

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

Contact CFO and Director

Satoshi Nohara

(TEL. 03-3246-3677)

Notification of Borrowing Funds

This is a notification that Nippon Accommodations Fund Inc. ("NAF") decided to borrow funds as shown below.

1. Details of Loans

Lender	Loan amount	Interest rate	Loan type & Repayment method	Date of Loan	Date of Maturity
Shinsei Bank, Limited	7 billion yen	0.23636%	Unsecured & unguaranteed, Bullet repayment	March 28, 2014	April 28, 2014
The 77 Bank, Ltd.	2 billion yen	0.23636%	Unsecured & unguaranteed, Bullet repayment	March 28, 2014	April 28, 2014
Sumitomo Mitsui Banking Corporation	1 billion yen	0.26636%	Unsecured & unguaranteed, Bullet repayment	March 28, 2014	April 28, 2014
Mitsubishi UFJ Trust and Banking Corporation	1 billion yen	0.26636%	Unsecured & unguaranteed, Bullet repayment	March 28, 2014	April 28, 2014
Shinkin Central Bank	0.5 billion yen	0.26636%	Unsecured & unguaranteed, Bullet repayment	March 28, 2014	April 28, 2014
Sumitomo Mitsui Trust Bank, Limited	0.5 billion yen	0.26636%	Unsecured & unguaranteed, Bullet repayment	March 28, 2014	April 28, 2014
MITSUI LIFE INSURANCE COMPANY LIMITED	1 billion yen	1.04375%	Unsecured & unguaranteed, Bullet repayment	March 28, 2014	March 28, 2024

2. Use of Funds

To apply the funds toward the repayment of short-term loans totaling ¥13 billion concluded on February 28, 2014 and March 7, 2014.

3. Status of interest-bearing debt after this event

(Unit: billion yen)

	Before this event	After this event	Change
Short-term debt	13.0	12.0	(1.0)
Long-term debt	127.0	128.0	1.0
Investment corporation bonds	17.0	17.0	—
Total interest-bearing debt	157.0	157.0	—

Interest-bearing debt ratio	55.5%	55.5%	—
Long term interest-bearing debt ratio	91.7%	92.4%	0.6

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

$$(\text{interest bearing debt ratio}) = (\text{interest bearing debt}) \div (\text{interest bearing debt} + \text{unitholder's capital}) \times 100$$

The unitholder's capital as of today (125,686,793 thousand yen) was used.

(*2) $(\text{long term interest bearing debt ratio}) = (\text{long term debt} + \text{investment corporation bonds}) \div (\text{interest bearing debt}) \times 100$

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

4. Others

Regarding the loan repayment risk, there is no important change to the "Investment risks" description in the latest securities report submitted on November 27, 2013.

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

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