

To All Concerned Parties

Issuer of Real Estate Investment Trust Securities:
Nippon Accommodations Fund Inc.
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(TSE Code: 3226)
Investment Trust Management Company:
Mitsui Fudosan Accommodations
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Notification Concerning Acquisition of Domestic Real Estate Properties
(Park Axis Kikukawa Station Gate and Two Other Properties)

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 properties 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 properties 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 acquisitions

	Name of property to be acquired	Property to be acquired	Planned acquisition price (Note 1) (Thousands of yen)	Appraised value (Note 2) (Thousands of yen)
Property 1	Park Axis Kikukawa Station Gate	Real estate	3,200,000	3,560,000
Property 2	Park Axis Kiba Canal West	Real estate	4,660,000	5,090,000
Property 3	Park Axis Kiba Canal East	Real estate	1,830,000	2,050,000
Total			9,690,000	10,700,000

- (1) Date of conclusion of sale contract June 22, 2021
 (2) Planned date of handover June 29, 2021
 (3) Seller Mitsui Fudosan Residential Co., Ltd.
 (4) Acquisition fund Borrowings and own funds
 (5) Method of payment Full payment at the time of handover

(Note 1) “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 with condition precedent for the properties to be acquired.

(Note 2) “Appraised value” is based on the amount mentioned in the real estate appraisal reports (date of value appraisal: May 31, 2021) prepared by Daiwa Real Estate Appraisal Co., Ltd. for the properties to be acquired.

3. Description of the properties to be acquired

(1) Outline of the properties to be acquired

(i) Property 1: Park Axis Kikukawa Station Gate

Name of property to be acquired		Park Axis Kikukawa Station Gate
Type of property to be acquired		Real estate
Appraisal company		Daiwa Real Estate Appraisal Co., Ltd.
Appraised value (Note 1)		¥3,560,000 thousand
Date of value appraisal (Note 1)		May 31, 2021
Location	Residence indication	1-3, Kikukawa 3-chome, Sumida-ku, Tokyo
Land	Building-to-land ratio (Note 2)	80%
	Floor-area ratio (Note 2)	500%
	Zoning	Commercial zone
	Site area (Note 3)	773.10 m ²
	Ownership form	Proprietorship
Building	Completion date (Note 4)	March 29, 2013
	Structure / number of stories (Note 5)	Flat-roofed reinforced concrete structure / 11 stories
	Uses (Note 5)	Apartment building, parking, bicycle parking, garage, garbage depot, storage
	Gross floor area (Note 5)	4,592.47 m ²
	Ownership form	Proprietorship
	Rentable units	107
	Rentable area	3,411.32 m ²
Existence of security interests		None
Special affairs (Note 6)		<p>Part of the land is located within the city planning road (Ring Road No. 3). There is a possibility the building will become a non-conforming building due to the expropriation of land if the project is determined in the future.</p> <p>The transaction of the property has the following (1) or (2) as a condition precedent with regard to the filing dated June 7, 2021, based on Article 4, Paragraph 1 of the Act on Advancement of Expansion of Public Lands (Act No. 66 of 1972, including subsequent amendments) for the sale of the property by the seller: (1) arrival of June 28, 2021, without the seller receiving from Sumida Ward a notice on holding a discussion about the purchase specified in Article 6, Paragraph 1 of the said Act; (2) the seller receiving from Sumida Ward a notice specified in Article 6, Paragraph 3 of the said Act.</p> <p>Although soil with lead exceeding the standard has been confirmed at part of the land, measures to prevent the spread of contamination have been implemented. In addition, it has been reported by a third-party institution that risk of health damage is low because the surface of the land has been covered and underground water is not used for drinking.</p>
Special features of the property		<p>The property is approximately a 3-minute walk from Kikukawa Station on the Toei Shinjuku Subway Line, boasting proximity to a station. The accessibility to central Tokyo and major areas in Tokyo is also excellent.</p> <p>It offers excellent convenience in daily life as there are facilities for living convenience in front of the station.</p> <p>Demand from singles and DINKS households that place importance on living convenience can be expected.</p>

Details of leasing (Note 7)	Total number of tenants	1
	Rentable units	107
	Rented units	104
	Rentable area	3,411.32 m ²
	Rented area	3,319.77 m ²
	Occupancy rate	97.3%
	Deposit / Security deposit	¥23,269 thousand
	Monthly rental revenue	¥13,891 thousand

