

December 1, 2020

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.
Tateyuki Ikura, President and CEO
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Notification Concerning Issuance of New Investment Units and Secondary Offering of Investment Units

Nippon Accommodations Fund Inc. (“NAF”) hereby provides notice of its resolution regarding issuance of new investment units and secondary offering of investment units adopted at the Board of Directors’ meeting held on December 1, 2020, as follows.

1. Issuance of new investment units by public offering

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|-----|---------------------------------------|---|
| (1) | Number of units to be offered | 18,000 units |
| (2) | Amount to be paid in
(issue value) | Undetermined. The amount to be paid in shall be determined at the Board of Directors’ meeting to be held on any date between December 9, 2020 (Wed) and December 15, 2020 (Tue) (“Issue Price Determination Date”). |
| (3) | Method of offering | The method of offering shall be by public offering where all investment units are to be subscribed and purchased by an underwriting syndicate whose joint lead managers are Nomura Securities Co., Ltd. and Daiwa Securities Co. Ltd. (“Joint Bookrunners”) as well as SMBC Nikko Securities Inc. (hereinafter referred to collectively with Joint Bookrunners as “Joint Lead Managers”). Underwriters other than Joint Lead Managers are Mizuho Securities Co., Ltd. and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. (hereinafter referred to collectively with Joint Lead Managers as “Underwriters”).

The issue price (offer price) for the public offering shall be determined in consideration of the degree of demand and other conditions based on a tentative price obtained by multiplying closing price at the Tokyo Stock Exchange on the Issue Price Determination Date (if no closing price is available for that date, the nearest preceding closing price will be used) by a number between 0.90 to 1.00 (any fractions less than one yen shall be omitted). |

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| (4) | Details of underwriting contract | The Underwriters shall pay in the amount equivalent to the total amount to be paid in (issue value) to NAF on the payment date stated in (7) below. The difference between such amount and the total issue price (offer price) for the public offering shall be retained by the Underwriters. NAF shall pay no underwriting commission to the Underwriters. |
| (5) | Subscription unit | One investment unit or more in whole units |
| (6) | Subscription period | Two business days starting the business day immediately following the Issue Price Determination Date |
| (7) | Payment date | Any date between December 15, 2020 (Tue) and December 21, 2020 (Mon). However, the date shall be four business days after the Issue Price Determination Date. |
| (8) | The amount to be paid in (issue value) and any other matters necessary for this issuance of new investment units shall be determined at a future Board of Directors' meeting. | |
| (9) | The above items shall be subject to the effectiveness of registration under the Financial Instruments and Exchange Act. | |

2. Secondary offering of investment units by overallotment (see "Reference" item 1. below)

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|-----|--|---|
| (1) | Offerer | Nomura Securities Co., Ltd. |
| (2) | Number of units to be offered | 950 units

This number is the maximum number of investment units to be offered. The number may decrease, or the secondary offering by overallotment itself may be cancelled, depending on the degree of demand and other conditions. The number of investment units to be offered shall be determined at the Board of Directors' meeting to be held on the Issue Price Determination Date, in consideration of the degree of demand and other conditions. |
| (3) | Offer price | Undetermined. The offer price shall be determined on the Issue Price Determination Date; provided, however, that such offer price shall be the same as the issue price (offer price) for the public offering. |
| (4) | Method of offering | Nomura Securities Co., Ltd. will make an offering of the maximum of 950 investment units of NAF that it borrows from the certain investor(s) of NAF in consideration of the degree of demand and other conditions in the public offering. |
| (5) | Subscription unit | One investment unit or more in whole units |
| (6) | Subscription period | Same as the subscription period in the public offering |
| (7) | Delivery date | The business day immediately following the payment date in the public offering |
| (8) | The offer price and any other matters necessary for this offering of investment units shall be determined at a future Board of Directors' meeting. | |
| (9) | The above items shall be subject to the effectiveness of registration under the Financial Instruments and Exchange Act. | |

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3. Issuance of new investment units by third-party allocation (see "Reference" item 1. below)

