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Financial Results for the Fiscal Period From September 1, 2009 to February 28, 2010

Nippon Accommodations Fund Inc. (NAF) is listed on the Tokyo Stock Exchange (J-REIT) with the securities code number 3226. (Website: <http://www.naf-r.jp/english/>)

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1. Business Results for the Fiscal Period from September 1, 2009 to February 28, 2010

(1) Operating Results *(in millions of yen, rounded down; except as noted)*

	Total revenues		Operating income		Income before income taxes	
		(%)*		(%)*		(%)*
For the period ended						
February 28, 2010	5,918	32.3	3,010	38.8	2,276	47.1
August 31, 2009	4,474	(0.7)	2,169	(3.5)	1,547	(6.6)

	Net income		Net income per unit	Net income/net assets	Income before income taxes/total assets	Income before income taxes/operating income
		(%)*	(yen)	(%)	(%)	(%)
For the period ended						
February 28, 2010	2,275	47.1	16,137	3.1	1.4	38.5
August 31, 2009	1,546	(6.6)	13,626	2.5	1.1	34.6

*Percent figures show changes from previous period

(2) Distributions*(in millions of yen, rounded down; except as noted)*

	Distribution per unit (yen)	Total distributions	Distribution in excess of earnings per unit (yen)	Total distributions in excess of earnings	Payout ratio (%)	Distributions/ net assets (%)
For the period ended						
February 28, 2010	14,567	2,275	–	–	100.0	2.7
August 31, 2009	13,626	1,546	–	–	100.0	2.5

Notes:

- 1. The payout ratio is rounded down to the nearest first decimal place.*
- 2. "Distribution per unit" does not include distribution in excess of earnings per unit.*

(3) Financial Position*(in millions of yen, rounded down; except as noted)*

	Total assets	Net assets	Net assets/ total assets (%)	Net assets per unit (yen)
As of				
February 28, 2010	186,428	83,377	44.7	533,863
August 31, 2009	146,541	62,525	42.7	550,978

(4) Cash Flows*(in millions of yen, rounded down; except as noted)*

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents
For the period ended				
February 28, 2010	6,048	(43,459)	36,513	3,636
August 31, 2009	2,435	(246)	(1,654)	4,533

2. Forecasts for the Fiscal Period from March 1, 2010 to August 31, 2010

(in millions of yen, rounded down; except as noted)

	Total revenues		Operating income		Income before income taxes		Net income		Distribution per unit	Distribution in excess of earnings per unit
	(%)		(%)		(%)		(%)		(yen)	(yen)
For the period ending August 31, 2010	6,160	4.1	2,882	(4.2)	2,093	(8.0)	2,092	(8.0)	13,400	-

(Percent figures show changes from previous period)

Notes:

1. "Distribution per unit" does not include distribution in excess of earnings per unit.
2. Projected net income per unit for the fiscal period ending August 31, 2010 is ¥13,400.

3. Other

1. Changes in significant accounting policies:

- (1) Changes due to revisions in accounting standards and others: None
- (2) Changes other than in the above item (1): None

2. Number of investment units issued

- (1) The number of investment units issued (including treasury investment units) as of the period-end:

As of February 28, 2010: 156,178 units

As of August 31, 2009: 113,480 units

- (2) The number of treasury investment units as of the period-end:

As of February 28, 2010: - units

As of August 31, 2009: - units

Note:

Net income per unit is calculated by dividing net income by the weighted average number of investment units: 140,976 units as of February 28, 2010, and 113,480 units as of August 31, 2009.

Disclaimer:

The above forecasts are based on information currently available to NAF and on certain assumptions deemed to be reasonable. Actual operations may differ substantially due to a number of factors.

8th Period (February 2010) Overview of Operating Results

(in millions of yen, rounded down; except as noted)

	Result of the 8th Period (February 2010) (1)	Forecast of the 8th Period	Result of the 7th Period (August 2009) (2)	Comparison with the 7th Period (1)-(2) (3)
Number of operating days	181	181	184	(3)
Total revenues	5,918	5,890	4,474	1,444
Income before income taxes	2,276	2,219	1,547	728
Net income	2,275	2,218	1,546	728
Distribution per unit (yen)	14,567	14,000	13,626	941
Number of investment properties	61	61	44	17
Average occupancy rate at end of period (%)	96.5	95.0	94.4	2.1

Overview of Performance and Distribution

In the period under review, NAF recorded total revenues of ¥5,918 million, operating income of ¥3,010 million, income before income taxes of ¥2,276 million and net income of ¥2,275 million. In addition to the above, NAF has decided to distribute nearly the entire amount of earnings in accordance with the Distribution Policy (Article 34 of the Articles of Incorporation) set forth by NAF. The distribution per unit was ¥14,567.