(ii) Property 2: Park Axis Kiba Canal West

Name of property to be acquired		Park Axis Kiba Canal West
Type of property to be acquired		Real estate
Appraisal company		Daiwa Real Estate Appraisal Co., Ltd.
Appraised value (Note 1)		¥5,090,000 thousand
Date of value appraisal (Note 1)		May 31, 2021
Location	Residence indication	4-35, Shiohama 2-chome, Koto-ku, Tokyo
Land	Building-to-land ratio (Note 2)	60%
	Floor-area ratio (Note 2)	300%
	Zoning	Quasi-industrial district
	Site area (Note 3)	1,539.32 m ²
	Ownership form	Proprietorship
Building	Completion date (Note 4)	October 17, 2018
	Structure / number of stories (Note 5)	Flat-roofed reinforced concrete structure / 12 stories
	Uses (Note 5)	Apartment building, store, bicycle parking
	Gross floor area (Note 5)	5,438.12 m ²
	Ownership form	Proprietorship
	Rentable units	146 residential, 1 retail, etc.
	Rentable area	4,430.50 m ²
Existence of security interests		None
Special affairs (Note 6)		<p>Although soil with lead exceeding the standard has been confirmed at part of the land, measures to prevent the spread of contamination have been implemented. In addition, it has been reported by a third-party institution that the risk of health damage is low because the surface of the land has been covered and underground water is not used for drinking.</p> <p>When selling the property, it is required to notify the lessee of the store section in advance and hold a discussion about the sale.</p>
Special features of the property		<p>The property is approximately an 11-minute walk from Kiba Station on the Tokyo Metro Tozai Line. With "Shiozakiso-mae" bus stop of Toei Bus located close to the property, access to "Shiomieki-mae" bus stop is also available. Furthermore, the Tokyo Metro Tozai Line provides excellent access to central Tokyo.</p> <p>Because there are various retail stores, restaurants and such in the area surrounding the nearest station and the Toyosu area is within walking distance, it offers convenience in daily life.</p> <p>Demand from singles and DINKS households that place importance on living convenience can be expected.</p>

Details of leasing (Note 7)	Total number of tenants	1
	Rentable units	146 residential, 1 retail, etc.
	Rented units	135 residential, 1 retail, etc.
	Rentable area	4,430.50 m ²
	Rented area	4,092.22 m ²
	Occupancy rate	92.4%
	Deposit / Security deposit	¥29,745 thousand
	Monthly rental revenue	¥18,252 thousand

(iii) Property 3: Park Axis Kiba Canal East

Name of property to be acquired		Park Axis Kiba Canal East
Type of property to be acquired		Real estate
Appraisal company		Daiwa Real Estate Appraisal Co., Ltd.
Appraised value (Note 1)		¥2,050,000 thousand
Date of value appraisal (Note 1)		May 31, 2021
Location	Residence indication	4-33, Shiohama 2-chome, Koto-ku, Tokyo
Land	Building-to-land ratio (Note 2)	60%
	Floor-area ratio (Note 2)	300%
	Zoning	Quasi-industrial district
	Site area (Note 3)	636.40 m ²
	Ownership form	Proprietorship
Building	Completion date (Note 4)	February 21, 2020
	Structure / number of stories (Note 5)	Flat-roofed reinforced concrete structure / 9 stories
	Uses (Note 5)	Apartment building, store, bicycle parking
	Gross floor area (Note 5)	2,257.03 m ²
	Ownership form	Proprietorship
	Rentable units	63 residential, 1 retail, etc.
	Rentable area	1,830.46 m ²
Existence of security interests		None
Special affairs (Note 6)		Although soil with lead exceeding the standard has been confirmed at part of the land, measures to prevent the spread of contamination have been implemented. In addition, it has been reported by a third-party institution that the risk of health damage is low because the surface of the land has been covered and underground water is not used for drinking.
Special features of the property		<p>The property is approximately an 11-minute walk from Kiba Station on the Tokyo Metro Tozai Line. With “Shiozakiso-mae” bus stop of Toei Bus located close to the property, access to “Shiomieki-mae” bus stop is also available. Furthermore, the Tokyo Metro Tozai Line provides excellent access to central Tokyo.</p> <p>Because there are various retail stores, restaurants and such in the area surrounding the nearest station and the Toyosu area is within walking distance, it offers convenience in daily life.</p> <p>Demand from singles and DINKS households that place importance on living convenience can be expected.</p>

