



NEWS RELEASE

Jul 23, 2010

R&I Assigns AA-: Nippon Accommodations Fund Inc. Shelf Reg. SB No.2

Rating and Investment Information, Inc. (R&I) has announced the following.

ISSUER: Nippon Accommodations Fund Inc. (Sec. Code: 3226)
Preliminary Rating for the Shelf Registration (Bonds)

Unsec. Str. Bonds No.2
New Issue (issued under the Shelf Registration)

R&I RATING: AA- (Assigned)

RATIONALE:

Nippon Accommodations Fund Inc. (NAF) is a real estate investment trust (J-REIT) that went public in August 2006. The fund invests in "accommodation assets" primarily for rental purposes, including dormitories, student apartments, serviced apartments, senior residences and corporate housing. Mitsui Fudosan Co., Ltd. serves as its sponsor.

NAF mainly invests in "Park Axis" brand rental apartments developed by Mitsui Fudosan. With properties located in Tokyo's 23 wards accounting for 90% of the fund's total assets, the fund maintains the high occupancy rate and stable cash flow. While the leverage is trending at somewhat higher levels, NAF secures stable financing.

The primary rating methodologies applied to this rating are provided at "R&I J-REIT Rating Methodology" and "Basic Methodologies for R&I's Credit Rating". The methodologies are available at the web site listed below, together with other rating methodologies that are taken into consideration when assigning the rating.

<http://www.r-i.co.jp/eng/sf/about/methodology/index.html>

<http://www.r-i.co.jp/eng/cfp/about/methodology/index.html>

R&I RATINGS:

ISSUER: Nippon Accommodations Fund Inc. (Sec. Code: 3226)

ISSUE: Preliminary Rating for the Shelf Registration (Bonds)

Issue Amount: Yen 100,000 million (Shelf Amount)

Issue Period: Two years from Jul 18, 2009

R&I RATING: AA- (Assigned)

The following ratings have been assigned to bonds to be issued under the shelf registration rated above:

LONG-TERM ISSUE RATING:	Issue Date	Redemption	Issue Amount (mn)
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Unsec. Str. Bonds No.2	Jul 30, 2010	Jul 29, 2016	Yen 7,000
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R&I RATING: AA- (Assigned)

Notes/Financial covenants:

1) a negative pledge clause, which covers other unsecured domestic straight bonds the firm issued or may issue in the future, except those with a change of security status clause.

ISSUER RATING:

AA-

RATING OUTLOOK:

Stable

An Issuer Rating is R&I's opinion on an issuer's general capacity to fulfill its financial obligations and is, in principle, assigned to all issuers. The credit rating of an individual obligation reflects the terms and recoverability of the obligation and may be lower or higher than the Issuer Rating.

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Credit ratings are statements of R&I's opinions regarding an issuer's general capacity to fulfill its financial obligations and the certainty of the fulfillment of its individual obligations as promised (creditworthiness) and are not statements of fact. Further, R&I does not state its opinions about any risks other than credit risk, give advice regarding investment decisions or financial matters, or endorse the merits of any investment. R&I does not undertake any independent verification of the accuracy or other aspects of the related information when issuing a credit rating and makes no related representations or warranties. R&I is not liable in any way for any damage arising in relation to credit ratings (including amendment or withdrawal thereof). As a general rule, R&I issues a credit rating for a fee paid by the issuer. For details, please refer to <http://www.r-i.co.jp/eng/policy/policy.html>.

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