

Generating Returns from the Accommodation Value Chain



1st Period

October 2005 – March 2006

Profile



Nippon Accommodations Fund Inc. ("NAF") was incorporated as an investment corporation on October 12, 2005 with an initial investment by Mitsui Fudosan Co., Ltd. ("Mitsui Fudosan"), and was listed on the Tokyo Stock Exchange on August 4, 2006 with assets of more than ¥100 billion. NAF invests in accommodation assets* located mainly in the 23 wards of Tokyo. The Investment Trust and Investment Corporation Act of Japan requires an investment corporation to be managed by an external entity. NAF's assets are managed by Mitsui Fudosan Accommodations Fund Management



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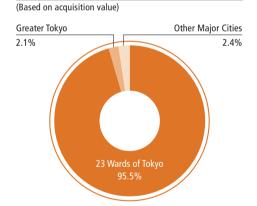
Financial Highlights

		1st Period October 12, 2005 to March 31, 2006		
	Yen in millions (Except per unit data or where otherwise indicated)	U.S. dollars in thousands (Note 1) (Except per unit data)		
Total revenue (Note 2)	¥ 924	\$ 7,866		
Income before income taxes	378	3,218		
Net income	377	3,209		
Funds from operations (Note 3)	507	4,316		
Net operating income from property leasing activities (Note 3)	734	6,248		
Total amount of cash distribution (a)	377	3,209		
Total assets	43,644	371,533		
Total liabilities	22,028	187,520		
Net assets (b)	21,617	184,021		
LTV (Loan-to-value) ratio (Note 3)	48.1%			
Total number of units issued (units) (c)	42,480			
Net assets per unit (Yen/\$) (b) / (c)	508,871	4,332		
Distribution per unit (Yen/\$) (a) / (c)	8,871	76		
Funds from operations per unit (Yen/\$) (Note 3)	11,936	102		

Notes 1. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥117.47 = U.S.\$1.00 in effect on March 31, 2006.

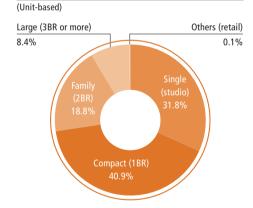
- 2. Total revenue does not include consumption taxes.
- Funds from operations: Net income + Depreciation and amortization
 Net operating income from property leasing activities: (Revenue from property leasing Rental expenses) + Depreciation and amortization
 LTV ratio: Interest-bearing debt / Total assets
 - Funds from operations per unit: (Net income + Depreciation and amortization) / Total number of units issued and outstanding at end of period

Regional Allocation (As of November 30, 2006)



Note: Greater Tokyo includes Tokyo (other than the 23 wards), Kanagawa, Chiba and Saitama.
Other Major Cities includes Sapporo, Sendai, Nagoya, Kyoto, Osaka, Kobe, Hiroshima and Fukuoka.

Portfolio by Category (As of November 30, 2006)





To Our Stakeholders



Nippon Accommodations Fund Inc. leverages the comprehensive strengths of the Mitsui Fudosan Group to invest in and operate residential real estate under the rubric of accommodation assets. The fund seeks to maximize investor value through optimal asset management with the objectives of securing stable earnings and steadily increasing assets under management.

Nobuyuki Nakai

Executive Director of Nippon Accommodations Fund Inc.

President and CEO of Mitsui Fudosan Accommodations Fund Management Co., Ltd.

Overview of Performance

Nippon Accommodations Fund Inc. (NAF) was incorporated on October 12, 2005 under the Investment Trust and Investment Corporation Act of Japan, with asset management entrusted to Mitsui Fudosan Accommodations Fund Management Co., Ltd. On August 4, 2006, NAF listed its units on the J-REIT section of the Tokyo Stock Exchange.

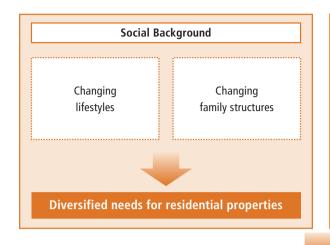
NAF's first fiscal period began on October 12, 2005 and ended on March 31, 2006. NAF acquired five properties on November 30, 2005 as well as two more properties during its first period. Total acquisition price was ¥41,036 million. Total revenue for the period was ¥924 million, and operating income for the period was ¥466 million. Net income for the period was ¥377 million, and cash distribution per unit was ¥8,871.

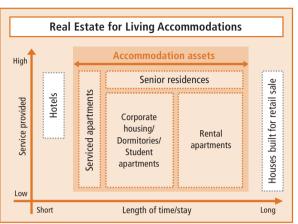
During the second fiscal period, NAF has acquired 21 properties and sold 1 property. Assets under management on an acquisition price basis total ¥101,386 million.

NAF's Strategies

NAF's objective is to maximize investor value. Our fundamental policy is to take a medium-to-long-term perspective in managing assets to secure stable earnings and steadily increase assets under management. NAF employs two strategies to achieve its objective: invest in accommodation assets, and leverage the comprehensive strengths of the Mitsui Fudosan Group.

NAF invests primarily in residential real estate, and also invests in trust beneficiary rights in trust assets composed mainly of residential real estate. Changes in lifestyles and family structure are resulting in various new needs, with consequent growth in demand for residential real estate structured to accommodate these needs. Real estate development must therefore take these social changes and new needs into account. Given changes in needs and the structure of society, NAF focuses investment on a subset of the residential real estate category it defines as "accommodation assets," which principally consist of rental apartments, student dormitories and apartments, serviced apartments for short-term stays, senior residences and corporate housing.





Accommodation assets are defined as rental apartments, dormitory/student apartments, serviced apartments, senior residences and corporate housing. They do not include hotel properties.

NAF's residential properties respond to a diverse array of tenant needs. We seek to enhance the value of these properties as accommodation assets by meeting the needs and wants of tenants. From serviced apartments for shortterm stays to rental apartments leased for a comparatively longer term, NAF aims to secure stable earnings through optimal management of accommodation assets.

On the other hand, NAF also believes that its concept of providing accommodation assets requires it to operate under an integrated system of total quality management that encompasses every stage from planning and development to property management and operation. As a matter of policy, therefore, NAF energetically makes maximum use of the value chain of the Mitsui Fudosan Group, which is integrated from the marketing of rental properties, land selection and acquisition, and planning and development to leasing and property management and operation.

Maximum use of the Mitsui Fudosan Group's value chain allows NAF to acquire optimal investment opportunities and continuously add accommodation assets that meet diverse tenant needs.

August 2006

Nobuyuki Nakai

Executive Director of Nippon Accommodations Fund Inc.

Nobuyuli Naki

President and CEO of Mitsui Fudosan Accommodations Fund Management Co., Ltd.



Generating Returns from the

Sponsored by a leading real estate company, NAF has held large-scale assets since the time

Japan's First Listed Residential J-REIT with Over ¥100 Billion in Assets at IPO



➤ Investing in Accommodation Assets

NAF offers convenience that meets the diverse needs of occupants in order to maximize the value of its accommodation assets, thus increasing investor value.

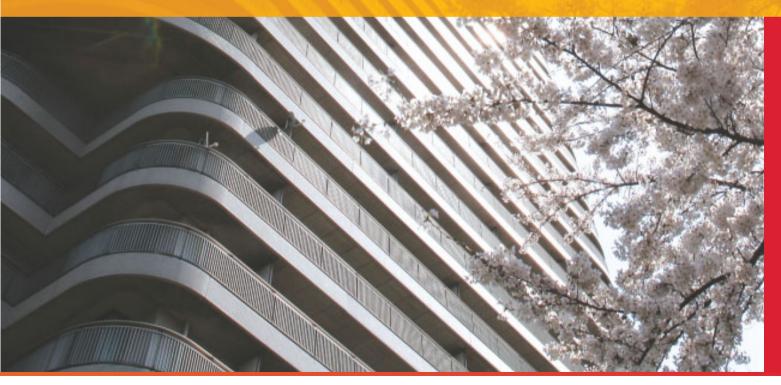


NAF aims to maximize returns by leveraging the comprehensive strengths in accommodation assets of the Mitsui Fudosan Group, a leading real estate company in Japan.

