



NAF Report 30th Period

September 2020 – February 2021





Contents

Strategies and Features of NAF	2
To Our Stakeholders	4
Financial Highlights	5
Status of Portfolio	6
Portfolio Map.....	7
Sustainability Initiatives	8
Portfolio Summary.....	10
Management's Discussion and Analysis.....	13
Financial Statements.....	22
Notes to Financial Statements.....	26
Independent Auditor's Report.....	37
Summary of REIT	40
Summary of Asset Management Company	41
Status of Unitholders	42
Disclaimer	43

Distribution

Confirmed distribution

30th Period (Feb.21)
Per unit **¥10,080**

Expected distribution

31st Period (Aug.21)
Per unit **¥9,750**

Expected distribution

32nd Period (Feb.22)
Per unit **¥9,920**

* The forecasted figures are calculated based on certain assumptions as of April 19, 2021. 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, 2020 to February 28, 2021 released on April 19, 2021.

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

Strategies and Features of NAF

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

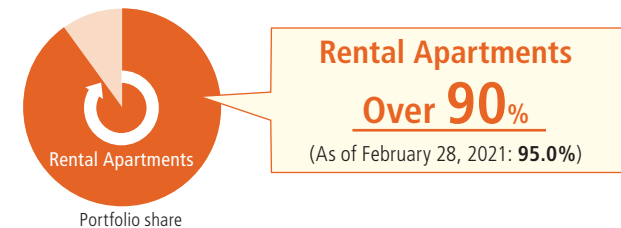
NAF defines real estate that is mainly used/may be used for residence or hotels as "Accommodation Assets" and invests in two areas of "Rental Apartments" and "Hospitality Facilities."

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

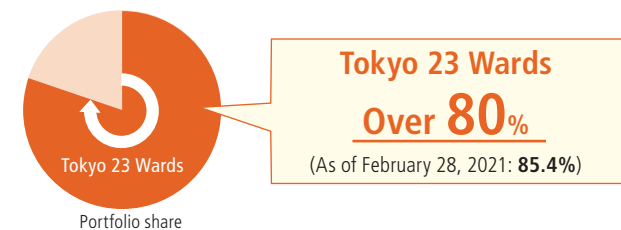
■ Investment in Accommodation Assets



■ Proportion of Investment in Assets



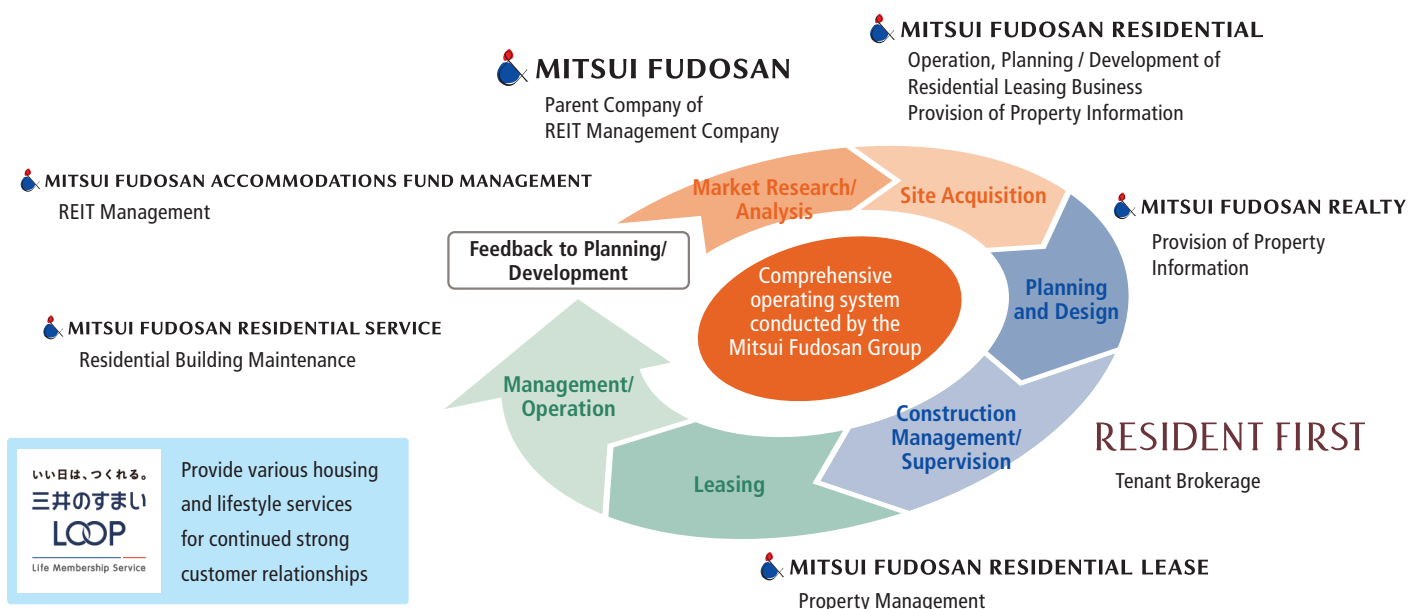
■ Investment Areas



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

88.4%

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

82.9%

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)

¥318.4billion

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

96.4%

(30th 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 30th period (February 28, 2021).
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



Nippon Accommodations Fund Inc. Management Team



From left: Hiroaki Saito, Takashi Ikeda,
Tateyuki Ikura, Tsunehisa Ota,
Mitsutoshi Masuda

Takashi Ikeda	Executive Director
Tateyuki Ikura	Executive Director
Tsunehisa Ota (Attorney at Law)	Supervisory Director
Hiroaki Saito (Real Estate Appraiser)	Supervisory Director
Mitsutoshi Masuda (Certified Public Accountant)	Supervisory Director

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, 2021, we have completed our 30th fiscal period (fiscal period ended February 28, 2021). This is entirely due to the support of our unitholders, and for this I would like to express my gratitude.

At its Board of Directors' meeting held on April 19, 2021, NAF approved the financial statements, etc. prescribed by Article 131, paragraph 2 of the Act on Investment Trusts and Investment Corporations. Accordingly, I am pleased to report here an overview of our asset management and operating results for the 30th period (ended February 28, 2021).

As of February 28, 2021, NAF's portfolio consisted of 129 properties and a total acquisition value of ¥318.4 billion. As a result of above operations during the period, NAF recorded total revenues of ¥11,560 million, operating income of ¥5,266 million and net income of ¥4,861 million. The distribution per unit was ¥10,080.

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.

Tateyuki Ikura

Executive Director of Nippon Accommodations Fund Inc.
President and CEO of Mitsui Fudosan Accommodations Fund Management Co., Ltd.

Financial Highlights

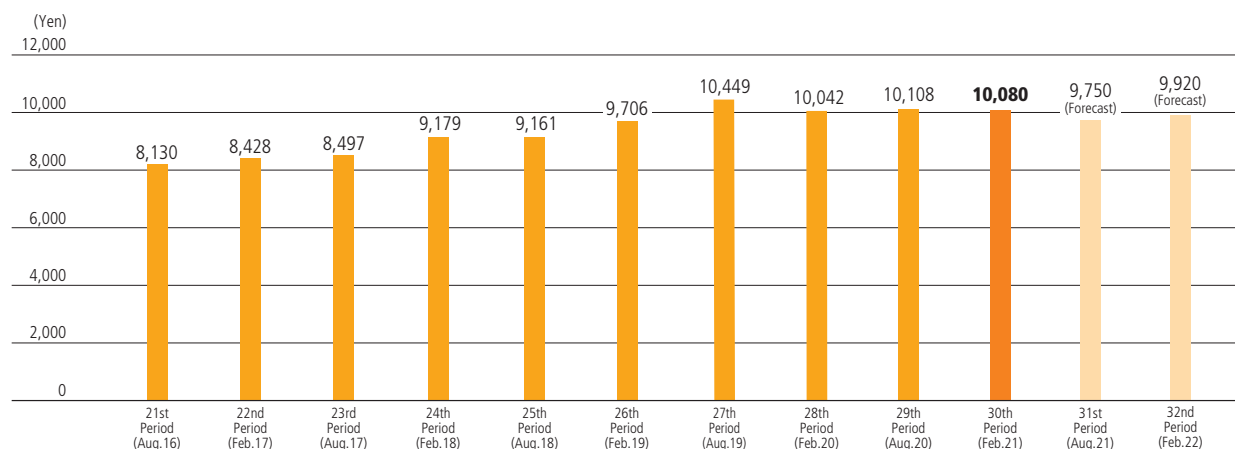
- Distribution per unit for the 30th period came to **¥10,080**.
- Total assets at the end of the period were **¥317,740 million**, interest-bearing debt was **¥159,500 million**, and LTV (Loan-to-Value) ratio was **50.2%**.
- Net assets were **¥151,023 million** (up ¥9 million from the end of the previous fiscal period).

	29th Period (Actual) (Ended August 31, 2020)	30th Period (Actual) (Ended February 28, 2021)	31st Period (Forecast) (Ending August 31, 2021)	32nd Period (Forecast) (Ending February 28, 2022)
Total revenues	¥11,520 million	¥11,560 million	¥11,875 million	¥11,906 million
Operating income	¥5,332 million	¥5,266 million	¥5,289 million	¥5,449 million
Net income	¥4,897 million	¥4,861 million	¥4,834 million	¥4,994 million
LTV (Loan-to-Value) ratio ^{*1}	51.5%	50.2%	50.2%	50.2%
Distribution per unit	¥10,108	¥10,080	¥9,750	¥9,920
Assets under management				
Acquisition price basis	¥316,208 million	¥318,441 million	¥328,240 million	¥328,240 million
Number of properties	128	129	131	131

*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, 2021. 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, 2020 to February 28, 2021 released on April 19, 2021.
(Please view the above Financial Results from the NAF website (<https://www.naf-r.jp/english/>)).

