100.0	539,260.00	13,239 residential, 47 retail, etc.	2.5 (Portfolio PML)

Notes: 1. Acquisition Price does not include acquisition-related expenses, property tax or consumption tax.
2. PML = Probable maximum loss Portfolio PML is the PML for all NAF's portfolio, 133 properties excluding Medical Home Granda Sangen Jaya (Land with leasehold interest).
3. Rentable units and rentable area for Shibaura Island Air Tower are calculated by multiplying NAF's ownership (31%) by the property's total rentable units and total rentable area and rounding to the nearest unit and one-hundredth of a square meter, respectively.
4. Rentable units and rentable area for Park Axis Akatsuka are calculated by multiplying NAF's ownership (55%) by the property's total rentable units and total rentable area and rounding to the nearest unit and one-hundredth of a square meter, respectively.

Management's Discussion and Analysis

Summary of Selected Financial Data

	Yen in millions (Except per unit data or where otherwise indicated)			U.S. dollars in thousands (Note 1) (Except per unit data)
	34th Period September 1, 2022 to February 28, 2023	33rd Period March 1, 2022 to August 31, 2022	32nd Period September 1, 2021 to February 28, 2022	34th Period September 1, 2022 to February 28, 2023
Total revenues	¥ 12,344	¥ 12,434	¥ 12,217	\$ 90,545
Rental revenues	11,860	11,775	11,742	86,994
Other revenues related to property leasing	483	552	475	3,542
Gain on sale of investment properties	—	107	—	—
Operating expenses	6,508	6,707	6,490	47,737
Income before income taxes	5,427	5,293	5,279	39,807
Net income (a)	5,426	5,292	5,278	39,800
Funds from operations (Note 2)	7,393	7,208	7,327	54,228
Net operating income from property leasing activities (Note 2)	9,187	9,031	9,138	67,387
Total amount of cash distribution (b)	5,426	5,185	5,278	39,800
Depreciation and amortization	1,967	2,022	2,048	14,428
Capital expenditures	526	632	506	3,858
Total assets (c)	327,109	328,466	326,050	2,399,391
Interest-bearing debt	168,500	169,500	167,500	1,235,971
Total net assets (d)	151,408	151,167	151,153	1,110,599
Total number of common units issued (Units) (e)	503,472	503,472	503,472	
Net assets per unit (Yen/\$) (d) / (e)	300,728	300,249	300,222	2,205.88
Distribution per unit (Yen/\$) (b) / (e)	10,778	10,299	10,485	79.05
Funds from operations per unit (Yen/\$) (Note 2)	14,685	14,316	14,554	107.71
ROA (Note 3)	1.7%	1.6%	1.6%	
(Annual rate)	(3.3%)	(3.2%)	(3.3%)	
ROE (Note 3)	3.6%	3.5%	3.5%	
(Annual rate)	(7.2%)	(6.9%)	(7.0%)	
LTV (Loan-to-value) ratio (Note 2)	51.5%	51.6%	51.4%	
Capital ratio (d) / (c)	46.3%	46.0%	46.4%	
Payout ratio (b) / (a) (Note 4)	100.0%	98.0%	100.0%	
Number of days in the period	181	184	181	
Number of investment properties (Note 5)	134	134	134	
Total rentable area (m ²)	539,260	539,260	538,154	
The occupancy rate at the end of the period (Note 5)	97.4%	96.4%	96.9%	

Notes: 1. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥136.33 = U.S.\$1.00, the approximate exchange rate as of February 28, 2023.

2. Funds from operations: Net income + Depreciation and amortization – Gain on sale of investment properties

Net operating income from property leasing activities: (Revenues from property leasing – Rental expenses) + Depreciation and amortization

Funds from operations per unit: (Net income + Depreciation and amortization – Gain on sale of investment properties) ÷ Total number of units issued and outstanding at the end of the period

LTV ratio: Interest-bearing debt ÷ Total assets

3. ROA: Income before income taxes ÷ {(Total assets at the beginning of the period + Total assets at the end of the period) ÷ 2}

ROE: Net income ÷ {(Net assets at the beginning of the period + Net assets at the end of the period) ÷ 2}

The figures in parentheses are annualized based on the number of actual days in each period as follows.

Annual equivalent amounts for the period ended February 28, 2023: Amount for the period ÷ Actual days in the period (181) × 365 days

Annual equivalent amounts for the period ended August 31, 2022: Amount for the period ÷ Actual days in the period (184) × 365 days

Annual equivalent amounts for the period ended February 28, 2022: Amount for the period ÷ Actual days in the period (181) × 365 days

Net assets and total assets used in calculating ROA and ROE are beginning-of-period and period-end averages, respectively.

4. "Payout ratio" is calculated to one decimal place only.

5. "Number of investment properties" means the number of properties generally perceived to be one residential building.

"The occupancy rate at the end of the period" is the ratio of gross leased area to total rentable area at the end of the period.

Overview

Investment Environment and Operating Performance

During the six months ended February 28, 2023 (the “34th Period”), the Japanese economy continued to show signs of gradual recovery as restrictions on activity to prevent the spread of the novel coronavirus disease (COVID-19) were relaxed and economic and social activities were normalized. Personal consumption increased mainly for services such as eating out and travel and the number of inbound tourists also increased in conjunction with eased border control measures, contributing to external demand. Corporate earnings remained high and capital investment recovered, despite being impacted by foreign exchange rate fluctuations.

In the residential rental market, the balance of supply and demand was favorable against the backdrop of a trend of a population influx into urban centers, mainly in the Tokyo metropolitan area, etc., and property occupancy rates were generally high.

In the real estate trading market, although interest rates have been rising globally due to inflation and monetary tightening, etc., an environment with relatively low interest rates has continued in Japan, and the acquisition environment remains challenging for NAF as demand from investors with regard to rental apartments, where occupancy and revenue are stable, was robust.

No properties were acquired during the period under review, and NAF’s assets under management at the end of the period under review were unchanged from the end of the previous period.

As a result, NAF’s portfolio as of February 28, 2023 consisted of 134 properties valued at ¥339,966 million on an acquisition price basis.

In this environment, Mitsui Fudosan Residential Lease Co., Ltd., the property management company of NAF, and Mitsui Fudosan Accommodations Fund Management Co., Ltd., the asset management company of NAF, properly collaborated on management and operation of NAF’s rental apartments portfolio. As a result of this, the occupancy rate for rental apartments was 97.2% at the end of the period under review, and rent change before and after turnover was 3.5% at the time of tenant turnover, an increase from the previous period (2.1%), which is the second consecutive increase, with the balance of supply and demand of rental apartments continuing its recent recovery trend after it had temporarily deteriorated due to the spread of COVID-19. Furthermore, NAF aims to reduce costs by utilizing the merits of outsourcing all property management tasks to the property management company while examining, whenever necessary, the adequacy of the grade of property management, cost of management and operation.

Meanwhile in the management of “Hospitality Facilities” ^(Note), NAF has concluded long-term contracts regarding fixed rents to a professional operator or business corporation in order to aim for stable rental revenue. Regarding the circumstances of each property, despite the continuing difficult situation for hotels, dormitories and corporate housing as well as senior residences have been stably occupied in general. In addition, the asset management company regularly monitors the management and operational activities, and makes adjustments through professional dialog with the operator or business corporation as necessary.

In order to maintain and improve the competitiveness of NAF’s portfolio, operations, such as appropriate renewal work according to the property age, and work to enhance the property value, are systematically carried out, and in the period under review, NAF carried out large-scale repairs at Dormy Kamisugi, waterproof renewal work for outer wall, roof parapets and other areas at Park Cube Meguro Tower, renovation work, etc. for exterior walls at Dormy Nishi Ogikubo, work to improve expansion joints at Park Axis Sendai and renovations, etc. in private areas at Okawabata Apartment Communities. In addition, NAF is not only making continuous efforts to reduce costs, but also introducing such features as environmentally friendly or energy-saving features to the facilities, which include changing the lighting in common areas to LED lighting, in a timely manner.

As a result of these activities, the occupancy rate for NAF’s overall portfolio as of February 28, 2023 remained at a high level of 97.4%.

Consequently, for the 34th Period, NAF recorded total revenues of ¥12,344 million, operating income of ¥5,835 million, income before income taxes of ¥5,427 million and net income of ¥5,426 million.

Note: “Hospitality Facilities” is a generic term for “Accommodation Assets” that includes the four categories of “Dormitories, Corporate Housing,” “Serviced Apartments,” “Senior Residences,” and “Hotels,” excluding “Rental Apartments.”

Changes in Assets, Liabilities and Net Assets

Total assets as of February 28, 2023 decreased from August 31, 2022 by ¥1,357 million to ¥327,109 million. Total current assets increased by ¥49 million to ¥16,810 million and total investment properties net of accumulated depreciation decreased by ¥1,370 million to ¥308,231 million compared with August 31, 2022 as a result of normal depreciation.

NAF's basic policy is to carry out operations in a conservative manner that gives consideration to such matters as maintaining stable distributions in the medium and long term. In the period under review, NAF continued to pursue financing from various sources with diversified repayment dates and an emphasis on long-term fixed-rate loans in its procurement of funds by taking into account market trends and interest rate levels, and refinancing existing loans.

As a result, at the end of the period, total interest-bearing debt amounted to ¥168,500 million (¥1,000 million decrease from previous period), the long-term debt ratio was 98.8%, the long-term fixed-rate debt ratio was 94.7%, and the loan-to-value (LTV) ratio was 51.5%. The average remaining maturity of long-term interest-bearing debt was 4.7 years and the number of financial institutions from which NAF procures funds was 27. Furthermore, the weighted average interest rate at the end of the period was 0.48%.

