

March 6, 2008

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.
Representative Executive Director Nobuyuki Nakai
(Code Number 3226)
Investment Trust Management Company
Mitsui Fudosan Accommodations Fund Management Co., Ltd.
Representative President and CEO Nobuyuki Nakai
Contact CFO and Director Morio Shibata
(TEL. 03-3246-3677)

Notification Concerning Acquisition of Assets

This is a notification that Nippon Accommodations Fund Inc. ("NAF") decided on the acquisition of an asset as shown below.

1. Overview of acquisition

(a) Name of property	(Tentative name) Park Cube Oimachi
(b) Type of property	Real estate
(c) Acquisition price (Note 1)	¥1,440,000,000
(d) Date of conclusion of sales contract	February 21, 2008
(e) Date of handover	May 30, 2008 (planned)
(f) Seller	SATOHIDE CORPORATION
(g) Acquisition funds	Own funds or loans
(h) Method of payment	Full payment at the time of delivery

Note 1: "Acquisition Price" denotes the sales price (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.

2. Reason for acquisition

Based on the provisions for investments and policies on asset management set forth in the by-laws, the decision to acquire this property was made to ensure the steady growth of the whole portfolio, and for the diversification and improvement of the investment portfolio in Tokyo's 23 wards.

3. Description of the property to be acquired

(1) Outline of the property to be acquired

Name of property		(tentative name) Park Cube Oimachi
Type of property		Real estate
Acquisition price (Note 1)		¥1,440 million
Appraisal company		Daiwa Real Estate Appraisal Corporation
Appraised value (Note 2)		¥1,440 million
Date of value appraisal (Note 2)		January 31, 2008
Location	Residence Indication	26-2, 26-3, and 26-18, Oi 1-chome, Shinagawa-ku, Tokyo
Land	Building-to-land ratio	80%
	Floor-area ratio	500%
	Zoning	Commercial zone
	Site area (Note 3)	400.52m ²
	Ownership form	Proprietorship
Buildings	Planned completion date (Note 4)	Last day of February, 2008
	Structure / Number of stories (Note 5)	Reinforced concrete structure / 14 stories
	Uses (Note 5)	Apartment building
	Gross floor area (Note 5)	1,813.35m ²
	Ownership form	Proprietorship
	Rentable units	65
	Rentable area	1,511.12m ²
Existence of security interests		None
Special affairs (Note 6)		None
Special features of the property		<p>This property is in a very good location in terms of accessibility to the nearest station and transport convenience. It is 5 minutes walk from Oimachi Station (JR Keihin Tohoku Line, Tokyu Oimachi Line, and the Tokyo Waterfront Area Rapid Transit Rinkai Line).</p> <p>There are also many large retail stores, restaurants etc. in the property's surroundings, especially near the train station. This area is located in a central urban area, and has good access to major business districts such as Shinagawa. Therefore, we expect rental demand to center on single people who emphasize convenience.</p>

Details of tenants (Note 7)	Total number of tenants	1
	Rentable units	65
	Rented units	—
	Rentable area (m ²)	1,511.12
	Rented area (m ²)	—

(Note 1) "Acquisition price" denotes the sales price (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 2) "Appraised value" and "Date of value appraisal" are stated based on the amount noted in the real estate appraisal reports, which Daiwa Real Estate Appraisal Corporation prepared for the property to be acquired. "Real estate appraisal" differs from appraised value by price evaluation of real estate as determined in the Law on Price Valuation for Real Estate, Article 2, Clause 1. The subject building is

incomplete, and it is difficult to confirm the subject real estate. Thus the real estate appraiser applied appraisal evaluation techniques to obtain a price at the time which is the criteria for the appraisal, assuming that building planned for completion would be completed as planned.

(Note 3) "Site area" of the Land item denotes the land area as entered in the register.

(Note 4) "Planned completion date" of the Buildings item denotes the date that the seller plans to complete the building.

(Note 5) "Structure / Number of stories", "Uses," and "Gross floor area" are stated based on information in the Regulatory Confirmation Certificate (H18 Construction Confirmation Shinagawa-ku No.000214, dated December 4, 2006).

(Note 6) "Special affairs" denotes matters which NAF recognizes as important as of today, taking into consideration their effects on title-related matters, use, appraised value, profitability, etc. of the property to be acquired.

