

(TRANSLATION)

**ARTICLES OF INCORPORATION
of
NIPPON ACCOMMODATIONS FUND INC.**

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of
NIPPON ACCOMMODATIONS FUND INC.
(Nippon Accommodation Fund Toshi Hojin)

CHAPTER I

GENERAL PROVISIONS

Article 1. *(Trade Name)*

The investment corporation shall be called *Nippon Accommodation Fund Toshi Hojin*, and in English, Nippon Accommodations Fund Inc. (the “Company”).

Article 2. *(Purpose)*

The purpose of the Company shall be to manage assets in accordance with the Investment Trusts and Investment Corporations Act (the “Investment Trust Act”) through investment primarily in real estate, leaseholds of real estate, surface rights, and the trust beneficiary rights only in such assets among real estate and related assets (here and hereinafter, as defined in the Ordinance for Enforcement of the Act on Investment Trust and Investment Corporation, among Specified Assets (here and hereinafter, meaning the assets specified in the Investment Trust Act)).

Article 3. *(Location of Head Office)*

The Company shall have its head office in Chuo-ku, Tokyo.

Article 4. *(Method of Giving Public Notice)*

Public notices of the Company shall be given in the *Nihon Keizai Shimbun*.

CHAPTER II

INVESTMENT UNITS

Article 5. *(Repayment for Units at the Request of Unitholders and Acquisition of Own Units upon Agreement)*

1. The Company shall not make repayment for any unit at the request of unitholders.
2. The Company may acquire its Units, with consideration, upon an agreement with the unitholders.

Article 6. *(Total Number of Units Authorized to Be Issued by the Company)*

1. The total number of units authorized to be issued by the Company shall be four million (4,000,000) units.
2. The ratio of the issue price of units issued and offered in Japan to the aggregate issue price of units of the Company shall exceed fifty percent (50%).
3. Upon obtaining an approval of the Board of Directors, the Company shall be entitled, within the total number of units authorized to be issued by the Company provided for in Paragraph 1, to solicit subscribers for the units to be issued by the Company. The amount to be paid per unit (meaning the units to be allocated to persons who have offered to subscribe for units in response to the solicitation) shall be approved by the Board of Directors as deemed as a fair price in light of the contents of the assets owned by the Company (the “Investment Assets”).

Article 7. *(Unit Handling Regulations)*

The registration of transfers of units in the unitholders’ registry, the registration of pledge and the deletion thereof and other handling procedures pertaining to units, and the fees therefor shall be governed by the Unit Handling Regulations established by the Board of Directors, as well as by laws and regulations or these Articles of Incorporation.

Article 8. *(Minimum Net Asset Amount to be Maintained at All Times by the Company)*

The minimum net asset amount that the Company shall maintain at all times shall be fifty million (50,000,000) yen.

CHAPTER III

GENERAL MEETINGS OF UNITHOLDERS

Article 9. *(Convocation and Holding of Meetings)*

1. Unless otherwise stipulated by laws and regulations, general meetings of unitholders shall, based on a resolution of the Board of Directors, be convened by the executive director if there is only one (1) executive director, and if there are two (2) or more executive directors, by one of such executive directors in accordance with the order previously determined by the Board of Directors.
2. General meetings of unitholders shall be held in one of the twenty three (23) wards of Tokyo.
3. General meetings of unitholders shall be convened on April 25, 2017 or afterwards without delay, and thereafter shall be convened on April 25 or afterward of every second year without delay. In addition, the Company may convene the general meetings of unitholders as needed.
4. For convocation of a general meeting, the executive director shall give a public notice of the date fixed for a meeting by two (2) months prior to such date and shall serve a notice thereof to each unitholder in writing by two (2) weeks prior to such date. Provided, however, such public notice shall not be needed for the general meetings of unitholders to be held before twenty five (25) months passes from the previous general meetings of unitholders held pursuant to the provisions of the first sentence of the immediately preceding Paragraph.

Article 9-2. *(Measures for Providing Information Electronically, etc.)*

1. When the Company holds a general meeting of unitholders, it shall take measures to provide information constituting the content of the reference materials, etc., for the general meeting of unitholders electronically.
2. Among items for which measures to provide information electronically shall be taken, the Company may exclude all or some of the items designated by the Ordinance for Enforcement of the Act on Investment Trust and Investment Corporation from being stated in the paper-based documents to be delivered to unitholders who have requested such delivery by the record date for voting rights.

Article 10. *(Chairman)*

The chairman of a general meeting of unitholders shall, when there is only one (1) executive director, be such executive director, and when there are two (2) or more executive directors, be one of such executive directors in accordance with the order previously determined by the Board of Directors; provided, however, that, if an executive director who is supposed to serve as chairman is unable to so act, another executive director or a supervisory director shall serve as chairman in accordance with the order previously determined by the Board of Directors.