NAF also has secured a commitment line for the purpose of securing flexible and stable fund procurement. At the end of the period under review, the unused amount of the commitment line was ¥15,000 million.

Net assets totaled ¥151,408 million as of February 28, 2023. Unitholders' capital was unchanged at ¥145,449 million, and retained earnings increased to ¥5,958 million from ¥5,717 million as of August 31, 2022.

Distributions to Unitholders

NAF determines the amount of cash distributions such that they exceed 90 percent of NAF's retained earnings available for dividends as set forth in Article 67-15 of the Act on Special Measures Concerning Taxation. For the 34th Period, cash distributions totaled ¥5,426,421,216, or ¥10,778 per unit.

Yen in thousands, except per unit amounts			
	34th Period September 1, 2022 to February 28, 2023	33rd Period March 1, 2022 to August 31, 2022	32nd Period September 1, 2021 to February 28, 2022
Retained earnings	¥5,426,717	¥5,292,521	¥5,278,992
Reserve for reduction entry	—	107,000	—
Undistributed earnings	296	262	88
Total cash distribution	5,426,421	5,185,258	5,278,903
(Per unit)	10,778	10,299	10,485
Distribution of retained earnings	5,426,421	5,185,258	5,278,903
(Per unit)	10,778	10,299	10,485
Cash distribution in excess of retained earnings	—	—	—
(Per unit)	—	—	—

Note: The above cash distributions were paid after the close of the period.

Funding

Balance of Paid-in Capital

NAF was established on October 12, 2005 with initial paid-in capital of ¥100 million. NAF began investing activities on November 29, 2005 after ¥21,140 million was raised through private placement. As of February 28, 2023, NAF had issued 503,472 investment units out of 4,000,000 total authorized units. NAF's investment units were listed on the J-REIT section of the Tokyo Stock Exchange in August 2006 upon the completion of a public offering. As the Act on Investment Trusts and Investment Corporations does not contain any provision for the issuance of more than one class of units, NAF's investment units comprise the sole class of units authorized and issued by NAF.

Changes in Total Number of Investment Units Issued and Outstanding

The following are changes in paid-in capital and units outstanding over the last five years.

The following are changes in paid-in capital and units outstanding over the last five years:						
Issue date	Remarks	Units outstanding		Paid-in capital		Notes
		Increase	Balance	Increase	Balance	
		(Units)		(Yen in millions)		
December 15, 2020	Public offering	18,000	502,522	9,352	144,956	Note 1
January 13, 2021	Third-party allocation	950	503,472	493	145,449	Note 2

Notes: 1. Public offering of new units for ¥537,225 per unit (excluding underwriting fee: ¥519,593) to fund property acquisition.

2. Additional issue of new units (third-party allocation) for ¥519,593 per unit undertaken pursuant to the public offering in Note 1.

Market Price of Units

Highest/Lowest (closing price) of units on the Tokyo Stock Exchange:

	34th Period September 1, 2022 to February 28, 2023	33rd Period March 1, 2022 to August 31, 2022	32nd Period September 1, 2021 to February 28, 2022	31st Period March 1, 2021 to August 31, 2021	30th Period September 1, 2020 to February 28, 2021
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Highest	¥688,000	¥696,000	¥670,000	¥697,000	¥663,000
Lowest	566,000	599,000	587,000	571,000	541,000

Borrowings

Borrowings from financial institutions as of February 28, 2023 are shown below.

Short-term loans

Lender	Balance (Yen in millions)	Interest rate (Note 1)	Date of maturity (Note 2)	Repayment method	Use of funds	Notes
Sumitomo Mitsui Trust Bank, Limited	¥2,000	0.11955%	May 31, 2023	Bullet payment	(Note 3)	Unsecured/ unguaranteed/ pari passu (Note 4)
Total short-term loans	¥2,000					

Long-term loans (Note 7)

Lender	Balance (Yen in millions)	Interest rate (Note 1)	Date of maturity	Repayment method	Use of funds	Notes
Sumitomo Mitsui Banking Corporation	¥ 1,500	0.18682% (Note 5)	July 31, 2029	Bullet payment	(Note 3)	Unsecured/ unguaranteed/ pari passu (Note 4)
	2,000	0.16000%	May 31, 2023			
	4,500	0.18000%	February 29, 2024			
	1,000	0.26000%	February 27, 2026			
	3,000	0.21000%	May 28, 2025			
	2,000	0.30000%	November 30, 2027			
	2,000	0.33000%	July 31, 2026			
	2,000	0.46200%	September 30, 2026			
Sumitomo Mitsui Trust Bank, Limited	1,500	0.10182% (Note 5)	August 31, 2023			
	1,000	0.14182% (Note 5)	August 31, 2027			
	2,000	0.22000%	September 30, 2025			
NIPPON LIFE INSURANCE COMPANY	3,000	0.98750%	May 31, 2024			
	2,000	0.25000%	June 30, 2026			
	1,000	0.50000%	April 30, 2031			
	1,000	0.53000%	November 28, 2031			
	2,000	0.65000%	May 31, 2032			
	2,000	0.80000%	November 30, 2032			
Development Bank of Japan Inc.	3,000	1.05400%	April 11, 2023			
	2,500	1.32900%	February 6, 2024			
	2,500	1.39800%	August 6, 2024			
	2,500	1.17750%	April 1, 2025			
	2,000	0.18248%	December 30, 2027			
	4,000	0.54779%	April 18, 2029			
	3,000	0.64293%	October 21, 2030			
The Hachijuni Bank, Ltd.	1,000	0.23550%	September 17, 2024			
	1,500	0.29000%	May 29, 2026			
	1,000	0.48000%	March 31, 2031			
	1,000	0.53000%	June 30, 2031			
Mizuho Bank, Ltd.	1,000	0.21561%	May 31, 2023			
	2,000	0.42456%	March 31, 2027			
	1,000	0.48000%	August 30, 2030			
	1,000	0.48000%	February 28, 2031			
	1,000	0.53000%	November 28, 2031			
The Chugoku Bank, Limited	2,000	0.55000%	July 31, 2023			
	2,000	0.21880%	May 29, 2026			
	1,000	0.22000%	November 29, 2024			
	1,000	0.24000%	January 5, 2026			
	1,000	0.36000%	June 28, 2028			
SBI Shinsei Bank, Limited	1,000	0.99250%	May 28, 2024			
	1,000	0.53000%	May 30, 2031			
	1,000	0.53000%	June 30, 2031			
	1,000	1.18600%	January 31, 2033			

Lender	Balance (Yen in millions)	Interest rate (Note 1)	Date of maturity	Repayment method	Use of funds	Notes
Shinkin Central Bank	¥ 2,000	0.38880%	January 29, 2027	Bullet payment	(Note 3)	Unsecured/ unguaranteed/ pari passu (Note 4)
	3,000	0.30950%	July 31, 2025			
	2,000	0.12930%	January 31, 2025			
	2,000	0.26930%	January 31, 2028			
	3,000	0.38178%	December 29, 2028			
The Bank of Fukuoka, Ltd.	2,000	0.43500%	February 26, 2027			
	2,000	0.33500%	April 30, 2026			
	1,000	0.65000%	January 8, 2032			
	1,000	0.45000%	October 31, 2029			
	1,500	0.68000%	April 30, 2032			
MUFG Bank, Ltd.	3,000	0.54500%	April 27, 2029			
	2,000	0.48000%	March 15, 2030			
	1,000	0.32000%	September 30, 2027			
	1,000	0.48000%	September 13, 2030			
	1,000	0.47000%	August 30, 2030			
	3,000	0.21000%	February 27, 2026			
	3,000	0.38000%	September 30, 2026			
	3,000	0.44500%	September 30, 2026			
The Norinchukin Bank	1,000	0.27000%	December 30, 2025			
	2,000	0.37000%	April 28, 2028			
	2,000	0.32000%	July 1, 2027			
	3,000	0.36000%	November 30, 2028			
Mizuho Trust & Banking Co., Ltd.	1,500	0.38380%	March 29, 2028			
	1,000	0.42000%	February 28, 2029			
	1,000	0.38000%	November 30, 2028			
	2,000	0.26364% (Note 6)	July 30, 2032			
The Yamaguchi Bank, Ltd.	1,000	1.26000%	June 14, 2023			
	1,000	1.28125%	July 19, 2023			
	1,000	0.98750%	May 31, 2024			
	1,000	0.55500%	April 27, 2029			
	1,000	0.71000%	June 28, 2033			
Daishi Hokuetsu Bank, Ltd.	1,000	0.36000%	June 30, 2028			
	1,000	0.30000%	June 30, 2027			
	2,000	0.32500%	March 31, 2028			
TAIJU LIFE INSURANCE COMPANY LIMITED	1,000	1.04375%	March 28, 2024			
	1,000	0.53000%	June 27, 2031			
The Ashikaga Bank, Ltd.	2,000	0.27000%	December 30, 2025			
	1,000	0.36000%	June 28, 2028			
DAIDO LIFE INSURANCE COMPANY	1,000	0.53000%	June 30, 2031			
TAIYO LIFE INSURANCE COMPANY	2,000	0.64750%	December 30, 2024			
The Iyo Bank, Ltd.	1,000	0.26364% (Note 6)	March 31, 2032			

Lender	Balance (Yen in millions)	Interest rate (Note 1)	Date of maturity	Repayment method	Use of funds	Notes
The Yamanashi Chuo Bank, Ltd.	¥ 1,000	0.31630%	June 30, 2026	Bullet payment	(Note 3)	Unsecured/ unguaranteed/ pari passu (Note 4)
	1,000	0.45000%	December 17, 2029			
	1,000	0.65000%	December 16, 2031			
The 77 Bank, Ltd.	1,000	0.40500%	June 30, 2028			
	1,000	0.48000%	March 29, 2030			
	1,000	0.48000%	February 28, 2031			
	1,000	0.53000%	November 28, 2031			
The Chiba Bank, Ltd.	1,000	0.32250%	September 3, 2025			
SUMITOMO LIFE INSURANCE COMPANY	1,000	0.66000%	September 3, 2030			
	1,000	0.68000%	April 30, 2032			
	1,000	0.48000%	July 1, 2030			
	1,000	0.71000%	June 30, 2033			
Mitsui Sumitomo Insurance Company, Limited	1,000	0.29000%	October 30, 2026			
	1,000	0.32000%	August 31, 2027			
The Hyakugo Bank, Ltd.	1,000	0.48000%	February 28, 2031			
Momiji Bank, Ltd.	1,000	0.59000%	April 30, 2032			
Total long-term loans	¥158,500					
Total loans	¥160,500					

Notes: 1. "Interest rate" is rounded to the nearest hundred-thousandth. The weighted average interest rate is presented for the outstanding balance of short-term loans if the institution has provided more than one short-term loan.

