

September 27, 2024

To All Concerned Parties

Issuer of Real Estate Investment Trust Securities:  
Nippon Accommodations Fund Inc.  
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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**  
**(Kuretake Inn Asahikawa)**

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	Kuretake Inn Asahikawa
(2) Type of property to be acquired	Real estate
(3) Planned acquisition price	¥660,000 thousand (Note 1)
(4) Appraised value	¥836,000 thousand (Note 2)
(5) Date of conclusion of sale contract	September 27, 2024
(6) Planned date of handover	October 1, 2024
(7) Seller	Not disclosed (Note 3)
(8) Acquisition fund	Borrowings and own funds
(9) 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 for the property to be acquired.

(Note 2) “Appraised value” is based on the amount mentioned in the real estate appraisal report (date of value appraisal: August 31, 2024) prepared by Japan Real Estate Institute for the property to be acquired.

(Note 3) Not disclosed as consent from the buyer has not been obtained.

### 3. Description of the acquired property

#### (1) Outline of the property to be acquired

Name of acquired property		Kuretake Inn Asahikawa
Type of acquired property		Real estate
Appraisal company		Japan Real Estate Institute
Appraised value (Note 1)		¥836,000 thousand
Date of value appraisal (Note 1)		August 31, 2024
Location	Residence indication	1704-18 4-jo-dori 9-chome, Asahikawa City, Hokkaido (area where lot number and residence indication are undisclosed)
Land	Building-to-land ratio (Note 2)	80%
	Floor-area ratio (Note 2)	600%
	Zoning	Commercial zone
	Site area (Note 3)	570.57 m <sup>2</sup>
	Ownership form	Proprietorship
Building	Completion date (Note 4)	July 25, 2003
	Structure / number of stories (Note 5)	Flat-roofed reinforced concrete structure / 11-stories
	Uses (Note 5)	Hotel, office, parking
	Gross floor area (Note 5)	Hotel and office 3,244.07 m <sup>2</sup> , Parking 42.26 m <sup>2</sup>
	Ownership form	Proprietorship
	Number of guestrooms	102 rooms
	Rentable area	3,286.33 m <sup>2</sup>
Existence of security interests		None
Special affairs (Note 6)		None
Special features of the property		<p>The property is an 8-minute walk from Asahikawa Station on the JR Hakodate Line, Soya Line, Furano Line and Sekihoku Line, so highly convenient for wide-area travel, and is a convenient location for both business and sightseeing.</p> <p>The number of guest rooms is mainly single and double, and there are a total of 102 rooms, and it is possible to meet the demand for tourism as well as business. On-site facilities include a breakfast area and a laundry corner.</p>

Tenant detail (Note 7)	Total number of tenants	1
	Rented area	3,286.33 m <sup>2</sup>
	Occupancy rate	100.0%
	Deposit / Security deposit	Undisclosed because consent was not obtained from the lessee
	Monthly rental revenue	Undisclosed because consent was not obtained from the lessee

(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 acquired 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 value as well as profits of the acquired property.

(Note 7) Explanation of “Tenant detail”

( i ) “Total number of tenant” is denoted as 1 if there is a master lease agreement (bulk lease agreement) concluded with the lessee. With regards to the property to be acquired, a fixed-term building lease agreement had been concluded with Kuretakeso Co., Ltd., Inc. as the lessee, and NAF will take over the status of lessor.

( ii ) “Occupancy rate” denotes the ratio of the “rented area” against the “rentable area” and the figures are rounded to one decimal place.

(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	September 13, 2024
	Urgent repair cost	—
	Short-term repair cost	—
	Repair and renewal costs expected to be necessary within 12 years	¥58,632 thousand
	Replacement value	¥1,041,330 thousand
Earthquake risk diagnosis	Consigned investigating company	Tokio Marine dR Co., Ltd.
	Investigation report date	August 27, 2024
	PML value (Note)	1.5%

(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

The seller of the acquired property is a domestic business company, but information is not disclosed since the seller's consent has not been obtained. There are 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 property 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

##### (1) Outline of broker

Name	Nomura Real Estate Solutions Co., Ltd.
Address	Shinjuku Nomura Building 1-26-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo
Representative	Kenichi MAEDA, President
Main business	Brokerage of residential real estate, Brokerage of commercial real estate, Consignment sales business, Insurance agency business, Information website on real estate operation
Capital	¥1,000 million
Date of establishment	November 6, 2000
Relationship with NAF and investment trust management company	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.

##### (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

The acquisition of the acquired property does not correspond to an acquisition from a related party or the like of NAF or the investment trust management company.

#### 8. Earthquake resistance matters

NAF commissioned investigation and verification of details relating to the seismic resistance structure, including structural calculation sheets, and for the buildings relating to the acquired property 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 2025 (38th Period: September 1, 2024, to February 28, 2025) will be minor, and there will be no change to financial results forecast for the period.

## 10. Summary of appraisal reports

Appraised value	¥836,000 thousand
Appraisal company	Japan Real Estate Institute
Date of value appraisal	August 31, 2024

(Unit: Thousands of yen)

Item	Details	Summary, etc.	
Value of earnings	836,000	Estimated by linking the value of earnings based on the direct capitalization method and value of earnings based on the discounted cash flow method.	
Value calculated by the direct capitalization method [(4)÷(5)]	843,000		
(1) Operating revenues [(a)-(b)]			
(a) Potential gross revenue			
(b) Vacancy loss, etc.			
(2) Operating expenses [(c)+(d)+(e)+(f)+(g)+(h)+(i)+(j)]			
(c) Maintenance expenses	Undisclosed (Note)		
(d) Utilities expenses			
(e) Repair expenses			
(f) Property management fees			
(g) Tenant soliciting fees, etc.			
(h) Taxes and public dues			
(i) Property insurance fees			
(j) Other expenses			
(3) Net operating income [(1)-(2)]		47,015	Rent income was estimated based on the original contract after the end of the rent reduction period and the risk of rent reduction was taken into account in the cap rate.
(k) Earnings from temporary deposits		Undisclosed (Note)	
(l) Capital expenditures			
(4) Net income [(3)+(k)-(l)]	43,830		
(5) Cap rate	5.2%	Appraised by factoring income and principal fluctuation risks into the discount rate.	
Value calculated by discounted cash flow method	828,000		
Discount rate	5.0%	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	5.3%	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	435,000		
Land ratio	23.5%		
Building ratio	76.5%		

Other items considered by the appraisal company in making the appraisal	—
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(Note) Information is not disclosed because the lessee's consent was not obtained.

<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	¥342,798 million
Number of Investment Properties	137 properties
Total Rentable Units (including retail units)	13,582 units

Proportion of Investment by Asset

	Planned Acquisition Price (Note 1)	Portfolio Share (Note 2)
Rental Apartments	¥322,641 million	94.1%
Hospitality Facilities	¥20,157 million	5.9%
Grand Total	¥342,798 million	100.0%

Proportion of "Rental Apartments" by Area

	Planned Acquisition Price (Note 1)	Portfolio Share (Note 3)
Tokyo 23 Wards	¥285,660 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"	¥322,641 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/english/portfolio/6-2.html>

< Attached Document 2 >

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