Article 11. *(Resolutions)*

1. Resolutions of a general meeting of unitholders shall, unless otherwise stipulated by laws and regulations or these Articles of Incorporation, be adopted by a majority of voting rights of the unitholders in attendance.
2. A unitholder may exercise his/her voting rights by delegating such voting rights to another unitholder of the Company who has voting rights as a proxy.
3. In case of the immediately preceding Paragraph, the unitholder or the proxy shall submit a certificate evidencing the status of the proxy for each general meeting of unitholders to the Company.

Article 12. *(Exercise of Voting Rights in Writing)*

1. A unitholder not attending a general meeting of unitholders may exercise his/her voting rights in writing.
2. The number of voting rights exercised in writing shall be included in the number of voting rights of the unitholders in attendance.

Article 13. *(Exercise of Voting Rights through Electronic Methods)*

1. The Company may, upon a resolution of the Board of Directors, decide to allow a unitholder not attending a general meeting of unitholders to exercise his/her voting rights through electronic methods.
2. The number of voting rights exercised through electronic methods shall be included in the number of voting rights of the unitholders in attendance.

Article 14. *(Deemed Approval)*

1. Any unitholder who does not attend a general meeting of unitholders and does not exercise his/her voting rights shall be deemed to be in favor of any proposal submitted to such general meeting of unitholders (provided, however, that in cases where two (2) or more proposals are submitted and any such proposal is in conflict with another proposal, both of such proposals shall be excluded from such deemed approval).
2. The number of voting rights owned by the unitholder deemed to be in favor of a proposal in accordance with the provisions of the immediately preceding Paragraph shall be included in the number of voting rights of the unitholders in attendance.
3. The provisions of the preceding two (2) paragraphs shall not apply to resolutions on proposals pertaining to the following matters:

- (1) Dismissal of any executive director, supervisory director, or independent auditor;
- (2) Termination of the asset management agreement by the Company;
- (3) Consent to the termination of the asset management agreement by the Asset Management Company;
- (4) Dissolution; and
- (5) Amendments to the Articles of Incorporation to revise this Article.

Article 15. *(Record Date, etc.)*

1. When the Company convenes general meetings of unitholders pursuant to the provisions of the first sentence of Article 9, Paragraph 3, the Company may deem any unitholder registered in writing or in digital format in the latest unitholders' registry as of the last day of February 2017 and on the last day of February of every second year thereafter to be the unitholder who is entitled to exercise his/her rights at a general meeting of unitholders. Furthermore, when the Company convenes a general meetings of unitholders pursuant to the provisions of the second sentence of Article 9, Paragraph 3, a unitholder who should exercise his/her right at a general meeting of unitholders shall be a unitholder listed in the latest unitholders' registry as of the record date previously determined in a public notice by the Company in accordance with laws and regulations through a resolution of the Board of Directors.
2. With regard to the proceedings of a general meeting of unitholders, the minutes of the meeting shall be prepared in accordance with the provisions of laws and regulations, and to which the chairman, executive directors and supervisory directors present at such meeting shall sign or affix their names and seals.
3. Executive directors shall maintain the minutes of a general meeting of unitholders provided for in Paragraph 2 at the head office of the Company for ten (10) years.

CHAPTER IV

EXECUTIVE DIRECTORS AND SUPERVISORY DIRECTORS

Article 16. *(Number of Executive Directors and Supervisory Directors)*

The number of executive directors of the Company shall be no less than one (1), and the number of supervisory directors of the Company shall be no less than two (2) (provided, however, that the number of supervisory directors shall exceed the number of executive directors).

Article 17. *(Election and Term of office of Executive Directors and Supervisory Directors)*

1. Unless otherwise stipulated by laws and regulations, executive directors and supervisory directors shall be elected through a resolution adopted by a general meeting of unitholders.
2. The term of office of executive directors and supervisory directors shall be two (2) years from the date of their respective assumption of office; provided, however, that such term may be extended or shortened by a resolution of a general meeting of unitholders to the extent stipulated by laws and regulations. Furthermore, the term of office of any executive director or supervisory director elected to fill a vacancy or to increase the number of the executive directors or supervisory directors shall be the same as the remaining term of office of his/her predecessor or of the other executive directors or supervisory directors then in office.
3. The effective term of the resolution of a general meeting of unitholders for the election of directors (hereinafter, this refers executive directors and supervisory directors) to fill a vacancy (“Substitute Directors”) shall be the period until the end of term of office of the director, elected at that general meeting of unitholders (if the director was not elected at such general meeting of unitholders, then in a general meeting of unitholders immediately prior at which the director was elected), whose vacancy is to be filled by the Substitute Director; provided, however, that such term may be shortened by a resolution of a general meeting of unitholders.

Article 18. *(Standards for Payment of Compensation for Executive Directors and Supervisory Directors)*

Standards for the payment of compensation and the time of payment to the executive directors and the supervisory directors shall be as follows:

- (1) The compensation amount to an executive director shall be determined by the Board of Directors and shall be up to a maximum amount of seven hundred thousand (700,000) yen per month, and such amount shall be paid by the last day of the relevant month by remittance to the bank account designated by the relevant executive director.
- (2) The compensation amount to a supervisory director shall be determined by the Board of Directors and shall be up to a maximum amount of seven hundred thousand (700,000) yen per month, and such amount shall be paid by the last day of the relevant month by remittance to the bank account designated by the relevant supervisory director.