Details of leasing (Note 7)	Total number of tenants	1
	Rentable units	63 residential, 1 retail, etc.
	Rented units	61 residential, 1 retail, etc.
	Rentable area	1,830.46 m ²
	Rented area	1,778.49 m ²
	Occupancy rate	97.2%
	Deposit / Security deposit	¥13,659 thousand
	Monthly rental revenue	¥8,081 thousand

- (Note 1) "Appraised value" and "date of value appraisal" are based on the description in the real estate appraisal reports prepared by Daiwa Real Estate Appraisal Co., Ltd. for the properties 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 properties that NAF plans to acquire.
- (Note 7) Explanation on "details of leasing"
- (i) A master lease agreement has been concluded with Mitsui Fudosan Residential Lease Co., Ltd. as the master lease company, and thus the "total number of tenants" is entered as 1, indicating the number of such master lease companies.
 - (ii) "Rentable units" denotes the number of units that can be rented within the property that NAF plans to acquire.
 - (iii) "Rented units" and "rented area" denote figures as of May 31, 2021, 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 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" and "Deposit / Security deposit" are the total amounts of both the monthly rent (including common service fees and excluding usage fees of attached facilities such as parking lot and trunk room) and deposit / security deposit indicated in the lease agreement concluded between the master lease company and end tenants as of May 31, 2021. Figures less than ¥1 thousand are rounded down and consumption tax is excluded from those figures.

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

		Property 1	Property 2	Property 3
Name of properties to be acquired		Park Axis Kikukawa Station Gate	Park Axis Kiba Canal West	Park Axis Kiba Canal East
Investigations into the state of building	Consigned investigating company	Tokio Marine & Nichido Risk Consulting Co., Ltd.		
	Investigation report date	June 8, 2021	June 8, 2021	June 8, 2021
	Urgent repair cost	–	–	–
	Short-term repair cost	–	–	–
	Repair and renewal costs expected to be necessary within 12 years	¥69,458 thousand	¥35,589 thousand	¥12,954 thousand
	Replacement value	¥1,092,700 thousand	¥1,283,800 thousand	¥540,400 thousand
Earthquake risk diagnosis	Consigned investigating company	Tokio Marine & Nichido Risk Consulting Co., Ltd.		
	Investigation report date	June 8, 2021	June 8, 2021	June 8, 2021
	PML value (Note)	5.7%	6.7%	7.0%

(Note) The report on earthquake risk diagnosis only states the views of the consigned investigating company and does not provide any guarantee of their appropriateness or accuracy 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 (10% chance of a big earthquake happening once every 50 years = a big earthquake which happens once every 475 years) represented by the rate (%) of the estimated cost of restoration from the damage to the replacement cost.

4. Outline of Seller

Name	Mitsui Fudosan Residential Co., Ltd.	
Location	2-1, Nihonbashi-Muromachi 3-chome, Chuo-ku, Tokyo	
Representative	Toru Kamura, President & CEO	
Description of principal operations	Medium and high-rise housing, detached housing, rental housing, overseas business, urban redevelopment, reconstruction of apartments, commissioned sales, and senior residence businesses	
Capital	¥40,000 million	
Date of establishment	December 26, 2005	
Net assets (As of March 31, 2020)	¥142,346 million	
Total assets (As of March 31, 2020)	¥897,363 million	
Major stockholders and shareholding ratio (As of March 31, 2020)	Stockholder name	Shareholding ratio
	Mitsui Fudosan Co., Ltd.	100.0%
Relationship between NAF or the investment trust management company, and the seller		
Capital relationships	The seller holds 3.09% of total NAF investment units issued as of February 28, 2021. Also, the seller is a subsidiary of Mitsui Fudosan Co., Ltd., which is the parent company of the investment trust management company.	
Personal relationships	There are no personal relationships between NAF or the investment trust management company and the seller.	
Business relationships	During the period ended February 28, 2021, NAF acquired 1 property from the seller. Other than this, as of February 28, 2021, there are no business relationships to report between NAF or the investment trust management company and the seller.	
Applicability to related parties	The seller does not fall under the category of related parties of NAF. Also, the seller is a subsidiary (100%) of Mitsui Fudosan Co., Ltd., which is the parent company of the investment trust management company, and therefore falls under the category of related parties thereof.	