8th Period (February 2010) Overview of Investment

Acquisition and sale of properties

During the period under review, NAF acquired 18 properties in total consisting of 13 properties acquired in November 2009 (total acquisition price: ¥22,893 million), 2 properties in December 2009 (total acquisition price: ¥15,950 million) and 3 properties in January 2010 (total acquisition price: ¥3,753 million). Further, NAF sold Park Axis Ichigaya in February 2010 (acquisition price in November 2005: ¥2,570 million, sale price: ¥3,100 million) in response to the proposal of the buyer and generally taking into consideration its influence causing on the entire portfolio.

Internal Growth (Management and operation of properties held by NAF)

Mitsui Fudosan Housing Lease Co., Ltd., the master property management company (below, "Master PM"), and the asset management company collaborate in the management of properties held by NAF with the aim of implementing effective management and operation activities in accordance with regional characteristics and the individual features of each property. These include efforts such as rapid management and operations by the Master PM applying the portfolio management system, tenant recruiting activities suited to the circumstances of individual properties, the streamlining of management cost reduction efforts, interior renovations at Okawabata Apartment Communities, one of the principle properties of NAF, and provide tenant services corresponding to various needs in accordance with the results of resident questionnaires.

Financial Strategy (Overview of funds procurement)

During the period under review, NAF issued investment units with a total amount of ¥20,100 million and borrowed a total amount of ¥18,000 million from multiple financial institutions as funds for the acquisition of new properties, etc. As a result, total interest-bearing debt at the end of the period amounted to ¥99,000 million, with a 53.1% LTV (loan-to-value ratio). Also, the long-term, fixed-rate loans to total interest-bearing debt ratio at the end of the period was 74.2% (ratio excluding long-term loans due within one year: 62.1%).

A shelf-registration statement of investment corporation bonds in public offering was filed at the Kanto Local Finance Bureau in July 2009. An overview of the shelf-registration statement is given below. The remaining balance of the planned issuance amount at the end of the period is ¥100,000 million.

Planned issuance amount	Up to ¥100,000 million
Scheduled period of issuance	From July 18, 2009 to July 17, 2011
Purpose for funds	Acquisition of new specified assets (same meaning as defined in Article 2, Paragraph 1 of the Investment Trust and Investment Corporation Act of Japan), repayment of borrowings, repayment of tenant security deposit, payments for maintenance and renovation, and operational use

Rating of NAF as of February 28, 2010 is as follows.

Rating agency	Rating subject	Rating
Moody's Investors Service Inc.	Issuer credit rating	A 2 (Outlook for rating: Negative)
Rating and Investment Information, Inc.	Issuer credit rating	A A - (Trend of rating: Stable)
Standard and Poor's	Long-term corporate Short-term corporate	A + (Outlook for rating: Negative) A -1

Significant Subsequent Events

Not applicable.

(Reference information)

The following property was acquired on March 30, 2010. The acquisition price shown below is exclusive of miscellaneous expenses for acquisition, fixed property taxes, urban planning taxes, consumption taxes and local consumption taxes.

Park Cube Yotsuya Sanchome

- | | |
|----------------------------------|---|
| (a) Acquisition price: | ¥2,749 million |
| (b) Appraised value: | ¥2,970 million
(date of value appraisal: February 28, 2010) |
| (c) Location: | 22-2, Araki-cho, Shinjuku-ku, Tokyo and other |
| (d) Completion date: | February 2009 |
| (e) Structure/number of stories: | Flat-roofed reinforced concrete structure/10 stories above ground and 1 underground story |
| (f) Rentable units: | 130 |
| (g) Rentable area: | 3,599.82m ² |
| (h) Seller: | Godo Kaisha TN Second |

Forecasts of Investment Performance

The forecasts for the 9th period (from March 1, 2010 to August 31, 2010) are as follows.