Article 19. *(Exemption of Executive Directors and Supervisory Directors from of Liability to the Company)*

If an executive director or supervisory director performed his or her work duties in good faith and without gross negligence, and when the Company finds it particularly necessary taking into consideration the details of the facts that are the source of liability, the status of the execution of the duties of such executive director or supervisory director, and other

circumstances, the Company may, to the extent allowed by laws and regulations, exempt executive directors and supervisory directors from liability to the Company under Article 115-6, Paragraph 1 of the Investment Trust Act by resolution of the Board of Directors.

CHAPTER V

BOARD OF DIRECTORS

Article 20. *(Convocation)*

1. Unless otherwise stipulated by laws and regulations, if there is only one (1) executive director, such executive director shall convene a meeting of the Board of Directors and act as chairman thereat, and if there are two (2) or more executive directors, one of the executive directors shall convene a meeting of the Board of Directors and act as chairman thereat in accordance with the order previously determined by the Board of Directors.
2. Notice of convocation of a meeting of the Board of Directors shall be given to all executive directors and supervisory directors at least three (3) days prior to the date set for such meeting; provided, however, that this convocation period may be shortened or the convocation procedures may be omitted upon the consent of all of the executive directors and supervisory directors.
3. Any executive director or supervisory director not authorized to convene a meeting of the Board of Directors may request convocation of a meeting of the Board of Directors in accordance with the provisions of the Investment Trust Act.

Article 21. *(Resolutions, etc.)*

1. Resolutions of a meeting of the Board of Directors shall, unless otherwise stipulated by laws and regulations or these Articles of Incorporation, be adopted by a majority of voting rights of the members in attendance at a meeting, at which more than one half (1/2) of the members then in office shall be present.
2. With regard to the proceedings of a meeting of the Board of Directors, the minutes of the meeting shall be prepared in accordance with the provisions of laws and regulations, and to which the executive directors and supervisory directors present at such meeting shall sign or affix their names and seals.
3. Executive directors shall maintain the minutes of a meeting of the Board of Directors prepared in accordance with Paragraph 2 at the head office of the Company for ten (10) years.

Article 22. *(Regulations for the Board of Directors)*

Matters concerning the Board of Directors shall be governed by the Regulations for the Board of Directors resolved in a meeting of the Board of Directors in addition to the provisions stipulated by laws and regulations or these Articles of Incorporation.

CHAPTER VI

INDEPENDENT AUDITOR

Article 23. *(Election of Independent Auditor)*

An independent auditor shall be elected through a resolution adopted by a general meeting of unitholders.

Article 24. *(Term of Office of Independent Auditor)*

1. The term of office of the independent auditor shall expire at the conclusion of the first general meeting of unitholders held after the fiscal period first occurring after the expiration of one (1) year after his/her assumption of office.
2. Unless otherwise resolved at the general meeting of unitholders referred to in the immediately preceding Paragraph, the independent auditor shall be deemed to be re-elected at such meeting.

Article 25. *(Standards for Payment of Compensation for Independent Auditor)*

The compensation amount to the independent auditor for each fiscal period shall be determined by the Board of Directors and shall be up to a maximum amount of twenty million (20,000,000) yen, and such amount shall be paid in installments by paying the previous three (3) months' amount by the last day of February, May, August and November of each year, respectively, by remittance to the bank account designated by the independent auditor.

CHAPTER VII

ASSET MANAGEMENT OBJECTIVES AND POLICIES

Article 26. *(Basic Asset Management Policies)*

1. The Company shall invest its assets to secure stable earnings and steady growth in the Investment Assets from the medium- and long-term view, aiming to maximize the value of unitholders.
2. The purpose of the Company shall be to manage assets in accordance with the Investment Trust Act through investment primarily in real estate, leaseholds of real estate, surface rights, and trust beneficiary rights only in such assets among real estate and related assets.

Article 27. *(Investment Stance)*

1. The Company shall invest in assets listed in Article 28.
2. The Company shall invest in Real Estate-Related Assets (meaning the assets listed in Article 28, Paragraph 1; the same shall apply hereinafter) consisting of or backed by real estate (including two or more properties that are developed or utilized as a single property; the same shall apply hereinafter in this Paragraph) that is primarily used or may be primarily used as residences. Furthermore, in addition to this, the Company shall invest in Real Estate-Related Assets consisting of or backed by real estate that is primarily used or may be primarily used as hotels.
3. The targeted regions for investment shall primarily be the Tokyo metropolitan area (this refers to Tokyo, Kanagawa, Chiba and Saitama), major cities throughout Japan and their commutable environs.
4. Notwithstanding the provisions of the preceding Paragraphs, if any unexpected event such as a sudden change of market condition trends, general economic conditions or real estate market trend, etc., occurs and the interests of unitholders are likely to be damaged, the Company may take measures necessary to protect the interests of unitholders.
5. The Company shall maintain the ratio of the aggregate value of the specified real estate (the real estate, leaseholds of real estate or surface rights or the beneficial interests of trusts formed by entrustment of ownership of real estate, leaseholds of land or surface rights, which are the Specified Assets acquired by the Company) to the aggregate value of Specified Assets held by the Company at not less than seventy-five percent (75%).