2. The earliest maturity of short-term loans is presented if the institution has provided more than one short-term loan.

3. Use of the proceeds of debt financing included purchase of property or real estate trust beneficiary interests, refinancing of other loans, and operating expenses.

4. The loan agreements between NAF and each financial institution stipulate that the above loans from all financial institutions rank pari passu to each other.

5. The interest rate is applied from February 28, 2023 to March 30, 2023.

6. The interest rate is applied from December 30, 2022 to March 30, 2023.

7. The expected annual maturities of long-term loans within five years (excluding maturities within one year) after the balance sheet date are as follows.

(Yen in millions)				
	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years
Amount	¥14,500	¥19,500	¥23,500	¥14,000

Bonds

Issue	Issue date	Balance as of February 28, 2023 (Yen in millions)	Coupon	Maturity date	Redemption	Use of proceeds	Notes
No.3 Unsecured Bonds (green bonds)	July 16, 2020	¥2,000	0.260%	July 16, 2025	Bullet payment	(Note 1)	(Note 2)
No.4 Unsecured Bonds (green bonds)	July 16, 2020	2,000	0.520%	July 16, 2030			
No.5 Unsecured Bonds (green bonds)	September 30, 2021	1,000	0.320%	September 28, 2029			
No.6 Unsecured Bonds	September 30, 2021	2,000	0.390%	September 30, 2031			
No.7 Unsecured Bonds	September 30, 2021	1,000	0.680%	September 30, 2036			
Total		¥8,000					

Notes: 1. Use of proceeds includes repayment of borrowings.

2. These bonds are only issued to rank pari passu with other bonds issued.

3. The total amount of bonds repayable within 5 years after the balance sheet date and expected to be repaid by specific year(s) is as follows.

(Yen in millions)				
	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years
Unsecured Bonds	—	¥2,000	—	—

Capital Expenditures

1. Planned

NAF is planning or conducting the following capital expenditures for the renovation of its properties. The amounts below include repairs and maintenance costs that will be expensed as incurred. Moreover, in addition to a steady planning of expenditures for construction, repair and renovation of facilities, a plan of renewal construction is being implemented in order to increase competitive power in the market as well as to increase the level of tenant satisfaction.

Name of property	Objective	Estimated duration	Estimated amounts		
			Total amounts	Payment for the current period (September 1, 2022 to February 28, 2023)	Cumulative amount paid
Park Axis Nihonbashi Stage	Large-scale repair works	From May 2023 to September 2023	¥160	¥—	¥—
Park Axis Meieki Minami	Large-scale repair works	From August 2023 to December 2023	160	—	—
Artis Sendai Kimachi Dori	Large-scale repair works	From November 2023 to March 2024	160	—	—
Park Axis Bunkyo Stage	Large-scale repair works	From October 2023 to February 2024	138	—	—
Okawabata Apartment Communities, River Point Tower and Other	Renovation of rentable areas	From March 2023 to August 2023	120	—	—
Park Axis Sapporo Shokubutsuen Mae	Large-scale repair works	From March 2023 to September 2023	107	—	—

2. Capital Expenditures for the Current Period

The following table sets forth the capital expenditures for the current period. NAF posted ¥526 million in capital expenditures together with ¥544 million for repairs and maintenance expenses.

Name of property	Objective	Period	Expenditure (Yen in millions)
Okawabata Apartment Communities, River Point Tower and Other	Renovation of 9 rentable areas	From September 2022 to February 2023	¥ 86
Dormy Kamisugi	Large-scale repair works	From March 2022 to September 2022	68
Park Cube Meguro Tower	Renewal of waterproofs for outside walls, parapets and others	From May 2022 to February 2023	34
Dormy Nishi Ogikubo	Repair of outside walls and others	From July 2022 to November 2022	21
Park Axis Sendai	Improvement of expansion joints	From September 2022 to October 2022	18
Other capital expenditures		From September 2022 to February 2023	297
Total			¥526

Expenses regarding Entrustment, etc.

The following table sets forth the breakdown of entrustment fees, etc. paid by NAF.

	Yen in millions		
	34th Period September 1, 2022 to February 28, 2023	33rd Period March 1, 2022 to August 31, 2022	32nd Period September 1, 2021 to February 28, 2022
Asset management fees	¥ 935	¥ 931	¥ 920
Asset custody fees	15	15	15
Agent fees (stock transfer, accounting and administrative)	29	29	29
Directors' remuneration	7	7	7
Auditor's fees	12	12	12
Other expenses	383	391	376
Total	¥1,384	¥1,388	¥1,362

Related Party Transactions

1. Transactions

None applicable

2. Fees Paid for the Period from September 1, 2022 to February 28, 2023

Category	Total fees paid (A) (Yen in millions)	Description of transactions with related parties (Note 1)		B/A (Note 2)
		Paid to	Amount of payment (B) (Yen in millions)	
Property management fees	¥809	Mitsui Fudosan Residential Lease Co., Ltd.	¥809	100.0%
Building management fees	415	Mitsui Fudosan Residential Lease Co., Ltd.	410	98.8%
		Mitsui Fudosan Realty Co., Ltd.	5	1.2%
Operation management fees	4	Mitsui Fudosan Investment Advisors, Inc.	4	100.0%
Leasing-related service fees, etc.	142	RESIDENT FIRST CO., LTD.	9	7.0%
		Mitsui Fudosan Realty Tohoku Co., Ltd.	0	0.6%
		Mitsui Fudosan Realty Co., Ltd.	0	0.3%
		Mitsui Fudosan Realty Sapporo Co., Ltd.	0	0.0%

3. Other Payments to Related Parties (Note 1)

Paid to	Amount of payment (Yen in millions)	Item
Accommodation First Co., Ltd.	¥16	Repair and maintenance costs
Mitsui Fudosan Facilities Co., Ltd.	9	Repair and maintenance costs

Notes: 1. "Related parties" means parties defined in the government ordinance regarding the Act on Investment Trusts and Investment Corporations and principally, parties related to an asset management company.

2. Figures indicate percentages to total fees paid.

Financial Statements

Balance Sheets

Nippon Accommodations Fund Inc.

As of February 28, 2023 and August 31, 2022

	Yen in millions		U.S. dollars in thousands (Note 1)
	34th Period As of February 28, 2023	33rd Period As of August 31, 2022	34th Period As of February 28, 2023
Assets			
Current assets:			
Cash and cash equivalents (Note 2)	¥ 15,107	¥ 15,116	\$ 110,812
Rent receivables	1,591	1,534	11,670
Other current assets	111	110	814
Total current assets	16,810	16,761	123,303
Investment properties (Note 2, 3, 4):			
Land including trust accounts	212,861	212,853	1,561,365
Depreciable property and improvements including trust accounts	150,028	149,440	1,100,476
Accumulated depreciation	(54,657)	(52,691)	(400,916)
Total investment properties	308,231	309,602	2,260,918
Other assets (Note 3)	2,067	2,103	15,161
Total Assets	¥ 327,109	¥ 328,466	\$2,399,391
Liabilities and Net Assets			
Liabilities			
Current liabilities:			
Short-term loans (Note 5)	¥ 2,000	¥ 3,000	\$ 14,670
Long-term loans due within one year (Note 5, 13)	18,500	22,500	135,700
Accounts payable	1,264	1,854	9,271
Rent received in advance	2,014	1,980	14,772
Accrued expenses and other liabilities	205	238	1,503
Total current liabilities	23,984	29,574	175,926
Long-term liabilities:			
Long-term loans (Note 5, 13)	140,000	136,000	1,026,919
Bonds (Note 5, 13)	8,000	8,000	58,681
Tenant security deposits	3,716	3,725	27,257
Total long-term liabilities	151,716	147,725	1,112,858
Total Liabilities	¥ 175,701	¥ 177,299	\$1,288,791
Net Assets			
Unitholders' capital (Note 6)	¥ 145,449	¥ 145,449	\$1,066,889
Retained earnings	5,958	5,717	43,702
Total Net Assets	¥ 151,408	¥ 151,167	\$1,110,599
Total Liabilities and Net Assets	¥ 327,109	¥ 328,466	\$2,399,391

The accompanying notes are an integral part of these financial statements.

Statements of Income

Nippon Accommodations Fund Inc.