Accommodation Value Chain

of its listing as a residential J-REIT, with the aim of being a driving force in the sector.

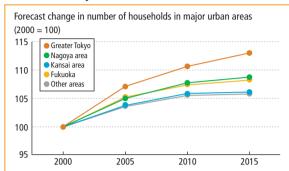
 First Residential J-REIT Sponsored by a Leading Real Estate Company



Rental Apartment Investment Characteristics

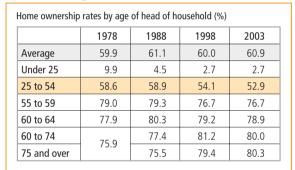
The high-quality rental apartments that NAF selects as accommodation assets are highly attractive, competitive properties that generate stable earnings.

Demand: Steady Growth of Households



Source: National Institute of Population and Social Security Research
Note: Other areas excludes Hokkaido, Miyagi, Greater Tokyo, Nagoya area, Kansai area,
Hiroshima and Fukunka

Demand: Decreasing Home Ownership Rate in the 25-54 Age Bracket



Source: "Housing in Japan (1978)," Prime Minister's Office; "Housing Statistical Survey (1988)" and "Housing/Land Statistical Survey (1998)," General Affairs Agency; "Housing/Land Statistical Survey (2003)," Ministry of Internal Affairs and Communications

Supply: Limited Supply from Private Companies



Source: "Housing Construction Statistics," Ministry of Land, Infrastructure and Transport

Growing Rental Needs and Demand

Japan's population is projected to decrease in the future. Given an aging population with a low birthrate and the trend toward nuclear families, however, the number of smaller households is conversely projected to increase. Moreover, lifestyles are evolving, with changes in the employment environment and a move toward urban homes in pursuit of more convenient living. NAF concentrates investment in large urban areas, primarily the 23 wards of Tokyo, where projected stable growth in the number of households points to expanding demand for rental apartments.

In addition, over the past 25 years, the age at which people in Japan acquire their own home has been trending upward, with a decreasing rate of home ownership among people between the ages of 25 and 54, the primary rental customer segment. This trend indicates a shift toward rental apartment occupancy.

A Tight Supply of High-Quality Rental Apartments

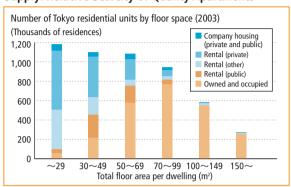
Conventionally, individual landowners seeking to utilize their assets effectively have been the principal source of rental apartments in Japan, and the supply by private companies has been limited. In this environment, in 2004, the former Urban Development Corporation was reorganized as the Urban Renaissance Agency, an independent administrative institution. Rather than directly supplying rental apartments, the Urban Renaissance Agency now takes the position of transferring or leasing tracts of land it has prepared to private developers. Thus control of the supply of rental apartments is shifting to the private sector.

In addition, the available rental apartments generally do not compare favorably to owned houses in terms of floor space or building and construction quality. Looking at apartment floor space per unit in Tokyo, units with the least amount of floor space are concentrated in company housing and rental housing, and units with greater floor space are increasingly concentrated in owned and occupied houses. In Tokyo, company and rental units tend to have less floor space, while owned and occupied houses are generally much larger. As a result, high-quality apartments are scarce, as demand grows but the supply remains limited.

High-Quality Rental Apartments Generate Highly Stable Earnings

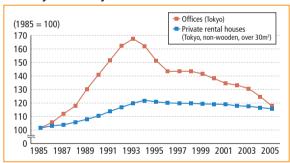
In general, apartment rents are not greatly affected by changes in economic conditions or asset values. Moreover, the risk of sudden shifts in vacancy and lease rates is lower for rental apartments than for office buildings because apartment lease contracts are subdivided and diversified in terms of contract period and renewal and termination dates. As a result, the potential for fluctuations in earnings is also limited. These conditions allow NAF to structure a diversified portfolio of rental apartments through investments congruent with NAF's basic policy of securing stable earnings.

Supply: Relative Scarcity of Quality Apartments



Source: "2003 Housing/Land Statistical Survey (August 2004)," Ministry of Internal Affairs and

Stability: Relatively Stable Rents



Source: "Annual Report: Consumer Price Index," Cabinet Office, Japanese Ministry of Internal Affairs and Communications, and "Service Price Index for the Private Sector," Bank of Japan

Common Practices in Japan's Rental Apartment Market

Contract Validity Period

Leases in Japan are generally 2-year contracts, which can be renewed by paying an extension fee (usually one month's rent).

Security Deposit

The tenant must pay a security deposit in advance to the landlord to insure against future unpaid rent and/or damages. Generally, it is equal to two months' rent and is typically refunded when moving out (a cleaning and/or repair fee may be deducted prior to refund).

Key Money

The tenant pays key money to the landlord prior to signing a lease contract. It is equivalent to two months' rent and is not refunded.

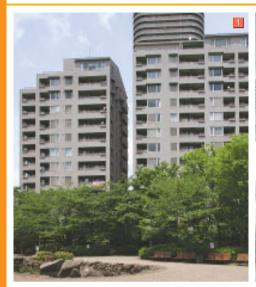
Commission Fee

A commission fee is paid to the leasing agent; by regulation, it cannot exceed one month's rent.

Guarantor/Joint Surety

A guarantor is required when signing a lease contract. The guarantor must have an income sufficient to cover the rent if the tenant cannot pay and/or the cost of repairs to the apartment if the tenant causes any damage.

Portfolio Map



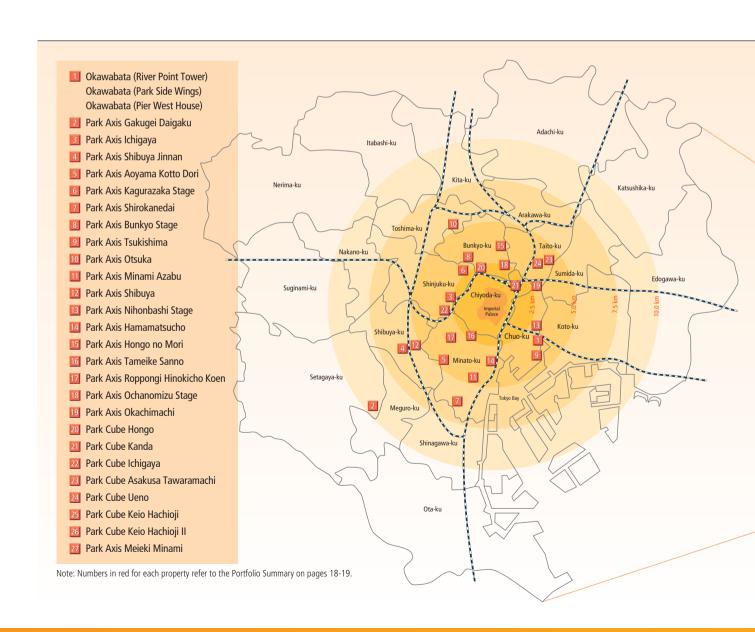


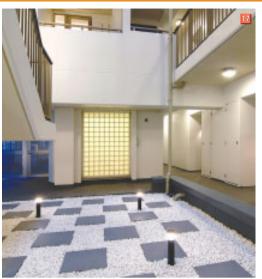










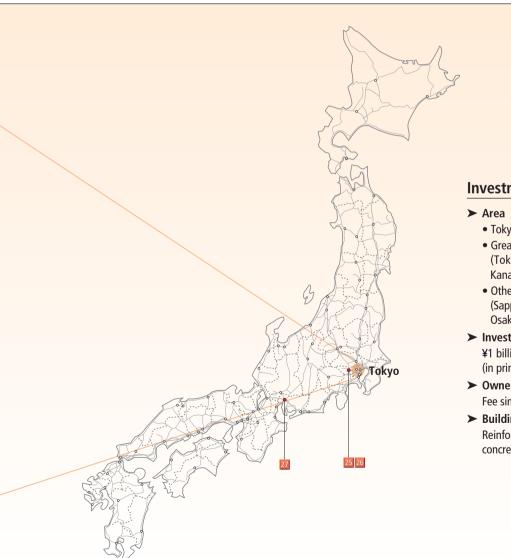












Investment Criteria

- Tokyo 23 Wards (80% or more)
- Greater Tokyo (Tokyo (other than the 23 wards), Kanagawa, Chiba, Saitama)
- Other Major Cities
 (Sapporo, Sendai, Nagoya, Kyoto,
 Osaka, Kobe, Hiroshima, Fukuoka)
- ➤ Investment Size

¥1 billion or more per property (in principle)

- ➤ Ownership Interest Fee simple (in principle)
- ➤ Building Structure Reinforced concrete or steel reinforced concrete (no wooden structures)

Property Brand Strategy

NAF aims to maintain and improve the long-term competitiveness and value of its assets. The Park Axis series and the Park Cube series are central to the structure of NAF's portfolio.