Article 28. *(Types, Objectives and Extent of Assets Targeted for Asset Management)*

1. The Company shall invest in the specified assets set forth below in accordance with the basic policies provided for in Article 26:
 - (1) Real estate.
 - (2) Each of the assets set forth below (collectively, the “Real Estate Equivalents”; real estate and Real Estate Equivalents shall be collectively referred to as the “Real Estate, etc.”):
 - (i) Leaseholds of real estate;
 - (ii) Surface rights;
 - (iii) Beneficial interests of trusts formed by real estate, leaseholds of real estate or surface rights (including comprehensive agreements (*hokatsu keiyaku*) formed by entrustment of real estate, together with money appertaining thereto, but excluding those falling under beneficial certificates of investment trusts or foreign investment trusts provided for in the Investment Trust Act, beneficial certificates of loan trusts (as defined in the Financial Instruments and Exchange Act) and beneficial certificates of specific purpose trust provided for in the Act on Securitization of Assets (the “Asset Securitization Act”) (collectively, the “Excluded Securities”));
 - (iv) Beneficial interests of money trusts the purpose of which is to invest the trust properties mainly in real estate, leaseholds of real estate or surface rights (excluding those falling under the Excluded Securities);
 - (v) Equity interests in such agreements as shall provide that, in consideration of contribution of either of the parties in order to finance an investment by the other party in (a) the real estate or (b) the assets set forth in (i) through (iv) above, such other party shall invest the properties so contributed in such assets mainly and make distribution of profits from such investment (the “Equity Interests in Anonymous Partnerships (*tokumei kumiai*) relating to Real Estate”); and
 - (vi) Beneficial interests of money trusts the purpose of which is to invest the trust properties mainly in Equity Interests in Anonymous Partnerships (*tokumei kumiai*) relating to Real Estate (excluding those falling under the Excluded Securities).
 - (3) Securities as set forth below having a purpose of investment in Real Estate, etc., in the amount exceeding one-half (1/2) of the assets backing such securities (collectively, the “Real Estate-Backed Securities”):
 - (i) Preferred equity investment certificates (as defined in the Asset Securitization Act);
 - (ii) Beneficial certificates (as defined in the Investment Trust Act);

- (iii) Investment unit certificates (as defined in the Investment Trust Act); and
 - (iv) Beneficial certificates of specific purpose trust (as defined in the Asset Securitization Act (excluding those falling under the category of the assets set forth in (iii), (iv) or (vi) of (2) above)).
- 2. The Company may invest in the following specified assets, in addition to the specified assets set forth in the immediately preceding Paragraph, respectively:
 - (1) The specified assets falling under any of the following Items:
 - (i) Deposits;
 - (ii) Government bonds (as defined in the Financial Instruments and Exchange Act);
 - (iii) Municipal bonds (as defined in the Financial Instruments and Exchange Act);
 - (iv) Bonds issued by a juridical person under a special Act (as defined the Financial Instruments and Exchange Act);
 - (v) Stocks (provided, however, the investment is limited to those cases where necessary or beneficial to the basic policies on asset investment specified in Article 26);
 - (vi) Negotiable certificate of deposits;
 - (vii) Commercial papers (as defined in the Financial Instruments and Exchange Act);
 - (viii) Specified bonds provided for in the Asset Securitization Act;
 - (ix) Investment corporation bonds provided for in the Investment Trust Act;
 - (x) Monetary receivables (as defined in the Order for Enforcement of the Act on Investment Trusts and Investment Corporations (the “Order for Enforcement of the Investment Trust Act”)); and
 - (xi) Beneficial interests of money trusts the purpose of which is to invest the trust properties mainly in the assets set forth in Item (1), (i) through (x) (excluding those falling under the Excluded Securities)
 - (2) Rights relating to a derivative transaction (as defined in the Order for Enforcement of the Investment Trust Act).
 - (3) Renewable energy power facilities (as defined in the Order for Enforcement of the Investment Trust Act)
- 3. The Company, in addition to the specified assets set forth in Paragraphs 1 and 2, may make an investment in trademarks and trademark equivalents (i.e., trademarks and

exclusive or non-exclusive right to use trademarks) under the Trademark Act, rights to use the source of hot springs provided for in the Hot Spring Act and the facilities relating to such hot springs, specified equities provided for in the Asset Securitization Act, movables, “the Real Estate-Related Assets” provided for in the Securities Listing Regulations by the Tokyo Stock Exchange and other rights and assets acquired together with investment in the assets specified in this Article (including beneficial interests of trusts formed thereby); limited, however, to those cases where necessary or beneficial to the basic policies on asset investment specified in Article 26 or to those cases where necessary or beneficial to the operation of the Company’s organizations.

