

February 19, 2014

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

Nobumi Tobari
(Code Number 3226)

Investment Trust Management Company
Mitsui Fudosan Accommodations Fund Management Co., Ltd.
President and CEO
Contact CFO and Director
(TEL. 03-3246-3677)

Kosei Murakami
Satoshi Nohara

Notification Concerning Acquisition of Domestic Real Estate Property

This is a notification that Nippon Accommodations Fund Inc. ("NAF") decided on the acquisition of a 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 (Note 1)	Park Cube Atagoyama Tower
(2) Type of property to be acquired	Real Estate
(3) Acquisition price (Note 2)	¥8,650,000 thousand
(4) Appraised value (Note 3)	¥8,690,000 thousand
(5) Date of conclusion of sales contract	February 19, 2014
(6) Planned date of handover	March 7, 2014
(7) Seller	Not disclosed (Note 4)
(8) Acquisition funds	Borrowings and own funds
(9) Method of payment	Full payment at time of delivery

(Note 1) Current name of the property to be acquired is "Atagoyama Tower." 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 real estate sales contract for the property to be acquired.

(Note 3) "Appraised value" is based on the amount mentioned in the real estate appraisal report (date of value appraisal on January 31, 2014) which Japan Real Estate Institute prepared for the property to be acquired.

(Note 4) Not disclosed by seller's request.

3. Description of Property to be Acquired

(1) Outline of the property to be acquired

Name of property to be acquired		Park Cube Atagoyama Tower
Type of property to be acquired		Real estate
Appraisal company		Japan Real Estate Institute
Appraised value (Note 1)		¥8,690,000 thousand
Date of value appraisal (Note 1)		January 31, 2014
Location	Residence indication	17-7, Nishi Shinbashi 3-chome, Minato-ku, Tokyo
Land	Building-to-land ratio (Note 2)	80%
	Floor area ratio (Note 2)	600%
	Zoning	Commercial district
	Site area (Note 3)	1,062.18m ²
	Ownership form	Proprietorship
Building	Completion date (Note 4)	January 10, 2007
	Structure / number of stories (Note 5)	Flat-roof reinforced concrete and steel structure / 31 stories with 1 underground story
	Uses (Note 5)	Apartment building
	Gross floor area (Note 5)	12,579.90m ²
	Ownership form	Proprietorship
	Rentable units	165
	Rentable area	8,389.91m ²
Existence of security interests		None
Special affairs (Note 6)		None
Special features of the property		The property is approximately a 6-minute walk from Onarimon Station on the Toei Subway Mita Line. Two stations and two lines, including Kamiyacho Station on the Tokyo Metro Hibiya Line are available for use. It has very good access to central Tokyo, as it is approximately a 6-minute ride to Otemachi Station from Onarimon Station. Surrounding the property are facilities convenient for living purposes, such as The Jikei University Hospitals and tenants can benefit from these advantages. Demand is expected primarily from single or small sized households, etc. who place importance on transportation convenience to central Tokyo.

Details of tenants (Note 7)	Total number of tenants	1
	Rentable units	165
	Rented units	155
	Rentable area	8,389.91m ²
	Rented area	7,824.77m ²
	Occupancy Rate	93.3%
	Deposit /Security deposit	¥51,527 thousand
	Total rental revenues	Please refer to <Attached Document 1> Summary of the appraisal report on the amount of the property to be acquired.

(Note 1) "Appraised value" and "Date of value appraisal" are based on the amount mentioned in the real estate appraisal report which Japan Real Estate Institute prepared for the property 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. The figures are indicated as stipulated by city planning in accordance with zoning, etc. "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. The figures are indicated as stipulated by city planning in accordance with zoning, etc.

