

October 16, 2009

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

Nippon Accommodations Fund Inc. ("NAF") hereby provides notice of its resolution regarding issuance of new investment units and secondary offering of investment units adopted at the Board of Directors' Meeting held on October 16, 2009, as follows.

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

- |     |                                       |   |
|-----|---------------------------------------|---|
| (1) | Number of units to be offered         | 42,000 units  |
| (2) | Amount to be paid in<br>(issue value) | Undetermined. The amount to be paid in shall be determined at the Board of Directors' meeting to be held on any date between October 27, 2009 (Tue) and October 30, 2009 (Fri) ("Issue Price Determination Date").  |
| (3) | Method of offering                    | <p>The method of offering shall be by public offering where all investment units are to be subscribed and purchased by an underwriting syndicate whose joint lead managers are Nomura Securities Co., Ltd. and Merrill Lynch Japan Securities Co., Ltd. ("Joint Lead Managers"). Underwriters other than Joint Lead Managers are Daiwa Securities SMBC Co., Ltd., Mizuho Securities Co., Ltd., Nikko Cordial Securities Inc. and Mitsubishi UFJ Securities Co., Ltd. (hereinafter referred to collectively with Joint Lead Managers as "Underwriters").</p> <p>The issue price (offer price) for the public offering shall be determined in consideration of the degree of demand and other conditions based on a tentative price obtained by multiplying the closing price at the Tokyo Stock Exchange on the Issue Price Determination Date (if no closing price is available for that date, the nearest preceding closing price will be used) by a number between 0.90 to 1.00 (any fractions less than one yen shall be omitted).</p> |
| (4) | Details of underwriting contract      | The Underwriters shall pay in the amount equivalent to the total amount to be paid in (issue value) to NAF on the payment date stated in (7) below. The difference between such amount and the total issue price (offer price) for the public offering shall be retained by the Underwriters. NAF shall pay no underwriting commission to the Underwriters.   |

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- (5) Subscription unit One investment unit or more in whole units
- (6) Subscription period Two business days starting the business day immediately following the Issue Price Determination Date
- (7) Payment date Any date between November 4, 2009 (Wed) and November 9, 2009 (Mon); provided, however, that such day shall be the fifth business day immediately following the Issue Price Determination Date.
- (8) The amount to be paid in (issue value) and any other matters necessary for this issuance of new investment units shall be determined at a future Board of Directors' meeting.
- (9) The above items shall be subject to the effectiveness of registration under the Financial Instruments and Exchange Act.

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

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

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

- (1) Number of units to be offered 3,000 units
- (2) Amount to be paid in (issue value) Undetermined. The amount to be paid in (issue value) shall be the same as the amount to be paid in (issue value) for the public offering.
- (3) Allottee Nomura Securities Co., Ltd.
- (4) Subscription unit One or more units in whole units
- (5) Subscription period (subscription date) November 30, 2009 (Mon)
- (6) Payment date December 1, 2009 (Tue)

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- (7) Investment units not subscribed within the subscription period (subscription date) stated in (5) above shall not be issued.
- (8) The amount to be paid in (issue value) and any other matters necessary for this issue of new investment units shall be determined at a future Board of Directors' meeting.
- (9) The above items shall be subject to the effectiveness of registration under the Financial Instruments and Exchange Act.

<Reference>

1. Secondary offering by overallotment, etc.

- (1) The secondary offering by overallotment stated in "2. Secondary offering of investment units by overallotment" above is a secondary offering of overallotted units to be made in conjunction with the public offering in "1. Issuance of new investment units by public offering" above in an amount not to exceed 3,000 investment units of NAF, that will be borrowed by Nomura Securities Co., Ltd. from the certain investor(s) of NAF in consideration of the degree of demand and other conditions in the public offering (secondary offering by overallotment). Although 3,000 investment units is planned to be offered by overallotment, this is the maximum number of investment units to be offered and, depending on the degree of demand and other conditions, such number may decrease, or the secondary offering by overallotment itself may be cancelled.

In connection with the secondary offering by overallotment, the Board of Directors of NAF has resolved, at the meeting held on October 16, 2009 (Fri), that NAF will issue by third-party allocation 3,000 investment units of NAF necessary to return the units borrowed from the certain investor(s) of NAF by Nomura Securities Co., Ltd. ("Borrowed Investment Units"), where the payment date is December 1, 2009 (Tue) and the allottee is Nomura Securities Co., Ltd. ("Third-Party Allocation").

