

March 28, 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.

Hiroshi Kojima, President and CEO

Inquiries: Tatsu Makino, CFO and Director

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Notification Concerning Acquisition of Domestic Real Estate Property (Park Cube Koiwa)

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 Koiwa (Note 1) |
| (2) Type of property to be acquired | Real estate (Note 2) |
| (3) acquisition price | ¥1,360,000 thousand (Note 3) |
| (4) Appraised value | ¥1,400,000 thousand (Note 4) |
| (5) Date of conclusion of sale contract | March 28, 2025 |
| (6) date of handover | March 28, 2025 |
| (7) Seller | Not disclosed (Note 5) |
| (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 "Orchid Residence Nishikoiwa" NAF plans to rename the property as stated above without delay after it has acquired the property.

(Note 2) With respect to the acquired assets, NAF terminated the trust as of today after acquiring the trust beneficiary interest in the trust assets of the acquired assets.

(Note 3) "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 trust beneficiary rights sales agreement for the property acquired.

(Note 4) "Appraised value" is based on the amount mentioned in the real estate appraisal report (date of value appraisal: March 1, 2025) prepared by Japan Real Estate Institute for the property.

(Note 5) Not disclosed as consent from the buyer has not been obtained.

3. Description of the property to be acquired

(1) Outline of the property to be acquired

| | | |
|----------------------------------|--|---|
| Name of property to be acquired | | Park Cube Koiwa |
| Type of property to be acquired | | Real estate |
| Appraisal company | | Japan Real Estate Institute |
| Appraised value (Note 1) | | ¥1,400,000 thousand |
| Date of value appraisal (Note 1) | | March 1, 2025 |
| Location | Residence indication | 3-11, Nishikoiwa 1-chome, Edogawa-ku, Tokyo |
| Land | Building-to-land ratio (Note 2) | 80%・60% |
| | Floor-area ratio (Note 2) | 300%・150% |
| | Zoning | Neighborhood commercial district・ Type 1 medium-to-high-rise exclusive residential districts |
| | Site area (Note 3) | 975.17 m ² |
| | Ownership form | Proprietorship |
| Building | Completion date (Note 4) | May 31, 1994 |
| | Structure / number of stories (Note 5) | Flat-roofed steel frame reinforced concrete structure / 9 stories |
| | Uses (Note 5) | Apartment building, parking |
| | Gross floor area (Note 5) | 2,563.21 m ² |
| | Ownership form | Proprietorship |
| | Rentable units | 39 |
| | Rentable area | 2,243.84 m ² |
| Existence of security interests | | None |
| Special affairs (Note 6) | | None |
| Special features of the property | | <p>The property is a 9-minute walk from Koiwa Station on the JR Chūō-Sōbu Local Line and it takes about 25 minutes from Koiwa Station to Tokyo Station (transferring to the JR Keihin Tohoku Line at Akihabara Station). The property is also surrounded by convenient living facilities and is recognized as having an advantage in terms of living environment.</p> <p>The property is expected to be in demand from family households.</p> |

| | | |
|-----------------------------|----------------------------|-------------------------|
| Details of leasing (Note 7) | Total number of tenants | 1 |
| | Rentable units | 39 |
| | Rented units | 34 |
| | Rentable area | 2,243.84 m ² |
| | Rented area | 1,964.49 m ² |
| | Occupancy rate | 87.6% |
| | Deposit / Security deposit | ¥5,952 thousand |
| | Monthly rental revenue | ¥4,967 thousand |

(Note 1) "Appraised value" and "date of value appraisal" are based on the description in the real estate appraisal report prepared by Japan Real Estate Institute for the property.

(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 acquired.

(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, a master lease agreement is concluded with Mitsui Fudosan Residential Lease Co., Ltd. as the master lease company has been executed as of today, and 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 property acquired.
- (iii) "Rented units," "rented area" and "deposit / security deposit" denote figures as of February 28, 2025, based on the report received from the seller.
- (iv) "Rentable area" denotes the total area of the building that can be rented within the property acquired.
- (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 February 28, 2025. 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 | March 4, 2025 |
| | Urgent repair cost | — |
| | Short-term repair cost | — |
| | Repair and renewal costs expected to be necessary within 12 years | ¥135,014 thousand |
| | Replacement value | ¥727,500 thousand |
| Earthquake risk diagnosis | Consigned investigating company | Tokio Marine dR Co., Ltd. |
| | Investigation report date | March 3, 2025 |
| | PML value (Note) | 5.2% |

(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% chances 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

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

| | |
|---|---|
| Name | CBRE K.K. |
| Address | Meiji Yasuda Seimei Building 2-1-1 Marunouchi, Chiyoda-ku, Tokyo |
| Representative | Representative Director, President & COO Takashi Tsuji |
| Main business | Providing comprehensive commercial real estate services to domestic and international clients |
| Capital | ¥771 million |
| Date of establishment | February 21, 1970 |
| Relationship with NAF and investment trust management company | There is 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. |

(2) Amount of brokerage fees

The information is not disclosed because the broker's consent was not obtained.

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 acquired, corresponds to related parties and the like (see Note).