(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" 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 property that NAF plans to acquire.
- (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 the master lease company. As to the property to be acquired, NAF plans to conclude a master lease contract with the master lease company, which 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 to be acquired.
 - (iii) Figures for "Rented units," "Rented area," and "Deposit / Security deposit" are based on information provided by the seller, valid as of December 31, 2013.
 - (iv) "Rentable area" denotes the total rentable area of the building of the property to be 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 building	Consigned investigating company	Tokio Marine & Nichido Risk Consulting Co., Ltd.
	Investigation report date	February 10, 2014
	Urgent repair cost	—
	Short-term repair cost	—
	Repair and renewal costs expected to be necessary within 12 years	¥144,116 thousand
	Replacement value	¥2,449,700 thousand
Earthquake risk diagnosis	Consigned investigating company	Sumitomo Mitsui Construction Co., Ltd.
	Investigation report date	February 10, 2014
	PML value (Note)	3.7%

- (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) 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

Name	Tokio Marine & Nichido Risk Consulting Co., Ltd.
Address	2-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Representative	Ken Kamikouchi, President and Chief Executive Officer
Description of principal operations	Research, study, provision of information, assessment, consulting, holding of seminars, publishing, provision of training, etc. on security, disaster prevention, sanitation, environment, product safety and information management, etc.
Capital	¥100 million
Relationship with NAF or investment trust management company	None

Name	Sumitomo Mitsui Construction Co., Ltd.
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 or investment trust management company	None

4. Outline of Seller

Not disclosed by seller's request. Furthermore, there are no capital, personal or business relationships to report between the seller and NAF, the investment trust management company, or any related parties or associated companies of NAF and the investment trust management company. Also, the seller and any related parties or 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 to be acquired is not an acquisition 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 will be the master lease company and the property management company of the said property falls under "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 conclusion of a master lease contract and a property management contract will be carried out through deliberation and approval by the compliance committee and deliberation and decision by the investment committee of the investment trust management company before completion of the acquisition of the said property.

(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

The property to be acquired is not an acquisition from a party classified as having a relationship of special interest with NAF or the investment trust management company, therefore the situation of the acquirer is not stated.

7. Earthquake Resistance Matters

The property to be acquired has been approved by the Minister of Land, Infrastructure, Transport and Tourism under Article 68-26, paragraph 1 of the Building Standards Act.

In addition NAF always performs earthquake risk diagnosis by reviewing drawings using structural design drawings, structural calculation sheets, etc., as well as on-site inspections 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

Not applicable.

9. Outlook for Management after Acquisition of the Property

There will be no impact on the financial results for the period ending February 28, 2014 (16th period: September 1, 2013 to February 28, 2014) since acquisition of the property is planned for March 7, 2014.

The outlook on NAF's financial results for the period ending August 31, 2014 (17th period: March 1, 2014 to August 31, 2014) will be disclosed when financial results for the period ending February 28, 2014 are announced (the announcement is scheduled for mid-April, 2014) with due consideration on the status of operations on overall portfolio.

- Japanese original document was distributed to press clubs within the Tokyo Stock Exchange (Kabuto Club) and the press club of the Ministry of Land, Infrastructure, Transport and Tourism, and to the press club for construction publications 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.

<Attached Documents>

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

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

(unit: Thousands of yen)

Appraised value (specified value)			8,690,000
Assessment item			Details
Operating revenues	(a) Unit rental revenues, including common area fees		496,691
	(b) Utilities revenues		0
	(c) Parking lot revenues		25,272
	(d) Other revenues		20,885
	Revenues from key money, etc.		4,464
	Revenues from renewal fees		16,231
	Other revenues		190
	(1): (a)+(b)+(c)+(d)		542,848
	(e) Total loss from vacancies, etc.		25,711
	(f) Loss on bad debts		0
(2) Operating revenues [(1)-(e)-(f)]		517,137	
Operating expenses	(g) Maintenance expense		26,208
	(h) Utilities expense		7,000
	(i) Repair expense		5,392
	(j) Property management fees		12,427
	(k) Tenant soliciting fee, etc.		24,935
	(l) Taxes and public dues		25,817
	(m) Property insurance fee		413
	(n) Other expenses		650
	(3) Operating expenses [(g)+(h)+(i)+(j)+(k)+(l)+(m)+(n)]		102,842
(4) Net operating income [(2)-(3)]			414,295
	(o) Earnings from temporary deposit		1,121
	(p) Capital expenditures		8,880
(5) Net income [(4)+(o)-(p)]			406,536
(6) Cap Rate			4.6%
Value of earnings calculated by the direct capitalization method [(5) ÷ (6)]			8,840,000
Value calculated by discounted cash flow method			8,540,000
	Discount rate		4.4%
	Terminal cap rate		4.8%
Cost method value			5,610,000
	Total value of land and building		5,610,000
		Land value	3,930,000
		Building value	1,680,000
Adjustment			0