For the six-month periods ended February 28, 2023, August 31, 2022 and February 28, 2022

	Yen in millions			U.S. dollars in thousands (Note 1)
	34th Period September 1, 2022 to February 28, 2023	33rd Period March 1, 2022 to August 31, 2022	32nd Period September 1, 2021 to February 28, 2022	34th Period September 1, 2022 to February 28, 2023
Revenues				
Rental (Note 7, 15)	¥ 11,860	¥ 11,775	¥ 11,742	\$ 86,994
Other revenues related to property leasing (Note 7, 15)	483	552	475	3,542
Gain on sale of investment properties (Note 8, 15)	—	107	—	—
Total revenues	12,344	12,434	12,217	90,545
Operating Expenses				
Property management fees (Note 7)	1,270	1,264	1,255	9,315
Real estate taxes and insurance (Note 7)	694	695	648	5,090
Repairs and maintenance (Note 7)	544	661	559	3,990
Other rental expenses (Note 7)	648	674	615	4,753
Depreciation and amortization (Note 7)	1,967	2,022	2,048	14,428
Asset management fees	935	931	920	6,858
Other expenses	448	457	441	3,286
Total operating expenses	6,508	6,707	6,490	47,737
Operating Income	5,835	5,726	5,726	42,800
Interest and other income	12	8	4	88
Interest expense	(403)	(423)	(434)	(2,956)
Other expenses	(17)	(18)	(16)	(124)
Income before Income Taxes	5,427	5,293	5,279	39,807
Current and deferred income taxes (Note 10)	0	0	0	0
Net Income	¥ 5,426	¥ 5,292	¥ 5,278	\$ 39,800

The accompanying notes are an integral part of these financial statements.

Statements of Changes in Net Assets

Nippon Accommodations Fund Inc.

For the six-month periods ended February 28, 2022, August 31, 2022 and February 28, 2023

	Number of Units (Note 6)	Yen in millions		
		Unitholders' Capital	Retained Earnings	Total
Balance as of September 1, 2021	503,472	¥ 145,449	¥ 5,476	¥ 150,926
Cash distribution	—	—	(5,052)	(5,052)
Net income	—	—	5,278	5,278
Balance as of February 28, 2022	503,472	145,449	5,703	151,153
Cash distribution	—	—	(5,278)	(5,278)
Net income	—	—	5,292	5,292
Balance as of August 31, 2022	503,472	145,449	5,717	151,167
Cash distribution	—	—	(5,185)	(5,185)
Net income	—	—	5,426	5,426
Balance as of February 28, 2023	503,472	¥ 145,449	¥ 5,958	¥ 151,408

	Number of Units (Note 6)	U.S. dollars in thousands (Note 1)		
		Unitholders' Capital	Retained Earnings	Total
Balance as of August 31, 2022	503,472	\$1,049,188	\$ 41,239	\$1,090,434
Cash distribution	—	—	(38,032)	(38,032)
Net income	—	—	39,800	39,800
Balance as of February 28, 2023	503,472	\$1,066,889	\$ 43,702	\$1,110,599

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

Nippon Accommodations Fund Inc.

For the six-month periods ended February 28, 2023, August 31, 2022 and February 28, 2022

	Yen in millions			U.S. dollars in thousands (Note 1)
	34th Period September 1, 2022 to February 28, 2023	33rd Period March 1, 2022 to August 31, 2022	32nd Period September 1, 2021 to February 28, 2022	34th Period September 1, 2022 to February 28, 2023
Cash Flows from Operating Activities:				
Income before income taxes	¥ 5,427	¥ 5,293	¥ 5,279	\$ 39,807
Depreciation and amortization	1,967	2,022	2,048	14,428
Amortization of investment unit issuance expenses	5	5	5	36
Amortization of bond issue costs	3	3	3	22
Interest expense	403	423	434	2,956
(Increase) Decrease in rent receivables	(57)	36	(83)	(418)
Increase (Decrease) in accounts payable	(589)	419	(5)	(4,320)
Increase (Decrease) in rents received in advance	33	1	29	242
Decrease in investment properties due to sales	—	289	—	—
Cash payments of interest expense	(414)	(431)	(437)	(3,036)
Other, net	6	(268)	21	44
Net Cash Provided by Operating Activities	6,785	7,796	7,296	49,768
Cash Flows from Investing Activities:				
Payments for purchases of investment properties	(597)	(3,189)	(662)	(4,379)
Proceeds from tenant security deposits	245	342	268	1,797
Payments for tenant security deposits	(254)	(365)	(287)	(1,863)
Other, net	(3)	(10)	(3)	(22)
Net Cash Used in Investing Activities	(609)	(3,223)	(684)	(4,467)
Cash Flows from Financing Activities:				
Proceeds from short-term loans	4,000	10,000	4,000	29,340
Repayment of short-term loans	(5,000)	(9,000)	(6,000)	(36,675)
Proceeds from long-term loans	11,000	13,000	6,000	80,686
Repayment of long-term loans	(11,000)	(12,000)	(10,000)	(80,686)
Proceeds from bonds	—	—	4,000	—
Payments for bond issue costs	—	—	(34)	—
Payment of distribution	(5,185)	(5,278)	(5,053)	(38,032)
Net Cash Provided by (Used in) Financing Activities	(6,185)	(3,278)	(7,087)	(45,367)
Net Change in Cash and Cash Equivalents	(9)	1,294	(475)	(66)
Cash and Cash Equivalents at the Beginning of the Period	15,116	13,821	14,297	110,878
Cash and Cash Equivalents at the End of the Period (Note 2)	¥ 15,107	¥ 15,116	¥ 13,821	\$ 110,812

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

Nippon Accommodations Fund Inc.
For the six-month periods ended February 28, 2023, August 31, 2022 and February 28, 2022

Note 1 Organization and Basis of Presentation

Organization

Nippon Accommodations Fund Inc. (hereinafter "NAF") was established on October 12, 2005 as an investment corporation under the Act on Investment Trusts and Investment Corporations with Mitsui Fudosan Accommodations Fund Management Co., Ltd. (hereinafter "MFAFM") acting as a sponsor. Registration with the Kanto Local Finance Bureau of the Ministry of Finance was completed on November 11, 2005 and NAF started acquisition of properties on November 30, 2005.

NAF is an externally managed real estate fund, formed as an investment corporation. MFAFM, as NAF's asset management company, is engaged in the acquisition, management, and renovation of accommodation assets. MFAFM is a 100% subsidiary of Mitsui Fudosan Co., Ltd.

On August 3, 2006, NAF had raised approximately ¥40,000 million through an initial public offering of investment units. Those investment units are listed on the J-REIT section of the Tokyo Stock Exchange.

As of February 28, 2023, NAF had ownership and/or beneficiary interests in 134 properties containing approximately 539,260 square meters of rentable space. As of February 28, 2023, NAF had leased approximately 525,144 square meters to tenants. The occupancy rate for the properties was approximately 97.4%.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with the provisions set forth in the Act on Investment Trusts and Investment Corporations and the Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan (hereinafter "Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The accompanying financial statements have been restructured and translated into English from the financial statements of NAF prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Act. Some supplementary information included in the statutory Japanese language financial statements, but not required for fair presentation, is not presented in the accompanying financial statements. NAF does not prepare consolidated financial statements, as NAF has no subsidiaries.

Amounts less than 1 million yen have been omitted. As a result, the totals in Japanese yen shown in the financial statements do not necessarily agree with the sum of the individual amounts.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the approximate exchange rate on February 28, 2023, which was ¥136.33 to U.S.\$1.00. The convenience translation should not be construed as representation that the Japanese yen amounts have been, or could in future be, converted into U.S. dollars at this or any other rate of exchange.

Note 2 Summary of Significant Accounting Policies

Cash and Cash Equivalents

NAF considers all highly liquid investments with original maturity of three months or less to be cash and cash equivalents.

Investment Properties

Investment properties are recorded at cost, which includes the purchase price and related costs and expenses for acquisition of the properties and the beneficiary interests of properties in trust. Property and equipment balances are depreciated using the straight-line method over the estimated useful lives. The estimated useful lives of the principal investment properties (including assets held in trust) are as follows:

Buildings and improvements	2-63 years
Structures	2-60 years
Machinery and equipment	2-45 years
Tools, furniture and fixtures	2-15 years

Costs related to the renovation, construction and improvement of properties are capitalized. Expenditures for repairs and maintenance which do not add value to or prolong the useful life of a property, are expensed as incurred.

Deferred Assets

Investment unit issuance expenses are capitalized and amortized over the period of three years using the straight-line method.

Bond issue costs are amortized over the period of the bonds using the straight-line method.

Income Taxes

The tax effect of temporary differences between the amounts of assets and liabilities for financial statements and for income tax purposes is recognized as deferred taxes.

Revenue Recognition

The nature of principal performance obligations for NAF regarding revenue from contracts with customers and the normal timing when those performance obligations are satisfied (i.e. normal timing when revenue is recognized) are as described below.

Sale of investment properties

For sale of investment properties, revenue is recognized when the control of the investment property, etc. is obtained by a purchaser, which is a customer, through fulfillment of the delivery obligations specified in the contract for the sale of the investment property. In the statement of income, the amount obtained by deducting "cost of investment properties sold," determined by the book value of the real estate properties sold, and "other sales expenses," determined by the expenses directly incurred through the sales, from "revenues from sale of investment properties," determined by the proceeds from sale of investment properties, is presented as either "gain on sale of investment properties" or "loss on sale of investment properties."

Real Estate Taxes

Properties are subject to taxes including property tax, city planning tax and depreciable asset tax. Taxes for each fiscal period are charged to expense on an accrual basis.

The owner of properties is registered in a record maintained by the local government in each jurisdiction, and the taxes are imposed on the owner registered in the record, as of January 1, based on the assessment made by the local government.

Even when a property is purchased on a date other than January 1 of any given calendar year, these taxes for that year are imposed on the seller. The buyer pays the seller the corresponding tax amounts for the period from the property's transfer date to December 31 of that year as part of the purchase prices of each property, and capitalizes these amounts as the cost of the property. Capitalized property tax for the period ended August 31, 2022 amounted to ¥4 million. No property tax was capitalized for the period ended February 28, 2023.