Article 29. *(Investment Restrictions)*

1. The Company shall not seek to invest aggressively in securities and monetary receivables, etc. set forth in Paragraph 2, Item (1) of the immediately preceding Article, but rather make an investment taking into consideration the security and liquidity thereof or the relationship with the specified assets set forth in Paragraph 1 of the immediately preceding Article.
2. The Company may invest in rights relating to a derivative transaction set forth in Paragraph 2, Item (2) of the immediately preceding Article; provided, however, that such investment shall be limited to those to be made for the purpose of hedging an interest rate risk or other risks arising from the Company’s liabilities.

Article 30. *(Objectives and Extent of Leasing of Incorporated Assets)*

1. The Company shall, in principle, lease all of the real estate (including the real estate backing the Real Estate-Related Assets, other than real estate, acquired by the Company) belonging to the Investment Assets in order to obtain stable earnings therefrom from the medium- and long-term view (including the creation of car parks and the placement of signboards, etc.).
2. When leasing real estate as provided for in the immediately preceding Paragraph, the Company may receive or make a deposit of security deposits, guaranty monies or any other money similar thereto, and if such money is deposited with the Company, the Company shall invest such money in accordance with its basic asset management policies and investment attitude.
3. The Company may lease any Investment Assets other than the real estate (including the real estate backing the Real Estate-Related Assets, other than real estate, acquired by the Company) belonging to the Investment Assets.

Article 31. *(Principle of Appraisal of Assets)*

1. The Company shall conduct an appraisal of the Investment Assets carefully and faithfully for the benefit of the unitholders.
2. The Company shall, when conducting an appraisal of the Investment Assets, make an effort to ensure the reliability of the appraisal.

3. The Company shall conduct an appraisal of the Investment Assets in conformity with the principle of consistency.

Article 32. *(Methods, Standards and Calculation Date of Appraisal of Assets)*

1. In accordance with the Regulations for Accounting of Investment Corporations, the Regulations on Real Estate Investment Trusts and Real Estate Investment Corporations established by The Investment Trusts Association, Japan, other regulations provided by the Association, and generally accepted corporate accounting principles, the method and standards of the appraisal of assets of the Company with respect to each type of the Investment Assets shall be set forth as follows:

- (1) Real estate, leaseholds of real estate and surface rights (as defined in Article 28, Paragraph 1, Item (1) and Item (2), (i) or (ii)):

Appraisal shall be made at the value obtained by deducting the accumulated depreciation from the acquisition price. With respect to the building and equipment, etc., portions, the depreciation amount shall be calculated through the straight-line method; provided, however, that with respect to equipment, etc., such method may be changed to another method if the calculation using the straight-line method ceases to be suitable for a justifiable reason, and that the adoption of such other method is reasonably deemed to cause no problem in terms of protection of investors.

- (2) Beneficial interests of trusts formed by entrustment of real estate, leaseholds of real estate or surface rights (as defined in Article 28, Paragraph 1, Item (2), (iii)):

Appraisal shall be made at the value calculated as to the amount equivalent to the Company's share in the relevant beneficial interest of trust, after aggregating the amount of the trust properties appraised by the method as provided for in (1) above, if such properties fall under the category of the assets set forth in (1) above, and, if such properties are financial assets, the amount thereof appraised in accordance with generally accepted corporate accounting principles, and deducting from the sum thereof the amount of liabilities.

- (3) Beneficial interests of money trusts the purpose of which is to invest the trust properties mainly in real estate, leaseholds of real estate or surface rights (as defined in Article 28, Paragraph 1, Item (2), (iv)):

Appraisal shall be made at the value calculated as to the amount equivalent to the Company's share in the relevant beneficial interest of trust, after aggregating the amount of the component assets of the trust properties appraised by the method as provided for in (1) above, if such component assets fall under the category of the assets set forth in (1) above, and, if such component assets are financial assets, the amount thereof appraised in accordance with generally

accepted corporate accounting principles, and deducting from the sum thereof the amount of liabilities.

- (4) Equity Interests in Anonymous Partnerships (*tokumei kumiai*) relating to Real Estate (as defined in Article 28, Paragraph 1, Item (2), (v)):

Appraisal shall be made at the value calculated as to the amount equivalent to the relevant equity interest in the anonymous partnership, after aggregating the amount in respect of the component assets of the equity interest in the anonymous partnership appraised by the relevant method provided for in (1) through (3) above, if such component assets fall under the category of any of the assets set forth in (1) through (3) above, and, if such component assets are financial assets, the amount thereof appraised in accordance with generally accepted corporate accounting principles, and deducting from the sum thereof the amount of liabilities.

- (5) Beneficial interests of money trusts the purpose of which is to invest in Equity Interests in Anonymous Partnerships (*tokumei kumiai*) relating to Real Estate (as defined in Article 28, Paragraph 1, Item (2), (vi)):

Appraisal shall be made at the value calculated as to the amount equivalent to the Company's share in the relevant beneficial interest of trust, after aggregating the amount of the equity interest in the anonymous partnership, which is the trust property, appraised by the method as provided for in (4) above, and deducting from the sum thereof the amount of liabilities.

