

To All Concerned Parties

Issuer of Real Estate Investment Trust Securities:

Nippon Accommodations Fund Inc.
Takashi Ikeda, Executive Director
(TSE Code: 3226)

Investment Trust Management Company:

Mitsui Fudosan Accommodations Fund
Management Co., Ltd.

Tateyuki Ikura, President and CEO

Inquiries: Tetsuji Kawakami, CFO and Director
(TEL: +81-3-3246-3677)

Notification Concerning Revision to Financial Results Forecast for the Period Ending August 31, 2019 (27th Period)

Nippon Accommodations Fund Inc. (“NAF”) revised its financial results forecast for the period ending August 31, 2019 (27th Period: March 1, 2019 to August 31, 2019) that was announced on April 17, 2019 as follows.

1. Details of revision

	Total revenues (million yen)	Operating income (million yen)	Income before income taxes (million yen)	Net income (million yen)	Distribution per unit (Distribution in excess of earnings is not included)	Distribution in excess of earnings per unit
Previous forecast (A)	11,345	5,126	4,652	4,651	9,600 yen	-
Current revised forecast (B)	12,276	5,991	5,517	5,516	10,250 yen	-
Change (B-A)	931	864	864	864	650 yen	-
Change	8.2%	16.9%	18.6%	18.6%	6.8%	-

(Reference) Projected number of investment units issued as of the end of 27th period: 484,522 units

2. Reason for Revision

Due to sale of Park Axis Esaka Hiroshibacho announced today in “Notification Concerning Sale of Domestic Real Estate Property (Park Axis Esaka Hiroshibacho),” which distribution per unit is projected to be over 5% difference compared to the previous forecast for period ending August 31, 2019 (27th period) noticed in April 17, 2019, NAF has revised its current forecast of financial results.

The revision reflects solely the effect on gain and loss caused by sale of Park Axis Esaka Hiroshibacho. While the capital gain is expected to be approximately 941 million yen in total, NAF shall reserve partial amount of approximately 550 million yen.

Notes

- The above forecasted figures are calculated under assumptions described in “The Preconditions of Forecast for the Financial Results for the 27th Period (from March 1, 2019 to August 31, 2019)”. Actual total revenues, operating income, income before income taxes, net income and distribution per unit may vary due to future acquisitions or sale of properties, changes in the real estate market and other changes in the environment in which NAF operates. In addition, these forecasts do not guarantee the distribution amount.
- A forecast revision shall be performed if significant deviation from above forecast is expected.
- All amounts less than a single unit has been disregarded. Percentages were rounded to one decimal place.

- NAF website: <http://www.naf-r.jp/english/index.html>

【Attachment】

The Preconditions of Forecast for the Financial Results for the 27th Period (from March 1, 2019 to August 31, 2019)

Items	Conditions										
Number of operating days	From March 1, 2019 to August 31, 2019 (184 days)										
Investment Assets	<ul style="list-style-type: none"> - In the forecast of investment performance, the number of properties is 126 owned by NAF after sale of Park Axis Esaka Hiroshibacho as of the date of this document. It is assumed that no subsequent transfer of properties (such as acquisition of new properties, sale of properties acquired, etc.) shall occur until end of August 31, 2019. - From Park Axis Esaka Hiroshibacho, which was sold today, approx. ¥941 million in gain on sale of investment properties is anticipated. - The average month-end occupancy rates during the 27th period for total properties is expected to be 97.3%. 										
Expenses	<ul style="list-style-type: none"> - The following expenses are assumed. <table border="1" style="margin-left: 40px; width: 60%;"> <thead> <tr> <th colspan="2" style="text-align: right;">(in millions of yen)</th> </tr> <tr> <th></th> <th style="text-align: right;">27th period</th> </tr> </thead> <tbody> <tr> <td>Fixed property taxes and urban planning taxes</td> <td style="text-align: right;">605</td> </tr> <tr> <td>Depreciation and amortization</td> <td style="text-align: right;">2,022</td> </tr> <tr> <td>Interest expense, etc.</td> <td style="text-align: right;">474</td> </tr> </tbody> </table>	(in millions of yen)			27th period	Fixed property taxes and urban planning taxes	605	Depreciation and amortization	2,022	Interest expense, etc.	474
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Depreciation and amortization	2,022										
Interest expense, etc.	474										
Interest-bearing debt	<ul style="list-style-type: none"> - It is assumed that NAF's balance of interest-bearing debt that is ¥154,500 million shall not change until August 31, 2019. 										
Number of units issued	<ul style="list-style-type: none"> - We assume 484,522 units outstanding as of the date of this document. - It is assumed that there shall be no issuance of new units until August 31, 2019. 										
Distribution per unit	<ul style="list-style-type: none"> - Regarding the gain from transfer of Park Axis Esaka Hiroshibacho, in order to strengthen its financial position, NAF plans to internally retain approx. ¥550 million by implementing a reduction entry utilizing the "Special Provisions for Taxation in the Event of Advance Acquisition of Land, etc. in 2009 and 2010." - The above forecasted figures are calculated based on certain assumptions at the time of preparation of this information. Therefore, actual total revenues, operating income, income before income taxes, net income and distribution per unit may change due to future acquisition or sale of investment assets, fluctuation in the real estate market or other changes in the environment in which NAF operates. 										

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.