Capital Increase Through Public Offering

Number of investment units issued	18,000 units (public offering) 950 units (third-party allocation)	Total amount of issue value	¥9,846,287,350 (including third-party allocation)
Issue price Issue value	Per unit ¥537,225 Per unit ¥519,593	Payment date	December 15, 2020 (public offering) January 13, 2021 (third-party allocation)

Status of Portfolio

NAF is realizing steady external growth and stable revenues by leveraging the value chain of the Mitsui Fudosan Group, acquiring stable and selective properties, and conducting suitable management of operations.

New Acquisitions in the 30th and 31st Period

■ New Acquisition in the 30th Period

	Property name	Location	Acquisition date	Acquisition price (Yen in millions)	Rentable units (Units)
Rental Apartments	Park Axis Toyochō Shinsui Koen	Koto-ku, Tokyo	October, 1 2020	2,233	67 residential, 1 retail, etc.

* NAF acquired 35% co-ownership of Park Axis Toyochō Shinsui Koen, and "rentable units" are calculated by multiplying co-ownership by the total number of rooms and rounding to the nearest whole number.

■ New Acquisitions in the 31st Period

	Property name	Location	Acquisition date	Acquisition price (Yen in millions)	Rentable units (Units)
Rental Apartments	Park Axis Toyochō Shinsui Koen	Koto-ku, Tokyo	April, 5 2021	4,147	123 residential, 1 retail, etc.
Rental Apartments	Park Cube Oimachi Residence	Shinagawa-ku, Tokyo	April, 5 2021	1,742	51 residential
Rental Apartments	Park Axis Ofuna	Yokohama-shi, Kanagawa	April, 5 2021	2,100	73 residential
Hospitality Facilities	Campus terrace Waseda	Bunkyo-ku, Tokyo	April, 5 2021	1,810	82

* NAF acquired 65% co-ownership of Park Axis Toyochō Shinsui Koen, and "rentable units" are calculated by multiplying co-ownership by the total number of rooms and rounding to the nearest whole number.

* NAF acquired 30% co-ownership of Park Cube Oimachi Residence, and "rentable units" are calculated by multiplying co-ownership by the total number of rooms and rounding to the nearest whole number.



Park Cube Oimachi Residence



Park Axis Toyochō Shinsui Koen



Park Axis Ofuna



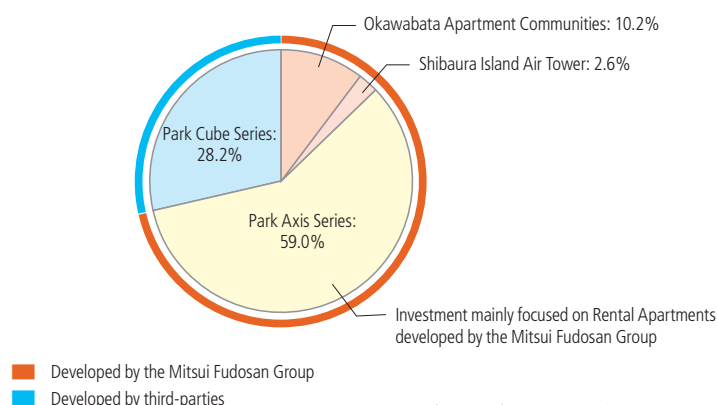
Campus terrace Waseda

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.

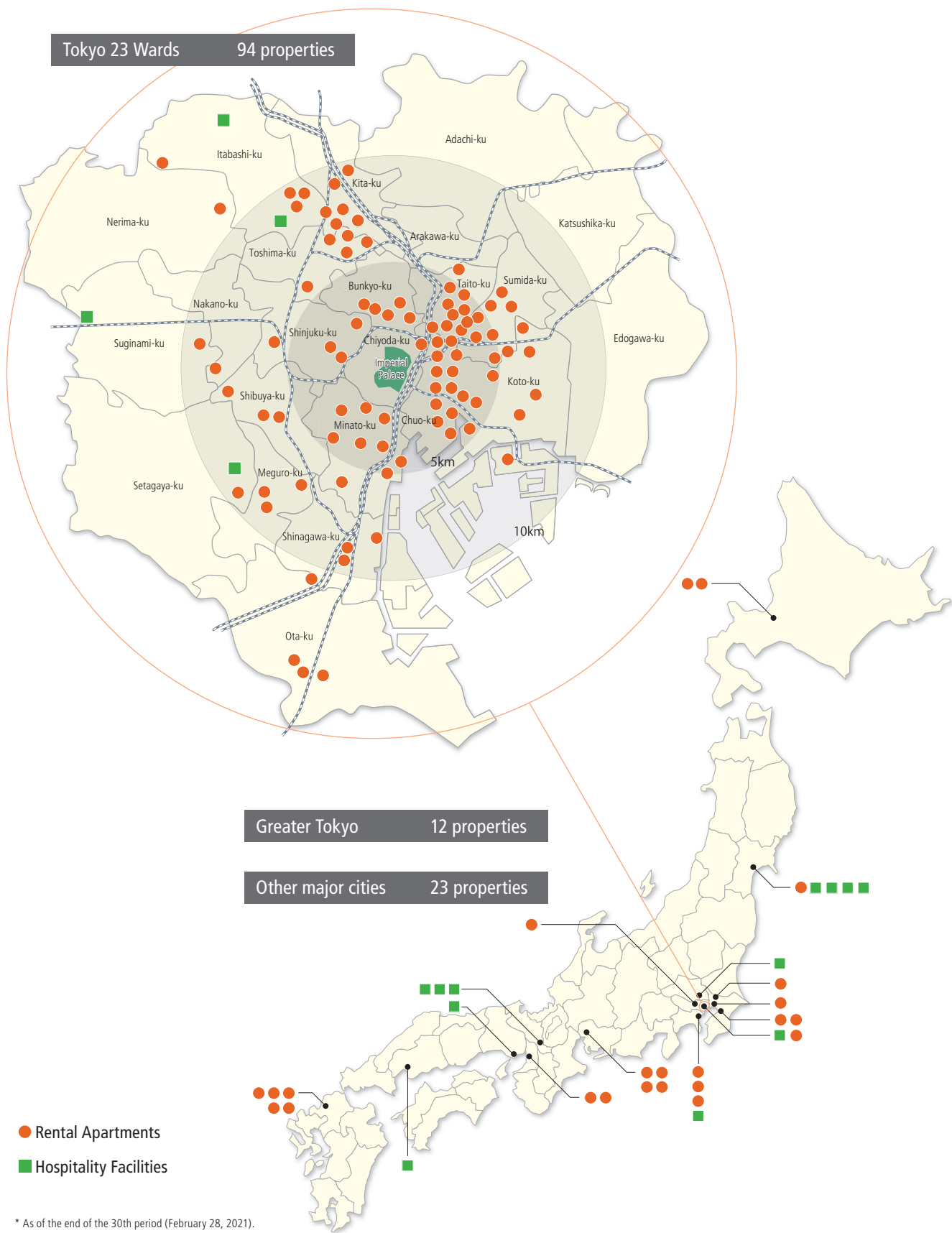
Asset Classification of Rental Apartments



* As of the end of the 30th period (February 28, 2021).

* The calculation is based on an acquisition price.

Portfolio Map



Sustainability Initiatives

1 Structure for Promotion and External Assessment

Sustainability Policy

Reduction of Environmental Load

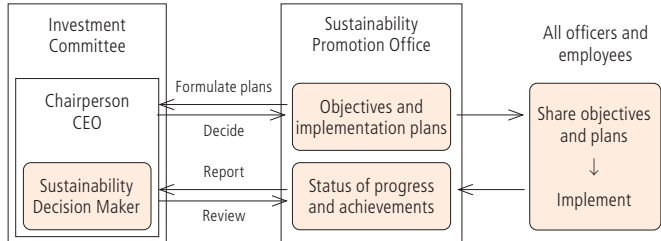
Collaborations with Various
Internal and External Stakeholders

Initiatives for Governance

<https://www.naf-r.jp/english/profile/3-4.html>

In-House Structure for Promotion of Sustainability

Sustainability Promotion Office established to ensure effective sustainability policies



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

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
91 properties
In the 30th Period
1 property

(As of February 28, 2021)



Okawabata Apartment Communities (Parking)

External Certification of Investment Properties

We strive to acquire DBJ Green Building certification to ensure the validity and objectivity of the results of our initiatives to reduce environmental impact.



Certification Details	
No. of properties	5
Total floor space	208,088m²
Percentage of floor space certified	28.6 %

(As of February 28, 2021)

Environmental Performance

Targets

Energy consumption,
CO₂ emissions from energy use

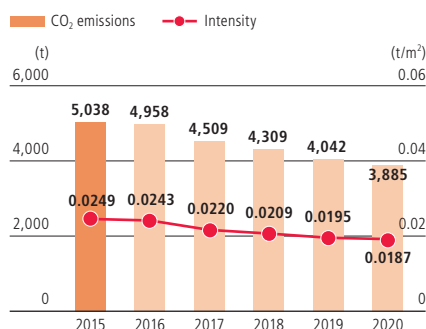
Average annual reduction of 1%
over five years using 2015 as the
baseline (based on intensity)

Water consumption

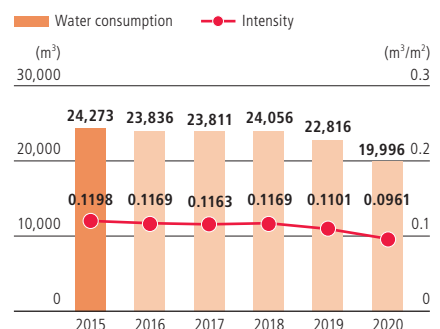
No increase in amount used
over five years using 2015 as the
baseline (based on intensity)

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

■ 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.