Therefore, the master lease contract and property management contract have been carried out through 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 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 | ¥1,400,000 thousand |
| Appraisal company | Japan Real Estate Institute |
| Date of value appraisal | March 1, 2025 |

(Unit: Thousands of yen)

| Item | Details | Summary, etc. |
|--|-----------|--|
| Value of earnings | 1,400,000 | The value of earnings was calculated by income capitalization method upon relating the value of earnings of the direct capitalization method and the value of earnings of the discounted cash flow method. |
| Value calculated by the direct capitalization method [(4)÷(5)] | 1,420,000 | |
| (1) Operating revenues [(a)–(b)] | 103,150 | |
| (a) Total potential revenue | 107,414 | Income from rents and common expenses were recorded based on the assessed rent, etc. that can be received stably in the medium to long term after renovation work (total monthly rent of rental units: 7,874 thousand yen). |
| (b) Vacancy loss, etc. | 4,264 | Upon appraising the stable occupancy rate levels over the medium to long-term based on the status of past occupancies and future outlook, vacancy loss, etc., was posted. |
| (2) Operating expenses [(c)+(d)+(e)+(f)+(g)+(h)+(i)+(j)] | 19,794 | |
| (c) Maintenance expenses | 3,060 | Posted upon considering individual characteristics after making reference to the actual amounts of past fiscal years and the levels at similar real estate. |
| (d) Utilities expenses | 1,000 | Posted upon considering the levels at similar real estate and individual characteristics after making reference to the actual amounts of past fiscal years. |
| (e) Repair expenses | 4,393 | In addition to posting restoration costs based on the level, etc., of restoration costs normally incurred with tenant replacements, repair expenses were posted by making reference to the actual amounts of past fiscal years, etc. |
| (f) Property management fees | 3,008 | Posted upon considering remuneration rates at similar real estate and individual characteristics of relevant properties, by making reference to remuneration rates, etc., based on the terms and conditions of the contract. |
| (g) Tenant soliciting fees, etc. | 3,652 | Posted upon considering lease conditions of similar real estate, actual amounts of past fiscal years, average annual tenant turnover ratio, and occupancy rates, etc. |
| (h) Taxes and public dues | 4,438 | Posted from materials related to taxes and public dues. etc. |
| (i) Property insurance fees | 243 | Posted upon considering insurance premiums, etc., based on the insurance contract. |
| (j) Other expenses | 0 | |
| (3) Net operating income [(1)–(2)] | 83,356 | |
| (k) Earnings from temporary deposits | 72 | Investment yield was appraised as 1.0% upon considering the level of interest rates, etc., for both management and funding. |
| (l) Capital expenditures | 8,320 | Appraised upon considering capital expenditure levels on similar real estate, the age of the property, and the annual average cost of repairs and renewals in the engineering report. |
| (4) Net income [(3)+(k)–(l)] | 75,108 | |

| | | | |
|---|---|-----------|---|
| | (5) Cap rate | 5.3% | Appraised upon taking the standard caprate in each district, adding/subtracting the spread attributable to the location and building condition, renovation costs, etc., and other conditions will be added or subtracted, etc., and considering future uncertainties as well as transaction yields, etc., of similar real estate. |
| | Value calculated by discounted cash flow method | 1,370,000 | Forecasting future cash flow fluctuations by fully taking into account the characteristics of the local real estate market, the terms of the current lease contracts and operating conditions, as well as the planned renovation costs and associated changes in rent. |
| | Discount rate | 3.8% | Appraised upon comprehensively considering the individual characteristics, making reference to investment yield, etc., of similar real estate. |
| | Terminal cap rate | 4.1% | Appraised after comprehensively considering the future trends of investment yield, making reference to transaction yields, etc., of similar real estate. |
| | Cost method value | 1,190,000 | |
| | Land ratio | 91.0% | |
| | Building ratio | 9.0% | |
| Other items considered by the appraisal company in making the appraisal | | — | |

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

< Attached Documents >

1. Portfolio list after the purchase of property acquired is completed (on a 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 acquired is completed (on a acquisition price basis)

| | |
|---|------------------|
| Total Acquisition Price | ¥347,686 million |
| Number of Investment Properties | 140 properties |
| Total Rentable Units (including retail units) | 13,713 units |

Proportion of Investment by Asset

| | Acquisition Price (Note 1) | Portfolio Share (Note 2) |
|------------------------|-------------------------------|-----------------------------|
| Rental Apartments | ¥324,977 million | 93.5% |
| Hospitality Facilities | ¥22,709 million | 6.5% |
| Grand Total | ¥347,686 million | 100.0% |

Proportion of "Rental Apartments" by Area

| | Acquisition Price (Note 1) | Portfolio Share (Note 3) |
|------------------------------|-------------------------------|-----------------------------|
| Tokyo 23 Wards | ¥287,996 million | 88.7% |
| Greater Tokyo (Note 4) | ¥14,426 million | 4.4% |
| Other Major Cities (Note 5) | ¥22,555 million | 6.9% |
| Total of "Rental Apartments" | ¥324,977 million | 100.0% |

(Note 1) "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 acquisition price.

(Note 3) The figure indicates the percentage of Rental Apartments by area to the total 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 84.6%

Other area 15.4%

(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 acquired and map of the area