(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 a master lease company. As to the property to be acquired, NAF has concluded a master lease contract with Mitsui Fudosan Housing Lease Co., Ltd. as the master lease company. 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" and "Rented area" are not available because the property to be acquired is incomplete. But the plan is for leasing to be done by the seller for this property, during the period after completion until acquisition by NAF. Through this leasing, while it is a newly built property, a certain level of utilization conditions can be expected at time of acquisition, in an effort to avoid reduced rental revenues due to underutilization.
- (iv) "Rentable area" denotes the total rentable area of the building of the property to be acquired, based on the Regulatory Confirmation Application plans etc., because the building is incomplete as of today.

(2) Outline of investigations into the state of the building

Investigation into state of building	Investigating company	Sumitomo Mitsui Construction Co., Ltd.
	Urgent repair cost	—
	Short-term repair cost	—
	Estimated repair and renewal costs for the next 12 years	¥13,002,000
	Replacement value	¥438,424,000
	Date of report on Investigation of building conditions	January 31, 2008
Diagnosis of earthquake risks	PML (Note 1)	10.0%

(Note 1): The aforementioned PML value is based on a report on earthquake risk diagnosis made by Sumitomo Mitsui Construction Co., Ltd. However, the report on earthquake risk diagnosis only states the views of the commissioned investigation company and does not provide any guarantee for its contents. PML (Probable Maximum Loss) represents the rate of expected 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.

4. Outline of seller

Trade name	SATOHIDE CORPORATION
Head office address	6-11, Shinjuku 5-chome, Shinjuku-ku, Tokyo
Representative	Mikio Okada, President and Chief Executive Officer
Capital	¥500,000,000
Major shareholders (as of January 31, 2008)	SUCCESS PRO
Description of principal operations	(1) Design, construction, and contracting for civil engineering and construction projects (2) Real estate trading, rental, brokerage, and management (3) Lumber processing and sales (4) Operations incidental or relevant to each of the above items
Relationship with NAF or investment trust management company	None

5. Transactions with related parties and the like

For the property to be acquired, NAF's plan is to make Mitsui Fudosan Housing Lease Co., Ltd. the master lease company and property management company. Mitsui Fudosan Housing Lease Co., Ltd. corresponds to a related party (Note 1). Thus in accordance with NAF's own rules on asset management concerning transactions with related parties, the plan is to first have this master lease and property management contract pass through deliberation and approval by the Compliance Committee of the investment trust management company, and deliberation and decision by the Investment Committee, before the property acquisition is completed, then to conclude the contract.

(Note 1) "Related parties and the like" means related parties and the like of an asset management company which has concluded an asset management contract with NAF, as determined in the Order for Enforcement of the Act on Investment Trust and Investment Corporation, Article 123.

6. Situation of the acquirer of the property

Not applicable.

7. Earthquake resistance matters

For the property it plans to acquire, NAF received from the seller a report showing that the structural plans for this building comply with the Building Standards Law, and legal and regulatory aseismic capacity has been secured.

NAF commissioned Mitsui Fudosan Co., Ltd. and Sumitomo Mitsui Construction Co., Ltd. to inspect and verify the details of the buildings of the property to be acquired. These companies were commissioned to closely inspect and verify the details of earthquake-resistant structures, including structure calculation statements (specifically, to verify the structure calculations, load calculations, stress calculations, computation on framework members, and the second-order design, and then to validate the adequacy of the design). NAF thus confirmed that no falsifications were found in the structural calculations nor in the structural drawings for the structure of the building for the asset to be acquired, which secure aseismic capacity as determined by the Building Standards Law. Based on this confirmation, the investment trust management company has judged that the aseismic capacity required by the Building Standards Law has been secured.

The building owner, the main contractors, and the designers of the property to be acquired are noted below. Of these parties, as of January 25, 2008, SATOHIDE CORPORATION (seller of the property to be acquired) has been publicly named by the Ministry of Land, Infrastructure and Transport as a party who took part in a property structure calculation statement falsification (as contractor for the Zephyr Tsukijima, construction confirmation obtained 1997, located in Chuo-ku, Tokyo).

However, in addition to verifications by the 2 companies noted above, the participation by the business noted above in the publicly named property was only as a contractor, and considering that it did not participate in design (including structural design), the investment trust management company judged that this shall not impact the decision on acquisition of the property to be acquired.

In addition, NAF always examines earthquake risks 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. NAF makes a decision on acquisition after performing appropriate analysis of earthquake risks of the property to be acquired, independently considering the structural earthquake-resistance of the building to be acquired, based on drawing reviews using structure drawings, structural design outlines, etc.