5. Situation of the acquirer of the property

	Situation of the property owner	Former owner, etc.	Owner before the former owner, etc.
		Name	Mitsui Fudosan Residential Co., Ltd. (Note)
Property 1: Park Axis Kikukawa Station Gate	Relationship with a special related party	Wholly owned subsidiary of Mitsui Fudosan Co., Ltd., which is the parent company of the investment trust management company	—
Property 2: Park Axis Kiba Canal West Property 3: Park Axis Kiba Canal East	Acquisition history, reason, etc.	Property 1: Property developed by Mitsui Fudosan Co., Ltd. (Note) Properties 2 and 3: Properties developed by Mitsui Fudosan Residential Co., Ltd.	—
	Acquisition price (including other costs)	—	—
	Acquisition time	—	—

(Note) Mitsui Fudosan Co., Ltd.'s rights and obligations in the rental housing business were succeeded by Mitsui Fudosan Residential Co., Ltd. as of October 1, 2015, through a company split.

6. Outlines of brokerage

Not applicable.

7. Transactions with related parties and the like

Since Mitsui Fudosan Residential Co., Ltd., which is the seller, corresponds to related parties and the like (see Note), the real estate sales contract with condition precedent has 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.

Mitsui Fudosan Residential Lease Co., Ltd., which will be the master lease company and property management company, 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 Trust and Investment Corporation.

8. Earthquake resistance matters

The properties to be acquired have received a structural calculation conformity judgment pursuant to the Building Standards Act as revised by the Act No. 92 of 2006.

In addition, NAF always entrusts earthquake risk diagnosis to the third-party investigating company to review drawings and the like using structural design drawings, structural calculation sheets, etc., during the course of due diligence upon acquisition of properties, besides building certification investigations performed by an inspection and certification agency.

9. Outlook for management after acquisition of the properties

The impact of the acquisition on NAF's financial results for the periods ending August 31, 2021 (31st Period: March 1, 2021, to August 31, 2021) and February 28, 2022 (32nd Period: September 1, 2021, to February 28, 2022) will be minor, and there will be no change to financial results forecast for the periods.

10. Summary of appraisal report

Property 1: Park Axis Kikukawa Station Gate

Appraised value	¥3,560,000 thousand
Appraisal company	Daiwa Real Estate Appraisal Co., Ltd.
Date of value appraisal	May 31, 2021

(Unit: Thousands of yen)

Item	Details	Summary, etc.
Value of earnings	3,560,000	Appraised by judging the value of earnings found by the discounted cash flow method in which the value is derived by specifying future net income fluctuations to be more convincing and also verifying with the value of earnings found by the direct capitalization method.
Value calculated by the direct capitalization method [(4)÷(5)]	3,640,000	
(1) Operating revenues [(a)–(b)]	170,223	
(a) Potential gross revenue	179,919	Appraised after taking into account medium- to long-term competitiveness based on levels of new rent at similar real estate and trends of such.
(b) Vacancy loss, etc.	9,696	Appraised by considering competitiveness of the subject real estate, etc. based on actual vacancy rates and standard vacancy rates of similar real estate.
(2) Operating expenses [(c)+(d)+(e)+(f)+(g)+(h)+(i)+(j)]	31,389	
(c) Maintenance expenses	5,574	Posted based on the planned amounts in contract.
(d) Utilities expenses	1,362	Posted based on the actual amounts of past fiscal years.
(e) Repair expenses	3,352	Posted assuming the 12-year-period average repair expenses stated in the engineering report to be appropriate. Posted maintenance expenses for rental rooms arising upon move-outs of lessees by considering the turnover rate, etc. after making reference to the actual amounts of past fiscal years and the levels at similar real estate.
(f) Property management fees	5,848	Appraised based on making reference to levels at similar real estate.
(g) Tenant soliciting fees, etc.	4,826	Appraised based on levels at similar real estate, making reference to actual amounts of past fiscal years.
(h) Taxes and public dues	8,513	Posted by appraising based on actual amounts after considering burden levels, land price trends and adjustments for age.
(i) Property insurance fees	289	Posted based on the estimated amount.
(j) Other expenses	1,623	Appraised and posted other one-off management expenses, miscellaneous expenses, etc. by making reference to the actual amounts of past fiscal years. Posted neighborhood association fees, etc. based on the actual amounts.
(3) Net operating income [(1)–(2)]	138,833	
(k) Earnings from temporary deposits	125	Posted the amount obtained when the expected amount of deposits received, etc. is multiplied by the investment yield appraised by comprehensively taking into account the viewpoints of both management aspects and procurement aspects.
(l) Capital expenditures	4,412	Posted assuming the 12-year-period average renewal cost stated in the engineering report to be appropriate.
(4) Net income [(3)+(k)–(l)]	134,546	