Disaster prevention event (Demonstration of Water discharge by fire department members)

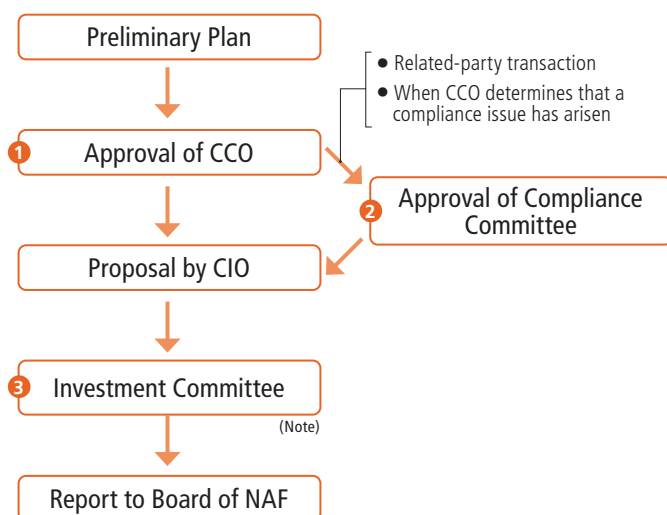


Disaster prevention event (Disaster prevention drills for local residents)

*For 2020, cancelled in order to prevent expansion of COVID-19.

4 Governance

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



Compliance Checking System

1 Confirmation 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, 2021)

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	9.7	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	0.6	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	1.6	4,704.44	99	4.2
8	Park Axis Bunkyo Stage	Bunkyo-ku, Tokyo	4,440	1.4	6,078.93	154	3.6
9	Park Axis Tsukishima	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	2.4	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	0.9	2,710.69	70	3.5
17	Park Axis Roppongi Hinokicho Koen	Minato-ku, Tokyo	2,170	0.7	2,054.46	46	5.8
18	Park Axis Ochanomizu Stage	Bunkyo-ku, Tokyo	9,710	3.0	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	0.6	2,160.12	60	3.9
21	Park Cube Kanda	Chiyoda-ku, Tokyo	2,454	0.8	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	0.8	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	0.6	1,884.77	60	5.8
30	Park Axis Shin Itabashi	Itabashi-ku, Tokyo	3,430	1.1	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 Toyochō	Koto-ku, Tokyo	3,950	1.2	5,412.40	140	5.8
33	Park Axis Takinogawa	Kita-ku, Tokyo	1,820	0.6	2,924.75	48 residential, 1 retail, etc.	4.0
34	Park Axis Asakusabashi	Taito-ku, Tokyo	2,717	0.9	3,400.78	78 residential, 1 retail, etc.	3.2
38	Park Axis Nihonbashi Hamacho	Chuo-ku, Tokyo	5,540	1.7	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	1.3	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	0.5	1,511.12	65	3.2
46	Park Axis Nishigahara	Kita-ku, Tokyo	840	0.3	1,435.83	46	2.4
47	Park Axis Kinshicho	Sumida-ku, Tokyo	1,448	0.5	2,288.13	65	4.2
48	Park Axis Tatsumi Stage	Koto-ku, Tokyo	7,464	2.3	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	0.5	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	4.5	25,537.94	401 residential, 2 retail, etc.	3.9

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) (%)
60	Park Axis Hatchobori	Chuo-ku, Tokyo	1,760	0.6	2,416.29	63 residential, 1 retail, etc.	3.2
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	0.9	3,599.82	130	5.1
64	Park Cube Hatchobori	Chuo-ku, Tokyo	4,200	1.3	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	0.6	3,661.58	99	3.1
75	Shibaura Island Air Tower (Note 3)	Minato-ku, Tokyo	7,905	2.5	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	1.9	10,636.67	201	3.5
86	Park Cube Sasazuka	Shibuya-ku, Tokyo	2,200	0.7	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	2.8	12,367.62	193 residential, 1 retail, etc.	2.2
93	Park Cube Nihonbashi Suitengu	Chuo-ku, Tokyo	2,711	0.9	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	0.5	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	0.6	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	0.5	1,808.12	49	2.5
111	Park Cube Nishigahara Stage	Kita-ku, Tokyo	4,110	1.3	19,693.35	357 residential, 1 retail, etc.	2.5
112	Park Cube Atagoyama Tower	Minato-ku, Tokyo	8,650	2.7	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	1.3	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	0.5	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	0.8	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	0.8	2,403.67	86 residential, 2 retail, etc.	3.2
133	Park Cube Oimachi Residence	Shinagawa-ku, Tokyo	4,064	1.3	2,989.82	119 residential, 1 retail, etc.	4.0
134	Park Axis Toyochi Shinsui Koen	Koto-ku, Tokyo	2,233	0.7	2,539.10	67 residential, 1 retail, etc.	5.8
Tokyo 23 Wards Total			267,671	84.1	384,123.10	8,509 residential, 29 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	0.4	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	0.4	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
Greater Tokyo Total			12,326	3.9	22,876.13	746 residential, 11 retail, etc.	
27	Park Axis Meieki Minami	Nagoya-shi, Aichi	2,440	0.8	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	0.5	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	0.3	3,729.05	84 residential, 1 retail, etc.	2.4
73	Park Axis Utsubo Koen	Osaka-shi, Osaka	2,399	0.8	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	0.6	4,795.13	63	4.4
Other Major Cities Total			22,555	7.1	65,571.81	1,702 residential, 4 retail, etc.	
Rental Apartments Total			302,552	95.0	472,571.04	10,957 residential, 44 retail, etc.	
76	Dormy Ashiya	Ashiya-shi, Hyogo	928	0.3	3,729.45	140	6.6
77	Kawaijuku Kyoto Gakushin Ryo	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
79	Dormy Rakuohoku	Kyoto-shi, Kyoto	374	0.1	1,489.86	70	8.8
80	Rikkyo University International Dormitory (RUID) Shiki	Shiki-shi, Saitama	1,478	0.5	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	0.4	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	0.4	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
Hospitality Facilities Total			15,889	5.0	43,413.93	1,626	
Grand Total			318,441	100.0	515,984.97	12,627	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, 128 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.
5. Rentable units and rentable area for Park Cube Oimachi Residence are calculated by multiplying NAF's ownership (70%) 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.
6. Rentable units and rentable area for Park Axis Toyochi Shinsui Koen are calculated by multiplying NAF's ownership (35%) 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.
7. Numbers in light orange indicate properties acquired during the 30th Period.

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)
	30th Period September 1, 2020 to February 28, 2021	29th Period March 1, 2020 to August 31, 2020	28th Period September 1, 2019 to February 29, 2020	30th Period September 1, 2020 to February 28, 2021
Total revenues (Note 2)	¥ 11,560	¥ 11,520	¥ 11,401	\$ 108,800
Rental revenues	11,088	10,999	10,934	104,357
Other revenues related to property leasing	471	521	467	4,432
Operating expenses	6,294	6,188	6,094	59,237
Income before income taxes	4,862	4,898	4,866	45,760
Net income (a)	4,861	4,897	4,865	45,750
Funds from operations (Note 3)	6,844	6,897	6,863	64,414
Net operating income from property leasing activities (Note 3)	8,550	8,606	8,564	80,470
Total amount of cash distribution (b)	5,074	4,897	4,865	47,755
Depreciation and amortization	1,982	1,999	1,998	18,654
Capital expenditures	337	296	600	3,171
Total assets (c)	317,740	305,840	301,946	2,990,494
Interest-bearing debt	159,500	157,500	153,500	1,501,176
Total net assets (d)	151,023	141,213	141,181	1,421,392
Total number of common units issued (Units) (e)	503,472	484,522	484,522	
Net assets per unit (Yen/\$) (d) / (e)	299,964	291,448	291,382	2,823.19
Distribution per unit (Yen/\$) (b) / (e)	10,080	10,108	10,042	94.87
Funds from operations per unit (Yen/\$) (Note 3)	13,594	14,234	14,165	127.94
ROA (Note 4)	1.6%	1.6%	1.6%	
(Annual rate)	(3.1%)	(3.2%)	(3.2%)	
ROE (Note 4)	3.3%	3.5%	3.4%	
(Annual rate)	(6.7%)	(6.9%)	(6.9%)	
LTV (Loan-to-value) ratio (Note 3)	50.2%	51.5%	50.8%	
Capital ratio (d) / (c)	47.5%	46.2%	46.8%	
Payout ratio (b) / (a) (Note 5)	104.4%	100.0%	100.0%	
Number of days in the period	181	184	182	
Number of investment properties (Note 6)	129	128	126	
Total rentable area (m ²)	515,984	513,445	508,052	
The occupancy rate at the end of the period (Note 6)	97.1%	96.3%	98.3%	

Notes: 1. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥106.25 = U.S.\$1.00, the approximate exchange rate as of February 28, 2021.

2. "Total revenues" do not include consumption tax.

3. 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

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

ROE: Net income ÷ {(Initial net assets + 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.

Annual equivalent amounts for the period ended February 28, 2021: Amount for the period ÷ Actual days in the period (181) × 365 days

Annual equivalent amounts for the period ended August 31, 2020: Amount for the period ÷ Actual days in the period (184) × 365 days

Annual equivalent amounts for the period ended February 29, 2020: Amount for the period ÷ Actual days in the period (182) × 366 days

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

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

6. "Number of investment properties" means 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, 2021 (the “30th Period”), the Japanese economy showed signs of recovery despite the situation continuing to be difficult due to the impact of novel coronavirus disease (COVID-19). Amid the recovery of exports due to the economies of major trade partners improving, production activities, primarily in the manufacturing industry, steadily recovered as well. Corporate earnings, primarily in the manufacturing industry, also recovered. Furthermore, despite personal consumption also recovering as a result of various policies, there was weakness, primarily in the consumption of services, such as travel and eating out, due to the declaration of a state of emergency applicable to 11 prefectures due to the infection disease spreading again in January, 2021.