Park Axis Series

- ➤ Residential rental apartments planned / developed by Mitsui Fudosan
- ➤ Leverages Mitsui Fudosan's expertise in the condominium business
- ➤ Features design, facilities and specifications to fit urban lifestyles

Location

- ➤ Area setup that was quick to note "migration back to central Tokyo"
- ➤ Areas offered are popular in rental market, can expect stable demand in future



Residence

- ➤ Basic specifications for durability and sound insulation
- > Space designs that appeal to residents
- ➤ Fixtures and finishes that consider aesthetics, livability, advanced features and convenience
- Security measures to provide safe urban living

Management

- ➤ Appropriate long-term maintenance and improvement plan and common area management menu
- ➤ Securing high-quality tenants through strong leasing capabilities and rigorous screening







Brand value enhanced by

Portfolio with potential for sustainable

Park Cube Series

- ➤ Planned / developed by third parties other than the Mitsui Fudosan Group
- ➤ Meets NAF's own construction and design standards

Management

- ➤ Appropriate long-term maintenance and improvement plan and common area management menu
- > Securing high-quality tenants through strong leasing capabilities and rigorous screening



Quality

- ➤ Basic specifications for durability and sound insulation
- ➤ Fixtures and finishes that consider functionality, advanced features and convenience
- ➤ Security that provides safe and secure residential spaces









total quality management

asset value growth over the long term

Brand Strategy

Five features differentiate NAF: development plans that respond to diversifying needs; designs that address both form and function; support services for resident convenience; services to ensure safety and comfort; and an advanced information and communications environment for superior quality, safety and security.



Development Plans That Meet Diversifying Needs

Taking advantage of the Mitsui Fudosan Group's marketing expertise, the Park Axis series is designed with a detailed targeting strategy considering location and surrounding environment. Apartments are developed according to those plans (floor plan, facilities, etc.) to meet specific target demands in response to a wide range of lifestyles and lifestages.

Designs That Address Both Form and Function

For the Park Axis series to maintain its appeal for a long period of time, Mitsui Fudosan's designs combine

function and aesthetics in everything from the façade (exterior), entrance and corridor to the doorway of each unit. In cooperation with architects and/or interior designers, additional differentiation is sought to offer a design suitable to its surrounding environment and customer attributes.

For example, Ryoichi Misawa, President of Misawa Associates, has been selected to cooperate on Park Axis Nihonbashi Stage, and Masuo Fujiwara, President of We & F, is cooperating on Park Axis Aoyama Kotto Dori and Park Axis Tameike Sanno.

Support Services for Resident Convenience

Concierge Service Providing reception services similar to those of a concierge (customer relations at hotels) to satisfy the needs of tenants looking for a quality lifestyle as well as everyday services

Household Services Providing services in partnership with other service providers to increase tenant convenience in areas including house cleaning, furniture/home appliance leasing, food catering and transportation service to and from hospital/school

Payment by Credit Card 24-hour Internet credit card payments available for initial payments (deposit and key money)



Reception (Park Axis Nihonbashi Stage)



Image photo



Tenant guidebook

The above is a summary of services/support already provided in some of the buildings in the portfolio at IPO. These services are not necessarily available at all buildings. NAF is willing to improve and provide these services/support to more buildings.

Services to Ensure Safety and Comfort

C-Desk 24/7, toll-free service to accept/respond to requests for rent renewal and issuance of certification of parking space as well as trouble shooting including water leaks, air conditioning and water heater problems

Tenant Guidebook Distribution of a tenant guidebook to assist tenants from moving in to moving out. It also explains procedures for paying water, gas, electricity and other utility bills.

Superior Quality, Safety and Security

The Park Axis series is designed and constructed under total quality management based on Mitsui Fudosan's expertise in condominiums, considering easy facility renewals, maintenance and convenience of tenants. The Park Axis series takes a proactive approach to ensure safety and comfort, key issues in today's society, in providing rental apartments.

Front Door

(Dimple key & double lock/thumbturn for crime prevention)

The front door of each unit uses a dimple key that meets crime prevention standards. A double lock and thumbturn further enhance security.



Dimple key (basic concept)



Double lock (reference photo)

Vertical Wastewater Pipes

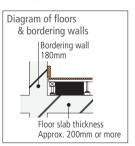
(reference photo)

For hard-to-upgrade water drainage piping inside units, maintenance-free cast iron pipes are used.



Floors and Bordering Walls

Floor slabs more than 200mm thick and bordering walls at least 180mm thick contribute to sound insulation.



Information / Communications

Units are high-speed Internet ready, and are equipped with fiber-optic wiring. They can also furnish a variety of information content, including satellite and cable TV.

The above illustrates a model unit and a general plot plan of Park Axis Ochanomizu Stage. This is not applicable to all properties.

Representative Accommodation Assets

Okawabata Apartment Communities







① River Point Tower

t Tower ② Park Side Wings

③ Pier West House

- This property is one part of the large-scale Okawabata River City 21 development, which occupies approximately nine hectares.
- River Point Tower was the first high-rise rental apartment building in Tokyo.
- A 24-hour management system and on-site restaurants and sports facilities help make
 Okawabata Apartment Communities a convenient, comfortable place to live.







Acquisition price:	¥ 29,696 million
Appraisal value:	¥ 29,700 million
PML:	① 4.9% ② 9.9% ③ 8.9%
Address:	Chuo-ku, Tokyo
Units:	544
Acquisition date:	November 30, 2005
Site area:	30,291.75m ²
Land ownership right:	① Land use rights 23.19% ② Land use rights 8.60% ③ Common ownership 1.62%
Floor area of building:	① 42,177.83m ² ② 15,737.63m ² ③ 847.27m ²
Completed:	① March 30, 1989 ② July 19, 1988

(Building expansion on March 30, 1989)

3 April 4, 1988

Notes: 1. Numbers in red for each property refer to the Portfolio Summary on pages 18-19.

- 2. Appraisal dates are November 30, 2005 for properties 1 through 5; February 28, 2006 for property 6; March 31, 2006 for properties 7 through 10; and April 30, 2006 for properties 11 through 27.
- 3. PML = Probable maximum loss

Park Axis Aoyama Kotto Dori









Located near sophisticated clothing boutiques and cafes, Park Axis Aoyama Kotto Dori is in an exclusive residential area.

V 1 720 million

Acquisition prices

Acquisition price:	¥ 1,/30 million
Appraisal value:	¥ 1,730 million
PML:	9.2%
Address:	Minato-ku, Tokyo
Units:	40
Acquisition date:	November 30, 2005
Site area:	502.76m ²
Floor area of building:	1,939.54m²
Completed:	August 31, 2005

Park Axis Shirokanedai









Trendy cafes and restaurants and the Institute for Nature Study opposite enhance the fashionable residential area around Park Axis Shirokanedai.