Item		Details (Note)	Summary, etc.
	(5) Cap rate	3.7%	Appraised by taking the cap rate for similar uses located in the area with the lowest risk as a standard and adding/subtracting the spread attributable to the subject real estate's various conditions, level of current rent against market rent and other conditions, and by making reference to the cap rate for the same supply-demand area, etc.
	Value calculated by discounted cash flow method	3,530,000	
	Discount rate	3.5%	Appraised by making reference to interviews with investors, etc., after using a combination of the method of deriving by comparison with similar real estate transactions and the method of deriving by factoring the individual characteristics of the real estate into the yield of financial assets.
	Terminal cap rate	3.9%	Appraised after comprehensively taking into account future trends of investment yield, risk of the subject real estate as an investment target, general projection of future economic growth rates, real estate price trends, etc., making reference to the market-derived cap rate of similar transactions.
	Cost method value	2,340,000	
	Land ratio	62.4%	
	Building ratio	37.6%	
Other items considered by the appraisal company in making the appraisal			—

Property 2: Park Axis Kiba Canal West

Appraised value	¥5,090,000 thousand
Appraisal company	Daiwa Real Estate Appraisal Co., Ltd.
Date of value appraisal	May 31, 2021

(Unit: Thousands of yen)

Item	Details	Summary, etc.
Value of earnings	5,090,000	Appraised by judging the value of earnings found by the discounted cash flow method in which the value is derived by specifying future net income fluctuations to be more convincing and also verifying with the value of earnings found by the direct capitalization method.
Value calculated by the direct capitalization method [(4)÷(5)]	5,210,000	
(1) Operating revenues [(a)-(b)]	234,677	
(a) Potential gross revenue	246,662	Appraised after taking into account medium- to long-term competitiveness based on levels of new rent at similar real estate and trends of such.
(b) Vacancy loss, etc.	11,985	Appraised by considering competitiveness of the subject real estate, etc. based on actual vacancy rates and standard vacancy rates of similar real estate.
(2) Operating expenses [(c)+(d)+(e)+(f)+(g)+(h)+(i)+(j)]	38,558	
(c) Maintenance expenses	4,857	Posted based on the planned amounts in contract.
(d) Utilities expenses	1,930	Posted based on the actual amounts of past fiscal years.
(e) Repair expenses	2,908	Posted assuming the annual average repair expenses stated in the engineering report to be appropriate. Posted maintenance expenses for rental rooms arising upon move-outs of lessees by considering the turnover rate, etc. after making reference to the actual amounts of past fiscal years and the levels at similar real estate.
(f) Property management fees	8,073	Appraised based on making reference to levels at similar real estate.
(g) Tenant soliciting fees, etc.	6,741	Appraised based on levels at similar real estate, making reference to actual amounts of past fiscal years.
(h) Taxes and public dues	12,588	Posted by appraising based on actual amounts after considering burden levels, land price trends and adjustments for age.
(i) Property insurance fees	331	Posted based on the estimated amount.
(j) Other expenses	1,126	Appraised and posted maintenance expenses and reserve for other miscellaneous expenses by making reference to the actual amounts of past fiscal years.
(3) Net operating income [(1)-(2)]	196,119	
(k) Earnings from temporary deposits	227	Posted the amount obtained when the expected amount of deposits received, etc. is multiplied by the investment yield appraised by comprehensively taking into account the viewpoints of both management aspects and procurement aspects.
(l) Capital expenditures	3,594	Posted by making reference to the renewal cost in the engineering report and levels of renewal cost at similar real estate.
(4) Net income [(3)+(k)-(l)]	192,752	