NAF requested a real estate appraisal by Japan Real Estate Institute for the property to be acquired, based on the Act on Real Estate Appraisal (1963 Act No. 152, including later amendments) and real estate appraisal standards. The above figures are a summary of the prepared real estate appraisal report. 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.

<Attached Document 2>

Portfolio list after the purchase 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	10.4
	Park Axis Gakugei Daigaku	Setagaya-ku, Tokyo	1,760	0.6
	Park Axis Shibuya Jinnan	Shibuya-ku, Tokyo	3,230	1.1
	Park Axis Aoyama Kotto Dori	Minato-ku, Tokyo	1,730	0.6
	Park Axis Kagurazaka Stage	Shinjuku-ku, Tokyo	1,400	0.5
	Park Axis Shirokanedai	Minato-ku, Tokyo	5,140	1.8
	Park Axis Bunkyo Stage	Bunkyo-ku, Tokyo	4,440	1.6
	Park Axis Tsukishima	Chuo-ku, Tokyo	930	0.3
	Park Axis Otsuka	Toshima-ku, Tokyo	1,655	0.6
	Park Axis Minami Azabu	Minato-ku, Tokyo	3,939	1.4
	Park Axis Shibuya	Shibuya-ku, Tokyo	1,282	0.5
	Park Axis Nihonbashi Stage	Chuo-ku, Tokyo	7,557	2.7
	Park Axis Hamamatsucho	Minato-ku, Tokyo	2,025	0.7
	Park Axis Hongo No Mori	Bunkyo-ku, Tokyo	2,910	1.0
	Park Axis Tameike Sanno	Minato-ku, Tokyo	2,860	1.0
	Park Axis Roppongi Hinokicho Koen	Minato-ku, Tokyo	2,170	0.8
	Park Axis Ochanomizu Stage	Bunkyo-ku, Tokyo	9,710	3.4
	Park Axis Okachimachi	Taito-ku, Tokyo	1,070	0.4
	Park Cube Hongo	Bunkyo-ku, Tokyo	1,760	0.6
	Park Cube Kanda	Chiyoda-ku, Tokyo	2,454	0.9
	Park Cube Ichigaya	Shinjuku-ku, Tokyo	1,949	0.7
	Park Cube Asakusa Tawaramachi	Taito-ku, Tokyo	2,508	0.9
	Park Cube Ueno	Taito-ku, Tokyo	2,233	0.8
	Park Cube Ikebukuro Kanamecho	Toshima-ku, Tokyo	1,608	0.6
	Park Axis Meguro Honcho	Meguro-ku, Tokyo	1,810	0.6
	Park Axis Shin Itabashi	Itabashi-ku, Tokyo	3,430	1.2
	Park Axis Akihabara	Chiyoda-ku, Tokyo	1,200	0.4
	Park Axis Toyochi	Koto-ku, Tokyo	3,950	1.4
	Park Axis Takinogawa	Kita-ku, Tokyo	1,820	0.6
	Park Axis Asakusabashi	Taito-ku, Tokyo	2,717	1.0
	Park Axis Nihonbashi Hamacho	Chuo-ku, Tokyo	5,540	1.9
	Park Cube Yoyogi Tomigaya	Shibuya-ku, Tokyo	1,975	0.7
	Park Axis Monzen Nakacho	Koto-ku, Tokyo	1,700	0.6
	Park Cube Itabashi Honcho	Itabashi-ku, Tokyo	4,170	1.5
	Park Cube Gakugei Daigaku	Meguro-ku, Tokyo	910	0.3
	Park Cube Oimachi	Shinagawa-ku, Tokyo	1,440	0.5
	Park Axis Nishigahara	Kita-ku, Tokyo	840	0.3
	Park Axis Kinshicho	Sumida-ku, Tokyo	1,448	0.5
	Park Axis Tatsumi Stage	Koto-ku, Tokyo	7,464	2.6
	Park Axis Kameido	Koto-ku, Tokyo	2,359	0.8
	Park Axis Honancho	Nakano-ku, Tokyo	745	0.3