- (6) Securities (as defined in Article 28, Paragraph 1, Item (3) and Paragraph 2, Item (1), (ii) through (ix)):

Appraisal shall be made at the acquisition price if the securities are classified as held-to-maturity debt securities, and if the securities are classified as available for-sale securities, appraisal shall be made at the market price; however, stocks and other securities without a market price shall be appraised at the acquisition price.

- (7) Monetary receivables (as defined in Article 28, Paragraph 2, Item (1), (x))

Appraisal shall be made at the price obtained by deducting the reserve for loan losses, calculated based on the estimated loan losses, from the acquisition price; provided, however, that in the case of receivables obtained under par or above par where the difference between the acquisition price thereof and the claim amount is deemed to be of the nature of adjustment of interest, appraisal shall be made at the price obtained by deducting the allowance for doubtful accounts from the value calculated by the amortized cost method.

- (8) Beneficial interests of money trusts (as defined in Article 28, Paragraph 2, Item (1), (xi)):

Appraisal shall be made at the aggregate value of the amount of the component assets of the trust properties appraised by the relevant method set forth in (6) or (7) above, if such component assets fall under the category of any of the assets set forth in (6) or (7) above.

- (9) Rights relating to a derivative transaction (as defined in Article 28, Paragraph 2, Item (2)):

Appraisal of net debts and credits arising from transactions of derivatives shall be made at the market price; provided, however, that hedge accounting may be applicable to those transactions deemed as hedge transactions under generally accepted corporate accounting principles.

- (10) Others:

Any item other than those provided for above shall be appraised at the value appraised pursuant to the appraisal regulations of The Investment Trusts Association, Japan, or in accordance with generally accepted corporate accounting principles.

2. If appraisal is to be made by any method other than those provided for in the immediately preceding Paragraph with an aim to state the price in the investment reports, etc., appraisal shall be made as follows:

- (1) Real estate, leaseholds of real estate and surface rights:

In principle, appraisal shall be made based on an appraisal by a real estate appraiser.

- (2) Beneficial interests of trusts formed by entrustment of real estate, surface rights or leaseholds of real estate and Equity Interests in Anonymous Partnerships (*tokumei kumiai*) relating to Real Estate:

Appraisal shall be made at the value calculated as the amount equivalent to the relevant equity interest in the anonymous partnership or the Company's share in the relevant beneficial interests of trust, after aggregating the amount of the component assets of the trust properties or the equity interest in the anonymous partnership appraised by the method provided for in the immediately preceding Item, if such component assets fall under the category of any of the assets set forth in (1) above, and, if such component assets are financial assets, the amount thereof appraised in accordance with generally accepted corporate accounting principles, and deducting from the sum thereof the amount of liabilities.

3. The calculation date in respect of the appraisal of assets shall be the Settlement Date provided for in the immediately following Article; provided, however, that in the case of the assets provided for in Article 28, Paragraph 1, Item (3) and Paragraph 2, which may be appraised by the market price thereof, the calculation date thereof shall be the last day of each month.

Article 33. *(Fiscal Period)*

The fiscal period of the Company shall commence on March 1 of each year and end on the last day of August of the same year, and commence on September 1 of each year and end on the last day of February of the following year (the last day of each fiscal period shall hereinafter be referred to as the “Settlement Date”).

Article 34. *(Cash Distribution Policies)*

1. Distribution Policies

In principle, the Company shall make distributions in accordance with the following policies:

- (1) Among the aggregate amount of monies to be distributed to the unitholders, the amount of income (the amount calculated by deducting the total amount of the aggregate contribution amount and the surplus contribution amount from the net assets shown in the balance sheet of the Company as provided for in the Investment Trust Act; hereinafter the same) shall be calculated in accordance with the generally accepted corporate accounting principles.
- (2) In case of making distributions up to the amount of income, the distribution amounts shall be determined by the Company as distribution in excess of the amounts equivalent to 90% of the income available for dividend as provided for in the special provision in respect of taxation on investment corporations prescribed in the Act on Special Measures Concerning Taxation (when the calculation of such amount changes pursuant to amendment of laws and regulations, etc., the amount after such change). The Company may accumulate reserves that are deemed to be necessary for maintaining its assets or improving the value thereof, such as the long-term reserve for maintenance, payment reserve, reserve for distribution, and other similar reserves.
- (3) From the amount of income, any amount that is not applied to the distribution and retained shall be invested based on the object and policy of asset investment of the Company.

2. Distributions of Monies in Excess of Income

If the Board of Directors deems it appropriate depending on the economic circumstances or the trend of the real-estate market or the rental market, etc., the Company may distribute the amount in excess of income to the unitholders pursuant to the statement related to the distribution of monies, approved under the Investment Trust Act. If the Company distributes the amount in excess of income, the upper limit on such amount shall be the amount of income relating to the relevant fiscal period *plus* the amount equivalent to depreciation to be posted for such fiscal period; provided, however, that when such amount does not exceed the amount equivalent to 90% of the “amount available for dividend” as provided for in the Order for Enforcement of the Act on Special Measures Concerning Taxation, of the relevant fiscal period, the Company may distribute monies in the amount determined by the Board of Directors as distribution in excess of the amount equivalent to 90% of the “amount available for dividend.” Furthermore, if the Board of Directors deems it appropriate for the purpose to mitigate the tax burden of the Company, the Company may distribute the amount in excess of income to the unitholders pursuant to the amount decided by the Board of Directors.