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|-----|---|---|
| (1) | Number of units to be offered | 950 units |
| (2) | Amount to be paid in (issue value) | Undetermined. The amount to be paid in (issue value) shall be the same as the amount to be paid in (issue value) for the public offering. |
| (3) | Allottee | Nomura Securities Co., Ltd. |
| (4) | Subscription unit | One investment unit or more in whole units |
| (5) | Subscription period (subscription date) | Any date between January 12, 2021 (Tue) and January 18, 2021 (Mon). However, the date shall be the business day immediately following the 30th day from the day immediately following the last day of the subscription period of the public offering and secondary offering by overallotment. |
| (6) | Payment date | Any date between January 13, 2021 (Wed) and January 19, 2021 (Tue). However, the date shall be two business days after the 30th day from the day immediately following the last day of the subscription period of the public offering and secondary offering by overallotment. |
| (7) | Investment units not subscribed within the subscription period (subscription date) stated in (5) above | shall not be issued. |
| (8) | The amount to be paid in (issue value) and any other matters necessary for this issuance of new investment units | shall be determined at a future Board of Directors' meeting. |
| (9) | The above items shall be subject to the effectiveness of registration under the Financial Instruments and Exchange Act. | |

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<Reference>

1. Secondary offering by overallocation, etc.

- (1) The secondary offering by overallocation stated in “2. Secondary offering of investment units by overallocation” above is a secondary offering of overallocated units to be made in conjunction with the public offering in “1. Issuance of new investment units by public offering” above in an amount not to exceed 950 investment units of NAF, that will be borrowed by Nomura Securities Co., Ltd. from the certain investor(s) of NAF in consideration of the degree of demand and other conditions in the public offering. Although 950 investment units is planned to be offered by overallocation, this is the maximum number of investment units to be offered and, depending on the degree of demand and other conditions, such number may decrease, or the secondary offering by overallocation itself may be cancelled.

In connection with the secondary offering by overallocation, the Board of Directors of NAF has resolved, at the meeting held on December 1, 2020 (Tue), that NAF will issue by third-party allocation 950 investment units of NAF necessary to return the units borrowed from the certain investor(s) of NAF by Nomura Securities Co., Ltd. (“Borrowed Investment Units”), where the payment date is a date from January 13, 2021 (Wed), to January 19, 2021 (Tue) (However, the date shall be two business days after the 30th day from the day immediately following the last day of the subscription period of the public offering and secondary offering by overallocation.), and the allottee is Nomura Securities Co., Ltd. (“Third-Party Allocation”).

Furthermore, Nomura Securities Co., Ltd. may also purchase investment units of NAF on the Tokyo Stock Exchange up to the number of investment units to be offered by overallocation (“Syndicate Cover Transactions”) to return the Borrowed Investment Units. Such Syndicate Cover Transactions would be made during the period beginning on the date immediately following the last day of the subscription period of the public offering and secondary offering by overallocation and ending on the date four business days prior to the payment date of Third-Party Allocation (the “Syndicate Cover Transaction Period”). All investment units of NAF purchased through Syndicate Cover Transactions shall be used to return the Borrowed Investment Units. During the Syndicate Cover Transaction Period, Nomura Securities Co., Ltd. at its discretion may not conduct any Syndicate Cover Transactions or may terminate any Syndicate Cover Transactions before the number of investment units purchased reaches the number of investment units of the secondary offering by overallocation.

In addition, Nomura Securities Co., Ltd. may conduct stabilizing operations as it conducts the public offering and the secondary offering by overallocation. The investment units of NAF purchased through such stabilizing operations may be used, in whole or in part, to return the Borrowed Investment Units.

Nomura Securities Co., Ltd. plans to underwrite the allocation under this issuance of new investment units by Third-Party Allocation of a number of investment units of NAF obtained by deducting (a) the number of investment units purchased through stabilizing operations and Syndicate Cover Transactions that are to be used to return the Borrowed Investment Units, from (b) the number of investment units to be offered by the overallocation. Accordingly, all or a part of the investment units to be issued under this issuance by Third-Party Allocation may not be subscribed for, which may result in a decrease in the maximum number of investment units planned to be issued under this issuance by Third-Party Allocation, or in the cancellation of the entire issuance due to forfeiture.

- (2) The transaction stated in (1) above shall be made by Nomura Securities Co., Ltd. in consultation with Daiwa Securities Co. Ltd.

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2. Change in total number of issued investment units by this issuance

Total number of issued investment units at present	484,522 units
Increase in number of investment units by public offering	18,000 units
Total number of issued investment units after public offering	502,522 units
Increase in number of investment units by Third-Party Allocation	950 units (Note)
Total number of issued investment units after Third-Party Allocation	503,472 units (Note)

(Note) Number of units in the event Nomura Securities Co., Ltd. subscribes all investment units offered by Third-Party Allocation, and said units are issued.

