

September 26, 2014

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

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

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Notification of Borrowing Funds and Early Repayment of Borrowing Funds

This is a notification that Nippon Accommodations Fund Inc. ("NAF") decided to borrow funds and make an early repayment of its existing borrowings 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	1 billion yen	0.21636%	Unsecured & unguaranteed, Bullet repayment	September 30, 2014	October 31, 2014
Shinkin Central Bank	3 billion yen	0.21636%	Unsecured & unguaranteed, Bullet repayment	September 30, 2014	October 31, 2014
Sumitomo Mitsui Banking Corporation	4 billion yen	0.32000%	Unsecured & unguaranteed, Bullet repayment	September 30, 2014	September 28, 2018
Sumitomo Mitsui Trust Bank, Limited	2 billion yen	0.44625%	Unsecured & unguaranteed, Bullet repayment	September 30, 2014	September 30, 2020

2. Use of Funds

To apply the funds toward the early repayment of long-term loans totaling ¥6 billion concluded on November 30, 2010 (*1) and the repayment of short-term loans totaling ¥4 billion concluded on August 29, 2014.

(*1) For details on early repayment, please refer to 3 and 4.

3. Details of Loans for Early Repayment

Lender	Loan Amount	Interest Rate	Loan Type & Repayment Method	Date of Loan	Date of Maturity
Sumitomo Mitsui Banking Corporation	4 billion yen(*1)	0.64636%(*2)	Unsecured & unguaranteed, Bullet repayment	November 30, 2010	November 30, 2015
Sumitomo Mitsui Trust Bank, Limited	2 billion yen(*1)	0.64636%(*2)	Unsecured & unguaranteed, Bullet repayment	November 30, 2010	November 30, 2015

(*1) The loan amount is the balance of loans before the early repayment.

Please refer to "Notification of Partial Early Repayment of Borrowing Funds" dated July 18, 2014 for details of relevant loans.

(*2) The interest rate is applied from August 29, 2014 to September 29, 2014.

For further details of the loans, please refer to the "Notification of Borrowing Funds" dated November 26, 2010.

4. Outline of Early Repayment

Lender	Early Repayment Amount	Balance after Early Repayment	Repayment Date
Sumitomo Mitsui Banking Corporation	4 billion yen	—	September 30, 2014
Sumitomo Mitsui Trust Bank, Limited	2 billion yen	—	September 30, 2014

5. Status of Interest-bearing Debt After this Event

(Unit: billion yen)

	Before this Event(*1)	After this Event	Change
Short-term debt	4.0	4.0	—
Long-term debt	135.5	135.5	—
Investment corporation bonds	17.0	17.0	—
Total interest-bearing debt	156.5	156.5	—

Interest-bearing debt ratio	55.5%	55.5%	—
Long term interest-bearing debt ratio	97.4%	97.4%	—

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

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

The unitholders' 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.

6. Others

Regarding the loan repayment risk, there is no important change to the "Investment risks" description in the latest securities report submitted on May 28, 2014.

- Japanese original document was distributed to press clubs within the 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/>

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