

December 9, 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 Property

This is a notification that Nippon Accommodations Fund Inc. ("NAF") decided on and completed 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 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	Park Axis Higashi Jujo
(2) Type of property acquired	Real estate
(3) Acquisition price (Note 1)	¥1,700,000 thousand
(4) Appraised value (Note 2)	¥1,750,000 thousand
(5) Date of conclusion of sales contract	December 1, 2011
(6) Date of handover (planned)	January 17, 2012
(7) Seller	Sumitomo Forestry Co., Ltd.
(8) Acquisition funds	Borrowings and own funds
(9) Method of payment	Full payment at time of delivery

(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 real estate sales contract for the property acquired.

(Note 2) "Appraised value" is based on the amount mentioned in the real estate appraisal report (as of September 30, 2011) which Morii Appraisal & Investment Consulting, Inc., prepared for the property acquired.

3. Description of Property Acquired

(1) Outline of the property acquired

Name of property acquired		Park Axis Higashi Jujo
Type of property acquired		Real estate
Appraisal company		Morii Appraisal & Investment Consulting, Inc.
Appraised value (Note 1)		¥1,750,000 thousand
Date of value appraisal (Note 1)		September 30, 2011
Location	Residence indication	5-9 Higashi-Jujo 2-chome, Kita-ku, Tokyo
Land	Building-to-land ratio	80% / 80%
	Floor-area ratio	500% / 300%
	Zoning	Commercial zone, neighborhood commercial zone
	Site area (Note 2)	763.31 m ²
	Ownership form	Proprietorship
Building	Completion date (Note 3)	February 28, 2007
	Structure / number of stories (Note 4)	Flat-roofed reinforced concrete structure / 13 stories
	Uses (Note 4)	Apartment building / retail facilities / parking lot / garage / garbage collection point
	Gross floor area (Note 4)	3,149.01 m ²
	Ownership form	Proprietorship
	Rentable units	70 residential / 1 retail, etc.
	Rentable area	2,893.54 m ²
Existence of security interests		None
Special affairs (Note 5)		None
Special features of the property		<p>The property is a three-minute walk from Higashi-Jujo Station on the JR Keihin Tohoku Line, and has good accessibility to the station. In addition, it is a ten-minute walk from Oji-Kamiya Station on the Tokyo Metro Namboku Line, thus multiple stations and lines can be used.</p> <p>From Higashi-Jujo Station, it is approximately 17 minutes to Tokyo Station by express train on JR Keihin Tohoku Line and Negishi Line, and approximately 22 minutes to Nagatacho Station from Oji-Kamiya Station on the Tokyo Metro Namboku Line, providing excellent access to central Tokyo.</p> <p>The shopping district in front of Higashi-Jujo Station flourishes with restaurants, etc. lending to high convenience in daily life.</p> <p>Demand can be expected mainly from businesspersons, families, etc., who stress value on location and living conditions.</p>

Details of tenants (Note 6)	Total number of tenants	1
	Rentable units	71
	Rented units	71
	Rentable area	2,893.54 m ²
	Rented area	2,893.54 m ²
	Occupancy rate	100.0%
	Deposit	¥27,187 thousand
	Total rental revenues	Please refer to <Attached Document 1> Summary of the appraisal report on the amount of the property acquired.

(Note 1) “Appraised value” and “Date of value appraisal” are stated based on the amount mentioned in the real estate appraisal report which Morii Appraisal & Investment Consulting, Inc. prepared for the property acquired.

(Note 2) “Site area” of the “Land” item denotes the land area as entered in the register.

(Note 3) “Completion date” of the “Building” item denotes the date as entered in the register.

- (Note 4) "Structure / number of stories," "Uses," and "Gross floor area" are stated based on the entries in the register.
- (Note 5) "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 6) Description of the "Details of tenants" column:
- (i) "Total number of tenants" is denoted as "1 tenant" 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 November 16, 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) Effect on NAF financial position in the event of inability to execute forward commitments, etc.

The sales contract related to the above acquired property (the "Sales Contract") is applicable as forward commitments (Note) by investment corporation pursuant to the general supervisory policy for financial instruments firms released by the Financial Services Agency.