Furthermore, Nomura Securities Co., Ltd. may also purchase investment units of NAF on the Tokyo Stock Exchange up to the number of investment units to be offered by overallotment ("Syndicate Cover Transactions") to return the Borrowed Investment Units. All investment units of NAF purchased through Syndicate Cover Transactions shall be used to return the Borrowed Investment Units. Such Syndicate Cover Transactions would be made during the period beginning on the date immediately following the last day of the subscription period of the public offering and secondary offering by overallotment and ending on November 24, 2009 (Tue) (the "Syndicate Cover Transaction Period"). During the Syndicate Cover Transaction Period, Nomura Securities Co., Ltd. at its discretion may not conduct any Syndicate Cover Transactions or may terminate any Syndicate Cover Transactions before the number of investment units purchased reaches the number of investment units of the secondary offering by overallotment.

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

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

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

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

Total number of issued investment units at present	113,480 units
Increase in number of investment units by public offering	42,000 units
Total number of issued investment units after public offering	155,480 units
Increase in number of investment units by Third-Party Allocation	3,000 units (Note)
Total number of issued investment units after Third-Party Allocation	158,480 units (Note)
(Note) Number of units in the event Nomura Securities Co., Ltd. subscribes all investment units offered by Third-Party Allocation, and said units are issued.	

## 3. Purpose and reason for issuance

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

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

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

¥21,430,620,000 (maximum)

(Note) Sum of ¥20,001,912,000 in net proceeds from the public offering and the ¥1,428,708,000 maximum net proceeds from the issuance of new investment units by third-party allocation.

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

The procured funds shall be allocated for the acquisition of specified properties to be purchased by NAF in and after November 2009 (as mentioned in "Notification Concerning Acquisition of Domestic Real Estate Properties" released on October 16, 2009).

## 5. Designation of distributees

No relevant item

## 6. Future prospects and forecast for current period management conditions and previous period results

As mentioned in "Financial Results for the Fiscal Period From March 1, 2009 to August 31, 2009" released on October 16, 2009.

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

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

	5th Period March 1, 2008 to August 31, 2008	6th Period September 1, 2008 to February 28, 2009	7th Period March 1, 2009 to August 31, 2009 (Note 2)
Net income per unit (Note 1)	¥14,461	¥14,587	¥13,626
Distribution per unit	¥14,461	¥14,587	¥13,626
Actual payout ratio	99.9%	99.9%	100.0%
Net assets per unit	¥551,813	¥551,939	¥550,978

(Notes)

1. Net income per unit is calculated by dividing net income by the weighted average number of investment units.
2. Regarding the figures for the period ending August 31, 2009, no audit by the independent auditor pursuant to the provisions of Article 193-2(1) of the Financial Instruments and Exchange Act shall be effected.

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(2) Conditions during the most recent investment unit prices

A. Conditions during the most recent three fiscal periods

	5th Period March 1, 2008 to August 31, 2008	6th Period September 1, 2008 to February 28, 2009	7th Period March 1, 2009 to August 31, 2009
Opening price	¥585,000	¥480,000	¥371,000
Highest price	¥585,000	¥546,000	¥523,000
Lowest price	¥387,000	¥352,000	¥359,000
Closing price	¥495,000	¥371,000	¥512,000

B. Conditions during the most recent six-month period

	2009 May	June	July	August	September	October
Opening price	¥429,000	¥417,000	¥437,000	¥470,000	¥519,000	¥499,000
Highest price	¥445,000	¥450,000	¥470,000	¥523,000	¥532,000	¥515,000
Lowest price	¥405,000	¥406,000	¥420,000	¥464,000	¥468,000	¥460,000
Closing price	¥417,000	¥433,000	¥470,000	¥512,000	¥499,000	¥461,000

(Note) The investment unit price for October 2009 is the price as of October 15, 2009.

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

	October 15, 2009
Opening price	¥483,000
Highest price	¥486,000
Lowest price	¥460,000
Closing price	¥461,000

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

No relevant item

8. Others

Restrictions on sale and additional issuance, etc.

A. Regarding the 6,600 investment units of NAF held as of October 16, 2009 of this document by Mitsui Fudosan Co., Ltd., an investor that has held investment units of NAF since before the public offering, said company has agreed with the Joint Lead Managers that it shall not effectuate any sale, etc. of the investment units it holds during the period from the Issue Price Determination Date to the date six months after the business day immediately following the payment date of the public offering (restriction period), without the prior written consent of the Joint Lead Managers (however, excluding where investment units are lent to Nomura Securities Co., Ltd. for the purpose of secondary offering by overallotment).

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

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In the event of either A. or B. above, the Joint Lead Managers at their discretion have the right to dissolve said agreements in whole or in part during the respective restriction periods.

- The Japanese original document was distributed to press clubs within the Tokyo Stock Exchange (Kabuto Club) and the Ministry of Land, Infrastructure and Transport, and to the press club of the construction trade newspaper of the Ministry of Land, Infrastructure and Transport.
- NAF website: <http://www.naf-r.jp>

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

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