

February 7, 2013

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 Satoshi Nohara  
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## Notification Concerning Issuance of New Investment Units and Secondary Offering of Investment Units

Nippon Accommodations Fund Inc. ("NAF") hereby provides notice of its resolution regarding issuance of new investment units and secondary offering of investment units adopted at the Board of Directors' Meeting held on February 7, 2013, as follows.

### 1. Issuance of new investment units by public offering

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|-----|---------------------------------------|--|
| (1) | Number of units to be offered         | 34,000 units   |
| (2) | Amount to be paid in<br>(issue value) | Undetermined. The amount to be paid in shall be determined at the Board of Directors' meeting to be held on any date between February 19, 2013 (Tue) and February 22, 2013 (Fri) ("Issue Price Determination Date").   |
| (3) | Method of offering                    | <p>The method of offering shall be by public offering where all investment units are to be subscribed and purchased by an underwriting syndicate whose joint lead managers are Nomura Securities Co., Ltd. and Merrill Lynch Japan Securities Co., Ltd. ("Joint Lead Managers"). Underwriters other than Joint Lead Managers are Daiwa Securities Co. Ltd., Mizuho Securities Co., Ltd., SMBC Nikko Securities Inc. and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. (hereinafter referred to collectively with Joint Lead Managers as "Underwriters").</p> <p>The issue price (offer price) for the public offering shall be determined in consideration of the degree of demand and other conditions based on a tentative price obtained by multiplying the amount calculated by deducting the projected distribution amount of ¥14,650 from the closing price at the Tokyo Stock Exchange on the Issue Price Determination Date (if no closing price is available for that date, the nearest preceding closing price will be used) by a number between 0.90 to 1.00 (any fractions less than one yen shall be omitted).</p> |
| (4) | Details of underwriting contract      | The Underwriters shall pay in the amount equivalent to the total amount to be paid in (issue value) to NAF on the payment date stated in (7) below. The difference between such amount and the total issue price (offer price) for the public offering shall be retained by the Underwriters. NAF shall pay no underwriting commission to the  |

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|---|--|
|   | Underwriters.  |
| (5) Subscription unit   | One investment unit or more in whole units   |
| (6) Subscription period   | Two business days starting the business day immediately following the Issue Price Determination Date |
| (7) Payment date  | March 1, 2013 (Fri)  |
| (8) The amount to be paid in (issue value) and any other matters necessary for this issuance of new investment units shall be determined at a future Board of Directors' meeting. |  |
| (9) The above items shall be subject to the effectiveness of registration under the Financial Instruments and Exchange Act.   |  |

2. Secondary offering of investment units by overallotment (see "Reference" item 1. below)

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|--|--|
| (1) Offerer  | Nomura Securities Co., Ltd.  |
| (2) Number of units to be offered  | 2,000 units  |
|  | This number is the maximum number of investment units to be offered. The number may decrease, or the secondary offering by overallotment itself may be cancelled, depending on the degree of demand and other conditions. The number of investment units to be offered shall be determined at the Board of Directors' meeting to be held on the Issue Price Determination Date, in consideration of the degree of demand and other conditions. |
| (3) Offer price  | Undetermined. The offer price shall be determined on the Issue Price Determination Date; provided, however, that such offer price shall be the same as the issue price (offer price) for the public offering.  |
| (4) Method of offering   | Nomura Securities Co., Ltd. will make an offering of the maximum of 2,000 investment units of NAF that it borrows from the certain investor(s) of NAF in consideration of the degree of demand and other conditions in the public offering.  |
| (5) Subscription unit  | One investment unit or more in whole units   |
| (6) Subscription period  | Same as the subscription period in the public offering   |
| (7) Delivery date  | March 4, 2013 (Mon)  |
| (8) The offer price and any other matters necessary for this offering of investment units shall be determined at a future Board of Directors' meeting. |  |
| (9) The above items shall be subject to the effectiveness of registration under the Financial Instruments and Exchange Act.                            |  |

3. Issuance of new investment units by third-party allocation (see "Reference" item 1. below)

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| (1) Number of units to be offered  | 2,000 units   |
| (2) Amount to be paid in (issue value)   | Undetermined. The amount to be paid in (issue value) shall be the same as the amount to be paid in (issue value) for the public offering. |
| (3) Allottee   | Nomura Securities Co., Ltd.   |
| (4) Subscription unit  | One investment unit or more units in whole units  |
| (5) Subscription period (subscription date)  | March 25, 2013 (Mon)  |
| (6) Payment date   | March 26, 2013 (Tue)  |
| (7) Investment units not subscribed within the subscription period (subscription date) stated in (5) above shall not be issued.  |   |
| (8) The amount to be paid in (issue value) and any other matters necessary for this issue of new investment units shall be determined at a future Board of Directors' meeting. |   |

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- (9) The above items shall be subject to the effectiveness of registration under the Financial Instruments and Exchange Act.