In the event of a violation of the terms and conditions of the Sales Contract with respect to NAF or the seller, the opposing party may cancel the Sales Contract and claim an amount equivalent to 20% of the trading value of the property whose contract was cancelled as a penalty.

- (Note): Referring to a postdate sales contract under which payment and delivery shall be made at least 1 month after the conclusion of the contract, or any other contract similar thereto.

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

Investigations into the state of building	Consigned investigating company	Sumitomo Mitsui Construction Co., Ltd.
	Investigated date	October 14, 2011
	Urgent repair cost	—
	Short-term repair cost	¥272 thousand
	Repair and renewal costs expected to be necessary within 12 years	¥37,123 thousand
	Replacement value	¥726,645 thousand
Earthquake risk diagnosis	PML value (Note)	6.8%

- (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 others
Capital	¥12,003 million
Relationship with NAF and Investment Trust Management Company	None

4. Outline of Seller

Trade name	Sumitomo Forestry Co., Ltd.	
Head office address	3-2 Otemachi 1-chome, Chiyoda-ku, Tokyo	
Representative	Akira Ichikawa, President and Director	
Description of principal operations	Timber and building materials business, etc.	
Capital	¥27,672 million	
Date of establishment	February 20, 1948	
Net assets	¥144,168 million (as of March 31, 2011)	
Total assets	¥440,578 million (as of March 31, 2011)	
Major stockholders and shareholding ratio (as of March 31, 2011)	Shareholder	Shareholding ratio
	Sumitomo Metal Mining Co., Ltd.	5.70%
	The Master Trust Bank of Japan, Ltd. (Trust Account)	4.36%
	The Iyo Bank, Ltd.	3.30%
	Japan Trustee Services Bank, Ltd. (Trust Account)	3.12%
	Sumitomo Corporation	2.47%
Relationship between NAF or the Investment Trust Management Company, and seller		
Capital relationships	There are no capital relationships to report between NAF or the Investment Trust Management Company, and the seller. 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 seller.	
Personal relationships	There are no personal relationships to report between NAF or the Investment Trust Management Company, and the seller. 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 seller.	
Business relationships	There are no business relationships to report between NAF or the Investment Trust Management Company, and the seller. 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 seller.	
Applicability to related parties	The seller 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 seller do not fall under the category of related parties of NAF or the Investment Trust Management Company.	

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. Please note that since Mitsui Fudosan Housing Lease Co., Ltd., which will be the master lease company and property management company of the acquired property, constitutes “Related parties and the like” (Note) in accordance with 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 Acquirer of the 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 always performs earthquake risk diagnosis based on drawing reviews using structure drawings structural design outlines, etc., as well as on on-site inspection and the like during the course of due diligence upon acquisition of properties, from perspectives that are different to building certification investigations performed by an inspection and certification agency.

8. Outline of Brokerage

There was no brokerage for the transactions of the property.

9. Outlook for Management of the Property after Acquisition

The acquisition will have little impact on the operational status of NAF in the fiscal period ending February 2012 (period from September 1, 2011 to February 29, 2012), and there are no plans to revise the financial results forecast.

- * The Japanese original document was distributed to press clubs within the Tokyo Stock Exchange (Kabuto Club) and the Ministry of Land, Infrastructure, Transport, and Tourism and to the press club of the construction trade newspaper of the Ministry of Land, Infrastructure, Transport and Tourism.
- * NAF website: <http://www.naf-r.jp/english/index.html>

Please note that this English language notice is a translation of the Japanese language notice dated December 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)

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

(unit: Thousands of yen)