Companies engaged in design of the property to be acquired

Building owner	Contractor	Building design company	Structure design company	Building certifier
SATOHIDE CORPORATION	SATOHIDE CORPORATION	SATOHIDE CORPORATION	Sebtech Construction Research Institute	Shinagawa City

Profiles of third party investigative body (investigations of the state of the buildings, reinvestigation of earthquake risk assessments and structure calculation statements)

Trade name	Sumitomo Mitsui Construction Co., Ltd.
Head office address	5-25, Nishi-Shinjuku 7-chome, Shinjuku-ku, Tokyo
Representative	Hisaya Igarashi, Representative Director and President
Capital	¥16,859,138,000
Description of principal operations	<p>(1) Contracting and design supervision for civil works, construction, prestressed concrete, electrical and piping work, and other construction</p> <p>(2) Design supervision for ocean development, regional development, urban development, resource development, and environmental improvement</p> <p>(3) For each of the above items, contracting to perform engineering and consulting work such as surveys, planning, and proposals</p> <p>(4) Real estate acquisition, management, use, disposal, and leasing</p> <p>(5) Real estate sales, brokerage, and appraisal</p> <p>(6) Manufacturing, supply, sales, and rental of civil works and construction materials, prestressed concrete products, seismic isolation equipment, seismic control equipment, machinery, equipment, etc.</p> <p>(7) Maintenance, repair, and security for civil works and buildings</p> <p>(8) Business concerning landscaping and gardening</p> <p>(9) Development, acquisition, license, and sales of industrial property rights, copyrights, and computer software</p> <p>(10) Information processing services business and information provision business</p> <p>(11) Development, sales, leasing, and maintenance of electronic office equipment such as computers</p> <p>(12) General leasing business</p> <p>(13) Administration, management, operation, and leasing of elderly residential facilities, training, medical care, sports facilities, leisure facilities such as ski resorts and amusement parks, lodging facilities, and restaurants</p> <p>(14) Worker dispatch operations</p> <p>(15) Non-life insurance agency business</p> <p>(16) Money lending and other financial business</p> <p>(17) Operations concerning pollution prevention</p> <p>(18) Collection, transport, processing, and recycling of industrial waste</p> <p>(19) Surveys and evaluation of soil and groundwater pollution. Design, construction, and supervision for its rehabilitation and purification</p> <p>(20) Operations incidental or relevant to each of the above items</p>
Relationship with NAF or investment trust management company	None

8. Outline of brokerage

There was no brokerage for the transaction concerning acquisition of the property.

9. Risks concerning building handover, and methods of avoiding such risks

This property is in the process of being developed, with planned completion of the building in February 2008. Thus until the building is completed, there are inherent risks concerning construction completion and building handover, etc. But NAF is working to avoid construction completion and building handover risks, mainly by establishing the following points as conditions for payment of the purchase price.

- Based on the design plans specified in the sales contract, the building was constructed, Inspection Completion Certificate was obtained, and all required legal and regulatory permits and approvals were obtained.
- It was confirmed that the building complies with all construction related laws such as the Building Standards Law, and confirmed that there are no particular problems with results of the prescribed due diligence.

10. Outlook for management of property after acquisition

The acquisition of this property will not affect the operational situation of NAF in the fiscal year ending February 2008.

- * This English language notice is a translation of the Japanese language notice dated February 21, 2008 and was prepared solely for the convenience of, and reference by, overseas investors. NAF makes no warranties as to its accuracy or completeness.

[Attached documents]

1. Summary of the appraisal report on the price of the property to be acquired
2. Portfolio list after acquisition of the property is completed (on a (planned) acquisition price basis)
3. Photographs of exterior of the property to be acquired
4. Map to locate the property to be acquired

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

(unit: Thousands of yen)