	Name	Location	Acquisition price (millions of yen) (Note 1)	Portfolio Share (%) (Note 2)
	Park Axis Itabashi	Kita-ku, Tokyo	1,448	0.5
	Park Axis Oshiage	Sumida-ku, Tokyo	1,193	0.4
	Park Axis Takadanobaba	Toshima-ku, Tokyo	1,222	0.4
	Park Axis Toyosu	Koto-ku, Tokyo	14,300	5.0
	Park Axis Hatchobori	Chuo-ku, Tokyo	1,760	0.6
	Park Axis Itabashi Honcho	Itabashi-ku, Tokyo	987	0.3
	Park Axis Sumiyoshi	Sumida-ku, Tokyo	1,006	0.4
	Park Cube Yotsuya Sanchome	Shinjuku-ku, Tokyo	2,749	1.0
	Park Cube Hatchobori	Chuo-ku, Tokyo	4,200	1.5
	Park Axis Kamata Ichibankan	Ota-ku, Tokyo	1,069	0.4
	Park Axis Taito Negishi	Taito-ku, Tokyo	672	0.2
	Park Axis Komagome	Toshima-ku, Tokyo	1,389	0.5
	Park Axis Itabashi Honcho Nibankan	Itabashi-ku, Tokyo	1,859	0.7
	Shibaura Island Air Tower	Minato-ku, Tokyo	7,905	2.8
	Park Cube Higashi Shinagawa	Shinagawa-ku, Tokyo	6,060	2.1
	Park Cube Sasazuka	Shibuya-ku, Tokyo	2,200	0.8
	Park Axis Higashi Jujo	Kita-ku, Tokyo	1,700	0.6
	Park Cube Heiwadai	Nerima-ku, Tokyo	1,204	0.4
	Park Cube Meguro Tower	Meguro-ku, Tokyo	9,000	3.2
	Park Cube Nihonbashi Suitengu	Chuo-ku, Tokyo	2,711	1.0
	Park Cube Ginza East	Chuo-ku, Tokyo	2,269	0.8
	Park Cube Kayabacho	Chuo-ku, Tokyo	1,105	0.4
	Park Cube Honjo Azumabashi	Sumida-ku, Tokyo	1,252	0.4
	Park Axis Kiyosumi Shirakawa	Koto-ku, Tokyo	696	0.2
	Park Axis Asakusabashi Nichome	Taito-ku, Tokyo	1,079	0.4
	Park Axis Nishi Sugamo	Kita-ku, Tokyo	1,439	0.5
	Park Axis Ueno	Taito-ku, Tokyo	1,389	0.5
	Park Axis Akihabara East	Taito-ku, Tokyo	1,369	0.5
	Park Axis Kayabacho	Chuo-ku, Tokyo	1,809	0.6
	Park Axis Kinshicho Shinsui Koen	Sumida-ku, Tokyo	1,369	0.5
	Park Cube Kasuga Andozaka	Bunkyo-ku, Tokyo	2,670	0.9
	Park Cube Kameido	Koto-ku, Tokyo	3,020	1.1
	Park Axis Shin Okachimachi East	Taito-ku, Tokyo	1,299	0.5
	Park Axis Nihonbashi Honcho	Chuo-ku, Tokyo	1,469	0.5
	Park Cube Nishigahara Stage	Kita-ku, Tokyo	4,110	1.4
	Park Cube Atagoyama Tower	Minato-ku, Tokyo	8,650	3.0
	Tokyo 23 wards total		239,164	84.1
	Park Cube Keio Hachioji II	Hachioji-shi, Tokyo	1,130	0.4
	Park Axis Nishi Funabashi	Funabashi-shi, Chiba	1,020	0.4
	Park Axis Yokohama Idogaya	Minami-ku, Yokohama-shi, Kanagawa	1,419	0.5
	Park Axis Chiba Shinmachi	Chuo-ku, Chiba-shi, Chiba	1,679	0.6
	Park Axis Chiba	Chuo-ku, Chiba-shi, Chiba	970	0.3
	Park Cube Kita Matsudo	Matsudo-shi, Chiba	1,200	0.4
	Park Cube Musashi Kosugi	Nakahara-ku, Kawasaki-shi, Kanagawa	2,250	0.8
	Park Axis Yokohama Tanmachi Koen	Kanagawa-ku, Yokohama-shi, Kanagawa	1,119	0.4