In NAF’s main investment area, the residential rental market, despite the expected impact, such as the number of contracts concluded decreasing significantly due to the stagnation of tenant recruiting activities because of the spread of infection, in the previous period, tenant recruiting activities in the period under review has generally returned to normal. However, there are signs that the balance of supply and demand of rental apartments will change in central Tokyo, which has been extremely tight thus far, as tenants’ needs are diversifying due to lifestyle changes that came about because of the spread of infection.

In the real estate trading market, transactions by investors in Japan and overseas were carried out in a proactive manner as demand from investors with regard to rental apartments, where occupancy and revenue is stable, was steady.

During the period under review, NAF newly acquired 35% co-ownership of Park Axis Toyochi Shinsui Koen in October 2020 (acquisition price of ¥2,233 million).

As a result, NAF’s portfolio as of February 28, 2021 consisted of 129 properties valued at ¥318,441 million on an acquisition price basis.

In this environment, as a result of 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 collaborating and working on management and operation of NAF’s rental apartments portfolio, occupancy rates for rental apartments improved from 96.0% at the end of the previous period (the 29th Period) to 96.8% at the end of the period under review, and rent change before and after turnover maintained an upward trend at 3.2% at the time of tenant turnover. In addition, 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), rental revenue is stable because NAF concludes long-term contracts regarding fixed rents to a professional operator or business corporation. Regarding the circumstances of each property, despite the difficult situation continuing due to reduced demand 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 renovations 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, energy-saving facilities, which includes 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, 2021 remained at a high level of 97.1%.

Consequently, for the 30th Period, NAF recorded total revenues of ¥11,560 million, operating income of ¥5,266 million, income before income taxes of ¥4,862 million and net income of ¥4,861 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, 2021 increased from August 31, 2020 by ¥11,900 million to ¥317,740 million. Total current assets increased by ¥11,154 million to ¥24,309 million and total investment properties net of accumulated depreciation compared with August 31, 2020 increased by ¥733 million to ¥291,625 million as a result of NAF's acquisition of one property (acquisition price ¥2,233 million) during the 30th Period, in addition to 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. During the period under review, NAF procured ¥9,846 million in funds by issuing a total of 18,950 investment units by public offering and third-party allocation, and newly borrowed ¥2,000 million in funds from financial institutions in order to appropriate funds for the acquisition of new properties. In addition, NAF pursued 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 ¥159,500 million (¥2,000 million increase from previous period), the long-term debt ratio was 98.1%, the long-term, fixed-rate debt ratio was 95.6%, and the loan-to-value (LTV) ratio was 50.2%. The average annual current maturity of long-term interest-bearing debt was 4.6 years and the number of financial institutions was 26. Furthermore, the weighted average interest rate at the end of the period was 0.54%.

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

Net assets totaled ¥151,023 million as of February 28, 2021. Unitholders' capital increased to ¥145,449 million from ¥135,603 million as of August 31, 2020, and retained earnings decreased to ¥5,573 million from ¥5,609 million as of August 31, 2020.

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 30th Period, cash distributions totaled ¥5,074,997,760 (retained earnings plus reversal of reserves for reduction entry of ¥213 million), or ¥10,080 per unit.

	Yen in thousands, except per unit amounts		
	30th Period September 1, 2020 to February 28, 2021	29th Period March 1, 2020 to August 31, 2020	28th Period September 1, 2019 to February 29, 2020
Retained earnings	¥4,861,818	¥4,897,760	¥4,865,756
Reversal of reserves for reduction entry	213,179	—	—
Undistributed earnings	—	212	187
Total cash distribution	5,074,997	4,897,548	4,865,569
(Per unit)	10,080	10,108	10,042
Distribution of retained earnings	5,074,997	4,897,548	4,865,569
(Per unit)	10,080	10,108	10,042
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, 2021, 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

High/Low (closing price) of units on the Tokyo Stock Exchange:

	30th Period September 1, 2020 to February 28, 2021	29th Period March 1, 2020 to August 31, 2020	28th Period September 1, 2019 to February 29, 2020	27th Period March 1, 2019 to August 31, 2019	26th Period September 1, 2018 to February 28, 2019
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
High	¥663,000	¥688,000	¥728,000	¥682,000	¥582,000
Low	541,000	442,000	652,000	544,000	499,000

Borrowings

Borrowings from financial institution as of February 28, 2021 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	0.12409%	March 31, 2021	Bullet payment	(Note 3)	Unsecured/ unguaranteed/ pari passu (Note 4)
The 77 Bank, Ltd.	1,000	0.12409% (Note 6)	November 30, 2021			
Total short-term loans	¥3,000					

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	¥ 3,000	0.65750%	May 28, 2021	Bullet payment	(Note 3)	Unsecured/ unguaranteed/ pari passu (Note 4)
	2,000	0.51375%	November 30, 2021			
	1,500	0.21318% (Note 5)	July 31, 2029			
	2,000	0.19950%	August 15, 2022			
	2,000	0.20700%	September 30, 2022			
	2,000	0.16000%	May 31, 2023			
	4,500	0.18000%	February 29, 2024			
	1,000	0.26000%	February 27, 2026			
Sumitomo Mitsui Trust Bank, Limited	1,500	0.12818% (Note 5)	August 31, 2023			
	1,000	0.16818% (Note 5)	August 31, 2027			
	2,000	0.22000%	September 30, 2025			
NIPPON LIFE INSURANCE COMPANY	2,000	0.93375%	November 30, 2022			
	3,000	0.98750%	May 31, 2024			
	1,000	0.51375%	November 30, 2021			
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	0.63900%	April 9, 2021			
	1,000	0.23550%	September 17, 2024			
	1,500	0.29000%	May 29, 2026			
Mizuho Bank, Ltd.	2,000	0.82500%	November 30, 2021			
	1,000	0.18561%	May 31, 2022			
	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			
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			
Shinsei Bank, Limited	1,000	1.22500%	January 19, 2023			
	1,000	0.65750%	May 28, 2021			
	1,000	0.99250%	May 28, 2024			
Shinkin Central Bank	2,000	0.38880%	January 29, 2027			
	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			

Lender	Balance (Yen in millions)	Interest rate (Note 1)	Date of maturity	Repayment method	Use of funds	Notes
The Bank of Fukuoka, Ltd.	¥ 2,000	0.43500%	February 26, 2027	Bullet payment	(Note 3)	Unsecured/ unguaranteed/ pari passu (Note 4)
	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.	1,000	0.96250%	August 23, 2021			
	3,000	0.79375%	March 7, 2022			
	3,000	0.85500%	September 7, 2022			
	3,000	0.76500%	May 31, 2022			
	2,000	0.53250%	October 1, 2021			
	3,000	0.62125%	October 3, 2022			
	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			
The Norinchukin Bank	2,000	0.43250%	December 30, 2021			
	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.	1,000	1.04000%	June 14, 2021			
	1,000	1.15750%	June 14, 2022			
	1,000	1.02438%	February 23, 2022			
	1,000	1.08625%	August 23, 2022			
	1,500	0.38380%	March 29, 2028			
	1,000	0.42000%	February 28, 2029			
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			
Daishi Hokuetsu Bank, Ltd.	1,000	0.40062%	June 30, 2021			
	1,000	0.09000%	July 30, 2021			
TAIJU LIFE INSURANCE COMPANY LIMITED	1,000	1.04375%	March 28, 2024			
The Ashikaga Bank, Ltd.	2,000	0.27000%	December 30, 2025			
DAIDO LIFE INSURANCE COMPANY	1,000	0.57875%	June 30, 2021			
TAIYO LIFE INSURANCE COMPANY	2,000	0.64750%	December 30, 2024			
The Iyo Bank, Ltd.	1,000	0.09000%	March 31, 2022			
The Yamanashi Chuo Bank, Ltd.	1,000	0.31630%	June 30, 2026			
	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			
The Chiba Bank, Ltd.	1,000	0.32250%	September 3, 2025			

Lender	Balance (Yen in millions)	Interest rate (Note 1)	Date of maturity	Repayment method	Use of funds	Notes
SUMITOMO LIFE INSURANCE COMPANY	¥ 1,000	0.66000%	September 3, 2030	Bullet payment	(Note 3)	Unsecured/ unguaranteed/ pari passu (Note 4)
	1,000	0.68000%	April 30, 2032			
	1,000	0.48000%	July 1, 2030			
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			
Total long-term loans	¥152,500					
Total loans	¥155,500					

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 26, 2021 to March 30, 2021.

6. The interest rate is applied from February 26, 2021 to May 30, 2021.

7. The expected annual maturities of long-term loans within five years (excluding maturities within one year) of 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	¥23,000	¥18,500	¥14,500	¥13,500

Bonds

Issue	Issue date	Balance as of February 28, 2021 (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			
Total		¥4,000					

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 of the date of the balance sheet 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, 2020 to February 28, 2021)	Cumulative amount paid
				(Yen in millions)	
Okawabata Apartment Communities, Riverpoint Tower	Renewal of air conditioners in rentable areas (Phase I)	From August 2021 to February 2022	¥225	¥—	¥—
Okawabata Apartment Communities, Riverpoint Tower and Other	Renovation of rentable areas	From March 2021 to August 2021	80	—	—
Dormy Kamisugi	Repair works in common use area	From August 2021 to December 2021	70	—	—
Okawabata Apartment Communities, Okawabata Parking Lot	Replacement of parts for mechanical parking system	From July 2021 to February 2022	36	—	—
Park Axis Takinogawa	Repair of outside walls	From June 2021 to August 2021	35	—	—
Park Axis Shin Sapporo	Repair of outside walls	From September 2021 to November 2021	15	—	—

2. Capital Expenditures for the Current Period

The following table sets forth the capital expenditures for the current period. NAF posted ¥337 million in capital expenditures together with ¥591 million for repairs and maintenance expenses.

