

August 16, 2011

To All Concerned Parties

Issuer of Real Estate Investment Trust Securities
1-1, Nihonbashi-Muromachi 2-chome, Chuo-ku, Tokyo 103-0022
Nippon Accommodations Fund Inc.
Executive Director Yuji Yokoyama

(Code number 3226)

Investment Trust Management Company
Mitsui Fudosan Accommodations Fund Management Co., Ltd.
President and CEO Kosei Murakami
Contact CFO and Director Morio Shibata
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Notification Concerning Acquisition of Domestic Real Estate Trust Beneficiary Interest

This is a notification that Nippon Accommodations Fund Inc. ("NAF") decided on and completed the acquisition of real estate trust beneficiary interest 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 the entire portfolio, and for the diversification and further enhancement of the investment portfolio in Tokyo's 23 wards.

2. Overview of Acquisition

(1) Name of property acquired (Note 1)	Park Cube Higashi Shinagawa
(2) Type of property acquired	Trust beneficiary interest
(3) Acquisition price (Note 2)	¥6,060,000 thousand
(4) Appraised value (Note 3)	¥6,110,000 thousand (as of June 30, 2011)
(5) Date of conclusion of sales contract	August 1, 2011
(6) Date of handover	August 1, 2011
(7) Seller	Higashishinagawa Holding TMK
(8) Acquisition funds	Borrowings and own funds
(9) Method of payment	Full payment at time of delivery

(Note 1) The current name of the property acquired is "Glenpark Higashi-Shinagawa." NAF plans to rename the property as stated above without delay after it has acquired the property.

(Note 2) "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 trust beneficiary interest sales contract for the property acquired.

(Note 3) "Appraised value" is based on the amount mentioned in the real estate appraisal report which Daiwa Real Estate Appraisal Corporation prepared for the property acquired.

3. Description of Property Acquired

(1) Outline of the property acquired

Name of property acquired		Park Cube Higashi Shinagawa
Type of property acquired		Trust beneficiary interest
Trustee		Mitsubishi UFJ Trust and Banking Corporation
Trust period		From March 23, 2007 to July 31, 2021
Acquisition price (Note 1)		¥6,060,000 thousand
Appraisal company		Daiwa Real Estate Appraisal Corporation
Appraised value (Note 2)		¥6,110,000 thousand
Date of value appraisal		June 30, 2011
Location	Residence indication	11-5, Higashi-Shinagawa 3-chome, Shinagawa-ku, Tokyo
Land	Building-to-land ratio	60%
	Floor-area ratio	300%
	Zoning	Light-industrial area
	Site area (Note 3)	3,120.65㎡
	Ownership form	Proprietorship
Building	Completion date (Note 4)	February 28, 2007
	Structure / number of stories (Note 5)	Flat-roofed reinforced concrete structure / 15 stories
	Uses (Note 5)	Apartment building / garage
	Gross floor area (Note 5)	11,351.67㎡
	Ownership form	Proprietorship
	Rentable units	201
	Rentable area	10,636.67㎡
Existence of security interests		None
Special affairs (Note 6)		None
Special features of the property		<p>The property is a seven-minute walk from Tennozu Isle Station on the Rinkai Line, an eight-minute walk from Shinagawa Seaside Station on the Rinkai Line, a nine-minute walk from Shimbamba Station on the Keikyu Main Line and a 10-minute walk from Tennozu Isle Station on the Tokyo Monorail. This is a very favorable location in terms of accessibility as the Shinagawa Seaside Station is only six-minutes from JR Osaki Station and 12-minutes to Shibuya Station. Haneda Airport is also very accessible with Tokyo Monorail.</p> <p>Additionally, the area has become an advanced commercial area thanks to redevelopment in recent years, with high-rise office buildings and large shopping centers gathered around Shinagawa Seaside Station and skyscraper office buildings around Tennozu Isle Station.</p> <p>Demand can be expected mainly from DINKS households seeking convenient access to office areas, as well as families with children, and businesspersons employed near the internationalizing Haneda Airport.</p>

Details of tenants (Note 7)	Total number of tenants	1
	Rentable units	201
	Rented units	171
	Rentable area	10,636.67 ㎡
	Rented area	8,991.85 ㎡
	Occupancy rate	84.5%
	Deposit	¥66,614 thousand
	Total rental revenues	Please refer to <Attached Document 1> Summary of the appraisal report on the amount of the property acquired.

