

January 15, 2025

To All Concerned Parties

Issuer of Real Estate Investment Trust Securities:
Nippon Accommodations Fund Inc.
Takashi Ikeda, Executive Director
(TSE Code: 3226)
Investment Trust Management Company:
Mitsui Fudosan Accommodations Fund
Management Co., Ltd.
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Notification Concerning Acquisition of Domestic Real Estate Property (Park Cube Kameari)

This is a notification that Mitsui Fudosan Accommodations Fund Management Co., Ltd., an investment trust management company, which has been commissioned by Nippon Accommodations Fund Inc. ("NAF") to manage its assets, decided on the acquisition of real estate property in Japan as shown below.

1. Reason for acquisition

Based on the provisions for investments and policies on asset management provided in the Articles of Incorporation, the decision to acquire the following property was made to ensure the steady growth of assets under management, and for the diversification and further enhancement of the investment portfolio.

2. Overview of acquisition

(1) Name of property to be acquired	Park Cube Kameari (Note 1)
(2) Type of property to be acquired	Real estate
(3) Planned acquisition price	¥976,000,000 (Note 2)
(4) Appraised value	¥1,000,000,000 (Note 3)
(5) Date of conclusion of sale contract	January 15, 2025
(6) Planned date of handover	February 3, 2025
(7) Seller	DEAR LIFE CO.,LTD.
(8) Acquisition fund	Borrowings and own funds
(9) Method of payment	Full payment at the time of handover

(Note 1) Current name of the property to be acquired "DeLCCS Kameari." NAF plans to rename the property as stated above without delay after it has acquired the property.

(Note 2) "Planned acquisition price" denotes the trading value (exclusive of miscellaneous expenses for acquisition, fixed property taxes, urban planning taxes, consumption taxes, and local consumption taxes) specified in the contract for the sale of real estate for the property to be acquired.

(Note 3) "Appraised value" is based on the amount mentioned in the real estate appraisal report (date of value appraisal: January 1, 2025) prepared by JLL Morii Valuation & Advisory K.K. for the property to be acquired.

3. Description of the property to be acquired

(1) Outline of the property to be acquired

Name of property to be acquired		Park Cube Kameari
Type of property to be acquired		Real estate
Appraisal company		JLL Morii Valuation & Advisory K.K.
Appraised value (Note 1)		¥1,000,000 thousand
Date of value appraisal (Note 1)		January 1, 2025
Location	Residence indication	48-6, Kameari 2-chome, Katsushika-ku, Tokyo
Land	Building-to-land ratio (Note 2)	60%
	Floor-area ratio (Note 2)	400%
	Zoning	Quasi-industrial district
	Site area (Note 3)	473.93 m ²
	Ownership form	Proprietorship
Building	Completion date (Note 4)	January 30, 2000
	Structure / number of stories (Note 5)	Flat-roofed steel frame reinforced concrete structure / 9 stories
	Uses (Note 5)	Apartment building, garage
	Gross floor area (Note 5)	2,033.24 m ²
	Ownership form	Proprietorship
	Rentable units	24
	Rentable area	1,707.92 m ²
Existence of security interests		None
Special affairs (Note 6)		None
Special features of the property		<p>The property is a 8-minute walk from Kameari Station on the JR Joban Line and has excellent livability with large-scale commercial facilities, various convenience facilities, and a shopping district within walking distance.</p> <p>The property is approximately 34 minutes from Tokyo Station via the JR Joban Line and approximately 24 minutes from Otemachi Station via the Tokyo Metro Chiyoda Line, which provides a direct connection, and thus there is stable residential demand from families commuting to central Tokyo.</p>

Details of leasing (Note 7)	Total number of tenants	1
	Rentable units	24
	Rented units	24
	Rentable area	1,707.92 m ²
	Rented area	1,707.92 m ²
	Occupancy rate	100.0%
	Deposit / Security deposit	¥5,604 thousand
	Monthly rental revenue	¥3,526 thousand

