

September 29, 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 borrowing as shown below.

1. Details of Loans

| Lender | Loan amount | Interest rate | Loan type & Repayment method | Date of Loan | Date of Maturity |
|--|---------------|---------------|--|-----------------|------------------|
| Mitsubishi UFJ Trust and Banking Corporation | 2 billion yen | 0.53250% | Unsecured & unguaranteed, Bullet repayment | October 1, 2014 | October 1, 2021 |
| Mitsubishi UFJ Trust and Banking Corporation | 3 billion yen | 0.62125% | Unsecured & unguaranteed, Bullet repayment | October 1, 2014 | October 3, 2022 |

2. Use of Funds

To apply the funds toward the early repayment of long-term loan (*1) of ¥5 billion concluded on September 1, 2011.

(*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 |
|--|-------------------|---------------|--|-------------------|-------------------|
| Mitsubishi UFJ Trust and Banking Corporation | 5 billion yen(*1) | 0.45636%(*2) | Unsecured & unguaranteed, Bullet repayment | September 1, 2011 | September 3, 2018 |

(*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 September 1, 2014 to September 30, 2014.

For further details of the loans, please refer to the "Notification of Borrowing Funds" dated August 30, 2011.

4. Outline of Early Repayment

| Lender | Early Repayment Amount | Balance after Early Repayment | Repayment Date |
|--|------------------------|-------------------------------|-----------------|
| Mitsubishi UFJ Trust and Banking Corporation | 5 billion yen | — | October 1, 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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