- (Note 1) "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 trust beneficiary interest sales contract for the property acquired.
- (Note 2) "Appraised value" and "Date of value appraisal" are based on the amount mentioned in the real estate appraisal report which Daiwa Real Estate Appraisal Corporation prepared for the property acquired.
- (Note 3) "Site area" of the "Land" item denotes the land area as entered in the register.
- (Note 4) "Completion date" of the "Building" item denotes the date as entered in the register.
- (Note 5) "Structure / number of stories," "Uses," and "Gross floor area" are stated based on the entries in the register.
- (Note 6) "Special affairs" denotes matters which NAF recognizes as important as of today, taking into consideration their effects on title-related matters, use, appraised value, profitability, etc. of the property acquired.
- (Note 7) Description of the "Details of tenants" column:
- (i) "Total number of tenants" is denoted as "1" where a master lease contract (blanket lease contract) has been concluded with a master lease company. As to the property acquired, NAF has concluded a master lease contract with the master lease company, that is, Mitsui Fudosan Housing Lease Co., Ltd. The above "Total number of tenants" means the total number of tenants after conclusion of the said master lease contract.
 - (ii) "Rentable units" denotes the number of rentable units in the property acquired.
 - (iii) Figures for "Rented units," "Rented area," and "Deposit" are based on information provided by the seller, valid as of July 22, 2011.
 - (iv) "Rentable area" denotes the total rentable area of the building of the property acquired.
 - (v) "Occupancy rate" is the ratio of "Rented area" to "Rentable area" and is rounded to one decimal place.

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

Investigations into the state of the building	Consigned investigating company	Sumitomo Mitsui Construction Co., Ltd.
	Urgent repair cost	—
	Short-term repair cost	¥173 thousand
	Repair and renewal costs expected to be necessary within 12 years	¥150,029 thousand
	Replacement value	¥3,017,967 thousand
	Report date of investigations into the state of the building	July 8, 2011
Earthquake risk diagnosis	PML value (Note)	9.8%

- (Note) The PML value is based on a report on earthquake risk diagnosis made by Sumitomo Mitsui Construction Co., Ltd. However, 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) 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.

Profile of third party investigative body

Trade Name	Sumitomo Mitsui Construction Co., Ltd.
Head office address	1-6, Tsukuda 2-chome, Chuo-ku, Tokyo
Representative	Yoshiyuki Norihisa, President and Chief Executive Officer
Description of principal operations	Design and construction of civil engineering, building, prestressed concrete work and related operations, and other
Capital	¥12,003 million
Relationship with NAF and Investment Trust Management Company	None

4. Outline of Seller

Trade name	Higashishinagawa Holding TMK
Address	56-15, Kameido 6-chome, Koto-ku, Tokyo
Representative	— (Note)
Purpose	1. Transfer of specified asset according to securitization plan based on the Act on Securitization of Assets, and business related to its management and disposal 2. Other business associated with business related to securitization of specified asset above
Date of establishment	February 19, 2007
Specified capital	¥100,000
Preferred capital	¥550 million
Investor	— (Note)
Relationship with NAF and Investment Trust Management Company	There are no direct or indirect investments in the seller either form NAF, the Investment Trust Management Company, nor any related parties or associated companies of NAF and the Investment Trust Management Company. Also, there are no capital, personal or business relationships to report between the seller's investors (including original investors) and NAF, the Investment Trust Management Company, and any related parties or associated companies of NAF and the Investment Trust Management Company.

(Note) Representative and investors are undisclosed as consent could not be obtained from the seller.

5. Transactions with Related Parties and the Like

The property acquired has not been acquired from a party classified as having a relationship of special interest with NAF or the Investment Trust Management company. Since Mitsui Fudosan Housing Lease Co., Ltd., which became the master lease company and property management company as of today, falls under “Related parties and the like” (Note) according to NAF’s self-established rules on asset management relevant to transactions with related parties and the like, the master lease contract and property management contract have been carried out through deliberation and decision by the compliance committee of the Investment Trust Management Company and the investment committee.

(Note) “Related parties and the like” means related parties and the like of an Investment Trust Management Company which has concluded an asset management contract with NAF, as determined in the Order for Enforcement of the Act on Investment Trust and Investment Corporation, Article 123.

6. Situation of the Acquired Property

Not applicable.

7. Earthquake Resistance Matters

NAF outsourced the inspection and verification of the details of earthquake-resistant structures including structural calculation sheets and, for corresponding building, obtained confirmation that, no falsification is suspected in the structural calculation and structural drawings with respect to their structure, which ensures earthquake resistance as per the Building Standards Act.

In addition, NAF examines earthquake risks during the course of due diligence upon acquisition of properties, from perspectives that are different from those of building certification investigations performed by an inspection and certification agency, by inspecting designs and performing on-site reviews using structural drawings, structural calculation sheets and other information.