Acquisition price:	¥ 5,140 million
Appraisal value:	¥ 5,140 million
PML:	12.0%
Address:	Minato-ku, Tokyo
Units:	99
Acquisition date:	April 12, 2006
Site area:	1,063.80m ²
Floor area of building:	5,992.92m ²
Completed:	September 9, 2005

Park Axis Minami Azabu









Located near the famous Azabu Juban shopping area, Minami Azabu has been popular for many years as an excellent neighborhood to live in.

Acquisition price:	¥ 3,939 million
Appraisal value:	¥ 3,960 million
PML:	9.2%
Address:	Minato-ku, Tokyo
Units:	64
Acquisition date:	August 7, 2006
Site area:	956.12m ²
Floor area of building:	5,060.75m ²
Completed:	February 28, 2003

Park Axis Nihonbashi Stage









Park Axis Nihonbashi Stage is a neighborhood landmark and provides dedicated concierge, delivery and catering services for residents.

Acquisition price:	¥ 7,557 million
Appraisal value:	¥ 7,570 million
PML:	11.3%
Address:	Chuo-ku, Tokyo
Units:	184 Residential; 1 Retail
Acquisition date:	August 7, 2006
Site area:	1,443.06m ²
Floor area of building:	12,488.08m² (includes 49.35m² parking area)
Completed:	August 31, 2004

Notes: 1. Numbers in red for each property refer to the Portfolio Summary on pages 18-19.

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- 3. PML = Probable maximum loss

Park Axis Meieki Minami









Park Axis Meieki Minami is located in a convenient, comfortable area, and an 11-minute walk from Nagoya Station on the Shinkansen Line.

Acquisition price:	¥ 2,440 million
Appraisal value:	¥ 2,440 million
PML:	5.8%
Address:	Nakamura-ku, Nagoya
Units:	169
Acquisition date:	August 7, 2006
Site area:	1,223.73m ²
Floor area of building:	6,919.04m ²
Completed:	February 8, 2006

Park Cube Kanda









Adjacent to Nihonbashi, Otemachi and Akihabara, Park Cube Kanda has an attractive design and is convenient for commuting.

Acquisition price:	¥ 2,454 million
Appraisal value:	¥ 2,480 million
PML:	10.9%
Address:	Chiyoda-ku, Tokyo
Units:	95
Acquisition date:	August 7, 2006
Site area:	506.93m ²
Floor area of building:	4,000.74m ²
Completed:	October 1, 2005

Portfolio Summary





















No.	Name	Location
1	Okawabata Apartment Communities River Point Tower Park Side Wings Pier West House	Chuo-ku, Tokyo
2	Park Axis Gakugei Daigaku	Setagaya-ku, Tokyo
3	Park Axis Ichigaya	Shinjuku-ku, Tokyo
4	Park Axis Shibuya Jinnan	Shibuya-ku, Tokyo
5	Park Axis Aoyama Kotto Dori	Minato-ku, Tokyo
6	Park Axis Kagurazaka Stage	Shinjuku-ku, Tokyo
7	Park Axis Shirokanedai	Minato-ku, Tokyo
8	Park Axis Bunkyo Stage	Bunkyo-ku, Tokyo
9	Park Axis Tsukishima	Chuo-ku, Tokyo
10	Park Axis Otsuka	Toshima-ku, Tokyo
11	Park Axis Minami Azabu	Minato-ku, Tokyo
12	Park Axis Shibuya	Shibuya-ku, Tokyo
13	Park Axis Nihonbashi Stage	Chuo-ku, Tokyo
14	Park Axis Hamamatsucho	Minato-ku, Tokyo
15	Park Axis Hongo no Mori	Bunkyo-ku, Tokyo
16	Park Axis Tameike Sanno	Minato-ku, Tokyo
17	Park Axis Roppongi Hinokicho Koen	Minato-ku, Tokyo
18	Park Axis Ochanomizu Stage	Bunkyo-ku, Tokyo
19	Park Axis Okachimachi	Taito-ku, Tokyo
20	Park Cube Hongo	Bunkyo-ku, Tokyo
21	Park Cube Kanda	Chiyoda-ku, Tokyo
22	Park Cube Ichigaya	Shinjuku-ku, Tokyo
23	Park Cube Asakusa Tawaramachi	Taito-ku, Tokyo
24	Park Cube Ueno	Taito-ku, Tokyo
	o 23 Wards Total	
25	Park Cube Keio Hachioji	Hachioji-shi, Tokyo
26	Park Cube Keio Hachioji II	Hachioji-shi, Tokyo
	ater Tokyo Total (Note 3)	
27	Park Axis Meieki Minami	Nagoya-shi, Aichi
	er Major Cities Total	
Grai	nd Total	

Notes: 1. Acquisition Price does not include acquisition-related expenses, property tax (to be capitalized) and consumption tax (not refundable for residential properties). Amounts are rounded down to the nearest million.

2. PML = Probable maximum loss















(As of November	30,	2006)
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(AS OF NOVELLIBER 30, 200					
Developer	PML (Note 2) (%)	Rentable Units	Rentable Area (sq. m.)	Portfolio Share (%)	Acquisition Price (Note 1) (Yen in millions)
Mitsui Fudosan		544	43,812.41	29.3	29,696
	4.9				
	9.9				
	8.9				
Mitsui Fudosan	9.7	64	2,437.66	1.7	1,760
Mitsui Fudosan	8.5	84	3,313.33	2.5	2,570
Mitsui Fudosan	8.7	75	2,766.62	3.2	3,230
Mitsui Fudosan	9.2	40	1,537.24	1.7	1,730
Mitsui Fudosan	8.4	59	1,891.05	1.4	1,400
Mitsui Fudosan	12.0	99	4,704.44	5.1	5,140
Mitsui Fudosan	7.2	154	6,078.93	4.4	4,440
Mitsui Fudosan	10.1	30	1,383.99	0.9	930
Mitsui Fudosan	7.4	52	2,606.37	1.6	1,655
Mitsui Fudosan	9.2	64	3,938.14	3.9	3,939
Mitsui Fudosan	10.7	20	1,094.28	1.3	1,282
Mitsui Fudosan	11.3	184 Residential, 1 Retail	10,025.40	7.5	7,557
Mitsui Fudosan	9.4	80	2,426.45	2.0	2,025
Mitsui Fudosan	11.2	86 Residential, 1 Retail	3,317.94	2.9	2,910
Mitsui Fudosan	9.8	70	2,710.69	2.8	2,860
Mitsui Fudosan	9.5	46	2,054.46	2.1	2,170
Mitsui Fudosan	10.0	324	12,025.25	9.6	9,710
Mitsui Fudosan	10.3	42	1,621.73	1.1	1,070
Other Party	10.1	60	2,160.12	1.7	1,760
Other Party	10.9	95	3,194.59	2.4	2,454
Other Party	9.1	51	2,127.50	1.8	1,794
Other Party	9.1	76	4,012.68	2.5	2,508
Other Party	10.8	91	3,041.61	2.2	2,233
		2,490 Residential, 2 Retail	124,282.88	95.5	96,824
Other Party	9.6	52	2,814.32	1.0	991
Other Party	9.5	47 Residential, 1 Retail	3,082.32	1.1	1,130
		99 Residential, 1 Retail	5,896.64	2.1	2,121
Mitsui Fudosan	5.8	169	5,565.13	2.4	2,440
		169	5,565.13	2.4	2,440
	5.1	2,758 Residential, 3 Retail	135,744.65	100.00	101,385
	5.1	2,758 Residential, 3 Retail	135,744.65	100.00	101,385

^{3.} Greater Tokyo includes Tokyo (other than the 23 wards), Kanagawa, Chiba and Saitama.