Accounting Treatment of Beneficiary Interests in Trust Assets including Real Estate

For trust beneficiary interests in real estate, all assets and liabilities associated with assets in trust as well as all income generated and expenses incurred from assets in trust are recorded in the relevant balance sheet and income statement accounts.

Note 3 Significant Accounting Estimates

Impairment of Investment Properties and Other Assets

(1) Carrying amount in the financial statements

	Yen in millions	
	As of February 28, 2023	As of August 31, 2022
Investment properties	¥308,231	¥309,602
Other assets	616	616

(2) Information on the details of the significant accounting estimates for identified items

In accordance with the Accounting Standard for Impairment of Fixed Assets, NAF has applied the accounting treatment to reduce the book value of investment properties and other assets to a recoverable amount when the invested amount is deemed to be unrecoverable due to lowered profitability.

In applying the accounting treatment, the respective properties owned by NAF are regarded as a single asset group, and judgment is made whether it is required to recognize impairment losses when indications of impairment are deemed to exist for the group due to continuous operating losses, a significant drop in the market value or significant deterioration of the business environment, etc.

Future cash flow estimates are used to determine whether or not to recognize impairment losses. When it is determined that impairment losses should be recognized, the book value is reduced to the recoverable amount, and the reduced amount is recorded as impairment losses.

In calculating the future cash flows, the underlying rent, occupancy rate and real estate rental expenses, etc. are determined by comprehensively taking into account the market trends and transaction cases of similar properties, etc.

The performance and the market value of each property may be affected by the trends in the real estate rental market and real estate transaction market. Accordingly, changes to the assumptions for the estimate may affect the financial position and results of operation of NAF in the following fiscal period.

Note 4 Schedule of Investment Properties

Investment properties as of February 28, 2023 and August 31, 2022 consisted of the following:

	Yen in millions					
	As of February 28, 2023			As of August 31, 2022		
	Acquisition costs	Accumulated depreciation	Book value	Acquisition costs	Accumulated depreciation	Book value
Land	¥ 156,689	¥ —	¥ 156,689	¥ 156,068	¥ —	¥ 156,068
Land in trust	56,171	—	56,171	56,784	—	56,784
Land including trust total	212,861	—	212,861	212,853	—	212,853
Buildings and improvements	104,278	(34,719)	69,558	103,342	(33,138)	70,203
Buildings and improvements in trust	37,606	(14,213)	23,393	38,084	(13,967)	24,116
Buildings and improvements including those in trust total	141,884	(48,933)	92,951	141,426	(47,106)	94,320
Structures	1,799	(1,165)	634	1,769	(1,126)	642
Machinery and equipment	2,428	(1,879)	549	2,408	(1,824)	583
Tools, furniture and fixtures	1,504	(1,144)	359	1,442	(1,107)	335
Construction in process	0	—	0	1	—	1
Structures in trust	1,129	(568)	561	1,137	(559)	578
Machinery and equipment in trust	697	(530)	166	687	(540)	146
Tools, furniture and fixtures in trust	571	(436)	135	555	(427)	128
Construction in process in trust	12	—	12	12	—	12
Other investment properties total	8,143	(5,724)	2,418	8,013	(5,585)	2,428
Total	¥ 362,889	¥ (54,657)	¥ 308,231	¥ 362,293	¥ (52,691)	¥ 309,602

As a result, the figures pertaining to Park Cube Heiwadai as of August 31, 2022 and February 28, 2023 are included in "Real Estate in Trust" and "Real Estate in Kind", respectively.

Note 5 Short-Term Loans and Long-Term Debt

The annual interest rate on short-term loans as of February 28, 2023 was 0.1% and the rates as of August 31, 2022 were 0.1% and 0.2%. Long-term debt consists of the following:

	Yen in millions	
	As of February 28, 2023	As of August 31, 2022
Unsecured loans due 2022 to 2033 principally from banks and insurance companies with interest rates mainly ranging from 0.1% to 1.4%	¥158,500	¥158,500
0.260% unsecured bonds due 2025	2,000	2,000
0.520% unsecured bonds due 2030	2,000	2,000
0.320% unsecured bonds due 2029	1,000	1,000
0.390% unsecured bonds due 2031	2,000	2,000
0.680% unsecured bonds due 2036	1,000	1,000
	¥166,500	¥166,500

The annual maturities of long-term debt as of February 28, 2023 were as follows:

	Yen in millions
Due after one to two years	¥14,500
Due after two to three years	21,500
Due after three to four years	23,500
Due after four to five years	14,000
Due after five years	74,500

NAF currently has commitment line contracts of ¥15,000 million with three financial institutions. The unused amount of such commitment line was ¥15,000 million as of February 28, 2023.

Note 6 Unitholders' Capital

	As of February 28, 2023	As of August 31, 2022	As of February 28, 2022
Total number of common units authorized	4,000,000	4,000,000	4,000,000
Total number of common units issued and outstanding	503,472	503,472	503,472

NAF shall maintain minimum net assets of at least ¥50 million as required by the Act on Investment Trusts and Investment Corporations.

Note 7 Rental Revenues and Expenses

Rental revenues and expenses for the periods ended February 28, 2023, August 31, 2022 and February 28, 2022 were as follows:

	Yen in millions		
	34th Period September 1, 2022 to February 28, 2023	33rd Period March 1, 2022 to August 31, 2022	32nd Period September 1, 2021 to February 28, 2022
Revenues from Property Leasing:			
Rental:			
Rental revenues	¥ 11,340	¥ 11,256	¥ 11,233
Facility charge	520	518	509
Subtotal	11,860	11,775	11,742
Other revenues related to property leasing:			
Income from leasing rights, etc.	365	412	350
Utilities income	20	19	19
Other miscellaneous income	97	120	105
Subtotal	483	552	475
Total revenues from property leasing	12,344	12,327	12,217
Rental Expenses:			
Property management fees	1,270	1,264	1,255
Repairs and maintenance	544	661	559
Real estate taxes	662	664	629
Trust fees	10	9	9
Utilities	188	134	120
Insurance	31	31	19
Depreciation and amortization	1,967	2,022	2,048
Leasing-related service fees, etc.	142	190	177
Other rental expenses	306	340	307
Total rental expenses	5,124	5,319	5,127
Operating income from property leasing activities	¥ 7,219	¥ 7,008	¥ 7,089

Note 8 Breakdown of Gain on Sale of Investment Properties

Gain on sale of investment properties for the periods ended February 28, 2023, August 31, 2022 and February 28, 2022 were as follows:

34th Period (September 1, 2022 to February 28, 2023)

None applicable

33rd Period (March 1, 2022 to August 31, 2022)

Dormy Rakuoku	Yen in millions
Revenues from sale of investment properties	¥405
Cost of investment properties sold	289
Other sales expenses	8
Gain on sale of investment properties	¥107

32nd Period (September 1, 2021 to February 28, 2022)

None applicable

Note 9 Leases

NAF leases some of its investment properties to outside parties under non-cancelable operating leases. As of February 28, 2023 and August 31, 2022, future minimum rental revenues under the non-cancelable operating leases were as follows:

	Yen in millions	
	As of February 28, 2023	As of August 31, 2022
Due within one year	¥ 517	¥ 526
Due after one year	1,318	1,429
Total	¥1,835	¥1,955

Note 10 Income Taxes

NAF is subject to income taxes in Japan. The effective tax rates on NAF's income based on applicable Japanese tax law were 0.02%, 0.02% and 0.02% for the periods ended February 28, 2023, August 31, 2022 and February 28, 2022, respectively. The following table summarizes the significant differences between the statutory tax rates and NAF's effective tax rates for financial statement purposes.

	34th Period September 1, 2022 to February 28, 2023	33rd Period March 1, 2022 to August 31, 2022	32nd Period September 1, 2021 to February 28, 2022
Statutory effective tax rate	31.46%	31.46%	31.46%
Deductible distributions paid	(31.45)	(30.82)	(31.45)
Others	0.01	(0.62)	0.01
Effective tax rate	0.02%	0.02%	0.02%

The tax effects of significant temporary differences that resulted in net deferred tax assets or liabilities as of February 28, 2023, August 31, 2022 and February 28, 2022 were as follows:

	Yen in thousands		
	As of February 28, 2023	As of August 31, 2022	As of February 28, 2022
Deferred tax assets:			
Enterprise taxes	¥13	¥17	¥15
Total deferred tax assets	13	17	15
Net deferred tax assets	¥13	¥17	¥15

NAF was established as an investment corporation under the Act on Investment Trusts and Investment Corporations, and as long as an investment corporation distributes to its unitholders at least 90% of earnings available for dividends for a period and other requirements prescribed in Japanese tax regulations are met, the investment corporation is allowed to deduct the total amount of distributions paid in calculating its taxable income under Japanese tax regulations.

Note 11 Per Unit Information

Information about earnings per unit for the periods ended February 28, 2023, August 31, 2022 and February 28, 2022 and net assets per unit as of February 28, 2023, August 31, 2022 and February 28, 2022 were as follows.

The computation of earnings per unit is based on the weighted average number of common units outstanding during the period. The computation of net assets per unit is based on the number of common units outstanding at each period end.

