

August 5, 2010

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

Notification Concerning Issue of Investment Corporation Bonds

Nippon Accommodations Fund ("NAF") provided notice of its resolution to issue investment corporation bonds on July 23, 2010 as follows.

1. Summary of investment corporation bonds

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|---|---|
| (1) Name of the investment corporation bonds | Nippon Accommodations Fund 2nd
Unsecured Investment Corporation Bonds
(with special pari passu conditions among
specified investment corporation bonds) |
| (2) Total amount of the
investment corporation bonds to be Issued | ¥7 billion |
| (3) Form of Certificates of investment corporation bonds to be Issued | The Law Concerning Book-Entry Transfer of Corporate Bonds applies to all of these
investment corporation bonds, so investment corporation bond certificates will not be
issued. |
| (4) Payment amount | ¥100 per ¥100 par value of investment corporation
bonds |
| (5) Redemption amount | ¥100 per ¥100 par value of investment corporation
bonds |
| (6) Interest rate | 1.2% per annum |
| (7) Unit Price | ¥100 million |
| (8) Method of Offering | Public offering |
| (9) Subscription date | July 23, 2010 |
| (10) Payment date | July 30, 2010 |
| (11) Collateral | No secured mortgage or guarantee is applicable
to, and no assets are specifically reserved as
collateral for, investment corporation bonds. |

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| (12) Method and Date of Redemption | The entire amount of the investment corporation bonds will be redeemed on July 29, 2016.
* The investment corporation bonds may be repurchased and cancelled at any time after the date of payment unless specified to the contrary by the relevant transfer agent. |
| (13) Interest Payment Dates | January 30 and July 30 each year |
| (14) Financial covenant | Negative pledge applies |
| (15) Ratings | A2 (Moody's Investors Service, Inc.)
A+ (Standard & Poor's Ratings Services)
AA- (Rating & Investment Information, Inc.) |
| (16) Fiscal agent, issuing agent, and paying agent | Sumitomo Mitsui Banking Corporation |
| (17) Underwriting Securities Companies | Nomura Securities Co., Ltd.
Merrill Lynch Japan Securities Co., Ltd. |
| (18) Use of funds | Repayment of loans |
| 2. Reason for Issue | The investment corporation bonds are issued with the intent of extending the term for interest-bearing liabilities and improving the fixed interest rate. |
| 3. Amount, Use and Expected Dates of Expenditure of Capital to be Procured | |
| (1) Amount of capital to be procured (estimated amount net of costs and expenses) | ¥6,960,000,000 |
| (2) Specific use and expected dates of expenditure of capital to be procured | Applicable to part of the repayments for short-term borrowings scheduled for July 30, 2010. |

4. Status of debts payable, etc. after issue of investment corporation bonds

(Unit: billion yen)

	Before this event	After this event	Change
Short-term debt	30.5	23.5	▲7
Long-term debt	65.5	65.5	—
Investment corporation bonds	10.0	17.0	▲7
Total interest-bearing debt	106.0	106.0	7
Interest-bearing debt ratio	56.7%	56.7%	—
Long term interest-bearing debt ratio	71.2%	77.8%	6.6

(*1) The following formula was used to calculate the interest-bearing debt ratio.

(interest bearing debt ratio) = (interest bearing debt) ÷ (interest bearing debt + unitholder's capital) X 100

The unitholder's capital as of today (81,102,737 thousand yen) was used.

(*2) (long term interest bearing debt ratio) = (long term debt+investment corporation bonds) ÷ (interest bearing debt) X 100

(*3) All calculations of ratios were rounded to one decimal place.

5. Others

Regarding the loan repayment risk, there is no important change to the “Investment risks”description in the latest securities report submitted on May 27, 2010.

*This English language notice is a translation of the Japanese language notice dated July 23, 2010 and was prepared solely for the convenience of and reference by, overseas investors. NAF makes no warranties as to its accuracy or completeness.