8. Outline of Brokerage

(1) Outline of broker

Trade name	Mitsubishi UFJ Trust and Banking Corporation
Head office address	4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Representative	Kinya Okauchi, President
Description of principle operations	Trust business and other
Capital	¥324,279 million
Date of establishment	March 10, 1927
Relationship with NAF and Investment Trust Management Company	
Capital relationships	There are no capital relationships to report between NAF or the Investment Trust Management Company, and the broker. Also, there are no capital relationships to report between any related parties or associated companies of NAF or the Investment Trust Management Company, and any related parties or associated companies of the broker.
Personal relationships	There are no personal relationships to report between NAF or the Investment Trust Management Company, and the broker. Also, there are no personal relationships to report between any related parties or associated companies of NAF or the Investment Trust Management Company, and any related parties or associated companies of the broker.
Business relationships	There are no business relationships to report between NAF or the Investment Trust Management Company, and the broker. Also, there are no business relationships to report between any related parties or associated companies of NAF or the Investment Trust Management Company, and any related parties or associated companies of the broker.
Applicability to related parties	The broker does not fall under the category of related parties of NAF or the Investment Trust Management Company. Also, the related parties and associated companies of the broker do not fall under the category of related parties of NAF or the Investment Trust Management Company.

(2) Amount of brokerage fee

Not disclosed by request of the broker.

9. Outlook for Management of the Properties after Acquisition

The impact of the acquisition on NAF's results for the period ending August 2011 (March 1, 2011 to August 31, 2011) will be minor, and there will be no change to the financial results forecast of the period.

* This English language notice is a translation of the Japanese language notice dated August 1, 2011 and was prepared solely for the convenience of, and reference by, overseas investors. NAF makes no warranties as to its accuracy or completeness.

<Attached Documents>

1. Summary of the appraisal report on the amount of the property acquired
2. Portfolio list after the acquisition of the property is completed (on an acquisition price basis)
3. Photos of exterior and entrance of the property acquired

<Attached Document 1> Summary of the appraisal report on the amount of property acquired

(unit: Thousands of yen)

Appraised value (specified value)		6,110,000
Assessment item		Details
Operating revenues	(a) Unit rental revenues, including commons area fees	424,756
	(b) Utilities revenues	0
	(c) Parking lot revenues	17,400
	(d) Other revenues	6,209
	Revenues from key money, etc.	0
	Renewal fees	5,043
	Other revenues	1,166
	(1): (a)+(b)+(c)+(d)	448,366
	(e) Total loss from vacancies, etc.	26,277
	(f) Loss on bad debts	0
	(2) Operating revenues [(1)-(e)-(f)]	422,088
Operating expenses	(g) Maintenance expense	11,535
	(h) Utilities expense	3,475
	(i) Repair expense	10,458
	(j) Property management fees	14,596
	(k) Tenant soliciting fee, etc.	10,381
	(l) Taxes and public dues	22,713
	(m) Property insurance fee	1,047
	(n) Other expenses	2,364
	(3) Operating expenses [(g)+(h)+(i)+(j)+(k)+(l)+(m)+(n)]	76,573
	(4) Net operating income [(2)-(3)]	345,515
	(o) Earnings from temporary deposit	1,364
	(p) Capital expenditures	8,703
	(5) Net income [(4)+(o)-(p)]	338,175
	(6) Cap rate	5.5%
	Value of earnings calculated by the direct capitalization method [(5)+(6)]	6,150,000
	Value calculated by discounted cash flow method	6,090,000
	Discount rate	5.2%
	Terminal cap rate	5.8%
	Cost method value	4,960,000
	Total value of land and building	4,957,194
	Land value	2,213,419
	Building value	2,743,775
	Adjustment	0

NAF requested real estate appraisal by Daiwa Real Estate Appraisal Corporation, Inc. for the property acquired, based on points to note when appraising real estate from the Act on Securities Investment Trust and Securities Investment Corporations, and based on the Act on Real estate Appraisal (1963 Act No. 152, including later amendments) and on real estate appraisal standards. The above figures record a summary of the real estate appraisal report prepared. The appraisal valuation is the judgment and opinion of the

appraiser at a fixed point in time, with no guarantees as to the validity or accuracy of the report, nor the possibility of transactions at the appraised value.

Yen amounts are rounded down to the nearest thousand yen.