	Yen		
	34th Period September 1, 2022 to February 28, 2023	33rd Period March 1, 2022 to August 31, 2022	32nd Period September 1, 2021 to February 28, 2022
Earnings per Unit:			
Net income	¥ 10,778	¥ 10,511	¥ 10,485
Weighted average number of common units outstanding	503,472	503,472	503,472
	As of February 28, 2023	As of August 31, 2022	As of February 28, 2022
Net Assets per Unit	¥ 300,728	¥ 300,249	¥ 300,222

Note 12 Transactions with Related Parties

(For the six-month period ended February 28, 2023)

- (1) Parent Company and Major Corporate Unitholders: None applicable
- (2) Affiliates: None applicable
- (3) Sister Companies: None applicable
- (4) Directors and Major Individual Unitholders: None applicable

(For the six-month period ended August 31, 2022)

- (1) Parent Company and Major Corporate Unitholders: None applicable
- (2) Affiliates: None applicable
- (3) Sister Companies: None applicable
- (4) Directors and Major Individual Unitholders: None applicable

(For the six-month period ended February 28, 2022)

- (1) Parent Company and Major Corporate Unitholders: None applicable
- (2) Affiliates: None applicable
- (3) Sister Companies: None applicable
- (4) Directors and Major Individual Unitholders

Classification	Name	Principal business or occupation	Nature of transaction	Amount of transaction (Yen in millions)	Account	Balance at the end of the period (Yen in millions)
Director and/or close relative	Tateyuki Ikura	Executive Director of NAF and President & CEO of MFAFM	Payment of asset management fee to MFAFM (Note 1)	¥920 (Note 2)	Accounts payable	¥1,013
			Payment for the provision of general administration relating to organizational management to MFAFM (Note 3)	¥0	—	—

- Notes: 1. Tateyuki Ikura entered into this transaction as a representative of MFAFM, and this amount is subject to the conditions set forth in the by-laws of NAF.
2. No fees for management related to acquisition of properties included in the book value of each investment property, etc. were required to be disclosed as asset management fees.
3. Tateyuki Ikura entered into this transaction as a representative of MFAFM, and this amount is set forth in the "General Administration Agreement relating to Organizational Management" concluded between NAF and MFAFM.
4. "Balance at the end of the period" includes consumption taxes.

(September 1, 2022 - February 28, 2023)

1. Status of Financial Instruments

(1) Policy for Financial Instruments

NAF procures funds for acquisition of assets and other uses through bank loans, issuance of bonds and investment units.

NAF may enter into derivative transactions solely for the purpose of hedging interest rate risk. Currently, NAF is not engaged in any derivative transactions. NAF strives for efficiency in its funding plans and has an operating policy of minimizing surplus funds.

(2) Financial Instruments, Their Risks and Risk Management System

Funds from loans and bonds are primarily used to acquire assets and repay interest-bearing debt. NAF manages associated liquidity and interest rate fluctuation risks by diversifying its credit sources and maturities, and by mainly using fixed-rate loans.

(3) Supplemental Explanation regarding Fair Values of Financial Instruments

Since certain assumptions and factors are used in calculating fair values of financial instruments, the values may differ if different assumptions and factors are used.

2. Estimated Fair Value of Financial Instruments

Book value, fair value and the difference between the two as of February 28, 2023 were as follows. Notes on the fair values of "cash and cash equivalents" and "short-term loans" have been omitted as they are cash or the book value of these liabilities is considered to approximate fair value because these instruments are settled within a short period of time. The information on "tenant security deposits" has also been omitted as it is immaterial.

	Yen in millions		
	Book value	Fair value	Difference
(1) Long-term loans due within one year	¥ 18,500	¥ 18,551	¥ 51
(2) Bonds	8,000	7,782	(217)
(3) Long-term loans	¥ 140,000	¥ 138,636	¥ (1,363)

Notes: 1. Methods to estimate fair value of financial instruments

(1) Long-term loans due within one year, (2) Bonds and (3) Long-term loans

Fair values of fixed-rate instruments are based on the present value of principal and interest cash flows discounted at the current interest rate estimated to be applied if similar new financing was arranged. Fair values of variable-rate instruments are considered to be their book values because these instruments reflect market interest rates within a short period of time.

2. Repayment schedule for loans and bonds after February 28, 2023

	Yen in millions					
	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Bonds	¥ —	¥ —	¥ 2,000	¥ —	¥ —	¥ 6,000
Long-term loans	18,500	14,500	19,500	23,500	14,000	68,500
Total	¥ 18,500	¥ 14,500	¥ 21,500	¥ 23,500	¥ 14,000	¥ 74,500

(March 1, 2022 to August 31, 2022)

1. Status of Financial Instruments

Same as above.

2. Estimated Fair Value of Financial Instruments

Book value, fair value and the difference between the two as of August 31, 2022 were as follows. Notes on the fair values of "cash and cash equivalents" and "short-term loans" have been omitted as they are cash or the book value of these liabilities is considered to approximate fair value because these instruments are settled within a short period of time. The information on "tenant security deposits" has also been omitted as it is immaterial.

	Yen in millions		
	Book value	Fair value	Difference
(1) Long-term loans due within one year	¥ 22,500	¥ 22,591	¥ 91
(2) Bonds	8,000	7,941	(58)
(3) Long-term loans	¥ 136,000	¥ 136,152	¥ 152

Notes: 1. Methods to estimate fair value of financial instruments

(1) Long-term loans due within one year, (2) Bonds and (3) Long-term loans

Fair values of fixed-rate instruments are based on the present value of principal and interest cash flows discounted at the current interest rate estimated to be applied if similar new financing was arranged. Fair values of variable-rate instruments are considered to be their book values because these instruments reflect market interest rates within a short period of time.

2. Repayment schedule for loans and bonds after August 31, 2022

	Yen in millions					
	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Bonds	¥ —	¥ —	¥ 2,000	¥ —	¥ —	¥ 6,000
Long-term loans	22,500	15,500	14,500	21,500	12,000	72,500
Total	¥ 22,500	¥ 15,500	¥ 16,500	¥ 21,500	¥ 12,000	¥ 78,500

Note 14 Investment and Rental Properties

(September 1, 2022 - February 28, 2023)

NAF owns rental properties including land located in Tokyo and other areas. The book value, net changes in the book value and the fair value of the investment and rental properties were as follows.

Yen in millions			
Book value			Fair value
As of September 1, 2022	Change during the 34th Period	As of February 28, 2023	As of February 28, 2023
¥310,204	¥(1,369)	¥308,835	¥460,410

Notes: 1. "Book value" is the acquisition cost inclusive of acquisition expenses less accumulated depreciation and excluding expenses for construction in process.
2. In "Change during the 34th Period," the main factor for the increase in book value was capital expenditures. The main factors for the decrease in book value was depreciation.
3. "Fair value as of February 28, 2023" is based on appraisals provided by independent real estate appraisers.

Information about profit and loss from investment and rental properties for the period ended February 28, 2023 is disclosed in Note 7, Rental Revenues and Expenses.

(March 1, 2022 - August 31, 2022)

NAF owns rental properties including land located in Tokyo and other areas. The book value, net changes in the book value and the fair value of the investment and rental properties were as follows.

Yen in millions			
Book value			Fair value
As of March 1, 2022	Change during the 33rd Period	As of August 31, 2022	As of August 31, 2022
¥309,327	¥877	¥310,204	¥452,650

Notes: 1. "Book value" is the acquisition cost inclusive of acquisition expenses less accumulated depreciation and excluding expenses for construction in process.
2. In "Change during the 33rd Period," the main factor for the increase in book value was the acquisition of properties for ¥2,496 million. The main factors for the decrease in book value were the sale of Dormy Rakuoku of ¥289 million and depreciation.
3. "Fair value as of August 31, 2022" is based on appraisals provided by independent real estate appraisers.

Information about profit and loss from investment and rental properties for the period ended August 31, 2022 is disclosed in Note 7, Rental Revenues and Expenses.

Note 15 Revenue Recognition

(September 1, 2022 - February 28, 2023)

Information on disaggregation of revenue from contracts with customers

For information on disaggregation of revenue from contracts with customers, please refer to Note 7 "Rental Revenues and Expenses." Note that revenues based on ASBJ Statement No. 13 "Accounting Standard for Lease Transactions" are included in Note 7 "Rental Revenues and Expenses." Revenue from contracts with customers is primarily "utilities income."

(March 1, 2022 - August 31, 2022)

Information on disaggregation of revenue from contracts with customers

For information on disaggregation of revenue from contracts with customers, please refer to Note 7 "Rental Revenues and Expenses" and Note 8 "Breakdown of Gain on Sale of Investment Properties." Note that revenues based on ASBJ Statement No. 13 "Accounting Standard for Lease Transactions" are included in Note 7 "Rental Revenues and Expenses."

Revenue from contracts with customers are primarily "revenues from sale of investment properties" and "utilities income."

(September 1, 2021 - February 28, 2022)

Information on disaggregation of revenue from contracts with customers

For information on disaggregation of revenue from contracts with customers, please refer to Note 7 "Rental Revenues and Expenses." Note that revenues based on ASBJ Statement No. 13 "Accounting Standard for Lease Transactions" are included in Note 7 "Rental revenues and Expenses." Revenue from contracts with customers are primarily "utilities income."

Note 16 Segment Information

(September 1, 2022 - February 28, 2023)

1. Segment Information

Segment information has been omitted as NAF has only one segment, which is real estate leasing business.

2. Related Information

(1) Information by Products and Services

Disclosure of this information has been omitted as NAF has a single product/service line that accounts for more than 90% of total revenues.

(2) Information by Geographic Areas

1) Operating revenues

Disclosure of this information has been omitted as total domestic revenues account for more than 90% of total revenues.

2) Investment properties

Disclosure of this information has been omitted as total domestic investment properties account for more than 90% of the book value of total investment properties.

(3) Information on Major Tenants

Tenant	Operating revenues (Yen in millions)	Related segment
Mitsui Fudosan Residential Lease Co., Ltd.	¥11,731	Real estate leasing business

(March 1, 2022 - August 31, 2022)

1. Segment Information

Segment information has been omitted as NAF has only one segment, which is real estate leasing business.

2. Related Information

(1) Information by Products and Services

Disclosure of this information has been omitted as NAF has a single product/service line that accounts for more than 90% of total revenues.

