

August 31, 2017

To All Concerned Parties

Issuer of Real Estate Investment Trust Securities
 4-1, Nihonbashi 1-chome, Chuo-Ku, Tokyo 103-0027
 Nippon Accommodations Fund Inc.
 Executive Director Takashi Ikeda
 (Code Number 3226)
 Investment Trust Management Company
 Mitsui Fudosan Accommodations Fund Management Co., Ltd.
 President and CEO Tateyuki Ikura
 Contact CFO and Director Satoshi Nohara
 (TEL. 03-3246-3677)

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 Residential Lease Co., Ltd. ("MFRL"), NAF's property management company, concerning the management fee system for some properties.

1. Summary of Change

The system of the ongoing property management fees (the “PM fees”) for the 22 properties NAF owns will be changed to a PM fee system linked to NAF’s revenues and operating income from property leasing (excluding the PM fees, depreciation and real estate taxes, etc.).

The content of the change is the same as that of the PM fee system concerning the existing properties announced in the “Notification Concerning Amendment of Real Estate Management Contract” dated September 27, 2013. The change, which shall align NAF’s operating income from property leasing and PM fees for a total of 100 rental apartments, 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.

(Reference) For the history, purpose, etc. of the change of PM fee system, please refer to the “Notification Concerning Amendment of Real Estate Management Contract” dated September 27, 2013 (<https://www.naf-r.jp/file/2013-0927-00000.pdf>).

Furthermore, as MFRL 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. Date of the Change

September 1, 2017

3. Outlook for Management after the Change

The impact on the results of NAF for the period ending February 2018 (24th Period: September 1, 2017 - February 28, 2018) will be minimal.

- 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: <https://www.naf-r.jp/english/index.html>