

October 7, 2013

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 Nobumi Tobari
(Code Number 3226)

Investment Trust Management Company
Mitsui Fudosan Accommodations Fund Management Co., Ltd.
President and CEO Kosei Murakami
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Notification Concerning Amendment of Real Estate Management Contract

This is a notification that Nippon Accommodations Fund Inc. ("NAF") has concluded a memorandum to amend the real estate management contract with Mitsui Fudosan Housing Lease Co., Ltd. ("MFHL"), NAF's master property management company, concerning the management fees for the 79 properties NAF owns as of the end of the 14th period ended February 2013 (excluding Shibaura Island Air Tower).

1. Purpose and Summary of Change

The ongoing property management fees (the "PM fees") consist of the portions linked to NAF's revenues from property leasing and the portions that generate from services related to lease contracts with new tenants and renewals with existing tenants, etc. Due to this structure, there may be cases in which NAF's operating income from property leasing decreases while PM fees increase in such period when tenant turnover increases intensively. Thus, NAF's operating income from property leasing and the PM fees are not always synchronized.

Accordingly, NAF has continued discussions with MFHL regarding adoption of a PM fee system that is linked to NAF's operating income from property leasing and signed an amendment to change the former PM fee system into a system that links PM fees to NAF's revenues and operating income from property leasing (excluding the PM fees, depreciation and real estate taxes, etc.), starting on November 1, 2013.

The change, which shall align NAF's operating income from property leasing and PM fees, will allow the two entities to firmly share NAF's basic policy of striving to maximize unitholder value, presumably leading to more enhanced operational capabilities as well as reinforcement and utilization of the value chains of the Mitsui Fudosan Group.

Furthermore, as MFHL falls under the "related parties and the like" (see Note), the decision to conclude the memorandum has been carried out with deliberation and approval by the compliance committee of NAF's investment trust management company, as well as by deliberation and decision of the investment committee, in accordance with NAF's self-established rules on asset management relevant to transactions with related parties and the like.

(Note) "Related parties and the like" means related parties and the like of an investment trust 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.

2. Outlook for Management after the Change

The impact on NAF's results for the period ending February 2014 (September 1, 2013 – February 28, 2014) will be minor, and there will be no change to the financial results forecast of the period.

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

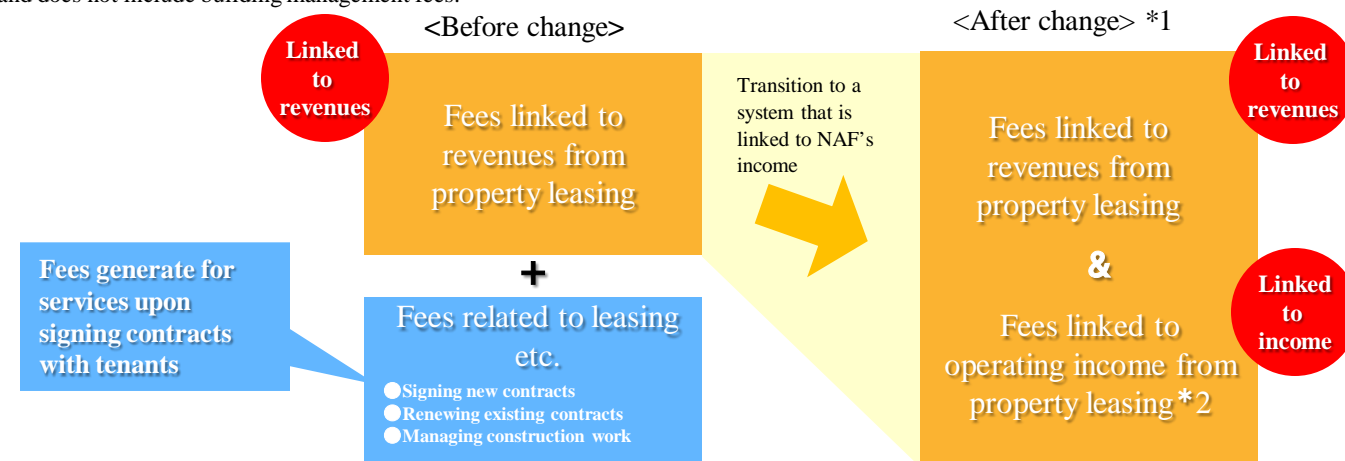
This English language notice is a translation of the Japanese language notice dated September 27, 2013.

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.

(Reference)

■ Illustrative Diagram of the Change in the PM Fee System

*The PM fee is the fees paid to Mitsui Fudosan Housing Lease, NAF's master property management company, for the entrusted property management services, and does not include building management fees.



Impact of fees accruing upon provision of services

In the phase where number of tenant turnover increases, NAF's revenue drops while PM fees increase

Increase and decrease in NAF's income \updownarrow

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Increase and decrease in PM fees \updownarrow

Fee system not necessarily linked to NAF's income



Increase in NAF's income \uparrow

$=$

Increase in PM fees \uparrow

Decrease in NAF's income \downarrow

$=$

Decrease in PM fees \downarrow

Fee system linked to NAF's income

Reinforced Value Chains of the Mitsui Fudosan Group

- Enhance the shared objective of maximizing unitholder value with Mitsui Fudosan Housing Lease, the master property management company
- Enhancement and reinforcement of utilizing the value chains of the Mitsui Fudosan Group

(*1) Effective as of November 1, 2013, the changed PM fee system will cover the 79 properties NAF owns as of the end of the 14th period (excluding Shibaura Island Air Tower).

(*2) Operating income from property leasing less PM fees, depreciation and real estate taxes, etc.