<Reference>

1. Secondary offering by over-allotment, etc.

- (1) The secondary offering by over-allotment stated in “2. Secondary offering of investment units by over-allotment” above is a secondary offering of over-allotted units to be made in conjunction with the public offering in “1. Issuance of new investment units by public offering” above in an amount not to exceed 2,000 investment units of NAF, that will be borrowed by Nomura Securities Co., Ltd. from the certain investor(s) of NAF in consideration of the degree of demand and other conditions in the public offering. Although 2,000 investment units is planned to be offered by over-allotment, this is the maximum number of investment units to be offered and, depending on the degree of demand and other conditions, such number may decrease, or the secondary offering by over-allotment itself may be cancelled.

In connection with the secondary offering by over-allotment, the Board of Directors of NAF has resolved, at the meeting held on February 7, 2013 (Thu), that NAF will issue by third-party allocation 2,000 investment units of NAF necessary to return the units borrowed from the certain investor(s) of NAF by Nomura Securities Co., Ltd. (“Borrowed Investment Units”), where the payment date is March 26, 2013 (Tue) and the allottee is Nomura Securities Co., Ltd. (“Third-Party Allocation”).

Furthermore, Nomura Securities Co., Ltd. may also purchase investment units of NAF on the Tokyo Stock Exchange up to the number of investment units to be offered by over-allotment (“Syndicate Cover Transactions”) to return the Borrowed Investment Units. All investment units of NAF purchased through Syndicate Cover Transactions shall be used to return the Borrowed Investment Units. Such Syndicate Cover Transactions would be made during the period beginning on the date immediately following the last day of the subscription period of the public offering and secondary offering by over-allotment and ending on March 18, 2013 (Mon) (the “Syndicate Cover Transaction Period”). During the Syndicate Cover Transaction Period, Nomura Securities Co., Ltd. at its discretion may not conduct any Syndicate Cover Transactions or may terminate any Syndicate Cover Transactions before the number of investment units purchased reaches the number of investment units of the secondary offering by over-allotment.

In addition, Nomura Securities Co., Ltd. may conduct stabilizing operations as it conducts the public offering and the secondary offering by over-allotment. The investment units of NAF purchased through such stabilizing operations may be used, in whole or in part, to return the Borrowed Investment Units.

Nomura Securities Co., Ltd. plans to underwrite the allocation under this issuance of new investment units by Third-Party Allocation of a number of investment units of NAF obtained by deducting (a) the number of investment units purchased through stabilizing operations and Syndicate Cover Transactions that are to be used to return the Borrowed Investment Units, from (b) the number of investment units to be offered in the over-allotment. Accordingly, all or a part of the investment units to be issued under this issuance by Third-Party Allocation may not be subscribed for, which may result in a decrease in the maximum number of investment units planned to be issued under this issuance by Third-Party Allocation, or in the cancellation of the entire issuance due to forfeiture.

- (2) The transaction stated in (1) above shall be made by Nomura Securities Co., Ltd. in consultation with the Merrill Lynch Japan Securities Co., Ltd.

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2. Change in the number of issued investment units by this issuance

Total number of issued investment units at present	194,711 units
Increase in number of investment units by public offering	34,000 units
Total number of issued investment units after public offering	228,711 units
Increase in number of investment units by Third-Party Allocation	2,000 units (Note)
Total number of issued investment units after Third-Party Allocation	230,711 units (Note)
(Note) Number of units in the event Nomura Securities Co., Ltd. subscribes all investment units offered by Third-Party Allocation, and said units are issued.	

3. Purpose and reason for issuance

The issuance of new investment units was decided as a result of an examination of the current LTV (Loan to Value Ratio), market trends and cash distributions in an effort to promote external growth through the purchase of new specified properties.

4. Total amount to be procured, specific use of funds and scheduled outlay period

(1) Total amount to be procured (approximate net balance)

¥21,412,656,000 (maximum)

(Note) Sum of ¥20,223,064,000 in net proceeds from the public offering and the ¥1,189,592,000 maximum net proceeds from the issuance of new investment units by third-party allocation. The above amount is a prospective amount calculated based on the closing price at the Tokyo Stock Exchange for January 25, 2013 (Fri).

(2) Specific use of procured funds and scheduled outlay period

The procured funds shall be allocated for the acquisition of specified properties to be purchased by NAF in and after March 2013 (as mentioned in "Notification Concerning Acquisition of Domestic Real Estate Properties and Domestic Real Estate Trust Beneficiary Interest" released on February 7, 2013). Any remaining balance shall be kept as funds on hand and used for future acquisitions of specified properties or repayments of borrowings.

5. Designated purchaser

The underwriters plan to sell 1,200 units in the public offering to Mitsui Fudosan Co., Ltd., a shareholder of Mitsui Fudosan Accommodations Fund Management Co., Ltd., to which NAF outsources the operations for the management of its assets, as a purchaser designated by NAF.