Appraised value (specified value)		1,440,000	
Assessment item		Details	Basis for assessment
Operating revenues	(a) Unit rental revenues, including commons area fees	82,274	Assessed stable rents etc. which can be received over the mid and long term, based on the appraised real estate and on levels of rents and commons area fees when assuming they are newly rented.
	(b) Utilities revenues	0	There are no utilities charges collected from renters.
	(c) Parking lot revenues	720	Assessed stable usage fees which can be received over the mid and long term, based on levels of usage fees etc. when assuming that they are newly rented.
	(d) Other revenues	4,679	Assessed based on mid and long term stable rent revenues which can be received from each tenant when new contracts are signed, and considering the estimated number of months of key money and annual tenant turnover ratio and vacancy rate.
	Revenues from key money, etc.	3,908	
	Renewal fees	651	
	Other revenues	120	
	(1): (a)+(b)+(c)+(d)	87,674	
	(e) Total loss from vacancies etc.	4,474	Assessed mid and long term operating levels, considering characteristics of the appraised property and vacancies of comparable real estate nearby, etc.
	(f) Loss on bad debts	0	Not totaled, due to consideration of collateral such as security deposits.
(2) Operating revenues [(1)-(e)-(f)]		83,200	
Operating expenses	(g) Maintenance expense	2,194	Assessed by referring to the current contract, and considering building management expenses of comparable rental apartments, characteristics of the real estate subject to evaluation, etc.
	(h) Utilities expense	823	Assessed by referring to the current contract, and considering utilities expenses of comparable rental apartments, characteristics of the real estate subject to evaluation, etc.
	(i) Repair expense	1,390	Assessed considering expenses to return units to original condition accompanying tenant turnover, repair expenses in the engineering report, etc.
	(j) Property management fees	2,752	Assessed by considering property management fees of comparable buildings.
	(k) Tenant soliciting fee, etc.	2,552	Assessed at 1.3 months of the unit rental revenue from above as fees, considering annual tenant turnover ratio, operating rate, current contract terms and lease terms of comparable real estate nearby, etc. The fees include fees to find and contract with new tenants and administrative fees for renewals of tenants.
	(l) Taxes and public dues	3,357	Assessed based on the 2007 business year tax register. For the building, based on the same documents, the estimated tax amount 11 years after construction was adopted, for a medium and long term perspective considering adjustments for the passage of time, etc.
	(m) Property insurance fee	181	Recorded based on contract amount presented.
	(n) Other expenses	0	

	(3) Operating expenses [(g)+(h)+(i)+(j)+(k)+(l)+(m)+(n)]	13,248	
	(4) Net operating income [(2) – (3)]	69,952	
	(o) Earnings from temporary deposit	261	Assumed security deposits held multiplied by an assumed 2.0% investment yield. This yield is from a medium to long term perspective, based on data independently obtained by the real estate appraiser.
	(p) Capital expenditures	1,264	Assessed by considering the building age, average annual amount of renewal expenses in the engineering report, etc.
	(5) Net income [(4)+(o)-(p)]	68,948	
	(6) Cap rate	4.7%	Decided on a cap rate for apartment buildings located in the lowest risk districts, after comprehensively considering yields of transactions in comparable apartment buildings in the market, resulted in a real estate investor survey, etc., then assessed a yield difference in comparison with districts which meet the above criteria, based on cap rates for the appraisal values of the assessed real estate and for comparable real estate, considering rental supply and demand trends and property sales trends in these districts, etc.
	Value of earnings calculated by the direct capitalization method [(5)÷(6)]	1,470,000	
	Value calculated by discounted cash flow method	1,420,000	
	Discount rate	4.5%	Assessed by a method comparing with sample transactions in comparable real estate, together with a method which considers the specific characteristics of real estate to adjust yields of financial assets, and also considering interviews with investors, etc.
	Terminal cap rate	4.9%	Adjusts the cap rate assessed above by comprehensively considering the characteristics of the net income adopted, future uncertainties, liquidity, market characteristics, etc.
	Cost method value	1,030,000	
	Total value of land and building	1,032,302	
	Land value	580,725	
	Building value	451,577	
	Adjustment	0	The combined value of the land and building is judged to be unchanged.

For the above appraisal reports, appraised buildings are not yet complete making it difficult to confirm the appraised real estate, so at the date assumed for the appraisal, it is assumed that the appraised buildings will be completed according to their design plans, thus the appraisals do not go beyond assessments of prices which indicate investment profitability value in order to show to investors. Each corresponding 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 these reports, or the possibility of transactions at the appraised values.

Yen amounts are rounded off to the nearest thousand yen.

<Attached Document 2> Portfolio list after the acquisition of the property is completed (on a (planned) acquisition price basis)