Name of property	Objective	Period	Expenditure (Yen in millions)
Okawabata Apartment Communities, Okawabata Parking Lot	Renewal of car compartments for mechanical parking system	From November 2020 to December 2020	¥ 64
Okawabata Apartment Communities, Riverpoint Tower and Other	Renovation of 6 rentable areas	From September 2020 to February 2021	41
Park Axis Naka Gofukumachi	Repair of outside walls	From September 2020 to February 2021	31
Okawabata Apartment Communities, Okawabata Parking Lot	Replacement of parts for mechanical parking system	From July 2020 to February 2021	23
Other capital expenditures		From September 2020 to February 2021	176
Total			¥337

Expenses regarding Entrustment, etc.

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

	Yen in millions		
	30th Period September 1, 2020 to February 28, 2021	29th Period March 1, 2020 to August 31, 2020	28th Period September 1, 2019 to February 29, 2020
Asset management fees	¥ 864	¥ 864	¥ 856
Asset custody fees	14	14	14
Agent fees (stock transfer, accounting and administrative)	29	28	28
Directors' remuneration	7	7	7
Auditor's fees	12	12	12
Other expenses	373	347	339
Total	¥1,301	¥1,274	¥1,259

Related Party Transactions

1. Transactions

Category	Total amount 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)	
Acquisition of real estate and real estate held in trust	¥2,233	Mitsui Fudosan Residential Co., Ltd.	¥2,233	100.0%

2. Fees Paid for the Period from September 1, 2020 to February 28, 2021

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	¥760	Mitsui Fudosan Residential Lease Co., Ltd.	¥760	100.0%
Building management fees	391	Mitsui Fudosan Residential Lease Co., Ltd.	386	98.7%
		Mitsui Fudosan Realty Co., Ltd.	4	1.3%
Operation management fees	4	Mitsui Fudosan Investment Advisors, Inc.	4	100.0%
Leasing-related service fees, etc.	178	RESIDENT FIRST CO., LTD.	15	8.5%
		Mitsui Fudosan Realty Co., Ltd.	1	0.6%
		Mitsui Fudosan Realty Tohoku Co., Ltd.	0	0.5%
		Mitsui Fudosan Realty Sapporo Co., Ltd.	0	0.1%
		Mitsui Fudosan Realty Kyushu Co., Ltd.	0	0.0%

3. Other Payments to Related Parties (Note 1)

Paid to	Amount of payment (Yen in millions)	Item
Mitsui Fudosan Facilities Co., Ltd.	¥18	Repair and maintenance costs
Accommodation First Co., Ltd.	10	Repair and maintenance costs
Mitsui Fudosan Realty Co., Ltd.	3	Repair and maintenance costs
Mitsui Fudosan Residential Service Hokkaido Co., Ltd.	2	Repair and maintenance costs

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

2. Figures indicate percentages of total price.

Financial Statements

Balance Sheets

Nippon Accommodations Fund Inc.

As of February 28, 2021 and August 31, 2020

	Yen in millions		U.S. dollars in thousands (Note 1)
	30th Period As of February 28, 2021	29th Period As of August 31, 2020	30th Period As of February 28, 2021
Assets			
Current assets:			
Cash and cash equivalents (Note 2, 11)	¥ 22,682	¥ 11,574	\$ 213,477
Rent receivables	1,540	1,498	14,494
Other current assets	86	82	809
Total current assets	24,309	13,155	228,790
Investment properties (Note 2, 3):			
Land including trust accounts	196,385	194,747	1,848,329
Depreciable property and improvements including trust accounts	141,944	140,866	1,335,943
Accumulated depreciation	(46,704)	(44,721)	(439,567)
Total investment properties	291,625	290,892	2,744,705
Other assets	1,805	1,793	16,988
Total Assets	¥ 317,740	¥ 305,840	\$2,990,494
Liabilities and Net Assets			
Liabilities			
Current liabilities:			
Short-term loans (Note 4, 11)	¥ 3,000	¥ 3,000	\$ 28,235
Long-term loans due within one year (Note 4, 11)	20,000	18,000	188,235
Accounts payable	1,430	1,354	13,458
Rent received in advance	1,882	1,854	17,712
Accrued expenses and other liabilities	242	235	2,277
Total current liabilities	26,555	24,445	249,929
Long-term liabilities:			
Long-term loans (Note 4, 11)	132,500	132,500	1,247,058
Bonds (Note 4, 11)	4,000	4,000	37,647
Tenant security deposits (Note 11)	3,661	3,682	34,456
Total long-term liabilities	140,161	140,182	1,319,162
Total Liabilities	¥ 166,717	¥ 164,627	\$1,569,101
Net Assets			
Unitholders' capital (Note 5)	¥ 145,449	¥ 135,603	\$1,368,931
Retained earnings	5,573	5,609	52,451
Total Net Assets	¥ 151,023	¥ 141,213	\$1,421,392
Total Liabilities and Net Assets	¥ 317,740	¥ 305,840	\$2,990,494

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

Statements of Income

Nippon Accommodations Fund Inc.

September 1, 2020 to February 28, 2021, March 1, 2020 to August 31, 2020 and September 1, 2019 to February 29, 2020

	Yen in millions			U.S. dollars in thousands (Note 1)
	30th Period September 1, 2020 to February 28, 2021	29th Period March 1, 2020 to August 31, 2020	28th Period September 1, 2019 to February 29, 2020	30th Period September 1, 2020 to February 28, 2021
Revenues				
Rental (Note 6)	¥ 11,088	¥ 10,999	¥ 10,934	\$ 104,357
Other revenues related to property leasing (Note 6)	471	521	467	4,432
Total revenues	11,560	11,520	11,401	108,800
Operating Expenses				
Property management fees (Note 6)	1,187	1,169	1,174	11,171
Real estate taxes and insurance (Note 6)	636	636	621	5,985
Repairs and maintenance (Note 6)	591	519	465	5,562
Other rental expenses (Note 6)	593	588	575	5,581
Depreciation and amortization (Note 6)	1,982	1,999	1,998	18,654
Asset management fees	864	864	856	8,131
Other expenses	437	410	402	4,112
Total operating expenses	6,294	6,188	6,094	59,237
Operating Income	5,266	5,332	5,307	49,562
Interest and other income	32	12	21	301
Interest expense	(423)	(434)	(454)	(3,981)
Other expenses	(13)	(11)	(8)	(122)
Income before Income Taxes	4,862	4,898	4,866	45,760
Current and deferred income taxes (Note 8)	0	0	0	0
Net Income	¥ 4,861	¥ 4,897	¥ 4,865	\$ 45,750

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

Statements of Changes in Net Assets

Nippon Accommodations Fund Inc.

For the period from September 1, 2019 to February 28, 2021

	Number of Units (Note 5)	Yen in millions		
		Unitholders' Capital	Retained Earnings	Total
Balance as of September 1, 2019	484,522	¥ 135,603	¥ 5,775	¥ 141,378
Cash distribution	—	—	(5,062)	(5,062)
Net income	—	—	4,865	4,865
Balance as of February 29, 2020	484,522	135,603	5,577	141,181
Cash distribution	—	—	(4,865)	(4,865)
Net income	—	—	4,897	4,897
Balance as of August 31, 2020	484,522	135,603	5,609	141,213
Cash distribution	—	—	(4,897)	(4,897)
Issuance of new units through public offering as of December 15, 2020	18,000	9,352	—	9,352
Issuance of new units through allocation to a third party as of January 13, 2021	950	493	—	493
Net income	—	—	4,861	4,861
Balance as of February 28, 2021	503,472	¥ 145,449	¥ 5,573	¥ 151,023

	Number of Units (Note 5)	U.S. dollars in thousands (Note 1)		
		Unitholders' Capital	Retained Earnings	Total
Balance as of August 31, 2020	484,522	\$1,287,044	\$ 53,236	\$1,340,290
Cash distribution	—	—	(46,089)	(46,089)
Issuance of new units through public offering as of December 15, 2020	18,000	88,018	—	88,018
Issuance of new units through allocation to a third party as of January 13, 2021	950	4,640	—	4,640
Net income	—	—	45,750	45,750
Balance as of February 28, 2021	503,472	\$1,368,931	\$ 52,451	\$1,421,392

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

Statements of Cash Flows

Nippon Accommodations Fund Inc.