6. Future prospects

As mentioned in "Notification Concerning Financial Results Forecast for the Periods Ending August 31, 2013 and February 28, 2014" released on February 7, 2013.

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7. Management conditions during the three most recent fiscal periods and status of equity finance

(1) Management conditions during the three most recent fiscal periods

	11th Period March 1, 2011 to August 31, 2011	12th Period September 1, 2011 to February 29, 2012	13th Period March 1, 2012 to August 31, 2012
Net income per unit (Note 1)	¥13,518	¥14,548	¥14,665
Distribution per unit	¥13,508	¥14,548	¥14,306
Actual payout ratio (Note 2)	100.0%	100.0%	97.6%
Net assets per unit	¥543,705	¥544,746	¥544,863

(Notes)

1. Net income per unit is calculated by dividing net income by the average number of investment units during the period.

2. The payout ratio for the period ended August 31, 2011 is calculated as follows:

Payout ratio = Total distribution amount (¥2,630 million) ÷ Net income (¥2,630 million) × 100

In addition, in the period ended August 31, 2012 a portion (¥70 million) of unappropriated retained earnings (¥2,855 million) was retained internally.

(2) Conditions of the most recent investment unit price

A. Conditions during the most recent three fiscal periods

	11th Period March 1, 2011 to August 31, 2011	12th Period September 1, 2011 to February 29, 2012	13th Period March 1, 2012 to August 31, 2012
Opening price	¥598,000	¥581,000	¥530,000
Highest price	¥622,000	¥590,000	¥556,000
Lowest price	¥482,500	¥471,000	¥487,500
Closing price	¥578,000	¥529,000	¥524,000

B. Conditions during the most recent six-month period

	2012 September	October	November	December	2013 January	February
Opening price	¥525,000	¥537,000	¥568,000	¥592,000	¥623,000	¥701,000
Highest price	¥544,000	¥588,000	¥588,000	¥606,000	¥699,000	¥715,000
Lowest price	¥522,000	¥527,000	¥541,000	¥558,000	¥592,000	¥682,000
Closing price	¥537,000	¥567,000	¥588,000	¥600,000	¥699,000	¥695,000

(Note) The investment unit price for February 2013 is the price as of February 6, 2013.

C. Investment unit prices on the business day immediately prior to the resolution date of the issuance

	February 6, 2013
Opening price	¥682,000
Highest price	¥703,000
Lowest price	¥682,000
Closing price	¥695,000

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(3) Status of equity finance during the three most recent fiscal periods

• Capital increase through public offering

Issue date	March 1, 2011
Total amount procured	¥21,539,250,000
Issue value	¥574,380
Number of issued investment units at the time of the offering	156,178 units
Number of investment units issued by the offering	37,500 units
Total number of issued investment units after the offering	193,678 units
Specific use of procured funds at the time of the issue	To be fully allocated for the acquisition of specified properties to be purchased by NAF
Scheduled outlay period at the time of the issue	In and after March 2011
Current status of the allocation	Fully allocated during the above scheduled outlay period

• Capital increase through third-party allocation

Issue date	March 28, 2011
Total amount procured	¥593,334,540
Issue value	¥574,380
Number of issued investment units at the time of the offering	193,678 units
Number of investment units issued by the offering	1,033 units
Total number of issued investment units after the offering	194,711 units
Allottee	Nomura Securities Co., Ltd.
Specific use of procured funds at the time of the issue	To be fully allocated for the acquisition of specified properties to be purchased by NAF
Scheduled outlay period at the time of the issue	In and after April 2011
Current status of the allocation	Fully allocated during the above scheduled outlay period

8. Others (Restrictions on sale and additional issuance, etc.)

- (1) Mitsui Fudosan Co., Ltd. is supposed to agree with the Joint Lead Managers that it shall not effectuate any sale, etc. of the investment units of NAF it holds in connection with the public offering during the period from the Issue Price Determination Date to the date six months after the delivery date of the public offering, without the prior written consent of the Joint Lead Managers (however, excluding where investment units of NAF are lent to Nomura Securities Co., Ltd. for the purpose of secondary offering by overallotment).

The Joint Lead Managers are supposed to have the right at their discretion to dissolve the said agreement

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in whole or in part during the period above.

- (2) NAF has agreed with the Joint Lead Managers that it will not effectuate any issuance, etc. of investment units of NAF in connection with the public offering during the period from the Issue Price Determination Date to the date three months after the delivery date of the public offering without the prior written consent of the Joint Lead Managers (however, excluding where new investment units are issued by Third-Party Allocation or by investment unit split).

The Joint Lead Managers at their discretion have the right to dissolve the said agreement in whole or in part during the period above.

- 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 translation of the Japanese original document is provided solely for information purposes. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.

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