- (Note 1) "Appraised value" and "date of value appraisal" are based on the description in the real estate appraisal report prepared by JLL Morii Valuation & Advisory K.K. for the property to be acquired.
- (Note 2) "Building-to-land ratio" is the ratio of the building's construction area to the site area as stipulated in Article 53 of the Building Standards Act, and the figure stipulated by city planning in accordance with zoning, etc. is indicated. "Floor-area ratio" is the ratio of the building's gross floor area to the site area as stipulated in Article 52 of the Building Standards Act, and the figure stipulated by city planning in accordance with zoning, etc. is indicated.
- (Note 3) "Site area" denotes the land area included in the register.
- (Note 4) "Completion date" of the building denotes the date included in the register.
- (Note 5) "Structure / number of stories," "uses," and "gross floor area" are based on the description in the register.
- (Note 6) "Special affairs" include issues considered to be important by NAF as of today, with consideration of influence on the rights, uses, and appraisal values as well as profits of the property that NAF plans to acquire.
- (Note 7) Explanation on "details of leasing"
- (i) "Total number of tenants" is denoted as 1 if there is a master lease agreement (a bulk lease agreement) concluded with a master lease company. With regards to the property to be acquired, a master lease agreement is concluded with Mitsui Fudosan Residential Lease Co., Ltd. as the master lease company. The "total number of tenants" above is therefore the number of tenants after such a master lease agreement is concluded.
 - (ii) "Rentable units" denotes the number of units that can be rented within the entire property that NAF plans to acquire.
 - (iii) "Rented units," "rented area" and "deposit / security deposit" denote figures as of December 3, 2024, based on the report received from the seller.
 - (iv) "Rentable area" denotes the total area of the building that can be rented within the entire property that NAF plans to acquire.
 - (v) "Occupancy rate" denotes the ratio of the "rented area" against the "rentable area" and the figures are rounded to one decimal place.
 - (vi) "Monthly rental revenue" is the monthly rents (including common service fees and excluding usage fees of attached facilities such as parking lot and trunk room) indicated in the lease agreement concluded between the seller and end tenants as of December 3, 2024. Figures less than ¥1 thousand are rounded down and consumption tax is excluded from the figure.

(2) Outline of investigations into the state of the building, etc.

Investigations into the state of building	Consigned investigating company	DAIWA REAL ESTATE APPRAISAL CO.,LTD.
	Investigation report date	December 26, 2024
	Urgent repair cost	—
	Short-term repair cost	—
	Repair and renewal costs expected to be necessary within 12 years	¥70,599 thousand
	Replacement value	¥608,000 thousand
Earthquake risk diagnosis	Consigned investigating company	Tokio Marine dR Co., Ltd.
	Investigation report date	December 26, 2024
	PML value (Note)	6.7%

- (Note) The report on earthquake risk diagnosis only states the views of the consigned investigating company and does not provide any guarantee for its contents. PML (Probable Maximum Loss) value represents the rate of probable maximum loss to be caused by earthquakes. In this case, it means the extent of damage to be caused by one of the biggest earthquakes anticipated to happen within the expected duration of service (the biggest earthquake which happens once every 475 years = 10% chance of a big earthquake happening once every 50 years) represented by the rate (%) of the estimated cost of restoration from the damage to the replacement cost.