	Name	Location	Acquisition price (millions of yen) (Note 1)	Portfolio Share (%) (Note 2)
	Park Axis Yokohama Yamashitacho	Naka-ku, Yokohama-shi, Kanagawa	1,539	0.5
Greater Tokyo Total (Note 3)			12,326	4.3
	Park Axis Meieki Minami	Nakamura-ku, Nagoya-shi, Aichi	2,440	0.9
	Park Axis Marunouchi	Naka-ku, Nagoya-shi, Aichi	1,920	0.7
	Park Axis Ropponmatsu	Chuo-ku, Fukuoka-shi, Fukuoka	1,515	0.5
	Park Axis Hakataeki Minami	Hakata-ku, Fukuoka-shi, Fukuoka	1,890	0.7
	Park Axis Naka Gofukumachi	Hakata-ku, Fukuoka-shi, Fukuoka	742	0.3
	Park Axis Shirakabe	Higashi-ku, Nagoya-shi, Aichi	1,547	0.5
	Park Axis Sendai	Wakabayashi-ku, Sendai-shi, Miyagi	2,320	0.8
	Park Axis Hakata Minoshima	Hakata-ku, Fukuoka-shi, Fukuoka	960	0.3
	Park Axis Takamiya Higashi	Minami-ku, Fukuoka-shi, Fukuoka	605	0.2
	Park Axis Sapporo Shokubutsuen Mae	Chuo-ku, Sapporo-shi, Hokkaido	1,650	0.6
	Park Axis Shin Sapporo	Atsubetsu-ku, Sapporo-shi, Hokkaido	827	0.3
	Park Axis Esaka Hiroshibacho	Suita-shi, Osaka	2,369	0.8
	Park Axis Utsubo Koen	Nishi-ku, Osaka-shi, Osaka	2,399	0.8
	Park Cube Kitahama	Chuo-ku, Osaka-shi, Osaka	1,970	0.7
Other Major Cities Total (Note 4)			23,154	8.1
Rental Apartments Total			274,644	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	0.3
	Kawaijuku Kyoto Gakushin Ryo	Nakagyo-ku, Kyoto-shi, Kyoto	991	0.3
	Sundai Horikawa Ryo	Kamigyo-ku, Kyoto-shi, Kyoto	916	0.3
	Dormitory Rakuoku	Kita-ku, Kyoto-shi, Kyoto	374	0.1
	Rikkyo University International Dormitory (RUID) Shiki	Shiki-shi, Saitama	1,478	0.5
	Dormy Naka Itabashi	Itabashi-ku, Tokyo	1,041	0.4
	Philosophia Nishidai	Itabashi-ku, Tokyo	1,249	0.4
	Dormy Musashi Kosugi	Nakahara-ku, Kawasaki-shi, Kanagawa	1,152	0.4
	Artis Sendai Kakyoin	Aoba-ku, Sendai-shi, Miyagi	540	0.2
	Artis Sendai Kimachi Dori	Aoba-ku, Sendai-shi, Miyagi	1,160	0.4
Other Accommodation Assets Total			9,829	3.5
Grand Total			284,473	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.

(Note 2) "Portfolio Share" means the percentage of the acquisition price of the respective 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 23 wards), Kanagawa, Saitama, and Chiba.

(Note 4) "Other Major Cities" indicates major cities across Japan and their surrounding areas, excluding the Tokyo area.

<Attached Document 3> Photos of exterior and entrance, and map of the property to be acquired.



