

January 22, 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

(TEL. 03-3246-3677)

Notification of Early Repayment of Borrowing Funds

This is a notification that Nippon Accommodations Fund Inc. ("NAF") decided to make an early repayment of its existing borrowing as shown below.

1. Details of Loans for Early Repayment

Lender	Loan Amount	Interest Rate	Loan Type & Repayment Method	Date of Loan	Date of Maturity
The Chugoku Bank, Limited	2 billion yen	1.02375%	Unsecured & unguaranteed, Bullet repayment	April 1, 2011	April 1, 2016

2. Outline of Early Repayment

Lender	Early Repayment Amount	Balance after Early Repayment	Repayment Date	Source of Funds
The Chugoku Bank, Limited	2 billion yen	—	January 29, 2016	Own Funds

3. Status of Interest-bearing Debt After this Event (as of January 29, 2016)

(Unit: billion yen)

	Before this Event	After this Event	Change
Short-term debt	5.0	5.0	—
Long-term debt	137.5	135.5	(2.0)
Investment corporation bonds	7.0	7.0	—
Total interest-bearing debt	149.5	147.5	(2.0)

Interest-bearing debt ratio	52.4%	52.1%	(0.3)
Long term interest-bearing debt ratio	96.7%	96.6%	(0.0)

(*1) It is assumed that the entire amount of the short-term debt of ¥5 billion with a date of maturity on January 29, 2016, as disclosed in the press release "Notification of Borrowing Funds" dated December 28, 2015, 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 November 27, 2015.

5. Outlook

Though break-funding costs will be incurred upon early repayment, the impact of this early repayment on NAF's financial results for the period ending February 29, 2016 (20th Period: September 1, 2015 to February 29, 2016) will be minimal, and there will be no change to the financial results forecast for the period.

- 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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