4. Outline of seller

Name	DEAR LIFE CO.,LTD.	
Location	13-5, Kudan-Kita 1-chome, Chiyoda-ku, Tokyo	
Representative	Yukihiro Abe, President & CEO	
Description of principal operations	Real estate development, investment, brokerage, leasing, sales and management, etc.	
Capital	¥4,125 million (As of September 30, 2024)	
Date of establishment	November 1, 2004	
Net assets (As of September 30, 2024)	¥25,075 million	
Total assets (As of September 30, 2024)	¥47,063 million	
Major stockholders and shareholding ratio (As of September 30, 2024)	Stockholder name	Shareholding ratio
	Dearness Co.,Ltd.	36.07%
	The Master Trust Bank of Japan, Ltd. (Trust Account)	10.01%
	Custody Bank of Japan, Ltd. (Trust Account)	2.41%
Relationship between NAF or the investment trust management company, and the seller		
Capital relationships	There are no investments in the seller either from NAF, the investment trust management company.	
Personal relationships	There are no personal relationships between NAF or the investment trust management company.	
Business relationships	There are no business relationships between NAF or the investment trust management company.	
Applicability to related parties	There are no applicability to related parties between NAF or the investment trust management company.	

5. Situation of the acquirer of the property.

Since the acquisition of the acquired properties does not correspond to an acquisition from a related party or the like of NAF or the investment trust management company, this information has been omitted.

6. Outlines of brokerage

The broker of the acquired property is a domestic corporation, but information is not disclosed since the broker's consent has not been obtained. There are no noteworthy capital, personal, or business relationships between the broker and NAF and the investment trust management company, parties related to them, and affiliated companies. Also, the broker, parties related to it, and its affiliates do not fall under the category of related parties of NAF or the investment trust management company.

7. Transactions with related parties and the like

Mitsui Fudosan Residential Lease Co., Ltd., which will be the master lease company and property management company for the property to be acquired, corresponds to related parties and the like (see Note).

Therefore, the master lease contract and property management contract are subject to deliberation and approval by the compliance committee and deliberation and decision by the investment committee of the investment trust management company, in accordance with NAF's self-established rules on asset management relevant to transactions with related parties and the like.

(Note) "Related parties and the like" means related parties and the like of the investment trust management company which has concluded an asset management contract with NAF, as determined in Article 123 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations.

8. Earthquake resistance matters

NAF commissioned a third-party organization to investigate and verification of details relating to the seismic resistance structure, including structural calculation sheets, and for the buildings relating to the acquired properties, it obtained a judgment indicating that the structural calculations and structural drawings provide the seismic resistance stipulated in the Building Standards Act with respect to building structure and that there are no concerns about falsification.

9. Outlook for management after acquisition of the property

The impact of the acquisition on NAF's financial results for the period ending February 28, 2025 (38th Period: September 1, 2024, to February 28, 2025) and the period ending August 31, 2025 (39th Period: March 1, 2025, to August 31, 2025) will be minor, and there will be no change to financial results forecast for the period.

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10. Summary of appraisal report

Appraised value	¥1,000,000 thousand
Appraisal company	JLL Morii Valuation & Advisory K.K.
Date of value appraisal	January 1, 2025

(Unit: Thousands of yen)