3. Method, etc. of Distribution of Dividends

The dividends shall be distributed in cash within three (3) months in principle after the Settlement Date to the unitholders or registered pledgees whose names appear or are recorded as such on the latest unitholders’ registry as of the Settlement Date, in proportion to the respective number of units held by such unitholders.

4. Regulations of Investment Trusts Associations

In addition to Paragraphs 1 through 3 above, the Company shall follow the “Regulations Concerning Real Estate Investment Trusts and Real Estate Investment Corporations” of The Investment Trusts Association, Japan, with respect to the distribution of monies.

5. Statute of Limitations for Claims on Distributions

In case the dividends are unclaimed for a period of three (3) full years after the date on which such dividends first become payable, the Company shall be discharged from its payment obligation in respect thereof. Any dividends remaining unpaid shall bear no interest.

Article 35. *(Maximum Amount of Borrowings and Investment Corporation Bonds, etc.)*

1. Aiming for a steady growth in, and efficient and stable management of the Investment Assets, the Company may borrow funds (including any borrowings through the call market) or issue investment corporation bonds (here and hereinafter, including short-term investment corporation bonds) in order to finance acquisition of assets, payment of maintenance expenses or dividends, funds required to manage the Company, and repayment of liabilities (including repayment of obligations of or under security deposits, guaranty monies, borrowings and investment corporation bonds), etc. In addition, in case of borrowing funds, the Company shall borrow such funds only from

the institutional investors as defined in the Act on Special Measures Concerning Taxation.

2. In case of the immediately preceding Paragraph, the Company may provide the Investment Assets as security.
3. The maximum amount of borrowings and investment corporation bonds shall be 1 trillion yen, respectively, and the aggregate thereof shall not exceed 1 trillion yen.

Article 36. *(Standards concerning Payment of Asset Management Fees Payable to the Asset Management Company)*

The method of calculation of fees payable to the asset management company (the “Asset Management Company”) to which the Company commissions the management of the Investment Assets and the time of payment thereof shall be as follows:

(1) Management Fee 1

The Company shall pay the amount provided for in the asset management agreement. The maximum amount thereof shall be equivalent to five percent (5%) of (i) rent, (ii) key money, (iii) common-area charges, (iv) parking lot usage charges, (v) incidental earnings, (vi) facilities charges, (vii) facilities establishment charges, (viii) delinquent charges, (ix) exit penalty or any other similar earnings caused by the cancellation of a lease agreement, and (x) any other amount of earnings resulting from the lease business, all of which are calculated at every Settlement Date of the Company, and result from the real estate (here and hereinafter, including the leaseholds and surface rights) that is included in the Investment Assets of the Company or the real estate backing the Investment Assets, during the fiscal period in which the relevant Settlement Date falls (excluding the earnings from the sale of real estate or any other assets included in the Investment Assets; provided, however, that if the Investment Assets are Equity Interests in Anonymous Partnerships (*tokumei kumiai*) relating to Real Estate or Real Estate-Backed Securities, the maximum amount shall be equivalent to five percent (5%) of the amount of dividends on the relevant Investment Assets and other similar proceeds, which is calculated at every Settlement Date of the Company.).

Management Fee 1 shall be paid after the settlement of accounts without delay.

(2) Management Fee 2

The Company shall pay the amount provided for in the asset management agreement. The maximum amount thereof shall be equivalent to five percent (5%) of the Amount Available for Distribution.

The “Amount Available for Distribution” means pre-tax net income (excluding gain on negative goodwill) before deducting the Management Fees 1 and 2, which is calculated in accordance with the generally accepted corporate accounting principles.

Management Fee 2 shall be paid after the settlement of accounts without delay.

(3) Management Fee 3

In the case where the Investment Assets are newly acquired, the Company shall pay the amount provided for in the asset management agreement, up to the amount equivalent to that obtained by multiplying the acquisition price of the relevant Investment Assets (excluding the consumption tax and local consumption tax thereon and expenses pertaining to the acquisition) by one percent (1%); provided, however, that, with respect to the acquisition of the Investment Assets from the Sponsor Related Parties, the Company shall pay the amount provided for in the asset management agreement, up to the amount equivalent to that obtained by multiplying the acquisition price of the relevant Investment Assets (excluding the consumption tax and local consumption tax thereon and expenses pertaining to the acquisition) by zero point five percent (0.5%).

In this Article, the “Sponsor Related Parties” means (i) the Interested Persons, etc., as defined in the Investment Trust Act, (ii) shareholders of the Asset Management Company and subsidiaries and affiliated companies of shareholders of the Asset Management Company on a consolidated basis, and (iii) special purpose companies in which shareholders of the Asset Management Company and subsidiaries and affiliated companies of shareholders of the Asset Management Company, on a consolidated basis, hold fifteen percent (15%) or more of shares, equity investments in anonymous partnerships, or preferred shares (including specific purpose companies under the Asset Securitization Act and stock companies, etc.).