September 1, 2020 to February 28, 2021, March 1, 2020 to August 31, 2020 and September 1, 2019 to February 29, 2020

	Yen in millions			U.S. dollars in thousands (Note 1)
	30th Period September 1, 2020 to February 28, 2021	29th Period March 1, 2020 to August 31, 2020	28th Period September 1, 2019 to February 29, 2020	30th Period September 1, 2020 to February 28, 2021
Cash Flows from Operating Activities:				
Income before income taxes	¥ 4,862	¥ 4,898	¥ 4,866	\$ 45,760
Depreciation and amortization	1,982	1,999	1,998	18,654
Amortization of investment unit issuance expenses	2	—	—	18
Amortization of bond issue costs	2	0	—	18
Interest expense	423	434	454	3,981
(Increase) Decrease in rent receivables	(41)	(16)	(76)	(385)
Increase (Decrease) in accounts payable	75	(136)	77	705
Increase (Decrease) in rents received in advance	27	8	35	254
Cash payments of interest expense	(435)	(441)	(460)	(4,094)
(Increase) Decrease in consumption tax refund receivable	—	12	(12)	—
Other, net	32	29	(50)	301
Net Cash Provided by Operating Activities	6,931	6,790	6,832	65,232
Cash Flows from Investing Activities:				
Payments for purchases of investment properties	(2,716)	(7,037)	(698)	(25,562)
Proceeds from tenant security deposits	301	303	243	2,832
Payments for tenant security deposits	(321)	(320)	(272)	(3,021)
Other, net	(3)	(7)	(3)	(28)
Net Cash Used in Investing Activities	(2,739)	(7,062)	(730)	(25,778)
Cash Flows from Financing Activities:				
Proceeds from short-term loans	7,000	4,000	13,000	65,882
Repayment of short-term loans	(7,000)	(4,000)	(16,000)	(65,882)
Proceeds from long-term loans	10,000	11,500	11,500	94,117
Repayment of long-term loans	(8,000)	(11,500)	(9,500)	(75,294)
Proceeds from bonds	—	4,000	—	—
Payments for bond issue costs	—	(30)	—	—
Proceeds from issuance of investment units	9,814	—	—	92,367
Payment of distribution	(4,898)	(4,865)	(5,063)	(46,098)
Net Cash Provided by (Used in) Financing Activities	6,916	(895)	(6,063)	65,091
Net Change in Cash and Cash Equivalents	11,108	(1,167)	38	104,545
Cash and Cash Equivalents at the Beginning of the Period	11,574	12,741	12,702	108,931
Cash and Cash Equivalents at the End of the Period (Note 2)	¥ 22,682	¥ 11,574	¥ 12,741	\$ 213,477

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

Notes to Financial Statements

Nippon Accommodations Fund Inc.

September 1, 2020 to February 28, 2021, March 1, 2020 to August 31, 2020 and September 1, 2019 to February 29, 2020

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, 2021, NAF had ownership and/or beneficiary interests in 129 properties containing approximately 515,984 square meters of rentable space. As of February 28, 2021, NAF had leased approximately 500,834 square meters to tenants. The occupancy rate for the properties was approximately 97.1%.

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, 2021, which was ¥106.25 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 to the value 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 under the straight-line method.

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

Income Taxes

Income taxes are accounted for on the basis of income for financial statement purposes. 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.

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 income 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 February 28, 2021 and August 31, 2020 amounted to ¥1 million and ¥10 million, respectively.

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 Schedule of Investment Properties

Investment properties as of February 28, 2021 and August 31, 2020 consisted of the following:

	Yen in millions					
	As of February 28, 2021			As of August 31, 2020		
	Acquisition costs	Accumulated depreciation	Book value	Acquisition costs	Accumulated depreciation	Book value
Land	¥ 139,601	¥ —	¥ 139,601	¥ 137,963	¥ —	¥ 137,963
Land in trust	56,784	—	56,784	56,784	—	56,784
Land including trust total	196,385	—	196,385	194,747	—	194,747
Buildings and improvements	97,116	(28,985)	68,131	96,290	(27,621)	68,669
Buildings and improvements in trust	37,335	(12,538)	24,796	37,232	(12,052)	25,179
Buildings and improvements including those in trust total	134,452	(41,523)	92,928	133,522	(39,673)	93,848
Structures	1,700	(1,036)	663	1,693	(1,005)	687
Machinery and equipment	2,288	(1,700)	588	2,208	(1,656)	552
Tools, furniture and fixtures	1,269	(1,028)	241	1,232	(1,006)	226
Construction in process	0	—	0	1	—	1
Structures in trust	1,133	(503)	629	1,131	(485)	645
Machinery and equipment in trust	602	(517)	84	592	(510)	81
Tools, furniture and fixtures in trust	486	(393)	93	472	(383)	89
Construction in process in trust	11	—	11	11	—	11
Other investment properties total	7,492	(5,180)	2,311	7,343	(5,048)	2,295
Total	¥ 338,329	¥ (46,704)	¥ 291,625	¥ 335,613	¥ (44,721)	¥ 290,892

Note 4 Short-Term Loans and Long-Term Debt

The annual interest rate on short-term loans as of February 28, 2021 was 0.1% and the rate as of August 31, 2020 was 0.1%. Long-term debt consists of the following:

	Yen in millions	
	As of February 28, 2021	As of August 31, 2020
Unsecured loans due 2021 to 2032 principally from banks and insurance companies with interest rates mainly ranging from 0.1% to 1.4%	¥152,500	¥150,500
0.260% unsecured bonds due 2025	2,000	2,000
0.520% unsecured bonds due 2030	2,000	2,000
	¥156,500	¥154,500

The annual maturities of long-term debt as of February 28, 2021 were as follows:

	Yen in millions
Due after one to two years	¥23,000
Due after two to three years	18,500
Due after three to four years	14,500
Due after four to five years	15,500
Due after five years	65,000

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, 2021.

Note 5 Unitholders' Capital

	As of February 28, 2021	As of August 31, 2020	As of February 29, 2020
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	484,522	484,522

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

Note 6 Rental Revenues and Expenses

Rental revenues and expenses for the periods ended February 28, 2021, August 31, 2020 and February 29, 2020 were as follows:

	Yen in millions		
	30th Period September 1, 2020 to February 28, 2021	29th Period March 1, 2020 to August 31, 2020	28th Period September 1, 2019 to February 29, 2020
Revenues from Property Leasing:			
Rental:			
Rental revenues	¥ 10,607	¥ 10,523	¥ 10,462
Facility charge	481	476	472
Subtotal	11,088	10,999	10,934
Other revenues related to property leasing:			
Income from leasing rights, etc.	346	401	359
Miscellaneous income	125	119	107
Subtotal	471	521	467
Total revenues from property leasing	11,560	11,520	11,401
Rental Expenses:			
Property management fees	1,187	1,169	1,174
Repairs and maintenance	591	519	465
Real estate taxes	618	618	603
Trust fees	10	10	10
Utilities	107	105	115
Insurance	18	18	17
Depreciation and amortization	1,982	1,999	1,998
Leasing-related service fees, etc.	178	143	149
Other rental expenses	298	329	299
Total rental expenses	4,992	4,913	4,835
Operating income from property leasing activities	¥ 6,567	¥ 6,606	¥ 6,566

Note 7 Leases

NAF leases some of its investment properties to outside parties under non-cancelable operating leases. As of February 28, 2021 and August 31, 2020, future minimum rental revenues under the non-cancelable operating leases were as follows:

	Yen in millions	
	As of February 28, 2021	As of August 31, 2020
Due within one year	¥ 509	¥ 825
Due after one year	849	939
Total	¥1,359	¥1,764

Note 8 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, 2021, August 31, 2020 and February 29, 2020, respectively. The following table summarizes the significant differences between the statutory tax rates and NAF's effective tax rates for financial statement purposes.

	30th Period September 1, 2020 to February 28, 2021	29th Period March 1, 2020 to August 31, 2020	28th Period September 1, 2019 to February 29, 2020
Statutory effective tax rate	31.46%	31.46%	31.51%
Deductible distributions paid	(32.84)	(31.45)	(31.50)
Reversal of reserves for reduction entry	1.38	—	—
Others	0.02	0.01	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, 2021, August 31, 2020 and February 29, 2020 were as follows:

	Yen in thousands		
	As of February 28, 2021	As of August 31, 2020	As of February 29, 2020
Deferred tax assets:			
Enterprise taxes	¥8	¥14	¥10
Total deferred tax assets	8	14	10
Net deferred tax assets	¥8	¥14	¥10

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 9 Per Unit Information

Information about earnings per unit for the periods ended February 28, 2021, August 31, 2020 and February 29, 2020 and net assets per unit as of February 28, 2021, August 31, 2020 and February 29, 2020 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		
	30th Period September 1, 2020 to February 28, 2021	29th Period March 1, 2020 to August 31, 2020	28th Period September 1, 2019 to February 29, 2020
Earnings per Unit:			
Net income	¥ 9,874	¥ 10,108	¥ 10,041
Weighted average number of common units outstanding	492,326	484,522	484,522
	As of February 28, 2021	As of August 31, 2020	As of February 29, 2020
Net Assets per Unit	¥ 299,964	¥ 291,448	¥ 291,382

Note 10 Transactions with Related Parties

(September 1, 2020 - February 28, 2021)

(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)	¥875 (Note 2)	Accounts payable	¥950
			Payment for the provision of general administration relating to organizational management to MFAFM (Note 3)	¥1	—	—

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. The amount of asset management fees includes ¥11 million of management fees related to acquisition of properties included in the book value of each investment property, etc.
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. "Amount of transaction" does not include consumption taxes.
"Balance at the end of the period" includes consumption taxes.

(March 1, 2020 - August 31, 2020)

(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)	¥916 (Note 2)	Accounts payable	¥950
			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. The amount of asset management fees includes ¥52 million of management fees related to acquisition of properties included in the book value of each investment property, etc.
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. "Amount of transaction" does not include consumption taxes.
"Balance at the end of the period" includes consumption taxes.

(September 1, 2019 - February 29, 2020)

(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)	¥856 (Note 2)	Accounts payable	¥941
			Payment for the provision of general administration relating to organizational management to MFAFM (Note 3)	¥1	—	—

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. "Amount of transaction" does not include consumption taxes.
"Balance at the end of the period" includes consumption taxes.

Note 11 Financial Instruments

(September 1, 2020 - February 28, 2021)

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 for acquiring assets and to repay interest-bearing debt. NAF manages associated liquidity and interest rate fluctuation risk in ways such as diversifying its credit sources and maturities, and by mainly using fixed-rate loans.

(3) Supplemental Explanation regarding Fair Values of Financial Instruments

The fair value of financial instruments is based on their observable market value, if available. When there is no observable market value available, fair value is based on a price that is reasonably estimated. Since various factors are reflected in estimating the fair value, different assumptions and factors could result in a different value.