(2) Information by Geographic Areas

1) Operating revenues

Disclosure of this information has been omitted as total domestic revenues account for more than 90% of total revenues.

2) Investment properties

Disclosure of this information has been omitted as total domestic investment properties account for more than 90% of the book value of total investment properties.

(3) Information on Major Tenants

Tenant	Operating revenues (Yen in millions)	Related segment
Mitsui Fudosan Residential Lease Co., Ltd.	¥11,701	Real estate leasing business

(September 1, 2021 - February 28, 2022)

1. Segment Information

Segment information has been omitted as NAF has only one segment, which is real estate leasing business.

2. Related Information

(1) Information by Products and Services

Disclosure of this information has been omitted as NAF has a single product/service line that accounts for more than 90% of total revenues.

(2) Information by Geographic Areas

1) Operating revenues

Disclosure of this information has been omitted as total domestic revenues account for more than 90% of total revenues.

2) Investment properties

Disclosure of this information has been omitted as total domestic investment properties account for more than 90% of the book value of total investment properties.

(3) Information on Major Tenants

Tenant	Operating revenues (Yen in millions)	Related segment
Mitsui Fudosan Residential Lease Co., Ltd.	¥11,555	Real estate leasing business

Note 17	Significant Subsequent Events
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None applicable

Independent Auditor's Report



Independent auditor's report

To the Board of Directors of Nippon Accommodations Fund Inc.:

Opinion

We have audited the accompanying financial statements of Nippon Accommodations Fund Inc. ("the Company"), which comprise the balance sheets as at February 28, 2023 and August 31, 2022, the statements of income, statements of changes in net assets and statements of cash flows for each of the six months ended February 28, 2023, August 31, 2022 and February 28, 2022, a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at February 28, 2023 and August 31, 2022, and its financial performance and its cash flows for each of the six months ended February 28, 2023, August 31, 2022 and February 28, 2022 in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the information included in the NAF Report, but does not include the financial statements and our auditor's report thereon. Management is responsible for the preparation and presentation of the other information. Supervisory Directors are responsible for overseeing the executive director's performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Supervisory Directors for the Financial Statements

Independent Auditor's Report

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Supervisory directors are responsible for overseeing the executive director's performance of their duties with regard to the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report

We communicate with the executive director regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the executive director with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with him all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Convenience Translation

The U.S. dollar amounts in the accompanying financial statements with respect to the period ended February 28, 2023 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.



Hiroaki Matsumoto

Designated Engagement Partner

Certified Public Accountant



Takashi Matsui

Designated Engagement Partner

Certified Public Accountant

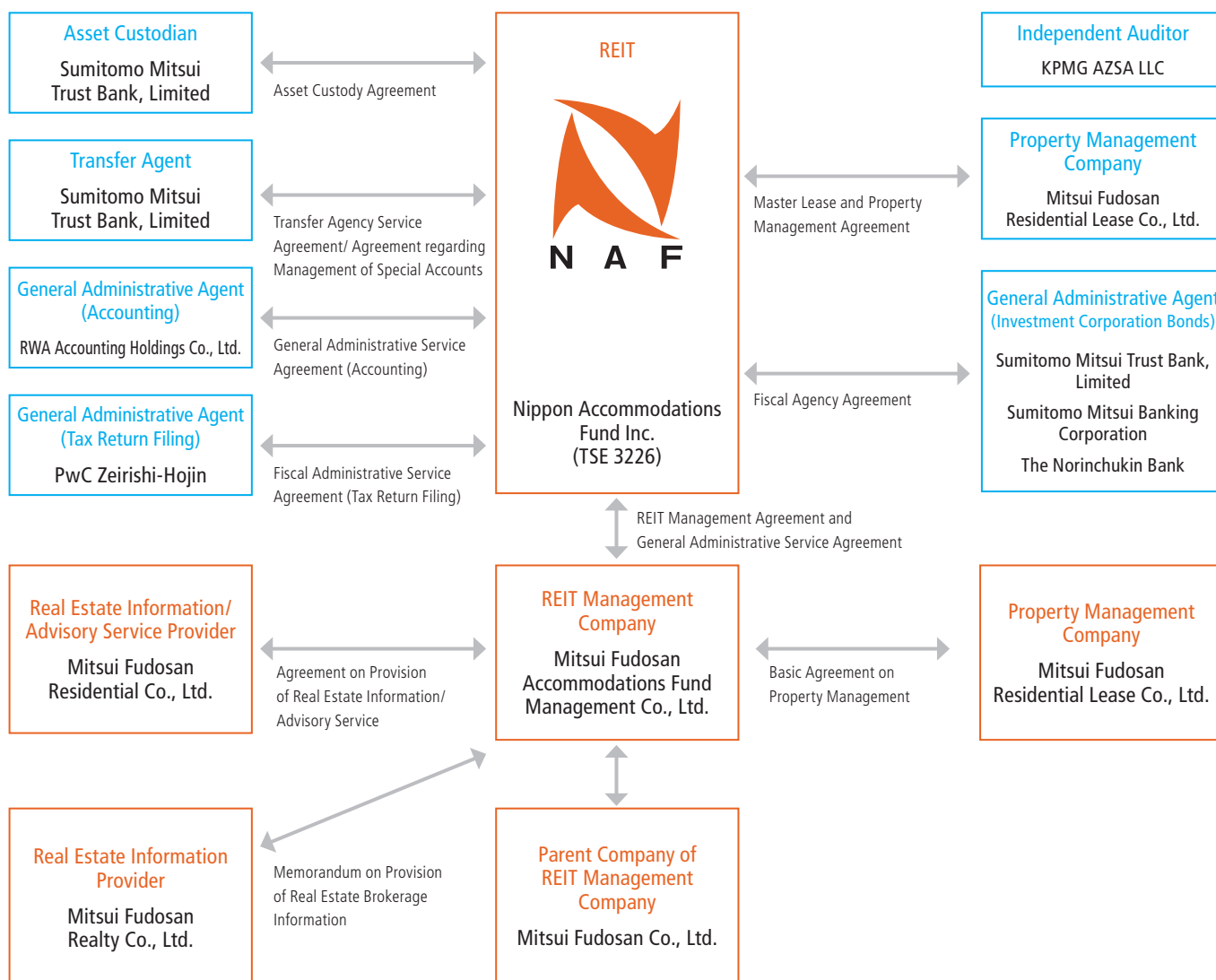
KPMG AZSA LLC

Tokyo Office, Japan

May 29, 2023

Summary of REIT

Structure of REIT (as of February 28, 2023)



Nippon Accommodations Fund Inc. ("NAF") has concluded a REIT Management Agreement with Mitsui Fudosan Accommodations Fund Management Co., Ltd., the asset management company required under the Act on Investment Trusts and Investment Corporations, and has entrusted management of all of its assets.

Mitsui Fudosan Accommodations Fund Management Co., Ltd. is a 100 percent subsidiary of Mitsui Fudosan Co., Ltd., and has concluded contracts with other companies in the Mitsui Fudosan Group to promote smooth, effective management of NAF's assets. Through an Agreement on

Provision of Real Estate Information/Advisory Service with Mitsui Fudosan Residential Co., Ltd., information regarding real estate sales and other management advisory information is provided. In addition, a Memorandum on Provision of Real Estate Brokerage Information with Mitsui Fudosan Realty Co., Ltd. provides access to certain real estate property information. Also, a Basic Agreement on Property Management with Mitsui Fudosan Residential Lease Co., Ltd., is fundamental to NAF's policy of outsourcing property management services of all its rental apartments.

Summary of Asset Management Company

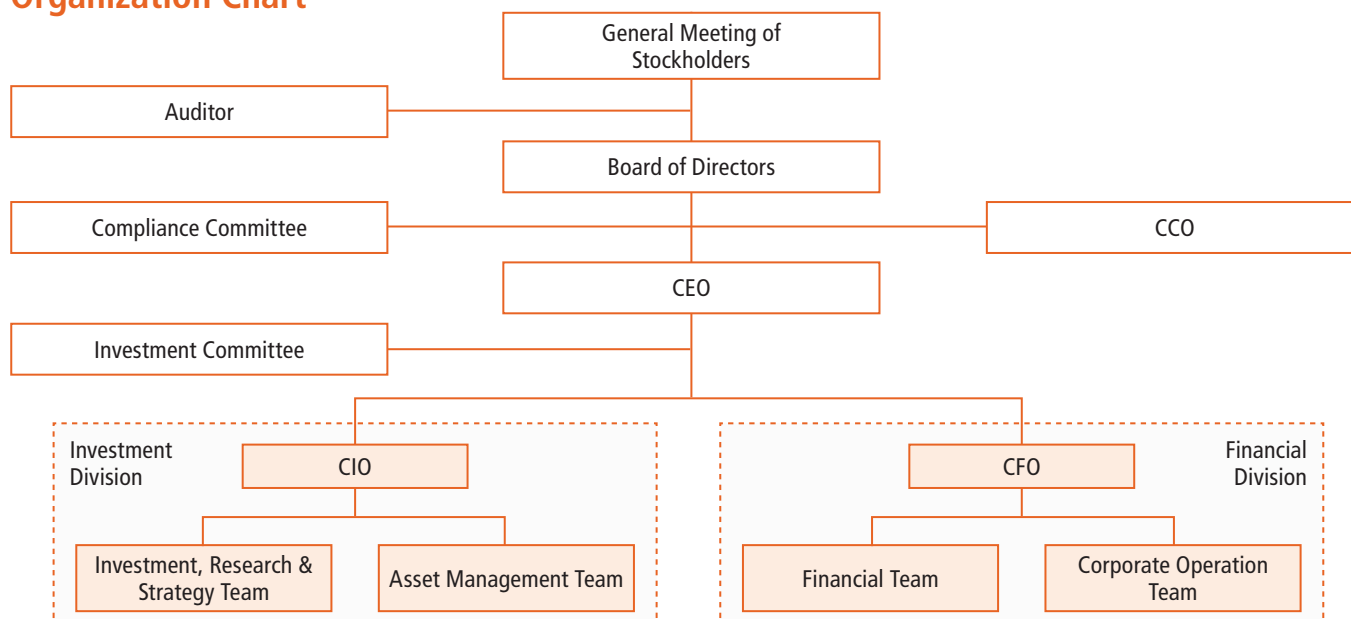
Summary of Asset Management Company (as of February 28, 2023)

