

July 26, 2016

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 Tateyuki Ikura  
 Contact CFO and Director Satoshi Nohara  
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### 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	5.0 billion yen	0.06182%	Unsecured & unguaranteed, Bullet repayment	July 28, 2016	August 31, 2016

#### 2. Use of Funds

To apply the funds toward the partial redemption of No.2 Unsecured Investment Corporation Bonds (total issue amount: ¥7 billion) which will reach maturity on July 29, 2016.

#### 3. Status of Interest-bearing Debt After this Event (as of July 29, 2016) (Unit: billion yen)

	Before this Event	After this Event	Change
Short-term debt	4.5	9.5	5.0
Long-term debt	139.5	139.5	—
Investment corporation bonds	7.0	—	(7.0)
Total interest-bearing debt	151	149	(2.0)

Interest-bearing debt ratio	52.7%	52.4%	(0.3)
Long term interest-bearing debt ratio	97.0%	93.6%	(3.4)

(\*1) It is assumed that the entire amount of the short-term debt of ¥4.5 billion with a date of maturity on July 29, 2016, as disclosed in the press release "Notification of Borrowing Funds" dated June 28, 2016, will be refinanced.

(\*2) 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 (135,603,623 thousand yen) was used.

(\*3) 
$$(\text{long term interest bearing debt ratio}) = (\text{long term debt} + \text{investment corporation bonds}) \div (\text{interest bearing debt}) \times 100$$

(\*4) 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 May 27, 2016.

- 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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