Item		Details (Note)	Summary, etc.
	(5) Cap rate	3.7%	Appraised by taking the cap rate for similar uses located in the area with the lowest risk as a standard and adding/subtracting the spread attributable to the subject real estate's various conditions, level of current rent against market rent and other conditions, and by making reference to the cap rate for the same supply-demand area, etc.
	Value calculated by discounted cash flow method	5,040,000	
	Discount rate	3.5%	Appraised by making reference to interviews with investors, etc., after using a combination of the method of deriving by comparison with similar real estate transactions and the method of deriving by factoring the individual characteristics of the real estate into the yield of financial assets.
	Terminal cap rate	3.9%	Appraised after comprehensively taking into account future trends of investment yield, risk of the subject real estate as an investment target, general projection of future economic growth rates, real estate price trends, etc., making reference to the market-derived cap rate of similar transactions.
	Cost method value	3,650,000	
	Land ratio	63.9%	
	Building ratio	36.1%	
Other items considered by the appraisal company in making the appraisal			—

Property 3: Park Axis Kiba Canal East

Appraised value	¥2,050,000 thousand
Appraisal company	Daiwa Real Estate Appraisal Co., Ltd.
Date of value appraisal	May 31, 2021

(Unit: Thousands of yen)

Item	Details	Summary, etc.
Value of earnings	2,050,000	Appraised by judging the value of earnings found by the discounted cash flow method in which the value is derived by specifying future net income fluctuations to be more convincing and also verifying with the value of earnings found by the direct capitalization method.
Value calculated by the direct capitalization method [(4)÷(5)]	2,100,000	
(1) Operating revenues [(a)-(b)]	98,111	
(a) Potential gross revenue	103,208	Appraised after taking into account medium- to long-term competitiveness based on levels of new rent at similar real estate and trends of such.
(b) Vacancy loss, etc.	5,096	Appraised by considering competitiveness of the subject real estate, etc. based on actual vacancy rates and standard vacancy rates of similar real estate.
(2) Operating expenses [(c)+(d)+(e)+(f)+(g)+(h)+(i)+(j)]	18,843	
(c) Maintenance expenses	4,164	Posted based on the planned amounts in contract.
(d) Utilities expenses	1,129	Posted based on the actual amounts of past fiscal years.
(e) Repair expenses	1,203	Posted repair expenses by making reference to the repair cost in the engineering report and levels of repair expenses at similar real estate. Appraised and posted maintenance expenses for rental rooms arising upon move-outs of lessees by considering the turnover rate, etc. after making reference to the actual amounts of past fiscal years and the levels at similar real estate.
(f) Property management fees	3,372	Appraised based on making reference to levels at similar real estate.
(g) Tenant soliciting fees, etc.	2,902	Appraised based on levels at similar real estate, making reference to actual amounts of past fiscal years.
(h) Taxes and public dues	5,382	Posted by appraising based on actual amounts after considering burden levels, land price trends and adjustments for age.
(i) Property insurance fees	156	Posted based on the estimated amount.
(j) Other expenses	531	Appraised and posted maintenance expenses and reserve for other miscellaneous expenses by making reference to the actual amounts of past fiscal years.
(3) Net operating income [(1)-(2)]	79,268	
(k) Earnings from temporary deposits	89	Posted the amount obtained when the expected amount of deposits received, etc. is multiplied by the investment yield appraised by comprehensively taking into account the viewpoints of both management aspects and procurement aspects.
(l) Capital expenditures	1,513	Posted by making reference to the renewal cost in the engineering report and levels of renewal cost at similar real estate.
(4) Net income [(3)+(k)-(l)]	77,845	

Item			Summary, etc.
	(5) Cap rate	3.7%	Appraised by taking the cap rate for similar uses located in the area with the lowest risk as a standard and adding/subtracting the spread attributable to the subject real estate's various conditions, level of current rent against market rent and other conditions, and by making reference to the cap rate for the same supply-demand area, etc.
	Value calculated by discounted cash flow method	2,030,000	
	Discount rate	3.5%	Appraised by making reference to interviews with investors, etc., after using a combination of the method of deriving by comparison with similar real estate transactions and the method of deriving by factoring the individual characteristics of the real estate into the yield of financial assets.
	Terminal cap rate	3.9%	Appraised after comprehensively taking into account future trends of investment yield, risk of the subject real estate as an investment target, general projection of future economic growth rates, real estate price trends, etc., making reference to the market-derived cap rate of similar transactions.
	Cost method value	1,520,000	
	Land ratio	60.6%	
	Building ratio	39.4%	
Other items considered by the appraisal company in making the appraisal			—

< Attached Documents >

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

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

<Caution> This document is a press release intended for general publication regarding NAF's acquisition of real estate properties and is not for purposes of soliciting investment. When investing, we ask that investors exercise their own judgment taking full responsibility after having read carefully the new investment unit issuance and secondary offering prospectus, or any corrections thereof (if made), prepared by NAF.