No.	Name	Location	Acquisition Price (000,000) (Note 1)	Portfolio Share (%) (Note 2)
1	Okawabata River Point Tower Apartment Park Side Wings Communities Pier West House	Chuo-ku, Tokyo	29,696	22.5
2	Park Axis Gakugei Daigaku	Setagaya-ku, Tokyo	1,760	1.3
3	Park Axis Ichigaya	Shinjuku-ku, Tokyo	2,570	2.0
4	Park Axis Shibuya Jinnan	Shibuya-ku, Tokyo	3,230	2.5
5	Park Axis Aoyama Kotto-dori	Minato-ku, Tokyo	1,730	1.3
6	Park Axis Kagurazaka Stage	Shinjuku-ku, Tokyo	1,400	1.1
7	Park Axis Shiroganedai	Minato-ku, Tokyo	5,140	3.9
8	Park Axis Bunkyo Stage	Bunkyo-ku, Tokyo	4,440	3.4
9	Park Axis Tsukishima	Chuo-ku, Tokyo	930	0.7
10	Park Axis Otsuka	Toshima-ku, Tokyo	1,655	1.3
11	Park Axis Minami Azabu	Minato-ku, Tokyo	3,939	3.0
12	Park Axis Shibuya	Shibuya-ku, Tokyo	1,282	1.0
13	Park Axis Nihonbashi Stage	Chuo-ku, Tokyo	7,557	5.7
14	Park Axis Hamamatsucho	Minato-ku, Tokyo	2,025	1.5
15	Park Axis Hongo No Mori	Bunkyo-ku, Tokyo	2,910	2.2
16	Park Axis Tameike Sanno	Minato-ku, Tokyo	2,860	2.2
17	Park Axis Roppongi Hinokicho Park	Minato-ku, Tokyo	2,170	1.6
18	Park Axis Ochanomizu Stage	Bunkyo-ku, Tokyo	9,710	7.4
19	Park Axis Okachimachi	Taito-ku, Tokyo	1,070	0.8
20	Park Cube Hongo	Bunkyo-ku, Tokyo	1,760	1.3
21	Park Cube Kanda	Chiyoda-ku, Tokyo	2,454	1.9
22	Park Cube Ichigaya	Shinjuku-ku, Tokyo	1,794	1.4
23	Park Cube Asakusa Tawaramachi	Taito-ku, Tokyo	2,508	1.9
24	Park Cube Ueno	Taito-ku, Tokyo	2,233	1.7
28	Park Cube Ikebukuro Kanamecho	Toshima-ku, Tokyo	1,608	1.2
29	Park Axis Meguro Honcho	Meguro-ku, Tokyo	1,810	1.4
30	Park Axis Shin Itabashi	Itabashi-ku, Tokyo	3,430	2.6
31	Park Axis Akihabara	Chiyoda-ku, Tokyo	1,200	0.9
32	Park Axis Toyocho	Koto-ku, Tokyo	3,950	3.0
33	Park Axis Takinogawa	Kita-ku, Tokyo	1,820	1.4
34	Park Axis Asakusabashi	Taito-ku, Tokyo	2,717	2.1
38	Park Cube Gakugei Daigaku(tentative name)	Meguro-ku, Tokyo	910	0.7
39	Park Cube Itabashi Honcho(tentative name)	Itabashi-ku, Tokyo	4,170	3.2
40	Park Cube Yoyogi Tomigaya	Shibuya-ku, Tokyo	1,975	1.5
41	Park Cube Oimachi (tentative name)	Shinagawa-ku, Tokyo	1,440	1.1
Tokyo 23 wards Total			121,854	92.5
25	Park Cube Keio Hachioji	Hachioji-shi, Tokyo	991	0.8
26	Park Cube Keio Hachioji 2	Hachioji-shi, Tokyo	1,130	0.9
Greater Tokyo Total (Note 3)			2,121	1.6
27	Park Axis Meieki Minami	Nakamura-ku, Nagoya-shi, Aichi	2,440	1.9
35	Park Axis Marunouchi	Naka-ku, Nagoya-shi, Aichi	1,920	1.5
36	Park Axis Ropponmatsu	Chuo-ku, Fukuoka-shi, Fukuoka	1,515	1.1
37	Park Axis Hakataeki Minami	Hakata-ku, Fukuoka-shi, Fukuoka	1,890	1.4
Other Major Cities Total (Note 4)			7,765	5.9
Total			131,740	100.0

(Note 1) "Acquisition Price" refers to the sale price (exclusive of miscellaneous expenses for acquisition, fixed property taxes, urban planning taxes, consumption taxes, and local consumption taxes) of the property acquired or the property to be acquired. Amounts less than one million yen have been rounded off.

(Note 2) "Portfolio Share" means the percentage of the acquisition price of the property acquired or the property to be acquired compared with the total amount, rounded to the nearest one decimal place.

(Note 3) "Greater Tokyo " refers to four prefectures, Tokyo (excluding Tokyo's 23 wards), Kanagawa, Saitama, and Chiba.

(Note 4) "Other Major Cities" refers to cities designated as regional government ordinance.

<Attached Document 3> Photograph of exterior of the property to be acquired



This computer graphics image was created based on drawings, and may differ from the actual property.

<Attached Document 4> Map to locate the property to be acquired