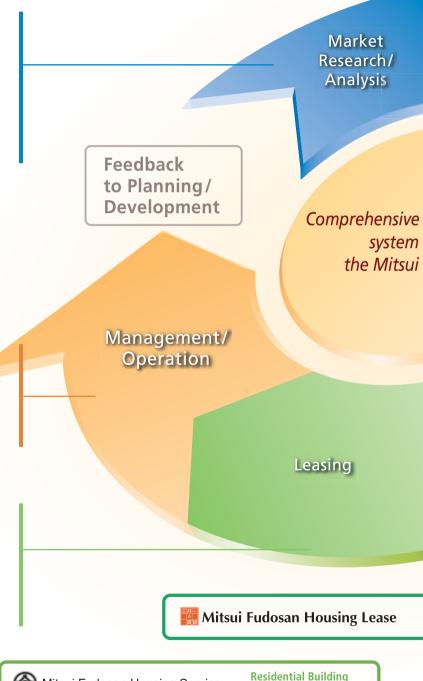
The Mitsui Fudosan Group's Value Chain

The companies of the Mitsui Fudosan Group form a comprehensive operating system for rental properties that spans from market research, site selection and acquisition, planning and development to leasing, management and operation, in which the Group functions as a single organic value chain.

- Understanding of supply/demand trends in the market through the analysis of statistical information/data on housing for sale and rental apartments, occupancy surveys of new properties and fixed property observation
- Examination of micro market characteristics and needs based on a long track record (experience) in case studies of potential properties/development project areas, housing to real estate brokers, rent/occupancy historical data



- Understanding of tenant needs, feedback for reinvestment and development
- Renewal/renovation (reinvestment) based on appropriate investment return analysis
- Value-added services that take advantage of scale
- Individual plan evaluation, discussions on living environment, competitive landscape and other conditions, and setting of rent details
- Construction of framework to convey product appeal (use of leasing specialist)
- Control/use of leasing agency network

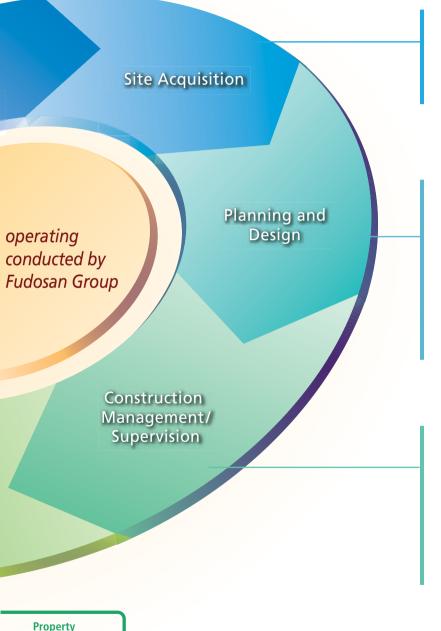


Maintenance

Mitsui Fudosan Housing Service



Operation, Planning/ **Development of Accommodation Business**



- Development of site acquisition strategy based on macro market and potential demand trends
- Large collection of site information supported by property development capabilities of all types from small buildings to complex development/large development projects
- Detailed development of target customers and property concepts according to purpose, number of residents, family structure and lifestyle
- Planning of strategic plan variations, specifications, grades and tastes suitable for established target and concept
- Strategic plan design discussed from the viewpoints of design, safety, functionality, management/operation, running cost and maintenance/renewal
- Acquisition of approval, cost control, scheduling, design/construction management (use of real estate development expertise gained from tenant feedback)
- Quality control (Use of rental apartments construction/design checklist covering approx. 1,300 inquiries)
- On-site meetings/checks by respective professionals in construction, structure and facilities

RESIDENT FIRST

Management

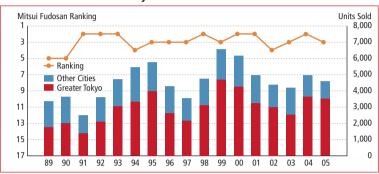
Initial Leasing Tenant Brokerage

Mitsui Fudosan's Accommodation Asset Development Capabilities

Condominium Development

Understanding of residential land/development information based on considerable condominium development experience in major cities nationwide

Condominium Units Sold by Mitsui Fudosan



Apartment Development

During 1988 and 1989, Mitsui Fudosan developed 544 rental housing units at the Okawabata River City 21 complex in Chuo-ku, Tokyo. Since 1999, Mitsui Fudosan has been developing and supplying numerous rental housing units within the Park Axis series.

Park Axis Series Track Record



As of November 2006, NAF has acquired Okawabata Apartment Communities (544 units) and 19 buildings of the Park Axis series (1,744 units).

■ Large Apartment Development Projects



Park Axis Aoyama 1-chome Tower (Note)

(JV among Mitsui Fudosan, Tokyo Metro Government, ITOCHU and Taisei)

- To be completed in 2007
- Total units: 390

Shibaura Island Project A1 Block (Air Tower), A3 Block (Note)

(JV among Mitsui Fudosan, Ken, Orix Real Estate, Nippon Steel City Produce and Daiwa House*)

- To be completed in 2007, 2008
- Total units: 2,000
- * Daiwa House in JV for A3 block only.

Note: Acquisition of these buildings is not planned as of November 2006.



Management/Operation Capabilities Leveraging Mitsui Fudosan Group Expertise

Property Management

Sustain asset value growth over the long term to maintain and improve rent and occupancy



Mitsui Fudosan Housing Lease

- Unified property / tenant management data
- Promotes efficient and sure operation

Mitsui Fudosan Housing Lease will manage/operate all of NAF's assets

RESIDENT FIRST

Initial Leasing/Tenant Brokerage

- Efficient leasing enabled by direct sales from a Mitsui Fudosan Group company with deep understanding of the property
- Able to obtain direct customer feedback for use in development, management/operation and acquisition of assets



Residential Building Maintenance

Extensive experience mainly in condominiums sold by Mitsui Fudosan

Example: Okawabata Apartment Communities

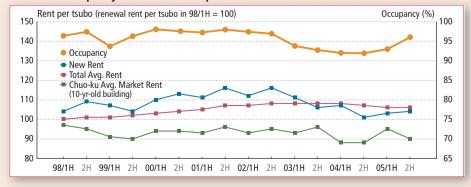
Okawabata Apartment Communities have maintained the rent/occupancy shown below even 17-18 years after completion.

Taking advantage of Group companies' engineering capabilities and accumulated expertise in condominiums

Efficient capital expenditures from a long-term perspective:

- Repair of external wall (1999)
- Renewal of home security system (2000 2003)
- Renewal of residential air conditioning ahead of schedule (2000), etc.

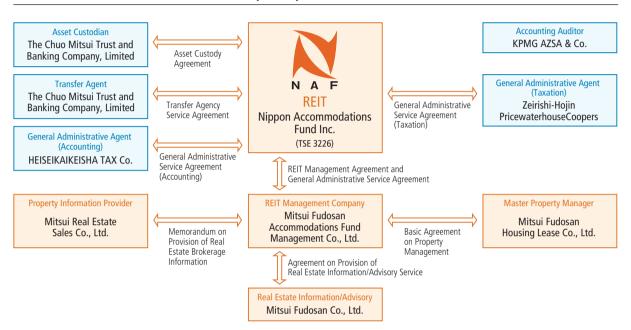
Rent and Occupancy of Okawabata Apartment Communities



Corporate Structure and Governance

Nippon Accommodations Fund Inc. has structured systems for compliance and risk management and operates fairly and transparently with the aim of increasing investor value.

Real Estate Investment Trust (REIT) Structure



Nippon Accommodations Fund Inc. (NAF) is an investment corporation established with the objective of investing in assets, primarily Designated Assets as defined by the Investment Trust and Investment Corporation Act of Japan. NAF was established on October 12, 2005, with Mitsui Fudosan Accommodations Fund Management Co., Ltd. (the "REIT Management Company") as its asset management company.