<Attached Document 2> Portfolio list after the acquisition of the property is completed (on an acquisition price basis)

1. Rental Apartments

	Name	Location	Acquisition price (millions of yen) (Note 1)	Portfolio Share (%) (Note 2)
	Okawabata Apartment Communities	Chuo-ku, Tokyo	29,696	13.3
	Park Axis Gakugei Daigaku	Setagaya-ku, Tokyo	1,760	0.8
	Park Axis Shibuya Jinnan	Shibuya-ku, Tokyo	3,230	1.4
	Park Axis Aoyama Kotto-dori	Minato-ku, Tokyo	1,730	0.8
	Park Axis Kagurazaka Stage	Shinjuku-ku, Tokyo	1,400	0.6
	Park Axis Shirokanedai	Minato-ku, Tokyo	5,140	2.3
	Park Axis Bunkyo Stage	Bunkyo-ku, Tokyo	4,440	2.0
	Park Axis Tsukishima	Chuo-ku, Tokyo	930	0.4
	Park Axis Otsuka	Toshima-ku, Tokyo	1,655	0.7
	Park Axis Minami Azabu	Minato-ku, Tokyo	3,939	1.8
	Park Axis Shibuya	Shibuya-ku, Tokyo	1,282	0.6
	Park Axis Nihonbashi Stage	Chuo-ku, Tokyo	7,557	3.4
	Park Axis Hamamatsucho	Minato-ku, Tokyo	2,025	0.9
	Park Axis Hongo no Mori	Bunkyo-ku, Tokyo	2,910	1.3
	Park Axis Tameike Sanno	Minato-ku, Tokyo	2,860	1.3
	Park Axis Roppongi Hinokicho Koen	Minato-ku, Tokyo	2,170	1.0
	Park Axis Ochanomizu Stage	Bunkyo-ku, Tokyo	9,710	4.3
	Park Axis Okachimachi	Taito-ku, Tokyo	1,070	0.5
	Park Cube Hongo	Bunkyo-ku, Tokyo	1,760	0.8
	Park Cube Kanda	Chiyoda-ku, Tokyo	2,454	1.1
	Park Cube Ichigaya	Shinjuku-ku, Tokyo	1,949	0.9
	Park Cube Asakusa Tawaramachi	Taito-ku, Tokyo	2,508	1.1
	Park Cube Ueno	Taito-ku, Tokyo	2,233	1.0
	Park Cube Ikebukuro Kanamecho	Toshima-ku, Tokyo	1,608	0.7
	Park Axis Meguro Honcho	Meguro-ku, Tokyo	1,810	0.8
	Park Axis Shin Itabashi	Itabashi-ku, Tokyo	3,430	1.5
	Park Axis Akihabara	Chiyoda-ku, Tokyo	1,200	0.5
	Park Axis Toyochi	Koto-ku, Tokyo	3,950	1.8
	Park Axis Takinogawa	Kita-ku, Tokyo	1,820	0.8
	Park Axis Asakusabashi	Taito-ku, Tokyo	2,717	1.2
	Park Axis Nihonbashi Hamacho	Chuo-ku, Tokyo	5,540	2.5
	Park Cube Yoyogi Tomigaya	Shibuya-ku, Tokyo	1,975	0.9
	Park Axis Monzen Nakacho	Koto-ku, Tokyo	1,700	0.8
	Park Cube Itabashi Honcho	Itabashi-ku, Tokyo	4,170	1.9
	Park Cube Gakugei Daigaku	Meguro-ku, Tokyo	910	0.4
	Park Cube Oimachi	Shinagawa-ku, Tokyo	1,440	0.6
	Park Axis Nishigahara	Kita-ku, Tokyo	840	0.4
	Park Axis Kinshicho	Sumida-ku, Tokyo	1,448	0.6
	Park Axis Tatsumi Stage	Koto-ku, Tokyo	7,464	3.3
	Park Axis Kameido	Koto-ku, Tokyo	2,359	1.1