3. Purpose and reason for issuance

The issuance of new investment units was decided as a result of an examination of the current LTV (Loan to Value Ratio), market trends and cash distributions in an effort to promote external growth through the purchase of new specified properties.

4. Total amount to be procured, specific use of funds and scheduled outlay period

(1) Total amount to be procured (approximate net balance)

¥10,435,973,450 (maximum)

(Note) Sum of ¥9,912,798,000 in net proceeds from the public offering and the ¥523,175,450 maximum net proceeds from the issuance of new investment units by third-party allocation. The above amount is a prospective amount calculated based on the closing price at the Tokyo Stock Exchange for November 16, 2020 (Mon).

(2) Specific use of procured funds and scheduled outlay period

The procured funds shall be allocated for the acquisition of specified properties to be purchased by NAF (as mentioned in "Notification Concerning Acquisition of Domestic Real Estate Properties (Park Cube Oimachi Residence and other 3 properties)" released on today). Remaining balance shall be kept as funds on hand and used for future acquisitions of specified properties or repayments of borrowings.

5. Designated purchaser

Not applicable.

6. Future prospects

As mentioned in "Notification Concerning Revision to Financial Results Forecasts for the Periods Ending February 28, 2021 and August 31, 2021" released on today.

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7. Management conditions during the three most recent fiscal periods and status of equity finance

(1) Management conditions during the three most recent fiscal periods

	27th period March 1, 2019 to August 31, 2019	28th period September 1, 2019 to February 29, 2020	29th period March 1, 2020 to August 31, 2020
Net income per unit (Note)	¥11,606	¥10,041	¥10,108
Distribution per unit	¥10,449	¥10,042	¥10,108
Actual payout ratio	90.0%	100.0%	100.0%
Net assets per unit	¥291,790	¥291,382	¥291,448

(Note) Net income per unit is calculated by dividing net income by the average number of investment units during the period.

(2) Conditions of the most recent investment unit price

A. Conditions during the three most recent fiscal periods

	27th period March 1, 2019 to August 31, 2019	28th period September 1, 2019 to February 29, 2020	29th period March 1, 2020 to August 31, 2020
Opening price	¥555,000	¥664,000	¥651,000
Highest price	¥685,000	¥734,000	¥692,000
Lowest price	¥544,000	¥642,000	¥442,000
Closing price	¥667,000	¥661,000	¥653,000

B. Conditions during the most recent six-month period

	2020 June	July	August	September	October	November
Opening price	¥652,000	¥628,000	¥681,000	¥653,000	¥613,000	¥598,000
Highest price	¥672,000	¥692,000	¥686,000	¥663,000	¥614,000	¥616,000
Lowest price	¥615,000	¥628,000	¥634,000	¥593,000	¥562,000	¥572,000
Closing price	¥624,000	¥681,000	¥653,000	¥607,000	¥598,000	¥577,000

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C. Investment unit prices on the business day immediately prior to the resolution date of the issuance

	November 30, 2020
Opening price	¥581,000
Highest price	¥583,000
Lowest price	¥572,000
Closing price	¥577,000

(3) Status of equity finance during the three most recent fiscal periods

Not applicable.

8. Others (Restrictions on sale and additional issuance, etc.)

- (1) Regarding 15,600 of the investment units of NAF held as of December 1, 2020, by Mitsui Fudosan Residential Co., Ltd., which is an investing party that has held investment units of NAF since before the public offering, Mitsui Fudosan Residential Co., Ltd. has agreed with the Joint Lead Managers that it shall not effectuate any sale, etc. of the investment units of NAF it holds in connection with the public offering during the period from the Issue Price Determination Date to the date six months after the delivery date of the public offering, without the prior written consent of the Joint Lead Managers (however, excluding where investment units of NAF are lent to Nomura Securities Co., Ltd. for the purpose of secondary offering by overallotment).

The Joint Lead Managers have the right at their discretion to dissolve the said agreement in whole or in part during the period above.

- (2) NAF has agreed with the Joint Lead Managers that it will not effectuate any issuance, etc. of investment units of NAF in connection with the public offering during the period from the Issue Price Determination Date to the date three months after the delivery date of the public offering without the prior written consent of the Joint Lead Managers (however, excluding where new investment units are issued by Third-Party Allocation or by investment unit split).

The Joint Lead Managers have the right at their discretion to dissolve the said agreement in whole or in part during the period above.

NAF's website: <https://www.naf-r.jp/english/>

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