Trade name	Mitsui Fudosan Accommodations Fund Management Co., Ltd.
Corporate office	4-1, Nihonbashi 1-chome, Chuo-ku, Tokyo 103-0027, Japan
TEL	+81-3-3246-3677
Date of incorporation	January 4, 2005
Capital	¥300 million
Unitholder	Mitsui Fudosan Co., Ltd. (100%)
Representative	Hiroshi Kojima President & CEO
Main Business	Investment Management Business Financial instruments business operator Director-General of the Kanto Local Finance Bureau (financial instruments business) No. 401
Independent auditor	KPMG AZSA LLC

History

January 4, 2005	Established
March 4, 2005	Obtained license as a building lots and building transactions agent under the Building Lots and Building Transactions Law
March 25, 2005	Changed name (from "MF Residential Asset Management Co., Ltd." to "Mitsui Fudosan Residential Fund Management Co., Ltd.")
July 8, 2005	Obtained approval as a discretionary transaction agent under the Building Lots and Building Transactions Law
September 26, 2005	Obtained approval as a REIT management company under the Investment Trust and Investment Corporation Act of Japan
December 15, 2005	Changed name to Mitsui Fudosan Accommodations Fund Management Co., Ltd.
February 8, 2006	Obtained approval to undertake management of the institutions
September 30, 2007	Registration of financial instruments and exchange business

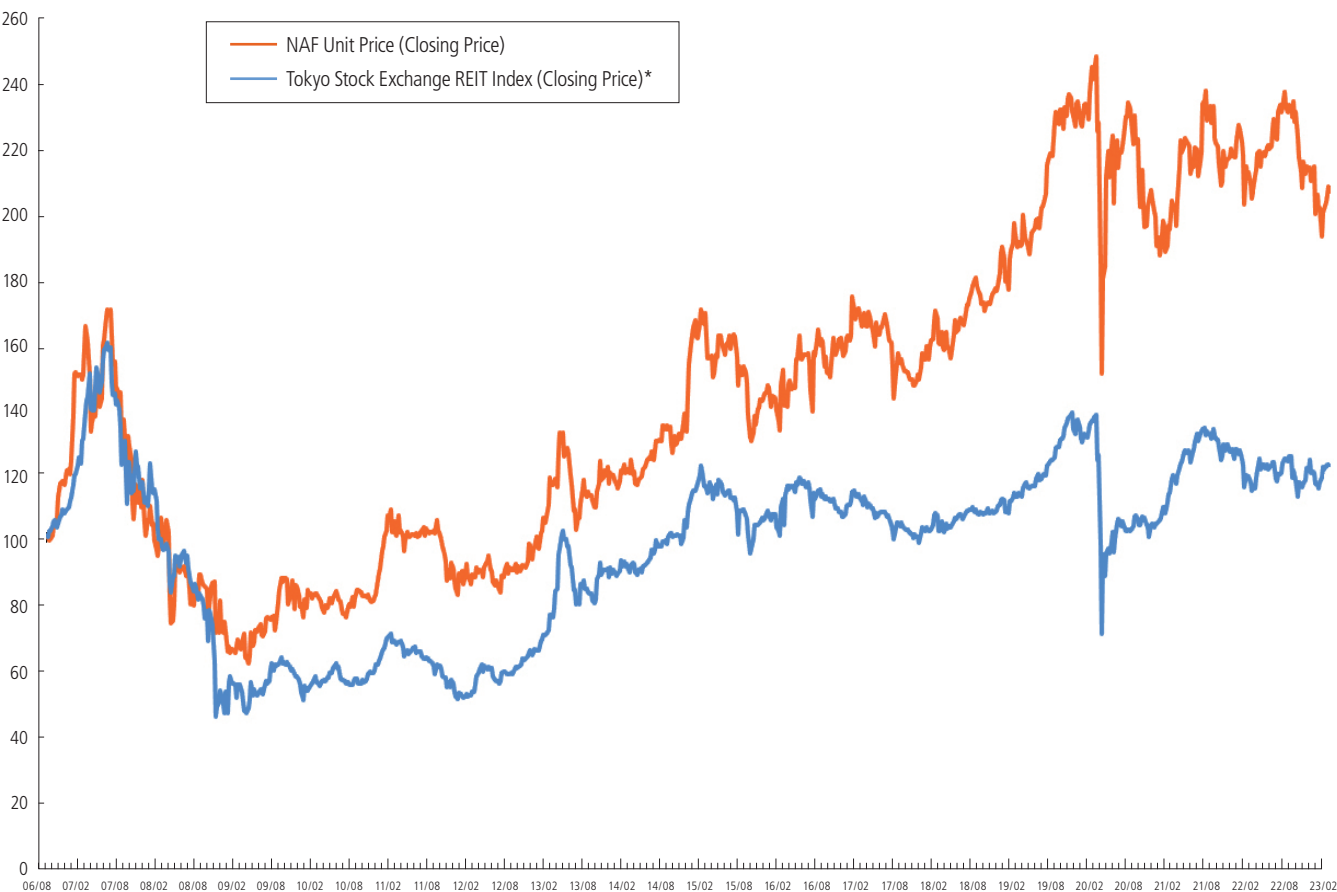
Organization Chart



Status of Unitholders

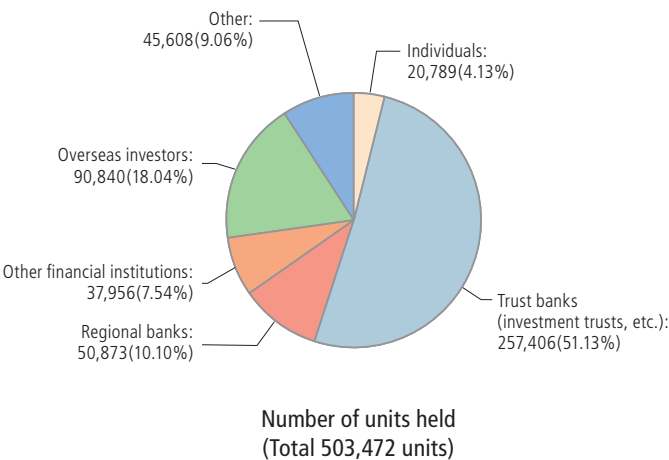
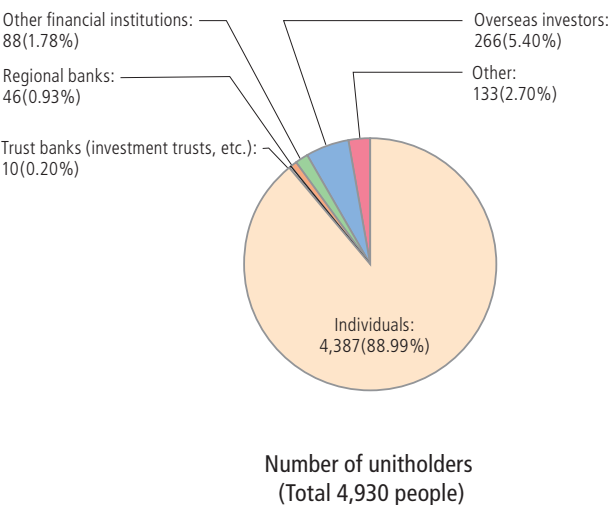
Historical Unit Price since IPO

Index: Date of IPO (NAF: August 4, 2006) = 100



* The Tokyo Stock Exchange calculates and presents the Tokyo Stock Exchange REIT Index, which is a weighted average aggregate market price index for all real estate investment trusts listed on the Tokyo Stock Exchange.

Composition and Distribution of Unitholders (as of February 28, 2023)



Disclaimer

This document was prepared solely for the convenience of and reference by overseas investors and does not correspond to the original Japanese documents. The information provided in this document does not constitute the disclosure or asset management reports required under the Financial Instruments and Exchange Act or Act on Investment Trusts and Investment Corporations.

This English document contains selected information including a partial translation of the Securities Report (Yuka shoken hokokusho) filed on May 31, 2023 pursuant to the Financial Instruments and Exchange Law of Japan, and the Financial Statements and Performance Information Report for the period from September 1, 2022 to February 28, 2023 of Nippon Accommodations Fund Inc. prepared pursuant to the Act on Investment Trusts and Investment Corporations. This document should not be deemed a summary of the above mentioned Securities Report and the Financial Statements and Performance Information Report. Nippon Accommodations Fund Inc. has exercised due care in providing the information in this document, but does not guarantee its accuracy or completeness.

The contents of this document do not constitute an offer to sell or solicitation of an offer to buy or sell any securities of Nippon Accommodations Fund Inc. or otherwise, nor is it advice or the recommendation of Nippon Accommodations Fund Inc. to enter into any transaction. Factors including changes in the price or earning capacity of real estate under management, or worsening of the financial condition of the issuing entity, may cause the trading price of real estate investment securities to drop, resulting in a loss for the investor. Investment decisions should be based on your own judgment and responsibility. Please consult with a securities company regarding the purchase of units or investment corporation bonds of Nippon Accommodations Fund Inc.

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