Management Fee 3 shall be paid by the end of the month immediately following the month in which the date of acquisition falls.

(4) Management Fee 4

In the case where the Investment Assets are transferred, the Company shall pay the amount provided for in the asset management agreement, up to the amount equivalent to that obtained by multiplying the sale price of the relevant Investment Assets (excluding the consumption tax and local consumption tax thereon) by one percent (1%); provided, however, that, with respect to the sale of the Investment Assets to the Sponsor Related Parties, the Company shall pay the amount provided for in the asset management agreement, up to the amount equivalent to that obtained by multiplying the sale price of the relevant Investment Assets (excluding the consumption tax and local consumption tax thereon) by zero point five percent (0.5%).

Management Fee 4 shall be paid by the end of the month immediately following the month in which the date of the sale falls.

(5) Management Fee 5

In a consolidation-type merger or absorption-type merger with other investment corporation (excluding the absorption-type merger in which the Company is to be an investment corporation surviving the absorption-type merger), if the Asset Management Company researches and evaluates assets etc. that such other investment corporation owns and conducts other businesses related thereto and such merger comes into effect, the Company shall pay the amount provided for in the asset management agreement, up to the amount equivalent to that obtained by multiplying the appraised price of Real Estate and Real Estate-Backed Securities at the time of the merger that such other investment corporation owns at such time by zero point five percent (0.5%).

Management Fee 5 shall be paid within three months from the effective date of the merger.

Article 37. *(Attribution of Profit and Loss)*

Any and all profit and loss arising from the management of the Company's Investment Assets by the Asset Management Company shall be attributable to the Company.

Article 38. *(Burden of Expenses)*

1. The Company shall bear the taxes on the Investment Assets, expenses required for general administrative agents and the asset custodian of the Company and the Asset Management Company to perform the administrative services commissioned by the Company, and, in cases where there has been demand for payment of delayed interest or delinquent charges with respect to advance payments made by such asset general administrative agents, asset custodian, and the Asset Management Company, such delayed interest or delinquent charges.
2. The Company shall bear the following expenses, in addition to those set forth in the immediately preceding Paragraph.
 - (1) Expenses relating to issuance of investment units;
 - (2) Expenses relating to preparation, printing and filing of securities registration statements, annual securities reports and extraordinary reports;
 - (3) Expenses relating to preparation and delivery of prospectuses;
 - (4) Expenses relating to preparation, printing and delivery of financial statements and investment reports, etc. provided for in laws and regulations (including filing expenses when filing with a supervisory agency, etc.);
 - (5) Expenses for publicity and announcements and expenses relating to advertising, etc. of the Company;
 - (6) Fees and expenses to be paid to specialists (including fees and expenses for legal counsel, appraisal, asset investigation, and judicial scriveners);
 - (7) Out-of-pocket expenses, insurance premiums, and advances, etc. relating to executive directors and supervisory directors, as well as expenses associated with holding general meetings of unitholders and meetings of the Board of Directors, etc.;
 - (8) Expenses relating to acquisition, management and operation of the Investment Assets (including broker fees, management commission fees, casualty insurance premiums, maintenance and repair costs, and utility costs);
 - (9) Interest on borrowings and investment corporation bonds;
 - (10) Expenses required for operation of the Company; and
 - (11) Other expenses similar to Items set out above and that are to be borne by the Company.

Article 39. *(Consumption Tax and Local Consumption Tax)*

The Company shall bear the consumption tax and local consumption tax (the “Consumption Tax, etc.”) chargeable on the management of the Investment Assets and on those expenses and monies payable by the Company that are subject to taxation under the Consumption Tax Act (collectively, the “Items Subject to Taxation”). The Company shall pay the amount obtained by adding the amount equal to the Consumption Tax, etc. to the amount of the Items Subject to Taxation.

CHAPTER VIII

COMMISSION OF BUSINESS AND ADMINISTRATIVE SERVICES

Article 40. *(Commission of Management and Custody of Assets, and Other Business and Administrative Services)*

1. The Company shall, in accordance with the Investment Trust Act, commission the management of its assets to the Asset Management Company, and the custody thereof to the asset custodian.
2. The Company shall commission any administrative services, excluding services relating to the management and custody of its assets, required to be commissioned to a third party in accordance with the Investment Trust Act, to a third party.

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Disclaimer

This is an unofficial English translation of the Articles of Incorporation of Nippon Accommodations Fund Inc. (“NAF”) prepared and provided solely for overseas readers’ convenience and reference. If there exist any discrepancies between the Japanese original of the Articles of Incorporation and the English translation thereof, the Japanese original shall govern the meaning and interpretation. None of NAF, Mitsui Fudosan Accommodations Fund Management Co., Ltd. or any of their respective directors, officers, employees, partners, unitholders, agents, parent company or affiliates shall be responsible or liable for the completeness, appropriateness or accuracy of the English translation of the Articles of Incorporation.