NAF has entrusted management of all of its assets to the REIT Management Company, which is the asset management company required by the Investment Trust and Investment Corporation Act of Japan. Operating in accordance with the asset management contract concluded on October 13, 2005, the REIT Management Company manages NAF's assets according to NAF's asset management and administration policies and the asset management guidelines embodied in the internal regulations of the REIT Management Company. The asset management guidelines take current investment conditions into account and follow NAF's basic operating principle of taking a medium-to-long-term perspective in managing

assets to secure stable earnings and steadily increase assets under management. These guidelines may change in the future in response to changes in the external investment environment and the status of NAF's assets under management.

In addition, the REIT Management Company has concluded contracts with the Mitsui Fudosan Group to promote smooth, effective management of NAF's assets. A Real Estate Information and Advisory Service Agreement with Mitsui Fudosan Co., Ltd. provides information regarding real estate owned or developed by Mitsui Fudosan Accommodations Business Division, and other management advisory information. A Memorandum on Provision of Real Estate Brokerage Information with Mitsui Fudosan Real Estate Sales Co., Ltd. provides access to real estate brokerage information. A Basic Agreement on Property Management with Mitsui Fudosan Housing Lease Co., Ltd., the master property management company to which NAF has entrusted all its properties, is fundamental to NAF's policy of outsourcing the property management services required in managing real estate.

Management Team



From left to right:

Michihiko Takabe (Attorney at Law) Supervisory Director

Yuji Yokoyama Executive Director

Nobuyuki Nakai Executive Director

Takeo Tomita (Attorney at Law) Supervisory Director

Hiroyuki Sodeyama (Certified Public Accountant, Certified Public Tax Accountant) Supervisory Director

Corporate Structure

General Meeting of Unitholders

In accordance with the current Articles of Incorporation, the General Meeting of Unitholders is held within the 23 wards of Tokyo. In accordance with the Investment Trust and Investment Corporation Act of Japan and NAF's Articles of Incorporation, NAF convenes a General Meeting of Unitholders. The General Meeting of Unitholders adopts or vetoes resolutions on the basis of a simple majority of the voting rights of unitholders in attendance. Decisions on substantive resolutions such as changes in the Articles of Incorporation require the attendance of unitholders that control a simple majority of total units issued and outstanding, and a two-thirds majority of the voting rights of such unitholders. The asset management policies and standards are stipulated by NAF's Articles of Incorporation.

Executive Directors, Supervisory Directors, Independent Auditor and the Board of Directors

NAF's Articles of Incorporation stipulate that NAF must have one or more executive directors, and two or more supervisory directors (but always equal to the number of executive directors plus at least one additional supervisory director). As of June 26, 2006, NAF had two executive directors and three supervisory directors. NAF's accounting auditor is KPMG AZSA & Co.

NAF's executive directors are responsible for business execution. In addition, they have authority for all judicial and extrajudicial proceedings related to the operations of NAF.

Supervisory directors are responsible for supervising business execution by the executive directors.

The Board of Directors acts in accordance with the Investment Trust and Investment Corporation Act of Japan and NAF's Articles of Incorporation and other internal rules in exercising their responsibility to supervise the performance of the executive directors. In accordance with the current Articles of Incorporation, the Board of Directors passes or vetoes resolutions on the basis of a simple majority of executive and supervisory directors on the Board who are in attendance and are able to vote. Executive and supervisory directors with a vested interest in a resolution are prohibited from participating in related decisions.

The accounting auditor is selected by the General Meeting of Unitholders. It audits documents including NAF's financial statements. In addition, it is charged with reporting to supervisory directors any unlawful acts or

material violations of laws, regulations or NAF's Articles of Incorporation that executive directors may commit in the course of their duties. The accounting auditor also performs other duties as required by laws and regulations.

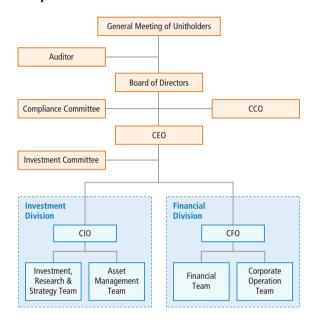
Compliance Initiatives

The REIT Management Company assumes full responsibility for compliance in order to structure an appropriate asset management system for NAF. A Chief Compliance Officer (CCO) has been appointed to supervise compliance with laws, regulations and internal rules on the part of the asset management company.

The CCO is responsible for internal audits at the REIT Management Company. The Chief Executive Officer (CEO) may also appoint other employees to participate as needed in internal audits, based on the recommendations of the CCO.

NAF's entire organization and all personnel within it are subject to internal audits. As a rule, internal audits are conducted on a regular basis in accordance with the compliance program, but the CEO may initiate extraordinary audits.

Corporate Governance Structure



Investment Strategy and the Process for Acquiring and Selling Properties

The REIT Management Company acts in accordance with NAF's Articles of Incorporation in formulating and amending the asset management guidelines that determine fundamental investment policies and internal rules. In addition, it makes decisions regarding the acquisition and sale of specific assets under management in accordance

with the asset management guidelines.

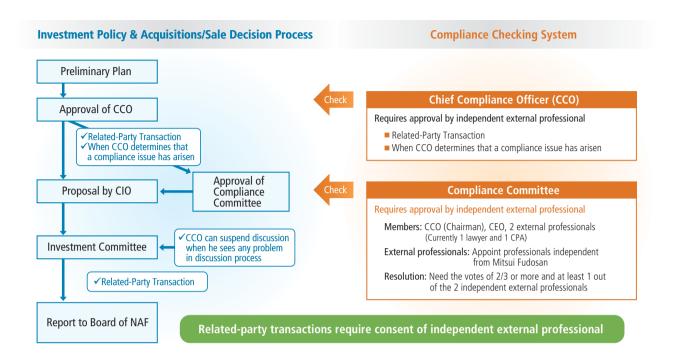
A diagram of the investment policies of the asset management guidelines and the process for acquiring and selling specific assets under management follows on page 27.

Investment Risk Management System

NAF itself is responsible for complying with the Investment Trust and Investment Corporation Act of Japan and related laws and regulations in managing risks. In addition, the REIT Management Company has established appropriate internal rules. In conjunction with appropriate organizational systems, it is providing education and

implementing other measures to enhance the culture of compliance among officers and employees.

NAF's Board of Directors convenes as needed more than once every three months, and resolves important matters and reports on the status of business execution in accordance with laws, regulations and internal rules for



the Board of Directors. Independent supervisory directors supervise business execution. Moreover, supervisory directors can obtain as needed reports on operations and financial condition from the REIT Management Company and from NAF's asset custodian, The Chuo Mitsui Trust and Banking Company, Limited. They can also conduct required research. Of note, one of NAF's executive directors has obtained approval in accordance with the Investment Trust and Investment Corporation Act of Japan to serve concurrently as the president and chief executive officer of Mitsui Fudosan Accommodations Fund

Management Co., Ltd.

The REIT Management Company formulates and revises an annual management plan that is the blueprint for management and administration policies that comply with the asset management guidelines. This annual plan and compliance with the asset management guidelines serve to eliminate or minimize risk. In addition, the REIT Management Company has established internal risk management regulations and a department that focuses on managing each type of risk appropriately.

Restrictions on Related-Party Transactions

Laws and regulations prohibit the REIT Management Company from conducting specified transactions with related parties. In the case of a transaction with a potential conflict of interest between an entity specified under the Investment Trust and Investment Corporation Act of Japan and its ordinances and its asset management company, in principle the REIT Management Company must prepare a brief describing the transaction and deliver it to NAF, other related asset management companies and

other entities specified by the Investment Trust and Investment Corporation Act of Japan and its ordinances.

With the objective of enhancing returns for NAF's unitholders, the REIT Management Company's internal regulations specify rules for handling related-party transactions. The REIT Management Company has established standards and procedures for related-party transactions and executes appropriate asset management for NAF by eliminating conflicts of interest.

Portfolio Policy

Portfolio Structure Policies

The portfolio structure policies and investment standards for individual properties for the REIT Management Company and its internal regulations that serve as asset management guidelines are presented below.