< Attached Document 1 >

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

Total Planned Acquisition Price	¥337,930 million
Number of Investment Properties	134 properties
Total Rentable Units (including retail units)	13,275 units

Proportion of Investment by Asset

	Planned Acquisition Price (Note 1)	Portfolio Share (Note 2)
Rental Apartments	¥320,231 million	94.8%
Hospitality Facilities	¥17,699 million	5.2%
Grand Total	¥337,930 million	100.0%

Proportion of "Rental Apartments" by Area

	Planned Acquisition Price (Note 1)	Portfolio Share (Note 3)
Tokyo 23 Wards	¥283,250 million	88.5%
Greater Tokyo (Note 4)	¥14,426 million	4.5%
Other Major Cities (Note 5)	¥22,555 million	7.0%
Total of "Rental Apartments"	¥320,231 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) Please refer to NAF's website for the latest portfolio list:

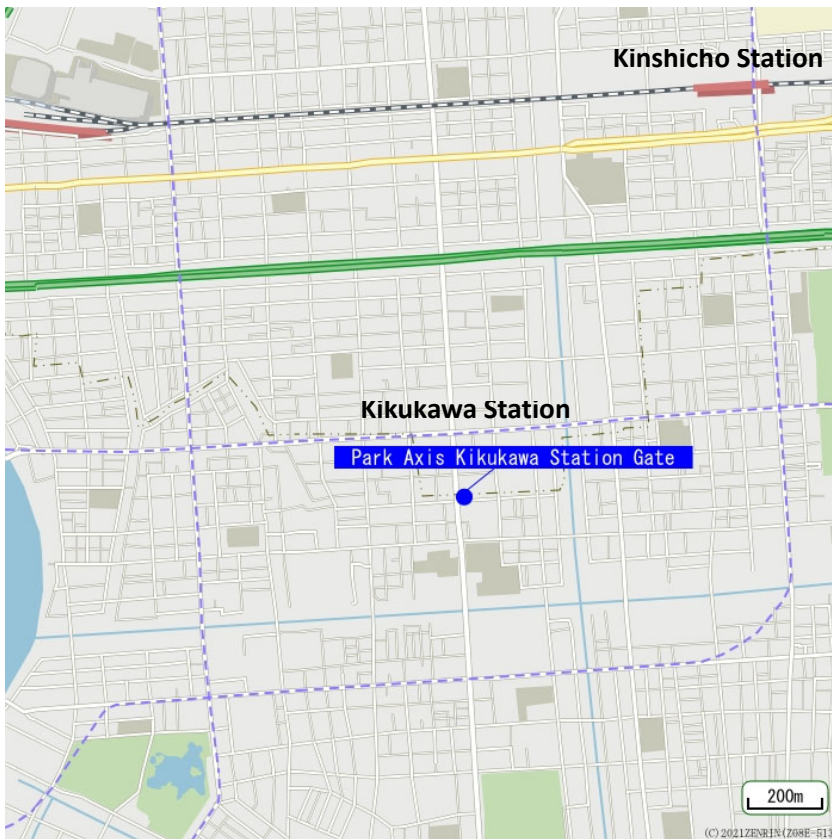
<https://www.naf-r.jp/portfolio/5-1.html>

<Caution> This document is a press release intended for general publication regarding NAF's acquisition of real estate properties and is not for purposes of soliciting investment. When investing, we ask that investors exercise their own judgment taking full responsibility after having read carefully the new investment unit issuance and secondary offering prospectus, or any corrections thereof (if made), prepared by NAF.

< Attached Document 2 >

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

Property 1: Park Axis Kikukawa Station Gate



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Property 2: Park Axis Kiba Canal West

Property 3: Park Axis Kiba Canal East



(Left : Park Axis Kiba Canal West Right : Park Axis Kiba Canal East)



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