Park Axis Honancho	Nakano-ku, Tokyo	745	0.3
Park Axis Itabashi	Kita-ku, Tokyo	1,448	0.6
Park Axis Oshiage	Sumida-ku, Tokyo	1,193	0.5
Park Axis Takadanobaba	Toshima-ku, Tokyo	1,222	0.5
Park Axis Toyosu	Koto-ku, Tokyo	14,300	6.4
Park Axis Hatchobori	Chuo-ku, Tokyo	1,760	0.8
Park Axis Itabashi Honcho	Itabashi-ku, Tokyo	987	0.4
Park Axis Sumiyoshi	Sumida-ku, Tokyo	1,006	0.4
Park Cube Yotsuya Sancho	Shinjuku-ku, Tokyo	2,749	1.2
Park Cube Hatchobori	Chuo-ku, Tokyo	4,200	1.9
Park Axis Kamata Ichibankan	Ota-ku, Tokyo	1,069	0.5
Park Axis Taito Negishi	Taito-ku, Tokyo	672	0.3
Park Axis Komagome	Toshima-ku, Tokyo	1,389	0.6
Park Axis Itabashi Honcho Nibankan	Itabashi-ku, Tokyo	1,859	0.8
Shibaura Island Air Tower	Minato-ku, Tokyo	7,905	3.5
Park Cube Higashi Shinagawa	Shinagawa-ku, Tokyo	6,060	2.7
Tokyo 23 wards total		187,355	83.7
Park Cube Keio Hachioji	Hachioji-shi, Tokyo	991	0.4
Park Cube Keio Hachioji II	Hachioji-shi, Tokyo	1,130	0.5
Park Axis Nishi Funabashi	Funabashi-shi, Chiba	1,020	0.5
Park Axis Yokohama Idogaya	Minami-ku, Yokohama-shi, Kanagawa	1,419	0.6
Park Axis Chiba Shinmachi	Chuo-ku, Chiba-shi, Chiba	1,679	0.7
Park Axis Chiba	Chuo-ku, Chiba-shi, Chiba	970	0.4
Greater Tokyo Total (Note 3)		7,209	3.2
Park Axis Meieki Minami	Nakamura-ku, Nagoya-shi, Aichi	2,440	1.1
Park Axis Marunouchi	Naka-ku, Nagoya-shi, Aichi	1,920	0.9
Park Axis Ropponmatsu	Chuo-ku, Fukuoka-shi, Fukuoka	1,515	0.7
Park Axis Hakataeki Minami	Hakata-ku, Fukuoka-shi, Fukuoka	1,890	0.8
Park Axis Naka Gofukumachi	Hakata-ku, Fukuoka-shi, Fukuoka	742	0.3
Park Axis Shirakabe	Higashi-ku, Nagoya-shi, Aichi	1,547	0.7
Park Axis Sendai	Wakabayashi-ku, Sendai-shi, Miyagi	2,320	1.0
Park Axis Hakata Minoshima	Hakata-ku, Fukuoka-shi, Fukuoka	960	0.4
Park Axis Takamiya Higashi	Minami-ku, Fukuoka-shi, Fukuoka	605	0.3
Park Axis Sapporo Shokubutsuen Mae	Chuo-ku, Sapporo-shi, Hokkaido	1,650	0.7
Park Axis Shin Sapporo	Atsubetsu-ku, Sapporo-shi, Hokkaido	827	0.4
Park Axis Esaka Hiroshibacho	Suita-shi, Osaka	2,369	1.1
Park Axis Utsubo Koen	Nishi-ku, Osaka-shi, Osaka	2,399	1.1
Other Major Cities Total (Note 4)		21,184	9.5
Total		215,748	96.4

2. Other Accommodation Assets

	Name	Location	Acquisition price (millions of yen) (Note 1)	Portfolio Share (%) (Note 2))
	Dormy Ashiya	Ashiya-shi, Hyogo	928	0.4
	Kawaijuku Kyoto Gakushin Ryo	Nakagyo-ku, Kyoto-shi, Kyoto	991	0.4
	Sundai Horikawa Ryo	Kamigyo-ku, Kyoto-shi, Kyoto	916	0.4
	Dormitory Rakuoku	Kita-ku, Kyoto-shi, Kyoto	374	0.2
	Rikkyo University International Dormitory (RUID) Shiki	Shiki-shi, Saitama	1,478	0.7
	Dormy Naka Itabashi	Itabashi-ku, Tokyo	1,041	0.5
	Phirosophia Nishidai	Itabashi-ku, Tokyo	1,249	0.6
	Dormy Musashi Kosugi	Nakahara-ku, Kawasaki-shi, Kanagawa	1,152	0.5
Total			8,129	3.6
Grand total			223,877	100.0

(Note 1) "Acquisition Price" refers to the sale price (exclusive of miscellaneous expenses for acquisition, fixed property tax, urban planning tax, consumption tax, and local consumption tax) of the property acquired. Amounts less than one million yen have been rounded off.

(Note 2) "Portfolio Share" means the percentage of the acquisition price of the property acquired compared with the total amount, rounded to the nearest one decimal place.

(Note 3) "Greater Tokyo" refers to four prefectures, Tokyo (excluding Tokyo's 23 wards), Kanagawa, Saitama, and Chiba.

(Note 4) "Other Major Cities" refers to cities designated as regional government ordinance.