2. Estimated Fair Value of Financial Instruments

Book value, fair value and the difference between the two as of February 28, 2021 were as follows. The financial instruments for which it is very difficult to estimate the fair value are excluded from the following table (See Note 2, below).

	Yen in millions		
	Book value	Fair value	Difference
Assets			
(1) Cash and cash equivalents	¥ 22,682	¥ 22,682	¥ —
Total	¥ 22,682	¥ 22,682	¥ —
Liabilities			
(1) Short-term loans	¥ 3,000	¥ 3,000	¥ —
(2) Long-term loans due within one year	20,000	20,073	73
(3) Bonds	4,000	4,023	23
(4) Long-term loans	132,500	133,794	1,294
Total	¥ 159,500	¥ 160,890	¥ 1,390

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

Assets:

(1) Cash and cash equivalents

Book values of these instruments are used to determine their fair values, as the book values are considered to approximate fair values because these instruments are settled within a short-term period.

Liabilities:

(1) Short-term loans

Book values of these instruments are used to determine their fair values, as the book values are considered to approximate fair values because these instruments are settled within a short-term period.

(2) Long-term loans due within one year, (3) Bonds and (4) 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 over short time periods.

2. Financial instruments for which it is very difficult to estimate the fair value

Yen in millions	
	Book value
Tenant security deposits	¥3,661

Security deposits from tenants are not subject to fair value disclosure because they are not marketable, and the actual deposit period is not estimable as leases may be cancelled, renewed or re-signed even if a lease term is set in the lease contract, making a reasonable estimate of future cash flows difficult.

3. Redemption schedule for monetary claims with maturity dates after February 28, 2021

Yen in millions	
	Due within one year
Cash and cash equivalents	¥22,682

4. Repayment schedule for loans and bonds after February 28, 2021

	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
Short-term loans	¥ 3,000	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds	—	—	—	—	2,000	2,000
Long-term loans	20,000	23,000	18,500	14,500	13,500	63,000
Total	¥ 23,000	¥ 23,000	¥ 18,500	¥ 14,500	¥ 15,500	¥ 65,000

(March 1, 2020 – August 31, 2020)

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, 2020 were as follows. The financial instruments for which it is very difficult to estimate the fair value are excluded from the following table (See Note 2, below).

	Yen in millions		
	Book value	Fair value	Difference
Assets			
(1) Cash and cash equivalents	¥ 11,574	¥ 11,574	¥ —
Total	¥ 11,574	¥ 11,574	¥ —
Liabilities			
(1) Short-term loans	¥ 3,000	¥ 3,000	¥ —
(2) Long-term loans due within one year	18,000	18,071	71
(3) Bonds	4,000	4,057	57
(4) Long-term loans	132,500	134,656	2,156
Total	¥ 157,500	¥ 159,785	¥ 2,285

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

Assets:

(1) Cash and cash equivalents

Book values of these instruments are used to determine their fair values, as the book values are considered to approximate fair values because these instruments are settled within a short-term period.

Liabilities:

(1) Short-term loans

Book values of these instruments are used to determine their fair values, as the book values are considered to approximate fair values because these instruments are settled within a short-term period.

(2) Long-term loans due within one year, (3) Bonds and (4) 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 over short time periods.

2. Financial instruments for which it is very difficult to estimate the fair value

Yen in millions	
	Book value
Tenant security deposits	¥3,682

Security deposits from tenants are not subject to fair value disclosure because they are not marketable, and the actual deposit period is not estimable as leases may be cancelled, renewed or re-signed even if a lease term is set in the lease contract, making a reasonable estimate of future cash flows difficult.

3. Redemption schedule for monetary claims with maturity dates after August 31, 2020

Yen in millions	
	Due within one year
Cash and cash equivalents	¥11,574

4. Repayment schedule for loans and bonds after August 31, 2020

	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
Short-term loans	¥ 3,000	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds	—	—	—	—	2,000	2,000
Long-term loans	18,000	22,000	22,500	15,500	11,500	61,000
Total	¥ 21,000	¥ 22,000	¥ 22,500	¥ 15,500	¥ 13,500	¥ 63,000

Note 12 Investment and Rental Properties

(September 1, 2020 - February 28, 2021)

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, 2020	Change during the 30th Period	As of February 28, 2021	As of February 28, 2021
¥291,495	¥734	¥292,229	¥400,682

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 30th Period," the main factor for the increase in book value was the acquisition of properties for ¥2,319 million. The main factor for the decrease in book value was depreciation.
3. "Fair value as of February 28, 2021" 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, 2021 is disclosed in Note 6, Rental Revenues and Expenses.

(March 1, 2020 - August 31, 2020)

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, 2020	Change during the 29th Period	As of August 31, 2020	As of August 31, 2020
¥286,443	¥5,051	¥291,495	¥393,549

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 29th Period," the main factor for the increase in book value was the acquisition of properties for ¥6,726 million. The main factor for the decrease in book value was depreciation.
3. "Fair value as of August 31, 2020" 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, 2020 is disclosed in Note 6, Rental Revenues and Expenses.

Note 13 Segment Information

(September 1, 2020 - February 28, 2021)

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.	¥10,939	Real estate leasing business

(March 1, 2020 - August 31, 2020)

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.	¥10,900	Real estate leasing business

(September 1, 2019 - February 29, 2020)

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.	¥10,781	Real estate leasing business

Note 14 Significant Subsequent Events

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, 2021 and August 31, 2020, the statements of income, statements of changes in net assets and statements of cash flows for each of the six months ended February 28, 2021, August 31, 2020 and February 29, 2020, and 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, 2021 and August 31, 2020, and its financial performance and its cash flows for each of the six months ended February 28, 2021 and August 31, 2020 and February 29, 2020 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.

Responsibilities of Management and Supervisory Directors for the Financial Statements

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 directors' 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

Independent Auditor's Report

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.

We communicate with executive directors 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 executive directors 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, 2021 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.

Independent Auditor's Report

田澤治郎 

Jiro Tazawa

Designated Engagement Partner

Certified Public Accountant

松本大明 

Hiroaki Matsumoto

Designated Engagement Partner

Certified Public Accountant

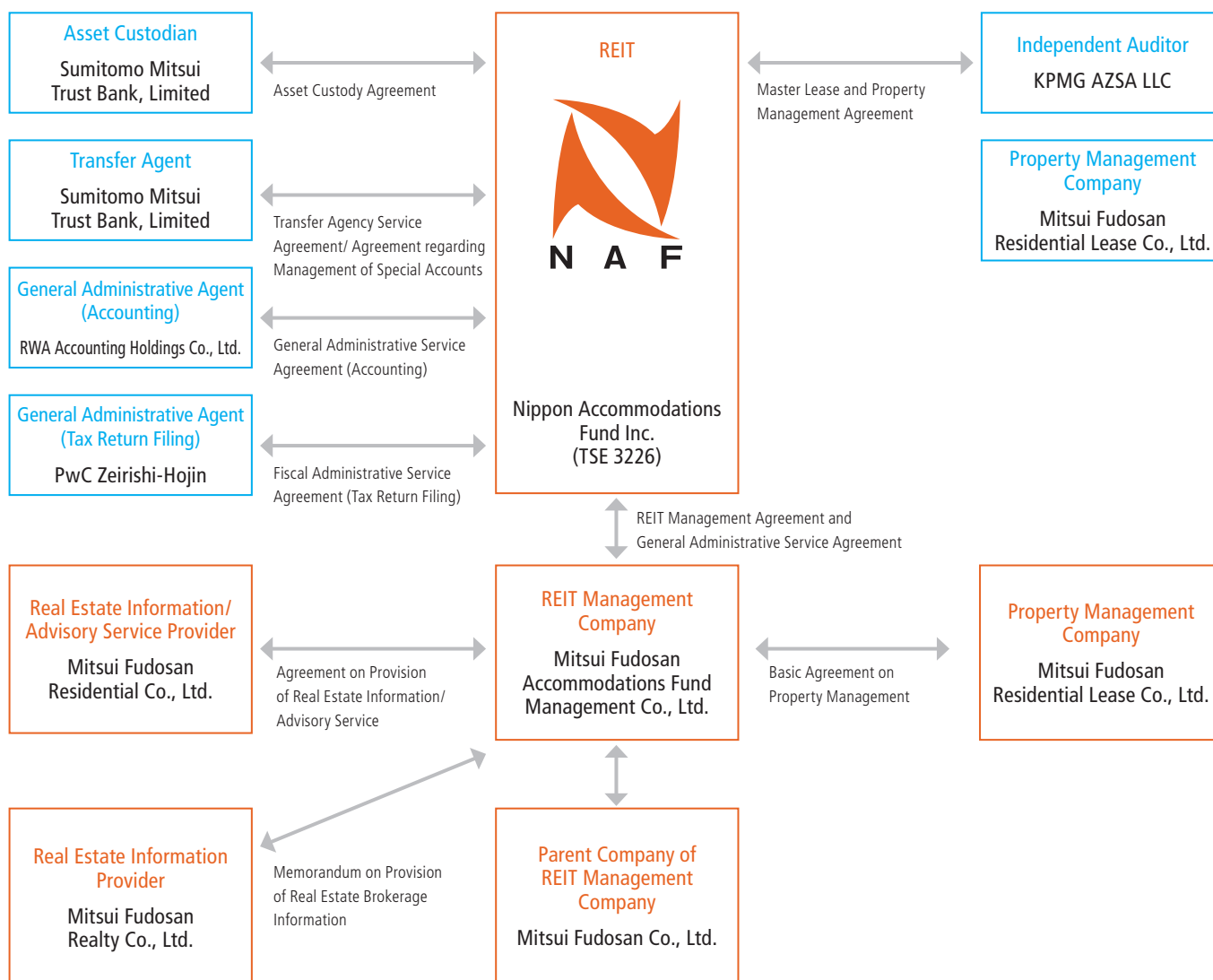
KPMG AZSA LLC

Tokyo Office, Japan

May 26, 2021

Summary of REIT

Structure of REIT (as of February 28, 2021)