1. Investment Areas

NAF emphasizes Greater Tokyo and other major cities in investing in accommodation assets. By region, approximately 80 percent of NAF's assets are in the 23 wards of Tokyo.

When considering individual investments, NAF studies regional characteristics and tenant needs. NAF then deploys this information to invest in properties with suitable residential plans and characteristics.

2. Investment Standards

The REIT Management Company identifies potential investments and decides whether or not to invest in assets on the basis of the asset management guidelines summarized in the table below.

Item	Standard
Investment amount	In principle, the value of each property must exceed ¥1 billion. However, NAF may invest in properties that do not meet this criterion upon consideration of relevant matters including property characteristics and earning potential.
Ownership rights	In principle, NAF shall hold ownership rights of a whole property. However, NAF may invest in comparted ownership upon consideration of the specific property. NAF may also invest in leaseholds, including fixed-term leaseholds, on the basis of consideration of earning potential, the stability of the leasehold rights and other relevant matters.
Structure	Structures shall be reinforced concrete (RC) or steel reinforced concrete (SRC). Earthquake resistance shall conform to or substantially satisfy the New Earthquake Resistance Standards (in compliance with the 1981 revision of the Building Standards Law (Law No. 201 of 1950), including subsequent revisions; hereafter, the "Building Standards Law").
Properties for development	In principle, NAF shall acquire properties that are already producing stable rental income at the time of acquisition, and shall not invest in property development that entails NAF acquiring sites and constructing buildings on them. However, NAF may consider contracts to acquire uncompleted buildings that, although incomplete, are expected to carry minimum risk in respect to completion, delivery and subsequent leasing.

3. Due Diligence Standards

NAF selects assets to invest in only after due diligence covering economic feasibility, physical condition and legal status in accordance with the asset management guidelines. Due diligence includes real estate appraisals and building inspection

reports from third-party specialists. Based on the results of such due diligence, the REIT Management Company in principle undertakes investigation of the items listed below in order to make investment decisions as a result of comprehensive review.

Item		Issues Investigated
Economic Market survey feasibility studies		 Current residential environment in the relevant region and its mid-to-long-term forecast Demand and supply for rental housing and housing sales in the relevant region Rental housing competition trends in the relevant region Markets rents in the relevant region, including current rents and its mid-to-long-term forecast Discount rate and rate of return
	Tenant survey	Tenant creditworthiness and rent income amount Tenant information including tenant household status or industry, number or purpose of use

	Survey of earnings and related issues	 Current property management costs and potential for cost reductions Development of proposals for increasing value through change in management manner or renovation Development of mid-to-long-term plan for repair and renovation expenses Development of property cash flow projections Verification that property is consistent with portfolio strategy
Physical condition studies	Location	1. Street conditions, access to major transportation 2. Convenience and access to public facilities 3. Status of borders between adjacent tracts and cross-border issues 4. Living conditions including view, light, ambient noise and airflow 5. Presence of unpleasant facilities 6. Future development plans in the surrounding area
	Construction, equipment and specifications	1. Building structure, age and construction company of property and other related matters 2. Layout, ceiling height, interior specifications (including ceiling, walls and floors), materials used for the interior and exterior, status of maintenance (or deterioration) of facilities including sanitary facilities, ventilation facilities, electrical facilities, elevators and parking 3. Need for immediate repairs
	Building management	Status of compliance with related regulations including the Building Standards Law, the City Planning Law and the National Land Use Planning Law Actual management status Quality of the property management company and contract terms
	Antiseismic resistance and probable maximum loss (PML)	 Antiseismic resistance that meets the New Earthquake Resistance Standards or equivalent resistance Checks of the construction company, architectural firm, construction engineering company, and institution that inspected construction. Confirmation of authenticity of the structural fabrication calculation sheets. In principle, earthquake PML shall not exceed 15 percent. For buildings for which PML exceeds 20 percent, consideration of additional antiseismic reinforcing work, additional earthquake insurance and other relevant matters must be considered.
	Environmental, soil and other issues	Investigation of whether the building contains harmful materials Investigation of land use records and soil contamination
Legal investigation	Rights and related issues	I. Issues regarding ownership rights and mortgage Lease contract terms Any documentation related to confirmation of border or agreement regarding cross-border issues Permission for occupancy of roads under the Traffic Law Compliance with laws and regulations related to environmental preservation, including the Nature Conservation Law and the Urban Green Space Conservation Law
		Investigation shall be conducted as to whether the previous owner had obtained the enforceable real right. In case of complicated relation of rights, the following matters, among others, shall be investigated; (the complicated relation of rights include relationship between NAF and others if NAF does not hold the title to property or jointly holds the title.)
		 (If the concerned right is leasehold) the perfection of such leasehold and the absence of any right which supersedes such leasehold. The registration status of the relevant right of site; the limitation on separate transfer of such right of site from the building thereon and the registration status of such limitation; share of such right Measures to be taken to ensure the right of site; reserve rules or measures based on long-term renovation plan Existence of agreement on prohibition from division of co-ownership property and registration status of such agreement; appropriate treatments in case of request for division of co-ownership property or sales of co-ownership share; (possible) claims against or from other co-owners.

	 Status of compartment of comparted-ownership. Security arrangements established prior to involvement of NAF and succession of any rights or obligations in connection thereto. Terms of special agreement with the owner of site (or leasehold originator), other comparted-ownership holders, other co-owners and any other relevant parties, including agreement regarding first refusal. Characteristics of owners of site (or leasehold originator), comparted-ownership holders, co-owners or other relevant parties (for example, corporations or individuals). Terms of trust agreement in case the relevant rights are beneficial interests in real estate trust.
Survey of property boundaries	Documents regarding border confirmation or border certificates

Policies for Portfolio Management and Operation

1. Basic Management Policies

The REIT Management Company prepares a yearly management plan for NAF's assets under its management for each fiscal period. This management plan covers issues such as handling of the assets and projected capital expenditures for properties, including plans for large-scale renovation, and is subject to Investment Committee resolution.

The REIT Management Company acts in accordance with this yearly management plan in undertaking management and operation of the assets in cooperation with the property management company. The REIT Management Company is also responsible for implementing appropriate changes and revisions to the yearly management plan if necessitated by significant changes in the operating environment.

2. Selection and Monitoring of the Property Management Company

The property management company is responsible for proposal and implementation of various measures for day-to-day, on-site management of tenants and properties. Such functions of the property management company are particularly important to the management of accommodation assets in general and rental housing in particular. Naturally, the property management company should have specialized expertise in the business of property management, and its operations must be organized and efficient so that it can provide consistent, high-quality services across a widely dispersed array of properties and tenants.

NAF has selected Mitsui Fudosan Housing Lease Co., Ltd. to provide these services as its master property management company. In principle, NAF intends to entrust property management for assets to be owned by NAF in the future to Mitsui Fudosan Housing Lease, on the condition that it meets the following requirements:

- An organizational structure that can execute property management operations according to the management and operation specifications of the REIT Management Company.
- 2. The capability to accomplish smooth new tenant recruitment.
- A reasonable compensation level for property management operations compared to others in the region in which properties are located.

In addition, the REIT Management Company will periodically monitor whether the selected property management company is maintaining its capabilities at the level dictated by the standards for selection. As a result of monitoring, the REIT Management Company may require improvements or may change the property management company.

3. Policies for Property and Casualty Insurance Coverage

NAF maintains property and casualty insurance coverage, to the extent that is deemed appropriate, to address damage to property or claims for compensatory damages from third parties due to disasters such as fires and accidents. Asset characteristics determine such coverage.

NAF comprehensively determines earthquake insurance coverage according to the effectiveness of insurance and the projected impact of an earthquake on each building and on the portfolio as a whole. When earthquake PML for specific buildings is projected at over 20 percent or when the acquisition of such property causes portfolio PML to rise above 15 percent, NAF comprehensively considers the impact from an earthquake, insurance premiums and any other relevant issues to determine whether or not to purchase earthquake insurance.