Item	Details	Summary, etc.
Value of earnings	1,000,000	Calculated making correlation to the value of earnings found by the DCF method and the value of earnings found by direct capitalization method.
Value calculated by the direct capitalization method [(4)÷(5)]	1,040,000	After the net income is reduced by the cap rate, the present value of the restoration costs of the private area is taken into account.
(1) Operating revenues [(a)–(b)]	57,807	
(a) Potential gross revenue	61,204	Appraised based on medium- and long-term stable rental income, etc. (total monthly rent of the rental units: 4,649 thousand yen) after the restoration of the private area.
(b) Vacancy loss, etc.	3,397	Appraised by considering the standard vacancy rate and the individual characteristics of the applicable property.
(2) Operating expenses [(c)+(d)+(e)+(f)+(g)+(h)+(i)+(j)]	14,280	
(c) Maintenance expenses	2,935	Estimates are judged to be reasonable and adopted.
(d) Utilities expenses	744	Appraised based on actual records making reference to levels at similar properties.
(e) Repair expenses	3,160	Repair expenses are posted as 30% of a standardized amount assuming the estimate in the engineering report to be appropriate. The cost of restoration to original condition is appraised by taking into account actual records and the evacuation rate, making reference to levels at similar properties.
(f) Property management fees	2,514	The estimate was adopted based on the levels at similar properties as a reference and judged to be reasonable.
(g) Tenant soliciting fees, etc.	1,839	Posted 2.1-month equivalent of fees for newly moving.
(h) Taxes and public dues	2,677	Appraised by considering actual amounts and making reference to the fluctuation rate and annual depreciation, etc.
(i) Property insurance fees	211	The amount is posted assuming the estimate to be appropriate.
(j) Other expenses	200	reserve funds
(3) Net operating income [(1)–(2)]	43,527	
(k) Earnings from temporary deposits	42	Appraised by multiplying the amount obtained by subtracting the amount equivalent to security deposits of vacancies from the amount of security deposits, etc. at full occupancy, by yield of 1.0%.
(l) Capital expenditures	4,118	Posted 70% of a standardized amount assuming the estimate in the engineering report to be appropriate.
(4) Net income [(3)+(k)–(l)]	39,451	
(5) Cap rate	3.6%	Appraised by factoring income and principal fluctuation risks into the discount rate.
Value calculated by discounted cash flow method	960,000	Appraised the rent after restoration work of the private area, taking into account the period and costs for the restoration of the private area.
Discount rate	3.4%	Appraised by comprehensively factoring market trends, etc. on the transaction market into the basic yield, after considering regionality- and individuality-related risk factors for the applicable property.
Terminal cap rate	3.8%	Appraised by factoring the uncertainty of forecast changes in net income in the future, future deterioration of buildings, and selling risks into the cap rate.

Cost method value	654,000	
Land ratio	82.2%	
Building ratio	17.8%	

Other items considered by the appraisal company in making the appraisal	—
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NAF's website: <https://www.naf-r.jp/english/>

< Attached Documents >

1. Portfolio list after the purchase of property to be acquired is completed (on a planned acquisition price basis)
2. Photo of the property to be acquired and map of the area

< Attached Document 1 >

Portfolio list after the purchase of property to be acquired is completed (on a planned acquisition price basis)

Total (Planned) Acquisition Price	¥343,774 million
Number of Investment Properties	138 properties
Total Rentable Units (including retail units)	13,606 units

Proportion of Investment by Asset

	(Planned) Acquisition Price (Note 1)	Portfolio Share (Note 2)
Rental Apartments	¥323,617 million	94.1%
Hospitality Facilities	¥20,157 million	5.9%
Grand Total	¥343,774 million	100.0%

Proportion of "Rental Apartments" by Area

	(Planned) Acquisition Price (Note 1)	Portfolio Share (Note 3)
Tokyo 23 Wards	¥286,636 million	88.6%
Greater Tokyo (Note 4)	¥14,426 million	4.4%
Other Major Cities (Note 5)	¥22,555 million	7.0%
Total of "Rental Apartments"	¥323,617 million	100.0%

(Note 1) "(Planned) Acquisition Price" does not include anticipated acquisition expenses, fixed property taxes, urban planning taxes, consumption taxes or local consumption taxes.

(Note 2) The figure indicates the percentage of asset category to the total (planned) acquisition price.

(Note 3) The figure indicates the percentage of Rental Apartments by area to the total (planned) acquisition price.

(Note 4) "Greater Tokyo" indicates Tokyo metropolis (excluding Tokyo 23 wards), and the 3 prefectures of Kanagawa, Saitama and Chiba.

(Note 5) "Other major cities" indicates major cities across Japan and their surrounding areas, excluding the Tokyo area.

(Note 6) Proportion of all properties by area (including Hospitality Facilities)

Tokyo 23 wards 85.1%

Other area 14.9%

(Note 7) Please refer to NAF's website for the latest portfolio list:

<https://www.naf-r.jp/portfolio/5-1.html>

< Attached Document 2 >

Photo of the property to be acquired and map of the area