Appraised value (specified value)		1,750,000
Assessment item		Details
Operating revenues	(a) Unit rental revenues, including commons area fees	119,422
	(b) Utilities revenues	0
	(c) Parking lot revenues	3,312
	(d) Other revenues	4,907
	Revenues from key money, etc.	2,114
	Renewal fees	2,180
	Other revenues	613
	(1) (a)+(b)+(c)+(d)	127,641
	(e) Total loss from vacancies, etc.	7,416
	(f) Loss on bad debts	0
	(2) Operating revenues [(1)-(e)-(f)]	120,225
Operating expenses	(g) Maintenance expense	3,118
	(h) Utilities expense	1,575
	(i) Repair expense	2,437
	(j) Property management fees	4,629
	(k) Tenant soliciting fee, etc.	5,444
	(l) Taxes and public dues	6,681
	(m) Property insurance fee	252
	(n) Other expenses	377
	(3) Operating expenses [(g)+(h)+(i)+(j)+(k)+(l)+(m)+(n)]	24,513
	(4) Net operating income [(2)-(3)]	95,712
	(o) Earnings from temporary deposits	508
	(p) Capital expenditures	2,181
	(5) Net income [(4)+(o)-(p)]	94,039
	(6) Cap rate	5.3%
	Value of earnings calculated by the direct capitalization method [(5)÷(6)]	1,770,000
	Value calculated by discounted cash flow method	1,730,000
	Discount rate	5.0%
	Terminal cap rate	5.6%
	Cost method value	1,070,000
	Total value of land and building	1,065,000
	Land value	441,000
	Building value	624,000
	Adjustment	0

NAF requested real estate appraisal by Morii Appraisal & Investment Consulting, 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	12.8
	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	0.7
	Park Axis Kagurazaka Stage	Shinjuku-ku, Tokyo	1,400	0.6
	Park Axis Shirokanedai	Minato-ku, Tokyo	5,140	2.2
	Park Axis Bunkyo Stage	Bunkyo-ku, Tokyo	4,440	1.9
	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	1.7
	Park Axis Shibuya	Shibuya-ku, Tokyo	1,282	0.6
	Park Axis Nihonbashi Stage	Chuo-ku, Tokyo	7,557	3.3
	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	1.2
	Park Axis Roppongi Hinokicho Park	Minato-ku, Tokyo	2,170	0.9
	Park Axis Ochanomizu Stage	Bunkyo-ku, Tokyo	9,710	4.2
	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	0.8
	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	1.7
	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	2.4
	Park Cube Yoyogi Tomigaya	Shibuya-ku, Tokyo	1,975	0.9
	Park Axis Monzen Nakacho	Koto-ku, Tokyo	1,700	0.7
	Park Cube Itabashi Honcho	Itabashi-ku, Tokyo	4,170	1.8
	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	3.2
	Park Axis Kameido	Koto-ku, Tokyo	2,359	1.0
	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	6.2
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 Sanchome	Shinjuku-ku, Tokyo	2,749	1.2
Park Cube Hatchobori	Chuo-ku, Tokyo	4,200	1.8
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	3.4
Park Cube Higashi Shinagawa	Shinagawa-ku, Tokyo	6,060	2.6
Park Cube Sasazuka	Shibuya-ku, Tokyo	2,200	1.0
Park Axis HigashiJujo	Kita-ku, Tokyo	1,700	0.7
Tokyo 23 wards total		191,255	82.7
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	0.4
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
Park Cube Kita Matsudo	Matsudo-shi, Chiba	1,200	0.5
Park Cube Musashi Kosugi	Nakahara-ku, Kawasaki-shi, Kanagawa	2,250	1.0
Greater Tokyo Total (Note 3)		10,659	4.6
Park Axis Meieki Minami	Nakamura-ku, Nagoya-shi, Aichi	2,440	1.1
Park Axis Marunouchi	Naka-ku, Nagoya-shi, Aichi	1,920	0.8
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	1.0
Park Axis Utsubo Koen	Nishi-ku, Osaka-shi, Osaka	2,399	1.0
Other Major Cities Total (Note 4)		21,184	9.2
Total		223,098	96.5

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	0.6
	Dormy Naka Itabashi	Itabashi-ku, Tokyo	1,041	0.5
	Phirosophia Nishidai	Itabashi-ku, Tokyo	1,249	0.5
	Dormy Musashi Kosugi	Nakahara-ku, Kawasaki-shi, Kanagawa	1,152	0.5
Total			8,129	3.5
Grand total			231,227	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.