4. Basic Policies for Renovation Plans and Capital Expenditures

The renovation plans are strategic and require renovation and capital expenditures in addition to routine expenses incurred by small repairs in order to maintain and improve the market competitiveness of properties and tenant satisfaction over the medium-to-long term.

NAF determines and revises, for each property, an annual renovation plan in yearly management plans that are based on the established 12-year medium-term renovation plans.

NAF funds a reserve for renovation according to considerations of depreciation expenses and renovation plans based on mid-to-long-term portfolio management. In principle, NAF keeps capital expenditures within the scope of the overall portfolio renovation plan.

Divestiture Policy

In principle, NAF aims to secure stable operating revenue from assets under management through ownership over the mid-to-long term, and does not engage in short-term divestiture.

However, NAF decides to sell specific assets after consideration of the overall portfolio impact based on evaluation of trends affecting the future rental market in a given area, actual or projected increases or decreases in asset values, risk of asset impairment, obsolescence and associated costs, and other relevant factors.

Financial Policies

1. Issue of New Units

NAF may flexibly issue additional units with the objective of financing acquisition of assets, renovation and other capital requirements for operation, or to repay debt, including lease deposits, security deposits, loans and bonds that NAF may have issued.

2. Debt Financing

NAF may issue bonds or take on loans, including call market funding, with the objective of financing acquisition of assets; renovation expenses; dividend payments; working capital; or debt repayment, including lease deposits, security deposits, loans and bonds that NAF may have issued. NAF only borrows capital from qualified institutional investors as defined by Article 2-3-1 of the Securities and Exchange Law of Japan. In addition, NAF may not take on loans or issue bonds that exceed ¥1 trillion, respectively, nor may the total of loans and bonds exceed ¥1 trillion. According to NAF's current Articles of Incorporation, NAF may use its assets under management as collateral for loans and bonds.

3. Loan-to-Value Ratio

The ratio of total loans and bonds outstanding to NAF's total assets is known as the loan-to-value (LTV) ratio. The REIT Management Company determines the upper limit of its LTV ratio as part of its mid-to-long-term asset management plans and its yearly management plans. The upper limit for NAF's LTV ratio is currently set at 60 percent, although issues including the acquisition of assets may cause the LTV ratio to temporarily exceed 60 percent.

4. Derivatives

According to NAF's current Articles of Incorporation, NAF limits transactions involving financial derivatives to those with the objective of hedging risks including the risk of change in the interest rates associated with debts.

Information Disclosure Policy

NAF defines itself as an open, transparent investment trust, and has a disclosure policy for public awareness. Moreover, NAF works to maintain an environment that encourages timely and accurate disclosure of unbiased information to all investors. In keeping with its name, NAF's fundamental policy is to accommodate investors in disclosing information.

NAF discloses information in accordance with the Investment Trust and Investment Corporation Act of Japan, the Securities and Exchange Law of Japan, and the rules of the Tokyo Stock Exchange and the Investment Trusts Association, Japan. Moreover, NAF energetically discloses of its own accord information that it believes is relevant to investment decisions.

Financial Statements

Balance Sheet

Nippon Accommodations Fund Inc. As of March 31, 2006

	1st Period As of March 31, 2006	
	Yen in millions	U.S. dollars in thousands
Assets		
Current assets:		
Cash and cash equivalents	¥ 1,475	\$ 12,556
Rent receivables	191	1,626
Consumption tax receivables and other current assets	30	255
Total current assets	1,696	14,438
Investment properties:		
Land including trust accounts	30,663	261,028
Depreciable property and improvements including trust accounts	11,393	96,986
Accumulated depreciation	(130)	(1,107)
Total investment properties, net	41,926	356,908
Other assets	22	187
Total Assets	¥43,644	\$371,533
Liabilities		
Current liabilities:		
Short-term loans	¥ 3,000	\$ 25,538
Accounts payable	114	970
Received in advance	216	1,839
Accrued expenses and other liabilities	71	604
Total current liabilities	3,401	28,952
Long-term loans	18,000	153,231
Security deposit	626	5,329
Other liabilities	1	9
Total Liabilities	22,028	187,520
Net Assets		
Capital	21,240	180,812
Units authorized: 2,000,000		
Units issued and outstanding: 42,480		
Retained earnings	377	3,209
Total Net Assets	21,617	184,021
Total Liabilities and Net Assets	¥43,644	\$371,533

Note: U.S. dollar amounts are translated from yen, for convenience only, at the rate of \$117.47 = U.S.\$1.00 in effect on March 31, 2006.

Statement of Income

Nippon Accommodations Fund Inc. October 12, 2005 to March 31, 2006

	1st Period October 12, 2005 to March 31, 2006	
	Yen in millions	U.S. dollars in thousands
Revenue:		
Rental	¥849	\$7,227
Other revenue related to property leasing	75	638
Total Revenue	924	7,866
Operating Expenses:		
Operating expenses	114	970
Real estate taxes and insurance	3	26
Repairs and maintenance	32	272
Other rental expenses	42	358
Depreciation and amortization	130	1,107
Asset management fees	69	587
Other expenses	69	587
Total Operating Expenses	458	3,899
Operating Income	466	3,967
Interest and other income	4	34
Interest expense	(76)	(647)
Founding costs	(9)	(77)
New investment unit issue costs	(7)	(60)
Other expenses	(2)	(17)
Income Before Income Taxes	378	3,218
Current and deferred income taxes	1	9
Net Income	¥377	\$3,209

Note: U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥117.47 = U.S.\$1.00 in effect on March 31, 2006.

Corporate Data and Investor Information (As of November 30, 2006)

Corporate Data

Corporate office	1-1, Nihonbashi-Muromachi 2-chome, Chuo-ku, Tokyo 103-0022, Japan +81-3-3246-3677 http://www.naf-r.jp/ (Japanese only)
Date of incorporation	October 12, 2005
Capital	¥21,240 million (as of March 31, 2006)
Transfer agent	The Chuo Mitsui Trust and Banking Co., Ltd. 33-1, Shiba 3-chome, Minato-ku, Tokyo 105-8574, Japan
Business office of the transfer agent	Stock Transfer Agency Department of The Chuo Mitsui Trust and Banking Co., Ltd. 8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-0063, Japan
Accounting auditor	KPMG AZSA & Co. AZSA Center Building 1-2, Tsukudo-cho, Shinjuku-ku, Tokyo 162-0063, Japan
Investor relations	For further information, please contact the REIT Management Company: Mitsui Fudosan Accommodations Fund Management Co., Ltd. 1-1, Nihonbashi-Muromachi 2-chome, Chuo-ku, Tokyo 103-0022, Japan +81-3-3246-3677

Investor Information

Fiscal period*	Six months ending February 28 (February 29 in leap years) and August 31	
Total number of units issued	42,480 (As of March 31, 2006)	
Distribution per unit	¥8,871 (As of March 31, 2006)	
Unit listing	Tokyo Stock Exchange (Securities Code: 3226)	

^{*} The first fiscal period was from the date of incorporation on October 12, 2005 to March 31, 2006. The second fiscal period is from April 1, 2006 to February 28, 2007.

Major Unitholders

(As of March 31, 2006)

Name	Number of Units Held	Percentage of Total
Nippon Life Insurance Company	8,180	19.26%
Japan Trustee Services Bank, Ltd. (Trust Account)	6,720	15.82%
Mitsui Fudosan Co., Ltd.	6,600	15.54%
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,380	15.02%
The Norinchukin Bank	4,000	9.42%
The Chuo Mitsui Trust and Banking Company, Limited	3,600	8.47%
Sumitomo Mitsui Banking Corporation	2,000	4.71%
Resona Bank, Ltd.	2,000	4.71%
The Hachijuni Bank, Ltd.	2,000	4.71%
Ueda Yagi Tanshi Co., Ltd.	1,000	2.35%

Disclaimer

This document was prepared solely for the convenience of and reference by overseas investors and does not correspond to the original Japanese documents.

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