(in millions of yen, rounded down; except as noted)

	9th period (August 2010)
Total revenues	6,160
Income before income taxes	2,093
Net income	2,092
Distribution per unit (yen)	13,400
Distribution in excess of earnings per unit (yen)	—

Notes: Underlying assumptions of forecasts

Investment assets: -The number of properties held by NAF as of the date of this document is 62 consisting of 61 properties held as of February 28, 2010 and “Park Cube Yotsuya Sanhome” acquired on March 30, 2010. It is assumed that no subsequent transfer of properties (acquisition of new properties, sale of properties acquired, etc.) shall occur until August 31, 2010.

-The occupancy rate at the end of the period for total properties is expected to be approx. 95 %.

Expenses: -The following expenses are projected.

(in millions of yen)

	9th period
Fixed property taxes and urban planning taxes	234
Depreciation and amortization	1,233
Interest expense and interest expenses on investment corporation bonds	789

Interest-bearing debt: -It is assumed that NAF’s balance of interest-bearing debt that is ¥102,000 million as of the date of this document shall not fluctuate until August 31, 2010.

Number of units issued: -We assume 156,178 units outstanding as of the date of this document.

-It is assumed that, there shall be no issuance of new units until August 31, 2010.

The forecasts are the figures calculated based on the above assumptions at the time of preparation of this information. Therefore, actual total revenues, income before income taxes, net income and distribution per unit may be subject to change due to acquisition or sale of properties in future, fluctuation in the real estate market or other changes in the environment in which NAF operates. Accordingly, the forecasts are not a guarantee of any cash distribution amount.

Management Policy and Issues for the 9th Period Onward

NAF has always aimed to maximize its unitholder value through investments in accommodation properties and the utilization of the Mitsui Fudosan Group as well as the formulation and management of a high quality portfolio centered on rental residential properties located in the 23 wards of Tokyo.

From the 9th period onward, we aim to manage our portfolio stably based on the above-mentioned policies and further increase our unitholder value by achieving internal and external growth expectations.

External Growth (New acquisition of properties)

We will strive to rapidly obtain the best real estate information possible by utilizing our pipeline to the Mitsui Fudosan Group and fortifying our independent information channel consisting of the asset management company. Our basic strategy will be to stably expand our portfolio based on the Park Axis Series developed by Mitsui Fudosan Co., Ltd. in addition to the Park Cube Series constructed by other developers. Moreover, we will aim to realize solid acquisitions of properties considered to possess our mid- to long-term competitive advantages through individual strategies such as widening the geographic area of our holdings within the 23 wards of Tokyo mainly of single-occupant and compact residential properties for which a high occupancy rate is expected and carefully selecting properties for investment in the major cities of regional areas.

We will also work towards effectuating high quality due diligence when acquiring properties in order to avoid risk.

Internal Growth (Management and operation of leasehold properties)

NAF will aim to improve its rent levels and occupancy rate through the formulation and implementation of a leasing strategy that takes into account the characteristics of each individual property with the objective of maximizing rent revenues over the mid- to long-term. NAF will review the adequacy of the grade of property management and cost of management and operation as to each invested property in an appropriate timeframe and manner and reduce cost by the rational review of management cost by utilizing the merits of outsourcing all property management tasks to the Master PM. NAF is continuously aiming for the maintenance and enhancement of the market competitiveness of Okawabata Apartment Communities by implementing strategic renovation of principally private-use areas.

Further, with the help of Mitsui Fudosan Co., Ltd., NAF will work to establish brand power by concentrating on the market penetration of the “Park Axis” brand, NAF’s main invested asset, and the further enhancement of name recognition on the rental housing market.

Financial Strategy

NAF will continue to emphasize the continued use of long-term, fixed-rate loans taking into account measures to counter future interest rate and refinancing risks. Regarding LTV (loan-to-value ratio), the upper limit is set at 60%. NAF will examine the issuance of new units paying attention to market trends and distribution levels and taking into consideration the demand for funds for the purpose of property acquisition as well as our financial position. Additionally, NAF will examine future issuances of investment corporation bonds within the range of the remaining balance of the planned issuance amount based on the shelf-registration statement of NAF bonds filed in July 2009.

Disclaimer:

This financial report has been prepared in accordance with Japanese accounting standards and Japanese laws. Figures have been rounded down to eliminate amounts of less than one million yen.

Please note that this English translation of the Japanese original document is provided solely for informational purposes. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.