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

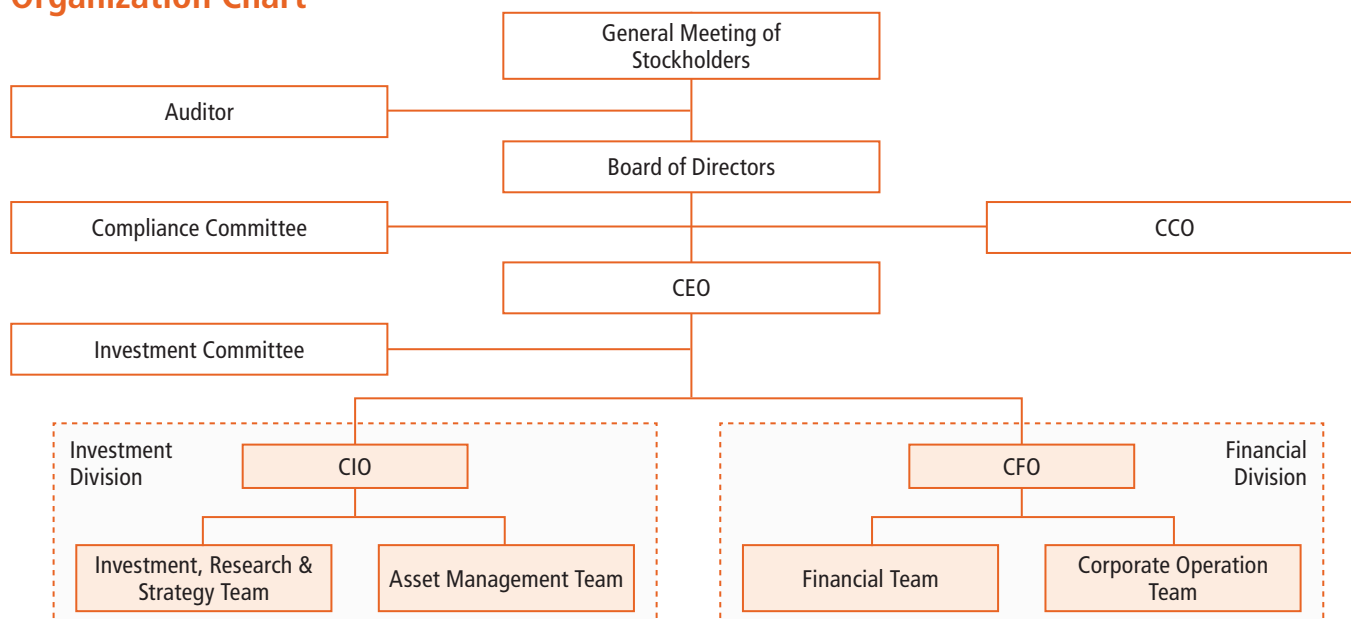
Summary of Asset Management Company (as of February 28, 2021)

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	Tateyuki Ikura 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

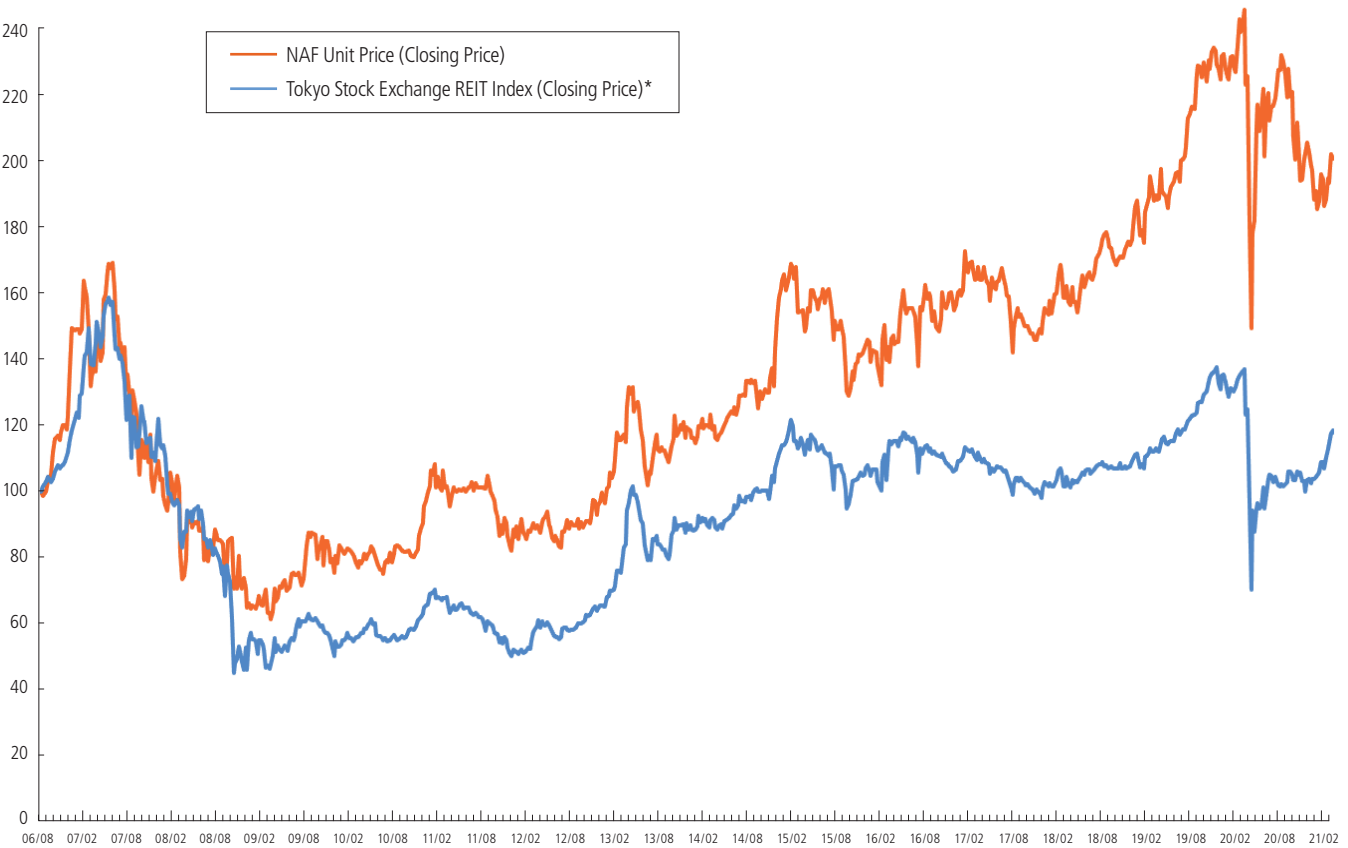
Organization Chart



Status of Unitholders

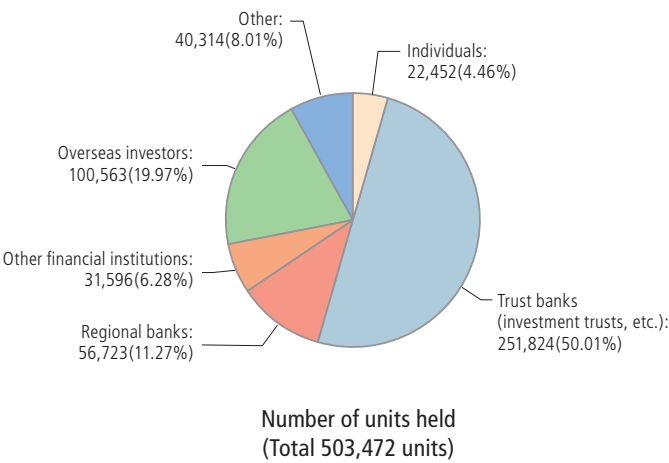
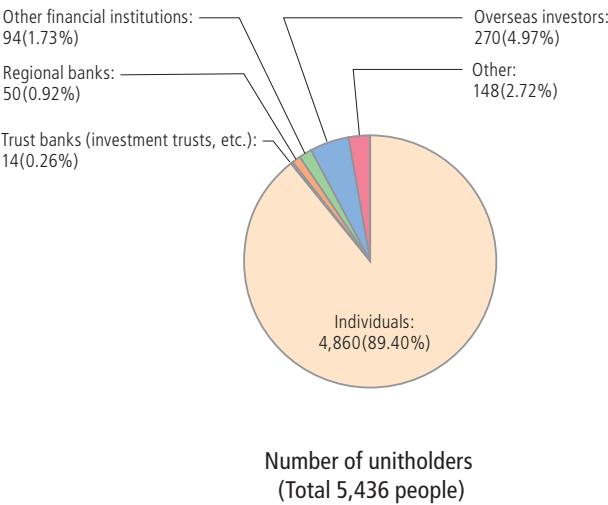
Historical Unit Price since IPO

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, 2021)



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, 2021 pursuant to the Financial Instruments and Exchange Law of Japan, and the Financial Statements and Performance Information Report for the period from September 1, 2020 to February 28, 2021 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.

English terms for Japanese legal, accounting, tax and business concepts used herein may not be precisely identical to the concept of the equivalent Japanese terms. If there exist any discrepancies in the meaning or interpretation with respect to any and all terms herein including, without limitation, financial statements, between the original Japanese

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The financial statements of Nippon Accommodations Fund Inc. have been prepared in accordance with generally accepted accounting principles in Japan (Japanese GAAP), which may materially differ in certain respects from generally accepted accounting principles in other jurisdictions.

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